
ARTICLE 1. DEFINITIONS AND AREA DESIGNATIONS.

- 1.1 Annual Assessments shall mean the charges levied and assessed each year against Lots within the Shenandoah Subdivision pursuant to Article 6 below.
- 1.2 Architectural Committee or AC, shall mean a committee appointed by the Board of Directors of the Association for the purpose of reviewing and approving the design and construction of improvements or changes to lands within the Shenandoah Subdivision
- 1.3 Architectural Rules and Guidelines shall mean those guidelines set forth in the Architectural Rules and Guidelines adopted by the Association, the Board or the AC for the purpose of providing persons who desire to construct improvements in the Shenandoah Subdivision with design and construction criteria guidelines.
- 1.4 Articles shall mean Articles of Incorporation and any amendments thereto for the Shenandoah Homeowners Association, Inc.
- 1.5 Assessments shall mean both Annual (which in this context shall mean regular) Assessments and Special Assessments.
- 1.6 Association shall mean the Shenandoah Homeowners Association, Inc., formed for the purpose of furthering the common interests of Owners of all Lots within the Shenandoah Subdivision.
- 1.7 Board or Board of Directors shall mean the governing Executive Board of the Association.
- 1.8 Colorado Common Interest Ownership Act (CCIOA) shall mean the Colorado Common Interest Ownership Act, § 38-33.3-101, *et seq.*, which shall be known as "CCIOA".
- 1.9 Common Expenses shall mean estimated and actual expenditures made or to be made by or on behalf of the Association, together with any allocations to reserve or sinking funds.
- 1.10 County shall mean La Plata County, Colorado.
- 1.11 Declaration(s) shall mean this Declaration of Homeowners Benefits and Assurances for Shenandoah Subdivision, a Common Interest Community as recorded in the real property records of La Plata County, Colorado, and as amended from time to time.
- 1.12 Lot shall mean any lot described on Exhibit A attached hereto and any duly adopted and approved amendments thereto.
- 1.13 Member or Members shall mean Owners of lots within the Shenandoah Subdivision.
- 1.14 Member in Good Standing shall mean a Member who is not in arrears in the payment of amounts due under any of the provisions of the Declarations or Bylaws for a period of 30 days or has been cited with a violation of the Declarations or Bylaws for a period of 30 days.
- 1.15 Mortgage shall mean any Mortgage, deed of trust or other security instrument creating a real property security interest in any Lot, excluding any statutory, tax or judicial lien.
- 1.16 Mortgagee shall mean any grantee or beneficiary of a Mortgage.
- 1.17 Mortgagor shall mean any grantor or trustor of a Mortgage.

1.18 Neutral 3RD Party – means either a member in good standing or other 3rd party who has no direct involvement in a specific dispute or matter under consideration and can act impartially.

1.19 Outside Water Users and Outside Road Users shall mean those individuals or entities that have contractual or legal rights to use Shenandoah Subdivision Roads or the Shenandoah Water System and are not members of the Association.

1.20 Owners or Lot Owners shall mean the persons or legal entity a holding record title to a lot within the Shenandoah Subdivision.

1.21 Plats shall mean the Plats for the Shenandoah Subdivision referenced on Exhibit A hereto and any amendments thereto.

1.22 Roads shall mean those access Road easements, including such improvements as bridges, culverts, and the like, throughout the subdivision shown on the Plats which provide general access to the Shenandoah Subdivision and its improvements.

1.23 Shenandoah Subdivision shall mean the lands described on Exhibit A hereto including, but not necessarily limited to, the Lots, Common Areas and Roads, and any additions or deletions thereto as permitted under this Declaration.

1.24 Water System shall mean the water system owned by the Association for the purpose of delivering water to the Members and all improvements thereto.

ARTICLE 2. MEMBERSHIP AND VOTING – SHENANDOAH HOMEOWNERS ASSOCIATION, INC.

2.01. Membership and Member rights and responsibilities

A. Any person or entity who owns or acquires title in fee to any lot or any number of lots in the Shenandoah Subdivision, by whatever means acquired, shall thereby become a Member of the Association. Membership passes with the ownership of each lot.

B. Members shall be governed by these Declarations, the Bylaws of the Association, the Articles of Incorporation for the Association, duly adopted Rules and Regulations, duly adopted Architectural Rules and Guidelines, and by Board Resolution(s) (hereinafter "the Governing Documents"), all of which may be amended from time to time pursuant to these Declarations, Articles of Incorporation and Bylaws. Copies of current Governing Documents shall be maintained by the Board of Directors or its managing agent, and shall be made available to Members for inspection, review and copying upon reasonable notice.

C. Each Member shall have the same rights, privileges, obligations and responsibility as all other Members, including but not limited to the obligation to pay general and special assessments, dues and fines as duly passed and adopted by the Board and/or the Association.

2.02 Voting

A. Each lot owner carries one and only one vote. Multiple owners, whether individuals or business entity owners, are only entitled to one vote per lot and must designate one person who shall be the voting person for each lot.

