

D E C L A R A T I O N

of

Conditions, Covenants, Restrictions and Easements

for

MOUNTAIN SHADOWS

Filing No. 16

Ridge Development Co., Ltd., a Colorado limited partnership (called "Declarant" in this Declaration), is the sole owner of property described as follows:

Lots 1 through 53, inclusive, all in Mountain Shadows Filing No. 16 according to the plat thereof recorded in El Paso County, Colorado. This land is called the "Subdivision" and individual single family residential lots designated by the recorded plat are called "Lots."

A map of the Subdivision showing all the Lots is attached hereto as Exhibit A. Declarant desires to place protective covenants, conditions, restrictions, reservations, liens and charges upon the Subdivision to protect the Subdivision's quality residential living environment and also to protect its desirability, attractiveness and value. Consequently, the Subdivision is hereby subjected to the following easements, covenants, restrictions and conditions (collectively referred to as "Covenants"), all of which shall run with the Subdivision and shall be binding upon all parties having or acquiring any rights, title or interest in it or any part thereof, and shall inure to the benefit of each owner thereof.

ARTICLE ICOVENANTS TO PRESERVE THE RESIDENTIAL
CHARACTER OF THE SUBDIVISION

Section 101. Property Uses. All single family residential Lots and building sites in the Subdivision shall be used exclusively for private residential purposes. No dwelling erected or maintained within the Subdivision shall be used or occupied for any purpose other than for a single family dwelling. No business, profession or other activity conducted for gain shall be carried on or within any Lot or building site, except as provided in Section 107.

Section 102. Structures. No structure shall be erected within the Subdivision except single family dwellings and those accessory buildings and accessory structures which have been approved by the Approving Authority. No structure other than a dwelling, no accessory building other than storage facilities and garages, no trailer, tent or other similar or dissimilar temporary quarters may be used for living purposes. No other structure may be placed on any building site except with the permission of the Approving Authority.

Section 103. Construction Type. All construction shall be new. No building previously used at another location nor any building or structure originally constructed as a mobile dwelling or structure may be moved onto a Lot or building site except as expressly hereinafter provided for temporary buildings.

Section 104. Storage. No building materials shall be stored on any Lot except temporarily during continuous construction of a building or its alteration or improvement.

Section 105. Substantial Completion. A structure shall not be occupied in the course of original construction until substantially completed. All work of construction shall be prosecuted diligently and continuously from the time of commencement until fully completed.

Section 106. Construction Completion. The exterior of all buildings or other structures must be completed within one year after the commencement of construction except where such completion is impossible or would result in great hardship due to strikes, fires, national emergency or natural calamities. If not so completed, or if construction shall cease for a period of sixty days without permission of the Approving Authority, the Approving Authority will give the Owner thereof Due Notice of such fact, and if construction on such structure is not diligently commenced within thirty days after such notice, the unfinished structure or unfinished portion thereof shall be deemed a nuisance and shall be removed forthwith by and at the cost of the Owner.

Section 107. Construction or Sales Offices. Temporary buildings for construction or administration purposes or for sales offices may be erected or maintained only by Declarant or with the permission of the Approving Authority. Model homes may be used and exhibited only by Declarant or with the permission of the Approving Authority. Temporary buildings permitted for construction or administration purposes or for sales offices shall be promptly removed when they cease to be used for these purposes.

Section 108. Drilling Structures. No derrick or other structure designed or used for boring or drilling for water, oil or natural gas shall be permitted upon or above the surface of any Lot, nor shall any water, oil, natural gas, petroleum, asphaltum or other hydrocarbon substances be produced from any well located upon, in or under any Lot.

Section 109. Easements. There are hereby reserved to Declarant, its successors and assigns, perpetual, alienable, divisible and releasable easements and the right from time to time to grant such easements to others over, under, in and across each of the seven foot strips along and adjoining each rear Lot line of each Lot, and each of the five foot strips along and adjoining each side Lot line of each Lot for use of all or part of such areas for lines for transmission of electric current or impulses or electronic signals, for heat and fuel lines, for water lines, for utility lines, for drainage and for other similar or dissimilar facilities and purposes, and for any one or more of such purposes.

Section 110. Underground Utilities. All utilities, except lighting standards and customary service devices for meters, transformers, access, control or use of utilities, shall be installed underground.

Section 111. Access Restriction. All persons or entities having any interest in Lots 34 through 49, inclusive, and Lot 53 are required to and shall arrange and maintain any drives, dwellings or other structures so that ingress and egress to and from their Lots shall be exclusively obtained from Manning Way or Savannah Way and not through other private property, or Wickes Road, Centennial Boulevard or Tyrone Drive.

