



**DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS
FOR
MUSTANG CROSSING SUBDIVISION**

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR MUSTANG CROSSING SUBDIVISION, La Plata County, Colorado is made as of June 6, 2023 by Mustang Crossing LLC, a Colorado limited liability company ("Declarant") having an address of 361 South Camino Del Rio #191, Durango CO 81303.

RECITALS

A. Declarant owns certain real property located in La Plata County, Colorado and desires to create a phased residential planned community pursuant to the Colorado Common Interest Ownership Act as set forth in Colorado Revised Statutes §§. 38-33.3-101 et.seq. (the "Act").

B. The real property to be submitted to this Declaration is all of the Property described on Exhibit A attached hereto and incorporated herein. The Property is to be developed pursuant to the terms and conditions of that certain TOWN OF BAYFIELD, COLORADO SUBDIVISION IMPROVEMENT AGREEMENT FOR PHASE 1 A FOR MUSTANG CROSSING PROJECT # 2022-09 by and among Declarant, the Town of Bayfield and CRG Construction, Inc (the "SIA").

C. Lots within Mustang Crossing Subdivision will be created upon the recordation of a subdivision plat for each phase of the development in accordance with the SIA. The plat for Phase IA is recorded concurrent with this Declaration.

C. Declarant desires to protect and maintain the planned Community as a residential area of high quality and value; to enhance and protect its desirability and attractiveness; and to provide for the maintenance of the common elements and common access serving the Community, pursuant to this Declaration of Covenants, Conditions and Restrictions for Mustang Crossing.

**ARTICLE I
DECLARATION AND SUBMISSION**

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

**ARTICLE II
DEFINITIONS**

The following terms when used in this Declaration or any amendment or supplement hereto shall have the following meanings:

Section 2.1 "Act" means the Colorado Common Interest Ownership Act, C.R.S. §§

RTN TO:
TOWN OF BAYFIELD
PO Box 80, BAYFIELD, CO 81122

38-33.3-101, et seq., Colorado Revised Statutes, as it may be amended from time to time.

Section 2.2 "Allocated Interests" means a fraction or percentage of the Common Expenses of the Association and a portion of the votes in the Association allocated to each Lot in accordance with Article XII.

Section 2.3 "Articles" means the Articles of Organization for Mustang Crossing Owners Association, Inc. which are on file with the Colorado Secretary of State, and any amendments made to those Articles from time to time.

Section 2.4 "Assessments" means the Regular, Special, and Default Assessments levied pursuant to Article VIII.

Section 2.5 "Association" means Mustang Crossing Owners Association, Inc.

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

Section 2.7 "Bylaws" means the Bylaws adopted by the Association, as amended from time to time.

Section 2.8 "Common Elements" means all the real property and Improvements thereon in which the Association owns an interest for the common use and enjoyment of all of the Owners on a nonexclusive basis. Such interest may include, without limitation, the access roads shown on the Plat including, but not limited to, Bronco Trail, Saddleback Drive, Wild Horse Drive, Tall Grass Lane and a portion of Louisiana Drive (the "Roads"), the irrigation system, entrance features including signage and lighting, mail boxes, open space or green belt areas as designated on the Plat ("Open Space"), picnic areas, trails, perimeter fencing, the easements for access, detention ponds and drainage and utilities as shown in on the Plat and other common facilities or equipment installed or owned by the Association.

Section 2.9 "Common Expense" means (i) all expenses expressly declared to be common expenses by this Declaration, or the Bylaws of the Association; (ii) all expenses of administering, servicing, conserving, managing, maintaining, or repairing the Common Elements; including the fees or contract arrangements for the maintenance and snow plow of the Roads; (iii) insurance premiums for the insurance carried under Article VII; and (iv) all expenses lawfully determined to be common expenses by the Executive Board of the Association, including, but not limited to, any allocations to reserves.

Section 2.10 "Common Interest Community" or "Community" means the planned community created by this Declaration, consisting of the Property, and all of the improvements constructed thereon and otherwise known as Mustang Crossing.

Section 2.11 "Declarant" means, Mustang Crossing LLC, a Colorado limited liability company and/or its successors and assigns and is further defined in §103(12) of the Act.

Section 2.12 "Declaration" means and refers to this Declaration of Covenants, Conditions, and Restrictions for Mustang Crossing, including any amendments hereto.

Section 2.13 "Director" means a member of the Executive Board of the Association.

Section 2.14 "Architectural Review Committee" means the committee formed pursuant to Article XVI to maintain the quality and architectural harmony of improvements and structures within the Community.

Section 2.15 "Executive Board" means the governing body of the Association elected to perform the functions of an executive Board as defined in the Act including the obligations of the Association relative to the operation, maintenance, and management of the Common Interest Community and all improvements on or within the Common Interest Community.

Section 2.16 "First Mortgage" means any Mortgage the priority of which is not subject to any monetary lien or encumbrance except liens for taxes or other liens that are given priority by statute; "First Mortgagee" means any person named as mortgagee in a First Mortgage.

Section 2.17 "Open Space" means the tracts of land identified on the Plat as Tract A, Tract D, Tract E and F dedicated on the Plat for the purpose of ingress and egress and including any tracts that may be dedicated for such purposes on plats for future phases.

Section 2.18 "Improvements" means any residential building, outbuilding, structure, fencing, equipment, fixture or facilities, if any, existing or to be constructed or installed in the Common Interest Community, including those items specified in 18.1.

Section 2.19 "Lot" means any one of the parcels of real property designated for separate ownership or occupancy, the boundaries of which are identified by number on the recorded Plat. For purposes of the Act, "Lot" shall have the same definition as the term "Unit" under the Act. "Lot Owner" or "Owner" means the Declarant or any other Person who owns a Lot by virtue of a fee simple deed. Lot Owner does not include a Person having only a security interest or any other interest in a Lot solely as security for an obligation. The Declarant is the initial owner of each and every Lot created and defined by this Declaration and the Plat.

Section 2.20 "Member" means every person or entity that holds membership in the Association.

Section 2.21 "Mortgage" means any mortgage, deed of trust, or other document pledging any Lot or interest therein as security for payment of a debt or obligation. Mortgage is also defined as a Security Interest under the Act. "Mortgagee" means any person named as a mortgagee or beneficiary in any Mortgage, or any successor to the interest of any such person under such Mortgage.

Section 2.22 "Person" means an individual, corporation, trust, partnership, limited liability company, association, joint venture, government, government subdivision or agency or other legal or commercial entity.

Section 2.23 "Plat" means the Mustang Crossing Subdivision Phase 1A To The Town of Bayfield plat that has been filed in the Office of the Clerk and Recorder of La Plata County on 6/8/2023 at Reception No. 1222587 and shall collectively refer to and include all plats which have been recorded for future phases of Mustang Crossing Subdivision..

Section 2.24 "Property" means the real property described in Exhibit A attached hereto and incorporated herein.

Section 2.25 "Successor Declarant" means any party or entity to whom Declarant assigns any or all of its rights, obligations or interest as Declarant, as evidenced by an assignment or deed of record in the office of the La Plata County Clerk and Recorder, designating such party as a Successor Declarant. Upon such recording, Declarant's rights and obligations under this Declaration shall cease and terminate to the extent provided in such documents.

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

ARTICLE III NAME, LOCATION, NUMBER AND SIZE OF LOTS

Section 3.1 Name. The name of the common interest Community is Mustang Crossing Subdivision.

Section 3.2 Description. The entire Common Interest Community is situated in the County of La Plata, State of Colorado and is a planned Community as defined in the Act.

Section 3.3 Association. The name of the association is Mustang Crossing Owners Association, Inc. Declarant has caused the Association to be organized under the laws of the State of Colorado as a nonprofit corporation with the purpose of exercising the functions as herein set forth.

Section 3.4 Number of Lots. The number of Lots created in Phase 1A, which Plat is recorded concurrent with this Declaration, is 19. The total number of Lots that Declarant reserves the right to construct in the common interest Community is 81.

ARTICLE IV MEMBERSHIP, VOTING RIGHTS; ASSOCIATION OPERATIONS

Section 4.1 Membership in Association. Every Owner of a Lot shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot. An Owner shall not transfer, pledge or alienate his membership in the Association in any way, except upon the sale or encumbrance of his Lot and then only to the purchaser or Mortgagee of his Lot.

Section 4.2 Voting. The Association shall have one class of voting membership, which shall consist of all Owners. Except as otherwise provided in this Declaration, each Member shall be entitled to vote in Association matters on the basis of his Allocated Interests, defined in Article XIII. When more than one Person holds an interest in any Lot, all such Persons shall be Members; however, the vote for such Lot shall be exercised by one Person or alternative Person appointed by proxy in accordance with the Bylaws. In the absence of a proxy, the vote allocated to the Lot shall be suspended in the event more than one Person or entity seeks to exercise the right to vote on any one matter. Any Owner of a Lot that is leased may assign his voting right to the tenant, provided that a copy of a proxy appointing the tenant is furnished to the Secretary of the Association prior to any meeting in which the tenant exercises the voting right. In no event shall more than one vote be cast with respect to any one Lot.

Section 4.3 Period of Declarant Control. Declarant and any Successor Declarant shall have exclusive power to appoint and remove members of the Executive Board and officers of the Association to the fullest extent permitted by §303 of the Act as more fully described in the Association's Articles of Incorporation and Bylaws.

Section 4.4 Books and Records. The Association shall make available for inspection, upon request, during normal business hours or under other reasonable circumstances, to Owners and to Mortgagees, current copies of the Association Documents, the books, records, and financial statements of the Association prepared pursuant to the Bylaws, and minutes of Executive Board and committee meetings pursuant to the Records and Inspection policy and procedure. The Association may charge a reasonable fee for copying such materials. The Association shall maintain such books and records as may be required under the Act or by other applicable law.

Section 4.5 Manager. The Association may employ or contract for the services of a property manager to whom the Executive Board may delegate certain powers, functions, or duties of the Association, as provided in the Bylaws of the Association.

Section 4.6 Implied Rights and Obligations. The Association may exercise any right or privilege expressly granted to the Association in the Association Documents, and every other right or privilege reasonably implied from the existence of any right or privilege given to the Association under the Association Documents or reasonably necessary to effect any such right or privilege. The Association shall perform all of the duties and obligations expressly imposed upon it by the Association Documents, and every other duty or obligation implied by the express provisions of the Association Documents or necessary to reasonably satisfy any such duty or obligation.

Section 4.7 Powers of the Association. The Association shall have all of those powers enumerated in the Bylaws and the Act. The Executive Board shall have, subject to the limitations contained in this Declaration and the Act, the powers and duties necessary for the administration of the affairs of the Association and of the Common Interest Community including the power to adopt rules and regulations and governance policies and procedures. The Executive Board may not act on behalf of the Association to amend this Declaration, to terminate the Common Interest Community or to elect Members of the Executive Board or determine the qualifications, powers and duties or terms of office of Executive Board Members, but the Executive Board may fill vacancies in its membership for the unexpired portion of any term.

ARTICLE V LOT DESCRIPTIONS

Section 5.1 Lot Boundaries. Boundaries of each Lot created by the Declaration are as shown on the Plat, and may hereafter be transferred by using the following legal description with application Lot #, Phasing, and recordation information:

Lot _____, according to the Mustang Crossing Subdivision Phase ____ of the plat recorded on _____ at Reception No. _____ in the office of the Clerk and Recorder of La Plata County, Colorado.

Section 5.2 Relocation of Lot Boundaries or Consolidation of Lots. The boundaries between adjoining Lots may be relocated upon application to the Association by the Owners of the Lots affected by the relocation or consolidation. The application describe the proposed

reallocation or consolidation and the applicant will provide the Executive Board with the proposed boundary adjustment or consolidation survey plat to reflect the relocation or consolidation of the boundaries. Unless the Executive Board determines in writing, within 60 days after receipt of the application, that the reallocation or consolidation is unreasonable, the Executive Board will be deemed to have approved the reallocation or consolidation of Lots. The Owner/applicant will pay for the costs of preparation of an amendment to the Declaration if the Board deems that an amendment to this Declaration is necessary as well as any reasonable consultant fees incurred by the Association if the Association deems it necessary to employ a consultant to review the plat. The Owner/applicant will pay for the costs associated with an amendment to the Plat if the Town of Bayfield requires a plat amendment. There will be no adjustment in Allocation of Common Expenses as a result of any consolidation of Lots. To clarify, the Owner of two lots will continue to pay Common Expense assessments for those two lots in the same manner as prior to the consolidation resulting in a single lot.

ARTICLE VI

MAINTENANCE OF THE COMMON INTEREST COMMUNITY

Section 6.1 Maintenance of Lots.

A. Each Owner shall be solely responsible for all maintenance and repair of their Lot, including all Improvements located in or on the Lot, and is required to maintain the Lot and any Improvements located thereon in a condition of good order and repair. No Owner shall unreasonably damage the value of other Lots by the shoddy upkeep of his Lot. Each Owner shall be responsible for maintenance, snow plowing and improvement of his or her driveway and front sidewalk, and the maintenance and upkeep of any landscaping within the Lot boundaries. Landscaping maintenance shall include weed control and elimination of noxious weeds in accordance with La Plata County regulations.

B. Utility or service connections, facilities, or other utility equipment and property located in, on, or upon a Lot used solely to supply a service or utility to such Lot shall be the responsibility of the Lot Owner using such utility or service. All expenses and liabilities for repair and maintenance of such utilities shall be borne by the Lot Owner, who shall have a perpetual easement in and to that part of such other Lots containing such facilities for purposes of maintenance, repair, and inspection.

C. No Owner shall construct any Improvements, or make any structural or design change, addition, or remodel to existing Improvements, or construct or modify landscaping or drainage of a Lot without first obtaining the prior written consent of the ARC pursuant to Article XVII.

Section 6.2 Owner's Failure to Maintain or Repair. In the event that a Lot and the Improvements thereon are not properly maintained and repaired by an Owner, or in the event that the Improvements on the Lot are damaged or destroyed by an event of casualty and the Owner does not take reasonable measures to diligently pursue the repair and reconstruction of the damaged or destroyed Improvements to substantially the same condition in which they existed prior to the damage or destruction, then the Association, after 30 days prior written notice to the Owner and with the approval of the Executive Board, shall have the right to enter the Lot to perform such work as is reasonably required to restore the Lot and Improvements thereon to a condition of good order and repair. All costs incurred by the Association in connection with the

restoration shall be reimbursed to the Association by the Owner of the Lot, upon demand. All unreimbursed costs shall be a lien upon the Lot until reimbursement is made. The lien may be enforced in the same manner as a lien for an unpaid assessment levied in accordance with Article VIII.

Section 6.3 Maintenance by Association. The Association shall maintain and keep the Common Elements in good repair, and the cost of such maintenance shall be funded as a common expense of the Association provided in Article VIII. This maintenance shall include, but shall not be limited to, upkeep, repair and replacement, subject to any insurance then in effect, of any entrance features and lighting, irrigation systems, detention ponds and drainage and utilities serving the Association, Open Space areas, trails, perimeter fencing, and maintenance and snowplow of Roads (until such time as the Town of Bayfield agrees to undertake maintenance and snowplow of the Roads). Landscaping maintenance of Open Space shall include mowing and watering of lawns, weeding, pruning of trees and bushes and replacement of dead trees and bushes.

Section 6.4 Maintenance Contracts. The Executive Board may employ or contract for the services of an individual or maintenance company to perform certain delegated powers, functions, or duties of the Association to maintain the Common Elements. In addition, the Board has the right to contract for maintenance and snowplow of the Road until such time as the Town of Bayfield agrees to undertake maintenance for Road. The employed individual or maintenance company shall have the authority to make expenditures upon prior approval and direction of the Executive Board. The Executive Board shall not be liable for any omission or improper exercise by the employed individual or management company of any duty, power, or function so delegated by written instrument executed by or on behalf of the Executive Board.

ARTICLE VII INSURANCE

Section 7.1 Coverage. To the extent reasonably available, the Association shall obtain and maintain insurance coverage as set forth in this Article. If such insurance is not reasonably available, and the Association determines that any insurance described in this Article will not be maintained, the Association shall cause notice of that fact to be hand delivered or sent prepaid by United States mail to all Owners and at their last known addresses. The Association shall obtain and maintain:

A. **Property Insurance.** Property insurance that will cover the Common Elements of the Association and any personal property and Improvements owned by the Association (not the personal property or Improvements within a Lot which belong to the Lot Owner) for broad form covered causes of loss. The property insurance will be for an amount equal to 100% of the actual cash value at the time the insurance is purchased and at each renewal date. The maximum deductible shall be one percent of the policy face amount.

B. **Liability Insurance.** The Association shall obtain and maintain commercial general liability insurance against claims and liabilities arising in connection with the ownership of the Common Elements in an amount to be determined by the Association, but in no event shall it be less than \$1,000,000. The insurance shall cover all occurrences commonly insured against for death, bodily injury, and property damage arising out of or in connection with the use, ownership, or maintenance of the Common Elements and personal property and Improvements of the Association and the activities of the Association.

