

**COVENANTS, CONDITIONS AND RESTRICTIONS  
FOR SKY RANCH**

**THESE COVENANTS, CONDITIONS AND RESTRICTIONS FOR SKY RANCH** ("Covenants," as hereinafter more fully defined) are made and entered into the date and year hereinafter set forth by PCY Holdings, LLC, a Colorado limited liability company ("Developer," as hereinafter more fully defined).

**WITNESSETH:**

A. Developer is the owner of that certain real property in the County of Arapahoe ("County"), State of Colorado, which is described on Exhibit A, attached hereto and incorporated herein by this reference ("Property," as hereinafter more fully defined).

B. Developer desires to subject the Property to certain covenants, conditions, restrictions, easements, architectural guidelines, reservations, rights-of-way, obligations, liabilities and other provisions.

C. These Covenants do not create a Common Interest Community, as defined by the Colorado Common Interest Ownership Act at C.R.S. §38-33.3-103(8); therefore, these Covenants are not governed by the Colorado Common Interest Ownership Act.

D. Pursuant to C.R.S. § 32-1-1004(8), and other provisions of Title 32 of C.R.S., the Developer empowers the Sky Ranch Community Authority Board (the "CAB") with authority to furnish covenant enforcement and design review services for the Property (collectively, the "Services," as hereinafter more fully defined).

E. Developer reserves the right to add additional real property to these Covenants by recording an annexation document as more particularly described and set forth herein.

F. Pursuant to the Colorado Constitution, Article XIV, Sections 18(2)(a) and (b), and C.R.S. Section 29-1-2-3, metropolitan districts may cooperate or contract with each other to provide any function, service or facility lawfully authorized to each, and any such contract may provide for the sharing of costs, the impositions of taxes, and the incurring of debt.

G. Pursuant to the Modified Service Plans for Sky Ranch Metropolitan District Nos. 1, 3, 4 and 5 ("Sky Ranch Districts"), approved by Arapahoe County on September 14, 2004, as may be amended from time to time ("Service Plans"), the Sky Ranch Districts may furnish covenant enforcement and design review services and cooperate and contract with each other regarding administrative and operational functions.



H. Pursuant to the Sky Ranch Districts' Service Plans, the Districts intend to exercise their powers to provide covenant enforcement and design review services, as defined in C.R.S. Section 32-1-1004(8), for the Property.

I. In accordance with the Service Plans and statutory authority, the Sky Ranch Districts have entered into a Sky Ranch Community Authority Board Establishment Agreement ("CABEA"), creating the CAB and authorizing the CAB to provide covenant enforcement and design review services within the Service Areas of the Sky Ranch Districts that are parties to the CABEA using revenue derived from the areas in which the services are to be furnished.

J. In accordance with the Service Plans, the CABEA and statutory authority, the CAB has duly adopted a resolution acknowledging its power to provide covenant enforcement and design review services pursuant to state statute, the intention of the CAB to provide for uniform enforcement and design review services within the service areas of the Sky Ranch Districts that are parties to the CABEA, and authorizing the CAB to provide covenant enforcement and design review services within the service area of the Sky Ranch Districts that are parties to the CABEA using revenue derived from the areas in which the services are to be furnished.

K. Before the addition of the service area of any Sky Ranch District to these Covenants, the applicable Sky Ranch District intends to: (i) duly adopt a resolution acknowledging the CAB's power to provide covenant enforcement and design review services pursuant to state statute and its intention to provide for uniform enforcement and design review services within the service areas of the Sky Ranch Districts using revenues derived from the areas in which the services are to be furnished; and (ii) authorize the CAB to provide covenant enforcement and design review services within such Sky Ranch District's service area.

## DECLARATION

NOW, THEREFORE, Developer hereby declares that the Property shall be held, sold, and conveyed, subject to the following covenants, conditions, restrictions, easements, architectural guidelines, reservations, rights-of-way, obligations, liabilities, and other provisions, as set forth herein.

## ARTICLE 1 GENERAL

**Section 1.1 Planned Community.** Developer is the owner of the Lots and other Property located in the County as more particularly described on Exhibit A attached hereto and by this reference incorporated herein, which collectively constitute and are defined in these Covenants as the "Property". Developer intends to develop the Property as a planned community of single-family residential homes and related uses. The name of the community to be developed on the Property is "Sky Ranch." All of the Property is located within the Service Area of one or more of the Sky Ranch Districts, quasi-municipal corporations and political subdivisions of the

State of Colorado. Because ownership of a Unit (as defined below) does not obligate the owner to pay for real estate taxes, insurance premiums, maintenance, or improvement of other real estate described in these Covenants, the Property is not and will not be a "common interest community", as defined in the Colorado Common Interest Ownership Act ("Act"), and therefore the Property and these Covenants are not subject to or required to comply with the Act. Developer confirms its intention that the Act will not apply to the Property or these Covenants.

**Section 1.2 Purposes of Covenants.** These Covenants are executed (a) to further a common and general plan for the development of the Property; (b) to protect and enhance the quality, value, aesthetics, desirability and attractiveness of the Property; (c) to provide for and define certain duties, powers and rights of the Architectural Review Committee, as defined herein; (d) to define certain duties, powers and rights of the CAB under these Covenants; and (e) to define certain duties, powers and rights of Owners of Lots within the Property.

**Section 1.3 Declarations.** Developer, for itself and its successors and assigns, hereby declares that the Property, and all other real property that becomes subject to these Covenants in the manner hereinafter provided from the date the same becomes subject to these Covenants, shall be owned, held, transferred, conveyed, sold, leased, rented, hypothecated, encumbered, used, occupied, maintained, altered and improved subject to the covenants, conditions, restrictions, limitations, reservations, exceptions, equitable servitudes and other provisions set forth in these Covenants. The provisions of these Covenants run with the land and, until their expiration in accordance with the terms hereof, shall bind, be a charge upon and inure to the mutual benefit of: (a) the Property and all other real property that becomes part of the Property; (b) Developer and its successors and assigns; (c) the Sky Ranch Districts, through the CAB, and their successors and assigns; and (d) all Persons having or acquiring any right, title or interest in any portion of the Property or in any property that becomes part of the Property, or any Improvement thereon, and their heirs, personal representatives, successors or assigns. These Covenants will be recorded in the real property records of the County.

**Section 1.4 CAB Authority.** Declarant, through these Covenants, grants authority to the Sky Ranch Districts, through the CAB, to act on behalf of Declarant for certain matters specifically set forth in these Covenants, including implementing these Covenants, enforcing these Covenants and providing design review services. Declarant grants the Sky Ranch Districts, through the CAB, authority as provided herein to adopt Rules and Regulations, and Guidelines pertaining to architectural and design review, each for the effective governance of the Property to implement these Covenants. Declarant grants to the Sky Ranch Districts, through the CAB, authority to review and approve Improvements in compliance with the Guidelines and these Covenants and to enforce the Guidelines. Declarant grants to the Sky Ranch Districts, through the CAB, authority to appoint the ARC as provided herein and to exercise all other powers necessary and proper to implement and enforce these Covenants and provide design review services.

## **ARTICLE 2**

### **DEFINITIONS**

**Section 2.1 ARC.** "ARC" means the Architectural Review Committee appointed by the Developer during the Developer Control Period (as defined in Section 3.1), and upon expiration of the Developer Control Period, appointed by the Sky Ranch Districts, through the CAB, all as provided in Section 3.1 of these Covenants. The ARC shall review, consider and approve, or disapprove, requests for architectural approval, as more fully provided in these Covenants.

**Section 2.2 Builder.** "Builder" means any Person who: (i) acquires one or more parcels of the Property for the purpose of constructing at least one residence on each such parcel for sale, and/or rental, to the public; or (ii) acquires one or more parcels of the Property for sale to any Person fitting the description in clause (i) above; and is designated as a "Builder" under these Covenants in a written designation that is signed by the then-Developer, and which designation is recorded in the office of the Clerk and Recorder of the County.

**Section 2.3 CAB.** "CAB" means the Sky Ranch Community Authority Board.

**Section 2.4 Covenants.** "Covenants" means these Covenants, Conditions and Restrictions for Sky Ranch, as amended and supplemented from time to time.

**Section 2.5 Developer.** "Developer" means PCY Holdings, LLC, a Colorado limited liability company, and any other Person to whom the Developer may assign one or more of the Developer's rights under these Covenants (which will be the extent of the Developer's rights to which such assignee succeeds); provided, that no assignment of any Developer rights is effective unless such assignment is duly executed by the assignor Developer and recorded in the office of the Clerk and Recorder of the County.