Section 112. Installation of Standard Fence. Declarant reserves the right to construct, at its expense, a fence along the side and/or rear lot lines of Lots 34 through 49, inclusive, and

Lot 53. Said fence may be constructed within the limits of the 50 foot landscaping and preservation easement as set forth on the recorded plat of the subdivision.

Section 113. Fence and Landscaping Maintenance. The Owner of the adjacent Lot shall maintain, in good condition, the portion of the fence referred to in Section 112 (these are called "Declarant Improvements") located on and/or immediately adjacent to their Lots (including watering and replacing or removal of any dead landscaping). If such maintenance is not properly performed, Declarant also has the right (but not the obligation) to enter any Lot which is subject to this easement and perform this maintenance at Declarant's expense. Except in cases of emergency, Due Notice will be given to Owners of these Lots prior to any such entry and maintenance by Declarant. The party performing the maintenance shall not be liable for any loss, costs or damages to any Owner of a Lot on account of its performance of such maintenance, except for any such loss, cost or damage caused by gross negligence or willful misconduct. Once the Declarant Improvements have been installed, no modifications shall be made to them without the prior approval of the Approving Authority, and the Approving Authority may require Owners of the affected Lots to perform maintenance in such a way as to preserve the uniform and harmonious visual appearance of the Declarant Improvements.

ARTICLE II

DENSITY, SETBACK AND QUALITY STANDARDS

Section 201. Resubdivision. No more than one dwelling shall be erected or maintained within any Lot or the combination of two or more Lots or portions thereof as approved by the Approving Authority and aggregating not less than 6,000 square feet.

Section 202. Setback Areas. Except with approval of the Approving Authority, no building, porch, eave, overhang, projection or other part of a building shall be located closer to Lot Lines than permitted by applicable zoning ordinances and the recorded plat of the Subdivision. The Approving Authority's approval may be given for (a) fireplace projections integral with the building; (b) eaves and overhangs; and (c) construction which extends less than five feet into the setback area and which the Approving Authority determines to have only minor impact, to be minor in nature and to be consistent with the Lot's shape, topography and in the interest of superior design. All construction must also conform to the building codes, zoning codes and subdivision regulations of the City, which regulations may vary from the provisions of this Declaration.

Section 203. Dwelling Area Requirements. No dwelling shall be erected which, exclusive of porches, patios, covered but unenclosed areas, garages and any attached accessory building, has a gross livable finished floor area above ground level of less than 1,500 square feet.

Section 204. Height Restrictions. No dwelling or other structure shall exceed thirty feet in height or be more than two stories high. Height shall be measured from the highest finish grade contour at any point adjoining the foundation perimeter of the structure to the highest point on the structure exclusive of standard chimneys. Finished grade contour shall mean the ground contour established by Declarant during development of the Lots and existing immediately prior to commencement of construction of any dwelling or other structure, or such other finished grade as may be approved by the Approving Authority.

Section 205. Roofs. All roof areas shall be of wood shakes. Other roofing materials may also be used, but only if approved by the Approving Authority.

Section 206. Accessory Buildings. Any accessory building or structure shall harmonize in appearance with the dwelling situated on the same Lot and shall be constructed using substantially the same exterior building materials as the dwelling.

Section 207. Antennas. No aerial, antenna, satellite dish or other device for reception or transmission of radio or television or other electronic signals shall be maintained on the roof of any building, nor shall they be maintained at any other exterior location unless screened in a manner approved by the Approving Authority. Plans for such structures must be submitted to and approved by the Approving Authority prior to installation. If the Approving Authority disapproves, the party requesting approval may modify its plans to eliminate the Approving Authority's objections and resubmit them for approval. If any such aerial, antenna, satellite dish or other device is installed without the approval of the Approving Authority, Declarant and/or the Approving Authority shall have the right, but not the obligation, to enter the Lot in question and remove the aerial, antenna, satellite dish or other device. Declarant and the Approving Authority shall not be liable for any losses, costs or damages to any Owner of the Lot on account of such removal of the offending device, except for any such loss, cost or damage caused by Declarant's or the Approving Authority's gross negligence or willful misconduct. Declarant and the Approving Authority may delegate their entry and removal rights hereunder to agents and independent contractors. In the event Declarant or the Approving Authority elects to remove a device pursuant to this section, Declarant or the Approving Authority will submit to the Owner of the Lot from which the device was removed, a written statement of the costs incurred by Declarant or the Approving Authority in removing the device. These costs shall be paid to Declarant or the Approving Authority within twenty days after receipt of such notice. If the costs of Declarant or the Approving Authority have not been paid after expiration of this twenty-day period, Declarant or the Approving Authority may thereafter record a lien against the Lot involved for all costs (including reasonable attorneys' fees) incurred by Declarant or the Approving Authority in removing the device and in collecting such costs and foreclosing upon the lien, which lien shall be junior to all other liens or encumbrances of record with respect to the Lot on the date this lien is recorded. This lien may thereafter be foreclosed upon in the manner provided by Colorado law for foreclosing upon real estate mortgages. This lien shall provide that all sums expended by Declarant or the Approving Authority in foreclosing the lien and collecting the amounts due Declarant or the Approving Authority (including reasonable attorneys' fees) shall be additional indebtedness secured by the lien.