Insurance policies required by this Section shall provide that: (a) the insurer waives the right to subrogation under the policy against an Owner; (b) an act or omission of an Owner will not void the policy or be a condition of recovery under the policy; (c) if at the time of loss, there is other insurance in the name of an Owner which covers the same risk, the Association's policy provides primary insurance; (d) losses must be adjusted with the Association; (e) insurance proceeds shall be paid to the Association, or its designated Trustee, to be held in trust for each Owner; and (f) the insurer may not cancel or refuse to renew the policy until 30 days after notice of the proposed cancellation or nonrenewal has been mailed to the Association.

Section 7.2 Personal Liability Insurance of Officers and Directors. To the extent obtainable at reasonable cost, appropriate personal liability insurance shall be maintained by the Association to protect the officers and directors from personal liability in relation to their duties and responsibilities in acting as such officers and directors on behalf of the Association.

Section 7.3 Other Insurance. The Association may obtain insurance against such other risks, including workman's compensation insurance, of a similar or dissimilar nature as it shall deem appropriate with respect to the Association's responsibilities and duties.

Section 7.4 Insurance Obtained by Owners. Each Owner shall obtain physical damage and liability insurance for such Owner's benefit, at such Owner's expense, covering the Owner's Lot and Improvements, personal property, and personal liability (except to the extent any such Lot is encumbered by an easement conveyed to the Association as a Common Element). In addition, an Owner may obtain such other and additional insurance coverage on the Lot as such Owner, in the Owner's sole discretion, shall conclude to be desirable; provided, however, that none of such insurance coverage obtained by the Owner shall operate to decrease the amount which the Association, on behalf of all Owners, may realize under any policy maintained by the Association or otherwise affect any insurance coverage obtained by the Association or cause the diminution or termination of that insurance coverage. Any insurance obtained by an Owner shall include a provision waiving the particular insurance company's right of subrogation against the Association and other Owners, including Declarant, should Declarant be the Owner of any Lot. No Owner shall obtain separate insurance policies on the Common Elements. The Association may require an Owner who purchases insurance coverage for the Owner's Lot (other than coverage for the Owner's personal property) to file copies of such policies with the Association within 30 days after purchase of the coverage to eliminate potential conflicts with any master policy carried by the Association.

Section 7.5 General Insurance Provisions. All insurance coverage obtained by the Association shall be governed by the following provisions:

A. As long as Declarant owns any Lots, Declarant shall be protected by all such policies as an Owner. The coverage provided to Declarant under the insurance policies obtained in compliance with this Article shall not be deemed to protect or be for the benefit of any general contractor engaged by Declarant, nor shall such coverage be deemed to protect Declarant for with respect to such claims.

B. The deductible amount, if any, on any insurance policy purchased by the Association may be treated as a Common Expense payable from Regular Assessments or Special Assessments, or as an item to be paid from working capital reserves established by the Association; or alternatively, the Association may treat the expense as an assessment against an Owner whose Lot is specifically affected by the damage or whose negligence or willful act resulted in damage.

C. The insurance coverage described in this Article shall be considered minimum coverage and the Association shall be obligated to secure and maintain such other or additional coverage as may be required by law, including, without limitation, § 313 of the Act.

D. Except as otherwise provided by the Association pursuant to this Article, insurance premiums shall be a Common Expense to be paid by regular Assessments levied by the Association.

E. The named insured under any such policies shall include Declarant, until all the Lots have been conveyed, and the Association, as a trustee for the Owners and their Mortgagees, as their interests may appear, or the authorized representative of the Association who shall have exclusive authority to negotiate losses and receive payments under such policies.

F. In no event shall the insurance coverage obtained and maintained pursuant to this Article be brought into contribution with insurance purchased by the Owners or their Mortgagees.

ARTICLE VIII ASSESSMENTS FOR COMMON EXPENSES

Section 8.1 **Obligation.** Declarant, for each Lot owned by Declarant, hereby covenants, and each Owner, by accepting a deed for a Lot, is deemed to covenant to pay to the Association: (i) the Regular Assessments imposed by the Executive Board as necessary to meet the Common Expenses of maintenance and management of the Common Elements and to perform the functions of the Association; (ii) Special Assessments for capital improvements and other purposes as stated in this Declaration, if permitted by law; and (iii) Default Assessments which may be assessed against a Lot for the Owner's failure to perform an obligation under the Association Documents or because the Association has incurred an expense on behalf of the Owner under the Association Documents.

Section 8.2 **Purpose of Assessments.** The Assessments shall be used exclusively to promote the health, safety, and welfare of the Owners and occupants of the Common Interest Community, and for the improvement and maintenance of the Common Elements, all as more fully set forth in this Declaration.

Section 8.3 **Budget.** Within 30 days after the adoption of any proposed budget for the Association, the Executive Board shall by ordinary US mail or email (if email addresses have been provided by Owners) deliver a summary of the budget to all Owners and shall set a date for a meeting of the Owners to consider ratification of the budget 90 days after mailing or other delivery of the summary. Unless at that meeting 67% of all Owners reject the budget, the budget is ratified, whether or not a quorum is present. In the event the proposed budget is rejected, the Regular budget last ratified by the Owners must be continued until such time as the Owners ratify a subsequent budget proposed by the Executive Board.

Section 8.4 **Regular Assessments.** Regular Assessments for Common Expenses shall be based upon the estimated cash requirements as the Executive Board shall from time to time determine to be paid by all of the Owners, subject to this Article. Estimated Common Expenses shall include, but shall not be limited to, the cost of routine maintenance of the Common Elements, expenses of management; any taxes and special governmental assessments pertaining to the Common Elements and insurance premiums for insurance coverage as deemed desirable or

necessary by the Association; wages; legal and accounting fees; management of property fees; expenses and liabilities incurred by the Association under or by reason of this Declaration; payment of any default remaining from a previous assessment period; and the creation of a reasonable contingency or other reserve or surplus fund for general. Regular Assessments shall be payable on a prorated basis each year in advance and shall be due on the first day of each year, or such other periods as the Executive Board may determine. The omission or failure of the Association to fix the Regular Assessments for any assessment period shall not be deemed a waiver, modification, or release of the Owners from their obligation to pay the same. The Association shall have the right, but not the obligation, to make prorated refunds of any Regular Assessments in excess of the actual expenses incurred in any fiscal year.

Section 8.5 Apportionment of Regular Assessments. Each Owner shall be responsible for their share of the Common Expenses in accordance with the Allocated Interests, subject to the provisions of this Article.

Section 8.6 Special Assessments. In addition to the Regular Assessments authorized by this Article, the Association may levy in any fiscal year one or more Special Assessments, if permitted by applicable law, payable over such a period as the Association may determine, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of improvements within the Common Elements, or for any other expense incurred or to be incurred as provided in this Declaration. This Section shall not be construed as an independent source of authority for the Association to incur expense but shall be construed to prescribe the manner of assessing expenses. Any amounts assessed pursuant to this Section shall be assessed to Owners in the same proportion as provided for Regular Assessments, subject to the requirements that any extraordinary maintenance, repair, or restoration work on fewer than all of the Lots shall be borne by the Owners of those affected Lots only; and any extraordinary insurance costs incurred as a result of a particular Owner's Lot or the action of a particular Owner (or his agents, guests, tenants, or invitees) shall be borne by that Owner. Notice in writing in the amount of such Special Assessments and the time for payment of the Special Assessments shall be given promptly to the Owners, and no payment shall be due less than 30 days after such notice shall have been given.

Section 8.7 Default Assessments. All monetary fines assessed against an Owner pursuant to the Association Documents, or any expense of the Association which is the obligation of an Owner or which is incurred by the Association on behalf of the Owner pursuant to the Association Documents, shall be a Default Assessment and shall become a lien against such Owner's Lot which may be foreclosed or otherwise collected as provided in this Declaration. Notice of the amount and due date of such Default Assessment shall be sent to the Owner subject to such Assessment at least 30 days prior to the due date.

Section 8.8 Effect of Nonpayment; Assessment Lien. Any assessment installment, whether pertaining to any Regular, Special, or Default Assessment, which is not paid within 30 days of its due date shall be delinquent. If an Assessment installment becomes delinquent, the Executive Board, in its sole discretion, may take any or all of the following actions:

A. Assess a late charge for each delinquency in such amount as the Association deems appropriate;

B. Assess a default interest charge from the date of delinquency at the yearly rate established by the Executive Board, not to exceed 21% per annum;

- C. Suspend the voting rights of the Owner during any period of delinquency;
- D. Accelerate all remaining Assessment installments so that unpaid Assessments for the remainder of the fiscal year shall be due and payable at once;
- E. Bring an action at law against any Owner personally obligated to pay the delinquent Assessments; and
- F. File a statement of lien with respect to the Lot and proceed with foreclosure. Assessments chargeable to any Lot shall constitute a continuing lien on such Lot, including any improvement on the Lot. After imposition of a lien, with prior approval of the Executive Board, the Association may institute foreclosure proceedings against the defaulting Owner's Lot in the manner for foreclosing a mortgage on real property under Colorado law. In the event of any such foreclosure, the Owner shall be liable for the amount of unpaid Assessments, any penalties and interest thereon, the cost and expenses of such proceedings, the cost and expenses for filing the notice of the claim and lien, and all reasonable attorneys' fees incurred in connection with the enforcement of the lien. The Association shall have the power to bid on the Lot at a foreclosure sale and to acquire and hold, lease, mortgage, and convey the same.

The Association shall be entitled to costs and reasonable attorney fees in any action brought by the Association under this Section.

Section 8.9 Personal Obligation. The amount of any Assessment chargeable against any Lot shall be a personal and individual debt of the Owner of the Lot. No Owner may exempt himself from liability for the Assessment by abandonment of his Lot or by waiver of the use or enjoyment of all or part of the Common Elements. Suit to recover a money judgment for unpaid Assessments, any penalties and interest, thereon, the cost and expenses of such proceedings, and all reasonable attorneys' fees in connection therewith shall be maintainable without foreclosing or waiving the Assessment lien provided in this Declaration.

Section 8.10 Successor's Liability for Assessment. In addition to the personal obligation of each Owner to pay all Assessments and the Association's perpetual lien for such Assessments, all successors to the fee simple title of a Lot, except as provided below, shall be jointly and severally liable with the prior Owner or Owners thereof for any and all unpaid Assessments, interest, late charges, costs, expenses, and attorneys' fees against such Lot without prejudice to such successor's right to recover from any prior Owner any amounts paid by such successor. This liability of a successor shall be personal and shall not terminate upon termination of such successor's fee simple interest in the Lot. In addition such successor shall be entitled to rely on the Statement of Status of Assessment Payment by or on behalf of the Association under this Article.

Section 8.11 Subordination of Lien. The lien of the Assessments provided for in this Declaration shall be subordinate to (i) the lien of real estate taxes and special governmental assessments, (ii) liens and encumbrances recorded prior to the recordation of the Declaration, and (iii) liens for all sums unpaid for a first lien security interest on a Lot recorded before the date on which the assessment sought to be enforced became delinquent, subject to the priority granted to the Association's lien under the Act. The lien of the Assessments shall be superior to and prior to any Lot exemption provided now or in the future by the laws of the State of Colorado. An Owner's transfer of any Lot shall not affect the Association's lien except that sale or transfer of any Lot

pursuant to foreclosure of any first mortgage, or any proceeding in lieu thereof, or cancellation or forfeiture shall only extinguish the Association's lien as provided in the Act. The amount of such extinguished lien may be reallocated and assessed to all Lots as a Common Expense at the direction of the Executive Board. No sale or transfer shall relieve the purchaser or transferee of a Lot from liability for, or the Lot from the lien of, any Assessments made after the sale or transfer.

Section 8.12 Notice to Mortgagees. The Association may, in its discretion, report to any Mortgagee any unpaid Assessments remaining unpaid for longer than 60 days after the same shall have become due. Any Mortgagee holding a lien on a Lot may pay any unpaid Assessment payable with respect to such Lot, together with any and all costs and expenses incurred with respect to the lien, and upon such payment that Mortgagee shall have a lien on the Lot for the amounts paid with the same priority as the lien of the Mortgage.

Section 8.13 Statement of Status of Assessment Payment. The Association shall furnish to an Owner or to a holder of a security interest upon written request, a written statement setting forth the amount of unpaid assessments currently levied against such Owner's Lot. A reasonable fee may be imposed on the Owner by the Association in connection with provision of such statement. The Executive Board will establish said fees by resolution and may modify said fees from time to time.

Section 8.14 Working Capital Fund. Upon acquisition of record title to a Lot from Declarant, the Owner of a Lot shall contribute to the Association's working capital fund, a non-refundable sum of \$500.00 at the closing of the sale of the Lot. Said working fund fee shall be collected and transferred to the Association at the time of closing and shall be maintained for the use and benefit of the Association. Such payment shall not relieve an Owner from making regular payments of assessments as such assessments become due and such payment shall not be considered an advance payment of regular assessments. The working capital fund shall be used by the Association, and/or Declarant, for insurance deductibles, capital expenditures for repair or replacement of Common Elements, emergencies, and expenses which do not occur on a regular and on-going basis. The working capital fund may also be used to reimburse the Declarant for Declarant's payment of the foregoing Association expenses. The working capital fund may not be used by the Declarant to defray any of the Declarant expenses or construction costs for completion of the development.

Section 8.15 Transfer Fees. The Association may charge an Owner a reasonable transfer fee in connection with the sale and transfer of Lots within the Common Interest Community. The fee may be deposited in a reserve or capital improvement fund to be used for future Common Expenses or fees may be utilized immediately for the purpose of covering Association costs relating to education of Owners, provision of documents, verifying accounts and assessments attributable to transferring Lots and other related expenditures involved with the transfer of Lots. The Executive Board will establish the amount of said transfer fees by resolution and may modify said fees from time to time.

ARTICLE IX DEVELOPMENT RIGHTS AND SPECIAL DECLARANT RIGHTS

Section 9.1 Development Rights and Special Declarant Rights. The Declarant reserves the following Development Rights and other Special Declarant Rights (as both terms are defined in the Act) for a period of fifty (50) years after the recording of this Declaration:

- (a) the right to complete or make improvements indicated on the Plat;

- (b) the right to maintain sales offices, management offices and models in Lots or on the Common Elements;
- (c) the right to maintain signs on the Property to advertise the sale of the Lots;
- (d) the right to use, and to permit others to use, easements through the Common Elements as may be reasonably necessary for the purpose of discharging the Declarant's obligations under the Act and this Declaration;
- (e) the right to appoint or remove any officer of the Association or any Director during the Declarant Control Period consistent with the Act;
- (f) the right to develop the Property in Phases and to construct and create Lots, facilities, utilities and improvements thereon;
- (g) the right to negotiate, execute, and modify the SIA with the Town of Bayfield and to comply with the terms, conditions, and obligations set forth therein;
- (h) the right to negotiate, execute, and modify lease, easements, and surface use agreements with oil and gas operators, including BP America Production Company; and
- (i) the right to amend these Declarations and/or the Plat in connection with the exercise of the Development Rights and Special Declarant Rights pursuant to Section 9.3 and 9.4 below. Any such amendments, including but not limited to the recordation of a future phased plat pursuant to Section 9.3(b) below, shall not require the consent or signature of Owners.

No assurances are made by Declarant as to whether Declarant will exercise its Development Rights or the order in which such Development Rights will be exercised. The exercise of Development Rights as to some portions of the Property will not obligate Declarant to exercise them as to other portions. The exercise of the above referenced Special Declarant Rights or rights reserved to Declarant shall not require the consent or approval of the Association or its member.

Section 9.2 Termination of Rights Reserved. Except as otherwise expressly reserved in this Declaration, all rights reserved by and to the Declarant terminate 50 years after the date upon which this Declaration is recorded or upon the sale of all of the Lots which are within the Community up to the maximum number of Lots, whichever shall first occur; provided, however, such reserved rights may be: (i) reinstated or extended by mutual agreement of the Association and Declarant, subject to whatever terms; (ii) extended as allowed by law; or (iii) terminated in whole or in part by a written instrument executed by the Declarant in such manner as provided in the Act.

Section 9.3 Declarant's Right to Develop In Phases.

A. Declarant's Right to Develop In Phases. Declarant reserves the right to develop the Property in phases upon recordation of a subdivision plat in accordance with the terms and conditions of the SIA. Declarant makes no assurances that all of the Property will be platted nor that all of the Lots will be created and reserves the right to plat each phase in any order subject to the SIA and within such time period as Declarant, in its sole discretion, deems feasible.

B. Future Phased Plats. Platting of future phases shall be accomplished by the recording of a plat depicting the real property and location of the Lots thereon (the "Future Phase Plat"). The Future Phase Plat shall also describe any Common Elements thereby created and, if Limited Common Elements are created, shall designate the Lots to which each is allocated. The Common Elements identified in the Future Phase Plat shall be included in and deemed a part of the Community. The Allocated Interests of this Declaration shall be automatically amended to include any additional Lots identified in the Future Phase Plat. Owners have no right to withdraw or exclude from the Declaration the real property identified as future phases, nor create any amendment affecting future phases of Mustang Crossing Subdivision without the consent of the Declarant.

Section 9.4 Declarant's Right To Amend. Without the consent of the Association or Owners, Declarant reserves the right to amend these Declarations, as granted the Declarant under the Act, C.R.S. 38-33.3-217 (1)(a) for conforming same to the requirements of the Federal Home Loan Mortgage Company, Veterans Administration, or any other institution involved in the purchase and sale of home loan mortgages, or any institutional mortgage lender, or any title insurance company of the County of Archuleta, State of Colorado or the United States of America, or any other governmental agency or political subdivision; (b) for the correction of clerical, technical, drafting or typographical errors in the Declaration, Plat or map; (c) for perfecting, clarifying or making the provisions of the Declaration consistent with the Plat and/or for correcting provisions to the Plat to make them consistent with this Declaration; or (d) for including provisions, as may be necessary, to effect Declarant's exercise and implementation of Special Declarant Rights as set forth above.

Section 9.5 Interference with Special Declarant Rights. Neither the Association nor any Lot Owner may take any action or adopt any rule that will interfere with or diminish any Development Right or Special Declarant Right without the prior written consent of the Declarant.

ARTICLE X DAMAGE OR DESTRUCTION

Section 10.1 Damage to or Destruction of Common Interest Community. The Association shall promptly repair or replace any portion of the Common Interest Community for which insurance is required according to this Declaration and the Act or for which insurance is carried by the Association (the "Association-Insured Property"), unless the Common Interest Community is terminated; repair or replacement would be illegal under a state statute or municipal ordinance governing health or safety; or 67% of the Owners, including every Owner of a Lot or Limited Common Element that will not be rebuilt, vote not to rebuild. As soon as practical after the damage occurs and any required estimates have been obtained, the Association shall diligently pursue to completion the repair and reconstruction of the damaged or destroyed property. As attorney-in-fact for the Owners, the Association may take any and all necessary or appropriate action to effect repair and reconstruction of any damage to the Association-Insured Property, and no consent or other action by any Owner shall be necessary. Assessments of the Association shall not be abated during the period of insurance adjustments and repair and reconstruction.

Section 10.2 Funds for Repair and Reconstruction. Proceeds received by the Association from any hazard insurance carried by the Association shall be used to repair and reconstruct the Association-Insured Property. If said proceeds are insufficient to pay the estimated or actual cost of such repair or reconstruction, or if upon completion of such work the insurance proceeds for the payment of such work are insufficient, the Association may, pursuant to Article VIII, but subject to applicable law, levy, assess, and collect in advance from the Owners, without the necessity of a special vote of the Owners, a Special Assessment sufficient to provide funds to pay such estimated

or actual costs of repair and reconstruction. Further levies may be made in like manner if the amounts collected prove insufficient to complete the repair or replacement.

Section 10.3 Replacement of Less than Entire Property. Any insurance proceeds attributable Association-Insured Property that is not rebuilt under Section 10.1 must be distributed to the Owners of a Lot or to lien holders, as their interests may appear in the records.

ARTICLE XI CONDEMNATION

Section 11.1 Rights of Owners. Whenever all or any part of the Common Elements shall be taken by any authority having power of condemnation or eminent domain or whenever all or any part of the Common Elements is conveyed in lieu of a taking under thereof of condemnation by the Executive Board acting as attorney-in-fact for all Owners under instructions from any authority having the power of condemnation or eminent domain, each Owner shall be entitled to notice of the taking or conveying. The Association shall act as attorney-in-fact for all Owners in the proceeding incident to the condemnation proceeding, unless otherwise prohibited by law.

Section 11.2 Partial Condemnation, Distribution of Award; Reconstruction. The award made for such taking shall be payable to the Association as trustee for the Owners, and the award shall be disbursed in equal shares per Lot among the Owners, first to the Mortgagees, if any, and then to the Owners, as their interests appear.

Section 11.3 Complete Condemnation. If all of the Common Interest Community is taken, condemned, sold, or otherwise disposed of in lieu of or in avoidance of condemnation, then the regime created by this Declaration shall terminate, and the portion of the condemnation award attributable to the Common Elements shall be distributed as provided in Section 10.2 above.

ARTICLE XII MORTGAGEE'S RIGHTS

The following provisions are for the benefit of holders, insurers, or guarantors of First Mortgages on Lots. To the extent applicable, necessary, or proper, the provisions of this Article apply to this Declaration and also the Articles and Bylaws of the Association.

Section 12.1 Title Taken By Mortgagee. Any Mortgagee holding a First Mortgage of record against a Lot who obtains title to the Lot pursuant to remedies exercised in enforcing the Mortgage, including foreclosure of the Mortgage or acceptance of a deed in lieu of foreclosure, will be liable for all Assessments due and payable as of the date title to the Lot is acquired or could have been acquired under Colorado law, whichever is earlier; provided, however, that the lien of the Association for unpaid assessments shall not have priority over a First Mortgage in the amount of more than six months of regular Common Expense assessments.

Section 12.2 Notice of Action. Any First Mortgagee, upon written request to the Association, will be entitled to timely written notice of:

A. Any proposed amendment of the Association Documents effecting a change in the boundaries of any Lot; the interest in the Common Elements appurtenant to a Lot or the liability of Assessments related thereto; the number of votes in Association matters allocated to a Lot; or the purposes to which any Lot or Common Elements are restricted.

B. Any proposed termination of the Common Interest Community.

C. Any condemnation loss or any casualty loss that affects a material portion of the Common Interest Community or affects a Lot upon which a First Mortgage is held.

D. Any delinquency in the payment of Assessments owed by an Owner subject to the Mortgage where such delinquency has continued for a period of 60 days.

Section 12.3 Action by Mortgagee. If this Declaration or any Association Documents requires the approval of Mortgagees to any action, then, if any Mortgagee fails to respond to any written request for such approval delivered by certified, return receipt requested, US mail, within 30 days after such Mortgage receives notice of the request, such Mortgagee shall be deemed to have approved such request.

Section 12.4 Right to Pay Taxes and Charges. Mortgagees who hold First Mortgages against Lots may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against any Common Elements, and may pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy for such Common area, and Mortgagees making such payments shall be owed immediate reimbursement therefore from the Association.

ARTICLE XIII ALLOCATED INTERESTS

Section 13.1 Allocation of Interests. Interests have been allocated in accordance with the formulas set out in this Article. The same formulas are to be used in reallocating interests if Lots are added to the Common Interest Community.

Section 13.2 Formula for Allocation of Interests.

A. Voting Interests are allocated as follows: Each Lot has one vote.

B. Common Expenses are allocated as follows: The formula for calculating the Common Expense of a single Lot is based on a fraction: the numerator of which is one (1) and the denominator of which is the total number of platted and recorded Lots as measured from time of the common expense assessment. If, for example, the total number of Lots at the time of the levy of common assessments is nineteen (19) the Allocated Interest for each Lot is 1/19.

ARTICLE XIV DURATION OF COVENANTS AND AMENDMENT

Section 14.1 Term. The covenants, easements, and restrictions of this Declaration shall run with and bind the Property in perpetuity, subject to the termination provisions of the Act.

Section 14.2 Amendment. This Declaration, or any provision of it, may be amended at any time by the affirmative vote of Owners holding no less than 67% of the Voting Interests of Owners eligible to vote within the Association except that the consent and signature of the Declarant is required on any amendment if the amendment is proposed during the Period of Declarant Control as described in Article IV. Any amendment must be executed by the President

of the Association and recorded, and approval of such amendment may be shown by attaching a certificate of the Secretary of the Association to the recorded instrument certifying that signatures of a sufficient number of Owners approving the amendment are on file in the office of the Association. Notwithstanding this Section 14.2, the Declarant has the right to amend this Declaration without Owner consent pursuant to Article 9.4.

Section 14.3 Termination. This Declaration shall not be revoked, nor shall the Common Interest Community be terminated, except as provided in Article X regarding total condemnation, without the consent of 67% of the Owners evidenced by a written instrument duly recorded and without the consent of the Declarant during the period of Declarant Control. Termination of the Common Interest Community may be accomplished only in accordance with § 218 of the Act.

Section 14.4 Limitation of Challenges. An action to challenge the validity of an amendment adopted by the Association pursuant to this Article may not be brought more than one year after the amendment is recorded.

ARTICLE XV PROPERTY USE RESTRICTIONS

Section 15.1 Residential Use. Each Lot designated on the Plat shall be used solely for residential purposes. No business and commercial enterprises are permitted on a Lot, including but not limited to, dog kennels, commercial marijuana grow or processing operations or day-care businesses. Notwithstanding the foregoing restriction, certain "home business" are permitted so long as the home business are permitted by the Town of Bayfield and do not result in an increase of traffic within the Community. Leasing and vacation rentals are deemed to constitute residential purposes and are allowed.

Section 15.2 No Nuisance, Illegal or Offensive Activity; No illegal or offensive activity shall be carried on within the Property, nor shall anything be done or permitted which shall constitute a public or private nuisance. No junk autos or equipment, trucks or car bodies will be allowed to accumulate. Owners shall dispose of all refuse and garbage accumulated by them in a neat and sanitary manner, inoffensive to neighbors, and in conformity with ordinances of the Town of Bayfield, and Owners will further comply with all such laws, rules and regulations relating to control of noxious weeds, rodents, and predators.

Section 15.3 Abandoned and Inoperable Vehicles; Storage of Vehicles. RVs, campers, boats and recreational vehicles may be stored or parked on a Lot so long as located inside a garage or shed; except that such vehicles may be parked temporarily in a driveway for a period of not to exceed two weeks per year. No abandoned or inoperable vehicles of any kind shall be stored or parked on a Lot, except in a garage or shed. Abandoned or inoperable vehicle shall mean any vehicle which is either incapable of legal operation upon a public roadway or has not moved from the Lot for a period of 30 days or longer; provided, however this shall not include vehicles parked by Owners on their Lots while temporarily away from their residences. A written notice requesting the removal of a vehicle in violation of this Section 15.3 may be delivered to an Owner or occupant or posted on the vehicle and if such vehicle is not removed within 72 hours thereafter, the Executive Board may cause the vehicle to be towed with expenses charged against the Owner as a Default Assessment or the Executive Board may levy a fine for each day the vehicle remains in violation per the Association Governance Policies and Procedures.

Section 15.4 Signs. No signs of any kind shall be displayed to the public view on or from

any portion of the Property except, (i) during the Special Declarant Rights Period, signs of Declarant or its affiliates or assigns, (ii) signs required by law, and (iii) "For Sale" or "For Rent" signs; provided such signage is first approved by the ARC. The Association shall not prohibit the display of a political sign, not to exceed 36 inches by 48 inches, so long such sign is displayed on a Lot no earlier than 45 days before the day of an election and no later than seven days after an election day.

Section 15.5 No Hazardous Activities. Without limiting the generality of the foregoing, (a) no open fires shall be lighted or permitted on the Property except in a contained barbeque while attended and in use for cooking purposes or within a safe and well-designed interior or exterior fireplace and (b) no careless disposition of cigarettes or other flammable materials are permitted.

Section 15.6 Restriction on Further Subdivision. No Lots shall be further subdivided or separated into smaller Lots.

Section 15.7 Lease. An Owner of a Lot may lease their primary residence for any period of time so long as such lease exceeds a period of 30 days. An Owner of a Lot may rent or lease an accessory dwelling unit for any period of time. Tenants are subject to all rules and regulations and restrictions contained within this Declaration and Landlord is responsible for advising their tenants of same. The Executive Board may request a copy of an Owner's lease for purposes of determining compliance with this Section 15.7. Owners shall remain directly liable for all obligations imposed by this Declaration and the violations of their tenants.

Section 15.8 Weeds. Lot Owners are responsible for keeping lawns free of weeds and for elimination of undesirable plants as defined in Sec 10-83 of the Town of Bayfield Code of Ordinances. At the discretion of the Executive Board, the Association may undertake the abatement of weeds within an Owner's Lot, with any costs incurred by the Association being the responsibility of the Owner.

Section 15.9 Trash; Construction Debris. The Association Executive Board will select a single waste disposal company for trash collection services within the community and Owners will pay trash collection fees directly to said company. Refuse, garbage, and trash shall be kept at all times in a covered container and appropriately screened from view. Trash shall be stored in accordance with applicable Town of Bayfield ordinances. Construction debris shall be stored in dumpsters provided by the Owner throughout the period of construction and food waste shall be removed on a daily basis.

Section 15.10 Animals. Except for common household pets and chickens, no livestock or exotic animals may be kept on the Property unless with the permission of the Executive Board and so long as in compliance with the Town of Bayfield Code of Ordinances. Up to 8 backyard chickens (not roosters) and a chicken coop are permitted on a Lot; provided the ARC has granted prior approval of the chicken coop structure and its location. There shall be no more than two cats and/or two dogs per Lot. No pets shall be bred or maintained for commercial purposes. No animals shall be allowed to run free within Open Space, Roads or trails within the Community. No animals shall constitute a nuisance and excessive barking shall not be permitted in accordance with applicable Code of Ordinances of the Town of Bayfield. Owners shall "clean up" after their pet at all times. The Owner of any animal shall at all times be personally liable and responsible for all actions of such animals and any damage caused by such animal.

Section 15.11 Association Rules and Regulations. The Association may, by a majority

vote of the Executive Board, adopt, amend and repeal rules and regulations to be known as the Association Rules and Regulations (the "Association Rules and Regulations"). The purpose of the Association Rules and Regulations shall be to implement, supplement or otherwise carry-out the purposes and intentions of this Declaration; provided such Association Rules and Regulations must be consistent with this Declaration. For example, the Association may create rules and regulations as to the use of Open Space amenities and trail.

Section 15.12 Agricultural Area and Gas Well. Owners acknowledge that the Community is located adjacent to working ranches which, among other things, allows for grazing by livestock. Owners should not trespass upon adjoining ranch property and/or harass cattle and other livestock in any manner. . Owners acknowledge that the Community is located adjacent to an active gas well and that well operators have an easement right of ingress and egress along the eastern boundary of the Community for maintenance and service of the well and related facilities as described in Section 16.4. Owners are not permitted to enter upon the gas pad site and are responsible for their own safety in and around the gas pad area and upon the dirt accessway leading to the pad site. Owners acknowledge that there is noise associated with well operations and facilities and that the accessway may be utilized by trucks and heavy equipment from time to time.

ARTICLE XVI EASEMENTS AND LICENSES

Section 16.1 Existing Easements. The Common Interest Community shall be subject to all easements shown on the Plat, and those of record, those provided for in the Act, and as otherwise set forth in this Article.

Section 16.2 Owner's Easement Across Common Elements. Every Owner shall have an easement of access across the Common Elements, which easement shall be appurtenant to and shall pass with the title to every Lot, subject to the right of the Declarant and/or the Association to dedicate or transfer all or part of the Common Elements to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the Association.

Section 16.3 Reserved Declarant Easements. Declarant reserves easements on, over, and under the Community, to exercise his Development Rights and Special Declarant Rights and for construction, maintenance, repair, replacement, and reconstruction of poles, wires, pipes, and conduits for lighting, heating, electricity, gas, telephone, water and sewer, drainage, internet and any other public or quasi-public utility service purposes, and for sewer and pipes of any kind.

Section 16.4 Encroachment Easements. An encroachment easement is reserved by the Declarant over all Lots, in the event that engineering or maintenance, dictate the necessity for encroachment, provided that such encroachment will not significantly damage any Lot encroached upon.

Section 16.5 Governmental Imposed Easements. Declarant hereby reserves, as a blanket easement, the right to grant dedicate, reserve and otherwise create, at any time, other easement necessary for subdivision infrastructure improvements (including but not limited to, roads, trails, drainage and utilities) or such other easements as may be required by the Town of Bayfield, the County, or other governmental agency; provided, however, that such easement does not unreasonably interfere with an Owner's use of a Lot.

Section 16.6 Easements to Oil and Gas Operators. The Community is subject to (i) an

oil and gas lease with BP American Production Co. (BP) covering the oil and gas well operations conducted on a portion of the property located in the north-east corner of Future Phase 2 shown as Tract X on the Plat and (ii) a 40 ft. wide pipeline and access right of way running along the eastern border of Future Phase 2 as shown on the Plat (the "BP Easement"). The Association, as landowner, is obligated to comply with the terms and conditions of such lease and easements. No permanent structures may be placed within the BP Easement and the Association and its Owners may not interfere with use of the BP Easement and gas pad by BP or its agents. Owners of Lots adjacent to the BP Easement are permitted to install and maintain landscaping, including gardens (raised beds) within the portion of the easement that crosses their Lot; provided however, that any such landscaping may be removed in the event that BP or its successor requires same.

Section 16.7 Trail Easements. A perimeter trail and connector trail easements, as depicted on the Plat, are Common Elements of the Association and are dedicated for the use of the Lot Owners and their guests and invitees. While the trail is a Common Element of the Association, the Association acknowledges that it will be open and available for use by members of the public. The perimeter trail shall consist of gravel and connector trails may consist of asphalt, concrete or other soft-surface material. Any trail within the Community shall be maintained by the Association as a Common Element. Lot Owners shall not obstruct or impede use of any Association trails.

ARTICLE XVII ARCHITECTURAL REVIEW COMMITTEE

Section 17.1 Powers. There is hereby established an Architectural Review Committee ("ARC" or "Committee") which shall be responsible for the establishment and administration of any design guidelines adopted and created by the Executive Board, including those guidelines contained within this Declaration.

Section 17.2 Committee Membership and Organization. The initial Committee shall consist of the Board of Directors and shall serve until the end of the Period of Declarant Control. During the Period of Declarant Control, the Declarant shall fill any vacancies in the Committee. After the Period of Declarant Control, the Board of Directors of the Association shall appoint the members of the committee which may consist of a minimum of 3 and up to a maximum of 5 members. In the event a committee is not appointed, the Executive Board shall continue to exercise the powers of the ARC. The term of office of each member of the Committee shall be one year or such longer period until his or her successor shall have been appointed. The affirmative vote of a majority of the members of the Committee shall govern its actions and be the act of the Committee. The Committee may avail itself of other technical and professional advice and consultants as it deems appropriate, and the Committee may delegate its plan review responsibilities, except final review and approval, to one or more of its members or to consultants retained by the Committee. All expenses of the Committee shall be paid by the Association and shall constitute a Common Expense.

Section 17.3 Purpose; Required Approval. The Committee shall review, study and either approve or reject applications for Improvements, all in compliance with this Declaration or such additional design guidelines as may be created and adopted by the Executive Board. No Improvements, landscaping or dirt work may be commenced, constructed, erected, relocated, removed, remodeled or installed on a Lot unless complete plans and specifications shall have been first submitted to and approved in writing by the ARC as required by this Declaration.

Section 17.4 Submission of Plans. Submittal plans shall generally consist of the following:

- a. All plans and specifications for any structure or Improvement whatsoever to be erected upon the Property, and the proposed location thereof on the Property, the construction material, style, the roofs and exterior color schemes, any later changes or additions after initial approval thereof and any remodeling, reconstruction, alterations, or additions thereto.
- b. All grading plans, drainage and erosion control on and within a Lot.
- c. All landscaping showing location and type of plantings, berms, bedding and other landscaped features including retaining walls and fencing to be located on and within a Lot

Plans, including elevations, sections, and site plan, shall be stamped and approved by a licensed architect. An application filing fee in an amount of \$500.00 (subject to increase by the Executive Board) shall accompany the submission of the plans to defray ARC expenses. Additional fees may be required for subsequent submissions or resubmissions of plans unless such plans have been revised in accordance with ARC requirements and then no additional fee will be imposed. Application Forms for submission of plans shall be provided by the ARC.

Section 17.5 Owner Acknowledgement. Owners acknowledge and agree to the following:

- A. Owners will not commence construction or installation of an Improvement until they have submitted plans and specifications and received written approval from the ARC.
- B. Upon submittal of an application for approval, Owners agree that they will construct, install or modify Improvements only for which they have ARC permission to construct install or modify.
- C. Owners will cooperate and comply with requests by the ARC for additional information relating to Owner's submittal prior to completion of the Improvement and understand that failure to provide additional information may result in denial or withdrawal of approvals previously given.
- D. ARC approval does not constitute approval of the local building or zoning departments or of building structural soundness or sufficiency of foundations.
- E. Owners will notify the ARC of completion of Improvements within 5 days of completion.
- F. Owners authorize the ARC or its representative to enter upon a Lot to inspect Improvements to ensure compliance with approved plans. Refusal to allow inspection shall in withdrawal of approval.
- G. If an Improvement as built does not conform to the Improvement as approved by the ARC, the ARC approval will be deemed withdrawn and upon written request by the ARC, Owner shall at Owner's expense promptly bring the Improvement into compliance with the submitted and approved plans and specifications.

Section 17.6 Disapproval. The ARC shall have the right to disapprove any plans, specifications or details submitted to it in the event the same are not in accordance with all the

provisions of these Declarations, if the design materials or color scheme of the proposed building or other structure is not in harmony with the general surroundings of such Property or with the adjacent buildings or structures, if the plans and specifications submitted are incomplete, or in the event the ARC deems the plans, specifications or details, or any part thereof, to be contrary to the interest, welfare or rights of all or any part of the Property subject hereto, or the Owners thereof. A disapproval decision by the ARC may be appealed to the Executive Board for its review and determination. The ARC has the right to disapprove submittals made without accompanying application fees.

Section 17.7 Non-Liability. Neither the Association, the ARC, nor any architect or agent thereof or of Declarant shall be responsible in any way for any defects in any plans or specifications submitted, revised or approved in accordance with the foregoing provisions, nor for any structural or other defects in any work done according to such plans and specifications. Approval of plans by the ARC shall not be deemed to constitute compliance with the requirements of any local building, zoning, safety and health or fire codes and it shall be the responsibility of the Owner to assure such compliance.

Section 17.8 Additional Regulations. The ARC shall have the authority to establish design regulations as to the materials, height and size requirements for all other types of outbuildings and structures, including fences, walls, gazebos, patios and decks, etc., so long as they are not inconsistent with these Declarations. The ARC shall also have the authority to create, from time to time, such additional rules and regulations as are appropriate or necessary to govern its proceedings and fulfill its obligations under this Article. Any proposed ARC rules and regulations must be approved and adopted by the Executive Board.

Section 17.9 Additional Approvals. In addition to the approval requirements of the ARC described in Article 17, each Owner is responsible for obtaining all approvals, licenses and permits as may be required by the Town of Bayfield and any entity or district having jurisdiction over the Lot prior to the commencement of construction.

Section 17.10 Variances. The ARC, with the prior approval of the Executive Board, may allow reasonable variances and adjustments of the Building Restrictions and Design Criteria set forth in Article 18 below in order to overcome practical difficulties and prevent unnecessary hardships in the application of the provisions contained herein; provided, however that such is done in conformity with the intent and purposes hereof and provided also that in every instance such variance or adjustment will not be materially detrimental or injurious to other property or improvements in the neighborhood. Minor variances in square footage requirements as set forth in Section 18.3 shall not require prior approval of the Executive Board and may be determined at the discretion of the ARC.

Section 17.11 Continuity of Construction. All Improvements commenced on a Lot shall be prosecuted diligently to completion and shall be completed within 12 months after commencement, unless an exception is granted in writing by the Committee. Landscaping may be completed after construction of building improvements and outside of the 12-month requirement depending upon seasonal conditions as approved by the ARC. If an improvement is commenced and construction is then abandoned for more than 90 days, or if construction is not completed within the required 12-month period, the Association may impose a fine of not less than \$200 per day (or such other reasonable amount as the Association may set) to be charged against the Owner of the Lot until construction is resumed, or the Improvement is completed, as applicable, unless the Owner can prove to the satisfaction of the Board of Directors that such abandonment is for circumstances beyond the Owner's control. Such charges shall be a Default Assessment and lien as provided in this Declaration.

ARTICLE XVIII BUILDING RESTRICTIONS AND DESIGN CRITERIA

Section 18.1 Permitted Improvements. The following improvements are permitted on each Lot with prior approval of the ARC in accordance with applicable design criteria set forth in this Declaration or ARC guidelines, if adopted:

- A. A primary single-family structure, along with a garage;
- B. Enclosed service areas for garbage, trash, utilities and other maintenance facilities;
- C. Fences;
- D. Driveways and parking areas;
- E. Swimming pools, hot tubs, and solar devices;
- F. Storage sheds, greenhouses, accessory dwelling units such as cabanas and other outbuildings of any kind;
- G. Landscaping features including plantings and drainage, garden boxes, sculptures, outdoor ornaments.

Section 18.2 Prohibited Improvements. No structures or buildings of a temporary character, nor any tiny home, mobile home, modular or manufactured home, RV vehicle of any kind, house trailer, yurt, tent, shack or other such structure consisting of alternative building materials shall be placed or used within the subdivision, either temporarily or permanently, as a residence or as living quarters. No buildings may be constructed elsewhere and moved onto a Lot.

Section 18.3 Square Footage Requirements. All primary residences shall have a gross floor area of no less than 1200 square feet, exclusive of a basement, porch, deck, cabana or similar structure. Accessory dwellings units or outbuildings shall not exceed 800 square feet. Multiple story residences shall have a minimum of 1200 square feet of gross residential floor area on the main floor, and a minimum of 500 square feet of gross residential floor area on the second or upper stories. The ARC may modify this minimum square footage requirement per Section 17.10.

Section 18.4 Building Envelopes. All Improvements (including but not limited to, a residence, outbuildings, patios, fencing) shall be located within the Building Envelope as shown on the Plat. .

Section 18.5 Architectural Styles. Proposed residences should incorporate quality design and materials, sensitivity to and compatibility with the community streetscape and open space views. Acceptable styles of architecture and home building types include: Modern Farmhouse, Modern Craftsman, Modern Prairie and Modern Ranch. Accessory buildings should match appearance of primary residences and incorporate similar materials. Unacceptable building types include, but are not limited to Geodesic domes, A-Frames, Stark Contemporary, Santa Fe Adobe and manufactured or modular.

Section 18.6 Fences.

A. Privacy patio or decorative fencing is permitted within the Building Envelope so long as first approved by the ARC. Privacy fencing should be contiguous to decks or patios and not extend to property lines. Privacy fencing cannot exceed 6 feet in height and must be constructed with materials consistent with the residence.