**Section 2.6 Governing Documents.** "Governing Documents" means those Covenants, any Guidelines (as hereinafter defined), any CCR Rules and Regulations (as hereinafter defined), and any other documents now or hereafter adopted by or for the Sky Ranch Districts, the CAB, or ARC, as amended and supplemented.

**Section 2.7 Improvements.** "Improvements" means all exterior improvements, structures, and any appurtenances thereto or components thereof of every type or kind, and all landscaping features, including but not limited to buildings, outbuildings, swimming pools, hot tubs, satellite dishes, antennas, tennis courts, patios, patio covers, awnings, porches, solar collectors, roof materials, painting or other finish materials on any visible structure, additions, walkways, sprinkler systems, garages, driveways, dog runs, fences, basketball backboards and hoops, swing sets or other play structures, screening walls, retaining walls, stairs, decks, landscaping, hedges, windbreaks, plantings, trees, shrubs, flowers, vegetables, sod, gravel, groundcover, exterior light fixtures, poles, signs, exterior tanks, and exterior air conditioning,

cooling, heating and water softening equipment, permanent fire pits, chimneys, and exterior ornaments, if any.

**Section 2.8 Owner.** "Owner" means each fee simple title holder of a Unit, including Developer, any Builder and any other Person who owns a Unit, but does not include a Person having an interest in a Unit solely as security for an obligation.

**Section 2.9 Person.** "Person" means a natural person, a corporation, a limited liability company, a partnership, a trust, a joint venture, an unincorporated association, or any other entity or any combination thereof, and includes each Owner, the Developer, each Builder, the ARC, the Sky Ranch Districts and CAB, and the governing body of the Sky Ranch Districts and CAB.

**Section 2.10 Property.** "Property" means the real property described on Exhibit A attached hereto, as supplemented and amended, and all other real property, if any, made subject to the terms and provisions of these Covenants after the date hereof, and as the Developer, any Builder or Owner may now or hereafter subdivide or re-subdivide any portion thereof; provided, however, that the Property does not include any real property that has been withdrawn as provided in Section 6.10 hereof.

**Section 2.11 Services.** "Services" means the services that the CAB is empowered to provide pursuant to C.R.S. §32-1-1004, as amended, and other provisions of Title 32 of C.R.S., as amended, including but not limited to covenant enforcement and design review.

**Section 2.12 Sky Ranch Districts.** "Sky Ranch Districts" means Sky Ranch Metropolitans District Nos. 1, 3, 4 and 5, and any other metropolitan district(s), to which the Sky Ranch Districts or CAB may transfer or assign any or all of the rights and duties of the Sky Ranch Districts or CAB under these Covenants. Each such assignment or transfer, if any, will be effective upon recording in the County of a document of transfer or assignment, duly executed by the Sky Ranch Districts and/or CAB. In addition to the authority to provide the Services (as defined in Section 2.11), the CAB has such other authority with respect to the provision of the Services, as may be permitted by the Special District Act, C.R.S. 32-1-101 et seq., including but not limited to the right to adopt rules and regulations, fees, rates, tolls, penalties and charges, and undertake enforcement actions (but these Covenants do not limit in any way the authority of the Sky Ranch Districts or CAB under the statutes of the State of Colorado).

**Section 2.13 Unit.** "Unit" means each portion of the Property which is designated as a lot on a recorded plat, including each residence (attached or detached) now or hereafter located thereon.

### **ARTICLE 3 ARCHITECTURAL REVIEW**

**Section 3.1 Composition of ARC.** The ARC shall consist of three (3) or more natural Persons. The Developer has the authority to appoint the ARC, and/or to delegate some or all architectural authority (as provided in Section 3.2 hereof), from the date of recording of these Covenants until the date of conveyance of all the Units to the first Owners thereof other than: (i) the Developer; or (ii) any Builder; or (iii) any other Person who acquires one or more parcels of the Property for the purpose of constructing at least one residence on each such parcel (the "Developer Control Period"). After expiration of the Developer Control Period, the governing board of the CAB has the authority to serve as or appoint members to the ARC, and/or to delegate some or all architectural authority (as provided in Section 3.2 hereof). The appointments of all then-current members of the ARC who were appointed by the Developer will automatically terminate on the date which is thirty (30) days after expiration of the Developer Control Period.

**Section 3.2 Delegation of Some or All Architectural Authority.** The Person with the authority to appoint the ARC, as provided in the preceding Section 3.1, has the right and authority to: (i) delegate, in writing, some or all architectural authority, to one or more other Persons, including one or more management companies, metropolitan or other district(s), such as by entering into intergovernmental agreement(s) or other document(s) or agreement(s); and (ii) withdraw, in writing, any delegated authority.

#### **Section 3.3 Architectural Review Requirements; Authority of the ARC.**

**3.3.1 No Improvements may be constructed, erected, placed, altered, planted, applied, installed or modified, upon any Unit, unless said Improvements are in full compliance with all provisions of the Governing Documents, or unless such Improvements are approved in writing by the ARC. At least one (1) detailed set of complete plans and specifications of proposed Improvements (said plans and specifications to show exterior design, height, materials, color, and location of the Improvements, plotted horizontally and vertically, location and size of driveways, location, size, and type of landscaping, fencing, walls, windbreaks and grading plan, as well as such other materials and information as may be required by the ARC), must first be submitted to the ARC for review and consideration.**

**3.3.2 The ARC shall endeavor to exercise its judgment in an attempt to provide for each proposed Improvement to generally harmonize with the existing surroundings, residences, landscaping and structures. However, the ARC shall not review or approve any proposed Improvements regarding whether the same complies with governmental requirements. Rather, as provided in subsection 3.3.3, below, the applicant is also required to submit proposed Improvements to the applicable governmental entities for a determination of compliance with governmental requirements. In its review of such plans, specifications and other materials and information, the ARC may require, as a condition to its considering an approval request, that the**

applicant(s) pay, and/or reimburse the ARC, for the expenses incurred in the process of review and approval or disapproval.

3.3.3 In addition to the foregoing review and approval, and notwithstanding anything to the contrary in these Covenants, the construction, erection, addition, deletion, change or installation, of any Improvements also requires the applicant to obtain the approval of all governmental entities with jurisdiction thereover, and requires the issuance of all required permits, licenses and approvals by all such entities. Without limiting the generality of the preceding sentence, issuance of building permit(s) by the governmental entity with jurisdiction thereover, if required, is a precondition to commencement of any construction of, alteration of, addition to or change in, any Improvement.

3.3.4 In addition to the authority that is given to the ARC in these Covenants, as well as such authority as may be implied from any provision(s) of these Covenants, the ARC has all authority and powers that are given by Colorado statute and case law, to a corporation, a limited liability company, or any other legal entity. The foregoing shall include the power to receive and review complaints from one or more Owners, Developer, one or more Builders, or any other Person(s), alleging that a violation of any of the Governing Documents has occurred or is occurring.

3.3.5 The ARC may, at any time, appoint a representative or committee to act on its behalf. If so, then the actions of such representative or committee shall be the actions of the ARC. However, if such a representative or committee is appointed, then the ARC will have full power over such representative or committee, including the power to at any time withdraw from such representative or committee, any authority to act on behalf of the ARC, and the power to at any time remove or replace such representative or committee.

**Section 3.4 Guidelines.** The Developer may promulgate, adopt, enact, modify, amend, repeal, and re-enact, architectural standards, rules, regulations and/or guidelines, regarding architectural and design matters and matters incidental thereto (collectively the "Guidelines"), and the CAB, once it has the authority to appoint the ARC as provided in Section 3.1 of these Covenants may modify, amend, repeal, and re-enact the Guidelines, but the Guidelines may not be in conflict with these Covenants. The Guidelines may include: clarifying the designs and materials that may be considered in architectural approval; requirements for submissions, procedural requirements, specification of acceptable Improvement(s) that may be installed without prior review or approval; and permitting the ARC, with respect to any violation(s) or alleged violation(s) of any of the Governing Documents, to send demand letters and notices, levy and collect fines and interest, and negotiate, settle and take any other actions. In addition, the Guidelines may provide for blanket approvals, interpretations, or restrictions. By way of example, and not by way of limitation, the Guidelines may state that a certain type of screen door will be acceptable and will not require approval, or may state that only one or more types of fences are acceptable, and no other types will be approved. All Improvements proposed to be constructed, erected, placed, altered, planted, applied, installed or modified, upon any Unit by any Owner must

be done and used in accordance with the Guidelines and these Covenants. The Guidelines (as amended from time to time in accordance with their terms) may not be recorded against the Property but are hereby incorporated into these Covenants as if fully set forth herein.

**Section 3.5 Procedures.** The ARC shall review each request for architectural approval in accordance with the design review procedures set forth in the Design Guidelines or the CCR Rules and Regulations, and approve (which may be with conditions and/or requirements) or disapprove, each request in writing within forty-five (45) days after the complete submission to the ARC along with a receipt of acknowledgement by the ARC of the plans, specifications and other materials and information, which the ARC may require in conjunction therewith. If the ARC fails to review and give its writing approval (which may be with conditions and/or requirements) or disapproval within forty-five (45) days after the complete submission of the plans, specifications, materials and other information with respect to a written request for architectural approval, then such request is deemed approved by the ARC.

**Section 3.6 Vote.** The affirmative, majority vote of the ARC is required for approval (which may be with conditions and/or requirements) of each matter, unless the ARC has appointed a representative or committee to act for it, in which case the decision of such representative or committee will control, unless the denial of the ARC is appealed by the applicant to the CAB Board of Directors within thirty (30) days of the date of the ARC written decision of denial in which case the written decision of the Board of the CAB shall control.

**Section 3.7 Prosecution of Work After Approval.** After the ARC approves (which may be with conditions and/or requirements) any proposed Improvement, the proposed Improvement must be completed and constructed as promptly and diligently as possible, and in complete conformity with all conditions and requirements of the approval. Failure to complete the proposed Improvement within the time period set forth in the Guidelines or, if not set forth in the Guidelines, then within one (1) year after the date of approval of the application ("**Completion Deadline**"), or to complete the Improvement in complete conformance with the conditions and requirements of the approval, constitutes noncompliance; provided, however, that the ARC may grant extensions of time to individual Owners for completion of any proposed Improvements, either (a) at the time of initial approval of such Improvements, or (b) upon the request of any Owner, provided such request is delivered to the ARC in writing and the Owner is diligently prosecuting completion of the subject Improvements or other good cause exists at the time such request is made. Builders are exempt from this Section 3.7.

**Section 3.8 Notice of Completion.** Upon the completion of an Improvement, the applicant for approval of the same shall give a written "**Notice of Completion**" to the ARC (in form and substance acceptable to the ARC, or on forms provided by the ARC). Until the date of receipt of such Notice of Completion, the ARC shall not be deemed to have notice of completion of any Improvement on which approval (which may be with conditions and/or requirements) has been sought and granted as provided in this Article.



**Section 3.9 Inspection of Work.** The ARC, or its duly authorized representative, has the right to inspect any Improvement at any time, including prior to or after completion, to determine whether the proposed Improvement is being completed or has been completed in compliance with the approval granted pursuant to this Article. Such inspections may be made to determine whether the proposed Improvement is being completed, or has been completed, in compliance with the approval granted pursuant to this Article. However, such right of inspection terminates ninety (90) days after the ARC has received a Notice of Completion from the applicant and no action has been initiated by the ARC. The 90-day period to perform inspections after the ARC has received a Notice of Completion does not apply to or limit the right or authority of the ARC or the Board to enforce these Covenants, including but not limited to the requirements pertaining to the maintenance of Improvements.

**Section 3.10 Notice of Non-compliance.** If, as a result of inspections or otherwise, the ARC determines that any Improvement has been done without obtaining all required approvals (which may be with conditions and/or requirements), or was not done in substantial compliance with the approval that was granted, or has not been completed by the Completion Deadline (except landscaping, as provided below), subject to any extensions of time granted pursuant to Section 3.7 hereof, then the ARC shall notify the applicant in writing of the non-compliance. Such notice of non-compliance must be given not later than sixty (60) days after (as applicable), (a) the ARC receives a Notice of Completion from the applicant, or (b) the ARC discovers any such non-compliance. The notice of non-compliance must specify the particulars of the non-compliance.

**Section 3.11 Correction of Non-compliance.** If the ARC determines that a non-compliance exists, the Person responsible for such non-compliance shall remedy or remove the same within the time period set forth in the Guidelines or, if not set forth in the Guidelines, then not more than forty-five (45) days from the date of receipt of the notice of non-compliance. If such Person does not comply with the ruling within such period, the ARC may, at its option, record a notice of non-compliance against the Unit on which the non-compliance exists, may impose fines, penalties and interest, may remove the non-complying Improvement, or may otherwise remedy the non-compliance, and the Person responsible for such non-compliance shall reimburse the ARC, upon demand, for all costs and expenses, as well as anticipated costs and expenses, with respect thereto.

**Section 3.12 Cooperation.** The ARC has the right and authority to enter into agreements and otherwise cooperate with any architectural review or similar committees, any metropolitan or other districts, or one or more boards or committees that exercise architectural or design review functions, or any other Person, in order to increase consistency or coordination, reduce costs, or as may otherwise be deemed appropriate or beneficial by the ARC. The costs and expenses for all such matters, if any, shall be shared or apportioned between such Persons and the ARC, as the ARC may determine. The foregoing includes collection, payment, and disbursement of fees, charges, and/or any other amounts.

**Section 3.13 Access Easement.** The Developer hereby reserves, and each Owner hereby grants, to the ARC, the CAB, and the Person who then has the authority to appoint the ARC, as provided in Section 3.1 of these Covenants, including the agents, employees and contractors of each such Person (including the ARC), on, over, under and across the Units and each of them, excluding any habitable structure and the interior of any residence thereon, easements for performing any of the actions contemplated in the Governing Documents, including inspections pursuant to the first sentence of Section 3.9 of these Covenants and including enforcement of each of the terms and provisions of the Governing Documents. If damage is inflicted on any property or Unit, or a strong likelihood exists that damage will be inflicted, then the Person responsible for the damage or expense to avoid damage is liable for the cost of prompt repair. The term "Person" in the preceding sentence includes the ARC and the Person who then has the authority to appoint the ARC, as provided in Section 3.1 of these Covenants, if they are responsible for such damage or expense to avoid damage. Further, the rights and easements granted in this Section may be exercised only during reasonable hours after reasonable notice to the Owner(s) or occupant(s) of any affected Unit; except that no such notice is required in connection with any exterior, non-intrusive inspections and maintenance; and except that, in emergency situations, entry upon a Unit may be made at any time, provided that the Owner(s) or occupant(s) of each affected Unit is given notice of the emergency entry as early as is reasonably possible. The interior of any residence is not subject to the easements provided for in this Section.

**Section 3.14 No Liability.** The ARC, the Sky Ranch Districts and CAB, the Person who then has the authority to appoint the ARC, as well as any representative or committee appointed by the ARC, will not be liable in equity or damages to any Person by reason of any action, failure to act, approval (which may be with conditions and/or requirements), disapproval, or failure to approve (which may be with conditions and/or requirements) or disapprove, in regard to any matter. In reviewing or approving any matter, the ARC is not responsible for the safety, whether structural or otherwise, of the Improvements submitted for review, nor the conformance with applicable building codes or other governmental laws or regulations, nor compliance with any other standards or regulations, and any approval (which may be with conditions and/or requirements) of an Improvement by the ARC does not constitute an approval of any such matters and does not constitute a warranty by the ARC to any applicant of the adequacy of design, workmanship or quality of such work or materials for any applicants' intended use. No Owner or other Person will be a third-party beneficiary of any obligation imposed upon, rights accorded to, action taken by, or approval granted by, the ARC.

**Section 3.15 Variance.** The ARC may grant reasonable variances or adjustments from any conditions and restrictions imposed by Article 4 of these Covenants, or by the Guidelines, in order to overcome practical difficulties or prevent unnecessary hardships arising by reason of the application of any such conditions and restrictions. Such variances or adjustments may be granted only in case the granting thereof is not materially detrimental or injurious to the other property or improvements in the neighborhood and does not militate against the general intent and purpose hereof. However, any variance that may be granted under this Section is only a variance from the

requirements of the applicable Governing Document for the individual applicant or Unit and is not a variance from the requirements of any applicable governmental or quasi-governmental agency or entity. No granting of a variance or adjustment to any one applicant/Owner constitutes a variance or adjustment, or the right to a variance or adjustment, to any or all other applicants, Owners or Units.

**Section 3.16 Waivers; No Precedent.** The approval or consent of the ARC, or any representative or committee thereof, to any application for approval does not constitute a waiver of any right to withhold or deny approval or consent by such Person, or any Person, as to any application or other matters whatsoever, as to which approval or consent may subsequently or additionally be required. Nor does any such approval or consent constitute a precedent as to any other matter.

**Section 3.17 Developer and Builder Exemption.**

3.17.1 The Developer is exempt from this Article and all provisions of the Governing Documents that require ARC review or approval, except for the requirement to obtain approval from all governmental entities with jurisdiction thereover (as provided in subsection 3.3.3 of these Covenants).

3.17.2 As long as, and to the extent that, a Builder has received written architectural approval from the Developer for one or more matters, such Builder is, as to Developer-approved Improvements, exempt from this Article and all provisions of the Governing Documents that require ARC review or approval of such matters, except for the requirement to obtain approval from all governmental entities with jurisdiction thereover (as provided in subsection 3.3.3 of these Covenants).

**ARTICLE 4  
RESTRICTIONS**

**Section 4.1 General.** The Property is subject to all covenants, conditions, restrictions, requirements, easements, licenses, and other provisions of all documents recorded in the office of the Clerk and Recorder of the County, as amended, including those stated on the recorded plats of the Property, or any portion thereof, but only as and to the extent provided in such documents. In addition, the Developer declares that, subject to Section 6.4 hereof, all of the Units shall be held and shall henceforth be sold, conveyed, used, improved, occupied, owned, resided upon and hypothecated, subject to the following provisions, conditions, limitations, restrictions, agreements and covenants, as well as those contained elsewhere in these Covenants.

**Section 4.2 Compliance with Law.** All Owners, and all other Persons, who reside upon or use any Unit or any other portion of the Property, shall comply with all applicable statutes, ordinances, laws, regulations, rules and requirements of all governmental and quasi-governmental entities, agencies and authorities, but neither the Developer, the ARC nor the Sky

Ranch Districts nor CAB has any obligation to enforce compliance with the statutes, ordinances, laws, regulations, rules and requirements of any other governmental or quasi-governmental entities, agencies or authorities.

**Section 4.3 Residential Use; Professional or Home Occupation.** Units that consist of platted single-family lots may be used for residential use only, including uses which are customarily incident thereto, and may not be used at any time for business, commercial or professional purposes except that Owners may conduct home occupations and business activities within their residences to the extent permitted by, and in compliance with, the ordinances of the County (as applicable) and any Guidelines and CCR Rules and Regulations that do not conflict with such ordinances.

**Section 4.4 Animals.** No animals, livestock (pigs, cattle, horses, goats, lamas, etc.), birds, poultry, reptiles or insects of any kind may be raised, bred, kept or boarded in or on the Units except as permitted by, and in compliance with, the ordinances of the County, as applicable, and any Guidelines and/or the CCR Rules and Regulations that do not conflict with such the ordinances of the County, as applicable. An Owner's right to keep household pets is coupled with the responsibility for collecting and properly disposing of any animal waste and to pay for all damage caused by such pets.

**Section 4.5 Temporary Structures; Unsightly Conditions.** Except as hereinafter provided, no structure of a temporary character, including a house trailer, tent, shack, storage shed, or outbuilding shall be placed or erected upon any Unit; provided, however, that during the actual construction, alteration, repair or remodeling of a structure or other Improvements, necessary temporary structures, offices and trailers for construction, marketing, sales or storage of materials may be erected and maintained by the Person doing such work. The work of constructing, altering or remodeling any structure or other Improvements must be prosecuted diligently from the commencement thereof until the completion thereof. Further, no unsightly conditions, structures, facilities, equipment or objects, may be so located on any Unit as to be visible from a street or from any other Unit.

**Section 4.6 Miscellaneous Improvements.**

4.6.1 No advertising or signs of any character other than political signs, may be erected, placed, permitted, or maintained on any Unit other than a name plate of the occupant and a street number, and except for one "For Sale," or "For Rent," of not more than five (5) square feet and one "Open House," or security sign of not more than two (2) square feet; except that signs advertising garage sales, block parties, or similar community events, may be permitted if the same are in accordance with the Guidelines and applicable laws or have been submitted to the ARC for review and written approval (which may be with conditions and/or requirements), prior to posting of such signs. Notwithstanding the foregoing, any signs, billboards or other advertising may be placed by the Developer or by any Builder (with the prior, written approval of the Developer if located on Developer owned property), without regard to the

foregoing or any limitations, requirements, specifications or other provisions of the Governing Documents, the ARC, or the Sky Ranch Districts or CAB, and without any approval of the foregoing (except as stated earlier in this sentence).

4.6.2 No wood piles or storage areas, may be so located on any Unit as to be visible from a street or from the ground level of any other Unit.

4.6.3 No types of refrigerating, cooling or heating apparatus are permitted on a roof, except as permitted by law. Further, no such apparatus is permitted elsewhere on a Unit, other than on the ground, except when appropriately screened, or approved in writing by the ARC.

4.6.4 No exterior radio antenna, television antenna, or other antenna, satellite dish, or audio or visual reception device of any type may be placed, erected or maintained on any Unit, except inside a residence or otherwise concealed from view to the extent possible; provided, however, that any such devices may be erected or installed by the Developer or by any Builder during its sales or construction upon the Units; and provided further, however, that the requirements of this subsection do not apply to those "antenna" (including certain satellite dishes) which are specifically covered by the Telecommunications Act of 1996 and/or applicable regulations, as amended. As to "antenna" (including certain satellite dishes) which are specifically covered by the Telecommunications Act of 1996 and/or applicable regulations, as amended, the ARC is empowered to adopt CCR Rules and Regulations governing the types of "antenna" (including certain satellite dishes) that are permissible hereunder and, to the extent permitted by the Telecommunications Act of 1996 and/or applicable regulations, as amended, establish reasonable, non-discriminatory restrictions relating to appearance, safety, location, maintenance, and other matters.

4.6.5 All fences, other than fences constructed or installed by the Developer or a Builder require a permit from the County and must comply with ARC Guidelines and Specifications. Any fence(s) constructed on a Unit shall be maintained, repaired and replaced by the Owners of that Unit.

4.6.6 The ARC may not effectively prohibit renewable energy generation devices or the installation or use of any energy efficient measures, provided that the ARC may adopt reasonable aesthetic rules and regulations concerning dimensions, placement or external appearance of such devices or measures to the extent such rules and regulations do not conflict with or violate applicable laws.

#### **Section 4.7 Vehicular Parking, Storage and Repairs.**

4.7.1 Subject to the Guidelines and/or the CCR Rules and Regulations (as hereinafter defined), the garage area and driveway of each Unit should first be fully used for the parking of vehicles before any street parking is done. However, notwithstanding the foregoing, street parking is not restricted by this Section.

4.7.2 Commercial vehicles, vehicles with commercial writing on their exteriors, vehicles primarily used or designed for commercial purposes, tractors, mobile homes, recreational vehicles, trailers (either with or without wheels), campers, camper trailers, boats and other watercraft, recreational vehicles, golf carts and boat trailers, may only be parked in enclosed garages, driveways or specific areas, if any, which may be designated by ARC. This restriction, however, does not restrict trucks or commercial vehicles which are necessary for construction or for the maintenance of any portion of the Property, or any Improvements located thereon, and such restriction does not prohibit vehicles that may be otherwise parked as a temporary expedient for loading, delivery or emergency, or emergency service vehicles. Stored vehicles and vehicles which are inoperable or do not have current operating licenses are not permitted on the Property except within enclosed garages or with the prior approval (which may be with conditions and/or requirements) of the ARC.

4.7.3 Any vehicle maintenance activity, including maintenance, repair, rebuilding, dismantling, repainting or servicing of any kind of vehicles, trailers or boats on the Property, shall be performed within completely enclosed structure(s) or screened to reduce the sight and sound of the activity from the street and from adjoining property. Any Owner or other Person undertaking any such activities will be solely responsible for, and assumes all risks of, such activities, including adoption and utilization of all necessary safety measures, precautions and ventilation. However, the foregoing restrictions do not prevent washing and polishing of any motor vehicle, boat, trailer, motor-driven cycle, or other vehicle on a Unit, together with those activities normally incident and necessary to such washing and polishing.

4.7.4 In the event the ARC determines that a vehicle is parked or stored in violation of subsections 4.7.2 or 4.7.3 hereof, then the ARC shall deliver a written notice describing said vehicle to the owner thereof (if such owner can be reasonably ascertained) or conspicuously place such notice upon the vehicle (if the owner thereof cannot be reasonably ascertained), and if the vehicle is not removed within a reasonable time thereafter, as determined by the ARC, then the ARC may have the vehicle removed at the sole expense of the owner thereof.

4.7.5 DEVELOPER, EACH BUILDER, THE SKY RANCH DISTRICTS AND CAB, AND THE ARC, HEREBY DISCLAIM ANY AND ALL OBLIGATIONS REGARDING, RELATING TO OR ARISING OUT OF, THE PERFORMANCE OF ANY MAINTENANCE, SERVICING, REBUILDING, REPAIR, DISMANTLING, OR REPAINTING OF ANY TYPE OF VEHICLE, BOAT, TRAILER, MACHINE OR DEVICE OF ANY KIND, BY ANY OWNER OR OTHER PERSON.

**Section 4.8 Nuisances.** No nuisance is permitted which is visible within or otherwise affects any portion of the Property, nor any use, activity or practice which interferes with the peaceful enjoyment or possession and proper use of any Unit, or any portion thereof, by its

residents. As used herein, the term "nuisance" includes each violation of the Governing Documents.

**Section 4.9 No Hazardous Activities; No Hazardous Materials or Chemicals.** No activities shall be conducted on any Unit which are unsafe or hazardous to any person or property. Without limiting the generality of the foregoing, no firearms shall be discharged upon any Unit, and no open fires shall be lighted or permitted on any Unit (except in a contained barbecue unit while attended and in use for cooking purposes or within an interior fireplace or outdoor fire pit powered by natural gas, propane or something similar). Further, no hazardous materials or chemicals shall at any time be located, kept or stored in, on or at any Unit, except such as may be contained in household products normally kept at homes for use of the residents thereof, and in such limited quantities so as not to constitute a hazard or danger to person or property.

**Section 4.10 No Annoying Lights, Sounds.** No light shall be emitted from any Unit which is unreasonably bright or causes unreasonable glare and no sound shall be emitted from any Unit which is unreasonably loud or annoying.

**Section 4.11 Restrictions on Trash and Materials.** No refuse, garbage, trash, lumber, grass, shrubs or tree clippings, plant waste, metal, bulk materials, scrap or debris of any kind shall be kept, stored, or allowed to accumulate, except inside the residence or backyard, nor shall such items be deposited on a street, unless placed in a suitable, tightly-covered container that is suitably located solely for the purpose of trash or recycling pickup. All equipment for the storage or disposal of such materials shall be kept in a clean and sanitary condition. No garbage or trash cans or receptacles shall be maintained in an exposed or unsightly manner. Finally, trash removal services may be subscribed to by the Sky Ranch Districts or CAB on behalf of the residents of the Property and, if so, the governing board of the Sky Ranch Districts or CAB may determine the scope, frequency, and all other matters, with regard to such trash removal services; and the Owners shall pay their proportionate share of such trash removal services, as determined by the governing board of the Sky Ranch Districts or CAB.

**Section 4.12 Trash Removal Services and Recycling.** Declarant requires centralized trash removal and recycling services for the Lots and/or Units, other than with respect to removal of construction waste resulting from Declarant's, Declarant's Affiliates' or Builders' respective construction activities. Without limiting its authority, the CAB, on behalf of the Sky Ranch Districts, may levy and collect fees, charges, and other amounts to be imposed upon the Lots and/or Units for such trash removal and recycling services; provided, however that such fees, charges and other amounts must be derived from within the applicable District boundaries where the trash removal and recycling services are required or performed. The scope, frequency, and all other matters with respect to such trash removal and recycling services, shall be determined by the CAB. Without limiting the generality of the foregoing, the CAB may, for example, as a part of establishing rules and regulations related to the enforcement of the covenant to provide centralized trash removal and recycling services, elect to provide for regularly scheduled trash pick-ups and recycling, but may require each Owner to be responsible for scheduling, and paying

for, any extraordinary trash pick-ups and/or other recycling and may limit the items eligible for trash pick-up and/or recycling from time to time. In the event that the CAB does not administer trash removal and/or recycling services for the Property, one or more of the Districts shall enforce this covenant by coordinating the centralized trash removal and recycling services for the Lots and/or Units, including, without limitation, the levy and collection of fees, charges, and other amounts to be imposed upon the Lots and/or Units for such trash removal and recycling services; provided, however that such fees, charges and other amounts must be derived from within the applicable District boundaries where the trash removal and recycling services are required or performed.

**Section 4.13 Units to be Maintained.** Subject to Section 4.5 hereof, each Unit (including adjacent tree lawn areas) shall always be maintained, repaired and replaced in a good, clean and sightly condition by the Owners of such Unit.

**Section 4.14 Leases.** The term "lease," as used herein, includes any agreement for the leasing or rental of a Unit, or any portion thereof, and shall specifically include short-term rentals and subleases. Any Owner has the right to lease his Unit, or any portion thereof, as long as all leases provide that the terms of the lease and lessee's occupancy of the leased premises are subject in all respects to the Governing Documents and laws; and that any failure by the lessee to comply with any of the aforesaid documents, in any respect, constitutes a default under the lease.

**Section 4.15 Landscaping.** Within the time frames as hereinafter provided, subject to applicable "force majeure" delays as determined by the ARC, the Owner of each Unit (other than Developer or a Builder) shall install landscaping on all portions of the Unit which is not covered by a building or Improvement, as well as on the tree lawn areas adjacent to such Unit in accordance with the Governing Documents and the requirements of the applicable governmental entity having jurisdiction. The Owner of each Unit (other than Developer or a Builder) shall install landscaping on such Unit, and on adjacent tree lawn areas, within the time period set forth in the Guidelines or, if not set forth in the guidelines, then one hundred (180) days after acquisition of such Unit by such Owner, if said acquisition occurs between April 1 and July 31, or; by the following July 31 if such acquisition does not occur between such dates, then such Owner shall install such landscaping. Each Owner shall maintain all landscaping on such Owner's Unit, and on adjacent tree lawn areas, in a neat and attractive condition, including periodic and horticulturally correct pruning, removal of weeds and debris, and replacement of landscaping.

**Section 4.16 Grade and Drainage; Irrigation Recommendations; Drainage Easement; Maintenance of Surface Drainage Improvements and Underdrains.**

4.16.1 Each Owner shall maintain the grading upon his Unit, and grading around the building foundation, at the slope and pitch fixed by the final grading thereof, to maintain the established drainage. Each Owner agrees that he will not in any way interfere with the established drainage pattern over his Unit. In the event that it is necessary or desirable to change the established drainage over any Unit, then the Owner thereof shall submit a plan to the



ARC for review and approval (which may be with conditions and/or requirements), in accordance with Article 3 of these Covenants, and any such change shall also be made in accordance with all laws, regulations, requirements and resolutions of all applicable governmental entities. For purposes of this Section, "established drainage" is defined as the drainage which exists at the time final grading of a Unit by the Developer, or by a Builder, is completed.

4.16.2 The Owner of a Unit should not plant flower beds (especially annuals), vegetable gardens and other landscaping which requires regular watering, within five (5) feet of the foundation of the dwelling unit. If evergreen shrubbery is located within five (5) feet of any foundation wall or slab, then the Owner of the Unit should water such shrubbery by "controlled hand-watering," and should avoid excessive watering. Further, piping and heads for sprinkler systems should not be installed within five (5) feet of foundation walls and slabs.

4.16.3 Developer reserves to itself and to the Sky Ranch Districts and CAB the right to enter in and upon each rear, front and side yard drainage easements of record, at any time, to construct, repair, replace or change drainage pipes, structures or drainage ways, or to perform such grading, drainage or corrective work as Developer or the Sky Ranch Districts or CAB may determine.

## ARTICLE 5 ALTERNATIVE DISPUTE RESOLUTION

### **Section 5.1 Intent of Article; Applicability of Article; and Applicability of Statutes of Limitation.**

5.1.1 Each Bound Party (as defined below) agrees to encourage the amicable resolution of disputes, without the emotional and financial costs of litigation. Accordingly, each Bound Party covenants and agrees to submit any Claims (as defined below) to the procedures set forth in Section 4.6 hereof.

5.1.2 By acceptance of a deed for a Unit, each Owner agrees to abide by the terms of this Article.

5.1.3 Any applicable statute of limitation applies to the alternative dispute resolution procedures set forth in this Article.

### **Section 5.2 Definitions Applicable to this Article.** For purposes of this Article only, the following terms have the meanings set forth in this Section:

5.2.1 "Bound Party" means each of the following: the Developer, each Builder, each contractor, subcontractor, supplier, and laborer, the Sky Ranch Districts or CAB, to the extent permitted by law, and their respective directors, officers, members, partners, employees and agents; the ARC and the committees and representatives appointed by the ARC, and each of

their respective members and agents; all Persons subject to these Covenants; and any Person who is not otherwise subject to these Covenants, but who agrees to submit to this Article. Notwithstanding the foregoing, **"Bound Party"** does not include any of the Persons identified in this Section, if such Persons have jointly entered into a separate written agreement providing for dispute resolution applicable to the Claim; in such circumstance, the dispute resolution mechanism set forth in such separate written agreement between such Persons will apply with respect to such Claim, unless such Persons mutually agree to submit such Claim to the provisions of this Article.

5.2.2 **"Claimant"** means any Bound Party having a Claim.

5.2.3 **"Claim"** means, except as exempted by the terms of this Article, any claim, grievance or dispute between one Bound Party and another, regardless of how the same may have arisen or on what it might be based, including those arising out of or related to (i) the interpretation, application or enforcement of any of the Governing Documents or the rights, obligations or duties of any Bound Party under any of the Governing Documents; and/or (ii) any statements, representations, promises, warranties, or other communications made by or on behalf of any Bound Party.

5.2.4 **"JAG"** means the Judicial Arbitrator Group or any other Person agreed to by the Claimant and Respondent in writing for the purpose of performing the functions of the Judicial Arbitrator Group under these Covenants.

5.2.5 **"Notice"** means the written notification given by a Claimant to a Respondent which complies with subsection 5.5.1 of these Covenants.

5.2.6 **"Party"** means the Claimant and the Respondent individually; **"Parties"** means the Claimant and the Respondent collectively.

5.2.7 **"Respondent"** means any Bound Party against whom a Claimant asserts a Claim.

5.2.8 **"Termination of Mediation"** means a period of time expiring thirty (30) days after submission of the matter to mediation (or within such other time as determined by the mediator or otherwise agreed to by the Parties) and upon the expiration of which the Parties have not settled the applicable Claim.

5.2.9 **"Termination of Negotiations"** means a period of time expiring thirty (30) days after the date of the Notice (or such other period of time as may be agreed upon by the Parties) and upon the expiration of which the Parties have not resolved a Claim.

### **Section 5.3 Commencement or Pursuit of Claim Against Bound Party.**

5.3.1 A Bound Party may not commence or pursue a Claim against any other Bound Party except in compliance with this Article.

5.3.2 Prior to any Bound Party commencing any proceeding against another Bound Party, the Respondent has the right to be heard by the Claimant, and to access, inspect, correct the condition of, or redesign, any portion of any Improvement as to which a defect is alleged or otherwise correct the alleged dispute.

**Section 5.4 Claims.** Unless specifically exempted below, all Claims between any of the Bound Parties are subject to the provisions of Section 5.6 hereof. Notwithstanding the foregoing, unless all Parties thereto otherwise agree, the following shall not be Claims and shall not be subject to the provisions of Section 5.6 hereof:

5.4.1 any action by the ARC, the governing board of the Sky Ranch Districts or CAB, or the Developer, to enforce these Covenants, or any provision(s) of the Guidelines or the CCR Rules and Regulations (as hereinafter defined), including obtaining a temporary restraining order or injunction (or equivalent emergency equitable relief), and such other ancillary relief as a court may deem necessary;

5.4.2 any suit between or among Owners, which does not include Developer, Builder, the Sky Ranch Districts or CAB, or the governing board of the Sky Ranch Districts or CAB as a Party, if such suit asserts a Claim which would constitute a cause of action independent of the Governing Documents; and

5.4.3 any suit in which any indispensable party is not a Bound Party.

**Section 5.5 Mandatory Procedures.**

5.5.1 Notice. Prior to proceeding with any Claim against a Respondent, each Claimant shall give a Notice to each Respondent, which Notice must state plainly and concisely:

(a) the nature of the Claim, including all Persons involved and Respondent's role in the Claim;

(b) the legal basis of the Claim (i.e., the specific authority out of which the Claim arises);

(c) the proposed remedy; and

(d) the fact that Claimant will give the Respondent an opportunity to inspect all property and Improvements potentially involved with the Claim, and that Claimant will meet with Respondent not sooner

than thirty (30) days after such inspection to discuss in good faith ways to resolve the Claim.

#### **5.5.2 Negotiation and Mediation.**

(a) The Parties shall make every reasonable effort to meet in person to resolve the Claim by good faith negotiation. If requested in the Notice, the governing board of the Sky Ranch Districts or CAB may appoint a representative to assist the Parties in negotiation.

(b) Upon a Termination of Negotiations, Claimant shall have thirty (30) days to submit the Claim to mediation under the auspices of JAG (or such other reputable arbitration service as acceptable to the parties) in accordance with the rules of JAG (or the rules of such other reputable arbitration service as acceptable to the parties) in effect on the date of the Notice that is provided for in subsection 5.5.1 of these Covenants.

(c) If Claimant does not submit the Claim to mediation within such time, or does not appear for the mediation, Claimant shall be deemed to have waived the Claim, and Respondent shall be released and discharged from any and all liability to Claimant on account of such Claim; provided, nothing herein shall release or discharge Respondent from any liability to any Person other than the Claimant.

(d) Any settlement of the Claim through mediation shall be documented in writing by the mediator and signed by the Parties. If a Termination of Mediation occurs, the mediator shall issue a notice of Termination of Mediation. The Termination of Mediation notice must state that the Parties are at an impasse and the date that mediation was terminated.

(e) Each Party shall bear its own costs of the mediation, including attorneys' fees, and each Party shall share equally all charges rendered by the mediator.

(f) If the Parties agree to a resolution of any Claim through negotiation or mediation in accordance with subsection 0 and any Party thereafter fails to abide by the terms of such agreement, then any other Party may file suit or initiate arbitration proceedings to enforce such agreement without the need to again comply with the procedures set forth in Section 5.5 hereof. In such event, the Party acting to enforce the agreement is entitled to recover from the non-complying Party (or if more

than one non-complying Party, from all such Parties pro rata) all costs incurred in enforcing such agreement, including attorneys' fees and court costs.

**Section 5.6 Final, Binding Arbitration.**

5.6.1 Upon termination of mediation, if Claimant desires to pursue the Claim, Claimant shall thereafter be entitled to initiate final, binding arbitration of the Claim under the auspices of JAG, in accordance with the then-current rules of JAG in effect as of the date of the Notice provided in accordance in subsection 0 of these Covenants (or such other reputable arbitration service and its rules as acceptable to the parties). Any judgment upon the award rendered by the arbitrator may be entered in and enforced by any court having jurisdiction over such Claim. Unless otherwise mutually agreed to by the Parties, there will be one arbitrator who must have expertise in the area(s) of dispute, which may include legal expertise if legal issues are involved.

5.6.2 Each Party shall bear its own costs and expenses, and an equal share of the arbitrator's and administrative fees of arbitration. Notwithstanding the foregoing, if a Party unsuccessfully contests the validity or scope of arbitration in a court of law, reasonable attorneys' fees and expenses incurred in defending such contests, including those incurred in trial and on appeal, shall be awarded to the non-contesting Party. All decisions respecting the arbitrability of any Claim shall be decided by the arbitrator.

5.6.3 The award of the arbitrator shall be accompanied by detailed written findings of fact and conclusions of law. Except as may be required by law or for confirmation of an award, neither a Party nor an arbitrator may disclose the existence, content, or results of any arbitration without the prior written consent of all Parties.

5.6.4 Notwithstanding anything to the contrary, each arbitration shall be conducted on an individual basis to address the applicable Claim (i.e. without the joinder of inclusion of other Owners or such Claimant serving as a class representative for or becoming a class member of other Owners).

**ARTICLE 6**  
**GENERAL PROVISIONS**

**Section 6.1 Rules and Regulations.** Any rules and regulations, if any, concerning and governing the Property, may be promulgated, adopted, enacted, modified, amended, repealed, and re-enacted by the governing board of the Sky Ranch Districts or CAB ("CCR Rules and Regulations") and such actions shall not be construed as an amendment to these Covenants requiring processing under Section 6.6, hereof. The CCR Rules and Regulations, if any, may state procedural requirements, interpretations, clarifications and applications of any provision(s) of these Covenants or the Guidelines and law, and may include blanket requirements, blanket interpretations, and blanket applications. The governing board of the Sky Ranch Districts or CAB

has the authority to adopt or vary one or more CCR Rules and Regulations that are different for different types of Units, if any. Any CCR Rules and Regulations, if any, that are adopted must be in accordance with, and must not be inconsistent with or contrary to, these Covenants.

## **Section 6.2 Enforcement.**

6.2.1 Enforcement of the covenants, conditions, restrictions, easements, reservations, rights-of-way, liens, charges and other provisions contained in these Covenants, as amended, may be by any proceeding at law or in equity against any Person(s) violating or attempting to violate any such provision, and possible remedies include all of those available at law or in equity, but Claims subject to Article 5 will be subject to the alternative dispute resolution procedures set forth in Article 5. The Developer, the Sky Ranch Districts or CAB, ARC and any aggrieved Owner, has the right, but not the duty, to institute, maintain and prosecute any such proceedings. No remedy is exclusive of other remedies that may be available. Except as otherwise provided in Article 5 of these Covenants, in any action instituted or maintained under these Covenants or any other such documents, the prevailing party shall be awarded its costs and attorney fees incurred in asserting or defending the claim, as well as any and all other sums; except that, any Person who brings an action against the Developer, any Builder, the Sky Ranch Districts or CAB, or the ARC, regarding enforcement, or non-enforcement, of any provision(s) of the Governing Documents, shall not be awarded their costs or any attorney fees. Failure by the Developer, the Sky Ranch Districts or CAB, the ARC or any Owner, to enforce any covenant, restriction or other provision contained in these Covenants, shall in no event give rise to any liability, nor shall such non-enforcement be deemed a waiver of the right to thereafter enforce any covenant, restriction or other provision of these Covenants, regardless of the number of violations or breaches that may occur.

6.2.2 The foregoing includes the right of the Sky Ranch Districts or CAB, to send demand letters and notices, to charge interest and/or late charges, to levy and collect fines, to impose liens (as provided in C.R.S. Section 32-1-1001(j)(1), as amended), to negotiate, settle and/or take any other actions, with respect to any violation(s), or alleged violation(s), of any of the Governing Documents.

**Section 6.3 Severability.** All provisions of these Covenants are severable. Invalidation of any of the provisions by judgment, court order or otherwise, shall in no way affect or limit any other provisions, which shall remain in full force and effect.

**Section 6.4 Rights and Easements of Developer and Builders.** Notwithstanding anything to the contrary contained in the Governing Documents, it is expressly permissible and proper for Developer and each Builder, and their respective employees, agents, and contractors, to perform all activities, and maintain Improvements, tools, equipment, and facilities, on the portion of the Property owned by them and also on public property, incidental to development, construction, use, rental, sale, occupancy, and/or advertising. The foregoing includes locating, maintaining and relocating management offices, construction offices, signs, model units and sales

offices, in such numbers, of such sizes, and at such locations on the portion of the Property owned by them and on public property, as determined by the Developer or applicable Builder. In addition, nothing contained in these Covenants limits the rights of Developer, or require the Developer, to obtain approvals:

6.4.1 to excavate, cut, fill or grade any property (with the consent of the Owner thereof), or to construct, alter, demolish or replace any Improvements;

6.4.2 to use any Improvements on any property (with the consent of the Owner thereof) as a construction, management, model home or sales or leasing office, in connection with the development, construction or sale of any property; and/or

6.4.3 to seek or obtain any approvals under these Covenants for any such activity.

**Section 6.5 Conflict of Provisions.** In the case of any conflict between any of the Governing Documents, these Covenants control.

**Section 6.6 Duration, Revocation and Amendment.**

6.6.1 Each and every provision of these Covenants run with and bind the Property perpetually from the date of recording of these Covenants. Subject to subsection 0 of these Covenants, these Covenants may be amended, supplemented and/or terminated, by the affirmative vote or agreement of the Owners of sixty-seven percent (67%) of the Units, but the Sky Ranch Districts or CAB shall not be required to comply with or enforce any Owner-adopted amendments, supplements or termination, until such time as the governing board of the Sky Ranch Districts or CAB receives a recorded copy of such amendment, supplement and/or termination.

6.6.2 Until all the Units have been conveyed to the first Owners thereof other than the Developer or a Builder, no amendment, supplement or termination of these Covenants shall be effective, without the prior written approval of the Developer, which may be with conditions and/or requirements. This subsection 0 will remain in effect until conveyance of all the Units to the first Owners thereof, other than the Developer or any Builder.

6.6.3 These Covenants may be amended, in whole or in part, by the Developer without the consent or approval of any other Owner, the Sky Ranch Districts or CAB, or any other Person, in order to comply with the requirements, standards, or guidelines of any recognized secondary mortgage markets, including the department of housing and urban development, the federal housing administration, the veterans administration, the federal home loan mortgage corporation, the government national mortgage association, and the federal national mortgage association. This subsection 0 will remain in effect until conveyance of all the Units to the first Owners thereof, other than the Developer or any Builder.

6.6.4 These Covenants may be amended, in whole or in part, by the Developer without the consent or approval of any other Owner, any Builder, the Sky Ranch Districts or CAB, or any other Person, to correct any clerical, typographical, technical or other errors in these Covenants and/or to clarify any provision(s) of these Covenants. This subsection 6.6.4 will remain in effect until conveyance of all the Units to the first Owners thereof, other than the Developer or any Builder.

6.6.5 Each Amendment to this Declaration enacted by the vote or agreement of Owners of Units shall be applicable only to disputes, issues, controversies, circumstances, events, claims or causes of action that arose out of acts, omissions, events or other circumstances that occurred after the date of recording of such amendment in the real property records of the County, and no such amendment shall be applied retroactively (i) to any disputes, issues, controversies, circumstances, events, claims or causes of action that arose out of acts, omissions, events or other circumstances that occurred before the date of recording of such amendment in the County, or (ii) to impair the rights or obligations of any Person, including Developer, as originally set forth in these Covenants. This subsection 0 may not be amended without the written consent of the Developer.

**Section 6.7 Minor Violations of Setback Restrictions.** If upon the erection of any structure, it is disclosed by survey that a minor violation or infringement of setback lines has occurred, the Owners of each Unit immediately adjoining the structure which is in violation of the setback waive such violation or infringement and such waiver shall be binding upon all other Owners. However, nothing contained in this Section prevents the prosecution of a suit for any other violation of these Covenants or the Guidelines, if any. A "minor violation," for the purpose of this Section, is a violation of not more than two (2) feet beyond the required setback lines or Unit lines. This provision applies only to the original structures and is not applicable to any alterations or repairs to, or replacements of, any of such structures.

**Section 6.8 Subdivision or Replatting of Units.** The Developer reserves the right to subdivide or replat any Unit(s) owned by the Developer. Each such subdivision or replatting may change the number of Units in the Property. The foregoing reservation includes the right to move any lot line(s) on Unit(s) to accommodate Improvements which are or may be constructed. This Section 6.8 will remain in effect until conveyance of all the Units to the first Owners thereof, other than the Developer or any Builder. Builders shall have the right to make lot line adjustments on platted lots owned by Builder for the purpose of accommodating Improvements which are, or may be, constructed thereon, with the prior consent of Developer which consent will not be unreasonably withheld.

**Section 6.9 Annexation.** The Developer may annex to the Property additional real estate (including Improvements), including any real estate (including Improvements) which may previously have been withdrawn from the Property. Each such annexation, if any, shall be accomplished by recording, in the office of the Clerk and Recorder of the County, of an



annexation document that expressly states that the real estate (including Improvements) described therein is annexed and made subject to these Covenants and all terms and provisions hereof. However, any such annexation may include provisions which, as to the real estate (including Improvements) described therein, adds to or changes the rights, responsibilities and other requirements of these Covenants. Any such additional or changed provisions may be amended, supplemented, and/or terminated, with the consent of the Owners of 67% of the Units to which those provisions apply. The first three (3) sentences of this Section 6.9, will remain in effect until conveyance of all the Units to the first Owners thereof, other than the Developer or any Builder.

**Section 6.10 Withdrawal.** The Developer reserves the right to withdraw the Property, or any portion thereof, including one or more Units, from these Covenants, so long as the Developer owns the portion of the Property to be withdrawn. Each withdrawal, if any, may be accomplished by the Developer recording a withdrawal document in the office of the Clerk and Recorder of the County. A withdrawal as contained in this paragraph constitutes a divestiture, withdrawal, and de-annexation of the withdrawn real estate (including Improvements) from these Covenants so that, from and after the date of recording a withdrawal document, the real estate (including Improvements) so withdrawn is not a part of the "Property". This Section 6.10 will remain in effect until conveyance of all the Units to the first Owners thereof, other than the Developer or any Builder.

**Section 6.11 Notices.** Any notice permitted or required in these Covenants is effective upon the earlier to occur of (i) personal delivery upon the Person to whom such notice is to be given; or (ii) two (2) days after deposit in the United States mail, postage prepaid, addressed to the Owner at the address for such Owner's Unit.

**Section 6.12 Limitation on Liability.** The Developer, any Builder, the Sky Ranch Districts or CAB, the ARC, and their respective directors, officers, shareholders, members, partners, agents and employees, are not liable to any Person for any action or for any failure to act arising out of any of the Governing Documents, unless the action or failure to act was not in good faith and was done or withheld with malice. Further, the Sky Ranch Districts and CAB do not waive, and no provision of these Covenants constitutes a waiver of, the immunities and limitations to which the Sky Ranch Districts and CAB are entitled as a matter of law, including the Colorado Governmental Immunity Act, §24-10-101, et seq. C.R.S., as amended. The release and waiver set forth in Section 6.16 (Waiver) applies to this Section.

