

**DECLARATION
OF
COVENANTS, CONDITIONS,
RESTRICTIONS AND EASEMENTS
FOR
ALPINE MOUNTAIN RANCH**

THIS DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS FOR ALPINE MOUNTAIN RANCH (the "Declaration") is made as of December 19, 2006, by Alpine Mountain Ranch at Steamboat Springs, LLLP, a Colorado limited liability limited partnership ("Declarant").

RECITALS

- A. Declarant is the owner of that certain real property located in Routt County, Colorado, more particularly described on the attached Exhibit A (the "Property").
- B. Declarant desires to create a Planned Community pursuant to the Colorado Common Interest Ownership Act as set forth in Colorado Revised Statutes 38-33.3-101, et seq. (the "Act") on the Property, the name of which is Alpine Mountain Ranch. The Association (as hereinafter defined) shall act as the owners association with respect to all Lots (as hereinafter defined) initially subject to this Declaration and any Lots hereinafter made subject to this Declaration.

**ARTICLE 1
DECLARATION AND SUBMISSION**

Declarant hereby declares that the Property shall be held, sold, and conveyed subject to the following covenants, conditions, restrictions and easements which are for the purpose of protecting the value and desirability of the Property, and which shall run with the land and be binding on all parties and heirs, successors, and assigns of parties having any right, title, or interest in all or any part of the Property. Additionally, Declarant hereby submits the Property to the provisions of the Act.

**ARTICLE 2
DEFINITIONS**

The following words when used in this Declaration or any Supplemental Declaration, unless inconsistent with the context of this Declaration, shall have the following meanings:

Section 2.1 "Alpine Mountain Ranch" means the land preservation subdivision exemption and planned community created by this Declaration, consisting of the Property, the Lots, and any other improvements from time to time constructed on the Property and as shown on the Plat.

Section 2.2 "Annual Assessment" means the Assessment levied annually.

Section 2.3 "Articles" mean the Articles of Incorporation for the Association on file with the Colorado Secretary of State, and any amendments which may be made to those Articles from time to time.

Section 2.4 "Assessments" means the Annual, Special, Real Estate Transfer and Default Assessments levied pursuant to Article 10 below. Assessments are further defined as a Common Expense Liability as defined under the Act.

Section 2.5 "Association" means Alpine Mountain Ranch Association, a Colorado nonprofit corporation, and its successors and assigns.

Section 2.6 "Association Documents" means this Declaration, the Articles, the Bylaws and the Association Rules and any procedures, rules, regulations, or policies adopted under such documents by the Association.

Section 2.7 "Association Rules" means the rules and regulations adopted by the Association as provided in Section 4.12.

Section 2.8 "Blanket Utility Easement Area" is defined in Section 8.4.1 hereof.

Section 2.9 "Building Envelope" is defined in Section 16.1.1 hereof.

Section 2.10 "Business Association" is defined in Section 10.9.1.1 hereof.

Section 2.11 "Business Association Member" is defined in Section 10.9.2.6 hereof.

Section 2.12 "Bylaws" means the Bylaws adopted by the Association, as amended from time to time.

Section 2.13 "Common Area" means all the real property and improvements thereon, including the Owner's Lodge, Ranch Manager's Residence and the Employee Housing Units and any facilities for recreational, and related purposes which may include, but not be limited to, trails, private Nordic skiing trails, a fishing area and facilities, equestrian facilities, and any and all other property, facilities, equipment or amenities added from time to time, if any, in which the Association owns or has a real property interest for the common use and enjoyment of all of the Owners on a non-exclusive basis (such as estates in fee, for terms of years, or easements), including that portion of the Remainder Parcel which has been, or will be, conveyed by Declarant to the Association. Until such time that Declarant conveys fee title to any portion of the Remainder Parcel to the Association, the Association shall have a license to use (the "Use License") portions of the Remainder Parcel subject to such terms and conditions that Declarant may impose. The initial terms and conditions are set forth in the Use License and Agreement to Convey Remainder Parcel ("Use License and Agreement to Convey Remainder Parcel"), set forth on Exhibit D. Declarant shall have the right to revoke and reinstate the Use License on all or any portion of the Remainder Parcel. During the period of time that the Use License is in effect, the Association shall be responsible for all maintenance costs (as a Common Expense) for any portion of the Remainder Parcel subject to the Use License:

Section 2.14 "Common Expenses" means (i) all expenses expressly declared to be common expenses by this Declaration or the Bylaws; (ii) all other expenses of administering, servicing, conserving, managing, improving, maintaining, repairing, or replacing the Common Area; (iii) all expenses to be incurred by the Association in fulfilling its obligations or Functions under this Declaration; (iv) insurance premiums for the insurance carried under Article 9; and (v) all expenses lawfully determined to be common expenses by the Executive Board.

Section 2.15 "Community-Wide Standard" means the standard of conduct, maintenance or other activity generally prevailing within Alpine Mountain Ranch, or the minimum standards established by the Design Review Board in the Design Guidelines and the Association Rules, whichever is the highest standard. The Community-Wide Standard may evolve as development progresses and as the needs and desires within Alpine Mountain Ranch change.

Section 2.16 "Contingent Lot(s)" means those parcels of real property located within the Remainder Parcel which are designated for future development of single-family residences and described as a "Contingent Lot" on the Plat, together with all appurtenances and improvements, now or in the future, on the Contingent Lot. Declarant reserves for itself and any Successor Declarant the right, but not the obligation, to develop all or any portion of the Contingent Lots. Each Contingent Lot shall be part of the Remainder Parcel until such time as Declarant determines, in its sole discretion, to convert a Contingent Lot to a Lot, as evidenced by the Declarant's filing a supplement to this Declaration and a supplement to the Plat creating a Lot where the Contingent Lot is shown in accordance with Article 14 below.

Section 2.17 "County" means Routt County, Colorado.

Section 2.18 "County Documents" means those certain development approvals for Alpine Mountain Ranch granted by Routt County including the Plat, along with any other documents recorded from time to time in the real property records of Routt County, Colorado.

Section 2.19 "Declarant" means Alpine Mountain Ranch at Steamboat Springs, LLLP, a Colorado limited liability limited partnership and its affiliates, successors and assigns. No party other than Alpine Mountain Ranch at Steamboat Springs, LLLP shall exercise the rights and privileges reserved herein to Declarant unless such party shall receive and record in the real property records of Routt County, Colorado a written assignment from Alpine Mountain Ranch at Steamboat Springs, LLLP of all or a portion of such rights and privileges.

Section 2.20 "Declarant Control Period" means the period of time commencing on the date of incorporation of the Association and terminating on the earliest of the following events: (i) sixty (60) days after conveyance by Declarant of seventy-five percent (75%) of the total number of Lots that may be created under this Declaration, including all Lots permitted to be created by Declarant by further addition to the Property, (ii) two (2) years after the last conveyance of a Lot by Declarant in the ordinary course of business, (iii) two (2) years after any right to add new Lots was last exercised by Declarant, or (iv) the date on which Declarant voluntarily relinquishes such power, evidenced by a notice recorded in the Office of the Clerk and Recorder for Routt County, Colorado.

Section 2.21 "Declaration" means and refers to this Declaration of Covenants, Conditions, Restrictions and Easements for Alpine Mountain Ranch, as amended and supplemented from time to time.

Section 2.22 "Default Assessment" means the Assessments levied by the Association pursuant to Section 10.8 below.

Section 2.23 "Design Guidelines" means the guidelines and rules published and amended and supplemented from time to time by the Design Review Board including, without limitation, Association Rules relating to construction activity within Alpine Mountain Ranch.

Section 2.24 "Design Review Board" means and refers to the Design Review Board defined in and created pursuant to Article 15 below.

Section 2.25 "Development Agreement" means the agreement between the Declarant and the County which restricts the development or use of land within Alpine Mountain Ranch.

Section 2.26 "Director" means a member of the Executive Board.

Section 2.27 "District" means the Alpine Mountain Ranch Metropolitan District, a Colorado quasi-municipal corporation.

Section 2.28 "Executive Board" means the governing body of the Association elected to perform the obligations of the Association relative to the operation, maintenance, and management of the Property and all improvements on the Property.

Section 2.29 "Expansion and Development Rights" means and refers to the Expansion and Development Rights defined in Article 14 below.

Section 2.30 "Expansion Property" means those portions of the Remainder Parcel which Declarant may subject to this Declaration by one or more duly recorded Supplemental Declarations and, if necessary, Supplemental Plats in accordance with Article 14 below.

Section 2.31 "First Mortgage" means an unpaid and outstanding Mortgage which secures financing for the construction and development of Alpine Mountain Ranch or which encumbers a Lot, and which, in any case, has priority of record over all other recorded liens except those governmental liens made superior by statute (such as general ad valorem tax liens and special assessments).

Section 2.32 "First Mortgagee" means any person named as a mortgagee or beneficiary in any First Mortgage, or any successor to the interest of any such person under such First Mortgage.

Section 2.33 "Function" means any activity, function or service required under this Declaration to be undertaken or performed by the Association as well as any activity, function or service otherwise undertaken or performed by the Association.

Section 2.34 "Guests" means any family member, agent, employee, independent contractor, guest, licensee or invitee of an Owner or Lessee and any person or persons, entity or entities who have any right, title or interest in a Lot which is not the fee simple title to the Lot (including a Lessee), and any family member, agent, employee, independent contractor, guest or invitee of such person or persons, entity or entities.

Section 2.35 "Holding Company" is defined in Section 10.9.2.12 hereof.

Section 2.36 "Irrigation System" is defined in Section 16.16 hereof.

Section 2.37 "Lessee" means the person or persons, entity or entities who is the lessee under a lease of all or any part of a Lot. The term Lessee shall include Declarant to the extent it is a Lessee as defined above and shall include a sublessee.

Section 2.38 "Lot" means the fee simple interest in and to any subdivided parcel of real property subject to this Declaration, whether currently existing or created by Expansion of the Property in accordance with Article 14 below, which is designated for single-family residential use and described as a "Lot" on the Plat, together with all appurtenances and improvements, now or in the future, on the Lot.

Section 2.39 "Management Agreement" means any contract or arrangement with a person or entity that provides management services entered into for purposes of discharging the responsibilities of the Executive Board relative to the operation, maintenance and management of the Common Area and/or the performance of Functions.

Section 2.40 "Managing Agent" means a person, firm, corporation, or other entity employed or engaged as an independent contractor pursuant to a Management Agreement.

Section 2.41 "Member" shall mean every person who or entity that holds membership in the Association.

Section 2.42 "Owner" means the owner of record, whether one or more persons or entities, of fee simple title to any Lot, and "Owner" also includes the purchaser under a contract for deed covering a Lot, but excludes those having such interest in a Lot merely as security for the performance of an obligation, unless and until such person has acquired fee simple title to the Lot pursuant to foreclosure or other proceedings.

Section 2.43 "Person" means a natural person, a corporation, a partnership, a trustee or any other legal entity.

Section 2.44 "Plat" means the Final Plat, Alpine Mountain Ranch Land Preservation Subdivision Exemption, recorded in the records of the Clerk and Recorder of Routt County, Colorado on Dec 29, 2006, at Reception No. 650155 and all supplements and amendments thereto, including those filed in accordance with Article 14 below.

Section 2.45 "Property" means and refers to property subjected to this Declaration from time to time.

Section 2.46 "Real Estate Transfer Assessment" means an assessment levied pursuant to Section 10.9 below.

Section 2.47 "Real Estate Transfer Assessment Rate" means the rate established pursuant to Section 10.9 from time to time.

Section 2.48 "Relative" means all lineal descendants of any grandparent of a party engaging in a transfer or change of interest pursuant to Section 10.9, and the spouses of the descendants. Any person's stepchildren and adopted children shall be recognized as descendants of that person for all purposes of this definition.

Section 2.49 "Remainder Parcel" means that real property so designated on the Plat including Contingent Lots, and all property shown on the Plat which is not a Lot or which is not subject to the Declaration. Portions of the Remainder Parcel shall be conveyed to the Association in the future pursuant to an agreement between Declarant and the Association.

Section 2.50 "Residence House" means the residential building constructed on each Lot within the Property.

Section 2.51 "Roads" means all roads, private rights-of-way or public rights-of-way which are maintained by the Association or the District, including any curb and gutter, common landscaping, paved roads, snow maintenance and storage facilities, and drainage areas within the Property as shown on the Plat.

Section 2.52 "Secondary Unit" means that secondary unit contained entirely within the Residence House, that is inseparable from the Residence House, and that contains its own kitchen and living space within the Residence House. The Declarant shall have the right, but shall have no obligation, to offer for sale, a Secondary Unit on any Lot. No Lot may contain a Secondary Unit unless Declarant specifically grants such Lot the right to a Secondary Unit. The Secondary Unit may not be conveyed separately from the Residence House. No Secondary Unit may be further subdivided. Unless otherwise agreed by the County no Secondary Unit may be located on a Contingent Lot.

Section 2.53 "Sharing Ratio" means an equal allocation of Assessments among all Lots subject to this Declaration from time to time.

Section 2.54 "Special Assessment" means an assessment levied pursuant to Article 10, Section 10.7 below.

Section 2.55 "Successor Declarant" means any party or entity to whom Declarant specifically assigns any or all of its rights, obligations, or interest as Declarant, as evidenced by an assignment or deed of record executed by both Declarant and the transferee or assignee and recorded in the Office of the Clerk and Recorder of Routt County, Colorado, designating such party as a Successor Declarant. Upon such recording, Declarant's rights and obligations under this Declaration shall cease and terminate to the extent provided in such document.

Section 2.56 "Supplemental Declaration" means an instrument which subjects any Expansion Property to this Declaration or withdraws any real property subject to this Declaration, as more fully provided in Article 14 below.

Section 2.57 "Supplemental Plat" means a subdivision plat of the Property or which may depict Expansion Property becoming subject to this Declaration through a Supplemental Declaration, as more fully provided in Article 14 below.

Section 2.58 "Wildlife Mitigation Plan" means and refers to that Wildlife Mitigation Plan dated August 18, 2006, agreed to by Alpine Mountain Ranch at Steamboat Springs, LLLP and the Colorado Division of Wildlife recorded at Reception No. 650167 of the Routt County records.

Each capitalized term not otherwise defined in this Declaration or in the Plat shall have the same meanings specified or used in the Act.

ARTICLE 3 NAME, DIVISION INTO LOTS

Section 3.1 Name. The name of the project is Alpine Mountain Ranch. The project is a Planned Community pursuant to the Act.

Section 3.2 Association. The name of the Association is Alpine Mountain Ranch Association. Declarant has caused to be incorporated under the laws of the State of Colorado the Association as a non-profit corporation with the purpose of exercising the functions as herein set forth.

Section 3.3 Number of Lots. The number of Lots initially made subject to this Declaration is forty-three (43). Declarant reserves the right for itself and any Successor Declarant to expand the Property by up to twenty (20) additional Lots (which are currently Contingent Lots) and to expand the Common Area pursuant to Article 14.

Section 3.4 Identification of Lots. The identification number of each Lot is shown on the Plat.

Section 3.5 Description of Lots.

3.5.1 Each Lot shall be inseparable and may be developed for residential purposes in accordance with the restrictions applicable to a particular Lot contained in the Plat and in the County Documents. No Lot shall be further subdivided.

3.5.2 Title to a Lot may be held individually or in any form of concurrent ownership recognized in Colorado. In case of any such concurrent ownership, each co-owner shall be jointly and severally liable for performance and observance of all the duties and responsibilities of an Owner with

respect to the Lot in which he owns an interest. For all purposes herein, there shall be deemed to be only one Owner for each Lot. The parties, if more than one, having the ownership of a Lot shall agree between themselves how to share the rights and obligations of such ownership, but all such parties shall be jointly and severally liable for performance and observance of all of the duties and obligations of an Owner hereunder with respect to the Lot in which they own an interest.

3.5.3 Any contract of sale, deed, lease, mortgage, deed of trust, will or other instrument affecting a Lot may describe it as:

Lot _____, Alpine Mountain Ranch, Land Preservation Subdivision Exemption, according to the Final Plat thereof recorded December 29, 2006 at Reception No. 650154 and File No. 13686, and the Declaration of Covenants, Conditions, Restrictions and Easements for Alpine Mountain Ranch recorded December 29, 2006 at Reception No. 650155, as supplemented, in the Office of the Clerk and Recorder of Routt County, Colorado (with the appropriate information inserted in place of the blanks set forth above).

3.5.4 Each Lot shall be considered a separate parcel of real property and shall be separately assessed and taxed. Accordingly, the Common Area shall not be assessed separately but shall be assessed with the Lot as provided pursuant to Colorado Revised Statutes Subsection 39-1-103(10) and 38-33.3-105(2).

3.5.5 No Owner of a Lot shall be entitled to bring any action for partition or division of the Common Area.

3.5.6 As provided below, each Lot shall be used and occupied solely for dwelling purposes. Notwithstanding the foregoing, Declarant, for itself and its successors, assigns, and/or designees (which assigns may be more than one), hereby retains a right to maintain on any Lot or Lots sales offices, management offices or model residences at any time or from time to time so long as Declarant, or its successors or assigns continues to own an interest in a Lot, subject to Declarant's rights with respect to the Expansion Property as set forth in Article 14. The use by Declarant, or its successors, specific assigns or designees, of any Lot as a model residence, office or other use shall not affect the Lot's designation as a separate Lot.

ARTICLE 4 ASSOCIATION FUNCTIONS AND DUTIES

Section 4.1 Property Maintenance Function. While it is anticipated that the District shall so provide, the Association shall have the right to provide for the care, operation, management, maintenance, improvement, repair and replacement of the Common Area. Moreover, while it is anticipated that the District shall so provide, the Association shall have the right to provide for the care and maintenance of other areas of the Property if the Executive Board, in its reasonable discretion, deems such care and maintenance to be necessary or desirable for access to the boundary of or full utilization of any Lot or any improvements within Alpine Mountain Ranch, subject to the rights of the District. In addition, pursuant to the Wildlife Mitigation Plan, the Association shall have the right to provide for the maintenance, management, and removal of any decadent shrubs, noxious weeds, or other vegetation within the Common Area and other areas of the Property, including Lots, in accordance with the Wildlife Mitigation Plan. The Executive Board shall be the sole judge as to the appropriate maintenance, operation and management of the Common Area and other areas of the Property consistent with the intent of this Declaration. Without limiting the generality of the foregoing, the Association is specifically authorized to (a) maintain, repair, improve and replace fences along the boundary of the Property and (b) maintain, improve and landscape along (and in the median of) all roads located within Alpine Mountain Ranch that

are owned and/or maintained by the District, (to the extent they are not maintained by the District to the Community-Wide Standard) and the cost of such maintenance, repair, improvement and replacement shall be a Common Expense. It is hereby acknowledged that Routt County shall have no obligation to maintain, improve or landscape along any such roads.

Section 4.2 Safety Function. The Association may, but is not obligated to, provide safety services within Alpine Mountain Ranch, including but not limited to, security personnel and security systems. NEITHER THE ASSOCIATION, DECLARANT, NOR ANY SUCCESSOR DECLARANT SHALL IN ANY WAY BE CONSIDERED INSURERS OR GUARANTORS OF SECURITY WITHIN THE PROPERTY. NEITHER THE ASSOCIATION, THE DECLARANT, NOR ANY SUCCESSOR DECLARANT SHALL BE HELD LIABLE FOR ANY LOSS OR DAMAGE FOR FAILURE TO PROVIDE ADEQUATE SECURITY OR FOR THE INEFFECTIVENESS OF ANY SECURITY MEASURE UNDERTAKEN. ALL OWNERS, LESSEES AND GUESTS OF ANY LOT, AND ALL TENANTS, GUESTS, LESSEES AND INVITEES OF ANY OWNER, ACKNOWLEDGE THAT THE ASSOCIATION AND ITS EXECUTIVE BOARD, DECLARANT AND ANY SUCCESSOR DECLARANT, DO NOT REPRESENT OR WARRANT THAT ANY BURGLAR ALARM SYSTEM, OR OTHER SECURITY SYSTEM DESIGNATED BY OR INSTALLED ACCORDING TO THE DESIGN GUIDELINES ESTABLISHED BY THE DECLARANT MAY NOT BE COMPROMISED OR CIRCUMVENTED; NOR THAT ANY BURGLAR ALARM SYSTEMS OR OTHER SECURITY SYSTEMS WILL PREVENT LOSS BY FIRE, SMOKE, BURGLARY, THEFT, HOLD-UP OR OTHERWISE; NOR THAT BURGLAR ALARM SYSTEMS OR OTHER SECURITY SYSTEMS WILL IN ALL CASES PROVIDE THE DETECTION OR PROTECTION FOR WHICH THE SYSTEM IS DESIGNED OR INTENDED. ALL OWNERS AND OCCUPANTS OF ANY LOT AND ALL TENANTS, GUESTS, LESSEES AND INVITEES OF ANY OWNER ASSUME ALL RISKS FOR LOSS OR DAMAGE TO PERSONS, TO LOTS, TO IMPROVEMENTS CONSTRUCTED ON LOTS, AND TO THE CONTENTS OF LOTS AND FURTHER ACKNOWLEDGE THAT THE ASSOCIATION, ITS EXECUTIVE BOARD AND COMMITTEES, DECLARANT OR ANY SUCCESSOR DECLARANT HAVE MADE NO REPRESENTATIONS OR WARRANTIES, NOR HAS ANY OWNER, OCCUPANT, OR ANY TENANT, GUEST, LESSEE OR INVITEE OF ANY OWNER RELIED UPON ANY REPRESENTATIONS OR WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, RELATIVE TO ANY BURGLAR ALARM SYSTEMS OR OTHER SECURITY SYSTEMS RECOMMENDED OR INSTALLED OR ANY SECURITY MEASURES UNDERTAKEN WITHIN THE PROPERTY.

Section 4.3 Transportation Function. While it is anticipated that the District may so provide, the Association may provide for the operation, maintenance and repair of one or more transportation systems within Alpine Mountain Ranch. The Association, as it deems necessary, may extend such transportation systems to areas outside of Alpine Mountain Ranch to provide transportation to and from Alpine Mountain Ranch. Such transportation systems may include, but are not limited to, bus or automobile systems and any other facilities deemed necessary or appropriate for the proper operation and maintenance of such systems.

Section 4.4 Vehicular Access Limitation Function. While it is anticipated that the District may so provide, the Association may provide control over vehicular access to Alpine Mountain Ranch which it deems necessary or desirable for the privacy, health, safety or welfare of persons residing, visiting or doing business within Alpine Mountain Ranch. Such functions may include restricting non-commercial vehicular traffic within Alpine Mountain Ranch except for Owners, and their Lessees, Guests, invitees or visitors who have overnight accommodations at, and restricting commercial vehicular traffic within, Alpine Mountain Ranch. All Owners may be required to keep the Association informed of

all persons who have overnight accommodations at such Owner's property in order to appropriately enforce the rules and regulations which may be adopted by the Association.

Section 4.5 Solid Waste Collection and Disposal Function; Recycling. While it is anticipated that the District may so provide, the Association may provide for the collection, removal, disposal and/or recycling of all solid waste in Alpine Mountain Ranch, including but not limited to, the construction, operation and maintenance of a central waste collection, disposal and/or recycling facility. The Association shall have the power to adopt, amend and enforce rules and regulations to provide for the orderly collection, disposal and/or recycling of such waste.

Section 4.6 Concierge and Home Service Functions. The Association may, but is not obligated to, provide concierge and home service functions within Alpine Mountain Ranch, including but not limited to, any services typically provided by a concierge within a hotel.

Section 4.7 Animal Control Function. While it is anticipated that the District may so provide, the Association may provide for regulations, facilities, personnel and funds to enforce animal control or exclude animals from all or any portion of Alpine Mountain Ranch and may cooperate with the appropriate governmental body regarding enforcement of animal control regulations. The Association shall provide for and enforce regulations necessary to comply with the Wildlife Mitigation Plan.