Section 208. Owner Maintenance. Each Owner shall maintain the exterior of the dwelling, any accessory building and all other structures, lawns and landscaping, walks and driveways, in good condition, shall cause dead or diseased landscaping to be promptly replaced and shall cause such other items to be repaired or replaced as the effects of damage or deterioration become apparent. Exterior building surfaces and trim shall be repainted, sealed or stained periodically and before the surfacing becomes weatherbeaten or worn off.

Section 209. Rebuilding or Restoration. Any dwelling or building which may be destroyed in whole or in part by fire, wind-storm or from any other cause or act of God must be rebuilt or all

debris must be removed and the Lot restored to a slightly condition, such rebuilding or restoration to be completed with reasonable promptness and in any event within six months from the time the damage occurred.

Section 210. Fences. The height, location and material of all fences, animal pens, dog runs and other similar items must be approved by the Approving Authority. Chainlink or similar wire or wiremesh fencing shall not be allowed as the primary fencing material. Except with approval of the Approving Authority, no fence or hedge more than two feet high shall be installed closer to an adjoining street than the dwelling or any other building located on the Lot.

Section 211. Chimneys. All fireplaces and chimneys or other devices for open flames will be equipped with a spark arresting screen or other similar device acceptable to the Approving Authority.

Section 212. Driveways. All drives, driveways and walks for vehicular or pedestrian ingress and egress shall be constructed of concrete.

ARTICLE III

LIVING ENVIRONMENT STANDARDS

Section 301. Building and Grounds Conditions. Each Owner shall prevent the development of any unclean, unsightly or unkept conditions of buildings or grounds on his Lot which tends to substantially decrease the beauty of the neighborhood as a whole or in the specific area. No building material shall be stored on any Lot, except temporarily during continuous construction or repair of a building.

Section 302. Garage Doors. Garage doors shall be kept closed except when being used to permit ingress or egress to or from the garage.

Section 303. Maintenance Equipment. All maintenance equipment shall be stored in an enclosed structure or otherwise adequately screened so as not to be visible from neighboring property or adjoining streets.

Section 304. Clotheslines. All outdoor clothespoles, clotheslines or other facilities for drying or airing of clothing or household goods are prohibited.

Section 305. Refuse. No ashes, trash, rubbish, garbage, grass or shrub clippings, scrap material or other refuse, or receptacles or containers therefor, shall be stored, accumulated or deposited outside or so as to be visible from any neighboring property or street, except during refuse collections.

Section 306. Nuisances. No noxious or offensive activity shall be carried on upon any Lot or anything done thereon tending to cause embarrassment, discomfort, annoyance or nuisance to the neighborhood. No offensive or hazardous activities may be carried on on any Lot or in any living unit. No annoying lights, sounds or odors shall be permitted to emanate from any living units.

Section 307. Sound Devices. No exterior speakers, horns, whistles, bells or other sound devices except security devices used exclusively for security purposes shall be located, used or placed on any structure or within any building site.

Section 308. Landscaping. Within six months after completion of a dwelling or within any extension of that period granted by the Approving Authority, all yards and open spaces shall be landscaped according to a landscaping plan previously approved by the Approving Authority. Each landscaping plan shall include at least two native evergreen trees (pinon, pine, ponderosa, spruce or fir) at least twelve feet in height. In addition to the above requirements, all Lots containing the Declarant-installed fence identified in Section 112 shall be required to place at least one of the above required trees in the rear yard. The Owner's responsibility for landscaping shall also extend from the boundary of his Lot to the curb on any street bordering the front, side or rear of his Lot.

