

AMMENDED DECLARATION OF COVENANTS, CONDITIONS AND
RESTRICTIONS FOR PANADERO SUBDIVISION

This declaration made on the 1st day of Oct, A.D., 1973 by PANADERO LTD and revised on July 28, 2007 by The Panadero Property Owners Association.

WITNESSETH:

WHEREAS, Panadero Ltd is the owner of certain real property in the County of Huerfano, State of Colorado, which is more particularly described in Exhibit A which is attached hereto and made a part of this declaration; and

WHEREAS, Panadero Ltd desires to protect and enhance the value, desirability and attractiveness of said property for all parties having or acquiring any right, title or interest in the property described in said Exhibit A; and to this end, will convey the real property described in Exhibit "A" subject to the covenants, restrictions, easements, charges and liens, hereinafter set forth, each and all of which is and are for the benefit of said property and each owner thereof; and

WHEREAS, Panadero Ltd, in order to insure that the purposes of this declaration are carried out, has caused the incorporation under the laws of Colorado of Panadero Property Owners Association, a non-profit corporation with the power of administering and enforcing the covenants, conditions and restrictions and collecting hereinafter set forth;

NOW THEREFORE, Panadero Ltd hereby declares that the real property described in Exhibit A is and shall be held, transferred, sold, conveyed and occupies subject to the following covenants, conditions, restrictions, easements, charges, liens, and hereinafter sometimes referred to collectively as "covenants and restrictions", all of which are for the purpose of enhancing and protecting the value, desirability and attractiveness of said property. These covenants and restrictions shall run with said real property and shall be binding on all persons having or acquiring any right, title or interest in said property or any part there of, and shall inure to the benefit of each owner thereof.

ARTICLE I

DEFINITIONS

Section I. The following terms when used in this Declaration or any Supplement or Amendment thereto shall have the following meanings unless prohibited by the context:

- (a) "Association" shall mean and refers to Panadero Property Owners Association.
- (b) "Properties" shall mean and refer to the real property described in Exhibit A and such additions thereto as may hereafter be brought within the jurisdiction of the Association by annexation.

- (c) "Common Area" shall mean and refer to all real property owned by the Association for the common use and enjoyment of the members of the Association.
- (d) "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties with the exception of the Common Area as heretofore defined.
- (e) "Member" shall mean and refer to any person or entity that holds membership in the Association.
- (f) "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee entered in any Lot which is a part of the Properties except an owner who holds title or interest in any said Lot merely as security for the performance of an obligation.
- (g) "Declarant" shall mean and refer to Panadero Ltd.
- (h) "Developer" shall mean and refer to any person or entity who is the owner of two or more undeveloped lots which he or it purchased directly from the Declarant.
- (i) "Architectural Review Committee" shall mean the committee of three or more persons appointed by the Board of Directors of Panadero Property Owners Association to review and approve the plans for all improvement constructed on the Properties.

ARTICLE II MEMBERSHIP

SECTION I. Membership. Every person or entity who is an owner as hereinabove defined of any lot which is subject to assessment by the Association shall be a member of the Association. When more than one person is a record Owner of a Lot, all such persons shall be members.

No owner shall have more than one membership. Membership shall be appurtenant to and may not be separate from ownership of any lot which is subject to assessment by the Association. Ownership of such Lot shall be the sole qualification for membership.

ARTICLE III VOTING RIGHTS

SECTION 1. Members. Those members holding an interest in any one Lot shall collectively be entitled to one vote for said Lot. The vote for each Lot shall be exercised by the Owners thereof as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot.