Section 4.8 Environmental Function. While it is anticipated that the District may so monitor, the Association may monitor air, soil and water quality in Alpine Mountain Ranch to determine trends and to detect violations of federal, state or local environmental laws. Neither Declarant, the Association, the District, nor any of their respective directors, officers, agents or employees shall be required to undertake such monitoring, nor shall be liable to any third party for any action which they take, or failure to act, in connection with the inspection or monitoring of air, soil or water quality in Alpine Mountain Ranch.

Section 4.9 Agricultural Function. The Association shall maintain the agricultural status of the Remainder Parcel in compliance with the Development Agreement and any conservation easements to which the Remainder Parcel is subject.

Section 4.10 Fence Maintenance Function. While it is anticipated that the District may so provide, the Association may provide for ongoing annual fence maintenance. The Association shall maintain a fund for fence maintenance which shall be sufficient to maintain fences which are the Association's responsibility for a period of at least two (2) years.

Section 4.11 Exterior Maintenance Function.

4.11.1 Subject to Article 16, each Owner shall be responsible for all landscaping, maintenance and repair of his Lot and of the exterior and interior of his residence, including all fixtures and improvements and all utility lines and equipment located therein or in, on or upon his Lot and is required to maintain the Lot and any improvements located thereon in a first class manner consistent with the Community-Wide Standard and is required to comply with all requirements set forth in the Wildlife Mitigation Plan. No Owner shall unreasonably damage the value of other Lots such as by sub-standard upkeep of such Owner's Lot or any improvements located on the Lot in a manner inconsistent with the Community-Wide Standard.

4.11.2 Owners shall be responsible for all maintenance and repairs of utility service lines, connections, facilities and related equipment providing service only to such Owner's Lot (and to no other Lot) and the residence and other buildings and improvements constructed upon such Lot, and which are located within such Owner's Lot, with such responsibility to begin at the point where a utility provider

ceases responsibility for maintenance and repair for a particular utility. Owner shall be responsible for the entire septic waste system appurtenant to Owner's Lot. To the extent that a portion of the septic waste system appurtenant to Owner's Lot lies beyond the boundaries of Owner's Lot, Owner shall be permitted to enter upon the adjacent property, including but not limited to the Common Area and the Remainder Parcel, to satisfy its responsibility for the entire septic waste system pursuant to Sections 8.4.4 and 8.4.5, provided Owner receives approval from the Association to so enter upon the adjacent property, which approval shall not be unreasonably withheld or delayed. All such expenses and liabilities shall be borne solely by the Owner of such Lot.

4.11.3 If any Owner fails to maintain its Lot or related improvements or property or fails to perform any acts of maintenance or repair required under this Declaration, the Association may provide, by action of the Design Review Board or of the Executive Board, exterior maintenance and repair upon such property after seven (7) days' notice of such failure to the Owner of such Lot; provided, however, in the event the nature of the exterior maintenance and repair is such that it can not reasonably be cured within seven (7) days, the Owner shall have a reasonable time to cure the same as determined by the Executive Board. In addition, the Association may, without notice, make such emergency repairs and maintenance as may, in its judgment, be necessary for the safety of any person or to prevent damage to any other property. The cost of such exterior maintenance and repairs of a Lot shall be assessed against the Owner of such Lot and shall be a lien and obligation of the Owner pursuant to Article 10. The cost of such maintenance or repairs of Alpine Mountain Ranch shall be assessed against all Owners of Lots within Alpine Mountain Ranch and shall be a lien and obligation of such Owners pursuant to Article 10. For the purpose of performing the exterior maintenance authorized by this Section, the Association, through its duly authorized agents or employees, shall have the right, after reasonable notice to any Owner, to enter upon such Lot during normal business hours. The Association and the Design Review Board and their designees are hereby granted an irrevocable license over all property in Alpine Mountain Ranch to inspect, in a reasonable manner, after reasonable notice to Owners, and under normal business hours, property and the exterior of any Residence House or other building within Alpine Mountain Ranch in order to determine whether any maintenance or repair is necessary under this Section.

4.11.4 If any Owner fails to perform any acts of maintenance, management, or removal required by the Wildlife Mitigation Plan, the Association may provide, by action of the Design Review Board or of the Executive Board, such maintenance, management, and removal upon such property after seven (7) days' notice of such failure to the Owner of such Lot; provided, however, in the event the nature of the maintenance, management, or removal is such that it can not reasonably be cured within seven (7) days, the Owner shall have a reasonable time to cure the same as determined by the Executive Board. In addition, the Association may, without notice, make such emergency maintenance, management, or removal as may in its judgment be necessary for the safety of any person or to prevent damage to any other property. The cost of such maintenance, management, or removal on a Lot shall be assessed against the Owner of such Lot and shall be a lien and obligation of the Owner pursuant to Article 10. The cost of such maintenance, management, or removal on any Common Area of Alpine Mountain Ranch pursuant to the Wildlife Mitigation Plan shall be assessed against all Owners of Lots within Alpine Mountain Ranch as a Common Expense and shall be a lien and obligation of all Owners pursuant to Article 10. In the event the Association determines to perform such maintenance, management, or removal on more than one Lot, or upon such area that includes both a Lot (or Lots) and Common Area, then the Association shall equitably determine the costs to be charged to Owners. For the purpose of performing the maintenance, management, or removal authorized by this Section, the Association, through its duly authorized agents or employees, shall have the right, after reasonable notice to any Owner, to enter upon such Lot during normal business hours. The Association and the Design Review Board and their designees are hereby granted an irrevocable license over all property in Alpine Mountain Ranch to inspect, in a reasonable manner, after reasonable notice to Owners, and under normal business hours, property and the exterior of any Residence House or other building within Alpine Mountain Ranch in

order to determine whether any maintenance, management, or removal pursuant to the Wildlife Mitigation Plan is necessary under this Section.

4.11.5 Neither Declarant, the Association, nor any of their respective directors, members, officers, agents or employees shall be liable for any incidental or consequential damages for failure to inspect any Lot or improvements or portion thereof or to repair or maintain the same. Declarant, the Association or any member of the general public, firm or corporation undertaking such repairs or maintenance shall not be liable for any personal injury or other incidental or consequential damages occasioned by any act or omission in the repair or maintenance of any Lot or improvements or portion thereof.

Section 4.12 Right to Make Rules and Regulations. The Association Documents establish a framework of affirmative and negative covenants, easements, and restrictions that govern Alpine Mountain Ranch. Within that framework, the Executive Board and the Owners must have the ability to respond to unforeseen problems and changes in circumstances, conditions, needs, desires, trends and technology. Therefore, this Section establishes procedures for establishing, modifying and expanding the rules and regulations for the Association. This Section is not intended to apply to rules and regulations relating to use and operation of the Common Area which the Executive Board may adopt by resolution, nor to administrative policies which the Executive Board may adopt to interpret, define or implement the rules and regulations. At the request of any Owner, the Association will provide, without cost, a copy of the then current rules and regulations.

4.12.1 The Association shall be authorized to and shall have the power to adopt, amend and enforce rules and regulations applicable within Alpine Mountain Ranch with respect to any Lot, Common Area or Function of the Association, and to implement the provisions of this Declaration, including but not limited to, rules and regulations to prevent or reduce fire hazard; to prevent disorder and disturbances of the peace; to regulate animals; to protect wildlife; to regulate signs; to regulate use of any and all Common Area to assure fullest enjoyment of use; to promote the general health, safety and welfare of persons residing, visiting and doing business within Alpine Mountain Ranch; and to protect and preserve property and property rights. All rules and regulations shall comply with the Association Documents.

4.12.2 Subject to the terms of this Section and the Executive Board's duty to exercise business judgment and reasonableness on behalf of the Association and the Owners, the Executive Board may establish, modify, cancel, limit, create exceptions to, or expand the Association Rules. The Executive Board shall send notice to all Owners concerning any proposed action at least fifteen (15) days prior to an Executive Board meeting at which such action is to be considered. The notice shall include the text of the new rule or an explanation of any changes to be made to the rules and regulations. Owners shall have a reasonable opportunity to be heard at an Executive Board meeting prior to such action being taken. Any amendment of or addition to the rules and regulations may be made by a majority of the Directors.

4.12.3 Owners may cancel changes to the rules and regulations approved by the Executive Board or may modify, cancel, limit, create exceptions to, or expand any other rules and regulations, upon the affirmative vote of more than sixty-seven percent (67%) of the total voting interest in the Association at a special meeting of the Owners called for that purpose. If the Executive Board receives a petition, signed by the number of Owners necessary to call a special meeting, for the purpose of voting on changes to the rules and regulations proposed by the Executive Board, the proposed changes will be ineffective until after such meeting is held and will be subject to the outcome of such meeting.

4.12.4 Except as may be set forth in this Declaration (either initially or by amendment) or in the initial Association Rules, all rules and regulations shall comply with the following provisions:

4.12.4.1 The rules and regulations shall be reasonable, shall be uniformly applied and shall comply with the Act.

4.12.4.2 No rule shall interfere with the Owner's freedom to determine the composition of their households, except that the Association shall have the power to require that all occupants be members of a single housekeeping unit and to limit the total number of occupants permitted in each Lot on the basis of the size and facilities of the Lot and its fair use of the Common Area.

4.12.4.3 No rule shall interfere with the activities carried on within the confines of any Lot, except that the Association may prohibit activities not normally associated with property restricted to residential use. The Association may also restrict or prohibit any activities that create monetary costs for the Association or other Lots, that generate excessive noise or traffic, that create unsightly conditions visible outside the Lot, or that create an unreasonable source of annoyance.

4.12.4.4 No rule shall alter the allocation of financial burdens among the various Lots or rights to use the Common Area to the detriment of any Owner over that Owner's objection expressed in writing to the Association. Nothing in this provision shall prevent the Association from changing the Common Area available, from adopting generally applicable rules for use of Common Area or from denying use privileges to those who are delinquent in paying Assessments, abuse the Common Area, or violate the Association Documents. This provision does not affect the right to increase the amount of Assessments as provided in Article 10.

4.12.4.5 No rule shall require an Owner to dispose of personal property that was in a Lot prior to adoption of such rule if such personal property was in compliance with all rules previously in force. This exemption shall apply only during the period of such Owner's ownership of the Lot, and shall not apply to subsequent Owners who take title to the Lot after adoption of the rule.

4.12.4.6 No rule or action by the Association shall impede Declarant's right to develop Alpine Mountain Ranch and market and sell Lots.

The limitations in Sections 4.12.4.1 through 4.12.4.6 shall only limit rulemaking authority exercised under this Section 4.12 and shall not apply to amendments to this Declaration adopted in accordance with Article 17.

Section 4.13 Charges for Use of Common Area. Notwithstanding the provisions of Section 4.15, the Association may establish charges for use of Common Area by Owners, Lessees, and their Guests to assist the Association in offsetting the costs and expenses of the Association, including depreciation and capital expenses. All charges established under this Section shall be reasonable and shall be uniformly applied.

Section 4.14 Charges for Functions. Notwithstanding the provisions of Section 4.15, the Association may establish charges for providing any service as required or permitted by any Function on a regular or irregular basis to an Owner, Lessee, or their Guest to assist the Association in offsetting the costs and expenses of the Association, including depreciation and capital expenses. All charges established under this Section shall be reasonable and shall be uniformly applied.

Section 4.15 Taxes. The Association shall pay all ad valorem real estate taxes, special improvement and other assessments (ordinary and extraordinary), ad valorem personal property taxes and all other taxes, duties, charges, fees and payments required to be made to any governmental or public authority which shall be imposed, assessed or levied upon, or arise in connection with, any Common Area or Functions.

Section 4.16 Right to Dispose of Common Area; Third Party Rights in Common Area. Subject to applicable provisions of the Act, including those that require Owner approval prior to the conveyance or encumbrance of Common Area, the Association shall have the full power and authority to sell, lease, grant easements, rights-of-way, licenses, leases or concessions in or to, transfer, encumber, abandon or dispose of any Common Area, subject to the provisions of this Declaration, the Use License and Agreement to Convey Remainder Parcel, the Wildlife Mitigation Plan, the Development Agreement, any rights set forth in any conservation easements, and further subject to County regulations. Any such conveyance or encumbrance shall be subject to all easements to which the Common Area is subject at the time of such sale or conveyance. The Association shall be entitled to contract with third parties, including, without limitation, the District, the County and other residential or recreational associations or individuals, allowing such persons the use and enjoyment of all or a portion of the Common Area under such terms and for such charges as may be acceptable to the Executive Board.

Section 4.17 Governmental Successor. Subject to applicable provisions of the Act, any Common Area and any Function may be turned over to a quasi-governmental entity including the District and/or any other special district or metropolitan district which is willing to accept and assume the same upon such terms and conditions as the Association shall deem to be appropriate.

Section 4.18 Records. The Association shall keep financial records sufficiently detailed to enable the Association to comply with Section 38-33.3-316(8) of the Act concerning statements of unpaid assessments. All financial and other records shall be made available for examination by any Owner or such Owner's authorized agents during normal business hours and under other reasonable circumstances. The Association shall make available for inspection by Owners, upon request, during normal business hours or under other reasonable circumstances current copies of the Association Documents and the books, records, and financial statements of the Association prepared pursuant to the Bylaws. The Association may charge a reasonable fee for copying such materials.

Section 4.19 Implied Rights of the Association. Except to the extent limited by the terms and provisions of this Declaration, the Association may exercise any right or privilege given to it expressly in this Declaration or given to it by law and shall have and may exercise every other right, privilege, power and authority necessary or desirable to fulfill its obligations under this Declaration, including without limitation the rights to:

4.19.1 adopt and amend the Bylaws and Association Rules;

4.19.2 adopt and amend budgets for revenues, expenditures and reserves and collect assessments, including without limitation Assessments for Common Expenses, from Owners;

4.19.3 hire and terminate Managing Agents and other employees, agents and independent contractors. The Managing Agent shall not have the authority to make expenditures except upon prior approval and direction by the Executive Board. The Executive 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 Executive Board;

4.19.4 subject to the provisions of Article 19, institute, defend or intervene in litigation or administrative proceedings in its own name on behalf of itself or two or more Owners on matters affecting Alpine Mountain Ranch;

4.19.5 establish the Design Review Board as provided in Article 15 and regulate the construction, reconstruction and alteration of any improvements located or to be located on the Property;

4.19.6 make contracts and incur liabilities;

4.19.7 regulate the use, improvement, maintenance, repair, replacement and modification of the Common Area;

4.19.8 cause additional improvements to be made as part of the Common Area, including the construction of any capital asset, in whole or in part, for the benefit of some or all of the Lots, Owners, Lessees and Guests, including without limitation, streets, mountain access trails, paths, walkways, snowmelt systems, sidewalks and bicycle trails; any facilities necessary or useful for transit purposes, including means of transportation to and from Alpine Mountain Ranch; bus stops and related structures and signage; mailbox structures; newspaper racks; gardens, sprinkler systems and other landscaping changes, improvements (including without limitation, removal of trees and other vegetation) and appurtenances; ponds and water tanks; drainage facilities; monuments; recreational areas and facilities; parking areas; conduit installation areas; storage facilities for supplies and equipment; earth walls, retaining walls and other road supports; lighting; signage; and the additional right to construct any and all types of structures, facilities and improvements useful or necessary to benefit the Owners or to provide services of the Association, all as subject to the provisions of this Declaration, including the Use License and Agreement to Convey Remainder Parcel, the Wildlife Mitigation Plan, the Development Agreement, and all other County regulations;

4.19.9 acquire, hold, encumber and convey in its own name any right, title or interest in real or personal property;

4.19.10 impose and receive any payments, fees or charges for the use, rental or operation of Common Area;

4.19.11 impose and receive charges for late payments of Assessments, recover reasonable attorney's fees and disbursements and other costs of collection for Assessments and other actions to enforce the rights of the Association, regardless of whether or not suit was initiated, and after notice and opportunity to be heard, levy reasonable fines and penalties for violations of the Association Documents;

4.19.12 impose and receive reasonable charges for the preparation and recordation of amendments to the Declaration or statements of unpaid Assessments;

4.19.13 provide for the indemnification of the Association's officers and Directors and maintain Directors' and officers' liability insurance;

4.19.14 assign its right to future income, including without limitation, its right to receive Assessments;

4.19.15 obtain and pay for legal, accounting and other professional services;

4.19.16 perform any Function by, through or under contractual arrangements, licenses, or other arrangements with any governmental, quasi-governmental or private entity as may be necessary or desirable, including the District and pursuant to the terms and restrictions set forth herein; and

4.19.17 enjoy and exercise any other power or authority which similar associations may now or hereafter enjoy or exercise in the State of Colorado.

Section 4.20 Association Documents. Each Owner shall comply with and may benefit from each term, provision, covenant, condition, restriction, reservation and easement contained in the Association Documents. The obligations, burdens and benefits of membership in the Association touch and concern the Property and are, and shall be, covenants running with each Lot for the benefit of all other Lots and the Common Area.

Section 4.21 Indemnification. The Association shall be obligated to and shall indemnify, defend and hold harmless Declarant and its officers, directors, employees, members and agents, from any and all claims, losses, suits, damages, judgments, expenses, costs and charges of every kind and nature, both legal and otherwise, whether direct or indirect, including, without limitation, reasonable attorneys' fees and costs of litigation arising from or in any way related to the Property, including but not limited to (i) the approval process in connection with the development of the Property (including, but not limited to, any assumptions and projections made in conjunction therewith), (ii) the construction of the Property (including, but not limited to, any claims related to tours of the construction site by purchasers or potential purchasers), (iii) the existence of the Property (including, but not limited to, claims related to the operations of the Association or any Common Area or any Functions undertaken by the Association pursuant to this Declaration). Upon written consent from the Association, which shall not be unreasonably withheld, Declarant may retain counsel to defend claims made against Declarant at the Association's expense and Declarant shall not be liable for attorney fees for independent defense.

Section 4.22 Owner's Negligence. In the event that the need for maintenance, repair or replacement of all or any portion of the Common Area is due to the grossly negligent, reckless or willful act or omission of an Owner or any Owner's Guests or Lessees, then the expenses incurred by the Association for such maintenance, repair or replacement shall be a personal obligation of such Owner. To the extent that the need for maintenance, repair or replacement is due to the negligent act or omission of an Owner or an Owner's Guests or Lessees, the expenses incurred by the Association for such maintenance, repair or replacement shall be a personal obligation of such Owner. If the Owner fails to repay any applicable expenses incurred by the Association within seven (7) days after notice to the Owner of the amount owed, then the failure to so repay shall be a default by the Owner under the provisions of this Section, and such expenses shall automatically become a Default Assessment determined and levied against such Owner's Lot, enforceable by the Association in accordance with Article 10 below.

Section 4.23 Enforcement of Association Documents. Subject to the provisions of Article 19, the Association, or any aggrieved Owner may take judicial action against any Owner to enforce compliance with the Association Rules and with the other provisions of the Association Documents to obtain damages for noncompliance or for injunctive relief, or both, all to the extent permitted by law. The Executive Board may also impose sanctions, after notice and hearing as provided in the Bylaws of the Association, for any noncompliance with the Association Documents. Such sanctions that may be imposed by the Executive Board shall include, without limitation:

4.23.1 Imposing reasonable monetary fines which shall constitute a lien upon the violator's Lot. In the event that any occupant, Guest or Lessee of a Lot violates the Association Documents and a fine is imposed, the fine shall first be assessed against the Owner of such Lot;

4.23.2 Suspending an Owner's right to vote on Association matters;

4.23.3 Suspending any person's right to use the Common Area and all facilities contained therein; provided however, nothing herein shall authorize the Executive Board to limit ingress to or egress from a Lot;

4.23.4 Suspending any services provided by the Association to an Owner or the Owner's Lot if the Owner is more than thirty (30) days delinquent in paying any Assessment or other charge owed to the Association;

4.23.5 Exercising self-help or taking action to abate any violation of the Association Documents in a non-emergency situation;

4.23.6 Requiring an Owner, at the Owner's own expense, to remove any structure or improvement on such Owner's Lot in violation of the Association Documents and to restore the Lot to its previous condition consistent with the Community-Wide Standard and, upon failure of the Owner to do so, the Executive Board or its designee shall have the right to enter the Lot, remove the violation at the Owner's expense and restore the Lot to substantially the same condition as previously existed and any such action shall not be deemed a trespass;

4.23.7 Levying specific Assessments to cover costs incurred by the Association to bring a Lot into compliance with the Association Documents.

4.23.8 In addition, the Executive Board may take the following enforcement actions to ensure compliance with the Association Documents without the necessity of compliance with the procedures set forth in the Bylaws or Article 19:

4.23.8.1 Exercising self-help in any emergency situation (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules and regulations); or

4.23.8.2 Bringing suit at law or equity to enjoin any violation or to recover monetary damages or both.

4.23.9 All remedies set forth in the Association Documents shall be cumulative of any remedies available at law or in equity. In any action to enforce the Association Documents, if the Association prevails it shall recover all costs, including attorneys' fees, expenses and court costs, reasonably incurred in such action, and such costs shall be included in the award at trial.

4.23.10 The decision to pursue enforcement action in any particular case shall be left to the Executive Board's discretion, except that the Executive Board shall not be arbitrary or capricious in taking enforcement action. Without limiting the generality of the foregoing sentence, the Executive Board may determine that, under the circumstances of a particular case:

4.23.10.1 The Association's position is not strong enough to justify taking any or further action;

4.23.10.2 The covenant, restriction or rule being enforced is, or is likely to be construed as, unenforceable or inconsistent with applicable law;

4.23.10.3 Although a technical violation may exist or may have occurred, it is not of such a material nature as to be objectionable to a reasonable person or to justify expending the Association's resources; or

4.23.10.4 That it is not in the Association's best interests, based upon hardship, expense or other reasonable criteria, to pursue enforcement action.

Such a decision shall not be construed a waiver of the Association's right to enforce such provision at a later time under other circumstances or preclude the Association from enforcing any other covenant, rule or regulation.

Section 4.24 Cooperation with Other Associations. The Association may contract or cooperate with other homeowners' associations, special districts or municipalities, Routt County, Colorado, or other entities as convenient or necessary to provide services and privileges and to fairly allocate costs among the parties utilizing such services and privileges which may be administered by the

Association or such other organizations, for the benefit of Owners and their Lessees and Guests. The costs associated with such efforts by the Association (to the extent not chargeable to other organizations) shall be a Common Expense.

Section 4.25 Wildlife. The Association shall have the right and the obligation to adopt and enforce rules and regulations in accordance with the Wildlife Mitigation Plan regarding wildlife on or about the Property and Owner standards and requirements regarding the same, as set forth in the Wildlife Mitigation Plan. Any Owner in violation of the terms of such rules and regulations shall be responsible for any costs and expenses incurred by the Association to enforce the same. Any such amount shall be a Default Assessment and shall become a lien against such Owner's Lot pursuant to Section 10.8 below.

Section 4.26 Community Function. The Association shall have the right to organize and/or host community events and other activities on the Property, including block parties on the Roads, for the benefit of the Owners and Alpine Mountain Ranch.

Section 4.27 LIMITATION OF LIABILITY OF ASSOCIATION. NOTWITHSTANDING THE DUTY OF THE ASSOCIATION TO MAINTAIN AND REPAIR THE COMMON AREA, AND EXCEPT TO THE EXTENT COVERED BY ASSOCIATION INSURANCE AS DESCRIBED IN ARTICLE 9, THE ASSOCIATION SHALL NOT BE LIABLE TO OWNERS FOR INJURY OR DAMAGE, OTHER THAN FOR THE COST OF MAINTENANCE AND REPAIR OF THE COMMON AREA, CAUSED BY ANY LATENT CONDITION OF THE COMMON AREA TO BE MAINTAINED AND REPAIRED BY THE ASSOCIATION OR CAUSED BY THE ELEMENTS OR OTHER OWNERS OR PERSONS.

Section 4.28 Association Standard of Care. The duty of care which the Association owes to the Owners is that of a landowner to a licensee, notwithstanding the interest which the Owners hold in the Common Area through their membership in the Association.

