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DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
AMERICAN VILLAGE SUBDIVISION THREE

THIS DECLARATION is made and entered into this 20th day of December, 2004, by **Colorado Dolphin Companies, Inc.**, a Colorado corporation, hereinafter referred to as "Declarant".

WITNESSETH:

WHEREAS, the Declarant is the owner of certain real property shown and described on that certain Plat of American Village Subdivision Three recorded on December 17, 2004 at Reception No. 730297 in the office of the Clerk and Recorder of Montrose County, Colorado, hereinafter referred to as the "Property"; and

WHEREAS, the amount of any annual and special assessments exclusive of optional user fees and insurance premiums paid by the Association, shall never exceed the sum of Two Hundred Dollars ($200.00) per Lot per annum or such other amount as may be set forth in Section 38-33.3-116 of the Colorado Common Interest Ownership Act as the same may be amended from time to time and hence, this planned community is not subject to the Colorado Common Interest Ownership Act except as expressly set forth therein on the date this Declaration is recorded in Montrose County, Colorado.

NOW, THEREFORE, The Declarant hereby declares that all of the properties described above shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions, which are for the purpose of protecting the value and desirability of, and which shall run with, the Property and be binding on all parties having any right, title or interest in the described Property or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I
DEFINITIONS

Section 1: "Declarant" shall mean and refer to Colorado Dolphin Companies, Inc., a Colorado corporation, its successor and assigns if such successors and assigns shall first be designated by Colorado Dolphin as Declarant by a written instrument duly recorded in the records of Montrose County, Colorado.

Section 2: "Association" shall mean and refer to the American Village Subdivision Three Property Owner's Association, Inc., its successors and assigns.

Section 3: "Declaration" shall mean and refer to this Declaration of Covenants, Conditions and Restrictions, as the same may be amended from time to time.

Section 4: "Property" shall mean and refer to that certain property herein above described.

Section 5: "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Property with the exception of the Common Area and/or Association Maintenance Area. Each Lot, and the improvements thereon, shall be maintained and repaired by the Owner of such Lot.

Section 6: "Common Area" shall mean and refer to those tracts of land, whether one or more, which the Association shall own and maintain, and designated as Parks, Open Space, or tract upon any recorded plat(s) of the Property or any portion thereof.

Section 7: "Association Maintenance Area" shall mean and refer to any part of the Property and improvements the Association is obligated or required to maintain. The Association Maintenance Area shall include without limitation the Common Area together with any landscaping and other improvements, if any.

Section 8: "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is part of the Property, including contract sellers, but excluding those having an interest merely as security for the performance of an obligation.

Section 9: "Member" shall mean and refer to each Owner of a Lot; membership in the Association shall be appurtenant to, and may not be separated from ownership of a Lot.

Section 10: "Architectural Review Board" shall mean and refer to a committee comprised of three Members of the Association and as many other persons that are not Members of the Association as the Board of Directors of the Association may determine desirable. The committee members shall serve a one year term and shall be appointed annually by the Board of Directors of the Association. At its option, Declarant may be one of the Architectural Review Committee members until such time as Declarant has sold and conveyed title to all lots owned by Declarant.

Section 11: "First Mortgage" shall mean and refer to any unpaid and outstanding mortgage, deed of trust, or other security instrument encumbering a Lot and recorded in the records of Montrose County, Colorado, having priority of record over all other recorded liens except those governmental liens made superior by statute and shall be deemed to include any person named as a mortgagee or beneficiary under any First Mortgage or any successor to the interest of any such person under any First Mortgage.

ARTICLE II
MEMBERSHIP and VOTING RIGHTS
COMMON AREA and ASSOCIATION MAINTENANCE AREA

Section 1: Membership. 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.

Section 2: Class of Membership and Voting Rights. The Association shall have one class of voting membership. All Owners, including Declarant, will be Members and shall be entitled to one vote for each Lot owned.

When one or more persons holds an interest in any Lot, all such persons will be Members. The vote for such Lot shall be exercised as they determine, but in no event shall more votes per Lot be cast than stated above with respect to any Lot.

Section 3: Common Area. Each Owner of any Lot, and the Owners of Additional Property, shall have a non-exclusive right and easement of enjoyment in and to the Common Area subject to the following restrictions:

(1) The right of the Association to promulgate and publish rules and regulations which each Member shall comply with.

(2) The right of the Association, through its Board of Directors, to enter into, make, perform or enforce contracts, agreements, leases, licenses, easements and/or rights-of-way, for the use of Owners, their family members, guests and invitees and other persons, of real property and any facilities or improvements thereto and thereon, for access, ingress and egress on over and across any property for pedestrian and vehicular parking, or for recreational use and enjoyment. Any such contracts, agreements, and/or rights-of way, shall be upon such terms and conditions as may be agreed to from time to time by the Board of Directors of the Association, and any costs incident thereto shall be treated by the Association as common expenses pursuant to Article III hereof.

