

**FIRST AMENDMENT TO DECLARATION
FOR RED SKY RANCH**

THIS FIRST AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR RED SKY RANCH, A PLANNED COMMUNITY (the "First Amendment") is made effective as of the date of its recording in the real property records of Eagle County, Colorado.

RECITALS

A. This First Amendment is to the Declaration of Covenants, Conditions and Restrictions for Red Sky Ranch, a Planned Community dated July 31, 2001, and recorded in the real property records of Eagle County, Colorado, on August 1, 2001 under Reception No. 763574, as amended and supplemented (the "Declaration"). Capitalized terms used in this First Amendment without separate definition shall have the meaning ascribed to them in the Declaration.

B. The Association wishes to amend the Declaration to prohibit the combination of two adjoining Lots into a single Lot.

C. Pursuant to Section 16.1(b) of the Declaration as superseded by applicable Colorado law, the Declaration may be amended upon the affirmative vote or written consent, or any combination thereof, of Members representing at least sixty-seven percent (67%) of the total votes in the Association and, because this amendment is made during the Development Period, with the consent of the Declarant.

D. The Association has secured the required number of affirmative votes and/or written consents from Members to amend the Declaration, and the Declarant has consented to same, all as evidenced below.

NOW, THEREFORE, the Declaration is hereby amended as follows:

1. No Combination of Lots. Section 8.2 is hereby deleted in its entirety and shall have no further force or effect. No two or more Lots may be combined to create a single Lot. The provisions of Section 8.1 shall not be construed to permit the removal of a boundary between two adjoining Lots resulting in the creation of a single Lot. Any reference to Section 8.2 in the remainder of the Declaration is hereby deleted and of no further force or effect. Notwithstanding the foregoing, however, the Board shall have the authority to approve a waiver of this prohibition and allow two Lots to be combined to create a single Lot if, in the Board's sole and absolute discretion, such combination would have a favorable benefit, financially or otherwise, to all or substantially all Owners or the Association as a whole, as opposed to a benefit to just the Owner whose Lots would be combined, and subject to such terms, conditions, requirements and agreements as the Board shall require.

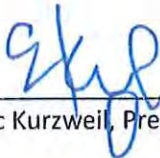
2. Ratification of Terms. Except as herein expressly amended and modified hereby, all the terms and provisions of the Declaration remain unchanged and in full force and effect.

3. Conflict Between Documents. In case of any conflict between the terms of this First Amendment and the Declaration, the provisions hereof shall prevail.

CERTIFICATION

The undersigned hereby states and certifies that the undersigned is the duly elected President of Red Sky Ranch Association ("Association"), and certifies that the above First Amendment has been duly adopted by action of the Members of the Association in accordance with the terms of the Declaration.

Red Sky Ranch Association,
a Colorado nonprofit corporation

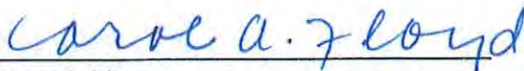
By: 
Eric Kurzweil, President

STATE OF COLORADO)
) ss:
COUNTY OF EAGLE)

The foregoing document was acknowledged before me this 20th day of December, 2019, by Eric Kurzweil as President of Red Sky Ranch Association, a Colorado nonprofit corporation.

WITNESS MY HAND AND OFFICIAL SEAL.

My Commission expires:
5-7-2023


Notary Public

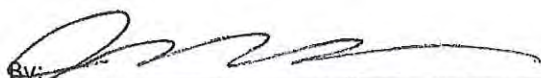
CAROL A FLOYD
NOTARY PUBLIC
STATE OF COLORADO
NOTARY ID 19914004671
MY COMMISSION EXPIRES MAY 07, 2023

CONSENT OF DECLARANT

The undersigned THE VAIL CORPORATION, a Colorado corporation, certifies that it is the Declarant under that certain Declaration of Covenants, Conditions and Restrictions for Red Sky Ranch, a Planned Community dated July 31, 2001, and recorded in the real property records of Eagle County, Colorado, on August 1, 2001 under Reception No. 763574, as amended and supplemented, and hereby consents to the above First Amendment pursuant to the requirement of Section 16.1(b) of said declaration.

Dated: 2/13, 2020

THE VAIL CORPORATION,
A Colorado corporation

By: 

Name: James O'Donnell

Title: SVP & COO Hospitality, Real Estate,
Sales, Retail/Rental

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**DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
RED SKY RANCH,
A PLANNED COMMUNITY**



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**DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
RED SKY RANCH,
A PLANNED COMMUNITY**

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR RED SKY RANCH, A PLANNED COMMUNITY is made as of July 31, 2001, by THE VAIL CORPORATION, a Colorado corporation ("TVC").

**ARTICLE I
GENERAL**

TVC is the owner of that certain portion of the "Property" (as defined in Section 2.40) described as Lots 1 through 23 inclusive, Lots 51 through 60, inclusive, Lots 68 through 87, inclusive, and Tracts AA and H on the "Plat" (as defined in Section 2.37). Gary Plath and Margie Plath and David James Plath and Deborah Ann Plath (collectively, the "Plaths") are the owners of that certain portion of the Property described as Lots 61 through 67, inclusive on the Plat. TVC, with the consent of the Plaths, for itself and its successors and assigns, hereby declares that all of the Property shall, from and after the date hereof, constitute a planned community and shall be owned, held, conveyed, encumbered, leased, improved, used, occupied and enjoyed subject to the covenants, conditions, restrictions, reservations, easements, equitable servitudes and other provisions set forth in this "Declaration" (as defined in Section 2.18) in furtherance of, and the same shall constitute, a general plan for the subdivision, ownership, improvement, sale, use and occupancy of the Property and to enhance the value, desirability and attractiveness of the Property. This Declaration shall: (i) run with the Property at law and as an equitable servitude; (ii) bind any "Person" (as defined in Section 2.36) having or acquiring any right, title or interest in any portion of the Property; (iii) inure to the benefit of and be binding upon every part of the Property and every interest therein; and (iv) inure to the benefit of, be binding upon and be enforceable by "Declarant" (as defined in Section 2.16), each "Owner" (as defined in Section 2.33) and its heirs, successors in interest and assigns, and the "Association" (as defined in Section 2.5) in accordance with the terms and conditions of this Declaration.

**ARTICLE II
DEFINITIONS**

The following terms shall have the meanings set forth below when used in this Declaration.

2.1 Act. The Colorado Common Interest Ownership Act, codified at C.R.S. § 38-33.3-101, et seq., as the same has been and may hereafter be amended from time to time, and any statute which from time to time may replace the same.

2.2 Additional Lands. The real property described in Exhibit A to this Declaration.

2.3 Articles. The articles of incorporation of the Association which have been or will be filed with the Secretary of State of the State of Colorado, as amended from time to time.

2.4 Assessment. An assessment, which may be a Common Assessment, a Special Assessment, a Specific Assessment or a Real Estate Transfer Assessment, that is levied by the Association on one or more Lots pursuant to the terms of this Declaration.

2.5 Association. Red Sky Ranch Association, formed pursuant to Section 9.1, and its successors.

2.6 Board. The board of directors of the Association.

2.7 Bed and Breakfast. An operation involving the letting of one or more rooms in a residence to an unrelated party or parties where the Owner (i) is also residing, and (ii) provides his or her guests with breakfast (but no other meals) as part of the lodging accommodations and without additional charge.

2.8 Bylaws. The Bylaws of the Association, as amended from time to time.

2.9 Cluster Common Elements. All real property, easements, possessory interests in property and improvements within Tract AA, owned or to be owned and maintained by the Cluster Home Association.

2.10 Cluster Home Association. A common interest community association, other than the Association, the members of which are limited to the Owners of Lots which may be created within Tract AA.

2.11 Common Allocation. The percentage determined by dividing the number 1 by the total number of Lots within the Property, subject to Section 8.2. If Lots are created within, added to or withdrawn from the Property pursuant to this Declaration and the Act, the Common Allocation for each Lot will be determined pursuant to the formula set forth in this Section 2.11.

2.12 Common Assessment. An Assessment levied on all Lots subject to assessment under Article X to fund the Common Expenses as more particularly described in Section 10.3.

2.13 Common Elements. All real property, easements, possessory interests in property and Improvements within Red Sky Ranch owned or to be owned and maintained by the Association pursuant to this Declaration for the benefit, use or enjoyment of the Owners.

2.14 Common Expenses. Except for those costs and expenses expressly excluded below, all costs, expenses and financial liabilities incurred by the Association pursuant to this Declaration or the Bylaws, including, without limitation: all costs of operating, managing, maintaining, replacing or restoring the Common Elements and the Association's personal property; taxes on the Common Elements to the extent payable by the Association; and general

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administrative costs incurred by the Association. Common Expenses shall not include costs or expenses to be funded by or payable through the levying of Specific Assessments.

2.15 County. The County of Eagle, State of Colorado.

2.16 Declarant. TVC or any successor in interest or assignee of TVC who takes title to any portion of the Property for the purpose of development and/or sale and who is designated as the Declarant in a Recorded instrument executed by the immediately preceding Declarant.

2.17 Declarant Control Period. The period beginning on the date the Association is formed and ending on the first to occur of (i) sixty (60) days after seventy-five percent (75%) of the maximum number of Lots that may be created pursuant to Section 3.3 have been conveyed to Owners other than Declarant; (ii) two (2) years after the last conveyance of a Lot by Declarant in the ordinary course of business; (iii) two (2) years after any right to add new Lots is last exercised by Declarant; or (iv) the date on which Declarant, in its sole discretion, voluntarily terminates the Declarant Control Period pursuant to a Recorded statement of termination; provided, however, that in this last event, Declarant may require that, for the balance of what would have been the Declarant Control Period had Declarant not terminated the same, certain actions of the Association or the Board, as described in a Recorded instrument executed by Declarant, be approved by Declarant before they become effective. During the Declarant Control Period, Declarant shall have the right to appoint and remove the Directors and the officers of the Association to the extent permitted by the Act.

2.18 Declaration. This Declaration of Covenants, Conditions and Restrictions for Red Sky Ranch, a Planned Community, including the Plat, as either or both of them is amended or supplemented from time to time by a Supplemental Declaration or otherwise.

2.19 Design Standards and Guidelines. Red Sky Ranch Design Standards and Guidelines that may be adopted by the Red Sky Ranch DRB pursuant to Section 12.4.

2.20 Development Period. The period of time during which Declarant is entitled to exercise Special Declarant Rights, except the right to appoint and remove any Director of officer of the Association. The Development Period shall commence upon the Recording of this Declaration and shall terminate upon the occurrence of the earlier of: (a) the date on which Declarant executes and records an instrument by which Declarant voluntarily relinquishes all Special Declarant Rights; or (b) on the 20th anniversary of the Recording of this Declaration unless reinstated or extended by agreement between Declarant and the Association; provided, however, that the exercise of any Special Declarant Rights pursuant to such agreement shall be subject to such terms as the Board may impose in such agreement.