ARTICLE 5 MEMBERSHIP AND VOTING RIGHTS

Section 5.1 The Association. Every Owner of a Lot shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot. Each Lot shall be entitled to one vote. The vote for such Lot shall be exercised by one person or alternate persons (who may be a tenant of the Owners) appointed by proxy in accordance with the Bylaws. In the absence of a proxy, the vote allocated to the Lot shall be suspended in the event more than one person or entity seeks to exercise the right to vote on any one matter. Any Owner of a Lot which is leased may assign his voting right to the tenant, provided that a copy of a proxy appointing the tenant is furnished to the Secretary of the Association prior to any meeting in which the tenant exercises the voting right.

Section 5.2 Transfer of Membership. An Owner shall not transfer, pledge, encumber or alienate his membership in the Association in any way, except upon the sale or encumbrance of his Lot and then only to the purchaser or mortgagee of his Lot.

Section 5.3 Membership and Voting. When more than one person holds an interest in any Lot, all such persons shall be Members. Each Lot shall be allocated one (1) vote on Association matters.

Section 5.4 Declarant Control. Notwithstanding anything to the contrary provided for herein, Declarant shall be entitled during the Declarant Control Period to appoint and remove the members of the Association's Executive Board and officers of the Association, subject to the following restrictions:

5.4.1 Not later than sixty (60) days after conveyance by Declarant of twenty-five percent (25%) of the total number of Lots that may be created under this Declaration, including all Lots permitted to be created in the future by addition of Expansion Property, to Owners other than Declarant, at least one (1) member and not less than twenty-five percent (25%) of the members of the Executive Board shall be elected by Owners other than Declarant.

5.4.2 Not later than sixty (60) days after conveyance by Declarant of fifty percent (50%) of the total number of Lots that may be created under this Declaration, including all Lots permitted to be created in the future by addition of Expansion Property, to Owners other than Declarant, not less than thirty-three and one-third percent (33 1/3%) of the members of the Executive Board shall be elected by Owners other than Declarant.

5.4.3 Not later than the termination of the Declarant Control Period, the Owners shall elect an Executive Board at least a majority of whom shall be Owners other than Declarant or designated representatives of Owners other than Declarant.

5.4.4 Declarant may voluntarily relinquish such power set forth in this Section 5.4 evidenced by a notice executed by Declarant and recorded in the Office of the Clerk and Recorder for Routt County, Colorado, but in such event, Declarant may at its option require that specified actions of the Association or the Executive Board as described in the recorded notice, during the period Declarant would otherwise be entitled to appoint and remove Directors and officers, be approved by Declarant before they become effective.

Section 5.5 Compliance with Association Documents. Each Owner shall abide by and benefit from each provision, covenant, condition, restriction and easement contained in the Association Documents. The obligations, burdens, and benefits of membership in the Association concern the land and shall be covenants running with each Owner's Lot for the benefit of all other Lots and for the benefit of Declarant's adjacent properties.

Section 5.6 Owner's and Association's Address for Notices. All Owners of each Lot shall have one (1) and the same mailing address to be registered with the Association and used by the Association or other Owners for notices, demands, and all other communications regarding Association matters. The Owner or Owners of a Lot shall furnish such address to the Secretary of the Association within five (5) days after transfer of title to the Lot to such Owner or Owners. Such registration shall be in written form and signed by all of the Owners of the Lot or by such persons as are authorized by law to represent the interests of all Owners of the Lot. Notwithstanding the foregoing, the Association shall be entitled to rely upon any such registration or other notice of a change in address of the Owners of the Lot which is signed by less than all of the Owners of such Lot.

If no address is registered or if all of the Owners cannot agree, then the address set forth in the deed to the Lot shall be deemed their registered address until another registered address is furnished as required under this Section.

Any notice delivered to a First Mortgagee in accordance with the terms of this Declaration shall be sent to the address for such party specified in the First Mortgage unless the First Mortgagee notifies the Association in writing of a different address.

All notices and demands intended to be served upon the Executive Board shall be sent to the following address or such other address as the Executive Board may designate from time to time by notice to all of the Owners:

Executive Board
Alpine Mountain Ranch Association
2145 Resort Drive
Suite 215
Steamboat Springs, Colorado 80487

All notices given in accordance with this Section shall be sent by personal delivery, which shall be effective upon receipt; by overnight courier service, which shall be effective one business day following timely deposit with the courier service; or by regular, registered or certified mail, postage prepaid, which shall be effective three (3) days after deposit in the U.S. mail.

ARTICLE 6 PROPERTY RIGHTS

Section 6.1 Common Area. Every Owner shall have a right and nonexclusive easement of use, access, and enjoyment in and to the Common Area, subject to:

6.1.1 This Declaration and any other applicable covenants including the Wildlife Mitigation Plan;

6.1.2 The Development Agreement, the County Documents, and all County regulations;

6.1.3 Any restrictions or limitations contained in any deed conveying the Property to the Association;

6.1.4 The right of the Executive Board to adopt rules regulating the use and enjoyment of the Common Area, including rules limiting the number of Guests or Lessees who may use the Common Area;

6.1.5 The right of the Executive Board to impose reasonable membership requirements and charge reasonable membership, admission, use or other fees for the use of any facility situated upon the Common Area;

6.1.6 The right of the Association, from time to time, to amend or waive the terms and conditions of use of the Common Area;

6.1.7 The right of the Executive Board to permit the use of any facilities situated on the Common Area by persons other than Owners, their families, Lessees and Guests, subject to any permitting requirements of the County;

6.1.8 The right and obligations of the Declarant and the Association, acting through its Executive Board to restrict, regulate or limit Owners' and occupants' use of the Common Area for environmental preservation purposes, including, without limitation, wildlife corridors, winter wildlife ranges and natural wildlife habitat;

6.1.9 The Declarant's rights with respect to the terms and provisions of the Use License as set forth in Article 14; and

6.1.10 Any governmental or quasi-governmental rules, regulations or statutes.

Any Owner may extend his or her right of use and enjoyment to the members of his or her immediate family, Lessees, Guests and social invitees, as applicable, subject to reasonable regulation by the Executive Board. An Owner who leases his or her Lot shall be deemed to assign all such rights to the Lessee of such Lot.

ALL PERSONS, INCLUDING ALL OWNERS, ARE HEREBY ADVISED THAT NO REPRESENTATIONS OR WARRANTIES, EITHER WRITTEN OR ORAL, HAVE BEEN MADE OR ARE MADE BY DECLARANT OR ANY OTHER PERSON WITH REGARD TO THE NATURE OR SIZE OF IMPROVEMENTS TO THE COMMON AREA. NO PURPORTED REPRESENTATION OR WARRANTY, WRITTEN OR ORAL, IN REGARD TO THE COMMON AREA SHALL EVER BE EFFECTIVE WITHOUT AN AMENDMENT HERETO EXECUTED OR JOINED INTO BY DECLARANT.

Neither the Declarant nor the Association guarantees or represents that any view over and across any Common Area from adjacent Lots will be preserved without impairment. The Association shall not have any obligation to prune or thin trees or other landscaping, but the Association shall have the right, in its sole and absolute discretion, to add trees and other landscaping to the Common Area from time to time. Any such additions or changes to the Common Area may diminish or obstruct any view from the Lots and any express or implied easements for view purposes or for the passage of light and air are hereby expressly disclaimed.

Section 6.2 Expansion. From time to time, Declarant may, but shall not be obligated to, expand Alpine Mountain Ranch, including the Common Area, by the conversion of Expansion Property into Lots and/or additional Common Area by written instrument recorded with the Clerk and Recorder of Routt County, Colorado, all as more fully set forth in Article 14 below. In addition, from time to time, Declarant may, but shall not be obligated to, expand the Common Area by written instrument recorded with the Clerk and Recorder of Routt County, Colorado, all as more fully set forth in Article 14 below.

Section 6.3 No Dedication to the Public. Nothing in this Declaration or the other Association Documents will be construed as a dedication to public use or a grant to any public municipal or quasi-municipal authority or utility, or an assumption of responsibility for the maintenance of any Common Area by such authority or utility, absent an express written agreement to that effect.

ARTICLE 7 MECHANIC'S LIENS

Section 7.1 No Liability. If any Owner shall cause any material to be furnished to his Lot or any labor to be performed therein or thereon, no Owner of any other Lot shall under any circumstances be liable for the payment of any expense incurred or for the value of any work done or material furnished. All such work shall be at the expense of the Owner causing it to be done, and such Owner shall be solely responsible to contractors, laborers, materialmen and other persons furnishing labor or materials to his or her Lot. Nothing herein contained shall authorize any Owner or any person dealing through, with or under any Owner to charge the Common Area or any Lot other than the Lot of such Owner with any mechanic's lien or other lien or encumbrance whatsoever. On the contrary (and notice is hereby given) the right and power to charge any lien or encumbrance of any kind against the Common Area or against any Owner or any Owner's Lot for work done or materials furnished to any other Owner's Lot is hereby expressly denied.

Section 7.2 Indemnification. If, because of any act or omission of any Owner, any mechanic's or other lien or order for the payment of money shall be filed against the Common Area or against any other Owner's Lot or an Owner or the Association (whether or not such lien or order is valid or enforceable as such), the Owner whose act or omission forms the basis for such lien or order shall at

his own cost and expense cause the same to be cancelled and discharged of record or bonded by a surety company reasonably acceptable to the Association, or to such other Owner or Owners, within twenty (20) days after the date of filing thereof, and further shall indemnify and save all the other Owners and the Association harmless from and against any and all costs, expenses, claims, losses or damages including, without limitation, reasonable attorneys' fees resulting therefrom.

Section 7.3 Association Action. Labor performed or materials furnished for the Common Area, if duly authorized by the Association in accordance with this Declaration or the Bylaws, shall be the basis for the filing of a lien pursuant to law against the Common Area. Any such lien shall be limited to the Common Area and no lien may be effected against an individual Lot or Lots.

ARTICLE 8 PROPERTY RIGHTS OF OWNERS AND RESERVATIONS BY DECLARANT

Section 8.1 Owners' Easement of Enjoyment. Subject to the provisions of Wildlife Mitigation Plan and the Use License and subject to the rights of the Association and Declarant as set forth herein, every Owner has a right and easement of enjoyment in and to the Common Area, which shall be appurtenant to and shall pass with the title to every Lot. Certain third persons, as to be determined by the Association, may also have access to the Common Area. Every Owner shall have a non-exclusive easement over (a) the Roads within Alpine Mountain Ranch to provide access to and from his Lot, and (b) any official trail systems developed on the Property pursuant to the terms hereof. No Owner shall hinder or permit his Guest or Lessee to hinder reasonable access by any other Owner and his Guest or Lessee or other permittees to the Lots.

Section 8.2 Recorded Easements. The Property shall be subject to all easements, licenses, covenants and restrictions as shown on any recorded Plat affecting the Property, the Development Agreement and to any other easements of record or of use as of the date of recordation of this Declaration. All easements and licenses to which the Property is presently subject are set forth on Exhibit C. In addition, the Property is subject to those easements set forth in this Article.

Section 8.3 Declarant's Rights Incident to Construction. Declarant, for itself and its successors and specific assigns, and their respective officers, agents, employees, contractors, and assigns, hereby reserves an easement for construction, utilities, drainage, ingress and egress over, in, upon, under and across the Common Area, together with the right to store materials on the Common Area, to build and maintain temporary walls, and to make such other use of the Common Area as may be reasonably necessary or incident to any construction of improvements on the Property or other real property owned by Declarant, or other properties abutting and contiguous to the Property.

Section 8.4 Utility Easements.

8.4.1 Blanket Utility Easement Area. Declarant hereby grants, reserves and declares a perpetual non-exclusive easement and perpetual right of ingress and egress over, under, upon, above, across and through all of the Property, excepting only those portions lying within the Building Envelopes (the "Blanket Utility Easement Area"), for the benefit of Declarant, Declarant's affiliates (defined as persons or entities controlling, controlled by or under common control with Declarant), Declarant's successors and specific assigns, the District and its successors and assigns, the Association and its successors and assigns, and any public or quasi-public utility or governmental or quasi-governmental agency, authority or entity to which Declarant may grant, delegate or dedicate all or any portion of its rights hereunder and their respective officers, agents, employees, contractors and assigns, for the purposes of (i) construction, operation, maintenance, repair and/or replacement (and access to said facilities for such purposes) of water, septic, gas, electric, irrigation, telephone, cable television and/or other utility systems and drainage systems, including, without limitation, underground utility lines, above-ground

utility lines, meter boxes, vaults, transformers, pump stations and other facilities related to the provision of any of such utility services, and storm drainage facilities and ditches, (ii) for the drainage of water from other lands, and (iii) for the ingress and egress of construction and maintenance vehicles and equipment, whether or not relating to the utilities and facilities described herein. The grant, reservation and declaration of this Blanket Utility Easement Area shall not obligate Declarant to construct any or all of the aforementioned utilities, nor is this easement limited to utilities which benefit one or more of the Lots.

8.4.2 Road Easement Area. Declarant hereby grants, reserves and declares a perpetual non-exclusive easement and perpetual right of ingress and egress over, under, upon, above, across and through the Blanket Utility Easement Area, for the benefit of Declarant, Declarant's affiliates (defined as persons or entities controlling, controlled by or under common control with Declarant), Declarant's successors and specific assigns, the Association and its successors and assigns, and any public or quasi-public utility or governmental or quasi-governmental agency, authority or entity to which Declarant may grant, delegate or dedicate all or any portion of its rights hereunder and their respective officers, agents, employees, contractors and assigns, for the purposes of grading, construction, operation, maintenance, repair and/or replacement of the Roads. The grant, reservation and declaration of this road easement area shall not obligate Declarant to construct any or all of the aforementioned Roads, nor is this easement limited to Roads which benefit one or more of the Lots.

8.4.3 Further Grants. Declarant reserves the right to grant and convey to the local water supplier, electric company, natural gas supplier, cable television supplier, communications systems supplier and/or suppliers of any other utilities or systems whatsoever easements over, across, under and through any portion of the Blanket Utility Easement Area and through such portions of the Property located within the Building Envelopes as are reasonably necessary to install such utility services to service any other Lot or other property. Should any entity furnishing a service covered by the general easement granted herein request a specific easement by separate recordable document, Declarant shall have the right to grant such easement over the Blanket Utility Easement Area without conflicting with the terms hereof and regardless of the record title holder of the respective Lot.

8.4.4 Leach Field Easement. Because of the geology and topography of various Lots within Alpine Mountain Ranch, not all Lots will be capable of maintaining a self-contained septic tank and leach field system. Accordingly, certain areas within Alpine Mountain Ranch have or will be designated as leaching areas for nearby Lots which are determined to be incapable of sustaining their own contained septic system. Some or all of these leaching areas may lie within residential Lots, the Common Area and the Remainder Parcel.

Declarant and the subsequent Owners of any Lots hereby grant to the Association, its successors and assigns, a blanket easement upon, across, over and under each Lot, the Common Area and the Remainder Parcel for ingress to, egress from, and the installation, monitoring, replacing, repairing and maintaining of leach field areas and all related service lines and systems in connection with the initial development of each Lot and the construction of the first Residence House or other building thereon. The Association's rights and obligations pursuant to this easement will be administered by the Association. Prior to approval of plans for the construction of any improvements to a Lot by the Design Review Board, the Association, at the cost of the Owner(s) of the benefited Lot(s), will perform soils tests and any other studies deemed necessary to determine the exact location of the easement for the leach field area, the Lots to be served by and access to and from said easement (the leach field area together with access routes to and from said area shall hereinafter be referred to together as the "Leach Field Easement"). The Association shall record an instrument with the County setting forth (i) the legal description of the Leach Field Easement, and (ii) the specific Lots or areas of the Common Area or Remainder Parcel to be burdened and benefited by the Leach Field Easement. Upon recordation of the Leach Field Easement, the blanket easement provided for herein (as it affects the Lots, areas of the Common Area or Remainder

Parcel covered by the applicable Leach Field Easement) shall terminate and be of no further force or effect with respect to any portions of said Lots, Common Area or Remainder Parcel lying outside of the Leach Field Easement.

All leach field areas constructed as a part of this subsection shall be constructed and maintained to the Community-Wide Standard at the sole cost and expense of the Owner(s) of the benefited Lot(s). Either the Association or the Owner of the subservient Lot may (i) maintain an action against the Owner(s) of the benefited Lot(s) for any breach of this subsection, or (ii) if the Owner(s) of the benefited Lot(s) fail to repair the system within seven (7) days after written notice, repair any defect to such system and charge the Owner(s) of the benefited Lot(s) for the cost of such repair plus interest at 12 percent (which amount shall be secured by a first lien on the benefited Lot(s)). Any and all proposals and plans for construction, reconstruction, maintenance and/or repair of said facilities, together with financial arrangements for payment therefore, shall be approved in writing by Declarant and the Design Review Board prior to the commencement of any construction.

8.4.5 Maintenance of Septic Systems. The Owners of all Lots containing septic tanks will be responsible for the continued maintenance and pumping of said tanks on a regular basis. If the Association, in its sole discretion, determines that any Owner is failing to perform its obligations under this subsection, it shall give said Owner notice thereof and require that said Owner take corrective action within seven (7) days of receipt of such notice. If at the expiration of seven (7) days the Owner has not taken such corrective action, the Executive Board shall be authorized and empowered to cause such action to be taken and the cost thereof shall be assessed against the Owner of such Lot and shall be a lien and obligation of the Owner pursuant to Article 10.

Section 8.5 Declarant's Reservation of Expansion Property. Declarant hereby reserves to itself, for so long as Declarant owns or controls any portion of the Property, or has the right to own or control any portion of the Property, or has the right to expand the Property as set forth in Article 14, or as so permitted under the Act, whichever is greatest, for the benefit of the Declarant, Declarant's affiliates (defined as persons or entities controlling, controlled by or under common control with Declarant), Declarant's successors and specific assigns, the District and its successors and assigns, the Association and its successors and assigns, and/or for Owners in all future phases of Alpine Mountain Ranch and their respective officers, agents, employees, and assigns, an easement and right-of-way over, upon and across the Property, excepting only those portions lying within the Building Envelopes, for construction, utilities, drainage, and ingress and egress from the Expansion Property, and other properties abutting and contiguous to the Property and the Expansion Property, and for use of the Common Area as may be reasonably necessary or incident to the construction of improvements on the Expansion Property or other improvements on the Property or such other property. The location of these easements and rights-of-way may be made certain by Declarant or the Association by instruments recorded in the Office of the Clerk and Recorder of Routt County, Colorado.

Section 8.6 General Maintenance Easement. An easement is hereby reserved to Declarant for the benefit of the Declarant, Declarant's affiliates (defined in Section 8.5 hereinabove) and Declarant's successors and specific assigns, and granted to the District and its successors and assigns, the Association, and any member of the Executive Board or the Managing Agent, and their respective officers, agents, contractors, employees, and assigns, upon, across, over, in, and under the Property and a right to make such use of the Property as may be necessary or appropriate to make emergency repairs or to perform the duties and Functions which the Association is obligated or permitted to perform pursuant to the Association Documents.

Section 8.7 Wildlife Mitigation Plan Easement. An easement is hereby reserved to Declarant for the benefit of the Declarant, Declarant's affiliates (defined in Section 8.5 hereinabove) and Declarant's

successors and specific assigns, and granted to the District and its successors and assigns, the Association, and any member of the Executive Board or the Managing Agent, and their respective officers, agents, contractors, employees, and assigns, upon, across, over, in, and under the Property and a right to make such use of the Property as may be necessary or appropriate to manage, maintain, or remove any decadent shrubs, noxious weeds, trees, or other vegetation in accordance with the Wildlife Mitigation Plan and the Development Agreement, which shall be deemed to include any future wildlife management plan adopted by the Association, or to perform the duties and Functions set forth in the Wildlife Mitigation Plan which the Association is obligated or permitted to perform pursuant to the Association Documents.

Section 8.8 Association and District as Attorney-in-Fact. Each Owner, by his acceptance of a deed or other conveyance vesting in him an interest in a Lot, does irrevocably constitute and appoint the Association and/or Declarant and/or the District with full power of substitution in the Owner's name, place and stead to deal with Owner's interest in order to effectuate the rights reserved by Declarant or granted to the Association, as applicable, with full power, right and authorization to execute and deliver any instrument affecting the interest of the Owner and to take any other action which the Association or Declarant may consider necessary or advisable to give effect to the provisions of this Article and this Declaration generally. If requested to do so by the Association or Declarant, each Owner shall execute and deliver a written, acknowledged instrument confirming such appointment. No Owner shall have any rights against the Association or Declarant or any of their officers or Directors with respect thereto except in the case of fraud or gross negligence.

Section 8.9 Delegation of Use. Any Owner may delegate his right of enjoyment to the Common Area to the members of his immediate family, his Guests and Lessees, but only in accordance with and subject to the limitations of the Association Documents.

Section 8.10 Emergency Access Easement. A general easement is hereby granted to all police, sheriff, fire protection, ambulance, and other similar emergency agencies or persons to enter upon the Property in the proper performance of their duties.

Section 8.11 Easements for District Activities. The Declarant, Declarant's affiliates (defined as persons or entities controlling, controlled by or under common control with Declarant) and Declarant's successors and specific assigns and their respective officers, agents, employees, and assigns, the District and their members (regardless of whether such members are Owners hereunder), their respective guests, invitees, and the employees, agents, contractors, including those who do not own property within Alpine Mountain Ranch, and designees of the Declarant and the District shall at all times have a right and nonexclusive easement of access and use over all Roads reasonably necessary to travel from/to the entrance to the Property and from/to any Common Area and any other facilities owned, managed or controlled by the Declarant or the District, respectively, and over those portions of the Property (whether Common Area or otherwise) reasonably necessary to the improvement, operation, maintenance, repair, and replacement of any Common Area and any other facilities owned, managed or controlled by the Declarant or the District. Without limiting the generality of the foregoing, (i) members of the Declarant and the District, their respective guests, invitees, and the employees, agents, contractors, and designees of the District and permitted members of the public shall have the right to park their vehicles or maintenance equipment on the Roads located within the Property at reasonable times before, during and after functions held by the District or at any Common Area, which may include, without limitation, certain community activities; and (ii) permitted members of the public shall at all times have the right and nonexclusive easement of access and use over all Roads reasonably necessary to travel from/to the entrance to the Property and from/to the any Common Area only at such times as those parties are entitled to use such Common Area.

Section 8.12 Easements for Encroachments. To the extent that any improvement or utilities whether presently existing or hereinafter constructed within the Common Area (including, without limitation, any portion of the Roads) encroaches on any Lot, either currently existing or as a result of any addition or improvement pursuant to this Declaration, a valid easement for such encroachments and for the maintenance of same, so long as they exist, shall and does exist. In the event any such improvement is partially or totally destroyed, and then rebuilt, the Owners agree that minor encroachments of parts of such rebuilt improvements shall be permitted and that a valid easement for said encroachment and the maintenance thereof shall exist so long as the improvements shall stand.

Section 8.13 Declarant's Right of Assignment. Declarant reserves the right to assign all or any portion of its rights, obligations or interest as Declarant by recording an assignment or deed of record executed by both Declarant and the transferee or assignee in the Office of the Clerk and Recorder of Routt County, Colorado designating such party as a Successor Declarant. Upon such recording, Declarant's rights and obligations under this Declaration shall cease and terminate to the extent provided in such document.

Section 8.14 Utility, Water and/or Ditch Easements. There are hereby created, granted and reserved to the Declarant and its successors or assigns perpetual, non-exclusive easements over, upon, across and under those portions of the Property that are designated "Utility Easement," and all ditches appearing on the Plat or any Supplemental Plat. Additional ditch easements may be located on the Plat or any Supplemental Plat for ditch laterals and other components of the Irrigation System. Utility Easements may be used for the installation, operation, maintenance, repair, removal or replacement of underground utility lines (and related surface facilities). Declarant reserves the right to use the ditch easements for the installation, operation, maintenance, repair, removal, improvement, relocation or replacement of drainage, ditch, and irrigation systems and facilities regardless of whether such ditches are shown on the Plat or any Supplemental Plat or within easements. Water storage easements may be used for the installation, operation, maintenance, repair, removal, improvement or replacement of water storage facilities. Declarant may assign any irrigation ditch easements or any or all rights associated therewith to the Association. The party causing the disturbance shall be obligated to restore, repair, reseed and/or relandscape any area disturbed by the exercise of these easement rights to as close to its original condition as possible, as promptly as possible following the completion of any work within a utility, water storage and/or ditch easement.