B. Unless otherwise specified in these Declarations, the Bylaws or the Articles of Incorporation, any issue brought up for a vote by the Membership at a duly noticed meeting or by mail ballot shall pass if more than 50% of the Members present at the meeting in person or by valid proxy vote in favor of the motion so long as a quorum is present at the meeting unless some other percentage is specified in the Bylaws and/or these Declarations. A Member who votes by mail ballot when votes

are solicited by mail shall be deemed present at the meeting for the purpose of determining a quorum on the matter voted upon.

C. Upon the request of one or more lot owners, a vote on any matter affecting the Shenandoah Subdivision on which all unit owners are entitled to vote shall be by secret ballot.

D. Voting shall otherwise be conducted as specified in the Bylaws or in specific provisions of these Declarations.

2.03. Quorum

Only members in good standing constitute the quorum. Quorum rules are specified in the Bylaws as amended.

ARTICLE 3. MANAGEMENT & DUTIES OF THE HOMEOWNERS' ASSOCIATION

3.01 Board of Directors and Officers.

The affairs of the Association shall be conducted by the Board of Directors and such officers as the Board may elect or appoint in accordance with its Articles and Bylaws as the same may be amended from time to time. The Association, by and through the Board, shall govern and manage the Shenandoah Subdivision, including Association property, and shall enforce the provisions of this Declaration. The Board shall develop and implement any rules, regulations and resolutions as necessary for the administration of the affairs of the Association and to uphold these Declarations. New rules, regulations and resolutions will be in effect the day they are enacted, however, they will be subject to ratification at the next membership meeting and if not ratified or approved by vote of more than 50% of a quorum of the Members shall be null and void. The Board shall be composed of three Members, or such greater number as provided in the Bylaws. The Board may also appoint various committees.

3.02 Qualification, election and terms of the Board of Directors

Only Members in good standing are qualified to serve on the Board of Directors. Board members shall be elected to serve two-year terms. The terms of at least two Board members shall be staggered. Members of the Board shall be elected by the Members of the Association by secret ballot at the annual meeting. Ballots shall be counted by a neutral third party or by a Member who is not a candidate, who attends the meeting at which the vote is held, and who is selected at random from a pool of two or more of such Members. No Member shall be elected to serve more than 2 consecutive terms. The Board of Directors may fill vacancies in its membership by appointment for the unexpired portion of any term.

3.03 Meetings and notice requirements

A. Annual meetings. There shall be at least one meeting per calendar year which shall be held at a time and place designated by the Board.

B. Special and emergency meetings. Special or emergency meetings may be called by the President of the Board, a majority of the Board, or by the Members as specified in the Bylaws or CCIOA.

C. Form of Notice of meetings. Not less than thirty nor more than fifty days in advance of any annual meeting and not less than ten nor more than fifty days in advance of any other meeting of the Members, the secretary or other officer specified in the Bylaws shall cause notice to be hand delivered or sent prepaid by United States mail to the mailing address of each Member or to any other mailing address designated in writing by the Member. The notice of any meeting shall be physically posted in a conspicuous place, to the extent that such posting is feasible and practicable, in addition to any electronic posting or electronic mail notices that may be given pursuant to the Bylaws. The notice shall state the time and place of the meeting and the items on the agenda, including the

general nature of any proposed amendment to the Declarations or Bylaws, any budget changes, and any proposal to remove an officer or member of the Board. The form of notice shall also be as provided for in the Bylaws.

3.04. Meetings of the Board of Directors.

The Board of Directors shall meet no less than semiannually. Notice and Member participation in regular or special meetings of the Board shall be as specified in the Bylaws.

3.05 Standing Association committees

- A. There shall be two (2) standing committees, the Architectural Committee (AC) and the Road Committee.
- B. Each committee shall consist of a minimum of 3 (three) volunteers and an advisory Board member. Volunteer committee members may include Association and non-Association Members and shall be appointed by the Board. The Board member on the committee shall serve as a non-voting member.
- C. The committees shall elect a chairperson. All mid-term appointments will be made by the Board as vacancies occur to fill the balance of the vacated term.
- D. All committee Members serve at the pleasure of the Board.

3.06. Other Association committees

Additional committees may be appointed by the Board when they or the Membership think that a committee is needed to fulfill a specific association need.

3.07. Road maintenance

The Association, acting through its Board, shall be responsible for taking reasonable steps as are necessary to maintain Shenandoah's roads in good and safe condition at all times. This shall include upkeep of roads and shoulders, weed abatement along road easements, ditch upkeep and snowplowing as necessary. During construction, homeowners should advise their contractors that the contractor is liable for repairs of major damage to roads incurred during the construction.

3.08. Water system

- A. The water system within Shenandoah Subdivision and a portion of the physical water lines outside of the subdivision feeding the water system are the property of the Association. As specified in a rate settlement agreement dated September 9 2003, maintenance and repairs of the water system are the responsibility of Lake Durango Water Company. The Association, acting through its Board, shall be responsible to work with the water provider to insure that Association Members' water needs are met.
- B. No new additional water taps, other than those already assigned to the property, may be hooked up to the Shenandoah Water System after the date of these Declarations without the approval of more than 50% of the total Association Members at either a duly called meeting or by mail ballot (no quorum voting). No new hookups by non-Members shall be permitted after the date of adoption of these Declarations.