Section 309. Weeds. All yards and open spaces and the entire area of every Lot on which no building has been constructed, shall be kept free from plants or weeds infected with noxious insects or plant diseases and from weeds which in the reasonable opinion of the Approving Authority, are likely to cause the spread of infection or weeds to neighboring property and free from brush or other growth or trash which in the reasonable opinion of the Approving Authority causes undue danger of fire.

Section 310. Mowing and Pruning. In order to effect insect, weed and fire control and to prevent and remove nuisances, the Owner of any Lot upon which a building has not been constructed shall mow, cut, prune, clear and remove from the premises unsightly brush, weeds and other unsightly growth and shall remove any trash which may collect or accumulate on the Lot. Declarant has the right (but not the duty) to, at its expense, enter any Lot and perform this work after Due Notice to the Owner.

Section 311. Grading Patterns. No material change may be made in the ground level, slope, pitch or drainage patterns of any Lot as fixed by the original finish grading. Grading shall be maintained at all times so as to conduct irrigation and surface waters away from buildings and so as to protect foundations and footings from excess moisture.

Section 312. Animals. No animals except domesticated birds or fish and other small domestic animals permanently confined, and except an aggregate of two domesticated dogs or cats shall be maintained in or on any Lot within the Subdivision and then only if kept as pets. No animal of any kind shall be permitted which in the opinion of the Approving Authority makes an unreasonable amount of noise or odor or is a nuisance. No animals shall be kept, bred or maintained within the Subdivision for any commercial purposes.

Section 313. Trailers, Campers, etc. No boat, trailer, camper (on or off supporting vehicles), tractor, commercial vehicle, mobile home, motor home, motorcycle, any towed trailer unit or truck, excepting only pickup trucks solely for the private use of the residents of a dwelling, shall be parked overnight on any street or within any Lot or building site except in a completely enclosed structure. If any such vehicle is not removed from the Subdivision or placed in a completely enclosed structure, within three days after notice is delivered to the Owner of the Lot on or adjacent to which the offending vehicle is parked, then Declarant and/or the Approving Authority shall have the right, but not the obligation to enter the Lot in question, remove or cause to be towed the offending vehicle, and store such vehicle. Declarant and the Approving Authority shall not be liable for any losses, costs or damages to any Owner of the Lot or the owner of the vehicle on account of such removal of the offending vehicle, except for any such loss, cost or damage caused by Declarant's or the Approving Authority's gross negligence or willful misconduct. Declarant and the Approving Authority may delegate their entry and

removal rights hereunder to agents and independent contractors. In the event Declarant or the Approving Authority elects to remove a vehicle pursuant to this section, Declarant or the Approving Authority will submit to the Owner of the Lot from which the vehicle was removed or adjacent to the place on a public street from which the vehicle was removed, or in the case where the owner of the vehicle owns a different Lot, then to the owner of the vehicle, a written statement of the costs incurred by Declarant or the Approving Authority in removing the vehicle. These costs shall be paid to Declarant or the Approving Authority within twenty days after receipt of such notice. If the costs of Declarant or the Approving Authority have not been paid after expiration of this twenty-day period, Declarant or the Approving Authority may thereafter record a lien against the Lot involved for all costs (including reasonable attorney' fees) incurred by Declarant or the Approving Authority in removing and storing the vehicle and in collecting such costs and foreclosing upon the lien, which lien shall be junior to all other liens or encumbrances of record with respect to the Lot on the date this lien is recorded. This lien may thereafter be foreclosed upon in the manner provided by Colorado law for foreclosing upon real estate mortgages. This lien shall provide that all sums expended by Declarant or the Approving Authority in foreclosing the lien and collecting the amounts due Declarant or the Approving Authority (including reasonable attorneys' fees) shall be additional indebtedness secured by the lien.

Section 314. Junk Cars. No stripped down, partially wrecked or junk motor vehicle or part thereof, shall be permitted to be parked on any street or on any Lot in such a manner as to be visible at ground level from any neighboring property or street.

Section 315. Vehicle Repairs. No maintenance, servicing, repair, dismantling or repainting of any type of vehicle, boat, machine or device may be carried on within the Subdivision except within a completely enclosed structure which screens the sight and sound of the activity from the street and from adjoining property.

Section 316. Signs. The only signs permitted on any Lot or structure shall be:

- (a) one sign of customary size for offering of the signed property for sale or for rent;
- (b) one sign of customary size for identification of the occupant and address of any dwelling;
- (c) multiple signs for information, sale, administration and directional purposes installed by, or with the permission of Declarant during development and sales of Lots and/or homes and project identification signs installed by Declarant;
- (d) signs as may be necessary to advise of rules and regulations or to caution or warn of danger;
- (e) such signs as may be required by law;
- (f) signs approved by the Approving Authority.