ARTICLE 9 INSURANCE AND FIDELITY BONDS

Section 9.1 General Insurance Provisions. The Association shall maintain, to the extent reasonably available:

9.1.1 Property insurance on the Common Area for broad form covered causes of loss; except that the total amount of insurance must be not less than the full insurable replacement costs of the insured property less reasonable deductibles at the time the insurance is purchased and at each renewal date, exclusive of land, excavations, foundations, paving areas, landscaping and other items normally excluded from property policies; and

9.1.2 Commercial general liability insurance, including, without limitation, medical payments insurance, insuring the Association, and its officers, members of the Executive Board, and any Managing Agent, and the employees and agents of the Association and the Managing Agent against liability for death, bodily injury, slander, false arrest, invasion of privacy and property damage arising out of or in connection with the ownership, maintenance and use of the Common Area and other areas, if any, under the supervision of the Executive Board. Limits of liability will be determined by the Executive Board and will be at least \$5,000,000 for any injuries or death sustained by any person in any single

occurrence (and \$10,000,000 in the aggregate), and at least \$5,000,000 for property damage resulting from each occurrence. Such policy will include coverage for contractual liability, liability for non-owned and hired automobiles, and such other risks as are customarily covered with respect to developments similar to Alpine Mountain Ranch in construction, location and use. The Owners will be included as additional insureds, but only for claims and liabilities arising in connection with the ownership, existence, use or management of the Common Area.

9.1.3 The Association may carry such other and further insurance that the Executive Board considers appropriate, including insurance on Lots, or insurance covering the acts or omissions of officers, directors, employees or agents of the Association, or other insurance that the Association is not obligated to carry to protect the Association or the Owners.

Section 9.2 Cancellation. If the insurance described in Section 9.1 is not reasonably available, or if any policy of such insurance is cancelled or not renewed without a replacement policy therefor having been obtained, the Association promptly shall cause notice of that fact to be hand delivered or sent prepaid by United States mail to all Owners.

Section 9.3 Policy Provisions. Insurance policies carried pursuant to Section 9.1 must, to the extent available, provide that:

9.3.1 Each Owner is an insured person under the policy with respect to liability arising out of such Owner's membership in the Association;

9.3.2 The insurer waives its rights to subrogation under the policy against any Owner or member of his household;

9.3.3 No act or omission by any Owner, unless acting within the scope of such Owner's authority on behalf of the Association, will void the policy or be a condition to recovery under the policy; and

9.3.4 If, at the time of a loss under the policy, there is other insurance in the name of an Owner covering the same risk covered by the policy, the Association's policy provides primary insurance.

Section 9.4 Insurance Proceeds. Any loss covered by the property insurance policy described in Section 9.1 must be adjusted with the Association, but the insurance proceeds for that loss shall be payable to any insurance trustee designated for that purpose, or otherwise to the Association, and not to any holder of a security interest. The insurance trustee or the Association shall hold any insurance proceeds in trust for the Owners as their interests may appear. Subject to the provisions of Section 9.7 below, the proceeds must be disbursed first for the repair or restoration of the damaged property, and the Association and Owners are 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 or the regime created by this Declaration is terminated.

Section 9.5 Association Policies. The Association may adopt and establish written nondiscriminatory policies and procedures relating to the submittal of claims, responsibility for deductibles, and any other matters of claims adjustment. To the extent the Association settles claims for damages to real property, it shall have the authority to assess negligent Owners causing such loss or benefiting from such repair or restoration all or any equitable portion of the deductibles paid by the Association.

Section 9.6 Insurer Obligation. To the extent the following is available, an insurer that has issued an insurance policy for the insurance described in Section 9.1 shall issue certificates or memoranda

of insurance to the Association and, upon request, to any Owner. To the extent reasonably available, unless otherwise provided by statute, the insurer issuing the policy may not cancel or refuse to renew it until thirty (30) days after notice of the proposed cancellation or nonrenewal has been mailed to the Association and to each Owner to whom a certificate or memorandum of insurance has been issued at their respective last-known addresses.

Section 9.7 Repair and Replacement.

9.7.1 Any portion of the Common Area for which insurance is required under this Article which is damaged or destroyed must be repaired or replaced promptly by the Association unless:

9.7.1.1 The planned community regime created by this Declaration is terminated;

9.7.1.2 Repair or replacement would be illegal under any state or local statute or ordinance governing health or safety;

9.7.1.3 Seventy percent (70%) of all Owners vote not to rebuild; or

9.7.1.4 Prior to the conveyance of any Lot to a person other than Declarant, the party holding a deed of trust or mortgage on the damaged portion of the Common Area rightfully demands all or a substantial part of the insurance proceeds.

9.7.2 The cost of repair or replacement in excess of insurance proceeds and reserves is a Common Expense. If the entire Common Area is not repaired or replaced, the insurance proceeds attributable to the damaged Common Area must be used to restore the damaged area to a condition compatible with the remainder of Alpine Mountain Ranch, and except to the extent that other persons will be distributees, the insurance proceeds must be distributed to all the Owners, as their interests may appear in proportion to the Common Expense liabilities of all the Lots.

Section 9.8 Common Expenses. Premiums for insurance that the Association acquires and other expenses connected with acquiring such insurance are Common Expenses.

Section 9.9 Fidelity Insurance. Fidelity bonds must be maintained by the Association to protect against dishonest acts on the part of its Directors, officers, trustees, and employees and on the part of all others who handle or are responsible for handling the funds belonging to or administered by the Association in an amount not less than two months' current Assessments plus reserves as calculated from the current budget of the Association. In addition, if responsibility for handling funds is delegated to a Managing Agent, such bond may be obtained for the Managing Agent and its officers, employees and agents, as applicable. Any such fidelity coverage shall name the Association as an obligee and such bonds shall contain waivers by the issuers of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees," or similar terms or expressions.

Section 9.10 Worker's Compensation Insurance. The Executive Board shall obtain worker's compensation or similar insurance with respect to its employees, if applicable, in the amounts and forms as may now or hereafter be required by law.

Section 9.11 Other Insurance. The Association shall also maintain insurance to the extent reasonably available and in such amounts as the Executive Board may deem appropriate on behalf of Directors against any liability asserted against a Director or incurred by him in his capacity of or arising out of his status as a Director. The Executive Board may obtain insurance against such other risks of a

similar or dissimilar nature as it shall deem appropriate with respect to the Association's responsibilities and duties.

Section 9.12 Insurance Obtained by Owners. Each Owner shall obtain and at all times maintain physical damage and liability insurance for such Owner's benefit, at such Owner's expense, covering the full replacement value of the improvements upon the Owner's Lot, personal property and personal liability insurance in a limit of not less than One Million Dollars (\$1,000,000.00) with respect to bodily injury or death to any number of persons arising out of one accident or disaster, or for damage to property, and if higher limits shall at any time be customary to protect against tort liability such higher limits shall be carried. In addition, an Owner may obtain such other and additional insurance coverage on the Lot and residence as such Owner in his sole discretion shall conclude to be desirable; provided, however, that none of such insurance coverage obtained by the Owner shall operate to decrease the amount which the Executive Board, on behalf of all Owners, may realize under any policy maintained by the Executive Board or otherwise affect any insurance coverage obtained by the Association or cause the diminution or termination of that insurance coverage. Any insurance obtained by an Owner shall include a provision waiving the particular insurance company's right of subrogation against the Association and other Owners, including Declarant, should Declarant be the Owner of any Lot. No Owner shall obtain separate insurance policies on the Common Area.

All Owners are required to maintain on file copies of all such current policies with the Association to evidence their obligations hereunder and to facilitate recovery of all appropriate awards or proceeds by the Association.

ARTICLE 10 ASSESSMENTS

Section 10.1 Obligation. Each Owner, including Declarant, by accepting a deed for a Lot, is deemed to covenant to pay to the Association (i) the Annual Assessments imposed by the Executive Board as necessary to meet the Common Expenses of maintenance, operation, and management of the Common Area and to perform the Functions of the Association; (ii) Special Assessments for capital improvements and other purposes as stated in this Declaration; (iii) Default Assessments which may be assessed against a Lot for the Owner's failure to perform an obligation under the Association Documents or because the Association has incurred an expense on behalf of the Owner under the Association Documents or as a result of enforcing the provisions of the Association Documents and (iv) the Real Estate Transfer Assessment to perform the Functions of the Association; provided, however, the Declarant is exempt from payment of the Real Estate Transfer Assessment pursuant to Section 10.9.2.2. No Owner may waive or otherwise escape personal liability for the payment of the Assessments provided for in this Declaration by not using the Common Area or the facilities contained in the Common Area or abandoning or leasing his Lot.

Section 10.2 Purpose of Assessments. The Assessments shall be used exclusively to promote the health, safety and welfare of the Owners and occupants of Alpine Mountain Ranch, for the improvement and maintenance of the Common Area and other areas of Association responsibility referred to herein, as more fully set forth in this Article below.

Section 10.3 Budget. Within ninety (90) days after the adoption of any proposed budget for the Association, the Executive Board shall mail, by ordinary first-class mail, or otherwise deliver a summary of the budget to all Owners and shall set a date for a meeting of the Owners to consider the budget. Such meeting shall occur within a reasonable time after mailing or other delivery of the summary, or as provided in the Bylaws. The Executive Board shall give notice to the Owners of the meeting as allowed for in the Bylaws. The budget proposed by the Executive Board does not require approval from the Owners and it will be deemed approved by the Owners in the absence of a veto at the

noticed meeting by more than seventy (70%) of all Owners. In the event that the proposed budget is vetoed, the periodic budget last proposed by the Executive Board and not vetoed by the Owners must be continued until a subsequent budget proposed by the Executive Board is not vetoed by the Owners. The Executive Board shall levy and assess the Association's annual Assessments in accordance with the annual budget.

Section 10.4 Payments to Working Capital Account. In order to provide the Association with adequate working capital funds, the Association shall collect at the time of the sale of each Lot an amount equal to three (3) months Annual Assessments due from time to time. The Association shall maintain the working capital funds to meet unforeseen expenditures or to acquire additional equipment or services in connection with the Common Area for the benefit of the members of the Association, subject to the budget approval procedures of Section 10.3 above. Such payments to this fund shall not be considered advance payments of Annual Assessments. The working capital contribution shall be returned to each Owner upon the sale of his Lot, provided that the purchaser of the Lot has contributed the then required working capital to the Association. Notwithstanding the foregoing, a portion of the working capital funds equal to two (2) years fence maintenance costs shall be segregated to a separate fund.

Section 10.5 Annual Assessments. Annual Assessments for Common Expenses made shall be based upon the estimated cash requirements as the Executive Board shall from time to time determine to be paid by all of the Owners, subject to Section 10.3 above. Estimated Common Expenses shall include, but shall not be limited to, the cost of routine maintenance and operation of the Common Area; expenses of management; taxes and special governmental assessments pertaining to the Common Area and insurance premiums for insurance coverage as deemed desirable or necessary by the Association; landscaping and care of grounds within the Common Area; routine repairs and renovations within the Common Area; wages; common water and utility charges for the Common Area; legal and accounting fees; management fees; expenses and liabilities incurred by the Association under or by reason of this Declaration; payment of any default remaining from a previous assessment period; and the creation of a reasonable contingency or other reserve or surplus fund for general, routine maintenance, repairs, and replacement of improvements within the Common Area on a periodic basis, as needed.

Annual Assessments shall be payable on a prorated basis each year in advance and shall be due on the first day of each calendar quarter, as determined by the Executive Board. The omission or failure of the Association to fix the Annual Assessments for any assessment period shall not be deemed a waiver, modification or release of the Owners from their obligation to pay the same. The Association shall have the right, but not the obligation, to make prorated refunds of any Annual Assessments in excess of the actual expenses incurred in any fiscal year. In the alternative, the Executive Board may elect to allocate any such excess Assessments to an Association working capital fund or to an Association reserve fund.

Section 10.6 Apportionment of Annual Assessments. Each Owner shall be responsible for that Owner's share of the Common Expenses, which shall be divided among the Lots on the basis of the Sharing Ratios in effect on the date of assessment, subject to the following provisions. Notwithstanding any terms in this Section to the contrary, (a) the Executive Board, with the assistance of any company providing insurance for the benefit of the Owners under Article 9, may reasonably adjust the allocation to each Owner of the cost of premiums for any insurance carried for, and to be charged to, a particular Owner, as more fully detailed in Article 9; and (b) in the event a specific item in the Association's budget may more directly benefit a certain Lot or group of Lots in excess of its assessment obligation, or in the event the Association has provided services to such Lot or group of Lots in excess of those provided to Lots within the Property, the rate of Assessments levied with respect to such item or services may be modified to reflect such additional benefit at the sole and exclusive discretion of the Executive Board; provided, however, that such rate of Assessments shall be uniform within each group of Lots benefited and shall not be used to circumvent the Assessment apportionment formulas as set forth in this

Declaration. The Sharing Ratio of each Lot is an equal allocation among all Lots subject to this Declaration from time to time.

Section 10.7 Special Assessments. In addition to the annual Assessments authorized above, the Executive Board may at any time and from time to time determine, levy and assess in any fiscal year (without the vote of the members of the Association, except as provided in the Act and in this Section below) a Special Assessment applicable to that particular fiscal year (and for any such longer period as the Executive Board may determine). Any amounts determined, levied and assessed pursuant to this Section shall be assessed to the Lots in the same manner as described with respect to Annual Assessments in Section 10.6 above. Special Assessments shall be based on a budget adopted in accordance with Section 10.3 provided that, if necessary, the Association may adopt a new budget pursuant to Section 10.3 prior to levying a Special Assessment. Such Special Assessment(s) shall be due and payable as determined by the Executive Board.

Section 10.8 Default Assessments. All monetary fines assessed against an Owner pursuant to the Association Documents, or any expense of the Association, which is (a) the obligation of an Owner, (b) incurred by the Association on behalf of the Owner pursuant to the Association Documents, or (c) incurred by the Association in connection with the enforcement of any provision of or in remedying any violation of this Declaration, or of any Supplemental Declaration, the Articles, Bylaws, Association Rules or Design Guidelines (or any approvals granted by the Design Review Board), by such Owner or Owners, their Guest(s) or Lessee(s), or their agents, employees or contractors, shall be a Default Assessment and shall become a lien against such Owner's Lot which may be foreclosed or otherwise collected as provided in this Declaration. Notice of the amount and due date of such Default Assessment shall be sent to the Owner subject to such Assessment at least thirty (30) days prior to the due date. Finally, and in addition to the foregoing, a Default Assessment may also be levied in the form of a reasonable fine against an Owner for a violation of this Declaration, a Supplemental Declaration, the Articles, Bylaws, or the Association Rules, but only after the Owner(s) to be so fined have been provided with notice and hearing, as provided in the Bylaws. Default Assessments shall be due and payable to the Association on the due date fixed by the Executive Board in the notice given to the Owner(s) of such Default Assessment, which date shall be no earlier than thirty (30) days after the giving of such notice.

Section 10.9 Real Estate Transfer Assessment. Upon the occurrence of any transfer, as defined below, the transferee under such transfer shall pay to the Association a real estate transfer assessment (the "Real Estate Transfer Assessment") equal to the fair market value, as defined below, of the Lot subject to transfer, multiplied by the hereinafter described Real Estate Transfer Assessment Rate, which rate shall be two percent (2%) and which shall be imposed by the Executive Board. In no event shall the Real Estate Transfer Assessment Rate exceed two percent (2%) of the fair market value of the property being transferred. The Association is hereby authorized to use any portion or the entirety of the Real Estate Transfer Assessment collected pursuant to this Section 10.9 for any purpose provided for under Section 10.2. However, until the District has paid off its bonded indebtedness, the Real Estate Transfer Assessment shall be used to pay the debt of the District. Any payment of the debt of the District is hereby conclusively determined to be a direct benefit to all Owners and to the Association.

10.9.1 Definitions.

10.9.1.1 Transfer. For purposes of this Section 10.9, "transfer" means and includes, whether in one transaction or in a series of related transactions, any conveyance, assignment, permitted lease or other transfer of beneficial ownership of any Lot, including but not limited to (i) the conveyance of fee simple title to any Lot (including any conveyance arising out of an installment land contract or a lease containing an option to purchase), (ii) the transfer of more than 50 percent of the outstanding shares of the voting stock of a corporation (other than Declarant) which, directly or indirectly,

owns one or more Lots, and (iii) the transfer of more than 50 percent of the interest in net profits or net losses of any partnership, limited liability company, joint venture or other entity (each referred to hereinafter as a "Business Association") which, directly or indirectly, owns one or more Lots, but "transfer" shall not mean or include the initial transfer from Declarant to the initial Owner nor any transfers excluded under Subsection 10.9.2.

10.9.1.2 Transferee. For purposes of this Section, "transferee" means and includes all parties to whom any interest in a Lot passes by a transfer, and each party included in the term "transferee" shall have joint and several liability for all obligations of the transferee under this Section.

10.9.1.3 Fair Market Value. In the case of a transfer that is in all respects a bona fide sale, "fair market value" of the Lot subjected to transfer shall be the consideration, as such term is defined below, given for the transfer. In the case of a transfer that is a long-term lease not exempt under Subsection 10.9.2 or is otherwise not in all respects a bona fide sale, fair market value of the Lot subjected to transfer shall be determined by the Association. A transferee may make written objection to the Association's determination within fifteen (15) days after the Association has given notice of such determination, in which event the Association shall obtain an appraisal, at the transferee's sole expense, from a real estate appraiser of good reputation, who is qualified to perform appraisals in Colorado, who is familiar with County real estate values, and who shall be selected by the Association. The appraisal so obtained shall be binding on both the Association and the transferee. The above provisions to the contrary notwithstanding, where a transferee does not make a full report of a transfer within fifteen (15) days after the time required by this Section for making such report, the transferee shall be deemed to have waived all right of objection concerning fair market value, and the Association's determination of such value shall be binding.

10.9.1.4 Consideration. For purposes of this Section, "consideration" means and includes the total of money paid (or purchase price) and the fair market value of any property delivered, or contracted to be paid or delivered, in return for the transfer of any Lot, and includes any money or property paid or delivered to obtain a contract right to purchase any Lot, and the amount of any note, contract indebtedness (including without limitation, obligations which could be characterized as contingent land gain), or rental payment reserved in connection with such transfer, whether or not secured by any lien, mortgage, or other encumbrance, given to secure the transfer price, or any part thereof, or remaining unpaid on the property at the time of transfer, whether or not assumed by the transferee. The term "consideration" does not include the amount of any outstanding lien or encumbrance for taxes, special benefits or improvements in favor of the United States, the State of Colorado, or a municipal or quasi-municipal governmental corporation or district.

10.9.2 Exclusions. The Real Estate Transfer Assessment shall not apply to any of the following, except to the extent that they are used for the purpose of avoiding the Real Estate Transfer Assessment:

10.9.2.1 any transfer to the United States, or any agency or instrumentality thereof, the State of Colorado, any county, city and county, municipality, district or other political subdivision of the State of Colorado;

10.9.2.2 any transfer to or from Declarant, a Successor Declarant who is specifically granted this right, or the Association;

10.9.2.3 any transfer, whether outright or in trust, that is for the benefit of the transferor or his or her Relatives, but only if there is no more than nominal consideration for the transfer. For the purposes of this exclusion, a distribution from a trust shall be treated as a transfer made by the grantors of the trust, in the proportions of their respective total contributions to the trust;

10.9.2.4 any transfer arising solely from the termination of a joint tenancy or the partition of property held under common ownership, except to the extent that additional consideration is paid in connection therewith;

10.9.2.5 any transfer or change of interest by reason of death, whether provided for in a will, trust or decree of distribution, provided that such transfer or change of interest is to a Relative;

10.9.2.6 any transfer made (i) by a majority-owned subsidiary to its parent corporation or by a parent corporation to its majority-owned subsidiary, or between majority-owned subsidiaries of a common parent corporation, in each case for no consideration other than issuance, cancellation or surrender of the subsidiary's stock; or (ii) by a partner, member or a joint venturer (each, a "Business Association Member") to a Business Association in which the Business Association Member has not less than a 50 percent interest, or by a Business Association to a Business Association Member holding not less than a 50 percent interest in such Business Association, in each case for no consideration other than the issuance, cancellation or surrender of the interests in the Business Association, as appropriate; or (iii) by a corporation to its shareholders, in connection with the liquidation of such corporation or other distribution of property or dividend in kind to shareholders, if the Lot is transferred generally pro rata to its shareholders, and no consideration is paid other than the cancellation of such corporation's stock; or (iv) by a Business Association to its Business Association Members, in connection with a liquidation of the Business Association or other distribution of property to the Business Association Members, if the Lot is transferred generally pro rata to its Business Association Members, and no consideration is paid other than the cancellation of the Business Association Members' interests; or (v) to a corporation or Business Association where such entity is owned in its entirety by the persons transferring the Lot and such persons have the same relative interests in the transferee entity as they had in the Lot immediately prior to such transfer, and no consideration is paid other than the issuance of each such persons' respective stock or other ownership interests in the transferee entity; or (vi) by any person(s) or entity(ies) to any other person(s) or entity(ies), whether in a single transaction or a series of transactions where the transferor(s) and the transferee(s) are and remain under common ownership and control as determined by the Executive Board in its sole discretion applied on a consistent basis; provided, however, that no such transfer or series of transactions shall be exempt unless the Executive Board finds that such transfer or series of transactions (x) is for no consideration other than the issuance, cancellation or surrender of stock or other ownership interest in the transferor or transferee, as appropriate, (y) is not inconsistent with the intent and meaning of this Subsection 10.9.2.6, and (z) is for a valid business purpose and is not for the purpose of avoiding the obligation to pay the transfer Assessment. In connection with considering any request for an exception under Subsection 10.9.2.6(vi), the Executive Board may require the applicant to submit true and correct copies of all relevant documents relating to the transfer setting forth all relevant facts regarding the transfer, stating that in their opinion the transfer is exempt under this Subsection 10.9.2.6(vi), and setting forth the basis for such opinion;

10.9.2.7 any transfer made solely for the purpose of confirming, correcting, modifying or supplementing a transfer previously recorded, making minor boundary adjustments, removing clouds on titles, or granting easements, rights-of-way or licenses, and any exchange of Lots between Declarant and any original purchaser from Declarant of the one or more Lots being transferred to Declarant in such exchange. To the extent that consideration in addition to previously purchased Lots is paid to Declarant in such an exchange, the additional consideration shall be a transfer subject to Assessment. To the extent that Declarant, in acquiring by exchange Lots previously purchased from Declarant, pays consideration in addition to transferring Lots, the amount of such additional consideration shall be treated as reducing the original assessable transfer and shall entitle an original purchaser from Declarant, who exchanges with Declarant Lots previously purchased from Declarant, to a refund from the

Association of the amount of the transfer Assessment originally paid on that portion of the original transfer;

10.9.2.8 any transfer pursuant to any decree or order of a court of record determining or vesting title, including a final order awarding title pursuant to a condemnation proceeding, but only where such decree or order would otherwise have the effect of causing the occurrence of a second assessable transfer in a series of transactions which includes only one effective transfer of the right to use or enjoyment of a Lot;

10.9.2.9 any lease of any Lot (or assignment or transfer of any interest in any such lease) for a period of less than fifteen (15) years;

10.9.2.10 any transfer to secure a debt or other obligation or to release property which is security for a debt or other obligation, including transfers in connection with foreclosure of a deed of trust or mortgage or transfers in connection with a deed given in lieu of foreclosure;

10.9.2.11 the subsequent transfer(s) of a Lot involved in a "tax free" or "tax deferred" trade under the Internal Revenue Code wherein the interim owner acquires property for the sole purpose of reselling that property after the trade. In these cases, the first transfer of title is subject to transfer Assessment, and subsequent transfers will only be exempt as long as a transfer Assessment has been paid in connection with the first transfer of such Lot in such exchange;

10.9.2.12 any transfer made by a corporation or other entity, for consideration, (1) to any other corporation or entity which owns 100 percent of its equity securities (a "Holding Company"), or (2) to a corporation or entity whose stock or other equity securities are owned, directly or indirectly, 100 percent by such Holding Company;

10.9.2.13 any transfer from a partially-owned direct or indirect subsidiary corporation to its direct or indirect parent corporation where consideration is paid for, or in connection with, such transfer; however, unless such transfer is otherwise exempt, such exemption shall apply only to the extent of the direct or indirect beneficial interest of the transferee in the transferor immediately prior to the transfer. For example, if corporation A owns 60 percent of corporation B, and corporation B owns 100 percent of corporation C and corporation C conveys a Lot to corporation A for \$200,000, 60 percent of the transfer Assessment would be exempt and a transfer Assessment would be payable only on \$80,000 (i.e., 40 percent of the \$200,000 consideration); and

10.9.2.14 the consecutive transfer of a Lot wherein the interim owner acquires such Lot for the sole purpose of immediately reconveying such Lot, but only to the extent there is no consideration to the interim owner and such interim owner receives no right to use or enjoyment of such Lot, provided the Executive Board specifically approves such exemption in each particular case. To the extent that consideration is paid to, or for the benefit of, the interim owner, the additional consideration shall be a transfer subject to Assessment. In these cases, the first transfer of title is subject to the transfer Assessment and subsequent transfers will only be exempt as long as a transfer Assessment has been paid in connection with the first transfer of such Lot in such consecutive transaction and only to the extent there is no consideration to the interim owner.