ARTICLE IV ANNEXATION OF ADDITIONAL PROPERTIES

SECTION 1. Except as provided in Section 2 of this Article, additional property shall be annexed to the Properties only by a two-thirds (2/3) vote of the votes represented by the members at a meeting of the members, written notice of which setting forth the fact that the question of annexation shall be considered shall be sent to all members not less than fifteen nor more than fifty days in advance of the meeting. The presence of members or of proxies entitled to cast fifty percent of the votes of membership shall constitute a quorum to vote on the annexation question. If the required quorum is not forth coming at any meeting, another meeting may be called, subject to the notice requirements set forth above, and the required quorum at each subsequent meeting shall be one-half of the required quorum of the preceding meeting. No subsequent meeting shall be held more than 60 days following the preceding meeting.

SECTION 2. If by the date of incorporation of the Association, the Declarant should develop additional lands within the area described in Exhibit A which is attached hereto and made a part hereof, such additional lands may be annexed to the Properties without the assent of members by the Declarant recording a Certificate of Annexation in substantially the same form as the Exhibit A, specifically describing said lands. On the date and at the time said Certificate is recorded, said lands shall be deemed a part of the Properties.

ARTICLE V PROPERTY RIGHTS IN THE COMMON AREA

SECTION 1. Title to Common Area. The Declarant agrees to convey title to the Common Area to the Association prior to the conveyance of the first lot.

SECTION 2. Members' Easements of Enjoyment. Every member shall have a right and easement of enjoyment in and to the Common Area and such easement shall be appurtenant to and shall pass with the title to every Lot, subject to the following rights of the Association.

- (a) The right of the Association as provided in its Article of Incorporation and By-Laws to suspend the voting rights and right to use the Common Area and any recreational facilities thereon of a Member or Members of his family for any period not to exceed thirty (30) days for any infraction of its published rules or regulations; and
- (b) The right of the Association to charge reasonable admission or other fees for the use of any recreational facility situated on the Common Area and to limit the number of guests of the members using the Common Area; and
- (c) The right of the Association in accordance with its Article of Incorporation and By-Laws, to borrow money for the purpose of improving the Common Area and facilities and in aid thereof to mortgage or otherwise encumber said Common Area and its appurtenances and the rights of the persons so secured by said Common Area shall be subordinate to the rights of the Owners hereunder.

SECTION 3. Any Member, in accordance with the By-Laws, may share his right of enjoyment to the Common Area with the members of his family or delegate it to his tenants or contract purchasers provided that they all reside on the property.

ARTICLE VI CONVENANT OF MAINTENANCE ASSESSMENTS

SECTION 1. Personal Obligation for Assessment. The Declarant, for each Lot owned within the Properties, hereby covenants and each Owner of any Lot, except those exempt under Section 10 of this Article, by acceptance of a deed therefore, whether or not it shall be so expressed in any such deed or other conveyance, is deemed to covenant and agree to pay to the Association:

- 1) Annual assessments or charges
- 2) Special assessments or charges, for capital improvements; such assessments to be established and collected from time to time by the Association as hereinafter provided.

The annual and special assessments, together with such interest thereon, cost or collection and reasonable attorney's fees shall be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due. The Association may bill and collect said annual assessments on a monthly or quarterly rather than an annual basis if it so desires.

SECTION 2. Purpose of Assessments. The assessments levied by the Association upon the Lots shall be used exclusively for the purpose of promoting the recreation, health, safety and welfare of the residents of the Properties and in particular for the improvement and maintenance of improvements, services and facilities devoted to this purpose and related to the use and enjoyment of the Common Area, including, but not limited to, the payment of taxes and insurance thereon and repair, replacement, and additions thereto, and for the cost of labor, equipment, materials, management, and supervision thereof.

SECTION 3. Basis and Maximum of Annual Assessments. Each Lot shall, as hereinafter provided, be subject to an annual assessment of not more than \$300.00. The Board of Directors shall fix the annual assessment within this amount and may raise or lower said annual assessment within said maximum, as they deem necessary in their discretion. The maximum annual assessment may be increased or decreased by the assent of fifty percent of the votes of Members who are voting in person or by proxy, at a meeting of the Members written notice of which setting forth the fact that the questions of the change in the assessment limit shall be considered shall be sent to all Members not less than 15 days nor more than 50 days in advance of the meeting.