Except for permitted signs, there shall not be used or displayed on any Lot or structure any signs or any banners, streamers, flags, lights or other devices calculated to attract attention in aid of sale or rental unless approval thereof is granted by the Approving Authority. All permitted signs must be professionally painted, lettered and constructed.

Section 317. Mailboxes. Mailboxes will be of a design approved by the Approving Authority and shall be installed in

pairs on posts provided by the Approving Authority or in accordance with design specifications established by the Approving Authority and located on the common boundary line between housing units or as designated by the Approving Authority.

Section 318. Solar Collectors. Solar collectors or other devices are permitted so long as they are designed and installed to blend in with the overall architecture of other improvements on the Lot. Any roof or wallmounted collectors or solar devices must be built-in to the roof or wall, be flush with, and of the same pitch as, the adjacent portions of the building, and be architecturally compatible with the building upon which they are affixed. Ground level freestanding solar collectors or devices will be permitted so long as they are designed or screened in a manner accepted by the Approving Authority so as to be visually compatible with the buildings and landscaping on the Lot involved and to not impact views from adjacent lots. Plans for any such solar collectors or other devices must be submitted to the Approving Authority for its review and approval prior to installation. If the Approving Authority disapproves, the party requesting approval may modify its plans to eliminate the Approving Authority's objections and resubmit them for approval. If any such solar collectors or other devices are installed without the approval of the Approving Authority, then Declarant and/or the Approving Authority shall have, with respect to such solar collectors or other devices, the right, but not the obligation, to enter the Lot in question and remove the solar collector or other device. Declarant and the Approving Authority shall not be liable for any losses, costs or damages to any Owner of the Lot on account of such removal of the offending device, except for any such loss, cost or damage caused by Declarant's or the Approving Authority's gross negligence or willful misconduct. Declarant and the Approving Authority may delegate their entry and removal rights hereunder to agents and independent contractors. In the event Declarant or the Approving Authority elects to remove a device pursuant to this section, Declarant or the Approving Authority will submit to the Owner of the Lot from which the device was removed, a written statement of the costs incurred by Declarant or the Approving Authority in removing the device. These costs shall be paid to Declarant or the Approving Authority within twenty days after receipt of such notice. If the costs of Declarant or the Approving Authority have not been paid after expiration of this twenty-day period, Declarant or the Approving Authority may thereafter record a lien against the Lot involved for all costs (including reasonable attorneys' fees) incurred by Declarant or the Approving Authority in removing the device and in collecting such costs and foreclosing upon the lien, which lien shall be junior to all other liens or encumbrances of record with respect to the Lot on the date this lien is recorded. This lien may thereafter be foreclosed upon in the manner provided by Colorado law for foreclosing upon real estate mortgages. This lien shall provide that all sums expended by Declarant or the Approving Authority in foreclosing the lien and collecting the amounts due Declarant or the Approving Authority (including reasonable attorneys' fees) shall be additional indebtedness secured by the lien.

ARTICLE IV

ARCHITECTURAL CONTROL

Section 401. Building Approval. No structure shall be commenced, erected, placed, moved onto a Lot, permitted to remain on any Lot or altered in any way so as to materially change the Lot's previously existing exterior appearance, except in accordance with plans, specifications and other information submitted to the Approving Authority and approved by the Approving Authority no more than one year before start of the construction,

alteration or installation. Matters which require the approval of the Approving Authority include but are not limited to: the exterior appearance, material, color, height and location of each structure, covering, drive, walk and fence, and grading of site. In granting or withholding approval, the Approving Authority shall consider among other things: the adequacy of the materials for their intended use, the harmonization of the external appearance with the surroundings, the proper relation of the structure or covering to the environment and to surrounding uses, the degree to which the proposed sighting preserves existing natural vegetation, the degree, if any, to which the proposed structure or covering will cause intrusions of sound, light or other effect on neighboring sites beyond those reasonably to be expected in a quality urban residential area from considerate neighbors.

Section 402. Plans Submissions. All plans, samples and other materials to be submitted to the Approving Authority shall be submitted in duplicate. The minimum scale of these plans shall be one-twentieth inch equals one foot. The plot plan in this minimum scale shall show the location of all buildings, drives, walks, fences and any other structures. Proposed new contours throughout the Lot and abutting street elevations on all sides shall be shown. Structure plans shall show all exterior elevations, and shall indicate and locate on each elevation the materials to be used and designate each exterior color to be used by means of actual color samples. If approval is being sought for construction of a dwelling, the plans shall include a landscaping plan for the Lot.

Section 403. Approval Process. All action required or permitted to be taken by the Approving Authority shall be in writing and any such written statement shall establish the action of the Approving Authority and shall protect any person relying on the statement. If the Approving Authority does not execute and acknowledge such a statement within thirty days after delivery of all the required materials to the Approving Authority, the materials so delivered shall be deemed approved for the purpose of these Covenants. The Approving Authority may charge reasonable fees to cover expenses incurred in review of plans, samples and materials submitted pursuant to this Declaration, exclusive of reimbursement to the members of the Approving Authority for their services. The Approving Authority shall be entitled to retain one copy of all approved plans as part of its files and records.

Section 404. Variances. The Approving Authority shall have the authority to grant for a Lot or building site a variance from the terms of one or more of Sections 106, 110, 202, 203, 204, 209 and 211 subject to terms and conditions which may be fixed by the Approving Authority and will not be contrary to the interests of the Owners and residents of the Subdivision where, owing to exceptional and extraordinary circumstances, literal enforcement of all of those sections will result in unnecessary hardship. Following an application for a variance:

(a) The Approving Authority shall, within thirty days after the request for the variance was delivered, determine whether to grant or deny the variance. If the Approving Authority fails to act on the request for a variance within this thirty day period, the variance will be deemed granted.

(b) A variance granted hereunder shall run with the Lot or building site for which granted.

(c) A variance shall not be granted unless the Approving Authority shall find that all of the following conditions exist:

(i) the variance will not authorize the operation of a use other than private, single family residential use;

(ii) owing to the exceptional and extraordinary circumstances, literal enforcement of the section above enumerated will result in unnecessary hardship;

(iii) the variance will not substantially or permanently injure the use of other property in the Subdivision;

(iv) the variance will not alter the essential character of the Subdivision;

(v) the variance will not weaken the general purposes of these Covenants;

(vi) the variance will be in harmony with the spirit and purpose of these Covenants;

(vii) the circumstances leading the applicant to seek a variance are unique to the Lot or building site or its Owner and are not applicable generally to Lots in the Subdivision or their Owners.

(d) If the Approving Authority denies the request for a variance, the applicant may request a meeting of the Owners be held to reconsider the denial. In this case, the Approving Authority shall call a meeting of Owners of Lots in the Subdivision, to be held at the Approving Authority's principal office, notice of which meeting shall be given to the Owners at least ten days in advance, at which meeting all Owners shall have an opportunity to appear and express their views. Whether or not anyone appears at the meeting in support of or in opposition to the application for variance, the Approving Authority shall within one week after the meeting either grant or confirm its denial of the variance. The decision to grant or deny the variance shall always rest with the Approving Authority.

(e) If a variance is denied, another application for a substantially similar variance for the same Lot or building site may not be made for a period of one year after submittal of the original request.

ARTICLE V

APPROVING AUTHORITY

Section 501. Composition of the Approving Authority.

The Approving Authority shall consist of three individuals. The Declarant reserves the right, until December 31, 1997, to appoint all members of the Approving Authority. Thereafter, the Owners of Lots within the Subdivision may, by majority vote, change the membership of the Approving Authority, so long as the members of the Approving Authority so appointed are all Owners of Lots within the Subdivision. Whenever a member shall be deceased or unwilling or unqualified to act, the remaining members of the Approving Authority shall appoint an Owner of a Lot within the Subdivision as a member of the Approving Authority so as to fill the existing vacancies, except until December 31, 1997, any such vacancy may be filled by Declarant. Any residents appointed to the Approving Authority by Declarant may be removed and replaced by the record Owners of a majority of Lots in the Subdivision. Any appointment, removal or replacement of residents as members of the Approving Authority shall be by written instrument signed and acknowledged by Declarant or other person or persons above authorized to make appointment, removal or replacement and filed for record with the Clerk and Recorder of the County of El Paso, State of Colorado.

Section 502. Delivery of Items. Any item required or permitted to be delivered to the Approving Authority shall be deemed properly delivered when actually received by the Approving Authority at such address as it may from time to time designate.

Section 503. Liability. Members of the Approving Authority shall not be liable to any party whatsoever for any act or omission unless the act or omission is in bad faith and amounts to fraud.

ARTICLE VI

GENERAL PROVISIONS FOR EFFECT OF THE COVENANTS

Section 601. Definitions. The following words and expressions used in these Covenants have the meanings indicated below unless the context clearly requires another meaning:

(a) Accessory Building. Detached garages, patios, swimming pools, covers, enclosures, dressing rooms or other similar structures, recreation facilities and other buildings customarily used in connection with the single family residence.

(b) Approving Authority. The architectural review board established pursuant to Section 501 of these Covenants.

(c) Building Site. A Lot as established by the recorded plat or the combination of two or more Lots or portions thereof as approved by Declarant and aggregating not less than 6,000 square feet.

(d) City. The City of Colorado Springs.

(e) These Covenants. This Declaration and the provisions contained in it.

(f) Lot. Each area designated as a Lot in any recorded plat of the Subdivision.

(g) Lot Lines. Front, side and rear Lot Lines shall be the same as defined in the zoning regulations of the City in effect from time to time. In the absence of such a definition, a front Lot Line is each boundary line (whether one or more) between the Lot and any public street. A side Lot Line is any boundary line which meets and forms an angle with a public street except that for a corner Lot with two front Lot Lines, the side Lot Line is the boundary which forms an angle with the street which affords the principal access to the Lot.

(h) Map. The generalized map of the Subdivision attached hereto as Exhibit A.

(i) Owner. Person having fee simple legal title to a Lot. If more than one person has such title, all such persons are referred to collectively as "Owner" and shall exercise their rights as an Owner through such one of them as they may designate from time to time. A vote of Owners shall be determined on the basis of one vote for each Lot.

(j) Structure. Any thing or device other than trees and landscaping the placement of which upon any building site might affect its architectural appearance, including by way of illustration and not limitation, any dwelling, building, garage, porch, shed, greenhouse, driveway, walk, patio, swimming pool, tennis court, fence, wall, tent,

covering, antenna, mailbox, solar collector or outdoor lighting. Structure shall also mean an excavation or fill the volume of which exceeds five cubic yards or any excavation, fill, ditch, diversion dam or other thing or device which affects or alters the natural flow of surface waters upon or across any Lot or which affects or alters the flow of any waters in any natural or artificial stream, wash or drainage channel upon or across any Lot.

(k) The Subdivision. The area subdivided as Mountain Shadows Filing No. 16 according to the plat recorded in the office of the Clerk and Recorder of the County of El Paso and State of Colorado.

(l) Enumerations Inclusive. A designation which describes parcels or other things as from one number, letter or other designation to another includes both such numbers, letters or other designations and all in between.

(m) Gender and Number. Whenever the context permits, Owner or Owners shall be deemed to refer equally to persons of both sexes and to corporations, singular to include plural and plural to include singular.

(n) Due Notice. Due Notice means written notice delivered in accordance with the requirements of these Covenants at least ten days prior to the action required by the notice.

Section 602. Captions. Captions, titles and headings in these Covenants are for convenience only and do not expand or limit the meaning of the section and shall not be taken into account in construing the section.

Section 603. Approving Authority Resolves Questions of Construction. If any doubt or questions shall arise concerning the true intentment or meaning of any of these Covenants, the Approving Authority shall determine the proper construction of the provision in question and shall set forth in written instrument duly acknowledged by the Approving Authority and filed for record with the Clerk and Recorder of El Paso County, the meaning, effect and application of the provision. This definition will thereafter be binding on all parties so long as it is not arbitrary or capricious. Matters of interpretation involving Declarant shall not be subject to this Section 603.

Section 604. Covenants Run With the Land. These Covenants shall run with the land and shall inure to and be binding on each Lot and upon each person or entity hereafter acquiring ownership or any right, title and interest in any Lot in the Subdivision.

Section 605. Covenants are Cumulative. Each of these Covenants is cumulative and independent and is to be construed without reference to any other provisions dealing with the same subject matter or imposing similar or dissimilar restrictions. A provision shall be fully enforceable although it may prohibit an act or omission sanctioned or permitted by another provision.

Section 606. Waivers. Except as these Covenants may be amended or terminated in the manner hereinafter set forth, they may not be waived, modified or terminated and a failure to enforce shall not constitute a waiver or impair the effectiveness or enforceability of these Covenants. Every person bound by these Covenants is deemed to recognize and agree that it is not the intent of these Covenants to require constant, harsh or literal enforcement of them as a requisite of their continuing vitality and that leniency or neglect in their enforcement shall not in any

way invalidate these Covenants or any part of them, nor operate as an impediment to their subsequent enforcement and each such person agrees not to plead as a defense in any civil action to enforce these Covenants that these Covenants have been waived or impaired or otherwise invalidated by a previous failure or neglect to enforce them.