Section 4: Non-interference to Common Area. No Owner or other person shall, by any act or omission, obstruct or impair the rights of access, ingress and egress through, on, over and across the Common Area.

Section 5: Mortgaging Common Area. The Common Area cannot be mortgaged or conveyed without the consent of at least 2/3 of the Owners, excluding Declarant.

Section 6. Association Maintenance Area. The Association shall have the obligation and responsibility to maintain the Common Area and any improvements thereon or made thereto and such other areas or improvements as the Association may be obligated to maintain. Maintenance

shall include any filter or nozzle or pipe of the primary irrigation system but not of the individual lot irrigation system. The Association maintenance shall also include the periodic flushing and or maintenance of the buried pipe under the detention ponds.

ARTICLE III
COVENANTS for MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. Each Owner of any Lot, except Declarant, by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association (1) annual assessments or charges and (2) special assessments for capital improvements, and (3) any default assessments, fines or other charges or fees which may be assessed by the Association pursuant to this Declaration, such assessments to be established and collected as hereinafter provided.

Each Lot shall be subject to a lien for unpaid assessments, including fines, late charges, interest, costs, attorney fees and all other amounts levied by the Association against the Owners. The Board of Directors of the Association may prepare a written notice, to be signed by one of the Board of Directors of the Association, setting forth the amount of such unpaid indebtedness, the name of the Owner of the Lot, and a description of the Lot, and may record said notice in the office of the Clerk and Recorder of the County of Montrose, State of Colorado. The lien for each unpaid assessment attaches to each Lot at the beginning of each assessment period and shall continue to be a lien against such Lot until paid. The costs and expenses for filing any notice of lien shall be added to the assessment for the Lot against which it is filed and collected as part and parcel thereof.

Each assessment, together with interest, late charges, fines, costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such Lot at the time the assessment became due.

Section 2: Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents in the Property and for the improvement and maintenance and repair of the Association Maintenance Area and for insurance policies required or permitted hereunder, and the annual liability of the Association for the utility services such as electricity, landscape water and sewer provided in connection with the Association Maintenance Area and for all purposes and activities which may be required of the Association or which the Association may be empowered to pursue pursuant to this Declaration, the Articles of Incorporation or Bylaws of the Association.

Section 3: Maximum Annual Assessments. The maximum annual assessment shall be Ninety Dollars ($90.00) per Lot for the first year the Association collects annual assessments (dues). Annual dues shall remain at $90.00 per year for the second and subsequent years unless increased or decreased as set forth below and shall be used to defray the following costs, to-wit:

(1) Charges and assessments made by the Uncompahgre Valley Water Users Association (UVWUA) for irrigation water.

(2) The cost of maintenance and/or repair of irrigation pipes, lines, and/or valves used for the delivery of irrigation water to each lot and open space area requiring the same from the headgate where the water is delivered to the subdivision by UVWUA.

(3) In order to accomplish the purposes set forth herein, the Board of Directors of the American Village Subdivision Three Property Owner's Association (AVSTPOA) shall provide to UVWUA the name and address of a designated agent authorized to accept billing statements and execute such agreement as required by UVWUA to receive irrigation water at the headgate for delivery to American Village Subdivision Three.

The Board of Directors of the Association shall establish a budget for the Association of income and expenses at least once a year.

The Board of Directors of the Association shall fix the annual assessment as provided in such budget. Notwithstanding the foregoing, however, the amount of any annual and special assessments, exclusive of optional user fees and insurance premiums paid by the Association, shall never exceed the sum of Two Hundred Dollars ($200.00) per lot per annum or such greater amount as may be set forth in Section 38-33.3-116 of the Colorado Common Interest Ownership Act as the same may be amended from time to time.

Section 4: Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement regarding any aspect of the Common Area, including fixtures and personal property related thereto, or for maintenance, repair or replacement of any damaged or destroyed improvements on the Association Maintenance Area, or for funding any operating or reserved deficit of the Association, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of the Association represented by the Members who are voting in person or by proxy at a meeting duly called for this purpose.

Section 5: Rate of Assessment. Both annual and special assessments will be assessed against each Lot equally.

Section 6: Assessments. The first annual assessment shall be due on February 1st of the calendar year next following the date of issuance of a Certificate of Occupancy for a house constructed on a lot in said subdivision. The fiscal year of the Association shall commence on January 1st of each year subsequent to January 1 of the first year after the first Certificate of Occupancy has been issued.

Any Owner acquiring title to a Lot between assessment due dates shall, upon delivery of his

deed, pay a pro rata share of the last assessment due. Notwithstanding any other provision which may be contained in this Declaration, annual assessments shall initially not be greater than the amount set forth in Section 3 of this Article. For each Association fiscal year after the first fiscal year, the Association shall adopt a budget at least annually, and the annual assessment based on such budgets shall be due and payable in monthly installments, in advance, or on such other dates, and with such frequency (which may be other than monthly, but no less frequently than annually), as the Board of Directors of the Association may determine in its discretion from time to time.