3.09. Enforcement of Covenants

- A. The Association has the right and responsibility to enforce these Declarations through their duly elected Board and its legal representatives without discrimination. Enforcement provisions are further specified in Articles 6 and 7 these Declarations.

B. The Board shall have the right to impose charges for late payment of assessments, recover reasonable attorney fees and other legal costs for collection of assessments and other actions to enforce the power of the Association, regardless of whether or not suit was initiated, and, after notice and an opportunity to be heard, levy reasonable fines for violations of the Declarations, Bylaws, and rules and regulations of the Association.

3.10. Waiver or abandonment

The failure of the Association to enforce any breach or violation of these Declarations shall not constitute a waiver or abandonment of these Declarations, in whole or in part, nor shall the Association or its Members be estopped from enforcing the terms of these Declarations. These Declarations shall apply regardless of whether any person affected hereby (or having the right to enforce these Declarations) had knowledge of the breach or violation. No covenant(s) contained herein shall be deemed waived or abandoned unless this Declaration is amended to delete such covenant(s).

3.11. Limited liability

Neither the Association nor its past, present or future, officers, directors, employees, authorized agents, or committee Members of the Association shall be liable to any Owner or to any other person for any damage, act, omission to act, simple negligence, or other matter of any kind or nature, except gross negligence. Without limiting the foregoing, the Association and the Board shall not be liable to any party for any action or for any failure to act with respect to any matter if the action taken or failure to act was in good faith and without malice. Acts taken upon the advice of legal counsel, certified public accountants, registered or licensed engineers, architects or surveyors shall conclusively be deemed to be in good faith and without malice.

3.12 Association asset protection

It is the duty of the Association and its Board to protect and secure the assets of the Association. No capital asset may be disposed of or ownership transferred without approval of a more than 50% of the total Association Members at either a duly called meeting or by mail ballot (no quorum voting).

3.13 Financial review.

The books and records of the Association shall be reviewed using statements on standards for accounting and review services at least once every two years by a person appointed by the Board. Such person need not be a certified public accountant. Copies of reviews shall be made available to any Owner upon request no later than thirty days after completion. The books and records of the Association shall be subject to audit only as required by CCIOA, 38-33.3-308(b)(II), as amended.

ARTICLE 4. ARCHITECTURAL COMMITTEE ("AC")

4.01. Purpose

The purpose of the Architectural Committee ("AC"), a standing committee of the Association, shall be to review proposed location and design information for structures and improvements which Members propose to complete within the subdivision in order to determine whether the proposed plans conform to the Declarations and the Architectural Rules and Guidelines, as amended. This review does not include compliance with county building codes or engineering soundness.

4.02 Architectural Rules and Guidelines

The Architectural Rules and Guidelines may be amended, repealed in whole or in part or added to, by more than 50% vote of the Members at a duly called meeting for that purpose at which a quorum is present.

4.03 Submission of plans for architectural review

A. Prior to applying for a building permit with the County and the commencement of work on any improvements to a lot, the Owner/Member proposing to make such improvements shall prepare and submit plans to the Chairperson of the AC including such surveys, plot plans, drainage plans, elevation drawings, exterior construction plans, landscaping plans, specifications and samples of materials and colors as the AC shall reasonably request showing, among other things, the nature, kind, shape, height, width, color, materials and location of proposed improvements. Plan submission shall be no less than 30 days prior to the commencement of any work.

B. This requirement applies to all buildings, fences, walls, landscaping, grading and any other structure or improvement which may reasonably be considered to be visible from the road or Member's adjoining property.

C. If any trees greater than six (6) inches in diameter will be cut down due to construction activities, the Member must have prior approval from the AC.

D. All improvement sites must be temporarily staked prior to the architectural review.

E. Any alterations which significantly change the appearance of a Lot shall not be initiated without prior written approval from the AC.

4.04 Powers and procedures of the AC

A. The AC is to review and discuss all plans with respect to their conformity to these Declarations, the Bylaws and the Architectural Rules and Guidelines as amended at the time the proposed plans are submitted.

B. The Committee Chairperson is responsible for summarizing the position of the committee and notifying the applicant of approval, disapproval or approval with conditions within 30 days of receipt of the proposed plans. Decisions concerning the approval or denial of a Member's application for improvements shall be made in accordance with standards and procedures set forth in these Declarations, duly adopted Architectural Rules and Guidelines and Bylaws of the Association, and shall not be made arbitrarily or capriciously.

C. Improvements may not be initiated unless a plan is approved by the AC without conditions or unless the conditions specified are adhered to by the applicant. Violations will be dealt with as specified in Article 7 of these Declarations.

4.05. Mediation and other recourse in the event of a disagreement over plan approval

A. If an applicant for plan approval disagrees with or disputes the AC's decision, he or she may request mediation of the disagreement or dispute. The committee may also request mediation of a dispute or disagreement with a Member over plan approval. Mediation may be initiated by the AC or a Member by delivering a letter requesting mediation to the Board and the adverse party (the Member or the AC). The Board shall then select a Member in good standing.