2.21 Development Rights. The rights reserved by Declarant pursuant to Section 5.1.

2.22 Director. A member of the Board.

2.23 First Mortgage. A Mortgage that is Recorded and has priority of record over all other Recorded liens except those liens made superior by statute (e.g., general ad

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valorem tax liens and special assessments, mechanics' liens and, to the extent set forth in the Act, the Association's liens for Assessments).

2.24 Golf Course Property. Those parcels of real property, legally described on the Plat as Tracts GC1 through GC14, inclusive, which may be used for recreational purposes, including, without limitation, golfing, tennis and swimming, and which may have, currently or in the future, certain improvements located thereon, including, without limitation, driving ranges, clubhouses, restaurants, tennis courts, swimming pools, teaching facilities, trails, golf cart paths, restrooms, shelters and maintenance facilities. The Golf Course Property is not included in the Property.

2.25 Holland Creek District. Holland Creek Metropolitan District.

2.26 Home Site. The physical portion of each of the Lots within which Improvements may be constructed and located as identified in the Design Standards and Guidelines.

2.27 Improvements. All structures, improvements and appurtenances on or to real property of every type and kind including, without limitation, buildings, fixtures, utilities, patios, garages, facilities associated with regular or cable or satellite television, roads, driveways, parking areas, fences, screening walls, retaining walls, stairs, decks, landscaping, grading, drainage facilities, plantings, planted trees and shrubs, poles, signs, exterior air conditioning units, pipes, lines, meters, ISDSs and other facilities used in connection with water, sewer, gas, electricity, telephone or other utilities, as well as those construction activities necessary to build such items.

2.28 ISDS. An individual septic disposal system all or a portion of which is to be constructed on each Lot pursuant to Section 5.5. Each ISDS may consist of, among other things, an underground septic tank, an underground drain field, de-nitrification tanks, dosing tanks, sewer lines, necessary electrical lines, control boxes, related pipes and fittings and other improvements.

2.29 Lot. A physical portion of the Property, whether improved or unimproved, that is designated for separate ownership pursuant to this Declaration and that may be conveyed in fee in compliance with all applicable subdivision regulations. Notwithstanding the foregoing, a parcel of land owned, held or used in its entirety by the Association, or by any governmental entity or quasi-governmental entity, including, without limitation, special districts formed pursuant to Colorado law, or for or in connection with the distribution of electricity, gas, water, sewer, internet, telephone, television or other utility service or for access to any property within or without Red Sky Ranch shall not be considered a Lot. Moreover, a parcel of land containing 35 acres or more shall be considered as only one Lot. Subject to Section 5.1, the initial Lots are legally described and identified on the Plat as Lots 1 through 23, inclusive, Lots 51 through 87, inclusive, and Tracts AA and H.

2.30 Member. A Person who is a member of the Association pursuant to Section 9.1.

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2.31 Mortgage. An unpaid or outstanding mortgage, deed of trust, deed to secure debt or any other form of security instrument encumbering the Property or a portion thereof.

2.32 Mortgagee. A beneficiary or holder of a Mortgage.

2.33 Open Space Tracts. Those parcels of real property legally described on the Plat as OS1, OS2, OS3, OS7, OS8 and OS9, which may be used for open space, utility, recreation or access purposes. The Open Space Tracts are not included in the Property.

2.34 Owner. A Person or Persons, including Declarant, owning fee simple title of record to any Lot from time to time. The term "Owner" shall include a seller under an executory contract for sale and exclude a buyer thereunder and shall include a landlord under a lease affecting a Lot and exclude a tenant thereunder.

2.35 Permittee. A Person, other than an Owner, who is a tenant or occupant of a Lot or a Person who is an agent, employee, customer, contractor, licensee, guest or invitee of an Owner or of such tenant or occupant.

2.36 Person. A natural person, corporation, partnership, limited liability company, trustee or other legal entity.

2.37 Plat. The Recorded Final Plat of Red Sky Ranch, as amended or supplemented from time to time pursuant to this Declaration and the Act. Without limiting any other provision of this Declaration, the Plat may be supplemented or amended by a subdivision or resubdivision plat that is filed pursuant to the County's subdivision regulations, references the Plat as originally recorded and otherwise satisfies the requirements of the Act.

2.38 Private Sewer System. The private sewer line and drain field to be constructed by Declarant for the benefit of certain property, including, without limitation, Lots 2, 4, 5, 6 and 7 (as designated on the Plat).

2.39 Private Trail. The system of soft surface or paved recreation trails to be constructed by Declarant as and where Declarant determines.

2.40 Property. All of the Lots, the appurtenances thereto, and all Improvements now in place or hereafter constructed thereon; all of the Common Elements, the appurtenances thereto, and, to the extent conveyed to the Association or constructed by the Association, all Improvements now in place or hereafter constructed thereon; any land annexed as part of the Property from time to time in accordance with Article V, and to the extent conveyed to the Association or constructed by the Association, all Improvements that are in place thereon as of such annexation or are thereafter constructed thereon. All easements and licenses and other matters of Record affecting the Property and known by Declarant are listed on Exhibit B.

2.41 Quorum. With respect to a meeting of the Members or the Board, that percentage or number of the Members or Directors that constitutes a quorum pursuant to the applicable provisions of the Bylaws.

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2.42 Real Estate Transfer Assessment. An Assessment levied in accordance with Section 10.6.

2.43 Records. The official real property records of the County; the phrases "to Record" and "Recording" mean, respectively, to file or filing for recording in the Records, and the phrases "of Record" and "Recorded" mean having been recorded in the Records.

2.44 Red Sky Ranch DRB. The design review board formed pursuant to Section 12.3, which shall have jurisdiction over all construction, alteration and removal of Improvements on any portion of the Property.

2.45 Red Sky Ranch PUD. The Guide to Planned Unit Development for Red Sky Ranch, Recorded on January 4, 2001, at Reception No. 747491, as amended from time to time.

2.46 Roadways. The real property described on the Plat as Tracts A, B, C, E and F, Tracts K through U, inclusive; GC5 Access Easement; Lots 21, 22 and 23 Access Easement; Lots 61, 62 and 63 Access Easement; and Lot 64, 65 and 66 Access Easement.

2.47 RSR District. Red Sky Ranch Metropolitan District.

2.48 Rules. The rules and regulations governing the use of the Property which may be adopted from time to time by the Board or the Red Sky Ranch DRB, including, without limitation, the Design Standards and Guidelines. The Rules shall be binding upon all Owners and their Permittees.

2.49 Special Assessment. An Assessment levied in accordance with Section 10.4.

2.50 Special Declarant Rights. The rights of Declarant set forth in Article VII.

2.51 Specific Assessment. An Assessment levied in accordance with Section 10.5.

2.52 Supplemental Declaration. An amendment to this Declaration filed in the Records pursuant to this Declaration.

2.53 Taking. A taking by eminent domain or conveyance in lieu thereof.

2.54 Tract AA Developer. An Owner who purchases Tract AA, or any portion thereof, from Declarant or VR Holdings, Inc., for the purpose of constructing Improvements for later sale or rental to residential consumers.

2.55 Wildlife Plan. Red Sky Ranch Wildlife Mitigation and Enhancement Plan, Eagle County, Colorado, Recorded on January 4, 2001, at Reception No. 747491.



ARTICLE III
CREATION OF THE COMMUNITY

3.1 Creation. Upon the Recording of this Declaration and the Plat, the Property shall be a "planned community" pursuant to the Act, and the name of the planned community shall be "Red Sky Ranch." Red Sky Ranch is situated in Eagle County, Colorado.

3.2 Division of Property. Pursuant to the Act and subject to Sections 5.1 and 5.2, the Property is divided into the Lots identified and legally described on the Plat. The Lots are designated for separate ownership.

3.3 Number of Lots. Initially, there will be sixty-two (62) Lots in Red Sky Ranch. The maximum number of Lots that may be created in Red Sky Ranch pursuant to this Declaration is ninety-nine (99).

ARTICLE IV
USE RESTRICTIONS

4.1 Use Restrictions.

(a) Permitted Use. Except as set forth in this Section 4.1(a), the Property shall be used only for uses set forth in Red Sky Ranch PUD and on the Plat, subject to the restrictions set forth in this Declaration.

(b) Occupancy Limitations. With the exception of Tract H, as described on the Plat, which may be used as an office and residence for a caretaker, all Lots may be used only for dwelling purposes and typical residential activities incident thereto. No portion of the Property shall be used as a residence or for living or sleeping purposes other than a room designed for living or sleeping in a completed structure for which a certificate of occupancy has been issued. No room in any structure shall be used for living or sleeping purposes by more persons than it was designed to accommodate comfortably. Owners may rent or lease their Lots to others for these purposes. Notwithstanding anything to the contrary contained in this Section 4.1(b), a gainful home occupation, profession, trade or other nonresidential use is a permissible use of the Lots, so long as (i) such use is permitted by applicable zoning, (ii) such use is carried on entirely within a residence and is secondary and incidental to its use as a residence, (iii) there is no external evidence of any such activity being conducted, (iv) the home occupation does not employ any nonresident of the Lot nor does it attract any nonresident customers, and (v) the use is conducted in compliance with the Rules. Notwithstanding anything to the contrary contained in this Section 4.1(b), Bed and Breakfast operations are not permissible uses of the Lots.

(c) Exceptions. This Section 4.1 shall not apply to any activity conducted by Declarant or any activity conducted by a Developer and approved by Declarant with respect to the development, marketing or sale of the Property, or to any activity conducted by Declarant or the Association that relates to the performance of their respective rights or obligations under this Declaration or otherwise benefits the Owners.

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4.2 Leasing of Lots. All leases of Lots shall be in writing. All such leases shall be specifically subject to the Articles, the Bylaws, the Rules, the PUD Guide, the Wildlife Plan and this Declaration and any failure of a lessee to comply therewith shall be a default under the lease. The Owner shall be liable for any violation of the Articles, the Bylaws, the Rules, the PUD Guide, the Wildlife Plan and this Declaration committed by such Owner's tenant, without prejudice to such Owner's right to collect any sums paid for the tenant.

4.3 Subdivision of Lot; Boundary Relocation; Combination of Lots. Except as otherwise provided in this Section 4.3, no Lot shall be subdivided. Notwithstanding the foregoing, (i) Declarant may subdivide Tract AA pursuant to the exercise of its Development Rights, and (ii) Tract AA Developer may subdivide Tract AA with the prior written consent of Declarant. The boundary lines of a Lot shall not be changed except pursuant to the terms and limitations of Article VIII or the exercise of Development Rights by Declarant. No 2 or more Lots may be combined into a single Lot except pursuant to the terms and limitations of Article VIII.

4.4 Time Sharing. Without the prior written consent of Declarant, which may be granted in Declarant's sole and absolute discretion, no portion of the Property, except Tract AA (as described on the Plat), shall be used (i) for the operation of a timesharing, fraction-sharing, or similar program whereby the right to exclusive use of a Lot rotates among participants in the program on a fixed or floating time schedule over a period of years, or (ii) for the operation of a reservation or time-use system among co-Owners of a Lot managed by a party other than the co-Owners themselves, or (iii) for the operation of a reservation or time-use system among co-Owners whereby co-Owners are required as a condition of purchase of a fractional interest in the Lot to subject the fractional interest to a pre-determined reservation or time-use system among co-Owners, regardless of whether or not the co-Owner may later opt out of such system and regardless of whether the reservation or time-use system is recorded or unrecorded, fixed or floating.