Section 10.10 Effect of Nonpayment; Assessment Lien. Any Assessment installment, whether pertaining to any Annual, Special, or Default Assessment, which is not paid within thirty (30) days after its due date shall be delinquent. If an Assessment installment becomes delinquent, the Association, in its sole discretion, may take any or all of the following actions:

10.10.1 Assess a late charge of ten percent (10%) of the total amount due for each delinquency;

10.10.2 Assess an interest charge from the date of delinquency at the yearly rate of twelve (12) points above the prime rate charged by the Association's bank, or such other rate as the Executive Board may establish. In no event shall the rate exceed eighteen percent (18%) annually;

10.10.3 Suspend the voting rights of the Owner in the Association during any period of delinquency;

10.10.4 Accelerate all remaining Assessment installments so that unpaid Assessments for the remainder of the fiscal year shall be due and payable at once;

10.10.5 Bring an action at law against any Owner personally obligated to pay the delinquent Assessments; and

10.10.6 Proceed with foreclosure as set forth in more detail below.

Assessments chargeable to any Lot shall constitute a lien on such Lot. The Association may institute foreclosure proceedings against the defaulting Owner's Lot in the manner for foreclosing a mortgage on real property under the laws of the State of Colorado. In the event of any such foreclosure, the Owner shall be liable for the amount of unpaid Assessments, any penalties and interest thereon, the cost and expenses of such proceedings, the cost and expenses for filing the notice of the claim and lien, and all reasonable attorney's fees incurred in connection with the enforcement of the lien.

The Association shall have the power to bid on a Lot at foreclosure sale and to acquire and hold, lease, mortgage, and convey the same. While a Lot is owned by the Association following foreclosure: (a) no right to vote shall be exercised on its behalf; (b) no assessment shall be levied on it; and (c) each other Lot shall be charged, in addition to its usual Assessment, its equal pro rata share of the Assessment that would have been charged such Lot had it not been acquired by the Association.

Section 10.11 Waiver of Homestead Exemption; Subordination of Association's Lien for Assessments. By acceptance of the deed or other instrument of transfer of a Lot, each Owner irrevocably waives the homestead exemption provided by Part 2, Article 41, Title 38, Colorado Revised Statutes, as amended. The Association's perpetual lien on a Lot for Assessments shall be superior to all other liens and encumbrances except the following:

10.11.1 Real property ad valorem taxes and special assessment liens duly imposed by a Colorado governmental or political subdivision or special taxing district, or any other liens made superior by statute;

10.11.2 To the extent permitted under the Act, after taking into account the superiority of a certain amount of assessment liens permitted by Section 38-33.3-316(2) of the Act, the lien of any First Mortgage, including any and all advances made by the First Mortgagee and notwithstanding that any of such advances may have been made subsequent to the date of the attachment of the Association's liens; and

With respect to the foregoing subpart 10.11.2, to the extent permitted under the Act, any First Mortgagee who acquires title to a Lot by virtue of foreclosing the First Mortgage or by virtue of a deed or assignment in lieu of such a foreclosure, or any purchaser at a foreclosure sale of the First Mortgage, will take the Lot free of any claims for unpaid Association Assessments, interest, late charges, costs, expenses, and attorneys' fees against the Lot which accrue prior to the time such First

Mortgagee or purchaser acquires title to the Lot, and the amount of the extinguished lien may be reallocated and assessed to all Lots as a Common Expense at the direction of the Executive Board.

All other persons not holding liens described in Section 10.10 above and obtaining a lien or encumbrance on any Lot after the recording of this Declaration shall be deemed to consent that any such lien or encumbrance shall be subordinate and inferior to the Association's future liens for Assessments, interest, late charges, costs, expenses, and attorneys' fees as provided in this Article 10, whether or not such consent is specifically set forth in the instrument creating any such lien or encumbrance.

A sale or other transfer of any Lot, including but not limited to a foreclosure sale, except as provided in Section 10.10 above and except as provided in Section 10.14 below, shall not affect the Association's lien on such Lot for Assessments, interest, late charges, costs, expenses, and attorneys' fees due and owing prior to the time such purchaser acquires title and shall not affect the personal liability of each Owner who shall have been responsible for the payment thereof. Further, no such sale or transfer shall relieve the purchaser or transferee of a Lot from liability for, or the Lot from the lien of, any Assessments made after the sale or transfer.

Section 10.12 Personal Obligation. The amount of any Assessment chargeable against any Lot shall be a personal and individual debt of the Owner of same. No Owner may exempt himself from liability for the Assessment by abandonment of his Lot or by waiver of the use or enjoyment of all or any part of the Common Area. Suit to recover a money judgment for unpaid Assessments, any penalties and interest thereon, the cost and expenses of such proceedings, and all reasonable attorney's fees in connection therewith shall be maintainable without foreclosing or waiving the Assessment lien provided in this Declaration.

Section 10.13 Successor's Liability for Assessments. Notwithstanding the personal obligation of each Owner of a Lot to pay all Assessments on the Lot, and notwithstanding the Association's perpetual lien upon a Lot for such Assessments, all successors in interest to the fee simple title of a Lot, except as provided in Section 10.11 and Section 10.14, shall be jointly and severally liable with the prior Owner or Owners of the Lot for any and all unpaid Assessments, interest, late charges, costs, expenses, and attorneys' fees against such Lot, without prejudice to any such successor's right to recover from any prior Owner any amounts paid thereon by such successor. However, such successor in interest shall be entitled to rely upon the existence and status of unpaid Assessments, interest, late charges, costs, expenses, and attorneys' fees as shown upon any certificate issued by or on behalf of the Association to such named successor in interest pursuant to the provisions of Section 10.14 below.

Section 10.14 Statement of Status of Assessment Payment. Upon payment of a reasonable fee set from time to time by the Executive Board and upon fourteen (14) calendar days' written request to the Managing Agent or the Association's registered agent, any Owner or prospective purchaser of a Lot shall be furnished with a written statement setting forth the amount of the unpaid Assessments, if any, with respect to such Lot. Unless such statement shall be issued by personal delivery or by certified mail, first class postage prepaid, return receipt requested, to the inquiring party (in which event the date of posting shall be deemed the date of delivery) within fourteen (14) calendar days, the Association shall have no right to assert a lien upon the Lot over the inquiring party's interest for unpaid Assessments which were due as of the date of the request.

ARTICLE 11 ASSOCIATION AS ATTORNEY-IN-FACT

Each Owner hereby irrevocably appoints the Association as the Owner's true and lawful attorney-in-fact for the purposes of dealing with any improvements covered by insurance written in the name of

the Association pursuant to Article 9 upon their damage or destruction as provided in Article 12, or a complete or partial taking as provided in Article 13 below. Acceptance by a grantee of a deed or other instrument of conveyance from Declarant or any other Owner conveying any portion of the Property shall constitute appointment of the Association as the grantee's attorney-in-fact, and the Association shall have full authorization, right and power to make, execute and deliver any contract, assignment, deed, waiver or other instrument with respect to the interest of any Owner which may be necessary to exercise the powers granted to the Association as attorney-in-fact.

ARTICLE 12 DAMAGE OR DESTRUCTION

Section 12.1 The Role of the Executive Board. Except as provided in Section 12.6, in the event of damage to or destruction of all or part of any Common Area improvement, or other property covered by insurance written in the name of the Association under Article 9, the Executive Board shall arrange for and supervise the prompt repair and restoration of the damaged Property (the Property insured by the Association pursuant to Article 9 is sometimes referred to as the "Association-Insured Property").

Section 12.2 Estimate of Damages or Destruction. As soon as practicable after an event causing damage to or destruction of any part of the Association-Insured Property, the Executive Board shall, unless such damage or destruction shall be minor, obtain an estimate or estimates that it deems reliable and complete of the costs of repair and reconstruction. "Repair and reconstruction" as used in Article 12 shall mean restoring the damaged or destroyed improvements to substantially the same condition in which they existed prior to the damage or destruction. Such costs may also include professional fees and premiums for such bonds as the Executive Board or the Insurance Trustee, if any, determines to be necessary.

Section 12.3 Repair and Reconstruction. As soon as practical after the damage occurs and any required estimates have been obtained, the Association shall diligently pursue to completion the repair and reconstruction of the damaged or destroyed Association-Insured Property. As attorney-in-fact for the Owners, the Association may take any and all necessary or appropriate action to effect repair and reconstruction of any damage to the Association-Insured Property, and no consent or other action by any Owner shall be necessary. Assessments of the Association shall not be abated during the period of insurance adjustments and repair and reconstruction.

Section 12.4 Funds for Repair and Reconstruction. The proceeds received by the Association from any hazard insurance carried by the Association shall be used for the purpose of repair and reconstruction of the Association-Insured Property.

If the proceeds of the Association's insurance are insufficient to pay the estimated or actual cost of such repair and reconstruction, or if upon completion of such work the insurance proceeds for the payment of such work are insufficient, the Association may, pursuant to Section 10.7 but subject to applicable law, levy, assess, and collect in advance from the Owners, without the necessity of a special vote of the Owners, a Special Assessment sufficient to provide funds to pay such estimated or actual costs of repair and reconstruction. Further levies may be made in like manner if the amounts collected prove insufficient to complete the repair and reconstruction.

Section 12.5 Disbursement of Funds for Repair and Reconstruction. The insurance proceeds held by the Association and the amounts received from the Special Assessments provided for above, constitute a fund for the payment of the costs of repair and reconstruction after casualty. It shall be deemed that the first money disbursed in payment for the costs of repair and reconstruction shall be made from insurance proceeds, and the balance from the Special Assessments. If there is a balance remaining after payment of all costs of such repair and reconstruction, such balance shall be distributed to the

Owners in proportion to the contributions each Owner made as Special Assessments, then in equal shares per Lot, if any, to the Owners thereof, as their interests appear or, in the reasonable discretion of the Executive Board, the balance may be paid to any maintenance or working capital reserves maintained by the Executive Board.

Section 12.6 Decision Not to Rebuild Common Area. If Owners representing at least seventy percent (70%) of the total votes in the Association and all directly adversely affected Owners agree in writing not to repair and reconstruct improvements within the Common Area (except with respect to the Roads) and if no alternative improvements are authorized, then and in that event the damaged property shall be restored to its natural state and maintained as an undeveloped portion of the Common Area by the Association in a neat and attractive condition; provided, however, in the event such decision is made during the Declarant Control Period, the same shall require the approval of the Declarant. Any remaining insurance proceeds shall be distributed in accordance with the Act.

ARTICLE 13 CONDEMNATION

Section 13.1 Rights of Owners. Whenever all or any part of the Common Area shall be taken by any authority having power of condemnation or eminent domain or whenever all or any part of the Common Area is conveyed in lieu of a taking under threat of condemnation by the Executive Board acting as attorney-in-fact for all Owners under instructions from any authority having the power of condemnation or eminent domain, each Owner shall be entitled to notice of the taking or conveying. The Association shall act as attorney-in-fact for all Owners in the proceedings incident to the condemnation proceeding, unless otherwise prohibited by law.

Section 13.2 Partial Condemnation; Distribution of Award; Reconstruction. The award made for such taking shall be payable to the Association as trustee for those Owners for whom use of the Common Area was conveyed and, unless otherwise required under the Act, the award shall be disbursed as follows:

If the taking involves a portion of the Common Area on which improvements have been constructed, then, unless within sixty days after such taking Declarant and Owners who represent at least seventy percent (70%) of the votes of all of the Owners shall otherwise agree, the Association shall restore or replace such improvements so taken on the remaining land included in the Common Area to the extent lands are available for such restoration or replacement in accordance with plans approved by the Executive Board and the Design Review Board. If such improvements are to be repaired or restored, the provisions in Article 12 above regarding the disbursement of funds in respect to casualty damage or destruction which is to be repaired shall apply. If the taking does not involve any improvements on the Common Area, or if there is a decision made not to repair or restore, or if there are net funds remaining after any such restoration or replacement is completed, then such award or net funds shall be distributed in equal shares per Lot among the Owners, as their interests appear.

Section 13.3 Complete Condemnation. If all of the Property is taken, condemned, sold or otherwise disposed of in lieu of or in avoidance of condemnation, then the regime created by this Declaration shall terminate, and the portion of the condemnation award attributable to the Common Area shall be distributed as provided in Section 12.5 above.

ARTICLE 14
EXPANSION AND WITHDRAWAL

Section 14.1 Reservation of Expansion and Withdrawal Rights.

14.1.1 Declarant reserves the right, but shall have no obligation, for itself and any Successor Declarant to annex all or any part of the Expansion Property to the provisions of this Declaration and thereby expand the Property to include up to twenty (20) additional Lots without consent or approval of the Owners and to expand the Common Area. These additional Lots are shown as Contingent Lots on the Plat.

14.1.2 Subject to those restrictions set forth in Section 38-33.3-222 of the Act, Declarant reserves the right for itself and any Successor Declarant at any time and from time to time to annex unspecified real property to Alpine Mountain Ranch and subject the same to the provisions of this Declaration.

14.1.3 Declarant reserves the right for itself and any Successor Declarant at any time and from time to time to withdraw from Alpine Mountain Ranch and from the provisions of this Declaration any real property subject to this Declaration or subjected to this Declaration by a duly recorded Supplemental Declaration and, if necessary, Supplemental Plat prior to the time of a sale of a Lot within that phase of the Property as described in this Declaration or in said Supplemental Declaration and, if necessary, Supplemental Plat.

Section 14.2 Supplemental Declarations and Supplemental Plats. Such expansion may be accomplished by the filing for record by Declarant in the Office of the Clerk and Recorder of Routt County, Colorado, of one or more Supplemental Declarations and, if the real property being subject to this Declaration by such Supplemental Declaration has not been previously platted in a plat recorded in the Office of the Clerk and Recorder of Routt County, Colorado, of a Supplemental Plat depicting such Expansion Property recorded concurrently with the applicable Supplemental Declaration. The Supplemental Declaration shall set forth the Lots and other real property, if any, to be included in the expansion, together with any covenants, conditions, restrictions and easements particular to such property. The expansion may be accomplished in stages by successive supplements or in one supplemental expansion. Declarant may exercise such rights for expansion on all or any portion of the Expansion Property in whatever order of development Declarant in its sole discretion determines. Declarant shall not be obligated to expand Alpine Mountain Ranch beyond the number of Lots initially submitted to this Declaration or beyond the number of Lots submitted to this Declaration from time to time.

Section 14.3 Expansion of Definitions. In the event of such expansion, the definitions used in this Declaration shall be expanded automatically to encompass and refer to the Property subject to this Declaration as so expanded. For example, "Lot" shall mean the Lots submitted to the Declaration prior to the expansion, plus any additional Lots added by a Supplemental Declaration or Supplemental Declarations and, if necessary, Supplemental Plat or Supplemental Plats, and reference to this Declaration shall mean this Declaration as supplemented. All conveyances of Lots shall be effective to transfer rights in the Property as expanded.

Section 14.4 Declaration Operative on New Lots.

14.4.1 The new Lots shall be subject to all of the terms and conditions of this Declaration and of any Supplemental Declaration, upon placing the Supplemental Declaration and, if necessary, the Supplemental Plat(s) depicting the Expansion Property of public record in the Office of the Clerk and Recorder real estate records of Routt County, Colorado.

14.4.2 It is contemplated that additional Lots (which are currently shown as Contingent Lots) will be committed to this Declaration, but Declarant and any Successor Declarant shall have no affirmative obligation to annex any additional Lots in this Declaration. In the event that a portion of the Expansion Property is submitted to the provisions of this Declaration, Declarant shall retain the right to, but shall not be obligated to, submit any additional portion of the Expansion Property to the provisions of this Declaration. The rights of Declarant and any Successor Declarant, as described herein, shall apply to all Lots which are annexed to this Declaration in accordance with these provisions relating to enlargement thereof.

14.4.3 No rights of any character of any owner of Lots in the Expansion Property shall attach until a Supplemental Declaration and, if necessary, a Supplemental Plat is filed of record annexing the Lots constructed in such area to Alpine Mountain Ranch. Upon the recording of such Supplemental Declaration and, if necessary, Supplemental Plat, the Lots described therein shall be deemed to be governed in all respects by the provisions of this Declaration.

Section 14.5 Effect of Expansion.

14.5.1 Upon the inclusion of additional Lots under this Declaration by the filing of a Supplemental Declaration(s) and, if necessary, Supplemental Plat(s) thereof, the Sharing Ratio applicable to a Lot shall automatically be adjusted in accordance with the formula for determining the Sharing Ratios described in this Declaration.

14.5.2 Notwithstanding any inclusion of additional Lots under this Declaration, each Owner (regardless of whether such Owner is the owner of a Lot created in the Expansion Property) shall remain fully liable with respect to his obligation for the payment of the Common Expenses of the Association, including the expenses for such new Common Area, costs and fees, if any. The recording of a Supplemental Declaration or Supplemental Plat shall not alter the amount of the Common Expenses assessed to a Lot prior to such recording.

Section 14.6 Conveyance of Remainder Parcel and Use License.

14.6.1 Conveyance of Remainder Parcel. Subject to the terms of the Use License and Agreement to Convey Remainder Parcel, attached hereto as Exhibit D, the Remainder Parcel, except for Contingent Lots which have been converted to Lots and any improvements conveyed to the District, shall be conveyed by Declarant to the Association on or before such date as is set forth in the Use License and Agreement to Convey Remainder Parcel.

14.6.2 Use License. The Association shall be subject to the Use License and Agreement to Convey Remainder Parcel.

14.6.3 Remainder Parcel Maintenance. The Association shall provide for the care, operation, management, maintenance, improvement, repair and replacement of those portions of the Remainder Parcel subject to the Use License and Agreement to Convey Remainder Parcel, as set forth in the attached Exhibit D. These requirements may be more specifically set forth in the Use License and Agreement to Convey Remainder Parcel. Additionally, the Association is specifically authorized to and shall (a) maintain, repair, improve and replace fences along the boundary of the Remainder Parcel, not including any Lot(s) therein; (b) maintain, improve and landscape along (and in the median of) all roads located within the Remainder Parcel that are owned and/or maintained by the District, (to the extent they are not maintained by the District to the Community-Wide Standard); and (c) maintain, manage, and remove any decadent shrubs, noxious weeds, or other vegetation within the Remainder Parcel, in accordance with the Wildlife Mitigation Plan and so as to maintain the quality of the pasture within the

Remainder Parcel, and the cost of all such maintenance, management, removal, repair, improvement and replacement shall be a Common Expense.

14.6.4 Declarant shall have the right in its sole and absolute to discretion to revoke from the Association the Use License, from time to time, for any reasonable cause. Without limiting the generality of the foregoing, such reasonable cause may include the following: the Association's failure to maintain the Remainder Parcel, except for any Lots therein, to the Community-Wide Standard; the development of all or any portion of the Remainder Parcel by Declarant.

14.6.5 All facilities for the feeding or housing of livestock shall be located within the Remainder Parcel Building Envelope. All feed shall be protected from wildlife in wildlife-resistant enclosures. The keeping of livestock shall be in compliance with the Wildlife Mitigation Plan.

Section 14.7 View Impairment and Privacy. Neither the Declarant nor the Association guarantees or represents that any view over and across the Remainder Parcel from within the Remainder Parcel including within any Contingent Lot or any Lot caused to be created from a Contingent Lot or any Lots adjacent to the Remainder Parcel will be preserved without impairment. Neither the Declarant nor the Association shall have any obligation to prune or thin trees or other landscaping, within the Remainder Parcel but the Declarant and the Association shall have the right, in their sole and absolute discretion, to add trees and other landscaping to the Remainder Parcel from time to time. Any such additions or changes to the Remainder Parcel may diminish or obstruct any view from the Lots or from within the Remainder Parcel, including the Contingent Lots and the Lots caused to be created from the Contingent Lots and any express or implied easements for view purposes or for privacy or for the passage of light and air are hereby expressly disclaimed.

Section 14.8 Termination of Development Rights. The rights reserved to Declarant for itself, its successors and assigns for the development of the Expansion Property ("Expansion and Development Rights") shall be governed pursuant to the Use License and Agreement to Convey Remainder Parcel, set forth in Exhibit D and shall expire ten (10) years from the date of recording this Declaration, unless terminated earlier pursuant to the terms and provisions of the Use License and Agreement to Convey Remainder Parcel or unless voluntarily relinquished by Declarant.

ARTICLE 15 DESIGN GUIDELINES AND REVIEW BOARD

Section 15.1 Design Review Board and Guidelines. There is hereby established a Design Review Board (the "Design Review Board"), which will be responsible for the establishment and administration of Design Guidelines to facilitate the purpose and intent of this Declaration.

Section 15.2 Purpose and General Authority. The Design Review Board will review, study and either approve or reject proposed improvements on the Property, all in compliance with this Declaration and as further set forth in the Design Guidelines and such rules and regulations as the Design Review Board may establish from time to time to govern its proceedings. No improvement will be erected, placed, improved, reconstructed, replaced, repaired or otherwise altered, nor will any construction, repair or reconstruction be commenced until plans for the improvements shall have been approved by the Design Review Board; provided, however, that improvements that are completely within a dwelling structure may be undertaken without such approval. In addition, the Design Review Board shall have the authority to establish, cancel, modify and enforce rules and regulations relating to construction activities undertaken within Alpine Mountain Ranch. Until such time that any portion of the Remainder Parcel has been made subject to this Declaration, Declarant shall have the right, but shall have no obligation, to construct improvements within the Remainder Parcel without the authorization or approval of the Design Review Board.

Section 15.3 Board Discretion. The Design Review Board will exercise its best judgment to see that all improvements conform to the Design Guidelines. The Design Review Board, in its sole discretion but in compliance with the County Documents and with any other restrictions and easements to which the Property is subject, may excuse compliance with such requirements as are not necessary or appropriate in specific situations and may permit compliance with different or alternative requirements. The approval by the Design Review Board of improvements on the Property shall carry no precedential weight when reviewing subsequent requests for approvals, and the Design Review Board shall not be required to approve requests for the same or similar improvements.

Section 15.4 Design Guidelines. The Design Guidelines may include, among other things, at the sole discretion of the Design Review Board, the restrictions and limitations set forth below:

15.4.1 Procedures and necessary fees for making application to the Design Review Board for design review approval, including the documents to be submitted and the time limits in which the Design Review Board must act to approve or disapprove any submission.

15.4.2 Time limitations for the completion, within specified periods after approval, of the improvements for which approval is required under the Design Guidelines.

