

DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
OF
PARKWOOD ESTATES

THIS DECLARATION Made on the date hereinafter set forth by UTAH-WYOMING CONSOLIDATED OIL COMPANY, a Utah corporation, hereinafter referred to as "Declarant";

WITNESSETH:

WHEREAS, Declarant is now the owner of certain lands in Mesa County, State of Colorado, more particularly described in Exhibit "A" attached hereto and by reference incorporated herein.

NOW, THEREFORE, Declarant hereby declares that all of the real property described above and any additional lands hereafter annexed and placed under this Declaration, as provided in Article III hereof, shall be held, sold and conveyed subject to the following easements, servitudes, restrictions, liens, covenants and conditions, which are established, declared and adopted for the purpose of promoting the social welfare, common good and general welfare of the people of the community, protecting the value and desirability and enhancing the safety and habitability of the said real property and to bring about civic betterments and social improvements, to run with the said lands and be binding upon all parties having any right, title or interest in and to the described real property or any part thereof, their heirs, personal representatives, successors and assigns, and to inure to the benefit of each owner thereof.

ARTICLE I

Definitions

Section 1. "Association" shall mean and refer to Parkwood Estates Homeowners Association, Inc., a Colorado nonprofit corporation, and its successors and assigns. "Board of Directors" or "Board" shall mean and refer to the duly elected and qualified members of the Board of Directors of the Association acting in an official capacity.

Section 2. "Owner" shall mean and refer to the record title holder, whether one (1) or more persons or entities, of a fee simple interest in any lot which is a part of the Properties: provided, however, that upon entering into a purchase contract or option, such purchaser and not the record title holder shall be deemed to be the owner for all purposes herein. The term "owner" shall also include Declarant and its successors and assigns with respects to all lots held in the name of Declarant and which Declarant has not agreed to sell under contract or option. The term "owner" shall not include any mortgagee, unless such mortgagee has acquired title pursuant to foreclosure or any proceeding in lieu of foreclosure.

Section 3. "Properties" shall mean and refer to that certain real property hereinabove described and such additions thereto as may hereafter be bought under this Declaration.

Section 4. "Common facilities" shall mean and refer to fifty-seven (57) shares of Grand Valley Irrigation Water Stock [one (1) share per acre] to be released as follows: five (5) share initially, five (5) shares per every five (5) acres sold by the Declarant thereafter up through fifty-seven (57) shares: together with the lands set forth in Exhibit "C" attached hereto and by reference incorporated herein, which is included within the Properties, together with any and all real and personal property hereafter owned or controlled by the Association for the common use and benefit of the owners and the community, together with all improvements thereon, if any, and any easements, fixtures or appurtenances used therewith or attached thereto, subject to rights of way, easements, liens, encumbrances, reservations and restrictions of record, if any. Every owner, and the successors and assigns thereof, shall be deemed to have consented to the use and control of property owned by the Association for the benefit and enjoyment of all owners in accordance with the provisions of this declaration and the Bylaws and rules and regulations of the Association.

Section 5. "Lot" shall mean and refer to each numbered lot of the Properties, as shown on the recorded Plat, and more particularly described in Exhibit "A", and any lots that may hereafter be added to the Properties.

Section 6. "Mortgagee" shall mean and refer to any mortgage, deed of trust, or other security instrument by which a lot and any improvements thereon is encumbered.

Section 7. "Mortgagee" shall mean and refer to any person named as the mortgagee or beneficiary under any mortgage under which the interest of any owner is encumbered.

ARTICLE II

Property Rights

Section 1. Owner's Rights. Every owner shall have a right to use and to benefit from the common facilities. Such right shall be appurtenant to and shall pass with the title to every lot, subject to the following provisions:

a) The right of the Association to charge reasonable fees and assessments to each owner for the use and enjoyment of the common facilities, for the acquisition, maintenance, repair, replacement, upkeep, operation, and improvement thereof and to establish reasonable reserves for depreciation and contingencies;

b) The right of the Association to adopt rules and regulations governing such use and enjoyment, and to suspend the voting rights and right to use and to benefit from the common facilities by an owner for any period during which any assessment against his Lot remains unpaid, and for a period of time as determined by the Association for any infraction of its published rules and regulations;

c) The right of the Association to dedicate, transfer or lease all or any part of the common facilities to any public agency, municipal or quasi-municipal authority, or public or private utility for such purposes and subject to such conditions as may be agreed to by the members;

d) The right of the Association to borrow money for the purpose of improving the common facilities and in aid thereof to mortgage said common facilities; and to take such steps as may be reasonably necessary to protect the common facilities from foreclosure; and

e) The right of the Association to close or limit the use of the common facilities while maintaining or making replacements therein or thereto.

Section 2. Delegation of Use. Any owner may delegate his right of use and benefit from the common facilities to the members of his family, his tenants or guests who occupy his Lot, subject to the limitations set forth in Article VII (4)(s).

Section 3. Personal Property. The Association may acquire and hold for the use and benefit of all members of the Association tangible and intangible personal property and may dispose of the same by sale or otherwise; and the beneficial interest therein shall not be transferable except that the transfer of a Lot shall transfer to the transferee all of the transferor's

beneficial interest in such personal property without any reference thereto or execution of a bill of sale. Each owner may use such personal property in accordance with the purposes for which it is intended, without hindering or encroaching upon the lawful rights of the other owners, subject to the provisions hereof and the Bylaws, rules and regulations of the Association. Sale of a Lot under foreclosure or execution shall entitle the purchaser thereof to the beneficial interest in the personal property associated with the Lot and to membership in the Association.

ARTICLE III

Membership and Voting Rights

Section 1. 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 said Lot. When more than one person holds a beneficial interest in any Lot as joint tenant, tenant in common, partner, shareholder or otherwise, all such persons shall be members, but the vote or votes attributable to such Lot shall be permitted. All matters shall be decided by majority vote, except as otherwise expressly provided herein or in the Bylaws of the Association. The Bylaws of the Association shall govern procedures and requirements for notice of meetings, number and terms of directors, quorums, voting and other matters of internal regulation. The Association shall adopt rules and regulations in the manner and to the extent authorized by its Bylaws.

Section 2. The Association shall have two (2) classes of voting memberships:

Class A. Class A members shall be all owners with the exception of Declarant. Each Class A membership shall be entitled to one (1) vote for each Lot owned on every matter to come before the membership.

Class B. Class B members shall be Declarant and any grantee from Declarant who acquired two (2) or more Lots for resale. Class B members shall be entitled to four (4) votes for each Lot owned on all matters submitted to a vote of Class A members. Class B membership shall cease and automatically be converted into Class A membership on the happening of either of the following events, whichever occurs first:

- a) When the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership; or
- b) On December 31, 1985.

ARTICLE IV

Covenants for Assessments

Section 1. Creation of the Lien and Personal Obligation for Assessments.

The Declarant, for each Lot within the Properties, all of which are owned by the Declarant on the date of recording of this declaration, hereby covenants, and each subsequent owner of any Lot, except only the Association, by acceptance of a contract or deed thereof, whether or not it shall be so expressed in such contract or deed, is deemed to covenant that each of said Lots, except such Lots, or interest therein, as owned by the Association, shall be and hereby is made subject to uniform assessments per Lot for the use and benefit of the Association and its members, and the Declarant and each subsequent owner do hereby covenant and agree, subject to the terms and conditions of this declaration, to pay to the Association (a) annual assessments for Class A or B memberships, as applicable; and (b) special assessments for capital improvements. Such assessments shall become and constitute a lien on each Lot as of January 1 following the date such assessment is established, as to annual assessments, or as of the first day of the first month following the date such assessment is established, as to special assessments. The annual and special assessments, together with interest and costs of collection, including reasonable attorney's fees, shall also be the personal obligation of each owner of a Lot at the time the assessment became a lien. The personal obligation for delinquent assessments shall not pass to an owner's successors in title unless expressly assured by them.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used for the purposes set forth in the preamble, including but not limited to promotion of the health, safety and welfare of the residents in the Properties and the general community, for the improvements and maintenance of the common facilities, as the Board of Directors of the Association shall decide from time to time.

Section 3. Annual Assessments. Until December 31, 1980, the annual Class A assessment for all Class A members and their Lots shall be established by the Board of Directors of the Association at the initial meeting thereof.

a) On and after January 1, 1981, the annual Class A assessment may be increased or decreased each year by said Board of Directors, but shall not be increased more than fifteen (15) percent above the assessment for the previous year except upon approval of such action by majority vote of the entire membership of the Association.

b) If the Board shall fail to establish an annual Class A assessment for any year commencing on or after January 1, 1981, the annual assessment for such year shall remain the same as for the year immediately preceding; except that, upon approval by majority vote of the entire membership of the Association, such assessment may be increased or decreased as of the first day of any month.

c) The annual assessment for Lots of Class B members shall be the same as the annual assessment for Lots of Class A members as to any Lot that is occupied as of the assessment date but shall be twenty (20) percent of the Class A annual assessment for unoccupied Lots.

Section 4. Special Assessments. A special assessment for capital improvements shall be made only upon resolution of the Association's Board of Directors followed by the approval of two thirds (2/3) of the entire membership of the Association.

Section 5. Payment. The annual assessments provided for herein, whether Class A or Class B, shall be due at the beginning of each twelve month period commencing January 1 of each year (or commencing on the date of the initial meeting of the Board of Directors of the Association as to 1980). Annual assessments may be paid and collected in monthly installments pursuant to a plan adopted by the Board of Directors of the Association. Special assessments shall be due on the date they become a lien and shall be paid and collected in such installments with such dates of delinquency as may be provided in the resolution establishing same. The annual assessment against each Lot shall be made by resolution of the Board of Directors at least thirty (30) days in advance of each January 1; provided, however, that the annual assessment for the Association's first fiscal year, ending December 31, 1980, shall be made on the date of the initial meeting of the Board of Directors. Written notice of all annual and special assessments shall be furnished to every owner. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid, and such certificate shall be binding upon the Association with respect to any purchaser or encumbrancer relying thereon.

Section 6. Effect of Nonpayment of Assessments. Any assessment or monthly installment thereof not paid on or before thirty (30) days from the due date shall be delinquent and shall bear interest thereafter at the rate of ten (10) percent per annum until paid. The Association may bring an action to collect all delinquent assessments against the owner personally obligated to pay the same, or foreclose the assessment lien against such owner's Lot. No owner may waive or otherwise escape liability for the assessments

provided for herein by nonuse of the common facilities or abandonment of his Lot. In addition to any other remedies herein or by law provided, the lien herein established may be foreclosed by an action in the court having jurisdiction over the Properties in the manner of foreclosure of common law mortgages, pursuant to the law and statutes of the State of Colorado, and subject to all the rights and duties therein provided, including redemption.

Section 7. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage. Sale or transfer of any Lot shall not release any such assessment lien, the sale or transfer of any Lot pursuant to mortgage foreclosure or delivery of a deed in lieu thereof shall extinguish the lien of such assessments as to payments thereon which became delinquent prior to such foreclosure or transfer but shall not relieve such Lot from the lien of any assessments or payments thereafter established or due. As used in this Section, the term "mortgage" shall mean and include only a bona fide purchase money mortgage, purchase money deed of trust or a contract for deed and the vendor's lien thereunder but shall not include nonpurchase money mortgages, deeds of trust or involuntary liens, such as mechanic's liens and judgement liens. Nothing herein shall be deemed to release any owner from his personal obligation, as described in Section 1 of this Article IV above, to pay all assessments made hereunder.

ARTICLE V

Irrigation Water Rights

Section 1. Owner's Rights. Every owner shall have a right to use and to benefit from any and all irrigation water, water rights, ditches and ditch rights appurtenant to the Properties.

Section 2. Charge for Use of Water. A common charge shall be assessed against the owners pro rata for use of the irrigation water.

ARTICLE VI

Annexation of Additional Properties

Section 1. Authorization. Declarant shall have the absolute right, but not the obligation, to be exercised prior to the 31st day of December, 1985, to annex to the Properties described herein and thereby to submit to all of the provision of this Declaration any portion or all of the property described in Exhibit "B" attached hereto and by reference incorporated herein.

Section 2. Method of Annexation. Any such annexation shall be accompanied by the recordation with the Clerk and Recorder's Office of Mesa County, Colorado, of an amendment to this declaration, which shall extend the scheme of these covenants to such additional property. Said amended declarations may contain such additions to the covenants contained in this declaration as may be necessary to reflect the different character, if any, of the added Properties, provided such are not inconsistent with the scheme of this declaration. Specifically, said annexed properties may include a defined area where permanent occupants are limited to individuals who have attained a certain age.

ARTICLE VII

General Responsibilities and Restrictions.

Section 1. Common Facilities. The Association is herewith charged with the direct and continuing responsibility for maintenance, repair, replacement, operation, protection, extension and improvement of the common facilities.

Section 2. Architectural Control. No building, fence, wall or other structure shall be commenced, erected or maintained upon the Properties nor shall any exterior addition, change, decoration or alteration therein or thereto be made until the plans and specifications showing the nature, kind, shape, height, materials and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of the Association or by an architectural committee composed of three (3) or more owners appointed by the Board. In the event said Board fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with. In addition, the necessary building permits shall be obtained from the requisite governmental authorities prior to the construction of any improvements.

Section 3. Declarant's Use. Notwithstanding any provisions herein contained to the contrary, it shall be expressly permissible for Declarant, its successors and assigns, or any agent, contractor, subcontractor or employee of the Declarant to maintain during the period of construction and sale upon such portion of the Properties as Declarant deems necessary such facilities as in the sole opinion of Declarant may be reasonably required, convenient or incidental to said construction and sale, including, but without limitation, a business office, storage area, construction yards, signs, model units and sales office.

Section 4. Use Restrictions.

a) Use of sites is restricted to high quality, single family residences including detached dwellings [mobile home residences at least fourteen (14) feet wide], subject to the terms and provisions hereof relating to architectural control. No store, office or other place of business of any kind and no hospital, sanitarium, or other place for the care or treatment of the sick or disabled, physically or mentally, nor any theater, saloon or other place of entertainment, nor any church, club, fraternal association or other association normally or regularly involving the gathering of people in groups larger than the family will be erected or permitted upon the sites, and no business of any kind or character whatever shall be conducted thereon or in or from any building thereon.

b) Maintenance, upkeep and repairs of any residence or other improvement on each lot shall be the sole responsibility of the individual owner thereof. All landscaping, steps, porches and skirting shall be aesthetically pleasing and reasonably consistent with the landscaping of the surrounding lot owners. Weather permitting, all lots shall be reasonably landscaped within six (6) months after the residence is constructed on the lot. All steps, porches and skirting shall be completed, including the appropriate painting, as soon as practicably possible.

c) All utilities, fixtures and equipment installed within the perimeter of any lot, commencing at a point where the utility lines, pipes, wires, conduits or systems enter the perimeter lot line, shall be maintained and kept in repair by the owner thereof. An owner shall do no act nor any work that will impair any easement or hereditament nor any act nor allow any condition to exist which will adversely affect the other residences or their owners.

d) Refuse piles or other unsightly objects or materials shall not be allowed to be placed or to remain upon the Properties. All receptacles or other equipment for the storage or disposal of refuse materials shall be kept in a clean and sanitary condition.

e) No commercial type vehicles, unlicensed vehicles, trucks, or vehicles without valid safety inspection stickers shall be parked on the Properties except while engaged in transport. For the purposes of this covenant, a 3/4 ton or smaller vehicle, commonly known as a pickup truck, shall not be deemed to be a commercial vehicle or truck. All recreational vehicles including but not limited to campers, boats, snowmobiles and motor homes shall not be parked, except while engaged in transport, on or about the front one half (1/2) of any lot.

f) No lot or easement shall be used or maintained as a dumping ground for rubbish. Trash, garbage or other waste shall be disposed of in a sanitary manner.

g) No lot owner shall be allowed to park in the area between the front of their home and the street more vehicles than there are licensed drivers living at said lot, but not to exceed four (4) vehicles, except while engaged in transport. All parking spaces shall have an asphalt-based or concrete surface. ~~No overnight parking in the street of any vehicles, of any type, shall be allowed.~~

h) There will be only one (1) dwelling per site to be used by one (1) family only.

i) The following restrictions regarding dwelling locations shall apply: (1) No dwelling shall be nearer than ten (10) feet of the front property line; (2) No dwelling shall be nearer than ten (10) feet of the rear property line; and (3) No dwelling shall be nearer than five (5) feet from each side property line.

