

Metropolitan District will render its opinion in writing to the applicant within twenty-one (21) days after receipt of the appeal.

Section 2.7. *Proceeding After Approval.*

After approval of any proposed Improvement, construction or installation of the proposed Improvement shall be commenced as promptly and diligently as possible and in complete conformity with all conditions and requirements of the approval. Failure to complete the proposed Improvement within one (1) year after the date of approval of the application or failure to complete the Improvement in complete conformance with the conditions and requirements of the approval, shall constitute noncompliance with the requirement that approval for Improvements be obtained from the Architectural Control Committee. The ACC or the governing board of the Metropolitan District as provided herein, in their discretion, may consider requests for extensions of time for completion of any proposed Improvements.

Section 2.8. *Notice of Completion.*

Upon the completion of any Improvement, the applicant shall give a written "Notice of Completion" to the Architectural Control Committee. Upon receipt of the "Notice of Completion", the ACC will inspect the exterior of the Improvements and Lot and ascertain whether the construction and/or installation is in compliance with the approved plans and specifications. The applicant will be provided a written response to the "Notice of Completion" within a reasonable period.

Section 2.9. *Inspection of Work.*

The Architectural Control Committee or its duly authorized representative shall have the right to inspect any Improvement prior to or after completion in order to determine whether or not the proposed Improvement is being completed or has been completed in compliance with the approval granted pursuant to this Article; provided, however, that the right of inspection shall terminate sixty (60) days after the Architectural Control Committee receives the Notice of Completion.

If, as a result of inspections or otherwise, the Architectural Control Committee finds that any Improvement has been installed or constructed without obtaining the approval of the Architectural Control Committee, or was not installed or constructed in substantial compliance with the approval that was granted, or was not completed within one (1) year after the date of approval, subject to any extensions of time granted pursuant to Section 2.7 hereof, the Architectural Control Committee shall notify the applicant in writing of the noncompliance. The notice of non-compliance shall specify the particulars of the noncompliance.

Section 2.10. *Correction of Noncompliance.*

If the Architectural Control Committee determines that noncompliance exists, the Person responsible for such noncompliance shall remedy or remove the same (and return the subject property or structure to its original condition) within a period of not more than forty-five (45) days from the date of receipt of the notice of noncompliance. If such Person does not comply with the ruling within such period, the Architectural Control Committee and/or the governing board of the Metropolitan District may, at their option, record a notice of noncompliance against the Lot on which the noncompliance exists, may remove the non-complying Improvement or may otherwise remedy the noncompliance, and the Person responsible for such noncompliance shall reimburse the

Metropolitan District, upon demand, for all costs and expenses incurred with respect thereto including attorney's fees and court costs.

Section 2.11. Cooperation.

The governing board of the Metropolitan District shall have the right and authority at any time, from time to time, to enter into agreements and otherwise cooperate with any other architectural review committees, or one or more other boards or committees that exercise architectural or design review functions, in order to increase consistency or coordination, reduce costs, or as may otherwise be deemed appropriate or beneficial by the governing board of the Metropolitan District in its discretion. The costs and expenses for all such matters, if any, shall be shared or apportioned between such boards or committees and the Metropolitan District, as the governing board of the Metropolitan District may determine in its discretion from time to time. Additionally, the governing board of the Metropolitan District shall have the right and authority at any time, from time to time, to enter into agreements and otherwise cooperate with other architectural review committees, or one or more other boards or committees that exercise architectural review functions, to collect fees, charges, or other amounts which may be due to such entity and to permit any such entity to collect fees, charges, or other amounts which may be due to the governing board of the Metropolitan District; in any such instance, the governing board of the Metropolitan District shall provide for remittance to such entity of any amounts collected by the governing board of the Metropolitan District or to the Metropolitan District of any amounts collected by such entity.

Section 2.12. Access Easement.

Each Lot shall be subject to an easement in favor of the Metropolitan District and the governing board, including the agents, employees and contractors thereof: for performing any of the actions contemplated in these Covenants. If damage is inflicted, or a strong likelihood exists that it will be inflicted, on any other property or any Lot, the Owner responsible for the damage or expense to avoid damage is liable for the cost of prompt repair. Further, the rights and easements granted in this Section may be exercised only during reasonable hours after reasonable notice to the Owner(s) or occupant(s) of any affected Lot; except that no such notice shall be required in connection with any exterior, non-intrusive maintenance; and except that in emergency situations entry upon a Lot may be made at any time provided that the Owner(s) or occupant(s) of each affected Lot shall be warned of impending emergency entry as early as is reasonably possible. The interior of any residence located on a Lot shall not be subject to the easements provided for in this Section.