B. Underground invisible electric dog fencing is permitted anywhere within a Lot and wire mesh fencing to prevent damage caused by deer and elk is permitted around gardens and vegetative islands and trees.

C. Lot perimeter or boundary fencing is permitted so long as first approved by the ARC and does not impact drainage along shared lot lines and No-Build easements related to oil & gas lines.

D. No chain-link fencing and no dog-runs are permitted.

Section 18.7 International Building Code. All buildings and improvements shall be new construction, built on site, and shall meet all of the requirements of the International Building Code, including fire protection standards, and any other building code or fire code of La Plata County, Colorado, then in effect.

Section 18.8 Height. The maximum height of any Building shall be thirty-five (35) feet. The height of a Building for the purpose of this Section shall be measured and determined in the manner provided by the International Building Code.

Section 18.9 Roofs. All roofs must be metal standing seam, tile, aluminum shingle-style, or architectural-grade asphalt shingle with color and finish approved by the ARC. Because of fire danger, no wood shingle roofs are permitted.

Section 18.10 Exterior Building Material. All buildings shall be built in an architectural style and with colors and materials harmonious to the area and similar in style, color and materials (with the exception of building "accents") to like kind buildings approved by the ARC. All colors of exterior walls and roofs will be natural or earth tones in color to blend with the natural surroundings except that colored trim may be allowed upon approval of the ARC.

Section 18.11 Service or Utility Areas/ Trash Containers. All service or utility areas of yards, and including garbage cans and trash storage areas, shall be screened from view of all other Owners. Trash cans shall be placed out the day of pick up.

Section 18.12 Antennae/satellite. No exterior radio, television, microwave or other antennae or antennae dish or signal capture or distribution device shall be permitted or installed on any Lot, unless it is screened from view on all sides and any such screening shall be in keeping with the terrain and environment. Small (18" – 24") TV and computer dish antennae may be located on the roof areas to optimize reception.

Section 18.13 Wood Burning Devices. Wood fireplaces or outdoor chimineas are allowed as per federal, state and local government rules and so long as appropriate fire suppression measures are on site. No burning of garbage, leaves or debris is permitted on a Lot.

Section 18.14 Driveways. Each Lot Owner shall be responsible for installation of a driveway

from the Road onto their Lot. Driveways may be asphalt or concrete.

Section 18.15 Utilities. With respect to development and construction by Owners on any Lot, all domestic water, sewage disposal, electrical, telephone, TV lines and other utility pipes and lines shall be buried underground and shall not be carried above the surface of the ground. No above ground propane tanks are allowed. Owners shall be responsible, at Owner's cost, for bringing in utilities, including but not limited to, electric, internet and cable TV, from the utility service box or service tie-in location to the interior of their Lot and all utility installation and maintenance in accord with local and state regulations.

Section 18.16 Exterior Lighting. Exterior lighting must not cause glare and compliant with dark sky regulations of the Town of Bayfield. Outside yard lights and mercury vapor lamps will not be permitted.

Section. 18.17 Landscaping. Front and rear yard landscaping is required on all Lots and all landscaping shall include irrigation systems. A 3" caliper deciduous shade tree must be installed in the front yard within 6 months (weather permitting) of completion of home construction. All plantings must consist of indigenous species and be compatible with soils. Low water use varieties of grasses shall be used. No synthetic or artificial plant material such as Astroturf will be allowed. Owners are encouraged to incorporate fire mitigation measures in the design of the residence and placement of landscaping. Xeriscape is encouraged.

Section 18.18. Playground Equipment. Play equipment, trampolines and the like, shall be located in back yards. Muted colors rather than bright colors are preferable.

Section 18.19 Prohibited Construction Practices. The following practices are prohibited in the Community:

- (a) Allowing construction suppliers and contractors to clean their equipment other than at a location designated for that purpose by the Committee;
- (b) Removing any rock, plant material, topsoil or similar items from any property of others;
- (c) Use of surface water for construction;
- (d) Violation of any state, federal, or local law, ordinance, rule or regulation; or
- (e) Allowing for temporary living quarters on the job site.

Additional restrictions on contractors may be contained in the Construction Guidelines.

Section 18.20 Construction Damage. Each lot owner shall be responsible for the performance and the payment of repairs for any damage done to any infrastructure, including without limitation, utility lines or boxes, any common roads and landscaping, as a result of construction to that Owner's Lot.

Section 18.21 Construction Deposit. Prior to the construction of a residence, driveway, or foundation or utility line on a Lot, a deposit in the amount of \$1000.00 shall be paid by the Owner to the Declarant or the Executive Board, as the case may be, for the purpose of assuring the proper

restoration of the Roads or other Common Elements affected by Lot Owner's construction or installation. Upon completion of the Lot Owner's installation, the Declarant or Board shall release the deposit provided that there has been no damage to the road or Common Elements. If there has been damage to the road or other Common Elements, the Board or Declarant shall apply the deposit to the restoration, repair, or replacement of the road or Common Elements. If the Board determines that there has been no damage, the Construction Deposit will be returned within 60 days of a certificate of occupancy being issued.

Section 18.22. Construction Guidelines. The Executive Board may adopt and amend, from time to time, construction guidelines which Owner and their contractors will be required to comply with in connection with obtaining ARC approval.

ARTICLE IX GENERAL PROVISIONS

Section 19.1 Enforcement. Except as otherwise provided in this Declaration, the Executive Board, Declarant, or any Owner shall have the right to enforce, by a proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens, and charges now or hereafter imposed by the provisions of the Declaration. Failure by the Executive Board of the Association, Declarant, or by any Owner to enforce any covenant or restriction contained in this Declaration shall in no event be deemed a waiver of the right to do so thereafter. All reasonable attorney's fees and costs incurred by the Declarant or the Association in a suit to enforce the terms hereof shall, if the Declarant or the Association prevails in such action, be recoverable from the losing party.

Section 19.2 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 19.3 Conflicts. In case of conflict between this Declaration and the Articles and the Bylaws of the Association, this Declaration shall control. In case of conflict between the Articles and Bylaws, the Articles shall control. The Documents are intended to comply with the requirement of the Act. If there is any conflict between the Documents and the provisions of the Act, the provisions of the Act shall control.

Section 19.4 No Representations or Warranties. Except as otherwise required by Colorado law, no representations or warranties of any kind, express or implied, shall be deemed to have been given or made by Declarant or its officers, directors, agents or employees in connection with any portion of the Property, or any Improvement thereon, as to its or their physical condition, zoning, compliance with applicable laws, or fitness for intended use, or in connection with the subdivision, sale, operation, maintenance, costs of maintenance, taxes or regulation thereof, unless and except as shall be specifically set forth in a writing signed by Declarant. ANY AND ALL WARRANTIES WITH RESPECT TO ANY PORTION OF THE PROJECT, AND ANY IMPROVEMENTS THEREON, EXPRESS OR IMPLIED, WHETHER ARISING UNDER FEDERAL OR STATE LAW, INCLUDING, BUT NOT LIMITED TO, ALL IMPLIED WARRANTIES OR MERCHANTABILITY, HABITABILITY OR FITNESS FOR A PARTICULAR PURPOSE, ARE HEREBY SPECIFICALLY DISCLAIMED.

Section 19.5 Captions. The captions contained in the Documents are inserted only as a

matter of convenience and for reference, and in no way define, limit or describe the scope of the Documents or the intent of any provision thereof.

Section 19.6 Gender. The use of the masculine gender refers to the feminine gender, and vice versa, and the use of the singular includes the plural, and vice versa, whenever the context of the Documents so requires.

The remainder of this page is left intentionally blank.

(Signature Page for Declaration)

6th IN WITNESS WHEREOF, the Declarant has caused this Declaration to be executed this
day of June, 2023.

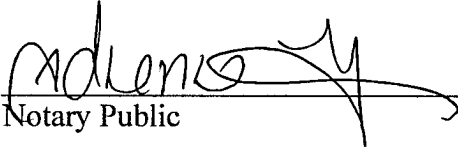
Mustang Crossing LLC, a Colorado limited liability
company, LLC

By: 
Glenn Mosell, Managing Member

STATE OF COLORADO)
) ss.
County of La Plata)

The foregoing instrument was acknowledged before me this 6th day of June,
2023, by Glenn Mosell, Managing Member of Mustang Crossing LLC, a Colorado limited
liability company, LLC.

Witness my hand and official seal.
My Commission Expires: 12/1/25


Notary Public

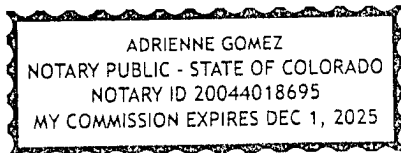


Exhibit A

Phase 2 of PARCEL 1 and PARCEL 2, LUDWIG FAMILY PARTNERSHIP according to the map thereof filed for record April 28, 2020 as Reception No. 1170591.