Section 607. Enforcement. These Covenants are for the benefit of the Owners, jointly and severally, and the Approving Authority and may be enforced by action for damages, suit for injunction, mandatory and prohibitive, and other relief, and by any other appropriate legal remedy, instituted by one or more Owners, or the Approving Authority, or any combination of these. Until ten years after these Covenants were filed of record, or when Declarant owns no property within the Subdivision, whichever is sooner, Declarant may also enforce these Covenants in any of the manners permitted above. All costs, including reasonable attorneys' fees, incurred by the Approving Authority in connection with any successful enforcement proceeding initiated by them (alone or in combination with Owners) or, during the period it is permitted to enforce these Covenants, incurred by Declarant, shall be paid by the party determined to have violated these Covenants. Any party exercising its right to enforce these Covenants shall not be required to post any bond as a condition to the granting of any restraining order, temporary or permanent injunction or other order. The rights and remedies for enforcement of these Covenants shall be cumulative, and the exercise of any one or more of such rights and remedies shall not preclude the exercise of any of the others.

Section 608. Duration of Restrictions. Unless sooner terminated as provided in Section 609, the restrictions and other provisions set forth in these Covenants shall remain in force until the year 2012 and shall be automatically renewed for successive periods of ten years unless before the year 2012 or before the end of any ten year extension, there is filed for record with the Clerk and Recorder of El Paso County an instrument stating that extension is not desired, signed and acknowledged by a majority vote of Owners of the Lots in the Subdivision.

Section 609. Amendment and Extensions. From time to time any one section of these Covenants (except Section 109) may be amended or a new section may be added to these Covenants by an instrument signed and acknowledged by the holders of at least two-thirds of the votes of Owners of Lots and filed for record with the Clerk and Recorder of El Paso County.

Section 610. Termination. All sections of these Covenants (except Section 109) may be terminated at any time, and from time to time any two or more sections of these Covenants (except Section 109) may be amended or two or more new sections may be added to these Covenants by an instrument signed and acknowledged by the Owners of at least three-fourths of votes of Owners of Lots and filed for record with the Clerk and Recorder of El Paso County.

Section 611. Partial Amendments. These Covenants may be amended for only a portion of the Subdivision by a written instrument executed by Declarant and one hundred percent of the then Owners of such portion of the Subdivision if:

(a) the portion of the Subdivision affected by such amendment contains at least fifteen contiguous Lots;

(b) no improvements have been erected on any such Lots; and

(c) Declarant reasonably determines that the amendments will not materially adversely affect the general living environment contemplated by these Covenants for the remaining Lots.

Section 612. Severability. If any of these Covenants shall be held invalid or become unenforceable, the other Covenants shall not be affected or impaired but shall remain in full force and effect.

Section 613. Action in Writing. Notices, approval, consents, applications and other action provided for or contemplated by these Covenants shall be in writing and shall be signed on behalf of the party who originates the notice, approval, consent, applications or other action.

Section 614. Notices. Any writing described in Section 613, including but not limited to any communication from the Approving Authority to an Owner, shall be sufficiently served if delivered by mail or otherwise: (a) to the dwelling situate on the Lot owned by that Owner; or (b) if there is no dwelling, then to the address furnished by the Owner to the Approving Authority and if the Owner has not furnished an address, then to the most recent address of which the Approving Authority has a record.

Section 615. VA/FHA Approvals. Declarant reserves the right to amend this Declaration as may be required in order to obtain VA or FHA approval of the Subdivision.

IN WITNESS WHEREOF, Declarant has executed this Declaration this 12th day of January, 1988.



By Jane A. Trinklein
Jane A. Trinklein, Secretary

(Corporate Seal)

DECLARANT:

RIDGE DEVELOPMENT CO., LTD.

By: C-M-H Developers, Inc.,
General Partner

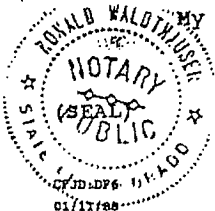
By C. Michael Hausman
C. Michael Hausman, President

STATE OF COLORADO)
) ss.
COUNTY OF EL PASO)

The foregoing instrument was acknowledged before me this 12th day of January, 1988 by C. Michael Hausman as President and by Jane A. Trinklein as Secretary, respectively, of C-M-H Developers, Inc., General Partner of Ridge Development Co., Ltd., Declarant.

Witness my hand and official seal.

My commission expires 9-12-91



Ronald Waldrup
Notary Public

MOUNTAIN SHADOWS FILING NO. 16 IN THE CITY OF COLORADO SPRINGS, EL PASO COUNTY, COLORADO