15.4.3 Designation of the building site on a Lot and establishing the maximum developable area of the Lot.

15.4.4 Minimum and maximum square foot areas of living space that may be developed on any Lot.

15.4.5 Landscaping regulations, with limitations and restrictions prohibiting the removal or requiring the replacement of existing trees and native vegetation (including a requirement to complete revegetation of areas exposed by site grading or road cuts within one growing season), the type and use of plants, and other practices benefiting the protection of the environment, conservation of water (including regulations required to enforce the water restriction provisions of Section 16.16 and other County Documents), aesthetics and architectural harmony of Alpine Mountain Ranch.

15.4.6 General instructions for the construction, reconstruction, refinishing or alteration of any improvement, including any plan to excavate, fill or make any other temporary or permanent change in the natural or existing surface contour or drainage or any installation or utility lines or conduits on the Property, addressing matters such as sensitivity of construction on sloped sites, loading areas, waste storage, trash removal, equipment and materials storage, grading, transformers and meters.

The Design Review Board may amend, repeal and augment the Design Guidelines from time to time, in the Design Review Board's sole discretion. The Design Guidelines will be binding on all Owners and other persons governed by this Declaration. Notwithstanding the foregoing, the Design Review Board is empowered in its discretion to grant variances from the requirements of the Design Guidelines under unique or unusual circumstances. The Design Review Board is authorized to adopt different Design Guidelines to apply to certain areas within Alpine Mountain Ranch at the discretion of the Design Review Board.

Section 15.5 Design Review Board Membership. The Design Review Board will be composed of three (3) persons and are to be members of the Executive Board or their appointees. All of the members of the Design Review Board will be appointed, removed and replaced by Declarant, in its sole discretion, until all the Lots comprising the Property are sold and Declarant no longer owns any interest in any portion of the Property nor has the right to annex additional property to this Declaration pursuant to Article 14, or such earlier time as Declarant may elect to voluntarily waive this right by notice

to the Association, and at that time the Executive Board will succeed to Declarant's right to appoint, remove or replace the members of the Design Review Board.

Section 15.6 Organization and Operation of Design Review Board.

15.6.1 The term of office of each member of the Design Review Board, subject to Section 15.5, will be one year, commencing January 1 of each year, and continuing until his successor shall have been appointed. Should a Design Review Board member die, retire or become incapacitated, or in the event of a temporary absence of a member, a successor may be appointed as provided below.

15.6.2 So long as Declarant appoints the Design Review Board, Declarant will appoint the chairman. At such time as the Design Review Board is appointed by the Executive Board, the chairman will be elected annually from among the members of the Design Review Board by a majority vote of such members. In the absence of a chairman, the party responsible for appointing or electing the chairman may appoint or elect a successor, or if the absence is temporary, an interim chairman.

15.6.3 The Design Review Board chairman will take charge of and conduct all meetings and will provide reasonable notice to each member of the Design Review Board prior to any meeting. The notice will set forth the time and place of the meeting, and notice may be waived by any member.

15.6.4 The affirmative vote of a majority of the members of the Design Review Board will govern its actions and be the act of the Design Review Board.

15.6.5 The Design Review Board may avail itself of other technical and professional advice and consultants as it deems appropriate, and the Design Review Board may delegate its plan review responsibilities, except final review and approval, to one or more of its members or to paid consultants retained by the Design Review Board.

Section 15.7 Expenses. Except as provided in this Section below, all expenses of the Design Review Board will be paid by the Association and will constitute a Common Expense. The Design Review Board will have the right to charge a fee for each application submitted to it for review, in an amount which may be established by the Design Review Board from time to time, and such fees will be collected by the Design Review Board and remitted to the Association to help defray the expenses of the Design Review Board's operation. Further, the Design Review Board may retain the services of a third party consultant, architect or other professional to assist the Design Review Board in reviewing a particular application. In such event, the Design Review Board may charge the applicant for the professional fees incurred in retaining such consultant, architect or other professional.

Section 15.8 Other Requirements. Compliance with the Association's design review process is not a substitute for compliance with applicable building, zoning and subdivision regulations, and each Owner is responsible for obtaining all approvals, licenses, and permits as may be required prior to commencing construction.

Further, the establishment of the Design Review Board and procedures for architectural review will not be construed as changing any rights or restrictions upon Owners to maintain and repair their Lots and improvements as otherwise required under the Association Documents.

Section 15.9 Limitation of Liability. The Design Review Board will use reasonable judgment in approving or disapproving all plans and specifications submitted to it. Neither the Design Review Board nor any individual Design Review Board member will be liable to any person for any official act of the Design Review Board in connection with submitted plans and specifications, except to the extent the Design Review Board or any individual Design Review Board member acted with malice or wrongful

intent. Approval by the Design Review Board does not necessarily assure approval by the appropriate governmental body or any commission for the County. Notwithstanding that the Design Review Board has approved plans and specifications, neither the Design Review Board nor any of its members will be responsible or liable to any Owner, developer or contractor with respect to any loss, liability, claim or expense which may arise by reason of such approval of the construction of the improvements. Neither the Executive Board, the Design Review Board, nor any agent thereof, nor Declarant, nor any of its partners, employees, agents or consultants will be responsible in any way for any defects in any plans or specifications submitted, revised or approved in accordance with the provisions of the Association Documents, nor for any structural or other defects in any work done according to such plans and specifications. In all events the Design Review Board will be defended and indemnified by the Association in any such suit or proceeding which may arise by reason of the Design Review Board's decisions. The Association, however, will not be obligated to indemnify each member of the Design Review Board to the extent that any such member of the Design Review Board is adjudged to be liable for malice or wrongful intent in the performance of his duty as a member of the Design Review Board, unless and then only to the extent that the court in which such action or suit may be brought determines upon application that, despite the adjudication of liability but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnification for such expense as such court shall deem proper.

Section 15.10 Enforcement.

15.10.1 Any member or authorized consultant of the Design Review Board, or any authorized officer, Director, employee or agent of the Association may enter upon any Lot at any reasonable time after notice to the Owner, without being deemed guilty of trespass, in order to inspect improvements constructed or under construction on the Lot to determine whether the improvements have been or are being built in compliance with the Association Documents and the plans and specifications approved by the Design Review Board.

15.10.2 Before any improvements on a Lot may be occupied, the Owner of the Lot will be required to request and obtain a temporary or final certificate of compliance issued by the Design Review Board indicating substantial completion of the improvements in accordance with the plans and specifications approved by the Design Review Board, and imposing such conditions for issuance of a final certificate of compliance issued by the Design Review Board as the Design Review Board may determine to be appropriate in its reasonable discretion. Without limiting the generality of the preceding sentence, the Design Review Board may require that the Owner deposit with the board at any time (including prior to commencement of construction) such sums as may be necessary to complete the construction and landscaping on the Lot by a specified date. If the construction and landscaping is not completed as scheduled, the Design Review Board may apply the deposit to cover the cost of completing the work and enforce such other remedies as are available to the Association for the failure of the Owner to comply with these covenants, including without limitation the remedies set forth in this Section.

15.10.3 Upon completion of construction, the Design Review Board will issue an acknowledged certificate of compliance at the request of Owner setting forth generally whether, to the best of the Design Review Board's knowledge, the improvements on a particular Lot are in compliance with the terms and conditions of the Design Guidelines.

15.10.4 Every violation of these covenants is hereby declared to be and to constitute a nuisance, and every public or private remedy allowed for such violation by law or equity against a Member will be applicable. Without limiting the generality of the foregoing, these covenants may be enforced as provided below:

15.10.4.1 The Design Review Board may adopt a schedule of fines for failure to abide by the Design Review Board rules and the Design Guidelines, including fines for failure to obtain any required approval from the Design Review Board.

15.10.4.2 The Association, upon request of the Design Review Board and after reasonable notice to the offender and, if different, to the Owner, may enter upon any Lot at any reasonable time after notice to the Owner, without being deemed guilty of trespass, and remove, repair, replace or reconstruct any improvement constructed, reconstructed, refinished, altered or maintained in violation of these covenants or take such other action as is necessary to cure the violation. The Owner of the improvement will immediately reimburse the Association for all expenses incurred in connection with such action by the Association. If the Owner fails to reimburse the Association within thirty (30) days after the Association gives the Owner notice of the expenses, the sum owed to the Association will bear interest at the default rate from the date of the advance by the Association through the date of reimbursement in full, and all such sums and interest will be a Default Assessment enforceable as provided in Article 10.

15.10.4.3 All improvements commenced on the Property will be prosecuted diligently to completion and will be completed within two (2) years after commencement, unless an exception is granted in writing by the Design Review Board. If an improvement is commenced and construction is then abandoned for more than one calendar month, or a cumulative period of four weeks during an eight week period, or if construction is not completed within the required two (2) year period, then after notice and opportunity for hearing, the Association may impose a fine of \$500 per day (or such other reasonable amount as the Association may determine) to be charged against the Owner of the Lot until construction is resumed, or the improvement is completed, as applicable, unless the Owner can prove to the satisfaction of the Executive Board that such abandonment is for circumstances beyond the Owner's control. Such charges will be a Default Assessment and lien as provided in Article 10. The Design Review Board may also proceed to complete the improvement in accordance with the approved plans, or may remove the improvement and restore the Lot to its pre-construction condition so far as is practical. Such charges will be a Default Assessment and lien as provided in Article 10.

Section 15.11 Binding Effect. The actions of the Design Review Board in the exercise of its discretion by its approval or disapproval of plans and other information submitted to it or with respect to any other matter before it, will be conclusive and binding on all interested parties.

ARTICLE 16 PROPERTY USE RESTRICTIONS AND ACKNOWLEDGEMENTS

Section 16.1 General Restrictions. Subject to Declarant's rights under Article 14 and Section 16.3, the Property will not be used for any purpose other than as set forth in these covenants, the Development Agreement, as permitted by any applicable governmental ordinances and the laws of the State of Colorado and the United States, and as set forth in the Association Documents or other specific recorded covenants affecting all or any part of the Property.

16.1.1 Building Envelopes. Subject to County regulations, no structures or other improvements of any kind shall be constructed or allowed to exist on any Lot except within the area described and shown on the Plats as "Building Envelope" ("Building Envelope"), except for (i) driveways, entrance monuments, historical structures and trails, all as approved by the Design Review Board, and (ii) Roads, trails and utility improvements to be constructed hereunder by or at the instance of Declarant, unless a variance is obtained from a majority of the Design Review Board and from the applicable governmental authority. Declarant reserves the right, as to any Lot(s) of which it is the record owner, to amend the Building Envelope of such Lot(s) by executing and filing for record an amendment to this Declaration and Plat, which amendment(s) need be signed by Declarant only.

16.1.2 Use of Lots. Subject to Section 16.8, which permits certain business uses of a Lot, and Section 3.5.6, which permits model residences and offices under certain circumstances, each Lot may be used only for residential purposes in accordance with the restrictions applicable to a particular Lot contained in the Plat and County Documents.

16.1.3 Excavation. No excavation will be made except in connection with improvements approved as provided in these covenants. For purposes of this Section, "excavation" means any disturbance of the surface of the land which results in a removal of earth, rock, trees or other substance at a depth of more than twelve (12) inches below the natural surface of the land.

16.1.4 Antennae. To the extent allowed under Federal Communications Commission regulations and other applicable laws in effect from time to time, no exterior radio, television, microwave or other antennae or signal capture and distribution device will be permitted without the prior written consent of the Design Review Board and appropriate screening, and satellite dishes shall be appropriately regulated by the Design Review Board.

16.1.5 Animals and Pets. No Owner shall keep, raise or breed any animals, livestock, horses or poultry of any kind on any portion of the Property except within areas designated for such purposes by the Association within the Remainder Parcel, and except dogs, cats or other household pets as regulated pursuant to the Wildlife Mitigation Plan. Each Owner shall comply with all applicable leash laws and shall have its dog on a leash when it is not contained on his Lot and is otherwise on Alpine Mountain Ranch Property.

16.1.6 Containment. Household pets, such as dogs and cats, may not be permitted to run at large at any time. Those pets which, in the sole discretion of the Executive Board, make objectionable noise, endanger the health or safety of, or constitute a nuisance or inconvenience to, the occupants of other Lots or wildlife shall be removed upon request of the Executive Board as further set forth in the Association Rules. If the owner of the pet fails to honor such request, the Executive Board may remove the pet.

16.1.7 Drainage. No Owner will do or permit any work, place any landscaping or install any other improvements or suffer the existence of any condition whatsoever which will alter or interfere with the drainage pattern for the Property, except to the extent such alteration and drainage pattern is approved in writing by the Design Review Board or the Executive Board, and except for rights reserved to Declarant to alter or change drainage patterns.

16.1.7.1 Septic System. The Lots will not be connected to a public sewer system, but will be served by a septic system. Each Owner (and not Declarant nor the District nor the Association) shall be responsible for installing the septic system for their respective Lot. The septic system will be installed upon the development of each Lot by the Owner of that Lot. The septic system must be designed, operated and maintained in compliance with all applicable codes and regulations, and with the approval of the County, if necessary, and all other applicable regulatory authorities, if any. The septic system must meet the criteria set forth in the Design Guidelines.

If, prior to the time of construction, more stringent design criteria are imposed by the entity which has jurisdiction over individual sewage disposal systems in the County, all such design and construction criteria shall be followed. Owner shall maintain the septic system in good working condition and operate it in accordance with the permitted design of the septic system.

16.1.8 Construction Regulations of the Design Guidelines and Development Agreement. All Owners and contractors will comply with the portions of the Design Guidelines and Development Agreement regulating construction activities. Such regulations may affect, without limitation, the

following: trash and debris removal; sanitary facilities; parking areas; outside storage; restoration of damaged property; conduct and behavior of builders, subcontractors and Owners' representatives on the Property at any time; the conservation of landscape materials; and fire protection.

16.1.9 Blasting. If any blasting is to occur, the Design Review Board and Declarant will be informed far enough in advance to allow them to make such investigation as they deem necessary to confirm that appropriate protective measures have been taken prior to the blasting. No blasting shall occur without the prior written approval of the Design Review Board. Notwithstanding the foregoing, no approval of any blasting by Declarant or the Design Review Board will in any way release the person conducting the blasting from all liability in connection with the blasting, nor will such approval in any way be deemed to make Declarant or the Design Review Board liable for any damage which may occur from blasting, and the person doing the blasting will defend and hold harmless and hereby indemnifies Declarant and the Design Review Board from any such expense or liability. Declarant or the Design Review Board may impose any reasonable conditions and restrictions, including time and date restrictions, on all blasting.

16.1.10 Temporary Structures. No temporary structures will be permitted except as may be determined to be necessary during construction and as specifically authorized by the Design Review Board.

16.1.11 No Conversion. No Owner shall construct or convert any garage, attic or other unfinished space, other than a basement, to finished space for use as an apartment or other integral part of the living area on any residence without approval of the Design Review Board, the Association and the appropriate governmental agency(ies).

16.1.12 No Outside Clotheslines. No laundry or wash will be dried or hung outside on the Property.

16.1.13 Motorized Vehicles. Subject to any time limitations set forth in the Design Guidelines, no trucks, trail bikes, dirtbikes, all-terrain vehicles, snowmobiles, recreational vehicles, motor homes, motor coaches, campers, trailers, boats or boat trailers or any other motorized vehicles other than passenger automobiles or pickup or utility trucks with a capacity of one ton or less or any other motorized vehicles will be parked, stored or in any manner kept or placed on any portion of the Property except in an enclosed garage. This restriction, however, will not be deemed to prohibit commercial and construction vehicles and construction mobile offices, in the ordinary course of business, from making deliveries or otherwise providing services to the Property or for Declarant or the other Owners, subject to the limitations set forth in the Act.

16.1.14 Parking and Auto Repair. No automobiles or other vehicles will be parked in any street or upon any portion of the Property except within garages or designated parking areas except as provided herein. No work on automobiles or other vehicle repair will be performed in any visible or exposed portion of the Property except in emergencies.

16.1.15 Abandoned, Inoperable or Oversized Vehicles. No abandoned or inoperable vehicles of any kind will be stored or parked on any portion of the Property, other than within enclosed garages, except as provided below. "Abandoned or inoperable vehicle" is defined as any vehicle which has not been driven under its own propulsion for a period of three weeks or longer. A written notice describing the abandoned or inoperable vehicle and requesting its removal or storage within an enclosed garage may be personally served upon the Owner or posted on the abandoned or inoperable vehicle. If such vehicle has not been removed or stored within an enclosed garage within seventy-two (72) hours after notice has been given, the Association will have the right to remove the vehicle without liability, and the expense of removal will be a Default Assessment charged against the Owner as provided in

Article 10. All unsightly or oversized vehicles, snow removal equipment, garden maintenance equipment, and all other unsightly equipment and machinery may be required by Declarant or the Executive Board to be stored at a designated location or locations. "Oversized" vehicles, for purposes of this Section, will be vehicles which are too high to clear the entrance to a residential garage or too long to fit within a standard residential garage.

16.1.16 Outside Burning. There will be no exterior fires, except barbecue grills which may be further regulated by the Design Review Board. No Owner will permit any condition on his Lot which creates a fire hazard and shall comply with the requirements and guidelines of the Colorado State Forest Service and other applicable agencies regarding fire mitigation measures. No Owner shall emit from his Lot any noxious or offensive smoke or fumes.

16.1.17 Noise. No exterior horns, whistles, bells or other sound devices except security devices used exclusively to protect the security of the Property or improvements will be placed or used on any portion of the Property.

16.1.18 Lighting. All exterior lighting of the improvements and grounds on the Property will be for safety purposes only and will be subject to regulation by the Design Review Board. All exterior lighting shall be downcast and opaquely shielded. No general floodlighting of buildings shall be allowed.

16.1.19 Obstructions. There will be no obstruction of any walkways or bike paths or interference with the free use of those walkways and paths except as may be reasonably required in connection with repairs. The Owners, their families, tenants, guests and invitees are granted nonexclusive easements to use the walkways and paths within the Property. That use will be subject to the Association rules adopted by the Executive Board from time to time.

16.1.20 House Numbers. Each Residence House will have a house number with a design and location established by the Design Review Board.

16.1.21 Nuisance. No obnoxious or offensive activity will be carried on within the Property, nor will anything be done or permitted which will constitute a public nuisance. No noise or other nuisance will be permitted to exist or operate upon the Property so as to be offensive or detrimental to any other part of the Property or its occupants.

16.1.22 Wildlife Mitigation Plan. Each Owner will abide by the Wildlife Mitigation Plan. The Wildlife Mitigation Plan may be amended as set forth in the Wildlife Mitigation Plan. Any such amendment shall be recorded in the Office of the Clerk and Recorder of Routt County, Colorado. In addition, each Owner will abide by any additional wildlife regulations imposed by the Association Rules or by any agency or authority having jurisdiction over the Property.

16.1.23 Hazardous Materials. No Owner will dispose or allow any person under the Owner's control or direction to release, discharge or emit from the Property or dispose of any material on the Property that is designated as hazardous or toxic under any federal, state or local law, ordinance or regulation.

16.1.24 Preservation of Vegetation and Revegetation. Each Owner shall preserve trees and native vegetation on their Lot as much as is practical. Each Owner shall complete revegetation of areas exposed by site grading or road cuts for the Owner's driveway within one growing season with a native seed mixture.

Section 16.2 General Practices Prohibited. The following practices are prohibited at Alpine Mountain Ranch:

16.2.1 Allowing construction suppliers and contractors to clean their equipment other than at a location designated for that purpose by the Design Review Board;

16.2.2 Removing any rock, plant material, top soil or similar items from any property of others;

16.2.3 Use of surface water for construction;

16.2.4 Careless disposition of cigarettes and other flammable materials;

16.2.5 Capturing, trapping, harassing or killing of wildlife within the Property, except in those instances as may be set forth in the Wildlife Mitigation Plan, attached hereto;

16.2.6 Operating motorized vehicles on trails except for emergency or maintenance purposes; and

16.2.7 Any activity which materially disturbs, threatens or destroys the vegetation, wildlife, wetlands, or air quality within the Property or which use excessive amounts of water or which result in unreasonable levels of sound or light pollution.

Section 16.3 Use of Property During Construction. It will be expressly permissible and proper for any Owner acting with the prior written consent of the Design Review Board and for Declarant, and their respective employees, agents, independent contractors, successors and assigns involved in the construction of improvements on, or the providing of utility service to, the Property or other real property owned by Declarant, to perform such activities on the Property and to maintain upon portions of the Property as they deem necessary such facilities as may be reasonably required, convenient, necessary or incidental to such construction and development of the Property, subject to Declarant's rights in connection with the Expansion Property as set forth in Article 14. This permission specifically includes, without limiting the generality of the foregoing, maintaining storage areas, construction yards, model residences, sales offices, management offices and equipment and signs. However, no activity by any Owner will be performed and no facility will be maintained on any portion of the Property in such a way as to unreasonably interfere with or disturb any Owner of a Lot, or to unreasonably interfere with the use, enjoyment or access of such Owner or his Lessees or Guests of and to his Lot. If any Owner's use under this provision is deemed objectionable by the Design Review Board, then the Design Review Board, in its sole discretion, may withdraw this permission.

Section 16.4 Partition or Combination of Lots. To the extent permitted by this Declaration, no part of a Lot may be partitioned or separated from any other part thereof. Except to the extent permitted by this Declaration, no Lots may be combined, but the Owner of two (2) or more contiguous Lots may build one single family Residence House on the contiguous Lots, upon complying with all applicable requirements of the County, and with all applicable Design Guidelines, including without limitation procedures for amending Building Envelopes set forth in 16.1.1 above, minimum and maximum limitations of living area that may be constructed on any given number of contiguous Lots, and measures necessary to preserve any easements reserved with respect to the contiguous Lots.

The fact that two or more contiguous Lots may be owned by one person and developed with one single family Residence House will not affect the number of votes or the amount of Assessments allocated to the Lots. If the Owner is required by the County or any other governmental authority to replat the Lots in order to construct improvements thereon, the number of votes and the allocation of

Assessments to the Lots after replatting will equal the sum of the votes and Assessments allocated to the Lots before replatting. Each Lot will be conveyed, transferred, gifted, devised, bequeathed, encumbered or otherwise disposed of, as the case may be, with all appurtenant rights and interests created by law or by this Declaration, including the Owner's membership in the Association and the right to use the Common Area, and with the appropriate allocation of voting rights and liability for Assessments established for the Lot as provided in this Declaration.

Section 16.5 Prohibition on Timesharing.

16.5.1 No Lot, whether leased or owned, shall be used:

16.5.1.1 for the operation of a timesharing, fraction-sharing, interval ownership or similar program whereby the right to exclusive use of the Lot rotates among participants in the program on a fixed or floating time schedule over a period of years; or

16.5.1.2 for the operation of a reservation or time-use system among co-Owners of a Lot, regardless of whether or not any co-Owner may later opt out of such system and regardless of whether the reservation or time-use system is recorded or unrecorded, fixed or floating, if one or more of the following conditions exist:

16.5.1.2.1 the ownership interest in such Lot is publicly marketed for sale subject to such system; or

16.5.1.2.2 the co-Owners are or were required as a condition of purchase of the ownership interest in such Lot to subject the interest to a pre-determined reservation or time-use system among co-Owners; or

16.5.1.3 in the marketing, offering or selling of any club membership interest, limited liability company interest, limited partnership interest, program interest or other interest whereby the interest-holder acquires a right to participate in a reservation or time-use system among the interest-holders, or among the interest-holders and others, involving the Lot, or involving the Lot and other alternate or substitute properties, regardless of whether such interest is equity or non-equity, regardless of whether or not any interest-holder may later opt out of such system and regardless of whether the reservation or time-use system is recorded or unrecorded, fixed or floating (such interest referred to herein as an "Interest"), if one or more of the following conditions exist:

16.5.1.3.1 the Interest is publicly marketed for sale, or

16.5.1.3.2 the Interest-holders are or were required as a condition of purchase of the Interest to be subject to a pre-determined reservation or time-use system among Interest-holders, or among Interest-holders and others;

(all of the foregoing uses, systems or programs are hereinafter called a "Timeshare Program").

16.5.2 Mere co-ownership of a Lot, ownership of a Lot by an entity or leasing of a Lot shall not create a Timeshare Program unless it meets any of the conditions described above in this Section 16.6. The definition of Timeshare Program expressly excludes the voluntary inclusion of a Lot in a rental pool program.