B. The AC and the Member shall proceed in good faith with mediation, and mediation shall be completed within 30 days of submission of a request for mediation.

C. In the event that the dispute cannot be resolved through mediation, the Board shall make a final determination of approval, disapproval or approval with conditions of the proposed plan.

D. The Board may adopt such other and further reasonable protocols and procedures to facilitate the mediation process.

E. Submission of a dispute to mediation shall be a condition precedent to the commencement of legal action over AC plan approval or disapproval of proposed plans. Any legal action commenced prior to the completion of mediation as outlined above shall be dismissed by the Court upon motion of the defending party, and the defending party shall be entitled to an award of all reasonable attorney's fees and costs incurred.

ARTICLE 5. ROAD COMMITTEE

5.01. Purpose

The purpose of the Road Committee, a standing committee of the Association, shall be to ensure that roads are developed and maintained in a manner consistent with the interests of Association Members and non-member road users who are under a current "Outside Road User" contract or agreement.

5.02 Normal maintenance

Roads will be maintained to ensure that culverts are clear of obstructions, that water has proper drainage, that cracks and defects in the paving are repaired as part of a regular maintenance schedule and that necessary shoulder grading is performed.

5.03. Winter maintenance

The Road Committee will have the responsibility to ensure that budget guidelines are established for snow and ice removal. The committee will determine when it is reasonable and appropriate to have snow removed by the contractor.

ARTICLE 6. ASSESSMENTS

6.01 Purpose of assessments

The purposes of the assessments levied by the Association for common expenses include, without limitation:

- Maintaining the roads including adequate snowplowing and removal.
- Maintaining facilities and common areas.
- Paying taxes, insurance premiums, legal fees and other obligations of the Association.
- Enforcing these Declarations, Bylaws, Rules and Regulations and Architectural Rules and Guidelines, as amended.
- Promoting the safety and welfare of the residents in the subdivision.
- Conducting business affairs of the subdivision.
- Establishing and maintaining reasonable and adequate reserves.

6.02. Member obligations

A. Each owner of any lot by acceptance of title to said lot, whether or not it shall be so expressed in the instrument of conveyance, is deemed to convey and agree to pay the Associations' regular assessments and charges and special assessments for capital improvements and other purposes.

B. No owner may waive or otherwise escape liability for assessments by non-use of services or abandonment of the property.

6.03. Non Member obligations

Non-members of the Association who utilize roads, mail facilities, entryway, utilities and/or other assets or common areas of the Association are obligated to pay regular and special assessments and fees in a timely manner as required by the Association. The Board shall set the fees in accordance with contracts, agreements or by law.

6.04 Annual budget

On or before October 1 of each calendar year, the Board shall adopt a proposed annual budget for the Association for the following calendar year that sets forth:

- (i) the Board's estimates of Common Expenses for the next calendar year;
- (ii) the amount of funds for such Common Expenses that the Board proposes to raise through Regular Assessments; and
- (iii) the amount of funds for such Common Expenses that the Board proposes to raise through Special Assessments.

Within ninety days after adoption of the proposed annual budget, the Board shall mail, by ordinary first-class mail, or otherwise deliver a summary of the approved budget to all of the Members and the budget will be reviewed at the next annual meeting. The annual meeting will be held within the first six months of the calendar year. A Member vote of approval of the budget proposed by the Board is not required. In the absence of a veto by a majority of quorum at the noticed meeting, the proposed budget shall be deemed approved. In the event that the proposed budget is vetoed, the annual budget last proposed by the Board and not vetoed by the Members must be continued until a subsequent budget proposed by the Board is not vetoed by the Members.

6.05 Regular assessments

- A. Regular assessments shall be made no less frequently than annually and shall be based on the annual budget adopted by the Association pursuant to Article 6.04 of these Declarations.
- B. Increases in annual assessments of more than 15% over the previous year's annual assessment shall be submitted to the Members for approval, and may be adopted only upon the affirmative vote of more than 50% of the Members at a duly called meeting for that purpose at which a quorum is present. Increases in annual assessments of less than 15% over the previous year shall not require approval by the Members, and may be adopted by the Board.
- C. Regular assessments shall be paid in installments on a quarterly basis, or such other installment periods as the Board may determine from time to time, and shall be due within thirty days of the first day of each calendar year quarter (January 1, April 1, July 1 and October 1).

6.06 Special assessments

- A. Special assessments for the purpose of defraying, in whole or in part, costs and fees associated with any construction, reconstruction, repair or replacement of a capital improvement, enforcement of these Declarations for the benefit of the Members, or other extraordinary expenses, shall be determined and made by the Board in such manner as set forth in the Bylaws, as amended.
- B. Special assessments that would result in an increase in total assessments (special assessments plus annual assessments for that fiscal year) of less than 15% over the previous year's

annual assessment may be adopted and levied by the Board. All other special assessments may be adopted only upon the affirmative vote of more than 50% of the Members present at a duly called meeting for that purpose at which a quorum is present.

6.07 Rate of assessments

- A. Annual assessments and special assessments shall be fixed based on the amount of the assessment, less amounts assessed to non-members pursuant to contracts, agreements or law, divided by the number of lots within the Shenandoah Subdivision.
- B. All Member assessments will be uniform for all lots except when penalty assessments are issued because of maintenance or other expenses incurred by the Association as a result of neglect or the like by an owner.

6.08 Notice of assessment amounts and due dates

- A. Written notice of the amount of assessments and fees and the due date shall be mailed or delivered to the Members and non-members not less than thirty (30) days prior to the due date. Failure of the Association to timely fix and levy regular assessments for any year or to send a notice thereof to any Owner shall not relieve any Owner from liability of payment of regular assessments or any installments thereof for that or subsequent years. Payment shall be due under all circumstances as soon as the Board levies the regular assessment and provides thirty (30) days notice thereof.
- B. Notices of assessments and fees shall be mailed or delivered to the last known address of each owner of record. Each owner accepts the responsibility for submitting change of address notification to the Secretary of the Association or management company whenever necessary.

6.09 Interest and late charges for delinquent payments

If a required payment is not made, in full, by the date and time specified, a one time late charge of 10% of the unpaid balance will be added to the bill. In addition to the one time late charge, if payment has not been made in full by the first of the month following the due date, then an annual interest rate of 18% will be levied on outstanding balances.

6.10 Creation of lien and personal obligation for assessments for Members and Non Members

- A. Any regular assessment, special assessment, late charges, interest, attorneys fees, costs and fines charged pursuant to these Declarations or CCIOA are enforceable as assessments, shall be made and recorded as a lien against the parcel against which the assessment was made and shall also be the personal obligation of the owner or purchaser of such property. Any unpaid assessment(s) must be paid at the time of closing on a sale or transfer of the property. The lien and/or the obligation for delinquent assessments shall pass to any new owners or purchasers or successors in title.
- B. Multiple interest holders in a single lot are jointly and severally liable for any assessments and/or costs due.

6.11 Enforcement of lien rights and personal obligations of Members

- A. The Association shall furnish to a Member or such Member's designee or to a holder of a security interest or its designee upon written request, delivered personally or by certified mail, first-class postage prepaid, return receipt, to the Association's registered agent, a written statement setting

forth the amount of unpaid assessments currently levied against such Member's lot. The statement shall be furnished within fourteen calendar days after receipt of the request and is binding on the Association, the Board, and every Member. If no statement is furnished to the Member or holder of a security interest or his or her designee, delivered personally or by certified mail, first-class postage prepaid, return receipt requested, to the inquiring party, then the Association shall have no right to assert a lien upon the unit for unpaid assessments which were due as of the date of the request.

B. The Association may bring an action at law against the Member(s) obligated to pay the delinquent assessment and/or may foreclose on the assessment lien in to the full extent permissible and in conformance with Colorado law including the provisions of C.R.S. § 38-33.3-316.

ARTICLE 7. ENFORCEMENT OF DECLARATIONS

7.01 Enforcement by the Association and its Members.

The Association and the Board shall have the right and power to bring suit for legal or equitable relief for the failure to comply with any provision of these Declarations, the Bylaws or rules and guidelines promulgated by the Board, the Association, or its committees. In addition, the Association shall have the right to impose on any Member monetary fines for any lack of compliance with provisions of these Declarations, the Bylaws or rules promulgated by the Board, the Association or its Committees, and where such fines are not paid within the time provided, such fines may be collected as an Assessment Lien. The failure of the Association or the Board to insist upon the strict performance of any such provisions or to exercise any right or option available to it, or to serve any notice or to institute any action, shall not be a waiver or relinquishment for the future of any such provision or the enforcement thereof. Any Owner aggrieved by a lack of compliance by another Owner may also bring suit for legal and equitable remedies. If any court proceedings are instituted in connection with the rights of enforcement and remedies provided in these Declarations, the prevailing party shall be entitled to reimbursement of its costs and expenses, including reasonable attorney's fees, in connection therewith.

7.02 Reporting and investigation of violations

A. Members have the right to notify the Board in writing through the Associations' management company of apparent violations of the Declarations as amended or other governing documents. Prior to notifying the Board, the Member should attempt to resolve the issue "neighbor to neighbor" through personal contact.

B. The Board may initiate actions and investigations based on its own observations.

C. Verified covenant violations shall be enforced throughout the Association without discrimination.

7.03 Dispute resolution

Prior to and as a condition precedent to the commencement of legal action, the Association, the Board and/or any Member shall submit any dispute concerning any alleged lack of compliance with these Declarations, the Bylaws or rules promulgated by the Board, the Association or its Committees, except for disputes concerning the non-payment of assessments, to non-binding mediation. Mediation is a process in which the parties meet with an impartial person who helps resolve the dispute informally and confidentially. The Board shall appoint a Member in good standing with no direct involvement in the dispute to act as a mediator or a neutral third party. The mediation, unless otherwise agreed, shall terminate in the event that the entire dispute is not resolved within thirty (30)

calendar days from the date written notice requesting mediation is sent by one party to the other(s). The Board may adopt such other rules, regulations or protocols deemed reasonably necessary to facilitate and make use of mediation as an alternative to litigation.

ARTICLE 8. COVENANTS REGARDING the USE of EACH LOT

8.01. Single family, guest house, and outbuilding

- A. Dwellings on lots shall be limited to one single family residence and one guest house. The residence may not contain less than 2000 square feet of livable area with at least 1500 square feet on the ground floor and shall contain space for at least one vehicle in an enclosed garage. Space outside the exterior boundaries of the home such as garage, porches, decks, barns, etc. shall not be included as livable space. See the Architectural Rules and Guidelines as amended.
- B. Shared occupancy by dependent parents, siblings, adult children and/or foster children shall not disqualify a home as a single family home.
- C. Creating a condominium, fractional ownership or time-share from a single family residence is prohibited.

8.02. Rental policy

Homeowners may lease or rent their property in its entirety to a lone renter. Any structure including a guest house may not be leased, sublet or rented separately from the primary residence. Property owners are responsible for ensuring that tenants comply with these Declarations and all other Shenandoah governing documents.

8.03. Business or commercial uses

No commercial, industrial, wholesale or retail sales operations or businesses may be carried out on any of the lots in the Subdivision with the exception that home businesses are allowed to the extent defined in local/county land use law so long as there are no client/customer visits within the Subdivision and so long as there are no business signs within the Subdivision.

8.04. Setbacks

All lots and any lots which may be annexed shall have a minimum setback for any residential structure of thirty (30) feet from any lot line. This restriction does not apply to fences.

8.05. Residences

- A. No residential structure shall be constructed or placed on any of the lots in the subdivision which exceeds thirty (30) feet in height measured from the natural grade under the highest point of the structure to the highest point on the structure (roof ridges).
- B. No mobile homes, manufactured homes, modular homes, trailers, temporary building or structure, tents, barns, or recreational vehicles may be used as temporary or permanent residences or guest houses within the subdivision at any time.
- C. For each building constructed within the subdivision the owners shall have no more than one (1) year to complete the exterior of the structure.
- D. If all or part of a structure is destroyed by fire or any other means, the Owner shall have no more than one (1) year to either rebuild the exterior of the structure or to demolish and remove the structure.
- E. Approved temporary storage or work structures may be used only during construction but must be removed within thirty (30) days of the completion of construction.

8.06. Activities which constitute public or private nuisances will not be permitted

- A. No noxious or offensive trade or activity may be conducted on any lot.
- B. No loud or continuous noise which disturbs the peace of the neighborhood is permitted.
- C. All exterior lights must have housing which shields or directionally focuses the light downward to avoid disturbing the adjacent property owners. Motion activated lights, which stay on for ten (10) minutes or less, are exempt. All exterior lighting must comply with County "lighting" ordinances.

8.07. Firearms, hunting and wild animal control

No target practice or hunting is allowed within the boundaries of the Subdivision. The Colorado Department of Wildlife must be consulted for guidelines and policies regarding the control of any wild animal that has become destructive.

8.08 Signs

The only signs which are permitted are:

- 1. Construction and/or permit signs during construction activities and real estate signs advertising the sale of the property; this group of signs may be no larger than two (2) feet on any side.
- 2. Individual property entry signs.
- 3. Subdivision entry signs.
- 4. Political signs which are defined as "a sign that carries a message intended to influence the outcome of an election, including supporting or opposing the election of a candidate, the recall of a public official, or the passage of a ballot issue," are allowed but may be restricted to the extent permitted by CCIOA as set forth in the Bylaws or duly adopted rules and regulations of the Association.
- 5. Road signs

8.09. Utilities

- A. All wiring and piping for electric, water, gas, telephone, television and other services for all of the lots in the subdivision must be underground and routed to create the least amount of impact on each lot.
- B. Propane tanks shall be buried or sufficiently screened so that they cannot be seen from roads and other Member's property.
- C. Satellite dishes (greater than 39" in diameter) should be sufficiently screened or located away from public view and the view of adjacent Member's property. Satellite dishes less than 39" in diameter are governed by the Telecommunications Act of 1996.

8.10. Vehicles

- A. Any vehicle which makes an unreasonable amount of noise such as motor bikes, motorcycles, all terrain vehicles and snowmobiles, may not be ridden for recreational purposes on the roads or lots of the subdivision. Only direct ingress and egress is permitted for such vehicles.
- B. Vehicles such as but not limited to boats, trailers, recreational vehicles, motor homes, campers and tractors must be garaged or parked out of view and not be visible from adjoining Member's property or subdivision roads. Old and disabled vehicles not in use must be promptly removed and not stored on the premises unless garaged.
- C. In the case of a Member preparing and returning from a trip, unscreened RV's may be parked in the Member's driveway for 72 hours to load and another 72 hours to unload. Out of town visitors

may park one unscreened RV or camper in the Member's driveway for up to 30 consecutive or non-consecutive days within the calendar year.

D. Members may park no more than two passenger vehicles on their property. Short-term parking by guests and visiting family members shall be permitted.

E. All parking shall be within the property lines of individual lots. No parking is allowed along Shenandoah's roads, within any easement or common area.

8.11. Landscaping and natural vegetation

A. Trees, brush and other vegetation should be thinned around residences for the purpose of establishing a defensible space around structures for wild fire protection and must conform to the published guidelines established by the Colorado Forest Service.

B. Trees with active disease or insect infestations must be properly treated and/or cut and removed by the Member so as not to infect neighboring trees.

C. No tree more than 6 inches in diameter may be cut down without the approval of the AC.

D. All property owners must comply with La Plata County weed abatement rules.

8.12. Animals

A. Two (2) horses, ponies, mules, or donkeys may be kept providing the lot is at least five (5) acres. One additional animal of the same type may be kept for each additional three (3) acres of lot area.

B. Commonly accepted household pets as defined under the Durango Municipal Code in reasonable numbers may be maintained within a residence for domestic purposes but not commercial purposes. Household pets shall be on the owner's lot or under the owners control at all times. The subdivision adopts the domestic animal control laws of the State of Colorado and La Plata County. Household pets shall not be allowed to eliminate excrement in the Common Area or other lots. Prolonged or excessive barking is not allowed.

C. Poultry may not be kept in the subdivision.

D. Wild animals may not be kept as pets in the subdivision.

E. Exotic animals, such as llamas or alpacas, or any other animals not specifically identified herein, may not be kept within the subdivision unless approved by vote of more than 50% of the total Association Members at either a duly called meeting or by mail ballot (no quorum voting).

F. Residents must comply with any and all county and state laws regarding pets and livestock.

*Residents must be particularly observant of the law regarding dogs chasing area wildlife.

G. Farm animals other than as specified above may not be kept in the subdivision unless approved by a vote of more than 50% of the total Association Members at either a duly called meeting or by mail ballot (no quorum voting).

8.13. No unlicensed use of roads

The subdivision adopts the motor vehicle laws of the State of Colorado and La Plata County for the subdivision road system which may be enforced by state and local authorities and/or the Association.

8.14. No discrimination in sale of property

In the sale, purchase, use or occupancy of any lot in the subdivision, there shall be no requirement or qualification based on race, color, creed, sex or disability.

8.15. Maintenance

- A. All structures shall be kept in good condition, repair and where appropriate be adequately painted or stained. No structure shall be permitted to fall into disrepair.
- B. Landscaping shall be maintained.
- C. No garbage, rubbish, trash or debris shall be allowed to accumulate on the property except for the days of scheduled pickup and then only within containers. Any residual remaining after removal of such containers shall be eliminated promptly by the Member.
- D. Natural areas and drainage courses within the Common Area shall not be used for dumping or vehicular traffic and shall be maintained fully open and unobstructed.
- E. No lot shall be allowed to present an unsightly appearance. The accumulation of debris, construction materials, and equipment is prohibited except during AC approved construction. A lot shall be maintained to insure that the health of Members is not endangered, emanate offensive noises or odors or constitute an aggravation, annoyance or nuisance.
- F. No exploration or mining operations of any kind shall be permitted whether involving discovery, exploration, locations, removal, milling or refining and whether related to water, oil, gas, hydrocarbons, gravel, uranium, geothermal steam or otherwise.
- G. A Member may not interfere with, hinder or damage any Common Area, easement or the area or improvements on any other lot.
- H. Outdoor grills and barbecues are the only outdoor burning permitted. Open burning of material such as yard waste or construction debris is not permitted.

8.16. Fences

Fences in the subdivision may be used for decorative, screening and animal enclosure purposes. Fences must be approved by the AC and be constructed with materials as specified in the Architectural Rules and Guidelines.

8.17 Driveways

The driveway entry is part of the visual expression of the subdivision. AC approval is required where an architectural feature is used and must comply with the AC Rules and Guidelines.

8.18 Further Subdivision, consolidation and boundary adjustments.

Lots having 20 acres or more may be subdivided pursuant to deeds from the original declarant and developer of the Shenandoah Subdivision provided that no subdivided lot has less than 10 acres of land. Subdivision of such lots must be in strict compliance with the original deed from the declarant and developer of the Shenandoah Subdivision. Lots less than 20 acres, unless provided for in the plat or deed, may not be subdivided. All lot owners will become members of the Association and shall be required to pay dues and assessments as specified by the Board. Applications for subdivision, lot consolidation or boundary adjustments must comply with applicable provisions of CCIOA, including, but not limited to, C.R.S. § 38-33.3-212 and/or 213, as amended. Subdivision, consolidation of lots, and or the relocation of boundaries between adjoining lots will not be permitted without approval of the Association by affirmative vote of more than 50% of the total Association Members at either a duly called meeting or by mail ballot (no quorum voting). Any subdivision of lots, consolidation of lots or boundary adjustments must comply with all regulations and application and approval requirements of La Plata County. All costs and attorney's fees incurred by the Association as a result of an application shall be the sole obligation of the applicant(s), and a deposit against attorney fees and costs which the Association will incur in reviewing and effectuating the application in an amount reasonably estimated by the Board will be required.

ARTICLE 9. USE of EASEMENTS IN COMMON AREA

9.01. Restriction on fencing

Easements may not be obstructed.

9.02. Use

A. Permitted uses shall be limited to hiking, jogging, bicycling, snowshoeing, cross-country skiing and horseback riding.