**Section 6.13 No Representations, Guaranties or Warranties.** Neither Developer, any Builder, the Sky Ranch Districts or CAB, the ARC, nor their respective officers, directors, shareholders, members, partners, agents or employees, have given or made any representations, guaranties or warranties of any kind, express or implied in connection with any portion of the Property, or any Improvement, its physical condition, structural integrity, freedom from defects, zoning, compliance with applicable laws, fitness for intended use, or view, or in connection with the subdivision, sale, operation, maintenance, cost of maintenance, taxes or regulation thereof,

unless and except as specifically set forth in writing. The release and waiver set forth in Section 6.16 (Waiver) applies to this Section.

**Section 6.14 Disclaimer Regarding Safety.** DEVELOPER, THE BUILDERS, THE SKY RANCH DISTRICTS AND CAB, THE ARC, AND THEIR RESPECTIVE OFFICERS, DIRECTORS, SHAREHOLDERS, MEMBERS, PARTNERS, AGENTS AND EMPLOYEES, HEREBY DISCLAIM ANY OBLIGATION REGARDING THE SECURITY OF ANY PERSONS OR PROPERTY WITHIN THE PROPERTY. BY ACCEPTING A DEED TO A UNIT WITHIN THE PROPERTY, EACH OWNER ACKNOWLEDGES THAT DEVELOPER, THE BUILDERS, THE SKY RANCH DISTRICTS AND CAB, THE ARC, AND THEIR RESPECTIVE OFFICERS, DIRECTORS, SHAREHOLDERS, MEMBERS, PARTNERS, AGENTS AND EMPLOYEES, ARE OBLIGATED TO DO THOSE ACTS SPECIFICALLY ENUMERATED IN THE GOVERNING DOCUMENTS, IF ANY, AND ARE NOT OBLIGATED TO DO ANY OTHER ACTS WITH RESPECT TO THE SAFETY OR PROTECTION OF PERSONS OR PROPERTY WITHIN THE PROPERTY. THE RELEASE AND WAIVER SET FORTH IN SECTION 5.16 (WAIVER) APPLIES TO THIS SECTION.

**Section 6.15 Development Within and Surrounding the Property.** Each Owner acknowledges that development within and surrounding the Property may continue for an indefinite period, and that plans for the density, type and location of improvements, developments or land uses may change over time. Such development may entail changes to or alterations in the access to the Property, views of or from the Property or the Units, surrounding land uses, open space or facilities, traffic volumes or patterns, privacy or other aspects or amenities. Development also may entail noise, odors, unsightliness, dust and other inconveniences or disruptions. By accepting a deed to a Unit, each Owner accepts title to such Unit subject to the foregoing, and waives and releases any claim against the Developer, any Builders, the Sky Ranch Districts and CAB, the ARC, and their respective officers, directors, members, partners, agents and employees, heirs, personal representatives, successors and assigns, arising out of or associated with any of the foregoing. The release and waiver set forth in Section 6.16 (Waiver) applies to this Section.

**Section 6.16 Waiver.** By acceptance of a deed to a Unit, each Owner hereby releases, waives, and discharges the Developer, each Builder, the Sky Ranch Districts and CAB, the ARC, and their respective officers, directors, members, partners, agents and employees, heirs, personal representatives, successors and assigns, from all losses, claims, liabilities, costs, expenses, and damages, arising directly or indirectly from any hazards, disclosures or risks set forth in these Covenants, including, but not limited to, those contained in Section 6.12, Section 6.13, Section 6.14 and Section 6.15.

**Section 6.17 Headings.** The Article, Section and subsection headings in these Covenants are inserted for convenience of reference only, do not constitute a part of these Covenants, and in no way define, describe or limit the scope or intent of these Covenants or any of the provisions hereof.

**Section 6.18 Gender.** Unless the context requires a contrary construction, the singular includes the plural and the plural the singular and the use of any gender is applicable to all genders.

**Section 6.19 Action.** Any action that has been or may be taken by the Developer, any Builder, the Sky Ranch Districts or CAB, the ARC, or any other Person, may be taken **"at any time, from time to time."** Each provision that authorizes, directs or permits action shall be deemed to include such language.

**Section 6.20 Sole Discretion.** All actions which are to be taken by, or on behalf of, the Developer, any Builder, Sky Ranch Districts or CAB, the governing body of the Sky Ranch Districts or CAB, the ARC, or any other Person, will be considered to have been taken **"in the sole discretion"** of such Person.

**Section 6.21 Use of "Include," "Includes," and "Including".** All uses, in these Covenants, of the words **"include," "includes," and "including,"** will be construed to include the words **"without limitation"** immediately thereafter.

**Section 6.22 Runs with the Land; Binding Upon Successors.** The benefits, burdens, and all other provisions contained in these Covenants are covenants running with and binding upon the Property and all Improvements which are now or hereafter located on the Property. The benefits, burdens, and all other provisions contained in these Covenants are binding upon, and inure to the benefit of the Developer, the Builders and all Owners, and upon and to their respective heirs, personal representatives, successors and assigns; but, no Person becomes a **"Developer"** or a **"Builder"** under these Covenants, except by written assignment or designation, as more fully provided in Section 1.2 or Section 1.4 of these Covenants, respectively.

**Section 6.23 Governmental Immunity.** Nothing herein shall be construed as a waiver of the rights and privileges of the Sky Ranch Districts and CAB pursuant to the Colorado Governmental Immunity Act, §§ 24-10-101, et seq., C.R.S., as amended from time to time.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the undersigned, being the Developer herein and the Owner of the Property, has hereunto set its hand and seal this 9<sup>th</sup> day of August, 2018.

DEVELOPER:

PCY Holdings, LLC,  
a Colorado limited liability company

By: Pure Cycle Corporation,  
a Colorado corporation,  
Its sole member

By: [Signature]  
Name: Mark Harding  
Its: President

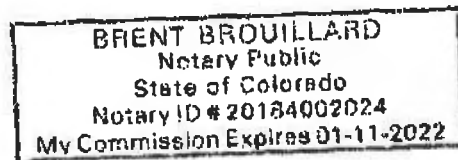
STATE OF COLORADO )  
 ) ss.  
COUNTY OF Arapahoe )

The foregoing instrument was acknowledged before me this 7 day of August, 2018, by Mark Harding as President of Pure Cycle Corporation, a Colorado corporation, the sole member of PCY Holdings, LLC, a Colorado limited liability company.

Witness my hand and official seal.

{SEAL}

Brent Brouillard  
Notary Public  
My Commission expires: 1-11-22





**EXHIBIT A**  
**TO**  
**COVENANTS, CONDITIONS AND RESTRICTIONS**  
**FOR SKY RANCH**

(Property)

- LOTS 1 THROUGH 51, INCLUSIVE, BLOCK 1;
- LOTS 1 THROUGH 20, INCLUSIVE, BLOCK 2;
- LOTS 1 THROUGH 20, INCLUSIVE, BLOCK 3;
- LOTS 1 THROUGH 20, INCLUSIVE, BLOCK 4;
- LOTS 1 THROUGH 24, INCLUSIVE, BLOCK 5;
- LOTS 1 THROUGH 43, INCLUSIVE, BLOCK 6;
- LOTS 1 THROUGH 35, INCLUSIVE, BLOCK 7;
- LOTS 1 THROUGH 27, INCLUSIVE, BLOCK 8;
- LOTS 1 THROUGH 14, INCLUSIVE, BLOCK 9;
- LOTS 1 THROUGH 10, INCLUSIVE, BLOCK 10;
- LOTS 1 THROUGH 14, INCLUSIVE, BLOCK 11;
- LOTS 1 THROUGH 22, INCLUSIVE, BLOCK 12;
- LOTS 1 THROUGH 11, INCLUSIVE, BLOCK 13;
- LOTS 1 THROUGH 20, INCLUSIVE, BLOCK 14;
- LOTS 1 THROUGH, 37, INCLUSIVE, BLOCK 15;
- LOTS 1 THROUGH 25, INCLUSIVE, BLOCK 16;
- LOTS 1 THROUGH 17, INCLUSIVE, BLOCK 17;
- LOTS 1 THROUGH 47, INCLUSIVE, BLOCK 18;
- LOTS 1 THROUGH 49, INCLUSIVE, BLOCK 19,

SKY RANCH SUBDIVISION FILING NO. 1,  
COUNTY OF ARAPAHOE,  
STATE OF COLORADO.

**COVENANTS, CONDITIONS AND RESTRICTIONS  
FOR SKY RANCH**

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