Section 2.13. No Liability.

The governing board of the Metropolitan District and the members thereof, as well as any representative of the governing board appointed to act on its behalf, and the Architectural Control Committee, shall not be liable in equity or damages to any Person submitting requests for approval or to any Person by reason of any action, failure to act, approval, disapproval, or failure to approve or disapprove, in regard to any matter within its jurisdiction hereunder. In reviewing any matter, the governing board of the Metropolitan District shall not be responsible for the safety, whether structural or otherwise, of the Improvements submitted for review, nor the conformance with applicable building codes or other governmental laws or regulations, nor compliance with any other standards or regulations, and any approval of an Improvement by the governing board of the Metropolitan District shall not be deemed an approval of any such matters. No Owner or other

Person shall be a third party beneficiary of any obligation imposed upon, rights accorded to, action taken by, or approval granted by the governing board of the Metropolitan District.

Section 2.14. *Variance.*

The Architectural Control Committee and/or the governing board of the Metropolitan District, in their sole discretion, may grant reasonable variances or adjustments from any conditions and restrictions imposed by these Covenants, in order to overcome practical difficulties or prevent unnecessary hardships arising by reason of the application of any such conditions and restrictions. Such variances or adjustments shall be granted only in the case that the granting thereof shall not be materially detrimental or injurious to the other property or improvements in the surrounding area and shall not harm the general intent and purpose of the Covenants.

Section 2.15. *Waivers; No Precedent.*

The approval or consent of the governing board of the Metropolitan District, or any representative thereof, to any application for approval shall not be deemed to constitute a waiver of any right to withhold or deny approval or consent by the governing board or any representative thereof, as to any application or other matters whatsoever as to which approval or consent may subsequently or additionally be required. Nor shall any such approval or consent be deemed to constitute a precedent as to any other matter.

**ARTICLE 3.
RESTRICTIONS**

Section 3.1. *Restrictions Imposed.*

The Property is subject to all requirements, covenants, restrictions and other matters stated on the recorded plats of the Property, or any portion thereof, as well as on all other documents recorded in the office of the Clerk and Recorder of Teller County, Colorado, as amended. In addition, the Declarant declares that all of the Lots shall be held and shall henceforth be sold, conveyed, used, improved, occupied, owned, and resided upon, subject to the following provisions, conditions, limitations, restrictions, agreements and covenants, as well as those contained elsewhere in these Covenants. Notwithstanding anything to the contrary, any of the provisions, conditions, limitations, restrictions agreements or covenants contained in these Restrictions may hereafter be modified or supplemented in any respect as to any portion(s) of the Property by one or more documents that are approved in writing, in advance, by the governing board of the Metropolitan District, and recorded in Teller County, Colorado.

Section 3.2. *Residential Use; Professional or Home Occupation.*

Lots shall be used for residential use only, including uses which are customarily incident thereto, and shall not be used at any time for business, commercial or professional purposes. Builders that have received design approval, may as part of the approval process, use the home as a model home for a period not to exceed two years and are exempt from this Section 3.2. However, Owners may conduct business activities within their homes provided that all of the following conditions are satisfied:

3.2.1 The business conducted is clearly secondary to the residential use of the home and is conducted entirely within the home;

3.2.2 The existence or operation of the business is not detectable from outside of the home by sight, sound, smell or otherwise, or by the existence of signs indicating that a business is being conducted;

3.2.3 The business does not result in an undue volume of traffic or parking within the Property;

3.2.4 The business conforms to all zoning requirements and is lawful in nature; and

3.2.5 The business conforms to the Guidelines as well as any rules and regulations that may be imposed by the governing board of the Metropolitan District from time to time on a uniform basis.