Section 7: Effect of Nonpayment of Assessments and Remedies of the Association. Any assessment provided for in this Declaration which is not paid when due shall be delinquent. With respect to each assessment not paid within fifteen (15) days after its due date, the Association shall require the Owner to pay a "late charge" in a sum to be determined from time to time by the Board and applied uniformly. In addition, if any such assessment is not paid within thirty (30) days after the delinquency date, the assessment shall bear interest from the original due date at the rate of twenty-four percent (24%) and the Association may, at its option, bring an action at law or in equity or both against the Owner personally obligated to pay the same or foreclose the lien against the Lot under the procedure applicable to judicial foreclosure of Deeds of Trust, and there shall be added to the amount of such assessment the late charge, the costs of preparing and filing such action and attorney's fees; in the event a Judgment is obtained, such Judgment shall include interest together with the cost of bringing the action. Each Owner vests in the Association or its assigns the right and power to bring all actions at law or lien foreclosure against such Owner and Lot for the collection of such delinquent assessments.

Section 8: Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage or trust deed. Sale or transfer of any Lot shall not affect the assessment lien.

Section 9: Suspension of Voting and Use Rights. The Association shall have the right to suspend the voting rights of a member for any period during which any assessment or fine against such member's Lot remains unpaid and delinquent. The Association may also suspend a member's rights to use the ponds or other Common Elements for any infraction of the rules and regulations of the Association or violation of any provision of this Declaration. Such rules and regulations shall be uniform and nondiscriminatory. Each Owner agrees to accept and be bound by all such rules and regulations by virtue of ownership of a Lot.

Section 10: Homestead Waiver. Each Owner hereby agrees that the Association's lien on a Lot for assessments shall be superior to the homestead exemption provided by Colorado law as amended from time to time and each Owner hereby agrees that the acceptance of the deed conveying the Owner's Lot within the Property to him shall signify the Owner's waiver of the homestead right granted by said Colorado law.

ARTICLE IV
INSURANCE

Section 1: Insurance on the Common Area. The Association will provide and pay for fidelity insurance coverage and for liability and property damage insurance coverage for the Common Area as required by law. In addition, the Association may obtain insurance against such other risks as it shall deem appropriate, including but not limited to personal liability insurance to protect directors and officers of the Association.

Section 2: Insurance on Lots. Each Owner shall be responsible for providing and paying for insurance on his Lot, including all improvements thereon. Such insurance shall include without limitation, property damage insurance and liability coverage.

ARTICLE V
ARCHITECTURAL REVIEW BOARD (ARB)

Section 1: Approval Required. No residence, structure, driveway, fence, patio or other improvement shall be erected, placed, modified or altered on any Lot within the Property unless the building plans, specifications (including colors and materials) and plot plan showing the location and proposed erection, placement, modification or alteration of any such residence, structure, driveway, fence, patio or other improvement has been approved in writing by the Architectural Review Board.

Section 2: Role of the ARB. The ARB is fully authorized in its sole discretion to accept or reject applications for approval in total or to require certain specific revisions. Should the Architectural Review Board fail to approve or reject the plans and specifications in writing, as submitted, within ten (10) days after written request, such approval shall not be required. The ARB in its sole discretion shall have the power and authority to grant variances from individual covenants when it deems such variance requests to be reasonable.

The decisions of the ARB shall be final and non-appealable. Every Owner, by acceptance of a deed or other conveyance for itself, its successors, assigns, agents and employees hereby waive any claim against the ARB, the Board or the Association or their respective members, or against Declarant relating to or arising out of any action or inaction on the part of the ARB, including but not limited to any claim such Owner may have by reason of any changes which may be made in the guidelines (as hereinafter defined) or the rules or regulations (herein referred to) subsequent to the date the ARB has acted on the application of an Owner, which might have changed the nature or content of the Owner's application or which might have had the effect of a differing result on the Owner's application had action not taken place until after the occurrence of the change in the guidelines or in the rules and regulations.

Section 3: Use. Each Lot within the subdivision shall be used only in full compliance with all building and zoning laws and regulations.

Section 4: Dwelling, Quality and Size. Only stick built homes will be allowed. All

dwellings must be of workmanlike quality using new materials of the same or better quality than those which can be produced on the date this Declaration is recorded. No H.U.D. or U.B.C. factory built homes or other non stick built homes not constructed on the Lot will be allowed. Panelized components, i.e., unfinished walls, may be allowed in the discretion of the ARB.

Each one story residence structure on any Lot shall contain at least 1800 square feet of livable space excluding garages, basements, porches, patios and decks. Each two story residence structure on any Lot shall contain at least 2300 square feet of livable space excluding garages, basements, porches, patios and decks.

Section 5: Roofs. Each residence on any Lot shall have a minimum roof pitch of 6:12. Eave overhangs must be a minimum of 12 inches. Roof designs may be either hip or gable or a combination. However, no roof design on any residence will be allowed that does not provide architectural relief from an unbroken ridgeline as viewed from the street unless approved in writing by the A.R.B. Due to the common occurrence of expansive soils throughout Colorado each residence shall have rain gutters and down spouts that directs the discharge of water at least five (5) feet away from any foundation.

Section 6: Meters, Vents, Etc. No residence on any Lot shall have electric or gas meters or exhaust vents or exhaust stacks or swamp coolers or air conditioning units placed on the front side of the residence. All vents, stacks and coolers are discouraged from being visible from the street and should be placed as low on the roof line as to meet the minimum city of Montrose Building code. All vent stacks are required to be painted to match the roof color. No window coolers, window air conditioning units or window fans may be placed on the front side of the residence. Water meters may be attached to the front of the house.

Section 7: Exterior Materials. A minimum of 30% of brick, stone or stucco is required to be used as exterior siding on the street side of each residence on any Lot. Stucco, or a premium grade of maintenance free material is acceptable for the remainder of the home. Fascia boards and soffits may be of wood if they are painted or sealed. Painted areas shall be painted with a twenty (20) year paint. Any building, other than a residence, placed on any Lot shall be constructed in the same style and color and material as the residence.

Section 8: Completion Time for Construction. The exterior of any improvement on any Lot shall be completed within a maximum period of six (6) months after commencement of construction, excepting however, any delays caused by reason of inclement weather, strikes, acts of God, or other causes beyond the control of the builder.

Section 9: Setbacks. No permanent structure of any kind, except fences, shall be placed within thirty (30) feet of boundary lines adjacent to subdivision roadways and ten (10) feet of side and 20 feet of back boundary lines, except lots R-1, R-9, R-10, S-1, S-11, T-10, T-11, U-1, U-13, U-14, U-15, V-1, V-9, V-10. See section 20.

The Architectural Review Board shall have the responsibility of protecting the Lot Owners

views when reviewing potential designs or plans within reasonable limits. A site plan is required to be submitted with the building plans to the Architectural Review Committee.

Section 10: Garages and Driveways. Each residence on any Lot shall have either an attached or detached garage sized to accommodate a minimum of two automotive vehicles.

Each residence on any Lot shall have a finished driveway. Driveways must be concrete, asphalt or any material accepted by the city.

Section 11: The Borrow Ditch. The borrow ditch is that ditch that runs parallel to the street in front of each owners lot. All ditches in Subdivision Three are required to be uniform in appearance, drainage capability and at all times are required to be free of both live and dead weeds and windblown trash. All property owners in Subdivision Three are required to dress the drainage ditch situated on their property in the manner of the engineered "detail" illustration attached as Page 16.

Section 12: Storage and Utility Buildings. No more than two outbuildings (barn, storage or utility building) shall be allowed, provided said storage or utility building is constructed of suitable material and be the same design and color so as to be aesthetically compatible with the principal dwelling and approved by the Architectural Review Board.

Section 13: Fireplace and Stoves. Wood burning fireplaces that are certified as being EPA Emissions Standard Compliant and that meet Colorado Clean Air Standards are acceptable.

Section 14: Temporary Structures. No structures of a temporary character, tent, shack, basement, trailer, garage or other out building shall be used on any part of any Lot as a residence, either temporarily or permanently.

Section 15: Commercial Activity Prohibited. No business or commercial uses may be made of the premises for manufacturing, heavy industry, or the fabrication of products of any sort of machines, provided however, permission to operate a home business may be granted upon request by the Association upon an express finding by the Architectural Review Board that such home business activity will not interfere with the peace and quiet of the neighborhood. Home businesses that will be allowed are generally defined as "cottage industries". Examples are sewing goods, Tupperware sales, craft objects, carvings, stained glass, photography, painting and woodworking as approved by the Architectural Review Board. A Home business that generates pedestrian or vehicular traffic to that residence is specifically prohibited. Commercial use trucks and vehicles will not be allowed to be parked overnight on a regular basis at any residence unless parked in a fully enclosed building.

These covenants shall preclude use of the property as a base of operations for businesses that store inventories or goods or equipment outside of the residence or out buildings. These include, but are not limited to storing scaffolding, ladders, lumber, sheet rock, etc. and other goods which would create visual intrusion on the neighborhood or storing or parking commercial type heavy equipment or over the road commercial type vehicles.

Section 16: Nuisances. No obnoxious or offensive trade or activity shall be conducted upon any portion of the Property nor shall anything be done thereon which may be or become an annoyance or nuisance to the neighborhood or to an adjoining Lot or the residents thereof.

In an effort to minimize pollution from outdoor lights each Owner is requested to cooperate in limiting his or her use and need for outdoor lighting after dusk and throughout the evening hours.

No barn yard, security or large yard lights will be allowed to burn from 10:00 P.M. to 6:00 A.M. unless approved by the Architectural Review Board.

Excessive noise from any activity shall not be allowed between 10:00 P.M. and 7:00 A.M.

Section 17: Signs. No signs, (except decorative home identification signs) advertisements, billboards or advertising structures of any kind or character may be erected or maintained upon any Lot; provided, however, one sign of not more than four square feet for the sole purpose of advertising the sale, lease or rental of the Lot and improvements thereon may be erected. Notwithstanding anything contained herein to the contrary, the Declarant may, at its sole discretion, erect and maintain signs for sales and information purposes as it deems appropriate during the period of time Declarant has any Lots remaining for sale.

Section 18: Livestock and Domestic Pets. No agricultural activity shall be undertaken for any business or commercial purpose and no animals, livestock or poultry of any kind shall be raised, bred or kept upon any Lot in the subdivision unless approved by the A.R.B. Common domestic pets, such as dogs and cats may be kept within the subdivision. Dogs must be on leashes and under control of the person or persons walking them at all times when not confined to the Owner's Lot. Each Owner keeping one or more dogs will be held responsible for cleaning up after their dog(s) and shall promptly remove any droppings from public areas. Other animals, which are Owner's pets may be kept within the subdivision providing such animal(s) is allowed by the City of Montrose, except however, no poultry, cows or hogs will be allowed upon any Lot. All animals must be confined to the Owner's Lot and maintained in a clean and sanitary condition and not allowed to constitute a nuisance or annoyance to any other Owner.

Section 19: Antennas. No exterior antennas, aerials or other apparatus for the reception or transmission of television, radio or other signals of any kind shall be placed or allowed or maintained on any Lot except, however, one satellite dish may be mounted near the eave or placed on the rear only of any Lot or improvement thereon. Notwithstanding the foregoing, neither restrictions nor requirements of this Section shall apply to those "antenna" (including certain satellite dishes) which are specifically covered by the Telecommunications Act of 1996, as amended from time to time.

Section 20: Fences. Fences shall be at the option of the Owner of each Lot except for the Hill Street boundary fence which may be installed by the Declarant or his nominee; provided, however, that no fence shall be taller than six (6') feet as measured from the ground. Any fence erected on any Lot must first be approved by the Architectural Review Board. Fences shall be constructed of new and appropriate materials. All wire fencing shall be kept tightly stretched, all steel and wooden posts

for any type of fence shall be vertical and straight and perpendicular to the ground and shall not be allowed to lean. All fences shall have the smooth side i.e., finished side facing to the outside and not to the inside.

It is the Declarant's Intention to install a common fence along each of those lots which border Hill Street. The fence will be constructed within a five (5) feet wide fence easement which easement each of the subject lot owners hereby grants to wit: Lots R-1, R-9, R-10, S-1, S-11, T-10, T-11, U-1, U-13, U-14, U-15, V-1, V-9, V-10. The common fence will extend forty (40) feet around each corner along the frontage of each intersecting street. Solid, parallel, privacy fences not closer than fifty (50) feet to the common fence may be allowed on the above named lots subject to the review and approval of the A.R.B. Maintenance and/or repair of this Hill Street bordering fence shall be the obligation and responsibility of the Home Owners Association.

Section 21: Repairs. Any building or improvement which has been damaged by fire or other casualty causing the same to be unsightly shall be repaired or removed within three (3) months from the date of such casualty. All structures, buildings and improvements erected on lots within the subdivision shall at all times be attractive, well maintained and kept in good repair.

Section 22: Abandoned Vehicles and Parking. No abandoned or inoperative vehicles shall be permitted on any Lot. A vehicle shall be considered abandoned if it remains non-operative for a period of fourteen (14) days. In such instance the Association shall deliver a written notice describing such vehicle to the owner of the vehicle (if such owner can be reasonably ascertained). If the vehicle is not removed within five business days after delivery or placing of such notice, then the Association may have the vehicle towed away at the violator's expense.

Vehicles such as recreational vehicles, motor homes, boats, horse trailers, snowmobiles, etc. may be kept on the Owner's Lot providing that they are generally screened from view of the street or neighbor's property, i.e., behind fences, shrubbery or trees.

Only guest parking shall be permitted upon the platted streets and roads of the subdivision.

Section 23: Vehicle Repairs. No maintenance, servicing, repair, dismantling or repainting of any type of vehicle, boat, machine or device may be carried on except within a completely enclosed structure which screens the sight and sound of the activity from the street and from adjoining property.

Section 24: Off Road Vehicles Prohibited. Only "street legal" vehicles may be operated within the subdivision and on the roads thereof; provided however, that other vehicles may be operated for purposes of loading and unloading. Street legal shall be any vehicle which is licensed to operate on city, county or state roads and highways.

Section 25: Maintenance of Public Street and Sidewalk. Each Owner of a Lot, upon which is a residential dwelling, shall have the responsibility for keeping the street clean that borders his Lot at all times. No mud, dirt, gravel, stone or other foreign material shall be allowed to accumulate

upon the street during excavation of a foundation or subsequent construction of improvements or landscaping on any Lot. Each Owner is encouraged to review this subject with his construction, maintenance or repair contractor and arrive at a plan of prevention.

Section 26: Waste and Trash Disposal. Trash or garbage shall not be permitted to accumulate upon any Lot except in properly covered, fly tight, rodent and scavenger proof containers which shall be emptied on a regular basis to avoid overflow and unreasonable odors or conditions resulting therefrom. Garbage and waste shall be disposed of in accordance with good sanitary practices as established by state, federal and local authorities.

Section 27: Landscaping and Weed Control. Each Owner occupying a residential dwelling constructed on any Lot between March 1 and August 31 of any calendar year shall seed or sod or landscape that portion of the Owner's Lot which is visible from the street within 45 days of occupancy. Owners occupying a residential dwelling constructed on any Lot between September 1 and February 28 of any calendar year are required to seed or sod or landscape that portion of the Owner's Lot which is visible from the street at the first seasonal opportunity. Planting of trees, shrubbery and grass is required. Growing grass (either seed or sod) shall be a minimum of 1500 square feet in the front of any Lot as visible from the street. The percentage of live, growing landscaping shall be greater than the percentage of xeriscaping is to the whole of the front of any Lot The street facing part of the landscape plan must be approved in writing by the A.R.B.

Weeds must be cut often enough so as to not permit any Lot within the subdivision to become unsightly due to the overgrowth of weeds. In the case of unoccupied lots, non-resident or out of state owners, if weed control is not exercised by said Lot Owner, the Association will have the right to hire the weeds mowed and bill the individual Lot Owner for the expense of same.

Owners of lots bordering Hill Street are required to maintain free of weeds and or trash those areas from the Hill Street bordering fence line to the asphalt.

All drain ditches bordering any lot must not be restricted in any way that would prevent or inhibit the flow of runoff or drainage water. The owners of those lots bordering a drain ditch may line that ditch with a weed barrier Geotextile membrane or fabric and covered with screened cobble, minimum 4 inch and maximum of 6 inch. A drainage pipe of appropriate size diameter must be installed under each driveway.

Section 28: Outside Storage and Clothes Lines. All equipment, garbage cans, lawn and garden implements when not in use, and all wood piles or storage piles shall be kept in an area screened by adequate planting or fencing so as to conceal them from view of neighboring properties and streets.

Laundry may be dried or aired outside of a residential dwelling on a clothes line in the rear yard if hidden from view of the street.

Section 29: Drainage. No Owner of any Lot will change the grade and/or

drainage of a Lot to the extent that water will not flow to the street. Water shall not be allowed to flow toward any foundation of any residence on any Lot or to any adjoining Lot.

Section 30: Irrigation Water. Underground irrigation lines shall be provided to each Lot in the subdivision by Declarant. A Lot Owner may tap the lines for their own purposes of running interior lines to sprinkle irrigate their respective lots. The cost, responsibility and maintenance for interior lines, pump(s), sprinkler heads, etc. will be that of the individual Lot Owner. Good water conservation practices are encouraged and Lot Owners may use the irrigation system on a schedule determined by the HOA. Any lines which are broken within the easements shown on the subdivision plat shall be repaired at the expense of the Lot Owner who causes, permits or suffers the break to occur.

The HOA of Subdivision Three will be the entity to which the irrigation water for all of American Village will be invoiced once each year by the Uncompahgre Valley Water Users Association. Subdivision Two will pay to Subdivision Three HOA 31% of the total cost of the irrigation water which for year 2004 would have been a total of $589.00, or $6.20 per year for each Subdivision Two homeowner. Subdivision Two HOA will use their water for the irrigation needs of parks and landscaped open spaces falling within Subdivision Two. The cost of water is subject to change each year as determined by the Board of Directors of the Uncompahgre Valley Water Users Association. Year 2004 irrigation water cost was $1900.00 and Subdivision Three HOA shall pay 69% of the amount invoiced by U.V.W.U.A.

Section 31: Irrigation Practices. Inasmuch as irrigation water drainage is not permitted to enter into road rights of way, it is required that the Lots in the subdivision shall not be irrigated by furrow irrigation methods.

Section 32: Common Area and Association Maintenance Area. Common Areas will be established by the Declarant for the use and enjoyment of the owners and will be designated as Parks, Tracts or Open Space on any recorded plat(s) of the Property or any portion thereof. The Association Maintenance Area will include the Common Areas and any improvements thereon including without limitation landscaping, outdoor lighting, ponds, fountains, fences and playground equipment, if any. Once each year, the Board of Directors of the Association shall appoint a committee who shall serve for one year and whose function it will be to recommend to the Board of Directors of the Association the manner and maintenance for the Association Maintenance Area and to oversee and assure that maintenance is sufficient to keep the Association Maintenance Area neat, attractive and usable at all times. The Association is required to solicit bids and to award a contract or contracts to an established professional maintenance company to provide ongoing maintenance services. If the Association fails to so maintain the Association Maintenance Area the City of Montrose may do so and assess the costs to the affected lots, to be collected as a delinquent charge similar to taxes or in any other lawful manner.

Maintenance shall include any filter or nozzle or pipe of the primary irrigation system but not of the individual lot irrigation system. The Association maintenance shall also include the periodic flushing and or maintenance of the buried pipe under the detention ponds.

Section 33: Easement for Maintenance and/or Repair of Utilities. Declarant hereby grants and conveys to the Association and reserves unto itself, its heirs, successors and assigns, from and after the date of recordation of this Declaration, a non-exclusive easement through, on, over and across the Association Maintenance Area, including any fence situated thereon, for the purpose of providing access for ingress and egress to any utility company or municipal utility provider for the repair and/or maintenance of any utility service.

Section 34: Electricity and Landscape Water. The Association shall have the responsibility and obligation to maintain the electric lighting and landscaping contained in the Common Area, if any. The municipal provider of such electricity and landscape water shall bill the Association for the electricity and landscape water serving the Common Area. The schedule for billing and the fees charged shall be at the discretion of the municipal provider as amended from time to time.

Section 35: Subdivision of Lots. No further division or change of zoning or use of any Lot shall be allowed.

Section 36: Compliance with Regulations. In addition to the limitations described herein, all construction upon and use of any Lot shall be in compliance with all zoning regulations and other laws, ordinances and regulations of the City of Montrose, County of Montrose, State of Colorado and any other governmental authority having jurisdiction.

Section 37: Declarant's Use. Notwithstanding anything to the contrary contained in this Declaration, it shall be expressly permissible and proper for Declarant, its employees, agents and contractors, to perform such reasonable activities, and to maintain upon portions of the Lots such facilities as Declarant deems reasonably necessary or incidental to the development, construction and sale of Lots, and development and construction of improvements, specifically including, without limiting the generality of the foregoing, maintaining management offices, signs, model units, construction offices, trailers and sales offices, in such numbers, of such sizes, and at such locations as Declarant determines in its reasonable discretion from time to time. Any real estate used as a sales office, management office or a model, shall be a Lot.

ARTICLE VI
GENERAL PROVISIONS

Section 1: Enforcement. The Association, or any Owner, or the City of Montrose, Colorado, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and changes now or hereafter imposed by the provisions of this Declaration and shall recover reasonable attorney's fees and costs for doing so. Failure by the Association, the City of Montrose or any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waver of the right to do so thereafter.

Section 2: Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way effect any other provisions which shall remain in full force

and effect.

Section 3: Conflict of Provisions. In case of any conflict between this Declaration, the Articles of Incorporation or Bylaws of the Association, this Declaration shall control. In case of any conflict between the Articles of Incorporation and the Bylaws of the Association, the Articles of Incorporation shall control.

Section 4: Duration, Revocation and Amendment. The covenants and restrictions of this Declaration shall run with and bind the land, for a term of twenty (20) years from the date this Declaration is recorded. These covenants and restrictions shall continue thereafter for ten (10) year successive periods. This Declaration may be amended during the first twenty (20) year period, and during subsequent extensions thereof, by an instrument approved in writing by the Owners who own not less than two-thirds (2/3) of the Lots. Such amendment shall be effective when duly recorded in Montrose County, Colorado.

Declarant reserves and is granted the right and power to effect technical amendments to this Declaration, the Articles of Incorporation or Bylaws of the Association at any time prior to conveyance of the last Lot by Colorado Dolphin Companies, Inc., for the purposes of correcting spelling, grammar, dates or as may otherwise be necessary to clarify the meaning of the provisions of any such documents.