SECTION 4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy in any fiscal year, a special assessment applicable to that year only which may be collected on a monthly basis, for the purpose of defraying in whole or in part, the cost of any construction or

reconstruction, unexpected repair or replacement of a described capital improvement upon the Common Area, including the necessary fixtures and personal property related thereto, provided that, any such assessment shall have the assent of over fifty percent of all the votes of members who are voting in person or by proxy at the meeting of the members, written notice of which setting forth the fact that the question of the imposition of a special assessment shall be discussed, shall be sent to all members not less than 15 days nor more than 50 days in advance of the meeting.

SECTION 5. Uniform Rate of Assessment. Both annual and special assessments must be fixed at uniform rate for all Lots.

SECTION 6. QUORUM for any Action Authorized Under Sections 3 and 4. The quorum required for any action authorized by Section 3 and 4 hereof shall be as follows:

At the first meeting called, the presence at the meeting of Members or of proxies entitled to cast fifty percent of all the votes of membership shall constitute a quorum. If the required quorum is not forthcoming at any meeting another meeting may be called, subject to the notice requirements set forth in Sections 3 and 4 and the required quorum at any such subsequent meeting shall be one-half of the required quorum at the preceding meeting, provided that no such subsequent meeting shall be held more than sixty days following the preceding meeting.

SECTION 7. Date of Commencement of Annual Assessments: The Annual assessments provided for herein shall commence as to all lots of the first day of the month following the conveyance of the Common Area. The Board of Directors shall fix the amount of the annual assessment at least 30 days in advance of said commencement date and for any change in the annual assessment shall not be effective for 30 days following its approval. Written notice of the assessment shall thereupon be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The association shall upon demand at any time furnish to any person with respect to a particular Lot a certificate in writing signed by an officer of the Association, setting forth the amount of the annual and special assessments on said Lot and whether said assessments are current. A reasonable charge may be made by the Association for the issuance of the certificates. Such certificates shall be conclusive evidence of the facts stated therein.

SECTION 8. Assessment Lien. Assessments levied upon said Lots until assessments and any interest, penalties and charges which may accrue thereon shall have been paid or the conditions occur as hereinafter provided shall constitute a lien against said lot; but such liens shall be subordinate to the lien of any trust deed or mortgages. Sale or transfer of any Lot shall not affect the assessment Lien. However, the sale or transfer of any Lot which is subject to any trust deed or mortgage, pursuant to a decree of foreclosure under such trust deed or mortgage or any proceeding resulting from a default on the deed or mortgage and held in lieu of foreclosure thereof, shall extinguish the lien of such assessments as to payment thereof which become due prior to such sale or transfer. No such sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

SECTION 9. Effect of Nonpayment of Assessments. Any assessments, which are not paid when due, shall be delinquent. If the assessment is not paid within thirty days after the due date, the assessment shall bear interest from the date of delinquencies at the rate of 10 percent per annum, and the Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the property, and interest, costs, and reasonable attorney's fees of such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his lot.

SECTION 10. Exempt Property. The following property subject to this declaration shall be exempt from the assessments, charges and liens created herein: (a) All properties to the extent of any easement or other interest therein dedicated and accepted by a local public authority and devoted to public use; (b) the Common Area.

ARTICLE VII ARCHITECTUARAL REVIEW COMMITTEE

Section 1. Appointment Duties. The Board of Directors shall appoint three to five persons to the Architectural Review Committee to serve at the pleasure of the Board. The chairman of the committee shall be a member of the Board of Directors. It shall be the duty of the Architectural Review Committee, and it shall have the power by the exercise of its best judgment, to see that all structures, improvements, construction, and landscaping on the Properties conform to and harmonize with the existing surroundings and structures. The Architectural Review Committee is charged with developing and maintaining Community Architectural Standards and reviewing the design of improvements in relation to site layout, architectural design, height, bulk, mass, materials, colors, lighting, signage, landscaping, etc. For convenience, the Architectural Review Committee may hereinafter be referred to in this Article VII as the "Committee".