4.5 Prohibited Conditions. Except as otherwise provided in this Section 4.5, the following conditions, structures and activities are prohibited on the Property:

(a) Air-Conditioning Units. No window air-conditioning units or evaporative coolers shall be installed;

(b) Lighting. Exterior lighting visible from the Roadways shall not be permitted except as approved by the Red Sky Ranch DRB. Seasonal decorative lights may be used during the holiday season;

(c) Doors and Windows. No "burglar bars," steel or wrought iron bars or similar fixtures, whether designed for decorative, security or other purposes, shall be installed on the exterior of any windows or doors of any building.

4.6 Landscaping. All landscaping shall be maintained in good condition.

4.7 Sight Distance at Intersections. Any landscaping located at or adjacent to the intersection of any driveway and the Roadways shall permit safe sight to and across such intersection.

4.8 Trash Containers. All trash containers on the Property shall conform with the requirements of the Wildlife Plan.

4.9 Firearms. The discharge of firearms on the Property is prohibited. The term "firearms" includes "B-B" guns, pellet guns, other firearms of all types, regardless of size, firecrackers and fireworks.

4.10 Roads. No motor vehicles may be driven, parked or operated upon any portion of the Property except for the Roadways in the vicinity of the Property and in garages and on driveways approved by the Red Sky Ranch DRB. Notwithstanding the foregoing, Declarant and other persons or entities who are the beneficiaries of any easements described on the Plat or in this Declaration shall have the right to drive, park and operate motor vehicles upon the Property to the extent necessary to exercise their rights under such easements.

4.11 Wildlife Plan. The Property is subject to the Wildlife Plan and each Owner, by taking title to a Lot, acknowledges receipt and review of the Wildlife Plan and covenants and agrees to abide by the terms and conditions of the Wildlife Plan, including, without limitation, the confinement and control of pets and seasonal restrictions relating to wildlife migration patterns. The Association has the power to enforce the terms of the Wildlife Plan against the Owners and may impose fines against the Owners in the event such Owner violates the Wildlife Plan as provided for in Section 10.5(c). In addition to the imposition of any such fines, if any Owner or Permittee violates the pet control provisions of the Wildlife Plan, the Association may at any time require removal of the animal from the Property.

4.12 Home Sites.

(a) No residence or other enclosed structure may be constructed or located outside of a Home Site; provided, however, that the Red Sky Ranch DRB may approve encroachments of up to twelve inches of habitable and non-habitable space (including, without limitation, roof overhangs, balconies, porches, patios and garages) outside of a Home Site, at its discretion.

(b) Tree cutting and clearing is prohibited outside of a Home Site except with Red Sky Ranch DRB's prior approval.

(c) The drain field associated with any ISDS may be located outside of a Home Site, subject in any case to the prior approval of the Red Sky Ranch DRB.

4.13 Fire Pits. No more than 1 fire pit shall be allowed on each Lot and each such fire pit shall be gas operated. The design and location of all fire pits on the Property shall be subject to approval by Red Sky Ranch DRB. No wood-burning fires shall be intentionally caused or created outside of a residence located on any Lot.

4.14 Laws and Ordinances. Every Owner and Permittee shall comply with all laws, statutes, ordinances and rules of federal, state and municipal governments applicable to the Property. Any violation may be considered a violation of this Declaration. However, the Board shall have no obligation to take action to enforce such laws, statutes, ordinances and rules.

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4.15 Occupants and Permittees Bound. All provisions of this Declaration, the Bylaws and the Rules shall also apply to all occupants of any Lot and to Permittees. Every Owner shall cause all occupants of its Lot and Permittees of such Owner or occupant to comply with this Declaration, the Bylaws, the Rules, the PUD Guide and the Wildlife Plan.

ARTICLE V
DEVELOPMENT OF THE PROPERTY

5.1 Development Rights. Declarant hereby reserves the following Development Rights for the duration of the Development Period:

(a) Withdrawal of Property. To the extent permitted by the Act, Declarant reserves the right to amend this Declaration to withdraw all or any portion of the Property from the coverage of this Declaration from time to time whether such Property was originally described in this Declaration or added by a Supplemental Declaration. For this purpose each portion of or tract within the Property having its own discrete legal description at the time of its inclusion within the Property, whether as a separate subdivision lot or plot or by its own metes and bounds description, shall constitute a severable portion of the Property that may be withdrawn independently of all other portions of the Property. Any amendment shall not require the consent of any Person other than the Owner of the portion of the Property to be withdrawn, if other than Declarant. If the portion of the Property to be withdrawn includes any of the Common Elements, the Association shall consent to such withdrawal upon the request of Declarant.

(b) Annexation of the Additional Lands. Declarant reserves the unilateral right, but not the obligation, to annex from time to time all or any portion of the Additional Lands into Red Sky Ranch, causing them to be made part of the Property and subject to the provisions of this Declaration; provided, however, that such right of annexation shall apply only to those portions of the Additional Lands owned in fee simple by Declarant at the time of annexation or for which the owner has consented to such annexation. With respect to any portion of the Additional Lands annexed into the planned community pursuant to this Section 5.1(b), Declarant reserves the unilateral right to create additional Lots and Common Elements within and from such annexed portion of the Additional Lands as deemed appropriate by Declarant in its complete discretion. No annexation of any portion of the Additional Lands by Declarant pursuant to this Section 5.1(b) shall require the consent or approval of any other Owner or any Mortgagee. Declarant shall effect each such annexation by Recording a Supplemental Declaration. Upon and only upon the Recording of such a Supplemental Declaration, the restrictions of this Declaration shall apply to the annexed portion of the Additional Lands in the same manner as if it had been originally subject to this Declaration. A Supplemental Declaration annexing all or any portion of the Additional Lands must contain, in addition to the requirements of Section 210 of the Act, (i) a reference to this Declaration, which reference shall state the date of Recording and the recording information for this Declaration as initially Recorded; (ii) a statement that the provisions of this Declaration shall apply to the annexed portion of the Additional Lands; and (iii) an adequate legal description of the annexed portion of the Additional Lands.

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(c) Annexation of Other Property. To the extent permitted by the Act, Declarant reserves the right, but has no obligation, to annex from time to time additional property, other than Additional Lands, into Red Sky Ranch, causing such property to be made part of the Property and subject to the provisions of this Declaration; provided, however, that such right of annexation shall apply only to real property owned in fee simple by Declarant at the time of annexation or for which the owner or owners of such real property has consented to such annexation. Declarant shall effect each such annexation by Recording a Supplemental Declaration in accordance with the procedures set forth in Section 5.1(b), provided that references to "the annexed portion of the Additional Property" shall be deemed to refer to the property being annexed pursuant to this Section 5.1(c).

(d) Designation for Public Purposes. Declarant reserves the right to designate or dedicate sites within the Property for public or quasi-public facilities as provided in Section 5.3.

(e) Creation and Conversion of Common Elements. Declarant reserves the right to establish, create and convert Common Elements as provided in Section 5.4.

(f) Subdivision and Replatting. Declarant reserves the unilateral right to subdivide any of the Lots into additional Lots, and to change the boundary line of or replat any Lots or other portions of the Property owned by Declarant as deemed appropriate by Declarant in its complete discretion.

5.2 Exercise of Development Rights. Declarant shall exercise any Development Right by preparing, executing and Recording a Supplemental Declaration amending the Declaration as necessary to effectuate the exercise of such Development Right, which Supplemental Declaration shall be accompanied by any amendment or supplement to the Plat required by the Act. If Declarant, by exercising any Development Right, creates any new Common Elements, then the Supplemental Declaration shall describe such newly created Common Elements. Except as expressly provided to the contrary in this Declaration, Declarant's exercise of any Development Right shall not require the consent of any other Owner.

5.3 Governmental Interests. For so long as Declarant owns any of the Property, Declarant may designate and dedicate sites within the Property for roads, utility facilities and other public or quasi-public facilities. Such a site may also include other property not owned by Declarant provided the owner of such property consents.

5.4 Common Elements.

(a) Conversions. For the duration of the Development Period, Declarant reserves the unilateral right to convert any Lot or other portion of the Property into Common Elements, so long as the pertinent Lot or portion of the Property is owned by Declarant.

(b) Association's Obligation. The Association shall accept any grant or conveyance to it of any Common Elements made pursuant to this Declaration by Declarant.

5.5 Sewers.

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(a) Unless a Holland Creek District-approved, functioning ISDS is installed on a Lot in accordance with the provisions this Section 5.5, no residence may be occupied on such Lot. As of the date of this Declaration, the Holland Creek District, in cooperation with the RSR District, is or will be seeking an amendment to its service plan (the "Amendment") in order to provide a plan for financing, constructing and operating sewer improvements for the Property. The Amendment must be approved by the County in order to be effective.

(b) If the County approves the Amendment, then the provisions of this subsection (b) will apply. The Holland Creek District will construct each ISDS. All or a portion of the ISDS for the Lot may be located on the Lot, but either the Holland Creek District or the RSR District shall at all times retain ownership of such ISDS. Each Owner shall connect or cause to be connected any residence on the Lot to such ISDS. Unless paid by a previous Owner of a Lot, the RSR District will charge each Owner of such Lot a one-time septic system installation fee, the amount of which will be determined by the RSR District, to cover all costs related to the installation of the ISDS serving the Lot. After such ISDS is constructed and installed, the Holland Creek District will provide ongoing maintenance of and will replace such ISDS as needed, the cost of which will be funded by the RSR District through real property taxes or periodic fees and assessments imposed and collected. The location of each ISDS will be determined by the Holland Creek District. Any request by any Owner (prior to initial construction of such ISDS) to change such location must be approved by both the Holland Creek District and Red Sky Ranch DRB.

(c) If the County does not approve the Amendment, then the provisions of this subsection (c) will apply. Declarant and the Holland Creek District will develop an alternative set of plans, guidelines and specifications for providing sewer service to the Property (the "Alternative Sewer Plan"). Pursuant to the Alternative Sewer Plan, each Owner may be partially or solely responsible, financially and otherwise, for constructing the ISDS serving such Owner's Lot. The Holland Creek District will inspect, maintain, repair and replace such ISDS constructed pursuant to the Alternative Sewer Plan. The Holland Creek District will inspect each ISDS for compliance with the Alternative Sewer Plan and no residence may be occupied until such time as the Holland Creek District certifies in writing that the ISDS serving such residence is installed in compliance with the Alternative Sewer Plan. After such initial inspection, the Holland Creek District will provide ongoing inspection, maintain and repair of and will replace such ISDS, the cost of which will be funded by the RSR District through real property taxes or periodic fees and assessments imposed and collected. All costs associated with operating the ISDS serving the Lot, including electrical costs, shall be born by Purchaser.

(d) As of the date of this Declaration, Lots 61-67, inclusive, as designated on the Plat, are not included in the RSR District. It is anticipated that such Lots will be included in the RSR District. However, in the event that such Lots are not included in the RSR District, then, notwithstanding anything contained in this Declaration to the contrary, the provisions of this subsection (d) will apply. Unless a Holland Creek District-approved, functioning ISDS has previously been installed on such Lot, the Owner of each of Lots 61-67, inclusive, as designated on the Plat, will be solely responsible for constructing an ISDS on such Owner's Lot according to County regulations. In addition, each Owner of Lots 61-67, inclusive,

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as designated on the Plat, will be solely responsible for all ongoing maintenance, repair and replacement of such Owner's ISDS and the County may require each such Owner to contract with the Holland Creek District for such ongoing maintenance, repair and replacement.

(e) In the event any ISDS is damaged or must be repaired or replaced by the Holland Creek District or the RSR District as a result of (i) the misuse of such ISDS by an Owner or such Owner's Permittees, or (ii) the negligence of such Owner or such Owner's Permittees, such Owner shall indemnify and hold the Holland Creek District and the RSR District harmless for any and all costs incurred by the Holland Creek District or RSR District, respectively, as a result of such misuse or negligence.

5.6 Plat Amendments. Declarant reserves the right to amend the Plat as it applies specifically to any Lot or other portion of the Property owned by Declarant, or owned by another Owner with such Owner's consent in order to create any easements necessary for the orderly development of the Property or the Roadways, the subdivision of the Golf Course Property or the Open Space Tracts, or in order to create any easements for the use and convenience of the Association and the Owners. By taking title, each Owner of any Lot covenants and agrees to furnish cooperation (including any consent or joinder as required by the County) in connection with and not object to such proposed amendment so long as the amendment is sought in a manner that complies with the procedures prescribed in the County's subdivision ordinance. No Owner required to cooperate with a proposed amendment to the Plat pursuant to this Section shall be required to incur any costs or expenses in connection with such cooperation.

5.7 Succession to Declarant's Interests.

(i) The rights and interests reserved to or otherwise allocated in favor of Declarant under this Declaration may be assigned or transferred by Declarant, at its election and in whole or in part, to another Owner or other transferee, but only by an instrument expressly assigning or transferring such rights and interests.

(ii) Each transferee of any portion of the Property, by such transferee's acceptance of the transfer or conveyance (or any related consent or similar documentation), shall be bound by and subject to all of the Declarant's rights and interests under this Declaration, including, without limitation, the provisions of Section 5.7(i) governing the transfer of those rights and interests. Each such transferee and each Owner, and their successors in interest, shall be bound to execute and deliver such documents as Declarant may require from time to time in order to verify and confirm the Declarant's rights and interests under this Declaration.

**ARTICLE VI
EASEMENTS**

6.1 Easements Benefiting the Association.

(a) Declarant hereby establishes and grants to the Association a nonexclusive easement over each Lot and other portions of the Property (but excluding in any case the interior of any building improvements that do not constitute Common Elements) for the

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purpose of: (i) permitting the Association reasonable and necessary access to any of the Common Elements for the purpose of maintaining, repairing, replacing and improving any such Common Elements and the Improvements thereon; and (ii) installing, maintaining, repairing, replacing and improving landscaping, fencing, monumentation, signage, sidewalks, irrigation and water distribution systems, and utilities servicing any Common Elements.

(b) Declarant hereby establishes and grants to the Association a nonexclusive easement over and across the Roadways for the use of the Association for the purpose of installing and maintaining landscaping and signage improvements within the Roadways (the "Landscaping Easement").

(c) Declarant hereby establishes and grants to the Association a nonexclusive easement over and across the Private Trail, as and where it is constructed, for use by the Members for pedestrian recreational purposes, including, but not limited to walking, jogging, running and hiking (the "Trail Easement"). In no event shall the Private Trail be used by the Members for bicycling, equestrian or motorized vehicle purposes. The Members' use of the Trail Easement is subject to the Wildlife Plan, including, without limitation the seasonal closure of a portion of the Private Trail due to wildlife migration patterns. The exact location of the Private Trail will be determined when and as constructed by Declarant and an easement confirmation document will be Recorded once as-built plans for the Private Trail have been completed. Declarant expects that a portion of the Private Trail will be adjacent to golf cart paths to service the Golf Courses (as defined below in Section 14.1). The golf cart paths are separate from the Private Trail. In no event shall any Member have any right to use or use such golf cart paths as a result of or pursuant to the Trail Easement.

(d) Declarant hereby establishes and grants to the Association a nonexclusive easement over and across the Roadways and Access Easement on Lot 87 (as defined on the Plat) for the use of the Association and the Members for the purpose of access to and egress from the Lots (the "Roadway Easement"). Notwithstanding anything contained herein to the contrary, the Owners of Lots 61 and 62, as designated on the Plat, shall have no right of access to such Lots through Tract K, as designated on the Plat. Upon Recording of an instrument conveying title to or an easement over and across any portion of the Roadways to any governmental or quasi-governmental entity (including, without limitation, the Holland Creek District and the RSR District) the Roadway Easement shall automatically terminate with respect to that portion of the Roadways so long as the Association and the Members have a right of access to and egress from the Lots as a consequence of such conveyance. Declarant reserves for itself, its affiliates, the owner(s) and/or operator(s) of the Golf Courses, and their respective licensees, invitees, lessees, successors and assigns the right to use the Roadways for any and all purposes which do not unreasonably interfere with the rights of access and egress created under the Roadway Easement. Such reserved rights with respect to the Roadways include, but are not limited to, (i) use by pedestrians, equestrians, vehicles (including, without limitation, recreational vehicles, public and private mass transit vehicles (such as, for example, vans and buses), construction vehicles, maintenance and repair vehicles, trash removal and transport vehicles, delivery vehicles and personal vehicles), over-the-terrain equipment and vehicles (including, without limitation, golf carts, bicycles, horse-drawn wagons and other equipment, motorcycles, and all-terrain vehicles) for the purposes of access to and egress from any and all real property which is owned or operated or maintained by any of them or to which any of them have a right of

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use or access whether now or from time to time in the future; and (ii) the right to grant additional nonexclusive easements over, across, through and under the Roadway to third parties in connection with their development, use, operation, maintenance or repair of any and all real property which is owned or operated or maintained by any of them.

(e) The easements granted pursuant to this Section 6.1 shall be subject to:

(i) this Declaration and any other applicable covenants, and any other easements, rights-of-way or other title matters Recorded against the Property; and

(ii) the right of the Board to suspend any Owner's or such Owner's Permittees' right to use and enjoyment of any Common Elements (a) for any period during which any Assessment or charge against such Owner's Lot remains delinquent, and (b) for a period not to exceed thirty (30) days for a single violation (or, in case of a continuing violation, for the duration of such violation, plus a period not to exceed thirty (30) days) of this Declaration, the Bylaws, the Rules, the PUD Guide or the Wildlife Plan after providing such notice and hearing as may be required by the Bylaws.

6.2 Easements Benefiting Declarant. Declarant hereby reserves such easements over and across the Common Elements, which easements will exist for the duration of the Development Period, as may be reasonably necessary for Declarant's exercise of any Special Declarant Right, performance of any of Declarant's obligations hereunder, and the showing of the Property to prospective purchasers.

6.3 Easements Benefiting Holland Creek District. Declarant hereby establishes and grants to the Holland Creek District a nonexclusive easement over and across the Property for the purpose of constructing, installing, operating, using, maintaining, repairing and replacing the ISDS located on or adjacent to each Lot.

6.4 Plat Easements. The Property, or portions thereof, is subject to those easements created by the Plat, including, without limitation, the following easements, as each are defined in the General Notes of the Plat:

- (a) Utility Easement;
- (b) Drainage Easement;
- (c) RSR Easement;
- (d) Road Stabilization Easement;
- (e) Golf Easement;
- (f) Golf Course Stabilization Easement;
- (g) Golf Activities Easement;

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- (h) Access Easement on Lot 87;
- (i) GCS Access Easement;
- (j) Septic System Easement;
- (k) Lot 21, 22, and 23 Access Easement;
- (l) Lot 61, 62, and 63 Access Easement;
- (m) Lot 64, 65, and 66 Access Easement; and
- (n) Emergency Access and Utility Access Easement.

6.5 Right of Entry. Declarant reserves for the Association and other Persons described below an easement for the right, but not the obligation, to enter upon any Lot: (i) for emergency, security and safety reasons; (ii) to inspect any Lot for the purpose of ensuring compliance with this Declaration, the Bylaws and the Rules; and (iii) to remove nonconforming Improvements as provided in Section 12.8. Such right may be exercised by any member of the Board and the Association's officers, agents, employees and managers, the members of the Red Sky Ranch DRB pursuant to Article XII, and, for emergency, security and safety purposes, all police, fire and ambulance personnel and other similar emergency personnel in the performance of their duties. This right of entry shall include the right of the Association to enter upon any Lot to cure any condition which may increase the possibility of a fire or other hazard in the event an Owner fails or refuses to cure such condition within a reasonable time after requested by the Board, but shall not authorize entry into any residence without permission of the occupant, except by emergency personnel acting in their official capacities.

6.6 Additional Easements.

(a) Declarant's Right to Grant Easements. Declarant hereby reserves the non-exclusive right and power to grant, during the Development Period, such additional easements as may be necessary, in the sole discretion of Declarant, in connection with the orderly development of any of the Property, the Golf Course Property, the Open Space Tracts and the Roadways.

(b) Association Right to Grant Easements. Notwithstanding anything to the contrary in this Declaration, the Board may grant easements over the Common Elements owned in fee simple by the Association, if any, for installation and maintenance of utilities, drainage, facilities and roads and for other purposes not inconsistent with the intended use of the Common Elements.

6.7 Easements Run with Land. Except as otherwise provided in this Article VI, all easements established and granted pursuant to this Article VI are appurtenant to and run with the Property and will be perpetually in full force and effect so long as this Declaration is in force and will inure to the benefit of and be binding upon Declarant, the Association, Owners, Permittees and any other Persons having any interest in the Property or any part thereof. The Lots and the Common Elements will be conveyed and encumbered subject to

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all easements set forth in this Article VI. whether or not specifically mentioned in such conveyance or encumbrance.

**ARTICLE VII
SPECIAL DECLARANT RIGHTS**

7.1 Special Declarant Rights. In addition to and without limiting any other right reserved by or for the benefit of Declarant in this Declaration or by operation of the Act (all of which shall also be Special Declarant Rights), Declarant reserves the following Special Declarant Rights, which, except as expressly provided below, may be exercised by Declarant for the duration of the Development Period, with no limitations on the extent to, or the order in which, such rights are exercised:

- (a) To complete any Common Elements Improvements described on or in the Plat or this Declaration;
- (b) To exercise any of the Development Rights;
- (c) To maintain sales, construction and management offices and advertising signs on the Property as set forth in Section 7.3;
- (d) To merge or consolidate the Association with another common interest community of the same form of ownership;
- (e) To use easements through the Common Areas for the purpose of making improvements within the Property or the Additional Lands; and
- (f) To appoint and remove any officer of the Association or any Director during the Declarant Control Period to the extent permitted by the Act.

7.2 Transfer of Special Declarant Rights. Declarant may transfer any or all of the Special Declarant Rights in accordance with Section 304 of the Act.

7.3 Models and Offices. During the Development Period, Declarant may maintain and carry on upon any Lot owned by Declarant (or any other Lot with consent of its Owner) or any portion of the Common Elements, and Tract AA Developer may maintain and carry on upon Tract AA (or any other Lot with consent of its Owner) or any portion of the Common Elements, such facilities and activities as, in the reasonable opinion of Declarant, may be required, convenient or incidental to the development, construction or sale of Lots, including, without limitation, business offices, construction offices, management offices, signs, model units and sales offices. Such facilities may be of a number, size and location which Declarant determines shall adequately accommodate Declarant's or Tract AA Developer's development, sale and marketing of the Lots and the Property.

7.4 Other Covenants. During the Development Period, no Person shall Record any declaration of covenants, conditions and restrictions, declaration of condominium or similar instrument affecting any portion of the Property without the prior written consent of Declarant.

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ARTICLE VIII
BOUNDARY RELOCATION OF LOTS

8.1 Relocation of Boundaries Between Adjoining Lots.

(a) Requirements. The boundaries between any adjoining Lots may be relocated by a Supplemental Declaration upon application to the Association by the Owners of such Lots pursuant to this Section and, during the Development Period, with Declarant's prior written approval, which may be granted in Declarant's sole and absolute discretion. In order to relocate the boundaries between adjoining Lots, the Owners of such Lots, as the applicant, must submit an application to the Board, which application shall be executed by such Owners and shall include:

(i) Evidence demonstrating to the Board that the applicant has complied, and that the proposed boundary relocation will comply with all applicable rules, regulations and ordinances of the County and that the proposed boundary relocation will not violate the terms of any Mortgage;

(ii) A statement that the proposed relocation does not affect the Common Allocations of the affected Lots;

(iii) The proposed form of Supplemental Declaration, including amendments to the Plat, as may be necessary to show the altered boundaries between adjoining Lots and their dimensions and identifying numbers, and any other information required pursuant to the Act;

(iv) A deposit against attorneys' fees and other costs that the Association will incur in reviewing and effectuating the application, in an amount reasonably estimated by the Board; and

(v) Such other information as may be reasonably requested by the Board.

(b) Approval of Relocation. The Board shall approve any application for relocation of boundaries between adjoining Lots properly made under this Section if: (i) the application satisfies the requirements of Section 8.1(a); (ii) the proposed relocation of boundaries between adjoining Lots in fact will comply with all applicable rules, regulations and ordinances of the County and will not violate the terms of any Mortgage; and (iii) the form of Supplemental Declaration submitted by the applicant is sufficient to effectuate the proposed relocation of boundaries in compliance with the terms of this Declaration and the Act. During the Development Period any proposed relocation of boundaries between adjoining Lots shall require the written consent of Declarant.

(c) Execution and Recording. No relocation of boundaries between adjoining Lots shall become effective until a Supplemental Declaration and, if necessary, an amendment to the Plat meeting the requirements of the Act, have been executed and Recorded pursuant to Sections 217(3) and (5) of the Act.

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(d) Costs. All costs and attorneys fees incurred by the Association as a result of an application for relocation of boundaries between adjoining Lots shall be the sole obligation of the Owner or Owners requesting such relocation and may be assessed against the Lot(s) of such Owner or Owners as a Specific Assessment.

(e) No Limitation of Development Rights. Nothing in this Article VIII is intended or shall be deemed to limit Declarant's rights under Section 5.1(f) or Section 5.2.

8.2 Combination of Lots. Any 2 or more Lots may be combined into a single Lot (the "Resulting Lot") in accordance with the procedures for the relocation of boundaries provided for in Section 8.1 above. The terms and provisions of this Declaration, including all use restrictions, shall apply to the Resulting Lot as a whole except that the Common Allocation for the Resulting Lot shall equal the sum of the Common Allocations for the Lots combined into the Resulting Lot, as may be adjusted from time to time pursuant to Section 2.11.

ARTICLE IX
THE ASSOCIATION

9.1 Formation; Membership. The Association will be formed no later than the date the first Lot is conveyed to an Owner other than Declarant. Every Owner, including Declarant, shall be a Member of the Association. When an Owner consists of more than one Person, all such Persons will, collectively, constitute one Member of the Association and all such Persons shall be jointly and severally obligated to perform the responsibilities of Owner. Following a termination of this Declaration, the Association will consist of all Owners entitled to share in the distribution of proceeds of a sale of the Property. Membership in the Association will automatically terminate when a Person ceases to be an Owner, whether through sale, intestate succession, testamentary disposition, foreclosure or otherwise. The Association will recognize a new Owner as a Member upon presentation of satisfactory evidence of the sale, transfer, succession, disposition, foreclosure or other transfer of a Lot to such Owner. Membership in the Association may not be transferred, pledged or alienated in any way, except to a new Owner upon conveyance of a Lot. Any attempted prohibited transfer of a membership in the Association will be void and will not be recognized by the Association.

9.2 Voting Rights. One vote in the Association is allocated to each Lot and the Member or Members comprising the Owner of such Lot. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as the Members owning such Lot among themselves determine, and the Secretary of the Association shall be notified of such designation prior to any meeting. In the absence of such advice, the Lot's vote shall be suspended in the event more than one person or entity seeks to exercise it. Any Owner of a Lot which is leased may assign the voting right appurtenant to such Lot to the tenant, provided that a copy of the instrument of assignment is furnished to the Secretary of the Association prior to any meeting.

9.3 The Board. The affairs of the Association shall be governed by the Board. Except as otherwise specifically provided by law or in this Declaration, the Articles or the Bylaws, the Board may exercise all rights and powers of the Association (including, without

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limitation, those powers itemized in Section 9.4) without a vote of the Members. Subject to the provisions of this Section, the qualifications and number of Directors, the term of office of Directors, the manner in which Directors shall be appointed or elected and the manner in which Directors shall be replaced upon removal or resignation shall be as set forth in the Bylaws. In the performance of their duties, the Directors will act according to their ordinary business judgment, except to the extent the Act requires a greater standard of care.

9.4 Association Powers. Subject to the rights, powers and authority reserved by and conferred upon Declarant pursuant to this Declaration or the Act, the Association will serve as the governing body of Red Sky Ranch and shall have the powers and duties set forth in this Declaration and the Bylaws. The Association may, but shall not be obligated to,:

(a) adopt and amend the Bylaws, and make and enforce the Rules, consistent with the rights, duties, terms and conditions established by this Declaration and the Bylaws;

(b) subject to Section 10.1(d), adopt and amend budgets for revenues, expenditures and reserves and assess and collect any Assessments and any other amounts due from Owners or others to the Association;

(c) hire and terminate managing agents and other employees, agents and independent contractors;

(d) perform trash removal, security and other services for the Members either directly or through the use of an independent contractor and including without limitation the construction, maintenance and operation of a controlled access entry to the Property, provided that access may not be denied to the owner(s) and operator(s) of the Golf Courses and any of their licensees or invitees;

(e) make landscaping and related improvements or maintain landscaping on land not included in the Property;

(f) manage extraterritorial activities or improvements pursuant to a contract;

(g) perform keyholder services and related services for Owners upon request, including without limitation, maintenance of keys to improvements and "house-sitting" type services;

(h) operate a transportation service providing transportation within the Property and from the Property to areas outside the boundaries of the Property;

(i) exercise any of the enforcement powers set forth in this Section 9.4 or elsewhere in this Declaration;

(j) institute, defend or intervene in litigation or administrative proceedings in its own name only;

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(k) make contracts and incur liabilities in accordance with the properly adopted and ratified budget;

(l) borrow funds to cover Association expenditures and pledge Association assets as security therefor, provided that Common Elements may be subjected to a security interest only pursuant to Section 15.3;

(m) regulate the use, maintenance, repair, replacement and modification of the Common Elements in accordance with the properly adopted and ratified budget or otherwise in accordance with this Declaration;

(n) acquire, hold, encumber and convey in its own name any right, title or interest to real or personal property (including, without limitation, one or more Lots), provided that Common Elements may be conveyed or encumbered only pursuant to Section 15.3;

(o) grant easements, leases, licenses and concessions through or over the Common Elements;

(p) impose and receive any payments, fees or charges for the use, rental or operation of the Common Elements and for any services provided to Owners;

(q) impose charges and interest for late payment of Assessments, recover reasonable attorneys' fees and other legal costs for collection of Assessments and other actions to enforce the powers of the Association (but only to the extent provided under Section 38-33.3-123 of the Act), regardless of whether or not suit was initiated, and, after providing notice and an opportunity to be heard, as provided in the Bylaws, levy reasonable fines for violations of this Declaration, the Bylaws, the PUD Guide, or the Rules;

(r) enforce the Wildlife Plan according to its terms and conditions, including the levy of fines for violations;

(s) impose reasonable charges for the preparation and recordation of amendments to this Declaration or statements of unpaid Assessments;

(t) provide for the indemnification of its officers and Directors as provided in the Bylaws or the Articles and maintain directors' and officers' liability insurance;

(u) assign its right to future income, including the right to receive Assessments;

(v) make cash or other contributions to community organizations for the purpose of promoting and marketing the Wolcott, Colorado and Eagle County, Colorado areas;

(w) exercise any other powers expressly conferred by this Declaration, the Bylaws or the Act or reasonably implied from or necessary to effectuate such powers;

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(x) except as prohibited by the Act, exercise all other powers that may be exercised in the State of Colorado by a nonprofit corporation; and

(y) exercise any other powers necessary or appropriate for the governance and operation of the Association.

This Declaration may not and is not intended to impose any limitations on the powers of the Association to deal with the Declarant that are more restrictive than the limitations imposed on the power of the Association to deal with any other Person.

9.5 Financing of Capital Improvements. The Association may borrow funds necessary to finance capital improvements to be utilized by the Association in the performance of any of its powers or duties set forth in this Declaration, including, without limitation the powers and duties set forth in Section 9.4 and Section 11.1.

9.6 Cooperation with Holland Creek District. The Association shall in all respects cooperate with the Holland Creek District to enable both the Association and the Holland Creek District to most efficiently and economically provide their respective services to Owners. It is contemplated that from time to time either the Holland Creek District or the Association may use the services of the other in the furtherance of its obligations, and they may contract with each other to better provide for such cooperation. If the Holland Creek District should fail or refuse to provide the services which it is obligated to provide under its formation documents for any reason, including, without limitation, the maintenance of the Roadways, then the Association, as permitted by law and to the best of its ability, may assume that obligation until such time as the Holland Creek District is able to resume its functions. Any Common Element or any function of the Association may be turned over to any governmental entity, including the Holland Creek District, which is willing to accept and assume the same upon such terms and conditions as the Association shall deem to be appropriate with the approval of the Members.

9.7 Bylaws. The Association may adopt Bylaws for the regulation and management of the Association, provided that the provisions of the Bylaws will not be inconsistent with the provisions of this Declaration or the Act. The Bylaws may include, without limitation, provisions regarding the voting rights of the Owners, the appointment or election of the Board, and the appointment or election of officers of the Association.

ARTICLE X
FINANCIAL MATTERS AND ASSESSMENTS

10.1 Financial Matters. The Board, on behalf of the Association, will discharge the following obligations with respect to financial matters:

(a) Books and Records. The Board will cause to be maintained full and complete books and records of the Association's business and operations, including, without limitation, current copies of this Declaration, the Bylaws, the Articles, the Rules, the approved budget for the current fiscal year, financial statements, books and records reflecting all assets, liabilities, capital, income and expenses of the Association, and supporting materials, such as bank statements and invoices, for at least the shorter of (i) the prior three (3) fiscal years or

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(ii) all of the fiscal years in which the Association has been in existence. All of such books and records will be made available for inspection by any Owner or Owner's authorized representatives during normal business hours upon reasonable prior written request.

(b) Returns. The Board will cause to be prepared and filed before delinquency any and all tax, corporate or similar returns or reports that the Association is required by law to prepare and file.

(c) Preparation of Budget. The Board may, and if levying Assessments shall, cause to be prepared and adopt annually, a proposed budget for the Association. The proposed budget will include the estimated revenue and expenses (including, without limitation, Common Expenses) of the Association for such fiscal year, in reasonable detail as to the various categories of revenue and expense.

(d) Ratification of Budget. Within thirty (30) days after adoption by the Board of any proposed budget for the Association, the Board will send by ordinary first-class mail or otherwise deliver to all Owners a summary of the proposed budget and will set a date for a meeting of the Owners to consider ratification of the proposed budget not less than fourteen (14) nor more than sixty (60) days after mailing or other delivery of the summary. Unless at that meeting Owners to whom are allocated a majority of the votes in the Association vote to reject the proposed budget, the proposed budget will be ratified, whether or not a Quorum is present. In the event that the proposed budget is rejected, the budget or applicable portion last ratified by the applicable Owners will continue in effect until such time as the necessary Owners ratify a subsequent budget proposed by the Board. For the first fiscal year of the Association, the Board may adopt the Declarant's estimated budget for the Association and assess Common Assessments, provided that the Board submits such budget to the Owners for ratification in accordance with the foregoing provisions within thirty (30) days after adopting the same.

10.2 Creation of Assessments. There are hereby created assessments for such Association expenses as may be authorized from time to time pursuant to this Declaration. There shall be four (4) types of Assessments: (a) Common Assessments; (b) Special Assessments; (c) Specific Assessments; and (d) Real Estate Transfer Assessments. Each Owner, by accepting a deed for any Lot, is deemed to covenant and agree to pay these Assessments pursuant to the terms and conditions of this Declaration.

10.3 Common Assessments. Each Lot is subject to Common Assessments, which shall be levied equally against all Lots. Common Assessments will be calculated, paid, adjusted and reconciled in accordance with the following provisions:

(a) Budget and Payment. The Association shall set the Common Assessments for each fiscal year at a level which is reasonably expected to produce total income for the Association for such fiscal year equal to the total Common Expenses set forth in the budget adopted by the Board and ratified by the Owners. In determining the total funds to be generated through the levy of Common Assessments, the Board, in its discretion, may consider other sources of funds available to the Association, including any surplus from prior years and any Assessment income expected to be generated from any additional Lots reasonably anticipated to become subject to Common Assessments during the fiscal year.

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(b) Reconciliation. As soon as reasonably possible after the end of each fiscal year, the Board will cause the actual Common Expenses incurred by the Association during such fiscal year to be reconciled against the Common Assessments received by the Association from the Owners. To the extent that any Owner has paid more than its Common Allocation of such actual Common Expenses, the Board may either refund the overpayment to the Owner or credit such overpayment against such Owner's obligation for Common Assessments for the next ensuing fiscal year. To the extent any Owner has underpaid its Common Allocation of such actual Common Expenses, the Board may either demand in writing that such Owner pay the amount of such underpayment of Common Assessments to the Association within a specified period of time, as determined by the Board, after the Board notifies such Owner of such underpayment (which period of time may not be less than thirty (30) days), or the Board may include such underpayment in such Owner's obligations for Common Assessments for the next ensuing fiscal year.

10.4 Special Assessments. In addition to other authorized Assessments, the Association may levy Special Assessments from time to time to cover unbudgeted expenses or expenses in excess of those budgeted, including, without limitation, the costs of any construction, restoration, or unbudgeted repairs or replacements of capital improvements. Subject to Section 10.1, each Lot is subject to Special Assessments as follows: (a) in the case of Special Assessments for the Common Elements or that otherwise benefit all the Owners, each Lot is subject to the Lot's Common Allocation of the Special Assessments levied by the Association; and (b) in the case of Special Assessments not covered by clause (a) above, the Special Assessments shall be levied against the benefited Lots in equal shares. No Special Assessment proposed by the Association shall be levied until it is ratified by the Owners of the Lots that will be subject to such Special Assessment. A proposed Special Assessment will be subject to the Special Assessment vote, either in person or by proxy, to reject the Special Assessment at a meeting called for such purpose. During the Development Period, any proposed Special Assessment shall also require Declarant's consent. Special Assessments may be payable in installments extending beyond the fiscal year in which the Special Assessment is approved. The Board shall have the right to require that Special Assessments be paid in advance of the provision of the subject services or materials. Without limiting the generality of the foregoing, the Board may levy Special Assessments to cover certain costs of restoration or replacement of Common Elements in the event of damage, destruction or Taking of such Common Elements.

10.5 Specific Assessments. The Association shall have the power to levy Specific Assessments against one or more particular Lots as follows:

(a) to cover the costs, including overhead and administrative costs, of providing benefits, items or services to such Lot or occupants thereof, upon request of the Owner of such Lot pursuant to a menu of special services which the Board may from time to time authorize to be offered to Owners and occupants (which may include, without limitation, landscape maintenance and snow removal), which Specific Assessments may be levied in advance of the provision of the requested benefit, item or service as a deposit against charges to be incurred by the Association;

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RED SKY RANCH ASSOCIATION
REAL ESTATE TRANSFER ASSESSMENT
APPLICATION FOR EXEMPTION

Pursuant to Article X, Section 10.6 through 10.8 of the Red Sky Ranch Association Declaration, this report is made regarding the following transfer of property in Red Sky Ranch:

Legal Description of Site Transferred: _____

Date of Transfer _____ Consideration Paid _____

Name of Transferor(s) _____

Name of Transferee(s) _____

Complete Address: _____

Real Estate Transfer Assessment payment attached: \$ _____

If one of the Exclusions described in Article X, Section 10.8 of the Red Sky Ranch Association Declaration is believed to be applicable to this transfer, please describe below. Attach copies of pertinent documents or affidavits. Red Sky Ranch Association will respond with formal written approval or disapproval of an exemption.

Submitted by:

Signature, Title

Company

Date

You may return this form *by facsimile* to: Bill Kuhnert, 970-845-2555, Association Manager, or contact Association Legal Counsel, Greg Perkins, 970-476-7646 should you have any questions.

Exemption Approved by: _____, _____, _____
Signature Printed Name Date

(b) to cover liabilities and costs (including, without limitation, attorneys' fees to the extent specifically provided under Section 38-33.3-123 of the Act) incurred in bringing the Lot into compliance with the terms of this Declaration, the Bylaws, the PUD Guide, the Wildlife Plan, or the Rules, or costs incurred as a consequence of the conduct of the Owner or such Owner's Permittees (including, without limitation, any costs incurred at the election of Declarant or the Association to cure a breach or violation of any provision of this Declaration, the Bylaws, the PUD Guide, the Wildlife Plan, or the Rules by such Owner or Permittees); provided, however, the Board shall give the Owner of such Lot notice and an opportunity to be heard as provided in the Bylaws before levying any Specific Assessment under this Section 10.5(b);

(c) as a penalty for any Owner, or any of such Owner's Permittees, violating the Wildlife Plan; provided, however, the Association shall send such Owner a written warning notifying the Owner of the violation on the first violation of the Wildlife Plan. Upon a second violation of the Wildlife Plan by an Owner or such Owner's Permittee, the Association shall levy a fine in the amount of \$200.00 against the Owner, and upon any subsequent violation, the Association shall levy a fine of \$500.00 against the Owner. Non-payment of a fine or failure to remove an animal from the Property as may be required pursuant to Section 4.11 shall each be considered a separate violation for each day that the violation continues after notice; and

(d) to cover costs and expenses incurred by the Association that may be levied as Specific Assessments pursuant to the express terms of this Declaration.

10.6 Real Estate Transfer Assessments. Subject to the limitations of this Section 10.6, the Association shall have the power to levy Real Estate Transfer Assessments, upon the sale of a Lot, in order to provide additional funds for payment of the operating expenses or capital improvements of the Association, which will in turn inure to the benefit of all Owners, there is hereby imposed on all of the Lots the following restriction and obligation:

There may be imposed on each transferee of a Lot, the obligation to pay to the Association a Real Estate Transfer Assessment in an the amount not exceeding two percent (2%) of the purchase price paid upon transfer of the Lot on the occasion of each transfer, defined below. Real Estate Transfer Assessments are imposed not as a penalty and not as a tax, but as a means of supplementing the Assessments provided for in this Declaration.

10.7 Definitions.

(a) Transfer. For the purposes of this Article X, "transfer" shall be defined as any conveyance, assignment, lease, or other transfer of beneficial ownership of a Lot whether occurring in one transaction or a series of related transactions, including but not limited to (A) the conveyance of fee simple title to any Lot; (B) the transfer of more than fifty percent (50%) of the outstanding shares of the voting stock of a corporation (other than Declarant) which, directly or indirectly, owns one or more Lots; and (C) the transfer of more than fifty percent (50%) of the interest in net profits or net losses of any partnership; limited liability company, joint venture or other entity which, directly or indirectly, owns one or more Lots; but "transfer" shall not mean or include the transfers excluded under Section 10.8.

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(b) Transferee. For purposes of this Article X, "transferee" means and includes all parties to whom any interest passes by a transfer, and each party included in the term "transferee" shall, have joint and several liability for all obligations of the transferee under this Section 10.7.

(c) Fair Market Value. In the case of a transfer that is in all respects a bona fide sale, "fair market value" of the Lot subjected to transfer shall be the consideration, as such term is defined below, given for the transfer. In the case of a transfer that is a lease or is otherwise not in all respects a bona fide sale, fair market value of the Lot subjected to transfer shall be determined by the Association. A transferee may make written objection to the Association's determination within fifteen (15) days after the Association has given notice of such determination, in which event the Association shall obtain an appraisal, at the transferee's sole expense, from a real estate appraiser of good reputation, who is qualified to perform appraisals in Colorado, who is familiar with Eagle County real estate values, and who shall be selected by the Association. The appraisal so obtained shall be binding on both the Association and the transferee. The above provisions to the contrary notwithstanding, where a transferee does not make a full report of a transfer within fifteen (15) days after the time required by this Section 10.7 for making such report, the transferee shall be deemed to have waived all right of objection concerning fair market value, and the Association's determination of such value shall be binding.

(d) Consideration. For purposes of this Article X, "consideration" means and includes the total of money paid and the fair market value of any property delivered, or contracted to be paid or delivered, in return for the transfer of any Lot, and includes any money or property paid or delivered to obtain a contract right to purchase any Lot, and the amount of any note, contract indebtedness (including without limitation, obligations which could be characterized as contingent land gain), or rental payment reserved in connection with such transfer, whether or not secured by any lien, mortgage, or other encumbrance, given to secure the transfer price, or any part thereof, or remaining unpaid on the property at the time of transfer, whether or not assumed by the transferee. The term "consideration" does not include the amount of any outstanding lien or encumbrance for taxes, special benefits or improvements, in favor of the United States, the state of Colorado, or a municipal or quasi-municipal governmental corporation or district.

10.8 Exclusions. Real Estate Transfer Assessments shall not apply to any of the following, except to the extent that they are used for the purpose of avoiding the transfer fee:

- (a) any transfer between Declarant and VR Holdings, Inc.;
- (b) any transfer of Lots 61-67, inclusive (as designated on the Plat) from the Plaths to an affiliate of the Plaths in which the Plaths own a 51% or greater interest;
- (c) any transfer of all or any portion of Tract AA to Tract AA Developer;

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(d) any transfer to the United States, or any agency or instrumentality thereof, the state of Colorado, any county, city and county, municipality, district or other political subdivision of this state;

(e) any transfer to Declarant, the Association or the successors of such entities;

(f) any transfer, whether outright or in trust, that is for the benefit of the transferor or his or her relatives, but only if there is no more than nominal consideration for the transfer. For the purposes of this exclusion, the relatives of a transferor shall include all lineal descendants of any grandparent of the transferor, and the spouses of the descendants. Any person's stepchildren and adopted children shall be recognized as descendants of that person for all purposes of this exclusion. For the purposes of this exclusion, a distribution from a trust shall be treated as a transfer made by the grantors of the trust, in the proportions of their respective total contributions to the trust;

(g) any transfer arising solely from the termination of a joint tenancy or the partition of property held under common ownership, except to the extent that additional consideration is paid in connection therewith,

(h) any transfer or change of interest by reason of death, whether provided for in a will, trust or decree of distribution;

(i) any transfer made (A) by a majority-owned subsidiary to its parent corporation or by a parent corporation to its majority-owned subsidiary, or between majority-owned subsidiaries of a common parent corporation, in each case for no consideration other than issuance, cancellation or surrender of the subsidiary's stock; or (B) by a partner, member or a joint venturer to a partnership, limited liability company or a joint venture in which the partner, member or joint venturer has not less than a fifty percent (50%) interest, or by a partnership, limited liability company or joint venture to a partner, member or joint venturer holding not less than a fifty percent (50%) interest in such partnership, limited liability company or joint venture, in each case for no consideration other than the issuance, cancellation or surrender of the partnership, limited liability company or joint venture interests, as appropriate; or (C) by a corporation to its shareholders, in connection with the liquidation of such corporation or other distribution of property or dividend in kind to shareholders, if the Lot is transferred generally prorata to its shareholders and no consideration is paid other than the cancellation of such corporation's stock, or (D) by a partnership, limited liability company or a joint venture to its partners, members or joint venturers, in connection with a liquidation of the partnership, limited liability company or joint venture or other distribution of property to the partners, members or joint venturers, if the Lot is transferred generally prorata to its partners, members or joint venturers and no consideration is paid other than the cancellation of the partners', members' or joint venturers' interests; or (E) to a corporation, partnership, limited liability company, joint venture or other association or organization where such entity is owned in its entirety by the persons transferring the Lot and such persons have the same relative interests in the transferee entity as they had in the Lot immediately prior to such transfer, and no consideration is paid other than the issuance of each such persons' respective stock or other ownership interests in the transferee entity; or (F) by any person(s) or entity(ies) to any other person(s) or entity(ies),

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whether in a single transaction or a series of transactions where the transferor(s) and the transferee(s) are and remain under common ownership and control as determined by the Board in its sole discretion applied on a consistent basis; provided, however, that no such transfer or series of transactions shall be exempt unless the Board finds that such transfer or series of transactions (1) is for no consideration other than the issuance, cancellation or surrender of stock or other ownership interest in the transferor or transferee, as appropriate, (2) is not inconsistent with the intent and meaning of this Section 10.8, and (3) is for a valid business purpose and is not for the purpose of avoiding the obligation to pay the transfer fee. For purposes of this Section 10.8, a transfer shall be deemed to be without consideration if (x) the only consideration is a book entry made in connection with an intercompany transaction in accordance with generally accepted accounting principles, or (y) no person or entity which does not own a direct or indirect equity interest in the Lot immediately prior to the transfer becomes the owner of a direct or indirect equity interest in the Lot (an "Equity Owner") by virtue of the transfer, and the aggregate interest immediately prior to the transfer of all Equity Owners whose equity interest is increased on account of the transfer does not increase by more than twenty percent (20%) (out of the total one hundred percent (100%) equity interest in the Lot), and no individual is entitled to receive directly or indirectly any consideration in connection with the transfer. In connection with considering any request for an exception under this Section 10.8, the Board may require the applicant to submit true and correct copies of all relevant documents relating to the transfer and an opinion of the applicant's counsel (such opinion and counsel to be reasonably acceptable to the Board) setting forth all relevant facts regarding the transfer, stating that in their opinion the transfer is exempt under this Section 10.8, and setting forth the basis for such opinion;

(j) any transfer made solely for the purpose of confirming, correcting, modifying or supplementing a transfer previously recorded, making minor boundary adjustments, removing clouds on titles, or granting easements, rights-of-way or licenses, and any exchange of Lots between Declarant and any original purchaser from Declarant of the one or more Lots being transferred to Declarant in such exchange. To the extent that consideration in addition to previously purchased Lots is paid to Declarant in such an exchange, the additional consideration shall be a transfer subject to assessment. To the extent that Declarant, in acquiring by exchange Lots previously purchased from Declarant, pays consideration in addition to transferring Lots, the amount of such additional consideration shall be treated as reducing the original assessable transfer and shall entitle an original purchaser from Declarant, who exchanges with Declarant Lots previously purchased from Declarant, to a refund from the Association of the amount of the Real Estate Transfer Assessment originally paid on that portion of the original transfer;

(k) any transfer pursuant to any decree or order of a court of record determining or vesting title, including a final order awarding title pursuant to a condemnation proceeding, but only where such decree or order would otherwise have the effect of causing the occurrence of a second assessable transfer in a series of transactions which includes only one effective transfer of the right to use or enjoyment of a Lot;

(l) any lease of any Lot for a period of less than 30 (thirty) years (or assignment or transfer of any interest in any such lease);

(m) any transfer solely of minerals or interests in minerals;

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(n) any transfer to secure a debt or other obligation or to release property which is security for a debt or other obligation, including transfers in connection with foreclosure of a deed of trust or mortgage or transfers in connection with a deed given in lieu of foreclosure;

(o) the subsequent transfer(s) of a Lot involved in a "tax free" or "tax deferred" trade under the Internal Revenue Code wherein the interim owner acquires property for the sole purpose of reselling that property within 30 (thirty) days after the trade. In these cases, the first transfer of title is subject to transfer fee and subsequent transfers will only be exempt as long as a transfer assessment has been paid in connection with the first transfer of such Lot in such exchange;

(p) the transfer of a Lot to an organization which is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code, as amended (or any comparable statute), provided that the Board specifically approves such exemption in each particular case;

(q) any transfer made by a corporation or other entity, for consideration, (1) to any other corporation or entity which owns one hundred percent (100%) of its equity securities (a "Holding Company"), or (2) to a corporation or entity whose stock or other equity securities are owned, directly or indirectly, one hundred percent (100%) by such Holding Company;

(r) any transfer from a partially owned direct or indirect subsidiary corporation to its direct or indirect parent corporation where consideration is paid for, or in connection with, such transfer; however, unless such transfer is otherwise exempt, such exemption shall apply only to the extent of the direct or indirect beneficial interest of the transferee in the transferor immediately prior to the transfer. For example, if corporation A owns sixty percent (60%) of corporation B, and corporation B owns one hundred percent (100%) of corporation C and corporation C conveys a Lot to corporation A for \$2,000,000, sixty percent (60%) of the Real Estate Transfer Assessment would be exempt and a Real Estate Transfer Assessment would be payable only on \$800,000 (i.e., forty percent (40%) of the \$2,000,000 consideration); and

(s) the consecutive transfer of a Lot wherein the interim owner acquires such Lot for the sole purpose of immediately reconveying such Lot, but only to the extent there is no consideration to the interim owner and such interim owner receives no right to use or enjoyment of such Lot, provided the Board specifically approves such exemption in each particular case. To the extent that consideration is paid to, or for the benefit of, the interim owner, the additional consideration shall be a transfer subject to assessment. In these cases, the first transfer of title is subject to the transfer fee and subsequent transfers will only be exempt as long as a transfer assessment has been paid in connection with the first transfer of such Lot in such consecutive transaction and only to the extent there is no consideration to the interim owner.

10.9 Payment and Reports. The Real Estate Transfer Assessment shall be due and payable by the transferee to the Association at the time of the transfer giving rise to such

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Real Estate Transfer Assessment. With such payment the transferee shall make a written report to the Association on forms prescribed by the Association, fully describing the transfer and setting forth the true, complete and actual consideration for the transfer, the names of the parties thereto, the legal description of the Lot transferred, and such other information as the Association may reasonably require. If not paid within thirty (30) days after the transfer, the Real Estate Transfer Assessment shall be delinquent and bear interest and other-wise be treated as a default Assessment.

10.10 General Provisions. Any payment or documentation required to be received by the Association shall be deemed received in a timely manner if sent to the address provided for the Association by first class mail, postage prepaid, and postmarked no later than the date such payment or documentation is due, provided that the Association thereby actually receives such payment or documentation. The Association at its own expense shall have the right at any time during regular business hours to inspect and copy all records and to audit all accounts of any Owner or transferee which are reasonably related to the payment of the Real Estate Transfer Assessment provided for above.

10.11 Owners' Obligations for Assessments.

(a) Personal Obligation. Each Assessment, together with interest computed from the due date of such Assessment at twenty-one percent (21 %) per annum or such lower rate set by the Board, late charges in such amount as the Board may establish by resolution, costs and reasonable attorneys' fees, shall be a charge and continuing lien upon the Lot against which the Assessment is made until paid, as more particularly provided in Section 10.13. Without limiting Section 15.2, each such Assessment, together with such interest, late charges, costs and reasonable attorneys' fees to the extent specifically provided under Section 38-33.3-123 of the Act, and any other obligations or liabilities imposed by or pursuant to this Declaration, also shall be the personal obligation of the Person who was the Owner of such Lot at the time the Assessment, obligation or liability arose.