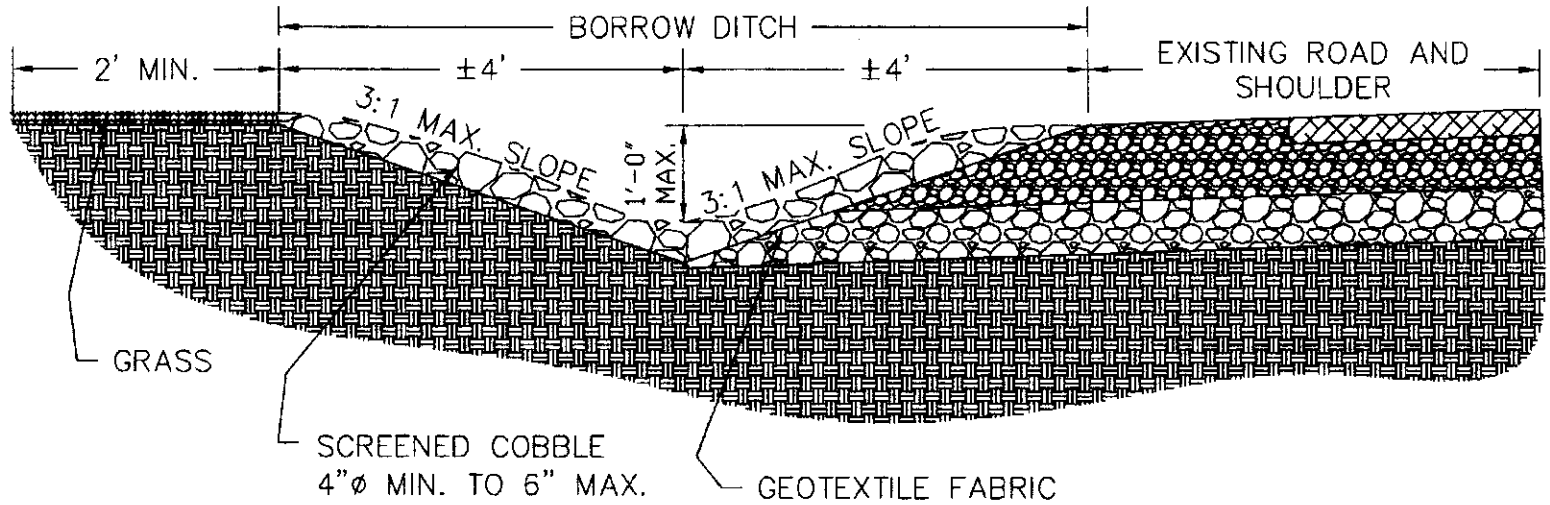
Section 5: Special Improvement District. In accordance with the notes on any recorded plat(s), of the Property or any portion thereof, the Lots shown on such plat may be assessed by the City of Montrose for the cost to construct improvements to the portions of the city streets as shown on the Official Annexation Map thereof, including curb, gutter, sidewalk, base, pavement and related improvements. If such an assessment is made, the Montrose City Clerk shall be irrevocably appointed as the attorney-in-fact of each of the Owners of said Lots for the purposes of executing improvement district petitions on their behalf, voting on their behalf in any election to approve the financial obligations for such improvement districts and for all other purposes related to the formation of such districts and construction of such improvements. These obligations shall run with the land and be binding upon all successors in interest to the said lots.

Section 6: No Representations or Warranties. No representations or warranties of any kind, express or implied, shall be deemed to have been given or made by Declarant or its agents or employees in connection with any portion of the Property, or any improvement thereon, its or their physical condition, zoning, compliance with applicable laws, fitness or intended use, or in connection with the subdivision, sale, operation, maintenance, cost of maintenance, taxes or regulation thereof, unless and except as shall be specifically set forth in writing.

Section 7: Disclaimer Regarding Safety. Declarant and the Association hereby disclaim any obligation regarding the security of any persons or property within the Property. By accepting a deed to property within the Property, each Owner acknowledges that Declarant and the Association are only obligated to do those acts specifically enumerated herein, or in the Articles of Incorporation, Bylaws and Rules and Regulations of the Association, and are not obligated to do any other acts with respect to the safety or protection of persons or property on or within the Property.

AMERICAN VILLAGE SUBDIVISION THREE

COLORADO DOLPHIN COMPANIES
DAVID MCCLELLAND



1) BORROW DITCH TO BE COMPLETELY LINED WITH A GEOTEXTILE FABRIC (NOT PLASTIC). OVERLAP FABRIC A MINIMUN OF 12" AT SEAMS.

2) INSTALL 4"ø (MINIMUM) TO 6"ø (MAXIMUM) SCREENED COBBLE OVER THE TOP OF THE GEOTEXTILE FABRIC. THE ROCKS ARE TO BE INSTALLED SO THAT NO FABRIC IS VISABLE.

3) GRASS IS TO BE PLANTED UP TO THE EDGE OF THE GEOTEXTILE FABRIC.

BORROW DITCH DETAIL

NOT TO SCALE

THIS IS A PRODUCT OF
MESA ENGINEERING
330 SOUTH 5th. MONTROSE, CO. 81401
(970) 249-7771

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IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has hereunder set its hand and seal this 20th day of December, 2004.

Attest:

COLORADO DOLPHIN COMPANIES, INC.,
a Colorado corporation

By _____
David M. McClelland, President

State of Colorado)
) ss.
County of Montrose)

The foregoing instrument was acknowledged before me this 20th day of December, 2004 by David M. McClelland, President of Colorado Dolphin Companies, Inc., a Colorado corporation.

Witness my hand and seal.

My commission expires: 01/22/2005

DIANA MCCLELLAND NOTARY PUBLIC STATE OF COLORADO

(Seal)

_____
Notary Public