Section 3.3. *Household Pets.*

No animals, livestock, birds, poultry, reptiles or insects of any kind shall be raised, bred, kept or boarded in or on the Lots; provided, however, that the Owners and residents of each Lot may keep a reasonable number of bona fide household pets (including dogs, cats or other domestic animals), so long as such pets are not kept for any commercial purpose and are not kept in such number or in such manner as to create a nuisance to any resident of the Lots. All household pets shall be controlled by their Owner and shall not be allowed off the Owner's Lot except when properly leashed and accompanied by the Owner or his or her representative, who shall be responsible for collecting and properly disposing of any animal waste. The governing board of the Metropolitan District shall have, and is hereby given, the right and authority to determine in its sole discretion that dogs, cats or other household pets are being kept for commercial purposes or are being kept in such number or in such manner as to be unreasonable or to create a nuisance; or that an Owner or resident is in violation of the leash laws of the applicable jurisdiction or other applicable governmental laws, ordinances, or other provisions related to household pets; or that an Owner or resident is otherwise in violation of the provisions of this Section. In any such case, the governing board of the Metropolitan District may take such action(s) as it may deem appropriate. An Owner's right to keep household pets shall be coupled with the responsibility to pay for any damage caused by such pets, as well as any costs incurred as a result of such pets.

Section 3.4. *Temporary Structures; Unsightly Conditions.*

Except as hereinafter provided, no structure of a temporary character, including, but not limited to, a house trailer, tent, shack, storage shed, or outbuilding shall be placed or erected upon any Lot; provided, however, that during the actual construction, alteration, repair or remodeling of a structure or other Improvements, necessary temporary structures for storage of materials and portable bathrooms may be erected and maintained by the Person doing such work. The work of constructing, altering or remodeling any structure or other Improvements shall be prosecuted diligently from the commencement thereof until the completion thereof. Further, no unsightly conditions, structures, facilities, equipment or objects shall be so located on any Lot as to be visible from a street or from any other Lot.

limited quantities so as to not constitute a hazard or danger to person or property. A Lot Owner shall be responsible for remediating damage to or staining (by oil, grease or other chemical) of the street and driveway pavers to the extent caused by said Lot Owner or by any guest, invitee, vendor or contractor of the Lot Owner.

Section 3.9. *No Annoying Lights, Sounds or Odors.*

No light shall be emitted from any Lot which is unreasonably bright or causes unreasonable glare; no sound shall be emitted from any Lot which is unreasonably loud or annoying; and no odor shall be permitted from any Lot which is noxious or offensive to others. Further, no annoying light, sound or odor shall be permitted which may be seen, heard or smelled from any Lot. In addition to the foregoing, no electromagnetic, light or any physical emission which might interfere with aircraft, communications or navigational aids shall be permitted.

Section 3.10. *Restrictions on Trash and Materials.*

No refuse, garbage, trash, lumber, grass, shrubs or tree clippings, plant waste, metal, bulk materials, scrap or debris of any kind shall be kept, stored, or allowed to accumulate except inside the residence on any Lot nor shall such items be deposited on a street, unless placed in a suitable, tightly-covered container that is reasonably located solely for the purpose of garbage pickup; provided, however, no such container may be deposited on a street for garbage pickup prior to 5:00 a.m. on the day such garbage will be picked up. Further, no trash or materials shall be permitted to accumulate in such a manner as to be visible from any Lot. All equipment for the storage or disposal of such materials shall be kept in a clean and sanitary condition. No garbage or trash cans or receptacles shall be maintained in an exposed or unsightly manner. In accordance with Section 3.4 hereof, each Lot shall at all times be kept in a clean and sightly condition by the Owner(s) thereof.

Section 3.11. *Landscaping.*

All areas disturbed by the building process shall be restored. A preliminary landscape plan shall be part of the submittal of Plans and Specifications. At the 50% completion stage, the final landscape plan shall be submitted to the Architectural Control Committee. All landscaping must be completed by August of the year following that in which construction commenced. Any additional landscaping plans must be submitted to the Architectural Control Committee for review, and the approval of such plans shall be obtained from the ACC prior to the installation of landscaping. Each Owner shall maintain all landscaping on such Owner's Lot in a neat and attractive condition, including periodic and horticulturally correct pruning, removal of weeds and debris, and replacement of landscaping. The Property is particularly vulnerable to insect infestation to include Pine Beetle, Moths, Mistletoe, and other Fungi. Periodic maintenance including spraying and prevention is critical to the health of the trees. Removal of infected or diseased trees shall be the responsibility of the Lot Owner. A minimum of four (4) evergreen trees shall be maintained in the front 50 feet of each lot, as measured from the curb, with a minimum height of seven (7) feet each.

