

DECLARATION OF PROTECTIVE COVENANTS

OF

RED MOUNTAIN RANCH

THIS DECLARATION AND AGREEMENT is executed the 9th day of January, 1996, with an effective date of January 12, 1996, by Billy Joe Lacy, Trustee, hereafter termed "Declarant".

ARTICLE 1.

STATEMENT OF PURPOSE OF DECLARATION

Section 1. Ownership of Property. Declarant is the owner of the real property ("Property") situate in Gunnison County, Colorado described on attached **Exhibit A.**

Section 2. Declaration of Covenants. Declarant hereby makes, declares and establishes the following covenants, restrictions and easements which shall affect the Property. This Declaration of Protective Covenants shall run with the Property and shall be binding upon all persons and entities having any right, title or interest in and to the Property or any Lots, tracts or parts thereof, their heirs, successors and assigns and their tenants, employees, guests and invitees and shall inure to and be for the benefit of each Owner of a Lot within the Property.

Section 3. Statement of Purpose. This Declaration of Protective Covenants is imposed for the benefit of all Owners and future owners of Lots, parcels and areas located within the Property and to provide for the preservation of values of the Property and to provide and to establish the covenants, easements, restrictions, assessments and liens hereafter set forth, all of which are for the benefit of the Owners of Lots.

Section 4. Enlargement of Property. Declarant hereby reserves the right to enlarge the Property by the addition of additional real property owned by Declarant or by any other person, by the recording in the records of Gunnison County, Colorado of a certificate or certificates setting forth the legal description or descriptions of the real property so added to the Property together with a plat of such additional Property. Such certificate may be incorporated into the plat of such additional Property. Such certificate may also set forth any specific provisions that pertain only to the additional real property. The recording of the certificate or certificates shall subject the Property, as so enlarged, to all of the terms and conditions of these Protective Covenants, except only as may be modified by such certificate or certificates.

Section 5. Common Interest Community. Declarant further declares the Property to be a Planned Community under the Colorado Common Interest Ownership Act.

ARTICLE 2.

DEFINITIONS

The following terms and words shall have the following definitions:

Section 1. "Association" shall mean the Red Mountain Ranch of Gunnison, Inc., a Colorado non-profit corporation, or any successor thereof charged with the duties and obligations set forth herein.

Section 2. "Association Documents" shall mean this Declaration of Protective Covenants, the Articles of Incorporation and Bylaws of the Association, any amendments thereto, and any future design guidelines, rules and regulations or policies adopted by the Association.

Section 3. "Assessments" shall mean annual, periodic, special or default assessments levied pursuant to this Declaration to provide the funds required to meet the obligations of the Association.

Section 4. "Barn" shall mean an accessory building designed to enclosed livestock and to store agricultural products, feed, supplies and agricultural and livestock equipment and property and any incidental use associated therewith.

Section 5. "Board of Directors" or "Board" shall mean the Board of Directors of the Association duly elected and acting according to the Articles of Incorporation and Bylaws of the Association.

Section 6. "Building" shall mean a building or structure, or any similar type of improvement situate and located on a lot or parcel of land within the Property.

Section 7. "Building Site" shall mean the envelope or area within a lot or tract where a building or other improvement shall be located, always subject to the prior written approval of the Board of Directors. The location of a Building Site constitutes no warranty or assurance that the Building Site contains water or is free of constraints.

Section 8. "Common Area" shall mean all real property in which the Association owns any interest or has a leasehold interest for the common use and enjoyment of its members, as