SECTION 2. Review by Committee. No structure, whether residence, accessory building, deck, tennis court, swimming pool, antennae, satellite dish, flag pole, fence, wall, sign, mail box, exterior lighting, or other improvements, shall be constructed or maintained upon any Lot and no alteration to the exterior of a structure shall be made and no landscaping performed unless in conformance to the Community Architectural Standards. Any residence, accessory building or other structure such as a deck, tennis court, swimming pool, etc. shall not be constructed or altered until complete plans and specifications which define the exterior design, height, building materials, color scheme and location of the structure, driveways, general landscaping, fencing, walls and windbreaks shall have been submitted to and approved in writing by the Committee, and a copy of such plans, specifications and lot plans as finally approved, deposited with the Committee.

SECTION 3. Procedure. The Committee shall approve or disapprove all plans and requests within thirty days after receipt by the Committee. In the event the Committee fails to take action within thirty days after requests have been received, approval will not be required, and this Article will be deemed to have been fully complied with. A majority vote of the members of the Committee is required for approval or disapproval of proposed improvements. The Committee shall maintain written records of all applications received by it and of all action taken.

In approving or disapproving the plans received by it, the Committee shall take into consideration the design, style and construction of the proposed building or alteration, its location on the lot, the harmony of its design, architecture and location with the terrain and surrounding neighborhood and shall determine whether such proposed building is consistent with the general terrain, the architecture of other buildings located upon the Properties subject to this Declaration and whether or not the construction or alteration of said building will adversely affect or decrease the value of other Lots because of its design, location, height or type of material used in construction. The Committee may make reasonable requirements of the Lot Owner, including the submission or additional plans, to insure conformance of such building when erected with these restrictions and covenants and the plans received and approved. The Committee may require such changes as may be necessary to conform to the general purpose as herein expressed.

The committee shall have authority to grant variances from the provisions of this declaration in cases of irregularly shaped lots, unusual terrain, or other conditions wherein the strict enforcement of these restrictions would result in unusual hardship. The Committee shall be the sole and exclusive judge of whether or not said hardship exists.

Whenever the Committee disapproves of any proposed plans or specifications, it shall state in writing its reasons for such disapproval in general terms so that the objections can be met by alterations acceptable to the Committee.

All plans received by the Committee shall be left on file with the Committee.

It is the intent of these declarations that the Committee shall exercise broad discretionary powers hereunder and its decisions shall be final and conclusive except for an arbitrary abuse of its discretion or an excess of its authority.

The Committee shall resolve all questions of interpretation. They shall be interpreted in accordance with their general proposition and intent as herein expressed.

SECTION 4. Liability of Committee. The Committee shall not be liable in damages to any person submitting requests for approval or to any Lot owner by reason of any action, failure to act, approval, disapproval, or failure to approve or disapprove with regard to such requests.

ARTICLE VIII USE RESTRICTIONS, COVENANTS AND EASEMENTS

The following restrictions, covenants and easements are imposed uniformly upon the Properties and the use thereof as a common scheme for the benefit of each lot and the common area may be enforced by the Association or any Lot owner.

SECTION 1. Land Use, Building Type and Occupancy. All lots unless otherwise designated in the recorded plot, shall be used for residential purposes only. With respect to those lots to be used for residential purposes, no building shall be erected, altered, placed or permitted to remain on any lot other than one detached single-family dwelling. No building shall be permitted on any Lot unless such building has been duly constructed thereon and the removal of dwellings or structures from other locations to any lot shall not be permitted.

SECTION 2. Lot Size and Subdivision. No Lot or building site in the Properties shall be subdivided. Further subdivision or re-subdivision of any Lot or combination of Lots as shown on the recorded plot shall not be permitted.

SECTION 3. Building Location. No building shall be located on any Lot or building site nearer to the front, side, or rear lot line than shall be allowed by the applicable zoning and subdivision ordinances and building codes of the County of Huerfano, State of Colorado.

SECTION 4. Building Construction and Design Criteria. All buildings erected on the Properties shall be designed and constructed in accordance with the following standards.

- (a) Roof material may be metal, cedar shakes or shingles or natural looking composite shingles that blend with the earth tone colors of the dwelling.
- (b) Gutters are not required: however, if gutters are not installed, a minimum of three feet overhang shall be provided as necessary to direct runoff away from the building. Gutters and downspouts are required to be painted and/or blend with earth tone colors of the dwelling.
- (c) Only earth tone colors shall be used on exterior siding or garage doors.
- (d) All exterior walls shall be constructed with respect for the nature of materials and their compatibility with the area. Natural wood and stone are appropriate. Stucco, brick or concrete shall be limited to a texture and color that blends with the natural surroundings. Standard red brick or reflective metal are examples of disapproved materials.
- (e) Fences may be constructed of natural wood or of color and material of the house.
- (f) Free standing walls may be constructed of materials of a variety allowed for the construction of exterior walls of the dwelling.

- (g) All fences shall be of a screening, privacy or patio type fence limited to 42 inches high. Chain link or property boundary and separation fences will not be allowed.
- (h) Exterior lighting must not create an annoyance to adjacent lots, common areas or roadways. Mercury vapor, sodium vapor or similar security lights are examples of lighting that is not permitted. Security lights should be installed behind eaves or otherwise screened and directed downward. All exterior light fixtures shall be screened so that the source of light is not visible from off site.

SECTION 5. Landscaping. All landscaping shall reflect the natural environment of the area. No existing live trees or rocks shall be removed from the lot unless required for construction of the dwelling, or to provide for safety and defensible space.

SECTION 6. Easements. Easements for the installation and maintenance of fences, utilities, and drainage facilities are reserved on, over and under a strip of ground 10 feet wide along each side lot line and on, over and under a strip of ground 20 feet wide along each rear lot line in a recorded subdivision of the Properties.

SECTION 7. Trash. No garbage, refuse, rubbish, or cuttings shall be deposited on any Street, Road or Common Area and not on any lot unless placed in a suitable container. The burning of trash in outside incinerators, barbeque pits or the like, is prohibited, it being intended that all refuse, trash, garbage and the like shall be hauled from the properties. Garbage cans are to be inside garages, behind decorative fencing or otherwise hidden from view to the street.

SECTION 8. Storage of Building Materials. No building material of any kind or character shall be placed upon any lot except in connection with construction or maintenance approved by the Committee. As soon as building materials are placed on any lot in such connection, construction shall be promptly commenced and diligently prosecuted.

SECTION 9. Commercial Enterprises, Nuisances. No manufacturing or commercial enterprises shall be conducted or maintained upon, in front of or in connection with any lot or lots. No noxious or offensive activity shall be carried on upon any lot, street, road or common area, nor shall anything be done thereon which may be or may become an annoyance or a nuisance to the neighborhood.

SECTION 10. Commercial Vehicles, Campers, Trailers. No commercial type vehicles and no trucks shall be stored or parked on any lot except in a closed garage nor parked on any street, road or common area except while engaged in transport to or from a dwelling or the common area. For the purposes of this restriction, a truck having a ¾ ton or less manufacturer rated capacity, commonly known as a pick-up truck, shall not be deemed to be a commercial vehicle or a truck. Campers and trailers shall be parked or stored at the rear of the lot out of sight of street, adjacent lots and common area or kept in a garage.

SECTION 11. Animals. No person shall be allowed to keep, breed or raise chickens, turkeys, cattle, horses, sheep, goats, swine, rabbits or other domestic farm or barnyard animals or fowl on any lot or other portion of the properties, or erect thereon any building designed to house the same. This restriction shall not be construed to prohibit any person from keeping dogs, cats or other household pets on any lot, provided they are not kept bred or raised for any commercial purpose. Horses may be ridden in the common area as specified by the Board of Directors. In the event an owner temporarily hobbles a horse in the common area, he shall be responsible to clean up the area utilized.

SECTION 12. Temporary Residences. No structure of temporary character, trailer, basement, tent, shack, barn or other outbuilding shall be used on any lot at any time as a residence, either temporarily or permanently, and no used structure of any sort shall be moved into any lot.

SECTION 13. Signs. Except for a house name/number sign, no sign of any kind shall be displayed to the public view on any lot. A professional sign of not more than five square feet is permitted for advertising the property during sales period. All signs must conform to local and county zoning regulations.

SECTION 15. Outside Clothesline, Aerials, Antennas, Satellite Dishes, Carports, Patio Covers, Propane Tanks and other Similar Structures. Outside aerials and antennas, clothesline, carports and patio covers or similar structures shall conform to the Community Architectural Standards or be submitted for approval by the Committee. All such structures shall be located out of view of the street or screened from view unless approved by the committee.

SECTION 16. Removal of Trees. The removal of trees shrubs or rocks and other improvements from the Common Area shall be prohibited unless written permission for their removal is received from the Board of Directors.

SECTION 17. Repainting and Maintenance of house, garage, fence or other structure shall be in accordance with the original scheme established for the area by the Committee. Any change in size, color, material or type will require approval by the Committee.

SECTION 18. Garage doors are to be kept closed except when the garage is in use.

SECTION 19. The Declarant or its nominee shall have the right to construct, operate and maintain water, sewer, gas and telephone lines on, over and across the common area as may be required for the development of areas adjacent to the Properties. Said utility lines shall be located in delineated rights of way reserved by the Declarant from its conveyance of the common area to the property owners association or designated by the Declarant in writing and delivered to the property owners association prior to construction and use.

SECTION 20. Conflict with Zoning. In the event the terms and conditions of this declaration conflict with the applicable zoning and subdivision laws, then the higher standard shall control.

ARTICLE IX
GENERAL PROVISIONS

SECTION 1. Duration. The covenants and restriction of this Declaration shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Association, or the Owner of any Lot subject to this Declaration, their respective legal representatives, heirs, successors, and assigns, for a term of twenty years from the date this Declaration is recorded, after which time, said covenants shall be automatically extended for successive periods of ten years.

SECTION 2. Amendments. These covenants and restrictions of this Declaration may be amended during the first twenty years from the date of the Declaration, by an instrument signed by not less than sixty percent of the Members and thereafter by an instrument signed by a majority of the Members.

SECTION 3. Enforcement. The association or any owner shall have the right to enforce these covenants and any person or persons violating or attempting to violate any covenant or restriction, either to restrain violation or to recover damages, and against the land to enforce any lien created by these covenants. Failure by the Association or any Owner to enforce any covenant or restriction therein contained shall in no event be deemed a waiver of the right to do so thereafter.

SECTION 4. 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 5. Notices. Any notice required to be given to any Member or Owner under the provisions of this Declaration shall be deemed to have been properly given when mailed, postpaid, to the last known address of the record owner of the lot in which the member has an interest as shown on the records of the Association at the time of such mailing.

EXHIBIT "A"

The land that is subject to this Declaration of Covenants, Conditions and Restrictions of Panadero Development is described as follows:

Lots 1-74 inclusive as shown on the plat of Panadero Development, Filing No. 1, consisting of 4 sheets filed in the Office of the Clerk and Recorder of Huerfano County, Colorado on the 3rd day of October, 1973.

Lots 75-114 inclusive as shown on the plat of Panadero Development, Filing No. 2 consisting of 2 sheets filed in the Office of the Clerk and Recorder of Huerfano County, Colorado on the 27th day of May, 1982.