Section 3.12. *Maintenance of and Non-Interference with Grade and Drainage.*

Each Owner shall maintain the grading upon his Lot (including grading around the building foundation) at the slope and pitch fixed by the final grading thereof, including landscaping and maintenance of the slopes, so as to maintain the established drainage. Each Owner agrees that he will not in any way interfere with the established drainage pattern on his Lot. In the event that it is

necessary or desirable to change the established drainage over any Lot, then the Owner thereof shall submit a plan to the Architectural Control Committee for its review and approval, in accordance with the provisions of Article 2 of these Covenants and any such change shall also be made in accordance with all laws, regulations and resolutions of any applicable governmental entities. For purposes of this Section, "established drainage" is defined as the drainage which exists at the time of final grading of a Lot by the Declarant.

Section 3.13. *Erosion Control.*

The storm water program throughout the United States arises from the Clean Water Act of 1972 and regulations established by the U.S. Environmental Protection Agency, as well as other laws and regulations. These requirements may be implemented and expanded through state and local regulations and permits, but the federal laws are federally enforceable. The use of landscape materials (such as top soil, mulches, natural and manufactured fertilizers, crushed rock, sand, etc.) that potentially deposit silts, dusts, and debris into the storm water system near a Lot must be managed to reasonably preclude run-off or other disbursement (such as being blown) during stormy conditions. These materials should not be placed upon or adjoining any hard-surfaces such as driveways, walkways, curb, gutter, or street, where the potential for runoff is very high. If temporary storage results in these materials being located on these areas, then erosion control devices must be in place at the time of such storage. Some examples of erosion control devices are sandbags, encased straw, small stone rolls, straw bales, waddles, etc. Extreme care must also be taken when handling or storing chemicals such as oils, fuels, paints, fertilizers (liquid or dry), trash, etc., and such items must also be reasonably prevented from entering the storm water system. Generally, the storm water system starts at the curb or drainage system on each Lot and ends up eventually in the Nation's waterways. Roadways must be protected from silting and contamination.

Section 3.14. *Restrictions on Mining or Drilling.*

No real estate or improvements within the Property shall be used for the purpose of mining, quarrying, drilling, boring or exploring for or removing oil, gas or other hydrocarbons, minerals, rocks, stones, gravel or earth, except drilling or exploring for oil, gas or other hydrocarbons pursuant to oil and gas leases in effect on the date that these Covenants are recorded, as the same may be amended and supplemented from time to time.

ARTICLE 4.
ADDITIONAL PROVISIONS

Section 4.1. *Enforcement/Assessment*

Each Owner grants to the Declarant and to the Metropolitan District, and there is excepted and reserved to the Declarant and Metropolitan District, a lien upon the Lot of the Owner in the event of non-performance by the Owner of each of the terms and conditions contained in the Covenants herein. The amount of the lien shall be determined by the governing board of the Metropolitan District based on a schedule of penalties adopted by the governing board from time to time. After providing the Owner with notice and an opportunity to be heard, the governing board of the Metropolitan District may levy a penalty against any Owner if it finds the willful or negligent acts or omissions of the Owner or a user having a relationship with the Owner cause any violation of these Covenants, or cause any loss or damage to the Metropolitan District, or cause an

expenditure of funds in connection with the enforcement powers of the Metropolitan District. If the penalty is not paid within 30 days of receipt by the Owner, then a lien may be placed against the Lot which lien may include but not be limited to interest at a maximum rate provided by law, attorney's fees and costs. Enforcement of the covenants, conditions, restrictions, easements, reservations, rights-of-way, liens, charges and other provisions contained in these Covenants, as amended, may also be by any proceeding at law or in equity against any Person(s) violating or attempting to violate any such provision(s). The Metropolitan District and any aggrieved Owner shall have the right to institute, maintain and prosecute any such proceedings. No remedy shall be exclusive of other remedies that may be available. In any action instituted or maintained under these Covenants or any other governing documents, the prevailing party shall be entitled to recover its costs and attorney fees incurred in asserting or defending the claim, as well as any and all other sums. Failure by the Metropolitan District or any Owner to enforce any covenant, restriction or other provision contained herein shall in no event be deemed a waiver of the right to do so thereafter.

Section 4.2. Leases.

The term "lease," as used herein, shall include any agreement for the leasing or rental of a Lot, or any portion thereof, and shall specifically include, without limitation, month-to-month rentals and subleases. Any Owner shall have the right to lease his Lot, or any portion thereof, as long as all leases provide that the terms of the lease and lessee's occupancy of the leased premises shall be subject in all respects to the provisions of these Covenants and the Guidelines; and that any failure by the lessee to comply with any of the aforesaid documents, in any respect, shall be a default under the lease.

