

DECLARATION OF PROTECTIVE COVENANTS
FOR PAWNEE HILLS,
A REAL ESTATE SUBDIVISION

DIVERSIFIED MANAGEMENT, INC., ("Grantor") a Colorado corporation, is the owner of all that real property within the subdivision named Pawnee Hills in Filing No. 1 in Elbert County, Colorado.

Grantor hereby makes and declares the following limitations, restrictions, and uses upon and of such real property as restrictive and protective covenants shall remain in effect.

1. GENERAL PURPOSES: These covenants are made for the purpose of creating and keeping the subdivision, insofar as possible, desirable, attractive, beneficial and suitable in architectural design, materials and appearance; all for the mutual benefit and protection of the owners of lots in the subdivision.

2. USES: Exclusive of one or more 5-acre plots reserved for commonly owned recreational facilities, each lot in the subdivision shall be used for one single family residence according to plat and covenant restrictions. Density shall be no greater than one single family residence per 5-acre lot. No structures whatever, other than one private single family dwelling together with a private garage and servants quarters or guest facilities, and approved barn or shed for horses, for use in connection with said single dwelling, shall be erected, placed or permitted to remain on any 5-acre plot or lot.

3. APPROVAL OF CONSTRUCTION PLANS: No building or other structure shall be constructed, erected or maintained on any lot, nor shall any addition thereto or change or alteration therein be made until the complete plans and specifications (including, but not limited to, the floor, elevation, plot and grading plans; the specifications of principal exterior materials, color schemes and the location, character and method of utilization of all utilities) have been submitted to Grantor and/or Architectural Control Board and by it or them approved in writing. At the time plans and specifications are submitted to Grantor and/or Architectural Control Board for its/their approval, the person or persons submitting such plans and specifications shall also submit to Grantor/Board evidence satisfactory to Grantor/Board that the Public Health Department of the State of Colorado or the appropriate official of Elbert County, Colorado or any other appropriate governmental agency has approved his sanitary sewage disposal system. Sewage shall be disposed of only by and through a septic system of adequate dimensions and capacity and of a type approved by the Board of Health of the State of Colorado and/or the County of Elbert. No septic tank or field system shall be nearer than fifty feet to any building or plot line except with the consent of the appropriate health officials of the County and/or State, and no sewage, waste water, trash, garbage or debris shall be emptied, discharged, or permitted to drain into any body of water, or watercourse, in or adjacent to the subdivision. All toilet facilities must be part of the residences or garage

and shall be of a modern flush type and connected with a proper septic tank system. Each building or other structure shall be constructed, erected and maintained in strict accordance with the approved plans and specifications.

In passing upon all such plans and specifications Grantor/Board shall take into consideration the suitability of the proposed building or other structure and the materials of which it is to be built to the lot upon which it is to be erected, the harmony thereof with the surroundings and concept of the Development, and the effect of the building or other structure, as planned, on the outlook from adjacent or neighboring lots. Grantor/Board agrees to use reasonable judgment in passing upon all such plans and specifications, but Grantor/Board shall not be liable to any person or persons for Grantor's/Board's actions in connection with submitted plans and specifications, unless it be shown that Grantor/Board acted with malice or wrongful intent.

4. FENCE: No fence, wall or similar type barrier of any kind shall be constructed, erected or maintained on any lot without the approval of design and materials by the Grantor/Board. No fences are to be built which would encroach upon ten foot public easements along the front of all lot lines facing a road.

5. EASEMENTS: Easements and rights-of-way are hereby reserved as shown or described on the recorded plot of the subdivision and for any public or quasi-public utility service purpose, together with the right of ingress and egress at any time for the purpose of further construction and repair. PEDESTRIAN AND HORSE EASEMENTS: A ten foot public easement is hereby concurrently reserved along the front of all lot lines facing a road. This easement, in addition to being reserved for use of utilities as aforesaid in paragraph 5, hereof, is restricted to the use by the public exclusively for pedestrian and equestrian purposes. Unless permission is obtained from the individual property owners, trespassing by pedestrians, equestrians, hikers, over-snow or off-road vehicles, et al. on privately owned property at places (other than within the ten foot easement above provided) is prohibited. DRIVEWAYS: No trees may be cut or grading accomplished on any lot without the owner's obtaining prior written approval of the Grantor/Board. It is intended that driveways be kept to a minimum and be so located and constructed as to minimize dangerous intersections and to minimize the retention of the natural character of the area. Proper drainage facilities, including culverts, may be designated by the Grantor/Board as a condition for approval hereunder and will be provided by the owner at his expense. Minimum interference with the pedestrian and equestrian easement will be practiced.

6. SIGNS: No signs, billboards or other advertising structure of any kind shall be erected, constructed or maintained on any lot for any purpose whatsoever, except such signs as have been approved by Grantor/Board for identification of residences; one sign of not more than eight square feet advertising the property for sale or rent; and signs used by the Grantor for selling the subdivision.

7. WATER AND SEWER: Each structure designed for occupancy or use by human beings shall connect to an approved domestic water source and approved sewage disposal system. The owner shall install and use a domestic well and septic system. Such well and sewage disposal system must have all necessary public regulatory and governmental permits and approvals.

If and when a water and/or sanitation district is formed for the purpose of providing central water and/or sewage disposal services, by whatever authorized agency or municipality the owner hereby consents to the forming of such district or districts and shall cooperate in the formation of such a district or districts and shall abide by all the rules, regulations, and requirements of such a district or districts, including the abandoning of any and all domestic wells and/or septic systems, or other private facilities installed by the owner and the utilization of facilities provided by the district or districts as may be required by the district or districts.

8. TRASH: No trash, ashes, garbage, debris or other refuse shall be thrown or dumped on any land within the subdivision. There shall be no burning of refuse out of doors. Each property owner shall provide suitable receptacles for the temporary storage and collection of refuse and all such receptacles shall be screened from public view and protected from disturbance.

9. LIVESTOCK: No animals, livestock or poultry shall be allowed either temporarily or permanently, except the following; horses, dogs, cats and other usual and suitable household pets. A maximum of four (4) horses per 5-acre plot will be allowed and four (4) adult dogs and/or cats per household. The above exceptions are for household enjoyment only and shall not be raised, bred or boarded for any commercial purposes.

If horses are kept, facilities shall be kept clean and odor free. In order to prevent overgrazing horses shall be kept in a small corral of not to exceed 25 percent of the lot size and only allowed to occasionally graze in remaining native grass area owned and fenced by owner.

10. TREES: Living trees naturally existing upon a lot, except to the extent necessary for construction purposes, shall not be cut, trimmed or removed from the properties, except that Grantor/Board may approve some thinning or trimming if it seems desirable.

11. LANDSCAPING: All surface areas disturbed by construction shall be returned promptly to their natural condition and replanted in native grasses; but if owner desires further landscaping to change the character of the lot, he shall submit landscaping plan to Grantor/Board for approval. Grantor/Board may approve construction of gardens, lawns, and exterior living areas.

12. SET-BACK REQUIREMENTS: No building or structure shall be constructed within 40 feet of the right-of-way on a cul de sac and the minimum set-back line in all other cases shall be 30 feet from all property lines. The only exception to this shall be fences,

13. TEMPORARY STRUCTURES: No structure of a temporary character, trailer, mobile home (with or without wheels) or converted mobile home, "A" frame type building, basement, tent, shack, garage, barn, or other out-building shall be used on any lot as a family dwelling, either temporarily or permanently. However, this covenant shall not restrict a building contractor or the Grantor from maintaining a temporary office, trailer office, tool shed, lumber shed and/or sales office for the purpose of selling lots or erecting and selling dwellings.

14. PRINCIPAL DWELLING: The principal dwelling shall have a minimum fully enclosed ground floor area devoted to living purposes, exclusive of porches, terraces, and garage of 1200 square feet except that where the said principal dwelling is a one and one-half or two story dwelling, the minimum may be reduced to 1000 square feet of ground floor area, providing that the total living area of the one and one-half or two floors is not less than 1500 square feet.

15. COMMERCIAL ACTIVITY: No store, office or other place of business of any kind shall be erected or permitted upon any of the residential lots or any part thereof and no commercial activity shall be permitted.

16. CONTINUITY OF CONSTRUCTION: All structures commenced in the subdivision shall be prosecuted diligently to completion and shall be completed within 180 calendar days of commencement subject only to delays caused by inclement weather, Act of God, strike or unless some other exception is granted in writing by Grantor or his assigns.

17. RESUBDIVISION: No lot may be resubdivided by an owner.

18. NUISANCE AND FIREARMS: No noxious, dangerous, or offensive activity shall be carried on within the subdivision; nor shall anything be done or permitted which shall constitute a public nuisance therein; nor shall any hunting, trapping or other activities be carried on which requires the use of any type of lethal or dangerous weapon.

19. EFFECT AND DURATION OF COVENANTS: The conditions, restrictions, stipulations, agreements and covenants contained herein shall be for the benefit of and binding upon each tract in the subdivision, and each owner of property therein, his successors, representatives and assigns and shall continue in full force and effect until January 1, 1999, at which time they shall be automatically extended for five successive terms of ten years each.

20. AMENDMENT: The conditions, restrictions, stipulations, agreements and covenants contained herein shall not be waived, abandoned, terminated, or amended except by written consent of the owners of 75% of the privately owned land included within the boundaries of the subdivision.

21. ARCHITECTURAL CONTROL BOARD:

(a) MEMBERSHIP. The initial Architectural Control Board is composed of:

Gerald Dixon-1450 So. Havana St., Aurora, Colorado 80010
 Arthur Parker-2015 Eaton, Edgewater, Colorado
 Charles V. Adams-290 Fillmore, Suite 200, Denver, Colorado

A majority of the Board may designate a representative to act for it. In the event of death or resignation of any member of the Board, the remaining members shall have the full authority to designate a successor. Neither the members of the Board, nor its designated representative shall be entitled to any compensation for services performed pursuant to this covenant. At any time after five years from the date of the recording of these covenants, the then record owners of 75% of the sices in PAWNEE HILLS shall have the power through a duly recorded instrument to change the membership of the Board or to withdraw from the Board or restore to it any of its powers and duties.

(b) PROCEDURE. The Board's approval or disapproval as required in these covenants shall be in writing. In the event the Board, or its designated representative, fails to approve or disapprove within 30 days after plans and specifications have been submitted to it, or in any event, if no suit to enjoin the construction has been commenced prior to the completion thereof, approval will not be required and the related covenants shall be deemed to have been fully complied with.

22. ENFORCEMENT: If any person shall violate or threaten to violate any of the provisions of this instrument, it shall be lawful for any person or persons owning real property in the subdivision or any duly elected or appointed official of Elbert County, to institute proceedings at law or in equity to enforce the provisions of this instrument, to restrain the person violating or threatening to violate them, and to recover damages, actual and punitive, together with reasonable attorney's fees, for such violations.

23. SEVERABILITY: Invalidation of any one of the provisions of this instrument by judgment court order or decree shall in no wise affect any of the other provisions which shall remain in full force and effect.

ATTEST:

[Signature]
Secretary
STATE OF COLORADO
CITY AND COUNTY OF DENVER

DIVERSIFIED MANAGEMENT, INC.

By *[Signature]*
President

ss.

The foregoing instrument was acknowledged before me this day of _____, 1972, by Eugene DeWitt, President and Reinhold Stepanow, Secretary of Diversified Management, Inc., a Colorado corporation.

Witness my hand and official seal.

My commission expires: My Commission expires June 14, 1973

[Signature]
Notary Public
[Notary Seal: STATE OF COLORADO, JUNE 14 1973]

Reception No. 209724 Date APR 14 1976
Elbert County Recorder
By Cassidy King, Deputy At 10:50 A.

BOOK 300 PAGE 328

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

PAWNEE HILLS DEVELOPMENT CO.

THIS DECLARATION, made on the date hereinafter set forth by Gemini International, Ltd., a Colorado corporation and Pawnee Hills Development Co., a Colorado Joint Venture, hereinafter referred to as "Declarants".

WITNESSETH:

WHEREAS, Declarants are the owners of more than 75% of the privately owned lands included within the Real Estate Subdivision located in the County of Elbert, and State of Colorado as follows:

Pawnee Hills Filing No. 1, and Pawnee Hills Filing No. 2, according to the recorded plats thereof, filed of record in Elbert County, Colorado.

NOW, THEREFORE, Declarants hereby declare 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 real property and be binding upon all parties having any right, title or interest in the described properties or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I

DEFINITIONS

Section 1. "Association" shall mean and refer to Pawnee Hills Community Association, its successors and assigns.

Section 2. "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 a part of the properties, including contract sellers.

Section 3. "Properties" shall mean and refer to that certain real property hereinabove described, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 4. "Common Area" shall mean and refer to all real property (including the improvements thereon) owned by the Association for the common use and enjoyment of the owners. The common area to be owned by the Association is described as follows:

Lots 6, Block 9; PAWNEE HILLS FILING NO. 1, and Lot 19, Block 6, PAWNEE HILLS FILING NO. 2, according to the respective recorded plats thereof, Elbert County, Colorado.

Section 5. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the properties with the exception of the common area.

Section 6. "Declarants" shall mean and refer to Gemini International, Ltd., a Colorado corporation, and Pawnee Hills Development Co., a Colorado Joint Venture, their successors and assigns if each such successor or assign should acquire more than one undeveloped lot from the Declarants for the purpose of developments.

Section 7. "Member" shall mean and refer to each and every person or entity who holds membership in the Association.

ARTICLE II

PROPERTY RIGHTS

Section 1. Owners Easements of Enjoyment. Every owner shall have a right and an easement of enjoyment in and to the common area which shall be appurtenant to and shall pass with the title to every lot, subject to the following provisions:

A. The right of the Association to charge reasonable admission and other fees for the use of any recreational facilities situated upon the common area;

B. The right of the Association to suspend the voting rights and rights to use the recreational facilities by any owner for any period during which any assessment against his lot remains unpaid; and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations;

C. The right of the Association to dedicate or transfer all or any part of the common area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members.

D. The right of the Association, in accordance with its Articles and By-Laws to borrow money for the purpose of improving the common area and facilities, and in aid thereof to mortgage said property, and the rights of such mortgagee in said property shall be subordinate to the rights of the homeowners hereunder.

Section 2. Delegation of Use. Any owner may delegate, in accordance with the By-Laws, his right of enjoyment to the common area and facilities to members of his family, his tenants, his lessees, or contract purchasers to reside on the property.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

Section 1. Every owner of a lot is subject to assessment and shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any lot which is subject to assessment.

Section 2. The Association shall have two classes of voting membership:

Class A Class A members should be all owners with the exception of the Declarants, and shall be entitled to one vote for each lot owned. When more than one person owns an interest in any lot, all such persons shall be members. The vote of each such lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any lot.

Class B Class B members shall be the Declarants and shall be entitled to nine votes for each lot owned. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

- A. When the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership, or
- B. On January 1, 1983.

ARTICLE IV

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessment.

The Declarants, for each lot owned within the properties, hereby covenant, and each owner of any lot 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 the Association:

(1) annual assessments or charges, and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided.

The annual and special assessments, together with interest, costs and reasonable attorney's fees, shall be a charge on the land and it shall be a continuing lien upon

the property against which each such assessment is made. Each such assessment, together with interest, costs, and reasonable attorney's fees, shall also be the personal obligation of the person who was the owner of such property at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to the successor in title unless expressly assumed by them.

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 and the properties and for the improvement and maintenance of the common area. They shall include, but are not limited to, funds for the actual costs to the Association of all taxes, insurance, repairs, replacement and maintenance of the common area, the maintenance and repair of any roads and underground utilities, which are part of the common area, the maintenance of asphalt paving, curbs, gutters and drainage swells that may be located within the common area, lighting and walkways, fees incurred in the management and operation of the common area facilities, caring for the common grounds, any sprinkler systems, landscaping, swimming pool, recreational buildings and equipment, equestrian center, and other charges required by this Declaration of Covenants, Conditions and Restrictions or that the Board of Directors of the Association, in their opinion, shall determine to be necessary to meet the primary purposes of the Association, including the establishment and maintenance of a reserve for capitalization, repair, maintenance, taxes and other charges as specified herein.

Section 3. Assessment Amounts. Assessments shall be based upon total cash requirements as determined by the Board of Directors of the Association from time to time to be paid by all owners, including Declarants, to provide for all estimated expenses growing out of and in connection with the maintenance and operation of the common areas, as referenced above; provided, that until January 1, 1983, those lots owned by the Declarants and still being held for the purposes of sale but as yet unsold, shall have their assessment fixed at the rate of one-third of the normal assessment on lots conveyed by the Declarants, it being fully understood that the Declarants' ownership of any unsold lots will be of a temporary nature and only held for sale to purchasers. Omission or failure to fix the assessment for any period shall not be deemed a waiver, modification or release of the owners from their obligation to pay. No owner may exempt himself from liability for his assessment obligation by waiver of the use or enjoyment of any of the common areas, or by abandonment of his lot.

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, repair or replacement of a capital improvement on the common area, including fixtures and personal property related thereto, against Class A members, provided that any such assessment shall have the assent of two-thirds of the votes of each voting class of members, who are voting in person or by proxy in a meeting duly called for this purpose.

Section 5. Notice and Quorum for Any Action Authorized Under Section 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 4 shall be sent to all members not less than thirty days nor more than sixty days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast 60% of all the votes in each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty days following the preceding meeting.

Section 6. Uniform Rate of Assessment. Both the annual and special assessments must be fixed at a uniform rate for each class of membership and may be collected on a periodic basis, as determined from time to time by the Board of Directors of the Association.

Notwithstanding the above provisions, the assessment for all Class B members (Declarants) shall be minimally one-third of the current assessment applicable to Class A member lots. In the event the assessed fees collected for the Association fail to adequately meet the Association expenses because of the partial exemption of Declarant held property, then the Declarants must pay sufficient capital up to the full assessed share applicable to the specific property.

Section 7. Date of Commencement of Annual Assessments: Due Dates.

The annual assessments provided for herein shall commence as to all lots upon the first day of the month following the conveyance by Warranty Deed of the first lot to an owner. The first annual assessment shall be adjusted according to the number

of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual assessment against each lot at least thirty days in advance of each annual assessment. Written notice of the annual assessment shall be sent to every owner subject thereto. The due date shall be established by the Board of Directors. The Association shall, upon demand and for reasonable charge, furnish a Certificate signed by an officer of the Association setting forth whether the assessment on specific lots have been paid. A properly executed Certificate of the Association as to the status of assessments on lots is binding upon the Association as of the date of its issuance.

Section 8. Affect of Non-payment of Assessments: Remedies of the Association.

Any assessment not paid within thirty days after the due date shall bear interest from the due date at the rate of 12 percent per annum. The Association may bring an action at law against the owner personally obligated to pay same, or foreclose the lien against the property. No owner may waive or otherwise escape liability for the assessments provided for herein by not using the common area or abandonment of his lot.

Upon the failure of an owner to pay his assessment when due, the Board of Directors of the Association shall prepare a written Notice of Lien setting forth the amount of such unpaid indebtedness, the name of the owner and the description of his real property interest. Such notice shall be signed by one member of the Board of Directors or an officer of the Association, shall be recorded in the Office of the Clerk and Recorder of Elbert County, Colorado. Such assessment shall attach from the date of the failure of payment of the assessment. Such lien may thereafter be enforced by the foreclosure of the defaulting owner's real property interest by the Association, in like manner as a mortgage on real property, subsequent to the recording of the Notice of Lien. In any such Notice of Lien proceedings, the owner shall be required to pay the Association's costs, expenses and attorney's fees incurred for filing the lien, and in the event that a foreclosure proceeding is subsequently brought, the Association's additional costs, and expenses and the amount incurred for reasonable attorney's fees shall be paid by the Owner. The owners of the real property interest being foreclosed shall be required to pay to the Association the subsequently accrued and accruing installments during the period of foreclosure, and the Association shall

be entitled to a Receiver to collect same. The Association shall have the power to bid in the real property interest at foreclosure or other legal sale and to acquire and hold, lease, mortgage, convey or otherwise deal with the same.

Any encumbrancer holding a lien on a real property interest may pay, but shall not be required to pay, any unpaid assessments payable with respect therefore, and upon such payment such encumbrances shall have a lien on such real property interest for the amounts paid of the same rank as the lien of his encumbrance.

Section 9. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage. Sale or transfer of any lot shall not affect the assessment lien. However, the sale or transfer of any lot pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall release said lot from liability for any assessments thereafter becoming due or from the lien thereon.

Section 10. Exempt Property. The following property subject to the Declaration shall be exempt from assessments created herein: (a) all properties dedicated to and accepted by a local public authority; (b) the common area; (c) all properties owned by a charitable or non-profit organization and exempt from taxation by the laws of the State of Colorado. However, no land or improvements devoted to dwellings shall be exempt from said assessments.

Section 11. Management Agreements. Each owner of a lot hereby agrees to be bound by the terms and conditions of all management agreements entered into by the Association. A copy of all such agreements shall be available for review to each owner. Any and all management agreements entered into by the Association shall provide that said management agreements may be cancelled by an affirmative vote of 60% of the votes of each voting class of the members of the Association. In no event shall such management agreements be cancelled prior to the effecting by the Association or its Board of Directors of a new management agreement with a party or parties, which new management agreement will become operative immediately upon the cancellation of the preceding management agreement. It shall be the duty of the Association or its Board of Directors to effect a new management agreement prior to the expiration of any prior management contract. Any and all management agreements shall be made with a responsible party or parties having experience adequate for the management of a project of this type.

ARTICLE V

ARCHITECTURAL CONTROL

No building, fence, wall or any structure shall be commenced, erected or maintained upon the properties, nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind shape, height, materials, and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of the Association, or by an Architectural Control Committee composed of three or more representatives appointed by the Board. In the event said Board or its designated Committee, fails to approve or disapprove such design and location within ninety days after said plans and specifications have been fully submitted to it, approval will not be required and this Article shall be deemed to have been fully complied with.

At the time plans and specifications are submitted to the Board of Directors of the Association and/or the Architectural Control Committee for approval, the person or persons submitting such plans and specifications shall also submit to the Board or Committee evidence satisfactory to the Board or Committee that the Public Health Department of the State of Colorado or the appropriate official of Elbert County, Colorado or any other appropriate governmental agency has approved his sanitary sewage disposal system. Sewage shall be disposed of only by and through a septic system of adequate dimensions and capacity and of a type approved by the Board of Health of the State of Colorado and/or the County of Elbert. No septic tank or field system shall be nearer than fifty feet to any building or plot line except with the consent of the appropriate health officials of the County and/or State, and no sewage, waste water, trash, garbage or other debris shall be emptied, discharged, or permitted to drain into any body of water, or water course, in or adjacent to the subdivision. All toilet facilities must be part of the residences or garage and shall be of a modern flush-type and connected with a proper septic tank system. Each building or other structure shall be constructed, erected and maintained in strict accordance with the approved plans and specifications.

In passing upon all such plans and specifications the Board or Committee shall take into consideration the suitability of the proposed building or other structure

and the materials of which it is to be built to the lot upon which it is to be erected, the harmony thereof with the surroundings and concept of the development, and the effect of the building or other structure, as planned, on the outlook from adjacent or neighboring lots. The Board or Committee agrees to his reasonable judgment in passing upon all such plans and specifications, but the Board or Committee shall not be liable to any person or persons for the Board or Committee's actions in connection with submitted plans and specifications, unless it be shown that the Board or Committee acted with malice or wrongful intent.

(A) Initial Architectural Control Committee (membership). Shall be composed of the following: Sidney Davidson, c/o 11000 E. Yale Avenue, Denver, Colorado, Suite 205; Brett Marshall, c/o 11000 E. Yale Avenue, Suite 205, Denver, Colorado; Eugene DeWitt, c/o 11000 East Yale Avenue, Suite 205, Denver, Colorado.

The majority of the Committee may designate a representative to act for it. In the event of death or resignation of any member of the Committee, the remaining members shall have the full authority to designate a successor. Neither the members of the Committee, nor its designated representatives shall be entitled to any compensation for services performed pursuant to this covenant. At any time after five years from the date of recording of these covenants, the then record owners of 75% of the sites in the Pawnee Hills Subdivision shall have the power through a duly recorded instrument to change the membership of the Committee or to withdraw from the Committee or restore to it any of its powers and duties.

ARTICLE VI

RESTRICTIONS ON USE

Section 1. Uses. Exclusive of one or more 5-acre plots reserved for commonly owned recreational facilities, each lot in the subdivision shall be used for one single-family residence according to the plat and covenant restrictions. Density shall be no greater than one single-family residence per 5-acre lot. No structures whatsoever, other than one private single-family dwelling together with a private garage and servant's quarters or guest facilities, an approved barn or shed for horses, for use in connection with said single dwelling, shall be erected, placed or permitted to remain on any 5-acre plot or lot.

Notwithstanding the above restriction, each five (5) acre lot as above referenced shall be allowed the following restrictive commercial use: Subject to restrictions on the number of horses allowed on each five (5) acre lot, as hereinafter provided, each such lot shall and is hereby granted a restrictive commercial use for the purpose of erecting, maintaining, and carrying on a commercial business in the specific nature of a horse boarding and/or feeding operation. Such use, as herein allowed, shall be expressly subject to the Architectural Control Committee's approval of the design, material, plans and specifications of any improvements located thereon, such improvements limited to the following:

a. One horse shelter barn with a capacity to house and feed a maximum of four (4) horses on each five (5) acre lot. The location, set back, water, electricity, sewer and heating requirements to be set forth in conformance with Elbert County regulations and any further regulations as promulgated by the said Architectural Control Committee.

b. A corral, consisting of fencing as approved by the Architectural Control Committee, for the purpose of enclosing that area of each five (5) acre lot allowed for horse grazing, grooming, and related purposes.

c. Such other improvements as are necessary and/or appropriate for the proper storage, maintenance, feeding and boarding of such restricted commercial use.

Section 2. Fence. No fence, wall or other similar type barrier of any kind shall be constructed, erected, or maintained on any lot without the approval of design or materials by the Board or Committee. No fences are to be built which would encroach upon 10-foot public easements along the front of all lot lines facing the road.

Section 3. Easements. Easements and rights-of-way are hereby reserved as shown or described on the recorded plot of the subdivision and for any public or quasi-public utility service purpose, together with a right of ingress and egress at any time for the purpose of further construction and/or repair.

Pedestrian and horse Easements. The 10-foot public easement is hereby concurrently reserved along the front of all lot lines facing the road. This easement, in addition to being reserved for use of utilities aforesaid, is restricted to be used by the public exclusively for pedestrian and equestrian purposes. Until permission is obtained from the individual property owners, trespassing by pedestrians, equestrians, hikers, over snow or off-road vehicles, et al, on privately owned property at places (other than the 10-foot easement above provided) is prohibited.