Section 16.6 Leasing. The Owner of a Lot will have the right to lease his Residence House and/or Secondary Unit (where applicable), subject to the following conditions:

16.6.1 All leases will be in writing.

16.6.2 The lease shall be specifically subject to the Association Documents, and any failure of a tenant to comply with the Association Documents will be a default under the lease, enforceable by the Association. The lease shall contain a provision which states that it shall be subject to the Association Documents and that breach of same shall be an event of default under the Lease enforceable by the Association.

16.6.3 Any default by the Owner's tenant under any provision of this Declaration, the Bylaws or the Association Rules shall be deemed a default by the Owner thereunder and shall entitle the Association to all remedies for such default as provided in this Declaration as against the Owners and such Owner's tenant. The Owner shall be liable for any violation of the Association Documents committed by the Owner's tenant, without prejudice to the Owner's right to collect any sums paid by the Owner on behalf of the tenant.

Section 16.7 Businesses. No Owner shall conduct any business, trade, garage sale, moving sale, rummage sale or similar activity on any Lot, except in compliance with the Association Rules, which shall at minimum provide that an Owner or occupant residing on a Lot may conduct typical "home-office" business activities within the residence so long as: (a) the existence or operation of the business activity is undetectable to the senses of sight, sound or smell from outside the residence; (b) the business activity conforms to all zoning requirements for the Property; (c) the business activity may be carried out within the confines of the residence and is free from regular visitation of the residence by clients, customers, suppliers or other business invitees or door-to-door solicitation of residents of the Property; and (d) the business activity is consistent with the residential character of the Property. Without limiting the generality of the foregoing, in no event shall any Lot be used for any mechanical repair business, manufacturing business, or other similar industrial use.

This subsection shall not apply to any activity conducted by the Declarant or a builder approved by the Declarant with respect to the development and sale of the Property, including, without limitation, the Declarant's use of any Lot.

Section 16.8 Compliance with Laws. Subject to the rights of reasonable contest, each Owner will promptly comply with the provisions of all applicable laws, regulations, ordinances, and other governmental or quasi-governmental regulations with respect to all or any portion of the Property, including, without limitation, the County Documents.

Section 16.9 Enforcement. Notwithstanding anything in the foregoing to the contrary, the Executive Board may prohibit any activity, business or otherwise, which, in the sole discretion of the Executive Board, constitutes a nuisance, or a hazardous or offensive use, or threatens the value of the Property or any Lot or the security, safety, or quiet enjoyment of other residents of the Property. The Association may take such action as it deems advisable to enforce these covenants as provided in this Declaration. In addition, the Association will have a right of entry on any part of the Property for the purposes of enforcing these covenants, and any costs incurred by the Association in connection with such enforcement (including, without limitation, attorneys' and legal assistants' fees and expenses and costs of suit) which remain unpaid thirty (30) days after the Association has given notice of the cost to the Owner and otherwise complied with Act will be subject to interest at the default rate from the date of the advance by the Association through the date of payment in full by the Owner, and will be treated as a Default Assessment enforceable as provided in Article 10.

Section 16.10 Damage by Owners During Construction. Each Owner is responsible for any damage caused to roads, streets, ditches, fences, trails, natural drainage courses, utilities, Common Areas, or to other Lots or improvements thereon, during the construction or alteration of improvements upon the

Owner's Lot, including without limitation damage caused by any construction vehicles using the roads or streets within Alpine Mountain Ranch. Damage shall include any degradation in the appearance or condition of such Common Areas, or other Lots or improvements thereon. The responsible Owner, under the direction of the Design Review Board, shall promptly repair and clean up any such damage, at its sole expense. Each Owner shall also be responsible for any damage caused by utility cuts in roads, washouts and runoff damage caused by failure to properly install culverts, and to promptly repair any such damage. If the Owner fails to repair any such damage within 10 days following receipt of a written notice from the Executive Board requesting the same, the Executive Board shall have the right to perform such repairs on behalf of the Owner, and to levy a Default Assessment upon the Owner and its Lot to recover the costs thereof.

Section 16.11 Use of the Words "Alpine Mountain Ranch at Steamboat Springs" or Logo. No Person shall use the words "Alpine Mountain Ranch at Steamboat Springs" or any derivative of any of such name, or any other name given to the Property by the Declarant, or the logo of the development in any printed or promotional material without Declarant's prior written consent. If any Owner breaches this agreement, the Declarant shall be entitled to receive immediate injunctive relief and reasonable attorneys' fees. However, Owners may use the terms "Alpine Mountain Ranch at Steamboat Springs" in printed or promotional matter where such term is used solely to specify that particular property is located within Alpine Mountain Ranch and the Association shall be entitled to use the word "Alpine Mountain Ranch at Steamboat Springs" in its name.

Section 16.12 No Obstruction. There shall be no obstruction of any easements or drainage, irrigation or water feature systems or the Irrigation System located upon the Property, or any interference with the use thereof, except such obstruction or interference as may be reasonably required in connection with the construction, maintenance or repair thereof. No Owner shall construct, install, maintain or permit any fence or other improvement or obstruction or plant trees or take any other action which damages or interrupts or interferes in any way with (i) the normal flow of water through and along waterways or Irrigation System on the Property, (ii) the Irrigation System or its components including without limitation, any irrigation ditch or lateral or other water collection, storage or distribution system within or serving the Property or property down ditch of the Property or the flow of water through the same, or (iii) normal drainage patterns on the Property, subject always to the rights of owners of ditches and other water rights and the requirements of the Design Review Board and subject to the terms and conditions of applicable ditch operation and maintenance agreements and associated easements and easement agreements. The Association shall promptly take such action as may be necessary to abate or enjoin any such obstruction or interference, and shall have the right to enter upon a Lot for purposes of removing the same, and any costs incurred by the Association in connection with such abatement, injunctive or corrective activities shall be assessed to the responsible Lot Owner or Owners in the form of a Default Assessment.

Section 16.13 No Interference with Waterways or Drainage or Irrigation Systems. No Lot Owner shall construct, install, maintain or permit any fence or other improvement or obstruction or plant trees or take any other action which damages or interrupts or interferes in any way with (i) the normal flow of water through and along waterways within Alpine Mountain Ranch, (ii) any irrigation ditch or lateral or other water collection, storage or distribution system within or serving Alpine Mountain Ranch, (iii) access to any ditch for the purpose of maintenance, operation or repair, or (iv) normal drainage patterns within Alpine Mountain Ranch, subject always to the rights of owners of ditches and other water rights and the requirements of the Design Review Board.

Section 16.14 No Individual Water Wells. No individual water wells shall be drilled, constructed, maintained or permitted to remain within Alpine Mountain Ranch, except such water

systems as may be installed by Declarant or Declarant's successor, assign or agent or the Association to serve Alpine Mountain Ranch.

Section 16.15 Irrigation Systems, Ditches, Laterals, Ponds, and Water Use Obligations. Declarant hereby discloses that certain irrigation systems, ditches, ditch laterals and ponds are currently located or may be constructed within ditch and irrigation easement areas located upon (a) certain Lots and/or (b) upon Common Areas (collectively referred to as the "Irrigation System"). Some ditches may not appear on the Plat or any Supplemental Plat, regardless of which, Declarant has reserved the right to maintain and repair and to establish and relocate irrigation ditches and appurtenant facilities whether or not such ditches are shown on the Plat or any Supplemental Plat or are within an easement. Declarant further discloses that as of the date of this Declaration, the ownership of any and all water rights carried or to be carried in said Irrigation System is vested in the Declarant, or in other owners, and Declarant has no obligation to transfer ownership of any of such water rights to any Lot Owner or the Association. The water rights owned by the Declarant have been or may be conveyed in whole or in part to the Association or the District. In no event shall the Association or any Owner be entitled to the right of use of the Irrigation System or any water flowing through said Irrigation System, except pursuant to a conveyance, written agreement or license with Declarant, another owner thereof, or a specific assignee of Declarant, or pursuant to an operation and maintenance agreement between the Declarant and the Association. Furthermore, in no event shall any Owner be entitled to install irrigation facilities, to divert or use water from the Irrigation System or to make modifications to the Irrigation System for diversion or use purposes. In addition, in no event shall any Owner or the Association obstruct or impede the flow of water through the Irrigation System.

Some facilities of the Irrigation System convey water to other owners of water rights along easements reserved for such facilities. The rights and obligations of some of the other owners of water rights are set forth in those certain ditch operation and maintenance agreements that may be filed of record from time to time and are reserved in easements on the Plat or easement agreements otherwise separately recorded. The rights of Owners and the Association are subject to the terms and conditions of such ditch operation and maintenance agreements, easements, and easement agreements.

The Association or the District shall be responsible for irrigating designated portions of the Common Areas, and roadway shoulders, and for maintaining the portion of the Irrigation System that is owned by the Association. All such irrigation shall be accomplished with untreated water from the Irrigation System. There will be no irrigation of any Lots through the raw water Irrigation System.

Each Owner is obligated to comply with all landscaping requirements set forth by the Design Review Board. In addition, each Owner is obligated to install an underground water irrigation system that will accomplish such irrigation as is required by the Design Review Board. Each Owner shall have the right to connect to a community water system to be owned either by the Association or the District; subject to reasonable rules and fees, provided that it is recognized by the Owner that varying water pressures exist throughout the Property. Each Lot shall be irrigated by each respective Owner, at the sole expense of the Owner, through the installation and operation of a sprinkler system, which shall be limited to irrigation of lawns, gardens and landscaping on each Lot not to exceed 4,000 square feet. Each Owner acknowledges that this irrigation restriction shall run with the land, be binding on all parties and heirs, successors, and assigns of parties having any right, title, or interest in any part of the Property, and is specifically enforceable by the County, the Association and/or Declarant.

There may be conservation and use restrictions imposed upon the Owners by the District or other water authorities consistent with County policies, rules, and regulations. The Association and Declarant hereby reserve the right to implement additional irrigation restrictions with respect to each Lot as reasonably determined from time to time. Such conservation and use restrictions may include restrictions

on days and hours of irrigation. All Owners hereby assume any risk involved with respect to the Irrigation System and hereby acknowledge that the Association, the Declarant, and other water right owners shall not have any responsibility or liability of any kind to any Owner who incurs any loss, damage, cost or expense arising from or relating to said Irrigation System, including, but not limited to, any loss or damage caused by flooding or the failure to deliver water. In accordance with the foregoing, such Owners, on behalf of themselves and their occupants, guests, successors and assigns, by acceptance of a deed acknowledge their assent to the provisions hereof, and hereby release Declarant, the Association, and other owners of water rights that utilize the Irrigation System and each of their officers, directors, partners, trustees, members, agents, employees, stockholders, and contractors, from and against any and all obligations, claims, demands, liabilities, costs, expenses, attorneys' fees, or causes of action of any kind whatsoever, whether arising prior or subsequent to the date hereof, whether known or unknown, based upon, arising out of, or in any manner related to the Irrigation System.

Section 16.16 Restoration of Irrigation System in the Event of Damage or Destruction. In the event of damage to or destruction of any portion of the Irrigation System on any Lot by the Owner, the District shall cause the damaged or destroyed Irrigation System to be promptly restored or replaced to its original condition or such other condition as may be approved in writing by the Design Review Board and the Owner shall be responsible for all costs thereof, which costs shall be a lien and obligation of the Owner pursuant to Article 10. Such Irrigation System shall be repaired, restored or otherwise replaced within such time frame as may be established by the Design Review Board in order for the Irrigation System to be functional and for the obligations under the ditch operation and maintenance agreements, easements, and easement agreements to be fulfilled in a timely manner.

Section 16.17 Completion and Conduct of Maintenance Improvements to Irrigation System. Declarant shall have the right throughout the Property to complete maintenance improvements to the Irrigation System as appropriate, convenient, necessary or required from time to time. Furthermore, the Declarant shall have the right to construct and complete maintenance improvements pursuant to the terms and conditions of any ditch operation and maintenance agreements and related easements and easement agreements. Furthermore, Declarant shall have the right to create, grant and/or use and enjoy additional non-exclusive easements, and to relocate existing platted easements, upon or across any portion of the Property except Building Envelopes, as may be reasonably required for the completion by Declarant of the maintenance improvements to the Irrigation System and any of its components and for the operation of the Irrigation System.

Section 16.18 Acknowledgements.

16.18.1 View Impairment/Privacy. Owners have no guarantee that their view over and across the Property will be forever preserved without impairment.

16.18.2 Club Membership. Membership in any future Club to be formed by Declarant (the "Club") is separate and independent from membership in the Association. By taking title to the Lot, each Owner hereby acknowledges that the Club (a) is not governed by the Association or any of its affiliates, (b) has separate governing documents and functions and (c) may require independent assessments and dues from time to time. Each Owner acknowledges that this Declaration does not in any way create a membership of the Club or entitle any Owner to use the Club's facilities.

16.18.3 Special Taxing Districts. SPECIAL TAXING DISTRICTS MAY BE SUBJECT TO GENERAL OBLIGATION INDEBTEDNESS THAT IS PAID BY REVENUES PRODUCED FROM ANNUAL TAX LEVIES ON THE TAXABLE PROPERTY WITHIN SUCH DISTRICTS. PROPERTY OWNERS IN SUCH DISTRICTS MAY BE PLACED AT RISK FOR INCREASED MILL LEVIES AND EXCESSIVE TAX BURDENS TO SUPPORT THE SERVICING OF SUCH DEBT WHERE CIRCUMSTANCES ARISE RESULTING IN THE INABILITY OF SUCH A DISTRICT TO

DISCHARGE SUCH INDEBTEDNESS WITHOUT SUCH AN INCREASE IN MILL LEVIES. EACH OWNER SHOULD INVESTIGATE THE DEBT FINANCING REQUIREMENTS OF THE AUTHORIZED GENERAL OBLIGATION INDEBTEDNESS OF SUCH DISTRICTS, EXISTING MILL LEVIES OF SUCH DISTRICT SERVICING SUCH INDEBTEDNESS, AND THE POTENTIAL FOR AN INCREASE IN SUCH MILL LEVIES WITH RESPECT TO THE PROPERTY.

Section 16.19 Neighboring Agricultural Uses. Each Owner, by taking title to his Lot, hereby acknowledges and understands that certain farming, ranching and other agricultural activities will be conducted on the Property pursuant to the Development Agreement and Use License and on property near or adjacent to the Property and that such activities represent a unique and desirable amenity to the Property. The farming, ranching and other agricultural operations may include many year-round activities; as such, the farming, ranching and other agricultural activities may generate, pursuant to their legal and authorized operation, an unpredictable amount of visible, audible and odorous impacts and disturbances from activities relating thereto. The activities associated with the farming, ranching and other agricultural operations include, without limitation: (i) traffic congestion and/or delays on the roads within or near Alpine Mountain Ranch which may arise from the movement of livestock and/or the transportation of slow-moving agricultural vehicles and equipment; (ii) activities relating to the construction, operation, improvement and maintenance of facilities necessary or useful in farming, ranching and other agricultural operations, including, without limitation, barns, houses, fences and the like; and (iii) the straying of livestock. Each Owner further acknowledges and understands that such adjacent agricultural lands may be developed in the future and may cease to be agricultural areas. In addition, Owners hereby acknowledge that the County may require portions of the Remainder Parcel to remain in agricultural use, and the Association hereby acknowledges and agrees to comply with those requirements.

ARTICLE 17 DURATION OF COVENANTS AND AMENDMENT

Section 17.1 Term. The covenants and restrictions of this Declaration shall run with and bind the land in perpetuity, subject to the termination provisions of the Act.

Section 17.2 Amendment. The provisions of this Declaration may be amended or terminated, in whole or in part, from time to time, upon approval of Owners representing sixty-seven percent (67%) or more of the total voting interest in the Association at a meeting of the Owners called for that purpose or by written consent; provided, however, that any provision of this Declaration requiring a vote of more than sixty-seven percent (67%) of the total voting interest in the Association to be effective may only be amended by a vote of the applicable aggregate voting interest stated in such provision. In addition, (a) a majority of the voting Directors of the Executive Board may make, without the approval of the Owners, changes to any Association Documents to the extent necessary to correct a factual error, (b) any proposed amendment to this Declaration which affects any right of Declarant shall require the prior written approval of Declarant, and (c) any proposed amendment during the Declarant Control Period must be approved by the Declarant in order to become effective, in addition to the approval requirements otherwise set forth herein. In addition, the Executive Board has the right to amend this Declaration pursuant to the provisions of the Colorado Revised Statutes Subsection 38-33.3-217(7). Notwithstanding the foregoing, Declarant, acting alone, reserves to itself the right and power to modify and amend this Declaration and/or the Plat to the fullest extent permitted under the Act including, without limitation, to correct clerical, typographical or technical errors, or to comply with the requirements, standards, or guidelines of recognized secondary mortgage markets, the Department of Housing and Urban Development, the Federal Housing Administration, the Veterans Administration, the Federal Home Loan Mortgage Corporation, the Government National Mortgage Association, or the Federal National Mortgage Association.

Section 17.3 Revocation. This Declaration shall not be revoked or terminated, except as provided in Article 13 regarding total condemnation, without the consent of Owners holding more than sixty-seven percent (67%) of the total voting interest in the Association at a meeting of the Owners called for that purpose, evidenced by a written instrument duly recorded.

Section 17.4 Recording of Amendments. Any amendment or supplement to this Declaration must be executed by the President of the Association and recorded in the Office of the Clerk and Recorder of Routt County, Colorado, and approval of such amendment may be shown by attaching a certificate of the Secretary of the Association to the recorded instrument certifying the approval of a sufficient number of Owners of the amendment or that no approval of the Owners was necessary.

ARTICLE 18 DISTRICT

The Association shall have the power, and is hereby authorized, to contract with and to cooperate with the District in order to ensure that their respective responsibilities, such as providing roads, maintenance, and a water system, are discharged. The Association is further authorized to act on behalf of its Members to ensure that the level of services provided by the District is consistent with the Community-Wide Standard. Any costs incurred by the Association in providing or obtaining the provision of such services shall be a Common Expense.

Section 18.1 Roads. The District shall maintain and keep the Roads in good repair. This maintenance shall include, but shall not be limited to, upkeep, repair and replacement of the Roads (which shall include without limitation snow removal services). The District's responsibility for Road maintenance under this Section applies whether or not such Roads lie on a Common Area, on an easement created by this Declaration across any Lot, or some other area of the Property. If the District is ever dissolved, the Association shall be responsible for all road maintenance and repair that would otherwise be the responsibility of the District.

Section 18.2 Community Water System and Sanitation. The District shall maintain and keep a community water system in good repair. This maintenance shall include, but shall not be limited to, upkeep, repair and replacement of the water system. The District's responsibility for water system maintenance under this Section applies to the provision of water throughout the Property. If the District is ever dissolved, the Association shall be responsible for all maintenance of the water system that would otherwise be the responsibility of the District. Each Lot shall be required to install a septic system as part of the development of the Lot. Each structure designed for occupancy will connect with water and sanitation facilities as may be made available from time to time by the Association or District, or any other approved utility supplier. However, neither Declarant, nor the Association nor the District shall be obligated to provide common sewer facilities.

ARTICLE 19 ALTERNATIVE DISPUTE RESOLUTION

Section 19.1 Agreement to Avoid Litigation. The Declarant, the Association, its officers, directors and committee members, all persons subject to this Declaration, and any person not otherwise subject to this Declaration who agrees to submit to this Article (collectively, "Bound Parties") agree to encourage the amicable resolution of disputes involving Alpine Mountain Ranch, without the emotional and financial costs of litigation. Accordingly, each Bound Party covenants and agrees that those claims, grievances or disputes described herein ("Claims") shall be resolved using the procedures set forth below in lieu of filing suit in any court.

Section 19.2 Claims. Unless specifically exempted below, all claims, grievances or disputes arising out of or relating to the interpretation, application or enforcement of the Association Documents, or the rights, obligations and duties of any Bound Party under the Association Documents or relating to the design or construction of improvements on Alpine Mountain Ranch shall be subject to the provisions of this Section.

Notwithstanding the above, unless all parties thereto otherwise agree, the following shall not be Claims and shall not be subject to the provisions of this Section:

19.2.1 Any suit by the Association against any Bound Party to enforce the provisions of Article 10 (Assessments).

19.2.2 Any suit by the Association to obtain a temporary restraining order (or equivalent emergency equitable relief) and such other ancillary relief as the court may deem necessary in order to maintain the status quo and preserve the Association's ability to enforce the architectural standards and use restrictions and rules;

19.2.3 Any suit between Owners, which does not include Declarant or the Association as a party, if such suit asserts a Claim which would constitute a cause of action independent of the Association Documents;

19.2.4 Any suit in which any indispensable party is not a Bound Party; and

19.2.5 Any suit as to which any applicable statute of limitations would expire within 180 days of giving the notice required below.

With the consent of all parties thereto, any of the above may be submitted to the alternative dispute resolution procedures set forth below.

Section 19.3 Mandatory Procedures.

19.3.1 Notice. Any Bound Party having a Claim ("Claimant") against any other Bound Party ("Respondent") (collectively, the "Parties") shall notify each Respondent in writing (the "Notice"), stating plainly and concisely:

19.3.1.1 The nature of the Claim, including the Persons involved and Respondent's role in the Claim;

19.3.1.2 The legal basis of the Claim (i.e., the specific authority out of which the Claim arises);

19.3.1.3 Claimant's proposed remedy; and

19.3.1.4 That Claimant will meet with Respondent to discuss in good faith ways to resolve the Claim.

19.3.2 Negotiation and Mediation.

19.3.2.1 The Parties shall make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation. If requested in writing, accompanied by a copy of the Notice, the Executive Board may appoint a representative to assist the Parties in resolving the dispute by negotiation.

19.3.2.2 If the Parties do not resolve the Claim within thirty (30) days of the date of the Notice (or within such other period as may be agreed upon by the Parties) ("Termination of Negotiations"), Claimant shall have thirty (30) additional days to submit the Claim to mediation under the auspices of a reputable and knowledgeable mediation group providing such services in Routt County, or, if the Parties otherwise agree, to an independent agency providing dispute resolution services in the Routt County, Colorado, area.

19.3.2.3 If Claimant does not submit a claim to mediation within thirty (30) days after Termination of Negotiations, or does not appear for the mediation, Claimant shall be deemed to have waived the Claim, and Respondent shall be released and discharged from any and all liability to Claimant on account of such Claim; provided, nothing herein shall release or discharge Respondent from any liability to any person other than the Claimant.

19.3.2.4 Any settlement of the Claim through mediation shall be documented in writing by the mediator. If the Parties do not settle the Claim within thirty (30) days after submission of the matter to the mediation process, or within such time as determined by the mediator, the mediator shall issue a notice of termination of the mediation proceedings ("Termination of Mediation"). The Termination of Mediation notice shall set forth that the Parties are at an impasse and the date that the mediation was to be mediated.

19.3.2.5 Within five (5) days of the Termination of Mediation, the Claimant shall make a final written settlement demand ("Settlement Demand") to the Respondent and the Respondent shall make a final written settlement offer ("Settlement Offer") to the Claimant. If the Claimant fails to make a Settlement Demand, Claimant's original Notice shall constitute the Settlement Demand. If the Respondent fails to make a Settlement Offer, Respondent shall be deemed to have made a "zero" or "take nothing" Settlement Offer.

19.3.3 Final and Binding Arbitration.

19.3.3.1 If the Parties do not agree in writing to a settlement of the Claim within fifteen (15) days of the Termination of Mediation, the Claimant shall have fifteen (15) additional days to submit the Claim to arbitration in accordance with the rules of arbitration as may be required by the agency providing the arbitrator. The arbitrator shall be a single arbitrator to be appointed by the Parties. If the Parties are unable to agree upon an arbitrator within thirty (30) days of the Claim being submitted to arbitration, the presiding judge of Routt County, Colorado shall appoint a qualified arbitrator upon application of either Claimant or Respondent. No person shall serve as the arbitrator where that person has any financial or personal interest in the result of the arbitration. Any person designated as an arbitrator shall immediately disclose in writing to all Parties any circumstance likely to affect the appearance of impartiality, including any bias or financial or personal interest in the outcome of the arbitration ("Arbitrator Disclosure"). If either Claimant or Respondent objects to the service of any arbitrator within fourteen (14) days after receipt of that Arbitrator's Disclosure, such arbitrator shall be replaced in the same manner in which that arbitrator was selected. If not timely submitted to arbitration or if the Claimant fails to appear for the arbitration proceeding, the Claim shall be deemed abandoned, and Respondent shall be released and discharged from any and all liability to Claimant arising out of such Claim; provided, nothing herein shall release or discharge Respondent from any liability to persons other than Claimant.

19.3.3.2 This subsection is an agreement to arbitrate and is specifically enforceable under the applicable arbitration laws of the State of Colorado. The arbitration award (the "Award") shall be final and binding, and judgment may be entered upon it in any court of competent jurisdiction to the fullest extent permitted under the laws of the State of Colorado; provided, however,

each party shall have the right to appeal a decision by the arbitrator as to a matter of law only to the District Court located in Routt County, Colorado.

19.3.4 Allocation of Costs of Resolving Claims.

19.3.4.1 Subject to Section 19.3.4.2 below, each Party shall bear its own costs, including any attorneys' fees incurred, and each Party shall share equally all charges rendered by the mediator(s) and all filing fees and costs of conducting the arbitration proceeding ("Post Mediation Costs").

19.3.4.2 Any Award, which is equal to or more favorable to Claimant than Claimant's Settlement Demand, shall add Claimant's Post Mediation Costs to the Award, such costs to be borne equally by all Respondents. Any Award, which is equal to or less favorable to Claimant than any Respondent's Settlement Offer, shall award to such Respondent its Post Mediation Costs.

19.3.5 Enforcement of Resolution. After resolution of any Claim, if any Party fails to abide by the terms of any agreement or Award, then any other Party may file suit or initiate administrative proceedings to enforce such agreement or Award without the need to again comply with the procedures set forth in this Section. In such event, the Party taking action to enforce the agreement or Award shall be entitled to recover from the non-complying Party (or if more than one non-complying Party, from all such Parties pro rata) all costs incurred in enforcing such agreement or Award including, without limitation, attorneys' fees and court costs.

Section 19.4 Claim for Damages. Damages alleged or awarded in connection with a Claim shall be limited to actual damages. No punitive, incidental, consequential or other damages shall be claimed or awarded.

Notwithstanding anything contained herein to the contrary, any claims, grievances or disputes against Declarant arising out of or relating to the design or construction of improvements on Alpine Mountain Ranch shall require notification to Declarant in writing and provide for a reasonable amount of time for Declarant to correct the defect before any Claim may be made.

**ARTICLE 20
GENERAL PROVISIONS**

Section 20.1 Restriction on Declarant Powers. Notwithstanding anything to the contrary herein, no rights or powers reserved to Declarant hereunder shall exceed the time limitations or permissible extent of such rights or powers as restricted under the Act. Any provision in this Declaration in conflict with the requirements of the Act shall not be deemed to invalidate such provision as a whole but shall be adjusted as is necessary to comply with the Act.

Section 20.2 Enforcement. Except as otherwise provided in this Declaration, the Executive Board or Declarant shall have the right to enforce, by a proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens, and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Executive Board of the Association or Declarant to enforce any covenant or restriction contained in this Declaration shall in no event be deemed a waiver of the right to do so thereafter. The prevailing party in any legal action arising under this Declaration shall be entitled to reimbursement of all costs of such action including, without limitation, reasonable attorneys' fees.

Section 20.3 Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

Section 20.4 Conflicts Between Documents. In case of conflict between this Declaration and the Articles and the Bylaws, this Declaration shall control. In case of conflict between the Articles and the Bylaws, the Articles shall control.

Section 20.5 Term. The covenants and restrictions of this Declaration shall run with and bind the land in perpetuity, subject to the provisions of this Declaration and the termination provisions of the Act.

Section 20.6 Exhibits. All the Exhibits attached to and described in this Declaration are incorporated in this Declaration by this reference.

Section 20.7 Captions. The captions to the Articles and Sections and the Table of Contents at the beginning of this Declaration are inserted only as a matter of convenience and for reference, and are in no way to be construed to define, limit or otherwise describe the scope of this Declaration or the intent of any provision of this Declaration.

Section 20.8 Nonwaiver. Failure by Declarant, the Association, or any Owner to enforce any covenant, condition, restriction, easement, reservation, right-of-way, or other provision contained in this Declaration shall in no way or event be deemed to be a waiver of the right to do so thereafter.

Section 20.9 Number and Gender. Unless the context provides or requires to the contrary, the use of the singular herein shall include the plural, the use of the plural shall include the singular and the use of any gender shall include all genders.

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ALPINE MOUNTAIN RANCH AT STEAMBOAT SPRINGS, LLLP,
a Colorado limited liability limited partnership

By: Steamboat Alpine Development, LLC,
a Colorado limited liability company, General Partner

By: 
Andrew P. Daly, Manager

STATE OF COLORADO)
)ss.
COUNTY OF ROUTT)

The foregoing instrument was acknowledged before me this 19th day of December 2006 by Andrew P. Daly as Manager of Steamboat Alpine Development, LLC, a Colorado limited liability company, General Partner of Alpine Mountain Ranch at Steamboat Springs, LLLP, a Colorado limited liability limited partnership.

Witness my hand and official seal.

Paula Hays
Notary Public
State Of Colorado

My Commission Expires 5/16/2007


Notary Public

JOINDER OF LIENOR

The undersigned, beneficiary under the Deed of Trust dated April 12, 2005, and recorded April 15, 2005, at Reception No. 617226 in the office of the Clerk and Recorder of the Routt County, Colorado, as amended and supplemented from time to time (the "Deed of Trust"), for itself and its successors and assigns, approves the foregoing Declaration of Covenants, Conditions, Restrictions and Easements for Alpine Mountain Ranch, affecting a portion of the Property encumbered by the Deed of Trust, and agrees that no foreclosure or other enforcement of any remedy pursuant to the Deed of Trust shall impair, invalidate, supersede or otherwise affect the covenants, conditions, restrictions and easements established by that Declaration.

U.S. Bank National Association

By May Beth Martin

Name: May Beth Martin

Title: Senior Vice President

STATE OF OHIO)
COUNTY OF HAMILTON) ss.

The foregoing instrument was acknowledged before me this 18th day of December 2006 by May Beth Martin as SVP of **U.S. Bank National Association**

WITNESS my hand and official seal.

My commission expires _____.

[SEAL]

Jeffery R. Rush
Notary Public

JEFFERY R. RUSH, Attorney at Law
Notary Public, State of Ohio
My Commission has no expiration date.
Section 147.03 R.C.



EXHIBIT A

PROPERTY DESCRIPTION

Lots. Lots 1-43, inclusive, Alpine Mountain Ranch Land Preservation Subdivision Exemption,
filed by Plat at Reception No. 650154, File No. 13686 .

EXHIBIT B
EXPANSION PROPERTY

Expansion Property. Remainder Parcel, Alpine Mountain Ranch Land Preservation Subdivision, as filed
by Plat at Reception No. 650154, File No. 13686.

EXHIBIT C

RECORDED EASEMENTS AND LICENSES

1. Rights or claims of parties in possession not shown by the public records.
2. Easements, or claims of easements, not shown by the public records.
3. Discrepancies, conflicts in boundary lines, shortage in area, encroachments and any facts which a correct survey and inspection of the premises would disclose and which are not shown by the public records.
4. Right of way for ditches or canals constructed by the authority of the United States as reserved to the United States by the Patents as follows:
May 14, 1920 in Book 77 at Page 505; June 13, 1905 in Book 28 at Page 345; June 29, 1917 in Book 77 at Page 320; August 14, 1922 in Book 124 at Page 207; September 2, 1932 in Book 160 at Page 215; August 23, 1911 in Book 64 at Page 395; February 5, 1907 in Book 49 at Page 191; March 30, 1901 in Book 27 at Page 509; February 6, 1940 in Book 160 at Page 483.
5. Right of the proprietor of a vein or lode to extract and remove his ore, should the same be found to penetrate or intersect subject property as reserved to the United States by Patents as follows:
February 5, 1907 in Book 49 at Page 191; February 15, 1892 in Book 6 at Page 465; March 30, 1901 in Book 27 at Page 509; June 13, 1905 in Book 28 at Page 345.
6. C.E. Laub Ditch and right of way therefor as disclosed by Ditch Plat Statement filed October 17, 1900, as Filing No. 561 and by Deed recorded September 20, 1898 in Book 2 at Page 196.
7. Priest Ditch and right of way therefor as disclosed by instrument filed December 4, 1889 at Filing No. 143 and by instrument filed February 19, 1892 as Filing No. 245, insofar as the same may affect subject property.
8. High Line Beaver Ditch and right of way therefor or as disclosed by instrument filed September 21, 1891 as Filing No. 232, and recorded in Book 73 at Page 287, insofar as the same affects subject property.
9. Right of way to construct, operate and maintain conduit, poles, wires and fixtures upon, over and across the property which Wilma Selbe owned or in which she had any interest on in the SW1/4NW1/4 of Section 3, Township 5 North, Range 84 West of the 6th P.M., as granted to the Mountain States Telephone and Telegraph Co. by instrument recorded December 19, 1931 in Book 174 at Page 378.
10. All interest or ownership in, all rights to gas, oil, coal and other minerals upon or beneath the surface of the NE1/4SE1/4NE1/4 of Section 33, Township 6 North, Range 84 West of the 6th P.M., as reserved to T.H. Wake and Martha M. Wake by deed recorded October 15, 1946 in Book 223 at Page 130, and any and all assignments thereof or interests therein.
11. All the coal, gas, oil and other minerals in, under and upon the S1/2SW1/4SN1/4 of Section 26, N1/2NW1/4 of Section 35, N1/2SE1/4NW1/4 of Section 35, Township 6 North, Range 84 West of the 6th P.M. and the right and privilege of mining, developing and removing the same by any means without any liability for any injury that may occur to the surface of said property or to any building or improvements erected thereon by reason of the mining, drilling, development and

removal of all of the said coal, gas, oil and other minerals or from any failure of vertical or lateral support as reserved to I.B. Sutton and William C. Proctor, aka William Colville Proctor, by deed to Helena C. Johnson, recorded August 6, 1959 in Book 291 at Page 410, and. any and all assignments thereof or interests therein.

12. Right of way to reach homestead improvements as reserved to Helen Chase Drea, fka Helana Chase Johnson by deed to Edward T. O'Boyle, Trustee recorded June 4, 1968 in Book 333 at Page 107.
13. Right(s) of way, including its terms and conditions, whether in fee or easement only, as granted to William D. Snare, Trustee, as described in instrument recorded December 11, 1968 at Reception No. in Book 335 at Page 83.
14. Easement and right of way, for a 20 foot wide road easement located in the SW1/4 of Section 2, and the NE1/4 of Section 3, Township 5 North, Range 84 West of the 6th P.M., together with the terms, agreements, provisions, conditions and obligations as granted to B.W. Burks by Alta I. Kemry by instrument recorded January 27, 1972 in Book 354 at Page 598, in which the specific location is more particularly described in said instrument.
15. Easement and right of way, for access purposes, granted to William Glenn Werner as executor of the Estate of William J. Werner, aka N.J. Werner by B.W. Burks and consented to an ratified by Eunice Dorr, et al by instrument recorded August 8, 1979 in Book 481 at Page 146, in which the specific location of the easement is not defined.
16. Easement and right of way, for telecommunications facilities, as granted to US West Communications, Inc., a Colorado Corporation by Alpine Land Associates, Ltd., a Colorado Limited Partnership, recorded October 12, 1994 in Book 701 at Page 2216, affecting the following described property: in which the specific location in more particularly described in said instrument.
17. Easement and right of way, whether in fee or easement only, for pedestrian and equestrian access, together with the terms, agreements, provisions, conditions and obligations as contained within said instrument, as granted to Priest Creek Ranch, LLC by Cottonwood Equities, et al, recorded October 10, 1996 in Book 725 at Page 908.
18. Terms, agreements, provisions, conditions and obligations as contained in Reciprocal Easement Agreement recorded October 10, 1996 in Book 725 at Page 909, and re-recorded May 23, 1997 in Book 733 at Page 293.
19. Terms, agreements, provisions, conditions and obligations as contained in Utility Easement Agreement by and between Priest Creek Ranch, LLC and Cottonwood Equities, et al recorded October 10, 1996 in Book 725 at Page 911.
20. Terms, agreements, provisions, conditions and obligations as contained in Pre-Annexation Agreement by and between Priest Creek Ranch, LLC and Cottonwood Equities, et al recorded October 10, 1996 in Book 725 at Page 916.
21. Terms, agreements, provisions, conditions and obligations as contained in Residential Lease recorded October 10, 1996 in Book 725 at Page 917.

22. The traverse and right of way of a road over and across portions of Section 34, T6N, R84W and Sections 2 and 3, T5N, R84W, of the 6th P.M., as disclosed by ALTA Survey prepared by D&D, Inc., Project No. 2152-13, dated March 30, 2001 and revised March 31, 2005.
23. Terms, agreements, provisions, conditions and obligations as contained in Cooperative Agreement for Damage Prevention Fencing recorded June 15, 2006 at Reception No. 639711.
24. All notes, easements and provisions as shown on the Plat of Alpine Mountain Ranch Land Preservation Subdivision Exemption, according to the plat thereof filed at File No. 13686.
25. Terms, agreements, provisions, conditions, obligations, (including common expenses, fees and costs under the Common Interest Ownership Act) easements and restrictions, if any, which do not contain a forfeiture or reverter clause, (deleting any restrictions indicating any preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin) as contained in Declaration of Covenants, Conditions, Restrictions and Easements recorded December 29, 2006 at Reception No. 650155.
26. Declaration of Driveway Easement (Private Drive and Utility Easement Area A) recorded December 29, 2006 at Reception No. 650156.
27. Declaration of Driveway Easement (Private Drive and Utility Easement Area B) recorded December 29, 2006 at Reception No. 650157.
28. Declaration of Driveway Easement (Private Drive and Utility Easement Area C) recorded December 29, 2006 at Reception No. 650158.
29. Declaration of Driveway Easement (Private Drive and Utility Easement Area D) recorded December 29, 2006 at Reception No. 650159.
30. Declaration of Driveway Easement (Private Drive and Utility Easement Area E) recorded December 29, 2006 at Reception No. 650160.
31. Declaration of Driveway Easement (Private Drive and Utility Easement Area F) recorded December 29, 2006 at Reception No. 650161.
32. Declaration of Driveway Easement (Private Drive and Utility Easement Area G) recorded December 29, 2006 at Reception No. 650162.
33. Declaration of Driveway Easement (Private Drive and Utility Easement Area H) recorded December 29, 2006 at Reception No. 650163.
34. Declaration of Driveway Easement (Private Drive and Utility Easement Area I) recorded December 29, 2006 at Reception No. 650164.
35. Declaration of Driveway Easement (Private Drive and Utility Easement Area J) recorded December 29, 2006 at Reception No. 650165.
36. Declaration of Driveway Easement (Private Drive and Utility Easement Area K) recorded December 29, 2006 at Reception No. 650166.
37. Deed of Dedication (AMR Roads) recorded December 29, 2006 at Reception No. 650169.

38. Alpine Mountain Ranch Land Preservation Subdivision Exemption Development Agreement.
recorded December 29, 2006 at Reception No. 650169.
39. Routt County Subdivision Agreement Alpine Mountain Ranch Land Preservation Subdivision
Exemption recorded December 29, 2006 at Reception No. 650170..
40. ~~Agreement Regarding Designation of Lots Eligible for Maintenance of a Secondary Dwelling
Unit Within the Alpine Mountain Ranch Land Preservation Subdivision Exemption recorded
December ____, 2006 at Reception No. _____.~~

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EXHIBIT D

USE LICENSE AND AGREEMENT TO CONVEY REMAINDER PARCEL

THIS USE LICENSE AND AGREEMENT TO CONVEY REMAINDER PARCEL ("Agreement") is made and entered into this ___ day of _____, 20__ by and between Alpine Mountain Ranch at Steamboat Springs, LLLP, a Colorado limited liability partnership ("Developer") and Alpine Mountain Ranch Association, a Colorado nonprofit corporation ("Association").

RECITALS

A. Developer is the owner of the real property subject to the Final Plat, Alpine Mountain Ranch Land Preservation Subdivision Exemption, recorded or to be recorded in the records of the Clerk and Recorder of Routt County, Colorado on December 29 2006, at Reception No. 650154 (the "Plat") and the Declaration of Covenants, Conditions, Restrictions and Easements for Alpine Mountain Ranch recorded or to be recorded on December 29, 2006, at Reception No. 650155 (the "Declaration").

B. Developer intends to create a residential planned community on the portion of the property dedicated for such use on the Plat ("Alpine Mountain Ranch") to be governed by the Association pursuant to Colorado Revised Statutes 38-33.3-101 et seq.

C. Developer has entered into a development agreement with Routt County, Colorado (the "County") dated December 19, 2006 which restricts the development or use of land within Alpine Mountain Ranch (the "Development Agreement").

D. Steamboat Alpine Development, LLC, an affiliate of the Developer, and the Colorado Division of Wildlife agreed to a wildlife mitigation plan on May 3, 2006 (the "Wildlife Mitigation Plan").

E. Developer is also the owner of certain real property including Contingent Lots (as defined below), Wildlife Preserve, Upland Preserve, Riparian and Hay Meadow Preserve, and all property shown on the Plat which is not a Lot or which is not subject to the Declaration (collectively, the "Remainder Parcel").

F. Developer may create additional lots on the Contingent Lots, which will become subject to the regulations of the County (the "County Regulations") as set forth in the Declaration.

G. The Alpine Mountain Ranch Metropolitan District, a Colorado quasi-municipal corporation (the "District") has been formed as of the date of this Agreement. Improvements within the Remainder Parcel may be conveyed to the District.

H. Developer desires to grant and Association desires to receive a license to use the Remainder Parcel; in addition, Developer desires to convey and Association desires to acquire in the future all portions of the Remainder Parcel not converted to Lots or conveyed to the District.

NOW, THEREFORE, in consideration of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. **Use License.**

a. **Grant of License.** Developer hereby grants to Association a revocable license (the "License") for the use of the Remainder Parcel subject to all of the conditions and responsibilities set forth in the Declaration, the Development Agreement, the Wildlife Mitigation Plan, any conservation easements, and the County Regulations.

b. Revocation and Modification of License. Developer shall have the right in its reasonable discretion to revoke or modify the License at any time for any reasonable cause subject to all of the conditions and responsibilities set forth in the Declaration, the Development Agreement, the Wildlife Mitigation Plan, any conservation easements, and the County Regulations.

c. Maintenance. The Association shall be responsible for (a) maintaining, repairing, improving and replacing fences along the boundary of the Remainder Parcel, not including any Lot(s) therein; (b) maintaining, improving and landscaping along (and in the median of) all roads located within the Remainder Parcel; (c) maintaining, managing and removing decadent shrubs, noxious weeds, or other vegetation within the Remainder Parcel, in accordance with the Wildlife Mitigation Plan; and (d) maintaining roads within the Remainder Parcel. The Association shall maintain the agricultural status and nature of the Remainder Parcel, including but not limited to maintaining the quality and productivity of hay meadows and providing for the production of hay thereon and maintaining the quality of grazing areas and leasing those areas for the grazing of livestock. The Association shall be responsible for all expenses associated with the maintenance of the Remainder Parcel and all such expenses shall be assessed and allocated pursuant to the Declaration. The Association may delegate any of these responsibilities to the District provided that the District accepts these responsibilities.

d. Release of Liability and Indemnity. To the fullest extent permitted by law, Association hereby unconditionally and forever relieves, releases and discharges Developer, its direct and indirect partners, and each of their respective officers, directors, shareholders, members, partners, agents and employees (collectively, the "Indemnitees") from any and all losses, liabilities, claims, demands, damages, suits, causes of action, judgments, costs and expenses whatsoever, whether known or unknown, that Association may now or at any time in the future have, whether from loss or damage to person or property or otherwise, arising from, on account of or in any way connected with Association's use of the Remainder Parcel or any activities of Association, its members, agents, contractors, employees, invitees or licensees in or about the Remainder Parcel, AND, IN EACH CASE, WHETHER OR NOT ARISING OR RESULTING IN ANY WAY FROM THE NEGLIGENCE OF ANY OF THE INDEMNITEES. To the fullest extent permitted by law, Association shall indemnify, defend and hold the Indemnitees harmless from and against any and all losses, liabilities, claims, demands, damages, suits, causes of action, judgments, costs and expenses (including, without limitation, attorneys' fees and disbursements and court costs) resulting from, on account of or in any way connected with any act or omission of Association, its agents, contractors, employees, invitees or licensees, and accident, injury or damage whatsoever occurring in or about the Remainder Parcel or any use of the Remainder Parcel by Association or anyone claiming under or through Association, AND, IN EACH CASE, WHETHER OR NOT ARISING OR RESULTING IN ANY WAY FROM THE NEGLIGENCE OF THE INDEMNITEES. This release of liability and indemnification shall be governed by the laws of the State of Colorado and shall be binding upon heirs, legal representatives and successors of Association and shall inure to the benefit of the heirs, legal representatives and assigns of the Indemnitees. The provisions of this paragraph will survive the termination of this Agreement or revocation of the License.

e. Insurance. Association shall include the Remainder Parcel under all insurance policies that cover the Common Area, as that term is defined in the Declaration and said policies shall name Developer as an additional insured.

2. Conveyance of Remainder Parcel

a. Conditions of Conveyance. Developer shall have the absolute right to convert all or some of the Contingent Lots to Lots at any time and from time to time up to and including December 31, 2016 subject to the County Regulations. On January 2, 2017 Developer shall convey to the Association the Remainder Parcel, except for Contingent Lots which have been converted to Lots and any

improvements conveyed to the District. The Association shall be obligated to accept unconditionally such conveyance.

b. Early Conveyance. Developer may convey all or any portion of the Remainder Parcel to the Association at any time prior to January 2, 2017, and the Association shall be obligated to accept unconditionally such conveyance.

3. General Provisions

a. Remedies. The parties expressly agree that in the event of the breach or threatened breach of this Agreement, in addition to the right to damages and all other rights and/or remedies which Developer may have, at law, in equity, or otherwise, Developer will be entitled to injunctive or other equitable relief compelling specific performance of, and compliance with this License Agreement. No remedy referred to in this Agreement is intended to be exclusive, but each will be cumulative and in addition to any other remedy referred to herein or otherwise available at law, in equity or otherwise. At its election, Developer may exercise at any time all or any combination of its remedies successively or concurrently.

b. Attorneys' Fees The prevailing party in any litigated or arbitrated dispute arising out of this Agreement will be entitled to recover its reasonable attorneys' fees and costs.

ALPINE MOUNTAIN RANCH AT STEAMBOAT SPRINGS, LLLP,
a Colorado limited liability limited partnership

By: Steamboat Alpine Development, LLC,
a Colorado limited liability company

Its: General Partner

By: _____

Name: _____

Title: Manager

ALPINE MOUNTAIN RANCH ASSOCIATION,
a Colorado nonprofit corporation

By: _____

Name: _____

Its: _____

STATE OF COLORADO)
)ss.
COUNTY OF ROUTT)

The foregoing instrument was acknowledged before me this ____ day of _____, 200__, by _____ as Manager of Steamboat Alpine Development, LLC, a Colorado limited liability company, General Partner of Alpine Mountain Ranch at Steamboat Springs, LLLP, a Colorado limited liability limited partnership.

Witness my hand and official seal.

My commission expires: _____

Notary Public

STATE OF COLORADO)
)ss.
COUNTY OF ROUTT)

The foregoing instrument was acknowledged before me this ____ day of _____, 2006, by _____ as _____ of Alpine Mountain Ranch Association, a Colorado nonprofit corporation.

Witness my hand and official seal.

My commission expires: _____

Notary Public