j) All residences shall be immediately skirted with either metal, masonry or wood materials and shall complement the exterior siding of the dwelling. All skirting shall be kept in good repair.

k) No elevated tanks of any kind (oil, gas, water, et cetera) shall be constructed on any lot.

l) Clotheslines, equipment, garbage cans, service yards or storage areas shall be adequately screened by planting or construction. No structure shall be erected, altered, placed or permitted on the site which extends fifteen (15) feet in height from the highest finished grade line immediately adjoining the foundation or structure.

m) ~~No~~ obnoxious, offensive or other activity which would constitute a public or private nuisance or annoyance to the neighborhood will be permitted.

n) Dangerous or wild animals, livestock or poultry will not be kept on any lot by any owner. Household pets will be permitted so long as they remain in control of the owner.

o) No firearms, fireworks, explosives, air rifles, BB guns, crossbows or similar devices shall be discharged.

p) No advertising signs, billboards or unsightly objects shall be maintained or erected. "For Sale" signs may be posted if no larger than those allowed by the then existing Mesa County Zoning Resolution.

q) Nothing herein contained shall prohibit a lot owner from constructing a private garage on any lot. Said garage may be constructed for not more than three (3) cars. The above restrictions set forth in subparagraph (i) above shall apply to the construction of any garage.

r) Protective screening areas have been established by Declarant including but not limited to a five foot strip of land on the residential lots along the property lines of D 1/2 Road and the West five feet of Lots 1 through 12 inclusive in Block 1, Filing No. 1, and Lot 13 in Block 1 and Lots 1 through 65 inclusive in Block 3, Filing No. 2, of said subdivision (arterial streets, other streets having adverse influences, business areas, et cetera). Except as otherwise provided herein, all shrubs, plants, fences or walls constructed or planted by Declarant in any protective screening area shall be maintained throughout the entire length of such areas by the owner or owners of the lots at their own expense to form an effective screen for the protection of the residential area. No building or structure except a screen fence or wall or utilities or drainage facilities shall be placed or permitted to remain in such screened areas or in any other easement. No vehicular access over the area shall be permitted except for the purpose of installation and maintenance of screening, utilities and drainage facilities. Upon the fencing of any lot by an owner, the fence shall be placed in such a manner so that all water meters shall be between the fence and the street, allowing open access to the meter.

s) The occupants of Lots 10 through 13, inclusive, of Block 1, Lots 49 through 72, inclusive, of Block 2 and Lot 1 in Block 3 shall at all times be a single and/or a resident head of a family who shall not be less than fifty (50) years of age and his or her spouse; and any resident children occupying said lots shall not be below the age of twenty one (21). Nothing herein contained shall be construed to preclude guests of occupants under fifty (50) years of age to visit on a temporary basis. Declarant reserves the right, but is not obligated, to restrict by age limitation other lots owned by Declarant which are presently restricted by these declarations and any other annexed properties pursuant to Article VI herein.

t) All lots are subject to and bound by Public Service Company which are now and may in future be filed with the Public Utilities Commission of the State of Colorado relating to street lighting in this subdivision, together with rates, rules and regulations therein provided and subject to all future amendments and changes thereto. The owner or owners shall pay as billed

a portion of the cost of public street lighting in the subdivision according to Public Service Company rates, rules and regulations, including future amendments and changes on file with the Public Utilities Commission of the State of Colorado.

u) In the event any homeowner maintains and keeps his yard in a condition which violates any of the use restrictions hereinabove set forth, the Board of Directors of the Association shall have the power to contract with an independent third party to remedy the use violation. Said right to remedy shall arise after seven (7) days written notice of the nature of the violation is given to the owner of the lot, and the owner has failed to remedy the violation within said seven (7) day period. The cost of correcting the violation shall be paid as though it were a special assessment and is enforceable by the Association against the owner of the lot in violation, as provided in Article IV herein. This remedy shall be in addition to other remedies provided herein for enforcement of the provisions of these violations.

Section 5. Easements. Each lot shall be subject to an easement for encroachments created by construction, settling and overhangs, and for utilities and utility services, as designed or constructed by the Declarant, and for the maintenance of same.

Section 6. Enforcement of Covenants. Each owner and all occupants of any lot shall comply with the provisions of the declaration. Failure to comply with any of the same shall be grounds for an action to recover sums due for damages or injunctive relief, or both, and for reimbursement of all attorney's fees incurred in connection therewith, which action shall be maintainable by any aggrieved owner of any lot.

ARTICLE VIII

Insurance and Indemnification

Section 1. Insurance. The Association shall maintain at all times insurance policies for such coverages and in such amounts as the Board of Directors deems necessary.

Section 2. Indemnification. Each officer and director of the Association shall be indemnified by the Association against all expenses and liabilities, including attorney's fees, reasonably incurred by or imposed upon him in any proceeding to which he may be a party, or in which he may become involved by reason of his being or having been an officer or director of the Association, or any settlement thereof, whether or not he is an officer or

director of the Association at the time such expenses are incurred, except in such cases wherein such officer or director is adjudged guilty of willful malfeasance in the performance of his duties.

ARTICLE IX

General Provisions

Section 1. Enforcement. Any owner shall have the right to enforce by any proceeding at law or in equity, all restrictions, conditions, covenants, servitudes, reservations or charges now or hereafter imposed by the provisions of this declaration. Failure by any owner to enforce any provision herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2. Severability. Invalidation of any one (1) or more of these covenants or restrictions by judgement or court order shall in no wise affect any other provisions which shall remain in full force and effect.

Section 3. Amendment. Except as hereinafter provided, the covenants, conditions and restrictions in this declaration shall run with the land and be binding upon all owners from the date this declaration is recorded for a period of twenty (20) years; provided, however, that the owners of two thirds (2/3) of the lots in the Properties subject hereto (including Properties hereafter annexed, if any) may amend, modify or terminate any portion of this declaration by executing and acknowledging an appropriate amendment in writing for such purpose and recording same in the Office of the County Clerk and Recorder of Mesa County, Colorado. Any amendment of Article VII (4)(s) shall also require the agreements of two thirds (2/3) of the lot owners of the lots subject to the age limitation.

Section 4. Registration by Owner of Mailing Address. Each owner shall register his mailing address with the Association, and all notices, statements or demands intended to be served upon an owner shall be deemed delivered when deposited in the United States mail, postage prepaid, addressed in the name of the owner to such registered mailing address.

Section 5. Inure to Benefit. These declarations shall run with the land and bind all property owners and other persons or entities having any right, title or interest in and to the described real property, their heirs, personal representatives, successors and assigns, and to inure to the benefit of each owner thereof.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has hereunto set its hand and seal this 8th day of September, 1980.

* * *

William Ruggeri, President of Utah-Wyoming Consolidated Oil Company, a Utah corporation.

Jack D. Payne, Assistant Secretary of Utah-Wyoming Consolidated Oil Company, a Utah corporation.

* * *

The enclosed pages are copies from Book 1275, Pages 624 through 636, filed on September 16, 1980, in Mesa County, Colorado.

Exhibits "A" through "C" are to be found in Book 1275, Pages 637 through 640

Revision 11/20/86

1. All parking spaces shall have an asphalt or gravel base or concrete surface sufficient to prevent mud and vegetative growth.
2. No lot owner shall park more vehicles than there is off street parking spaces available and all vehicles regularly parked must be properly licensed (except while engaged in transport).
3. All recreational vehicles must be parked, except while engaged in transport, within the property lines of the lot. (Property lines are 10' from the flow line of the curb!)

AMENDED AND RESTATED DECLARATION
OF COVENANTS, CONDITIONS AND RESTRICTIONS
OF PARKWOOD ESTATES, FILING NO. THREE

This Amended and Restated Declaration of Covenants, Conditions and Restrictions of Parkwood Estates, Filing No. Three (the "Amendment"), is made this 19 day of October, 1982, by PARKWOOD ASSOCIATES, a Colorado general partnership, the Declarant of Parkwood Estates, Filing No. Three.

RECITALS

Declarant is the owner of certain property located in the NW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 16, Township 1 South, Range 1 East of the Ute Meridian, County of Mesa, State of Colorado, said parcel being more particularly described as follows:

BEGINNING at the Northeast Corner of the NW $\frac{1}{4}$ SE $\frac{1}{4}$ of said Section 16; THENCE South 00°00'28" West along the east line of the NW $\frac{1}{4}$ SE $\frac{1}{4}$ of said Section 16 a distance of 1,319.38 feet; THENCE South 89°52'59" West 330.00 feet; THENCE North 89°59'13" West 105.00 feet; THENCE North 89°58'54" West 50.00 feet; THENCE North 89°58'35" West 100.57 feet; THENCE North 00°01'25" East 655.00 feet; THENCE North 36°13'14" East 107.99 feet; THENCE North 24°17'06" East 50.25 feet; THENCE North 29°59'44" East 215.00 feet; THENCE North 18°33'42" East 47.68 feet; THENCE North 00°01'25" East 299.98 feet to a point on the north line of the NW $\frac{1}{4}$ SE $\frac{1}{4}$ of said Section 16; THENCE North 89°54'00" East along said north line of the NW $\frac{1}{4}$ SE $\frac{1}{4}$ of said Section 16 a distance of 378.21 feet to the POINT OF BEGINNING.

AND

COMMENCING at the Northeast Corner of the NW $\frac{1}{4}$ SE $\frac{1}{4}$ of said Section 16; THENCE South 89°54'00" West along the north line of the NW $\frac{1}{4}$ SE $\frac{1}{4}$ of said Section 16 a distance of 378.21 feet to the TRUE POINT OF BEGINNING; THENCE South 00°01'25" West 299.98 feet; THENCE South 18°33'42" West 47.68 feet; THENCE South 29°59'44" West 215.00 feet; THENCE South 24°17'06" West 50.25 feet; THENCE South 36°13'14" West 107.00 feet;

THENCE South 00°01'25" West 670.00 feet;
THENCE North 89°58'35" West 155.00 feet;
THENCE South 00°01'25" West 22.16 feet;
THENCE North 89°58'35" West 110.00 feet;
THENCE North 00°01'25" East 1,355.55 feet;
THENCE North 89°54'00" East 41.99 feet;
THENCE South 00°01'25" West 191.64 feet;
THENCE North 89°54'00" East 165.00 feet;
THENCE North 00°01'25" East 191.69 feet to a
point on the north line of the NW $\frac{1}{4}$ SE $\frac{1}{4}$ of
said Section 16; THENCE North 89°54'00" East
along said north line of the NW $\frac{1}{4}$ SE $\frac{1}{4}$ of said
Section 16 a distance of 265.01 feet to the
TRUE POINT OF BEGINNING,

EXCEPT commencing at the Northwest Corner of
the SE $\frac{1}{4}$ of said Section 16; THENCE North
89°54'00" East along the north line of the
NW $\frac{1}{4}$ SE $\frac{1}{4}$ of said Section 16 a distance of
470.00 feet; THENCE South 00°01'25" West
30.00 feet to the TRUE POINT OF BEGINNING;
THENCE North 89°54'00" East 41.99 feet;
THENCE South 00°01'25" West 161.69 feet;
THENCE South 89°54'00" West 41.99 feet;
THENCE North 00°01'25" East 161.69 feet to
the TRUE POINT OF BEGINNING,

TOGETHER with all water and water rights,
ditches and ditch rights appurtenant thereto.

Declarant is the developer of the planned unit development known as Parkwood Estates, Filing No. Three (the "Properties"), having filed the Declaration of Covenants, Conditions and Restrictions of Parkwood Estates, Filing No. Three (the "Declaration") on December 23, 1981, in Book 1349 at Page 314, as Reception No. 1278295, in the Mesa County, Colorado, records. Declarant desires to amend certain provisions and restate the unamended provisions of the Declaration as more particularly provided herein. The Declarant has not sold any Lots (as defined herein), and is the owner of all of the Lots of the Properties.

Declarant hereby declares that all of the real property described above and any additional lands hereafter annexed and made subject to this Amendment, shall be held, sold and conveyed subject to the following easements, servitudes, restrictions, liens, covenants and conditions, which are established, declared and adopted for the purpose of promoting the social welfare, common good and general welfare of the Owners (as defined herein) of Lots, protecting the value and desirability and enhancing the safety and habitability of such real property and to bring about civic betterments and social improvements. Such easements,

servitudes, restrictions, liens, covenants, and conditions shall run with such real property and be binding upon all parties having any right, title or interest in and to such real property, or any part thereof, their heirs, personal representatives, successors and assigns, and to inure to the benefit of each owner thereof. This Amendment supersedes in all respects the Declaration of Covenants, Conditions and Restrictions filed as Reception No. 1278295, and this Amendment shall govern and control the ownership and use of the Properties.

Now, therefore, in accordance with the terms of the Declaration, the Declarant hereby amends and restates the Declaration as follows:

ARTICLE I

DEFINITIONS

Section 1. "Association" shall mean and refer to Parkwood Estates Filing No. Three Homeowners Association, Inc., a Colorado nonprofit corporation, and its successors and assigns. "Board of Directors" or "Board" shall mean and refer to the duly elected and qualified members of the Board of Directors of the Association acting in an official capacity.

Section 2. "Owner(s)" shall mean and refer to the record title holder, whether one (1) or more persons or entities, of a fee simple interest in any Lot which is part of the Properties; provided, however, if a Lot is sold by an installment land contract pursuant to which the purchaser of the Lot is granted possession of the Lot but title to the Lot is retained by the seller thereof until the purchaser has paid the purchase price in full, such purchaser and not the record title holder of such Lot shall be deemed to be the Owner for all purposes herein. The term "Owner" shall also include Declarant and its successors and assigns with respect to all Lots held in the name of Declarant. The term "Owner" shall not include any Mortgagee (as defined herein), unless such Mortgagee has acquired title to a Lot pursuant to foreclosure or any proceeding in lieu of foreclosure.

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

Section 4. "Common Facilities" shall mean and refer to any and all real and personal property hereinafter owned or controlled by the Association for the common use and benefit of the Owners, together with all improvements thereon, if any, and any easements, fixtures or appurtenances used therewith or attached thereto, subject to rights-of-way, easements, liens, reservations

and restrictions of record, and including, without limiting the generality of the foregoing, the following: (i) the real property identified on the Plat (as defined herein) as "Private Open Space," which real property shall be conveyed to the Association by the Declarant. The "Private Open Space" which shall be owned by the Association at the time of the conveyance of the first lot is described as follows: Lot 102, Block 2, Parkwood Estates Filing #3, 1.09 acres, Mesa County, Colorado; and (ii) 25 shares of Grand Valley Irrigation Water Stock owned by Declarant, which shares shall be transferred to the Association for use by the Owners for irrigation of their Lots and the Common Facilities, generally in accordance with the following schedule: 5 shares upon establishment of the Association, and 5 shares for every 5 acres of the Properties sold by the Declarant, unless the Declarant determines in its reasonable discretion that an alternative schedule is in the best interest of the Declarant and the Association. Every Owner, and the successors and assigns thereof, shall be deemed to have consented to the use and control of the property owned by the Association for the benefit and enjoyment of all Owners in accordance with the provisions of this Amendment, and the Articles and ByLaws of the Association, and any rules and regulations adopted by the Association.

Section 5. "Lot" shall mean and refer to each numbered lot of the Properties, as shown on the plat recorded in Plat Book 12, at Pages 468 and 469 (the "Plat"), with the exception of the Common facilities and any lots that may hereafter be added to the Properties.

Section 6. "Mortgage" shall mean and refer to any mortgage, deed of trust, or other security instrument by which a Lot and any improvements thereon is encumbered.

Section 7. "Mortgagee" shall mean and refer to any person named as the mortgagee or beneficiary of any Mortgage pursuant to which the interest of an Owner is encumbered.

ARTICLE II

PROPERTY RIGHTS

Section 1. Owners' Rights. Every Owner shall have a right to use and to benefit from the Common Facilities. Such right shall be appurtenant to and shall pass with title to every Lot, subject to the following provisions:

(a) The right of the Association to charge reasonable fees and assessments to each Owner for the use and enjoyment of the Common Facilities, for the acquisition, maintenance, repair, replacement, upkeep, operation, and improvement thereof, and to establish reasonable reserves for depreciation and contingencies;

(b) The right of the Association to adopt rules and regulations governing such use and enjoyment, and to suspend an Owner's voting rights and right to use and to benefit from the Common Facilities for any period during which any assessment against a Lot remains unpaid, and for a period not to exceed 60 days for any infraction of its published rules and regulations;

(c) The right of the Association to dedicate, transfer or lease all or any part of the Common Facilities to any public agency, municipal or quasi-municipal authority, or public or private utility for such purposes and subject to the provisions of subsection B(10) of Article IV of the Articles of Incorporation of the Association, and to such other conditions as may be agreed to by the members. No dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer signed by two-thirds of each class of members has been recorded;

(d) The right of the Association to borrow money for the purpose of improving the Common Facilities and in aid thereof to mortgage the Common Facilities; and to take such steps as may be reasonably necessary to protect the Common Facilities from foreclosure; and

(e) The right of the Association to close or limit the use of the Common Facilities while maintaining or making replacements therein or thereto.

Section 2. Delegation of Use. Any Owner may delegate his right of use and benefit from the Common Facilities to the members of his family, his tenants or guests who occupy his Lot, subject to the limitations of Article VI(4).

Section 3. Personal Property. The Association may acquire and hold for the use and benefit of all members of the Association tangible and intangible personal property and may dispose of the same by sale or otherwise; and the beneficial interest therein shall not be transferable except that the transfer of a Lot shall transfer to the transferee all of the transferor's beneficial interest in such personal property without any reference thereto or execution of a bill of sale. Each Owner may use such personal property in accordance with the purposes for which it is intended, without hindering or encroaching upon the lawful rights of the other Owners, subject to the provisions hereof and the Articles, Bylaws, and rules and regulations of the Association. Sale of a Lot by foreclosure or execution shall entitle the purchaser thereof to the beneficial interest in the personal property associated with the Lot and to membership in the Association.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

Section 1. 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 a Lot which is subject to assessment. When more than one person holds a beneficial interest in any Lot as joint tenant, tenant in common, partner, shareholder or otherwise, all such persons shall be members, but the vote or votes attributable to such Lot shall be cast as such persons among themselves determine and no division of the vote or votes attributable to such Lot shall be permitted. All matters shall be decided by majority vote, except as otherwise expressly provided herein or in the Bylaws of the Association. The Bylaws of the Association shall govern procedures and requirements for notice of meetings, number and terms of directors, quorums, voting and other matters of internal regulation. The Association shall adopt rules and regulations in the manner and to the extent authorized by its Bylaws.

Section 2. The Association shall have two classes of voting memberships:

Class A: Class A members shall be all Owners with the exception of Declarant. Each Class A membership shall be entitled to one (1) vote for each Lot owned on every matter to come before the membership.

Class B: The only Class B member shall be the Declarant. The Declarant as the only Class B member shall be entitled to three (3) votes for each Lot owned on all matters submitted to a vote of Class A members. The Class B membership of the Declarant shall cease and automatically be converted to Class A membership on the happening of either of the following events, whichever occurs earlier: (a) when the total votes outstanding of the Class A membership equals the total votes outstanding of the Class B membership, or (b) on December 31, 1985.

ARTICLE IV

COVENANTS FOR ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation for Assessments. The Declarant, for each Lot within the Properties, all of which are owned by the Declarant on the date of recording

of this Amendment, hereby covenants, and each subsequent Owner, except only the Association, by acceptance of an installment land contract or deed therefor, whether or not it shall be so expressed in such installment land contract or deed, is deemed to covenant that each of the Lots, except such Lots, or interests therein, as are owned by the Association, shall be and hereby is made subject to uniform assessments per Lot for the use and benefit of the Association and its members; and the Declarant and each subsequent Owner do hereby covenant and agree, subject to the terms and conditions of this Amendment, to pay to the Association (a) annual assessments for Class A or B memberships, as applicable; and (b) special assessments for capital improvements. Such assessments shall become and constitute a lien on each Lot as of January 1 following the date such assessment is established, as to annual assessments, or as of the first day of the first month following the date such assessment is established, as to special assessments. The annual and special assessments, together with interest and costs of collection, including reasonable attorneys' fees, shall also be the personal obligation of each Owner at the time the assessment becomes a lien. The personal obligation for delinquent assessments shall not pass to an Owner's successors in title unless expressly assumed.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used for the purposes set forth in the Recitals, including but not limited to, promotion of the health, safety and welfare of the residents of the Properties, for the improvement and maintenance of the Common Facilities, as the Board of Directors of the Association shall decide from time to time.

Section 3. Maximum Annual Assessments. Until January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual Class A assessment for all Class A members and their Lots shall be Twenty-Four and no/100's Dollars (\$24.00) per Lot.

(a) On and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual Class A assessment may be increased not more than 15% above the maximum assessment for the previous year without a vote by the members of the Association.

(b) On and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual Class A assessment may be increased above 15% by a vote of two-thirds (2/3) of the votes of each class of members entitled to be voted on matters submitted to the members of the Association, who are voting in person or by proxy at a meeting duly called for this purpose.

(c) If the Board of Directors shall fail to establish an annual Class A assessment for any year commencing on or after January 1 of the year immediately following the conveyance of the first Lot to an owner, the annual assessment for such year shall remain the same as for the year immediately preceding; except that, upon approval of members representing two-thirds (2/3) of the votes of each class of members entitled to be voted on matters submitted to the members of the Association who are voting in person or by proxy, such assessment may be increased or decreased as of the first day of any month.

(d) The annual assessment for Lots of Class B members shall be the same as the annual assessment for Lots of Class A members as to any Lot that is occupied as of the assessment date, but shall be 20% of the special assessment for Lots of the Class A members for unoccupied Lots.

(e) The Board of Directors may fix the annual assessment at an amount not in excess of the maximum.

Section 4. Special Assessments. A special assessment for capital improvements shall be made only upon resolution of the Association's Board of Directors followed by the approval of members representing two-thirds (2/3) of the votes of each class of members entitled to be voted on any matter submitted to the members of the Association who are voting in person or by proxy, at a meeting duly called for this purpose. Special assessments for Lots of the Class B member shall be the same as the special assessments for Lots of Class A members as to any Lot that is occupied as of the assessment date, but shall be 20% of the special assessment for Lots of Class A members for unoccupied Lots.

Section 5. Notice and Quorum for Any Action Authorized Under Section 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4 shall be sent to all members not less than 30 days nor more than 60 days in advance of the meeting. At the first meeting called, the presence of members or of proxies entitled to cast sixty percent (60%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than 60 days following the preceding meeting.

Section 6. Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate within each class of stock.

Section 7. Payment. The annual assessments provided for herein shall commence as to all Lots on the first day of the month following the conveyance of the Common Facilities. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. Subsequent annual assessments shall be due at the beginning of each 12-month period commencing January 1 of each year. Annual assessments may be paid and collected in monthly installments pursuant to a plan adopted by the Board of Directors of the Association. Special assessments shall be due on the date they become a lien and shall be paid and collected in such installments with such dates of delinquency as may be provided in the resolution establishing same. The annual assessment against each Lot shall be made by resolution of the Board of Directors at least 30 days in advance of each January 1. Written notice of all annual and special assessments shall be furnished to every Owner. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid, and such certificate shall be binding upon the Association with respect to any purchaser or encumbrancer relying thereon.

Section 8. Effect of Nonpayment of Assessments. Any assessment or monthly installment thereof not paid on or before 30 days from the due date shall be delinquent and shall bear interest thereafter at the rate of 10% per annum until paid. The Association may bring an action to collect all delinquent assessments against the Owner personally obligated to pay the same, or foreclose the assessment lien against such Owner's Lot. No Owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Common Facilities or abandonment of his Lot. In addition to any other remedies herein or by law provided, the lien herein established may be foreclosed by an action in a court having appropriate jurisdiction, in the manner of foreclosure of common law mortgages, pursuant to the law and statutes of the State of Colorado, and subject to all the rights and duties therein provided, including redemption.

Section 9. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any purchase money loan evidenced by a recorded first mortgage or recorded first deed of trust, and to any executory land sales contract wherein the Administrator of Veterans Affairs (Veterans Administration) is seller, whether such contract is owned by the Veterans Administration or its assigns, and whether recorded or not. However, the lien of such assessments shall be superior to any homestead exemption as now or hereafter may be provided by Colorado law and the acceptance of a deed to land subject to this Amendment shall constitute a waiver of the homestead exemption as against the said assessment lien. Sale or transfer of any Lot shall not release any such assessment lien.

However, the sale or transfer of any Lot pursuant to foreclosure or any proceeding in lieu thereof, or the cancellation or foreclosure of any executory land sales contract wherein the Veterans Administration is seller, whether such contract is owned by the Veterans Administration or its assigns, and whether recorded or not, shall extinguish the lien of such assessments as to payments thereon which became delinquent prior to such foreclosure or transfer, but shall not relieve such Lot from the lien of any assessments or payments thereafter established or due. As used in this Section, the term "Mortgage" shall mean and include only a bona fide purchase money deed of trust or a contract for deed and the vendor's lien thereunder, but shall not include nonpurchase money mortgages, deeds of trust or involuntary liens, such as mechanics' liens and judgment liens. Nothing herein shall be deemed to release any Owner from his personal obligation, as described in Section 1 of this Article IV, to pay all assessments hereunder.

ARTICLE V

IRRIGATION WATER RIGHTS

Section 1. Owners' Rights. Every Owner shall have a right to use and to benefit from any and all irrigation water, water rights, ditches and ditch rights appurtenant to the Properties.

Section 2. Charge for Use of Irrigation System. A common charge shall be assessed against the Owners pro rata for use of the irrigation system. Without limiting the generality of the foregoing, every Owner shall have a right to use and to benefit from the irrigation system located on the Properties within the "Utility Easements" designated on the Plat, which irrigation system shall be used to irrigate the Lots and the Common Facilities. The Association, subject to the rights of the Owners as specified in this Amendment, shall be responsible for the exclusive management and control of the irrigation system, and shall maintain the irrigation system in good, clean, and sanitary condition, order and repair.

ARTICLE VI

GENERAL RESPONSIBILITIES AND RESTRICTIONS

Section 1. Common Facilities. The Association is herewith charged with the direct and continuing responsibility for maintenance, repair, replacement, operation, protection, extension, and improvement of the Common Facilities.

Section 2. Architectural Control. No building, fence, wall, or other structure shall be commenced, erected, or maintained upon the Properties, nor shall any exterior addition,

change, decoration, or alteration therein or thereto be made until the plans and specifications showing the nature, kind, shape, height, materials, and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of the Association or by an architectural committee composed of three (3) or more Owners appointed by the Board. In the event the Board fails to approve or disapprove such design and location within 30 days after the plans and specifications have been submitted to it, approval will not be required and this Section will be deemed to have been fully complied with. In addition, the necessary building permits shall be obtained from the requisite governmental authorities prior to the construction of any improvements.

Section 3. Declarant's Use. Notwithstanding any provisions herein contained to the contrary, the Declarant hereby reserves for itself, its successors and assigns, or any agent, contractor, subcontractor or employee of the Declarant, the right to maintain during construction or sale of Lots upon any portion of the Properties as Declarant deems necessary, such facilities, as in the sole opinion of the Declarant, may be required, convenient, or incidental to any such construction or sale of Lots, including, without limiting the generality of the foregoing, a business office, construction yards, signs, model units and sales office.

Section 4. Use Restrictions.

(a) Use of Lots is restricted to high quality, single-family residences including detached dwellings [mobile home residences at least 14 feet wide], subject to the terms and provisions hereof relating to architectural control. No store, office or other place of business of any kind and no hospital, sanitorium, or other place for the care or treatment of the sick or disabled, physically or mentally, nor any theater, saloon or other place of entertainment, nor any church, club, fraternal association or other association normally or regularly involving the gathering of people in groups larger than the family will be erected or permitted upon Lots, and no business of any kind or character whatever shall be conducted thereon or in or from any building thereon. Notwithstanding anything contained in this Amendment to the contrary, all mobile home residential structures located on a Lot shall comply in all respects with the Mobile Home Construction and Safety Standards, adopted July 1976, pursuant to the 1974 H.U.D. Housing Act.

(b) Maintenance, upkeep and repairs of any residence or other improvement on each Lot shall be the sole responsibility of the Owner thereof. All landscaping, steps, porches, and skirting shall be aesthetically pleasing and

reasonably consistent with the landscaping of the surrounding Lots. Weather permitting, all Lots shall be reasonably landscaped within six months after a residence is constructed or installed on the Lot. All steps, porches, and skirting shall be completed, including the appropriate painting, as soon as practicably possible. All Lots shall be planted with grass within six months after a residence is constructed or installed on such Lot.

(c) All utilities, fixtures and equipment installed within any Lot, commencing at a point where the utility lines, pipes, wires, conduits, or systems enter the Lot, shall be maintained and kept in repair by the Owner thereof. An Owner shall do no act nor any work that will impair any easement or hereditament, nor allow any condition to exist which will adversely affect other Lots or Owners.

(d) Refuse piles or other unsightly objects or materials shall not be placed upon the Properties. All receptacles or other equipment for the storage or disposal of refuse materials shall be kept in a clean and sanitary condition.

(e) No commercial-type vehicles, unlicensed vehicles, trucks, or vehicles without valid safety inspection stickers shall be parked on the Properties except while engaged in transport. For the purposes of this covenant, a 3/4-ton or smaller vehicle, commonly known as a pickup truck, shall not be deemed to be a commercial vehicle or truck. All recreational vehicles including but not limited to campers, boats, snowmobiles, and motor homes shall not be parked, except while engaged in transport, on or about the front one-half (1/2) of any Lot.

(f) No Lot or easement shall be used or maintained as a dumping ground for rubbish. Trash, garbage, or other waste shall be disposed of in a sanitary manner.

(g) No Owner shall park in the area between the front of his home and the street, more vehicles than there are licensed drivers living at the Lot, but not to exceed four vehicles, except while engaged in transport. All parking spaces shall have an asphalt-based or concrete surface. No overnight parking in the streets of any vehicles, of any type, shall be allowed.

(h) There will be only one dwelling per Lot to be used by one family only.

(i) The following restrictions regarding dwelling locations shall apply: (i) no dwelling shall be nearer than

10 feet of the front Lot line; (ii) no dwelling shall be nearer than 10 feet of the rear Lot line; and (iii) no dwelling shall be nearer than 5 feet from each side Lot line.

(j) All residences shall be immediately skirted with either metal, masonry, or wood materials and shall complement the exterior siding of the dwelling. All skirting shall be kept in good repair.

(k) No elevated tanks of any kind (oil, gas, water, etc.) shall be constructed on any Lot.

(l) Clotheslines, equipment, garbage cans, service yards, or storage areas shall be adequately screened by planting or construction. No structure shall be erected, altered, placed, or permitted on the site which exceeds 15 feet in height from the highest finished grade line immediately adjoining the foundation or structure.

(m) No obnoxious, offensive, or other activity which would constitute a public or private nuisance or annoyance to the neighborhood will be permitted.

(n) Dangerous or wild animals, livestock, or poultry will not be kept on any Lot. Household pets will be permitted so long as they remain in control of the Owner.

(o) No firearms, fireworks, explosives, air rifles, BB guns, crossbows, or similar devices shall be discharged.

(p) No advertising signs, billboards, or unsightly objects shall be maintained or erected. "For Sale" signs may be posted if no larger than those allowed by the then existing Mesa County Zoning Resolution.

(q) Nothing herein contained shall prohibit a Lot Owner from constructing a private garage on a Lot, provided that the garage complies in all respects with all applicable governmental ordinances and regulations. In addition, the restrictions specified in subsection (i) of this Section 4 shall apply to any garage constructed on a Lot.

(r) Entryway signs identifying the Properties shall be erected by the Declarant. They shall be located on a strip of land included in Lot 1, Block 9, Lots 1 and 19, Block 10, and Lot 1, Block 11. The signs shall be maintained by the Association. Except as otherwise provided herein, all shrubs, plants, fences, or walls constructed or planted by Declarant in any protective screening area shall be maintained throughout the entire length of such areas by the

Owner or Owners of the Lots upon which such protective screening is located, at their own expense, to form an effective screen for the protection of the residential area. No building or structure except a screen fence or wall or utilities or drainage facilities shall be placed or permitted to remain in such screened areas or in any other easement. No vehicular access over such area shall be permitted except for the purpose of installation and maintenance of screening, utilities and drainage facilities. Upon the fencing of any Lot by an Owner, the fence shall be placed in such a manner so that all water meters shall be between the fence and the street, allowing open access to the meter.

(s) All Lots are subject to and bound by Public Service Company tariffs which are now and may in the future be filed with the Public Utilities Commission of the State of Colorado relating to street lighting in the Properties, together with rates, rules and regulations therein provided and subject to all future amendments and changes thereto. The Owners shall pay as billed a portion of the cost of public street lighting in the Properties according to Public Service Company rates, rules and regulations, including future amendments and changes on file with the Public Utilities Commission of the State of Colorado.

(t) In the event any Owner maintains and keeps his Lot in a condition which violates any of the use restrictions hereinabove set forth, the Board of Directors of the Association shall have the power to contract with an independent third party to remedy the use violation. Said right to remedy shall arise after seven days' written notice of the nature of the violation is given to the Owner, and the Owner has failed to remedy the violation within said seven-day period. The cost of correcting the violation shall be paid as though it were a special assessment and is enforceable by the Association against the Owner in violation, as provided in Article IV herein. This remedy shall be in addition to other remedies provided herein for enforcement of the provisions of this Amendment.

Section 5. Easements. Each Lot shall be subject to easements for encroachments created by construction, settling and overhangs, and for utilities and utility services, as designated or constructed by the Declarant and for maintenance of the same. Without limiting the generality of the foregoing, each Lot shall be subject to all of the easements described and shown on the Plat. If any part of the Common Facilities encroaches or shall hereinafter encroach upon a Lot, an easement for such encroachment and for the maintenance of the same shall exist. "Encroachments", as referred to herein, shall include, but are not limited to, encroachments caused by error in the original construction of

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any improvement, or by settling, rising, or shifting of the earth, or by changes in position caused by repair or construction of improvements located on the Common Facilities, or any part thereof. Some of the Common Facilities may be conveniently assessable only through a Lot. In such event, the Association shall have an easement for access through such Lot during such reasonable hours as may be necessary for the maintenance, repair or replacement of any of the Common Facilities, or for making emergency repairs necessary to prevent damage to the Common Facilities, or to any other Lot. To make reasonable repairs or improvements to a Lot, or the improvements located thereon, it may be necessary to go through a Lot. All Owners hereby grant to all other Owners an easement for such purpose. If any damage shall be done to a Lot, or the improvements located on a Lot, or to the Common Facilities, in exercising the rights granted in this Section, such damage shall be repaired by the Association or the Owner causing such damage. The easements and rights herein created for Owners and the Association shall be appurtenant to the Lots. All conveyances of and instruments affecting title to a Lot shall be deemed to grant and reserve the easements and rights as are provided for herein, even though no specific reference to such easement appears in any such conveyance instrument. Furthermore, if ingress and egress to any Lot is through the Common Facilities, any conveyance or encumbrance of the Common Facilities shall be subject to the Lot Owner's easement.

Section 6. Enforcement of Covenants. Each Owner and all occupants of any Lot shall comply with the provisions of this Amendment. Failure to comply with any of the same shall be grounds for an action to recover sums due for damages or injunctive relief, or both, and for reimbursement of all attorneys' fees incurred in connection therewith, which action shall be maintainable by any aggrieved Owner or the Association. In the event that any of the Common Facilities are damaged or destroyed by an Owner or any of his guests, tenants, licensees, agents or members of his family, such Owner does hereby authorize the Association to repair the damaged area. The amount necessary for such repair shall become a special assessment upon the Lot of such Owner.

ARTICLE VII

INSURANCE AND INDEMNIFICATION

Section 1. Insurance. The Association shall maintain at all times insurance policies for such coverage and in such amounts as the Board of Directors deems necessary. Such insurance shall include a policy of property insurance for the Common Facilities in an amount equal to their full replacement value (i.e., 100% of current "replacement costs" exclusive of land, and other items normally excluded from coverage) with an "Agreed

Amount Endorsement" or its equivalent or an Inflation Guard Endorsement. Such insurance to afford protection against at least loss or damage by fire and hazards covered by the standard extended coverage "All Risks" endorsement, and for debris removal, vandalism, mischief, windstorm, and water damage, and such other risks as shall customarily be insured with respect to projects similar in construction, location and use. In addition, the Association shall maintain a comprehensive policy of public liability insurance insuring all of the Common Facilities, and insuring the Association in an amount not less than \$1,000,000 against all claims for personal injury and/or property damage arising out of a single occurrence, workmen's compensation and employer's liability insurance, and other similar insurance with respect to employees, in the amounts and the forms now or hereafter required by law. In addition, the Association shall maintain adequate fidelity coverage to protect against dishonest acts on the part of officers, directors, trustees and employees of the Association and all others who handle or are responsible for handling of funds of the Association. All such fidelity bonds shall name the Association as an obligee and be written in an amount equal to at least 150% of the estimated annual operating expenses of the Association including reserves, and contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definition of "employee" or similar expression. No Owner shall carry any forms of insurance which affect or diminish any insurance carried by the Association. The insurance maintained by the Association and the Owners shall be with insurance companies licensed to do business in Colorado and having a Best's Insurance Guide Rating of A:1X, naming the Association as insured, and as attorney-in-fact for all Owners. Such policies shall contain a standard non-contributory clause in favor of each first Mortgagee, and a provision that they can not be cancelled or materially altered without at least ten days' prior written notice thereof to each Owner and each first Mortgagee. Further, the policies shall contain waivers of subrogation and waivers of any defense based on invalidity arising from any acts of a member of the Association. Duplicate originals of all policies and renewals, together with proof of payment of premiums, shall be delivered to any first Mortgagee of a Lot upon written request. The Association shall notify each first Mortgagee of a Lot whenever damage to a Lot, or any improvement located thereon exceeds \$1,000, or damage to the Common facilities exceeds \$10,000. Such notification shall be delivered within ten days of the event causing the damage.

Section 2. Indemnification. Each officer and director of the Association shall be indemnified by the Association against all expenses and liabilities, including attorneys' fees, reasonably incurred by or imposed upon him in any proceeding to which he may be a party, or in which he may become involved by reason of his being or having been an officer or director of the Associ-

ation, or any settlement thereof, whether or not he is an officer or director of the Association at the time such expenses are incurred, except in such cases wherein such officer or director is adjudged guilty of willful malfeasance in the performance of his duties.

Section 3. Annual Review of Policies. All insurance policies shall be reviewed at least annually by the Board of Directors in order to ascertain whether the coverage contained in the policies is sufficient to make any necessary repairs or replacement of the property which may have been damaged or destroyed.

ARTICLE VIII

GENERAL PROVISIONS

Section 1. Enforcement. Any Owner shall have the right to enforce by any proceeding at law or in equity, all restrictions, conditions, covenants, servitudes, reservations, or charges now or hereafter imposed by the provisions of this Amendment. Failure by any Owner to enforce any provision herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2. Severability. Invalidation of any one or more of these covenants or restrictions by judgment or court order shall not affect any other provisions which shall remain in full force and effect.

Section 3. Amendment and Termination. Except as hereinafter provided, the covenants, conditions and restrictions of this Amendment shall run with the land and be binding upon all Owners for a term of twenty (20) years from the date this Amendment is recorded, after which time they shall be automatically extended for successive periods of ten (10) years; provided, however, that the Owners may amend, modify or terminate this Amendment, or any portion thereof, during the first 20-year period by an instrument signed by not less than ninety percent (90%) of the Lot Owners and thereafter by an instrument signed by not less than seventy-five percent (75%) of the Lot Owners. Upon such vote, an appropriate agreement in writing specifying such amendment, modification or termination, shall be executed, acknowledged and recorded in the Office of the Clerk and Record of Mesa County, Colorado.

Section 4. Registration by Owner of Mailing Address. Each Owner shall register his mailing address with the Association, and all notices, statements, or demands intended to be served upon an Owner shall be deemed delivered when deposited in the United States mail, postage prepaid, addressed in the name of the Owner to such registered mailing address.

Section 5. Inure to Benefit. This Amendment shall run with the land and bind all Owners and other persons or entities having any right, title or interest in and to the Properties, their heirs, personal representatives, successors and assigns, and to inure to the benefit of each Owner.

Section 6. FHA/VA Approval. Notwithstanding anything to the contrary contained herein, as long as there is a Class B membership, the following actions will require the prior approval of the Federal Housing Administration or the Veterans Administration: Annexation of additional properties, dedication of Common Facilities, and amendment of this Amended and Restated Declaration of Covenants, Conditions and Restrictions.

ARTICLE IX

DECLARANT'S REPURCHASE RIGHT

Declarant's Right to Repurchase a Lot. If an Owner of a Lot fails to construct or install a residence, as permitted by this Declaration, on his Lot within six months of the date that the Owner acquires title to such Lot, or enters into an installment land contract for the purchase of a Lot, the Declarant shall have the right, but not the obligation, to repurchase such Lot from the Owner at the price, and according to the terms, at which the Owner purchased such Lot from Declarant. The Declarant may exercise its right to repurchase by so notifying the Owner within 60 days of the date Declarant receives notice of the fact that the Owner has not constructed or installed a residence on the Lot as required by this Article IX. If in conjunction with the purchase of the Lot by the Owner, the Owner has executed a promissory note payable to the order of Declarant, and has made payments on such promissory note to Declarant prior to the execution of Declarant's right of repurchase, the amount so paid by the Owner to Declarant shall be added to the principal balance of the promissory note executed by Declarant to the order of the Owner in conjunction with the repurchase of the Lot. Notwithstanding anything herein to the contrary, if an Owner has substantially begun construction or installation of a residence on his Lot, but has not completed such construction or installation within the six-month period provided herein, the Declarant shall not be entitled to exercise the right provided herein so long as the Owner proceeds diligently and in good faith to complete the construction or installation of a residence on such Lot.

ARTICLE X

ANNEXATION

Annexation. Additional real property may be annexed to the Properties, or the Properties may be annexed to adjoining real property, upon approval in writing of members representing two-

thirds (2/3) of the votes of each class of members entitled to be voted on matters submitted to the members of the Association, who are voting in person or by proxy at a regular meeting of the Association or at a meeting duly called for such purpose.

ARTICLE XI

DAMAGE OR DESTRUCTION TO THE COMMON FACILITIES

Damage or Destruction of the Common Facilities. This Amendment hereby makes mandatory the irrevocable appointment by the Owners, of the Association, as attorney-in-fact, to deal with the Common Facilities upon damage or destruction thereto. In the event of damage or destruction to all or a portion of the Common Facilities due to fire or other disaster, if insurance proceeds are sufficient to reconstruct or repair the damage, such proceeds shall be applied by the Association for such reconstruction and repair. If the insurance proceeds are insufficient to repair and reconstruct the damaged or destroyed Common Facilities, the Association shall present to the members a notice of a special assessment for approval by the membership in accordance with Article IV. If a special assessment is approved, the Association shall impose such special assessment, and proceed to complete the necessary repairs or reconstruction. If such special assessment is not approved, the insurance proceeds shall then be disbursed to all Owners and their first Mortgagees jointly.

ARTICLE XII

CONDEMNATION

Section 1. Condemnation. If at any time or times during the continuance of ownership pursuant to this Amendment, all or any part of the Properties shall be taken or condemned by any public authority or sold or otherwise disposed of in lieu of or in avoidance thereof, the following provisions shall apply:

(a) Proceeds. All compensation, damages or other proceeds therefrom, the sum of which is hereinafter called the "Condemnation Award" shall be payable to the Association.

(b) Complete Taking. In the event that all of the Properties is taken or condemned or sold or otherwise disposed of, in lieu of or in avoidance thereof, the Condemnation Award shall be apportioned among the Owners in proportion to the value established for a Lot by the condemning authority or by an independent appraiser appointed by the Association, if the condemning authority does not establish a value. Payment of said apportioned amounts shall be made to the Association. The Association shall as soon as practicable determine the share of the Condemnation Award to

which each Owner is entitled and shall distribute the proceeds in the following order:

(i) for payment of the balance of the lien of any first Mortgage;

(ii) for payment of taxes and special assessment liens in favor of any assessing entity;

(iii) for payment of unpaid assessments due the Association;

(iv) for payment of junior Mortgages and encumbrances in the order of and to the extent of their priority; and,

(v) the balance remaining, if any, shall be paid to the Owner.

(c) Partial Taking. In the event that less than all of the Properties is taken, condemned, sold or otherwise disposed of in lieu of or in avoidance of condemnation, each Owner shall be entitled to a share of the Condemnation Award to be determined in the following manner: (i) as soon as practicable the Association shall, reasonably and in good faith, allocate the Condemnation Award between compensation, damages, or other proceeds, and shall apportion the amounts so allocated to the taking of or injury to the Common Facilities, and apportion the same among the Owners in the same percentages as provided for the payment of annual assessments; (ii) the total amount allocated to severance damages shall be apportioned to those Lots which were not taken or condemned; (iii) the respective amounts allocated to the taking of or injury to a particular Lot and/or improvements an Owner has made within his Lot shall be apportioned to the particular Lot involved; and (iv) the amount allocated to consequential damages and any other takings or injuries shall be apportioned as the Association determines to be equitable in the circumstances. If an allocation of the Condemnation Award is already established in negotiation, judicial decree or otherwise, then in allocating the Condemnation Award, the Association shall employ such allocation to the extent it is relevant and applicable. Distribution of apportioned proceeds shall be to the respective Owners and their respective Mortgagees.

ARTICLE XIII

MISCELLANEOUS

Section 1. Protection of Mortgagees. No violation, breach, failure to comply, or action to enforce (hereinafter "violation")

any provision of this Amendment shall affect, defeat, render invalid or impair the lien of any Mortgage taken in good faith for value and perfected by recording in the office of the Clerk and Recorder of Mesa County, Colorado, prior to the recording of an instrument giving notice of such violation, breach or failure to comply. Nor shall such violation affect, defeat, render invalid or impair the title or interest of any purchaser upon foreclosure of any such Mortgage or delivery of a deed in lieu thereof, except for assessments coming due after the date of such foreclosure or delivery. Any such purchaser shall, however, take title subject to this Amendment; provided, however, that violations of this Amendment which occurred prior to the vesting of fee simple title in such purchaser shall not be deemed violations with respect to such purchaser, or his heirs, personal representatives, successors or assigns. Nothing contained in this Amendment, Articles or Bylaws shall entitle any Owner, the Association, or any other party to priority over any Mortgagee with respect to any distribution of the proceeds of any condemnation or insurance award or settlement. All first Mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against any Common facilities, and may pay overdue premiums on hazard insurance policies, or secure new hazard insurance on the lapse of a policy, for such Common Facilities, and first Mortgagees making such payment shall be owed immediate reimbursement therefor from the Association.

Section 2. Captions. The captions and headings in this Amendment are for convenience only, and shall not be considered in construing any provision of this Amendment.

Section 3. No Waiver. Failure to enforce any provision of this Amendment shall not operate as a waiver of any such provision or of any other provision of this Amendment.

Section 4. Interpretation. In the event of any conflict between this Amendment and the Bylaws, or Articles, this Amendment shall govern and control.

In witness whereof, Declarant has executed this Amended and Restated Declaration of Covenants, Conditions and Restrictions on _____, 1982.

PARKWOOD ASSOCIATES,
a Colorado general partnership

By: G.L.A. CORP., a Colorado
corporation, General Partner

ATTEST:

Patricia Berger
Secretary

By: [Signature]
Title: Gen.

[CORPORATE SEAL]

STATE OF COLORADO)
) ss.
COUNTY OF _____)

Subscribed and sworn to before me this 18th day of October, 1982, by W. Hale Davenport, President of DAVENPORT AND COMPANY, General Partner of Parkwood Associates.

WITNESS my hand and official seal.

My Commission expires: June 22, 1985

Anthony L. Miller
Notary Public
461 Elbert Way
Denver, Co 80221
Address of Notary Public

REVISED AMENDMENTS TO THE COVENANTS OF
PARKWOOD ESTATE HOMEOWNERS ASSOCIATION

1. All parking spaces shall have an asphalt or gravel base or concrete surface sufficient to prevent mud and vegetative growth.
2. No lot owner shall park more vehicles than there is off street parking spaces available and all vehicles regularly parked must be properly licensed (except while engaged in transport).
3. All recreational vehicles must be parked, except while engaged in transport, within the property lines of the lot.