Section 4.3. Severability.

All provisions of these Covenants are severable. Invalidation of any of the provisions, by judgment, court order or otherwise, shall in no way affect or limit any other provisions which shall remain in full force and effect.

Section 4.4. Duration, Revocation and Amendment.

Each and every provision of these Covenants shall run with and bind the Property and all Improvements perpetually from the date of recording of these Covenants. The benefits, burdens, and all other provisions contained in these Covenants shall be binding upon, and inure to the benefit of the Declarant, the Metropolitan District, and all Owners, and upon and to their respective heirs, personal representatives, successors and assigns.

These Covenants may be amended by a vote or agreement of the Owners of at least sixty-seven percent (67%) of the Lots; provided that, during the Development Period, no such amendment shall be effective without the prior, written consent of the Declarant.

Notwithstanding anything to the contrary contained in these Covenants, these Covenants may be amended in whole or in part, at any time from time to time, by the Declarant without the consent or approval of any other Owner or any other Person, in order to correct clerical, typographical, or technical errors, or to clarify any of these Covenants or any provision hereof. The Declarant's right of amendment set forth in the preceding sentence shall terminate concurrently with expiration of the Development Period.

Section 4.5. *Declarant's Use.*

Notwithstanding anything to the contrary contained in these Covenants, it shall be expressly permissible and proper for Declarant, its employees and agents, to perform such reasonable activities, and to maintain upon portions of the Lots such items as Declarant deems reasonably necessary or incidental to the construction and sale of Lots. The foregoing includes, without limitation, locating, maintaining and relocating management office, signs, and sales office, of such sizes, and at such locations as it determines in its reasonable discretion from time to time.

Section 4.6. *Notices.*

Any notice permitted or required in these Covenants shall be deemed to have been given and received upon the earlier to occur of (a) personal delivery upon the Person to whom such notice is to be given; or (b) four (4) days after deposit in the United States mail, registered or certified mail, postage prepaid, return receipt requested, addressed to the Owner at the address for such Owner's Lot.

Section 4.7. *Limitation on Liability.*

The Declarant and the Metropolitan District and their directors, officers, shareholders, members, partners, agents or employees, shall not be liable to any Person for any action or for any failure to act arising out of these Covenants and the Guidelines, if any, unless the action or failure to act was not in good faith and was done or withheld with malice. The release and waiver set forth in Section 4.9 (Waiver) shall apply to this Section.

Section 4.8. *No Representations, Guaranties or Warranties.*

No representations, guaranties or warranties of any kind, express or implied, shall be deemed to have been given or made by Declarant or the Metropolitan District or by any of their officers, directors, shareholders, members, partners, agents or employees, in connection with any portion of the Property, fitness for intended use, or view, or in connection with the subdivision, sale, operation, maintenance, cost of maintenance, taxes or regulation thereof, unless and except as specifically set forth in writing. The release and waiver set forth in Section 4.9 (Waiver) shall apply to this Section.

Section 4.9. *Waiver.*

By acceptance of a deed to a Lot, each Owner hereby releases, waives, and discharges the Declarant and the Metropolitan District and their respective officers, directors, members, partners, agents and employees, heirs, personal representatives, successors and assigns, from all losses, claims, liabilities, costs, expenses, and damages, arising directly or indirectly from any hazards, disclosures or risks set forth in these Covenants.

Section 4.10. *Headings.*

The Article, Section and subsection headings in these Covenants are inserted for convenience of reference only, do not constitute a part of these Covenants, and in no way define, describe or limit the scope or intent of these Covenants or any of the provisions hereof.

Section 4.11.

Gender.

Unless the context requires a contrary construction, the singular shall include the plural and the plural the singular and the use of any gender shall be applicable to all genders.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein and the Owner of the Property, has hereunto set its hand and seal this _____ day of August, 2008.

DECLARANT:

PARADISE OF COLORADO, LLC, a Colorado
Limited Liability Company

By: William F. Brown
Its: Manager

STATE OF COLORADO)
) ss.
COUNTY OF TELLER)

The foregoing instrument was acknowledged before me this _____ day of August, 2008, by William F. Brown, as Manager of Paradise of Colorado, LLC, a Colorado Limited Liability Company, Declarant.

Witness my hand and official seal.

{S E A L}

Notary Public
My Commission Expires: