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FIRST AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

This First Amendment is made this 11th day of April, 2004, by Stone Cliff Investments, LLC, a Colorado limited liability company (the "Declarant"). This First Amendment shall constitute a modification of the DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS, dated February 26, 2003, and recorded under Reception # N/A, Pueblo County, Colorado; and Reception # 2003 00357521, Huerfano County, Colorado by the Declarant.

The following provisions of the Declaration are hereby amended; in all other respects the Declaration is reaffirmed:

Section 5.01. Allocated Interest and Initial Assessment. Each Parcel is a prorate share of the entire Parcel and shall pay a prorate share of any common expenses. The Board of Directors shall determine the annual assessment to cover common expenses. The annual assessment may be increased or decreased by the Board of Directors as the need arises. Notice of the annual assessment shall be given to property owners in November and shall be due in January of the year following. No initial assessment has been set, but the initial assessment shall be not less than \$175.00 per Parcel.

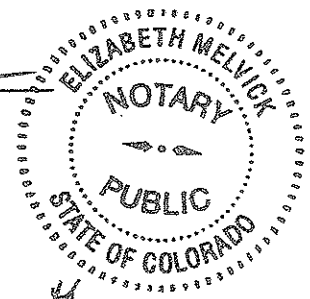
Section 7.02. Manufactured Housing. No single-wide (less than twenty-four feet wide) manufactured housing shall be allowed on any Parcel at any time. Manufactured modular housing is permitted with prior review and written approval of plans by the Association in accordance with Association guidelines, and with a roof pitch of not less than 5:12.

Section 10.01. Material Amendments. Any provision of this Declaration may be amended or additional provisions may be added to this Declaration by the recording of a written instrument or instruments specifying the amendment or addition, executed only by the Declarant until such time as 95% of the Parcels are originally sold by the Declarant; and thereafter by the Owners, as shown by the records in the Office of the Clerk and Recorder of the Counties of Pueblo and Huerfano, State of Colorado, on the thirtieth day prior to such recording, of two thirds (66 2/3's) or more of the Parcels.

IN WITNESS WHEREOF, Declarant has executed this First Amendment as of the 11th day of April, 2004.

Stone Cliff Investments, LLC

By: [Signature]
Managing Member



State of Colorado
County of Jeller

The foregoing First Amendment was acknowledged before me this 11th day of April, 2004, by Stephen J. Melvick, Managing Member, Stone Cliff Investments, LLC.

Witness my hand and official seal. My commission expires: 2/3/2007

Elizabeth Melvick
Notary Public

DECLARATION
OF COVENANTS, CONDITIONS AND RESTRICTIONS

THIS DECLARATION, is made this 26 day of FEBRUARY, 2003, by Stone Cliff Investments, LLC, a Colorado limited liability company (the "Declarant").

R E C I T A L S

A. Declarant is the owner of certain real property and improvements (the "Property"), which is more particularly described in Exhibit A, attached hereto and made a part hereof, located in the Counties of Pueblo and Huerfano, State of Colorado;

B. Declarant desires to subdivide all of the Property and sell parcels therein ("Parcels") subject to certain protective restrictions, conditions, limitations, reservations and covenants in order to insure the most beneficial development of the Property; and,

C. Declarant desires to create an owners association to which shall be delegated and assigned the powers and duties of administering and enforcing the covenants and restrictions contained herein;

NOW, THEREFORE, Declarant does hereby publish and declare that the following terms, covenants, conditions, easements, restrictions, uses, reservations, limitations and obligations which shall be deemed to run with the land comprising the Property and shall burden and benefit Declarant, its grantees, successors and assigns and any person acquiring or owning an interest in the Property and improvements thereon and their respective grantees, successors, heirs, executors, administrators, devisees and assigns.

ARTICLE 1 SUBMISSION; EFFECT; COMPLIANCE; TERMS

Section 1.01 Submission of the Property. Declarant hereby declares that all of the Property 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 the Property, and which shall run with the Property and be a burden binding on all parties having any right, title or interest in the Property or any part thereof, their heirs, legal representatives, successors, and assigns and shall inure to the benefit of each Owner thereof, their heirs, legal representatives, successors and assigns.

Section 1.02 Effect of Provisions of Declaration. Each provision of this Declaration and each agreement, promise, covenant or undertaking to comply with or to be bound by the provisions of this Declaration which is contained herein shall:

(a) be deemed incorporated in each deed or other instrument by which any right, title or interest in any Lot is granted, devised or conveyed, whether or not set forth or referred to in such deed or instrument; and

(b) by virtue of acceptance of any right, title or interest in any Lot by an Owner, such owner shall be deemed to have accepted, ratified, adopted and declared said agreements, promises, covenants and undertaking as personal covenants of such owner and such Owner's heir, personal representatives, successors and assigns to, with and for the benefit of the Association.

Section 1.03 Compliance With Declaration, Articles and Bylaws. Each Owner and the Association shall comply strictly with, and each Owner shall cause its Guests to comply strictly with, all of the provisions of this Declaration, the Articles, the Bylaws, the Act and the decisions, Rules and Regulations and resolutions of the Association adopted pursuant thereto, as the same may be amended from time-to-time. The Association or any aggrieved Owner may take judicial action against any other Owner or the Association to enforce compliance with Rules and Regulations or other obligations contained herein or in the Bylaws or to recover damages for violation thereof or injunctive relief or both, with the prevailing party to be awarded its reasonable attorneys' fees, costs and expenses with respect thereto from the non-prevailing party, including costs of collection, where applicable, and including reasonable attorneys' fees, costs and expenses with respect thereto.

Section 1.04 Attorneys' Fees. In the event of any litigation concerning the enforcement or interpretation of this Declaration, the Articles, Bylaws, or the Rules and Regulations, the prevailing party therein shall be entitled to recover its reasonable attorneys' fees, costs and expenses with respect to the collection of any judgment as a result thereof.

ARTICLE 2 NAME

Section 2.01 Name. The name of the Association is Ghost River Ranch Property Owners Association.

ARTICLE 3 THE ASSOCIATION

Section 3.01 Authority. The business affairs shall be managed by an Association. The Association shall be governed by its Bylaws, as amended from time to time.

Section 3.02 Powers. The Association shall have all of the powers, authority and duties necessary and proper to manage the business and affairs of the Project.

Section 3.03 Membership. All Parcel Owners shall automatically be members of the Association, whose memberships are appurtenant to the Parcels and shall automatically pass with fee simple title thereto. Each Parcel Owner and Declarant, except as specifically provided otherwise herein, shall automatically be entitled to the benefit and be subject to the burdens relating to such membership. If fee simple title to a Parcel is held by more than one person, each such Owner shall be a member of the Association. Memberships in the Association shall be limited to Parcel Owners.

Section 3.04 Bylaws and Articles. The purposes and powers of the Association and the rights and obligations with respect to Owners set forth in this Declaration may be amplified by provisions of the Articles and Bylaws.

Section 3.05 Board of Directors. The affairs of the Association shall be managed by the Board, which may by resolution delegate any portion of its authority to a Managing Agent. The Board shall be composed of not less than three (3) the specific number to be determined from time to time pursuant to the Bylaws, all of whom shall be Owner and be elected by the Owners.

Section 3.06 Owner Control. Not later than sixty (60) days after conveyance of fifty percent (50%) of the Parcels to Parcel Owners other than Declarant, one-third (1/3) of the members of the Board must be elected by Parcel Owners other than the Declarant.

Section 3.07 Removal of Board Members. The Parcel Owners, by a two thirds (66 2/3's %) vote of all persons present and entitled to vote at any meeting of the Parcel Owners at which a quorum is present, may remove any member of the Board with or without cause.

Section 3.08 Transfer of Control. Upon sale of the final Parcel, the Declarant shall deliver to the Association the following items:

(a) the original or a certified copy of the recorded Declaration, as amended, the Articles, Bylaws, minutes, books, other books, records and financial statements, and any Rules and Regulations which may have been promulgated which shall thereafter be kept current by the Association and made available, for inspection by Parcel Owners at First Mortgages during normal business hours;

(b) an accounting for Association funds and financial statements, from the date the Association receives funds and ending on the date the period of Declarant Control ends.

(c) the Association funds or control thereof;

(d) all of the Declarant's tangible personal property that has been represented by the Declaration to be the property of the Association.

(e) all insurance policies then in force, in which the Parcel Owners, the Association, or its directors or officers are named;

(f) a roster of Parcel Owners and Mortgagees and their addresses and telephone numbers, if known, as shown on the Declarant's records;

(g) any service contract in which the Association is a contracting party or in which the Association or the Parcel Owners have any obligation to pay a fee to the persons performing the services.

Section 3.09 Voting Rights of Owners. Subject to Subsection 6.03, the Owner or Owners of each Parcel shall be entitled to one (1) vote for each Parcel so owned. For example, if a Parcel is owned by husband and wife, the two persons must agree upon how the one (1) vote allocated to that particular Parcel will be cast. Even though both persons are members of the Association, there is but one (1) vote which may be cast for the Parcel.

ARTICLE 4 RIGHTS AND OBLIGATIONS OF THE ASSOCIATION

Section 4.01 Association as Attorney-in-Fact. The Association is hereby irrevocably appointed attorney-in-fact for the Owners and each of them, to manage, control and deal with the interest of each Owner so as to permit the Association to fulfill all of its duties and obligations and to exercise all of its rights hereunder.

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Filed for Record in
HUERFANO COUNTY, COLO
JUDY BENINE
02-27-2003 At 12:18 pm.
DECL COUNTS 21.00
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Section 4.02 Other Association Functions. The Association may undertake any activity, function or service for the benefit of or to further the interests of the Owners. Such activities, functions or services may include the providing of security services, garbage and trash collection services.

Section 4.03 Labor and Services. The Association:

(a) may engage and pay for the services of a Managing Agent to manage its affairs or any part thereof, to the extent it deems advisable;

(b) may obtain and pay for legal and accounting services necessary or desirable in connection with the operation of the Association and/or enforcement of this Declaration; and

Section 4.04 Suspension of Voting Rights. The Board may suspend any Owners' voting rights in the Association during any period in which such Owner fails to comply with the Association's Rules and Regulations or with any other obligations of such Owner under this Declaration or the Bylaws. Such voting rights shall not be suspended however, if any Owner and the Association dispute the amount of any sum owned by such Owner to the Association, provided the Owner timely pays to the Association such sum as the Owner, in good faith, believes is owed.

Section 4.05 Implied Rights. The Association shall have and may exercise any right or privilege given to it expressly by this Declaration and the Articles or Bylaws or reasonably to be implied by law under the Act or otherwise, or which may be necessary or desirable to fulfill its duties, obligations, rights or privileges.

ARTICLE 5 COMMON EXPENSE ASSESSMENTS

Section 5.01 Allocated Interest and Initial Assessment. Each Parcel is a prorata share of the entire Property and shall pay a prorata share of any common expenses. The initial assessment shall be collected effective January 1, 2004 and shall be \$200.00, unless changed by the Board of Directors of the Association. In the event a Parcel has not been sold by Declarant on or before January 1, 2004, the assessment as to the Parcel shall not commence until its first conveyance by Declarant.

Section 5.02 Lien and Personal Obligation. Declarant, for each Parcel, shall be deemed to covenant and agree, and each Parcel Owner, by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to covenant and agree to pay to the Association, annual and/or special Common Expense Assessments to meet the Common Expenses, reserves and costs of the Association, as provided for in the Assessment.

The Common Expense Assessments of the Association shall be a continuing lien upon each Parcel ("Assessment Lien"). Sale or transfer of any Parcel shall not affect the Association's Assessment Lien.

(a) **Enforcement of Lien.** The Association may prepare a written notice of delinquent Common Expense Assessment and other sums owed by an Owner, the name of the delinquent Owner, signed by the Association and may be recorded in the office of the Clerk and Recorder. The Lien may be enforced by foreclosure of the defaulting Owner's Parcel in like manner as a mortgage on real estate. In any such foreclosure the delinquent Owner shall be required to pay all reasonable attorney's fees, costs and expenses of the Association with respect thereto. Such Owner shall also be required to pay the Association the monthly Common Expense Assessment installments for the Parcel during the period of foreclosure. The Association shall have the power to bid on the Parcel at foreclosure sale and to acquire and hold, lease, mortgage and convey the same.

Section 5.03 Effect of Non-Payment of Assessments; Collection Action. Any Common Expense Assessment not fully paid within ten (10) days after the due date thereof shall bear interest at a rate as determined by the Board and the Association may assess a late charge in addition thereto. An action by the Association against an Owner to recover a money judgment may be pursued by the Association without foreclosing, or waiving, the Association's Assessment Lien therefor. Any such delinquent Owner shall pay the reasonable attorney's fees, costs and expenses of the Association incurred with respect to any such action.

Section 5.05 Special Common Expense Assessments. The Board shall have the power to levy against all Parcels, Special Common Expense Assessments in accordance with this Declaration, the Articles or Bylaws, as the Board deems necessary. Owners having at least two thirds (66 2/3%) of the Allocated Interests may revoke or modify any Special Common Expense Assessment at any annual or special meeting of the Owners or by a petition to the Board signed by such Owners.

ARTICLE 6 Parcels

Section 6.01 Title. Title to a Parcel shall be held in fee simple.

Section 6.02 Right to Combine Parcels. Any Owner may physically combine the area or space of one Parcel with the area or space of one or more adjoining Parcels. Upon any combination of Parcels the Owner shall be entitled to cast one (1) vote for each of the combined Parcels.

Section 6.04 Separate Taxation. Each Parcel shall be deemed to be a separate parcel of real property and shall be subject to the separate common expense assessment and taxation by each taxing jurisdiction to which it is subject, for all types of taxes authorized by law, including ad valorem levies and special assessments. The lien for taxes assessed to any Parcel shall be confined to that Parcel and no forfeiture or sale of any Parcel for delinquent taxes, assessments or other governmental charges shall divest or in any way affect the title to any other Parcel.

ARTICLE 7 PARCEL DEVELOPMENT

Section 7.01 Occupancy of Parcels. Each Owner shall be entitled to the exclusive ownership and possession of his Parcel in accordance with all applicable county ordinances and zoning requirements.

Section 7.02 Manufactured Housing. No single-wide (less than twenty four feet wide) manufactured housing shall be allowed on any Parcel at any time. Manufactured modular (UBC) housing may only be allowed upon review or plans and written approval of the Association in accordance with guidelines established by the Association.

ARTICLE 8 EASEMENTS

Section 8.01 Association Access and Use Easement. The Association shall have a non-exclusive right and easement to enter upon the Parcels as may be necessary or appropriate for the performance of Association duties.

Section 8.02 General Utility Easements. There is hereby created a blanket easement, as set forth on the Plat, upon, across, over and under the Parcels for installing, replacing, repairing and maintaining all existing and future utilities, including but not limited to, water, sewer, gas, telephone, electricity and cable facilities. By virtue of this easement it shall be expressly permissible for the utility entities supplying such utility service to erect and maintain the necessary equipment on the Property and to affix, repair and maintain such equipment. In addition, the Association shall have a non-exclusive easement to utilize any portion of the easements created to perform any of its functions as described in this Declaration. All such previously existing easements are hereby reaffirmed and ratified.

Section 8.03 Easement for Public Safety and Municipal Services. A non-exclusive easement for ingress and egress, as set forth on the Plat, is hereby granted to all public police, sheriff, fire protection, ambulance and other similar emergency agencies or persons.

Section 8.04 Easements Deemed Appurtenant. The easements, uses and rights thereto as provided for in this Declaration shall be deemed to be appurtenant to all of the Parcels, and all instruments of Conveyance and other instruments affecting title to a Parcel shall be deemed to grant and reserve said easements, uses and rights without specific reference thereto.

ARTICLE 9 RESTRICTIONS

Section 9.01 Laws. No Person shall do anything or keep anything in or on a Parcel which would be violation of any statute, rule, ordinance, regulation, permit or other requirement of any governmental body.

Section 9.02 Noxious, Offensive, Hazardous or Annoying Activities. No noxious or offensive activity shall be carried on upon any part of a Parcel nor shall anything be done or placed on or in any part of a Parcel which is or may become a nuisance or cause disturbance or annoyance to others. No activity shall be conducted on any part of a Parcel, and no improvements shall be made or constructed on a Parcel which are or might be unsafe or hazardous to any person or property. No sound shall be emitted on any part of a Parcel which is unreasonably loud or annoying. No odor shall be emitted on any part of a Parcel which is noxious or offensive to others.

Section 9.03 Unsightliness. No unsightliness or waste shall be permitted on or in any part of a Parcel, in the sole discretion of the Board.

Section 9.04 Livestock and Poultry. If any animals, livestock or poultry of any kind are raised, bred or kept on any Parcel, said Parcel shall be fenced so that the same will not encroach on any other Parcel. Declarant or its assigns reserve the right to graze cattle on Parcels with the Property, unless the Owner(s) have installed fencing around such Parcels. No commercial dairy operations, feed lots or hog operations shall be allowed on any Parcel.

Section 9.05 Rules and Regulations. No Person shall violate the Rules and Regulations regularly adopted from time to time by the Association in accordance with its Bylaws. Each Parcel Owner by acceptance of a deed in conveyance hereby irrevocably designates the Association as its attorney-in-fact with respect to the implementation and interpretation of the Rules and Regulations.

Instrument
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Section 9.06 Owner-Caused Damages. If, due to the act or neglect of an Owner or such Owner's Guests or family, loss or damage shall be caused to any person or property, including Common Elements or any Parcel, such Owner shall be liable and responsible therefor.

Section 9.07 Vehicles. No unlicensed, damaged or unsightly vehicles shall be kept, stored, parked or maintained upon a Parcel, except in a garage or workshop.

Section 9.08 Zoning Compliance. Parcels shall not be used for any purposes contrary to or in violation of any pertinent zoning ordinance(s).

Section 9.09 Re-Subdividing. None of the Parcels shall be re-subdivided into smaller lots or parcels nor conveyed or encumbered in less than the full original dimensions of such Parcels, unless and until the purchase price of said Parcel has been paid in full to the Declarant or its successors and assigns, and then only in compliance with the rules and regulations of the appropriate county and the State of Colorado.

Section 9.10 Access. No Parcel Owner shall build or cause to be built a fence eliminating access to the easements for utilities and roadways within the Property.

Section 9.11 Sewage Disposal. Sewage disposal shall be effected by means of individual septic tanks and shall be installed at the expense of and by the Parcel Owner. All septic tanks and disposal fields shall be approved by the appropriate county health department and officials.

Section 9.12 Drainage. No Parcel Owner shall alter the topographic conditions of Owner's Parcel in such a way that additional quantities of water from any source, other than what naturally flows, to flow from said Parcel onto any adjoining Parcel, common area or public roadway or right-of-way. Notwithstanding, the Declarant may alter the natural drainage of the roads so that the road system will not be damaged by excessive water.

Section 9.13 Determination of Violation. Any determination as to whether or not a particular activity or condition constitutes a violation of the provisions of any Section of this Article 11 shall be within the sole, unrestricted discretion of the Board and shall be final.

Section 9.14 Disrepair. No Owner shall suffer or permit any portion a Parcel which is required to be maintained by such Owner to fall into disrepair so as to create, in the opinion of the Association, a dangerous, unsafe, unsightly, or unattractive condition. The Association, upon thirty (30) days prior written notice to such Owner, and after opportunity for a hearing, or without notice and hearing in case of emergency, shall have the right, but not the duty, to enter such Owner's Parcel and correct such condition, and such Owner shall promptly reimburse the Association for all costs and expenses including reasonable attorney's fees, incurred by the Association. Such costs shall be a separate assessment and shall create a lien enforceable in the same manner as provided in this Declaration for liens and for the nonpayment of Expense Assessments.

ARTICLE 10 AMENDMENT; TERMINATION

Section 10.01 Material Amendments. Any provision of this Declaration may be amended or additional provisions may be added to this Declaration by the recording of a written instrument or instruments specifying the amendment or addition, executed by the Owners, as shown by the records in the office of the Clerk and Recorder of the Counties of Pueblo and Huerfano, State of Colorado, on the thirtieth (30th) day prior to such recording, of two thirds (66 2/3's%) or more of the Parcels.

Section 10.02 Termination. This Declaration may be terminated by the recording of a written instrument to that effect, executed by the Owners, as shown by the records in the Office of the Clerk and Recorder of the Counties of Pueblo and Huerfano, State of Colorado, on the thirtieth (30th) day prior to such recording, of two thirds (66 2/3's%) or more of the Parcels.

Section 10.03 Declarant Amendments. Notwithstanding anything herein to the contrary, if Declarant shall determine that any amendments to this Declaration or any amendments to the Articles or Bylaws shall be necessary, prior to the sale of Declarant's last Lot, in order to clarify any apparently conflicting provision or to correct any mistakes or errors, Declarant shall have and hereby specifically reserves the right and power to make and execute any such amendment without obtaining the approval of any Owners or Mortgagees. In furtherance of the foregoing, a power coupled with an interest is hereby reserved to Declarant to make or consent to such amendment on behalf of all Owners and Mortgagees. The recording of each deed and mortgage affecting a Parcel shall be deemed to be a grant and acknowledgment of and a consent to the reservation of the power of Declarant to make, execute and record such amendments.

ARTICLE 11 MISCELLANEOUS

Section 11.01 Duration of Declaration. All of the provisions contained in this Declaration shall continue and remain in full force and effect until this Declaration is terminated or revoked.

Section 11.02 Supplemental to Law. The provisions of this Declaration shall be in addition and supplemental to all other applicable provisions of law.

Section 11.03 Numbers and Genders. Whenever used herein, unless the context shall otherwise provide, the singular shall include the plural, the plural shall include the singular, and the use of any gender shall include all genders.

Section 11.04 Notices. Unless an Owner shall notify the Association by registered or certified mail of a different address, any notice required or permitted to be given by the Association under this Declaration to any Owner or any other written communication to any Owner may be hand delivered or mailed to such Owner, postage prepaid, first class U.S. Mail, registered or certified, to the address of the Parcel shown upon the Association's records as owned by such Owner. Any notice or other written instrument given to any Owner by the Association in accordance herewith, shall be deemed to be given on the date mailed.

Section 11.05 Successors and Assigns. This Declaration shall be binding upon and shall inure to the benefit of the Declarant, the Association and each Owner and their heirs, personal representatives, successors and assigns, respectively.

Section 11.06 Severability. The invalidity or unenforceability of any provision of this Declaration shall not affect the validity of enforceability of any other provision of any valid and enforceable part of a provision of this Declaration.

Section 11.07 Captions. The captions and headings in this Declaration are for convenience only and shall not be considered in construing any provision of this Declaration.

Section 11.08 No Waiver. Failure to enforce any provision of this Declaration shall not operate as a waiver of any such provision or of any other provision of this Declaration.

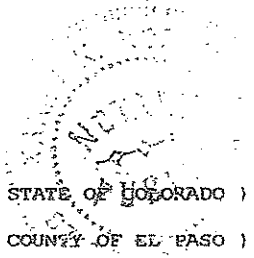
Section 11.09 Prevailing Law. This Declaration shall be construed under the laws of the State of Colorado.

IN WITNESS WHEREOF, Declarant has executed this Declaration as of the 25

day of FEBRUARY, 2003.

Stone Cliff Investments, LLC

By: [Signature]
Managing Member



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

The foregoing Declaration of Covenants, Conditions and Restrictions was acknowledged before me this 25 day of FEBRUARY, 2003 by STEVE MELWICK, Managing Member of Stone Cliff Investments, LLC, a Colorado limited liability company, Declarant.

Witness my hand and official seal. My commission expires: _____

Notary Public

[Signature]

102 S. Tejon, Suite 1100
Colorado Springs, CO 80903
My Commission Expires 08/07/2004

Instrument
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