B. Motorized vehicles of any kind are not permitted in the easement for recreational purposes.

9.03. Blanket easement

A. There is a blanket easement upon, across, over and under the Common Area for ingress, egress, installation, replacing, repairing and maintaining all utility and service lines and systems including, but not limited to, water, gas, telephone, electricity, television cable or communications lines and systems and community sewer lines if any.

B. Each lot and Common Area shall be subject to an easement for drainage and runoff from other lots or the Common Area, as the lot and Common Area are originally designed and constructed with the approval of the AC.

ARTICLE 10. ANNEXATION

10.01. Purpose of annexation

The owners of developed and undeveloped lots that share a common boundary with the subdivision may apply for annexation into the subdivision.

10.02. Procedure

Annexation in this context means that such properties would be added to the real estate included in the Shenandoah Subdivision and would be subject to the current Declarations, Bylaws and any other governing documents, as amended. If the current owner of property which shares a common boundary to the existing subdivision wishes to annex, that person or entity must submit a written request to the Board, which shall then present the request to the Members with any recommendations that it has for a vote on approval / disapproval pursuant to and in accordance with notice and voting provisions in the Declarations and Bylaws except that annexation may only be approved by the affirmative vote of no less than 67% of Members that are eligible to vote at either a duly called meeting or by mail ballot (no quorum voting). No annexation of lands shall be effectuated without the necessary amendments to the Declarations, plats or maps executed and recorded pursuant to C.R.S. § 38-33.3-217(3) and (5). Attorney's fees and costs incurred by the Association in reviewing and effectuating an application to annex shall be the sole responsibility of the owners wishing to annex. A deposit for anticipated fees and costs in an amount reasonably estimated by the Board may be required. Issues such as prescriptive easements would be explored and outlined for the voters as part of the Board communication to the eligible voters.

f

ARTICLE 11. GENERAL PROVISIONS

11.01. Severability

If one or more provisions in these Declarations, as amended, is found by a court of competent jurisdiction to be invalid for any reason including, but not limited to, waiver or abandonment for lack of enforcement, such finding shall not invalidate any of the other provisions of the Declarations, as amended, and all other provisions shall remain in full force and effect.

11.02 Integration

As of the date of filing of this instrument there are no other valid declarations, covenants, amendments or restrictions which apply to the lots of the subdivision other than By-Laws of the Association, Shenandoah Rules, the Architectural Rules and Guidelines, Board of Director Resolutions, and Articles of Incorporation. Any and all previous documents other than the By-laws, Shenandoah Rules, Architectural Rules and Guidelines, Board of Director Resolutions and Articles of Incorporation are hereby revoked and replaced by this instrument.

11.03 Conflict of governing documents

In the event of any conflict between the Declarations, the Bylaws, Articles of Incorporation or Rules, Regulations or Guidelines adopted by the Association, the terms of these Declarations shall control, and the conflicting Bylaws, Articles of Incorporation, Rules, Regulations or Guidelines shall automatically be amended, but only to the extent necessary to conform the conflicting provision thereof.

11.04 References to standards

Wherever in this Declaration there is reference to County standards, or other federal, state or local rules, laws or regulations, such references shall automatically be waived, released, modified or amended, as the case may be, to correspond with any subsequent waiver, release, modification or amendment of such rules, laws, regulations or standards.

11.05 CCIOA provisions

In the event of any conflict between the provisions of CCIOA and the provisions of this Declaration, or the articles of incorporation or the Bylaws of the Association, the provisions of CCIOA shall control. Mandatory minimum provisions of CCIOA that are not included in these Declarations are incorporated by this reference as though fully set forth herein.

11.06 Choice of law venue

The interpretation, enforcement or any other matters relative to this Declaration shall be construed and determined in accordance with the laws of the State of Colorado. All parties to this Declaration, or those parties who are benefited by this Declaration, hereby consent to venue for any action commenced with respect to this Declaration being in the District Court in and for the County of La Plata, State of Colorado.

11.07 Amendment

This Declaration and any validly enacted amendments or supplements thereto may be amended or supplemented, in whole or in part, only by affirmative vote of no less than 67% of the total Association Members at either a duly called meeting or by mail ballot (no quorum voting).

IN WITNESS WHEREOF, the Association has on file written instruments signed by a more than 67% of the Owners of lots within the Shenandoah Subdivision, each lot entitled to one vote, approving, agreeing to and adopting this Amended Declaration of Homeowners Benefits and Assurances for the Shenandoah Subdivision, a Common Interest Community, which are hereby declared to be in full force and effect as of the date set forth below.

Dated this 10 day of JUNE, 2006.

SHENANDOAH HOMEOWNERS ASSOCIATION, INC.

By: Charles Brannen
Charles Brannen, President

Attest:

By: Robert Newman
VICE PRESIDENT

STATE OF COLORADO)
) ss.
COUNTY OF LA PLATA)

The foregoing instrument was acknowledged before me this 11 day of Dec., 2006, by Charles Brannen as President and Robert Newman as Vice President of Shenandoah Homeowners Association, a corporation.

Witness my hand and official seal.
My commission expires: 3-3-10



Bernadette Young
Notary Public