(b) Terms of Payment. Except for Specific Assessments, which shall be paid in the manner determined by the Board, Assessments shall be paid in equal monthly, quarterly or annual installments on or before the first day of each month, quarter or fiscal year, as applicable, or in such other reasonable manner as the Board may establish. The Board may require advance payment of Assessments at closing of the transfer of title to a Lot, and impose special requirements upon Owners with a history of delinquent payment. The Cluster Home Association shall be responsible for imposing and collecting its own assessments and the Owners of any Lot within Tract AA shall remain liable for Assessments levied pursuant to this Declaration in addition to any assessments levied by the Subordination.

(c) No Set-Off or Abatement. No Owner may exempt himself or herself from liability for Assessments by non-use of Common Elements, abandonment of his Lot or any other means. The obligation to pay Assessments is a separate and independent covenant on the part of each Owner. No diminution or abatement of Assessments or set-off shall be claimed or allowed for any alleged failure of the Association or the Board to take some action or perform some function required of it, or for inconvenience or discomfort arising from the making of repairs or improvements, or from any other action by the Association or the Board.

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(d) Estoppel Certificate. Within fourteen (14) calendar days after receipt of a written request from any Owner or Mortgagee, or the designee of either of them, delivered personally or by certified mail, first-class postage prepaid, return receipt requested, to the Association's registered agent, the Association shall furnish to such Owner or Mortgagee, by personal delivery or certified mail, first-class postage prepaid, return receipt requested, an estoppel certificate in writing signed by an Association officer and addressed to such Owner or Mortgagee or designee, stating any then unpaid Assessments due from, or other known defaults by, the requesting Owner or the Owner of the Lot encumbered by such Mortgagee's Mortgage, or stating that there are no unpaid Assessments due from, or other known defaults by, such Owner, as the case may be. Such an estoppel certificate executed in favor of an Owner, Mortgagee, or the designee of either of them, who rely thereon in good faith will be conclusive upon the Association as to the matters set forth therein and such Owner's Lot will not be subject to a lien for any unpaid Assessments against such Lot arising before the date of such certificate and in excess of any unpaid amounts stated in such certificate. The Association may require the advance payment of a reasonable processing fee for the issuance of such certificate.

10.12 Declarant's Obligation for Assessments. Until the Association levies Assessments, Declarant shall pay the Association's costs and expenses.

10.13 Lien for Assessments.

(a) Perfection and Priority of Lien. The Association shall have a lien against each Lot to secure payment of delinquent Assessments, as well as interest (computed from the due date of such Assessment at a rate of twenty-one percent (21%) per annum or such lower rate set by the Board), late charges in such amount as the Board may establish by resolution, costs and reasonable attorneys' fees to the extent specifically provided under Section 38-33.3-123 of the Act. Such lien shall be perfected upon the Recording of this Declaration and no further claim of lien shall be required. Notwithstanding the foregoing and without limitation on the effectiveness or perfection of the lien against each Lot, the Association shall have the right, but not the obligation, to prepare and Record a "Notice of Lien" in a form satisfactory to the Board which may set forth (i) the amount of any Assessment, charge, fine or other amount due and owing to the Association; (ii) the date such amount was due and payable and the date from which interest accrues; (iii) a recitation of the costs and expenses (including reasonable attorneys' fees to the extent specifically provided under Section 38-33.3-123 of the Act) incurred in attempting to collect the unpaid amount as of the date of recording of such Notice of Lien; (iv) the Lot encumbered by the lien; and (v) the name or names, last known to the Association, of the Owner of the Lot. Such lien shall be superior to all other liens, except (a) the liens of all taxes, bonds, assessments and other levies which by law are superior, and (b) the lien or charge of any First Mortgage made in good faith and for value. Notwithstanding the foregoing, the Association's lien for delinquent Assessments, except with respect to Real Estate Transfer Assessments, shall be prior to a First Mortgage to the extent provided by the Act.

(b) Enforcement of Lien. Such lien, when delinquent, may be enforced in the same manner as provided for the foreclosure of mortgages under the laws of the State of Colorado. The Association may bid for a Lot at any foreclosure sale and acquire, hold, lease, mortgage and convey such Lot. While a Lot is owned by the Association following foreclosure: (a) no right to vote shall be exercised on behalf of the Association as Owner of such

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Lot; (b) no Assessments shall be levied against such Lot; and (c) each other Lot shall be charged, in addition to its usual Assessments, its pro rata share of the Assessments that would have been charged the Lot acquired by foreclosure had such Lot not been acquired by the Association. The Association may sue for unpaid Assessments and other charges authorized hereunder without foreclosing or waiving the lien securing the same.

(c) Transfer of Lot. The sale or transfer of any Lot shall not affect an existing lien for previous Assessments or relieve such Lot from any lien for subsequent Assessments. Upon sale or transfer of a Lot pursuant to foreclosure of a First Mortgage, the amount of Assessments included in any lien extinguished by foreclosure of a First Mortgage shall become Common Expenses collectible as Common Assessments levied against the Lots subject to Common Assessments, excluding, however, the Lot acquired through the foreclosed First Mortgage.

10.14 Commencement of Assessments. The obligation to pay Common Assessments and Special Assessments shall commence as to each Lot on the first day of the month following the later of: (a) the month in which the Lot is made subject to this Declaration or (b) the month in which the Association first establishes and ratifies a budget and levies Assessments pursuant to this Article XI. The obligation to pay Specific Assessments shall commence as to any Lot when the Association levies the Specific Assessments against the Lot pursuant to this Declaration. The first annual Common Assessments and Special Assessments levied on each Lot shall be prorated according to the number of months remaining in the fiscal year at the time Assessments commence on the Lot.

10.15 Failure to Assess. Failure of the Board to fix Assessment amounts or rates or to deliver or mail to each Owner an Assessment notice shall not be deemed a waiver, modification or release of any Owner's obligation to pay Assessments. In such event, each Owner shall continue to pay Common Assessments on the same basis as during the last year for which an Assessment was made, if any, until a new Assessment is levied, at which time the Association may retroactively assess any shortfalls in collections.

10.16 Exempt Property. The following property shall be exempt from payment of Assessments: (i) all Common Elements owned in fee simple by the Association and (ii) any property dedicated to and accepted by any governmental authority or public utility.

ARTICLE XI MAINTENANCE

11.1 Association's Responsibilities

(a) Maintenance of Common Elements. The Association shall repair, maintain and keep in good condition, repair and working order the Common Elements, which repair and maintenance may pertain, without limitation, to:

(i) all landscaping and other Improvements, including recreational pathways/trails, situated upon the Common Elements (maintenance activities may include, without limitation, snow removal and application of sand and/or salt); and

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(ii) all landscaping within public rights-of-way that abut or provide access to the Property (unless maintained by any governmental or quasi-governmental entity).

(b) Maintenance of Other Property. The Association may maintain property which it does not own, if the Board determines that such maintenance is necessary or desirable.

(c) Operation of Facilities. The Association shall maintain the facilities and equipment within the Common Elements in continuous operation, subject to seasonal closures and closures related to wildlife migration patterns, as required by the Wildlife Plan, and except for any periods necessary, as determined in the sole discretion of the Board, to perform required maintenance or repairs, or unless Members representing eighty percent (80%) of the total vote in the Association agree in writing to discontinue such operation.

(d) Election to Perform Owners' Duties. The Association may elect to maintain or repair any Lot or portion thereof, the maintenance or repair of which is the responsibility of an Owner pursuant to Section 11.2, if (i) such Owner has failed, for more than thirty (30) days after notice from the Association, to perform its responsibilities under this Declaration with respect to the maintenance or repair of its Lot, and (ii) such failure has a material effect on the appearance of such Lot when viewed from any area outside such Lot or has a material adverse effect on the use of another Lot or any Common Element for its permitted and intended use; provided, however, that if such failure is not susceptible of being cured within such thirty (30) day period, the Association will not be entitled to perform any repairs or maintenance if such Owner commences performance of its obligations within such thirty (30) day period and thereafter diligently completes such performance. Such Owner will pay all costs (including, without limitation, reasonable attorneys' fees to the extent as specifically provided under Section 38-33.3-123 of the Act) incurred by the Association in exercising its rights under this Section 11.1(d), and such costs shall be levied against such Owner as a Specific Assessment. Such payment will be made upon receipt of a demand from the Association therefor. If an Owner fails to make such payment within thirty (30) days of receipt of a demand therefor, the Association will be entitled to take whatever lawful action it deems necessary to collect such payment including, without limitation, foreclosing its lien or instituting an action at law or in equity.

(e) Election to Perform Cluster Home Association's Duties. The Association may elect to maintain or repair the Cluster Common Elements or portion thereof, the maintenance or repair of which is the responsibility of the Cluster Home Association, if (i) the Cluster Home Association has failed, for more than thirty (30) days after notice from the Association, to perform its responsibilities under this Declaration with respect to the maintenance or repair of the Cluster Common Elements, and (ii) such failure has a material effect on the appearance of any Cluster Common Element or has a material adverse effect on the use of another Lot or any Common Element for its permitted and intended use; provided, however, that if such failure is not susceptible of being cured within such thirty (30) day period and thereafter diligently completes such performance. The Cluster Home Association will pay all costs (including, without limitation, reasonable attorneys' fees to the extent as specifically provided under Section 38-33.3-123 of the Act) incurred by the Association in exercising its

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rights under this Section 11.1(e), and such costs shall be levied against the Owners who are also members of the Cluster Home Association as a Specific Assessment. Such payment will be made upon receipt of a demand from the Association therefor. If an Owner fails to make such payment within thirty (30) days of receipt of a demand therefor, the Association will be entitled to take whatever lawful action it deems necessary to collect such payment including, without limitation, foreclosing its lien or instituting an action at law or in equity.

11.2 Owners' Maintenance Responsibility. Each Owner shall maintain such Owner's Lot and the Improvements thereon in a clean, safe, attractive and orderly manner and shall perform all necessary repairs of such Lot and Improvements, unless such maintenance responsibility is otherwise assumed by the Association pursuant to this Declaration.

ARTICLE XII ARCHITECTURAL STANDARDS

12.1 General.

(a) As of the date of this Declaration, Declarant own fee simple title to the Golf Course Property and the Open Space Tracts. The provisions of this Article XII are real covenants and restrictions burdening each of the Lots for the benefit of Declarant as owner of the Golf Course Property and the Open Space Tracts, subject to the provisions of Section 12.1(b).

(b) Declarant, at its election, may assign its rights under this Article XII (including, without limitation, the right to appoint the members of the Red Sky Ranch DRB and the right to enforce the provisions of this Article XII) to any successor in title to any portion of the Golf Course Property. Such assignment shall be evidenced by a written instrument that shall describe such portion of the Golf Course Property, shall be executed by Declarant and shall be Recorded. Upon such assignment, the provisions of this Article XII shall be real covenants and restrictions running with the land, burdening the Lots and binding upon their respective owners, and benefiting only such portion of the Golf Course Property and inuring to the benefit of the owner of such portion of the Golf Course Property and its successors.

12.2 General Requirements. Each Owner shall comply with the terms and provisions of this Article XII (Architectural Standards).

(a) Compliance and Approval. Subject to Section 12.2(b) and Section 12.9, no Improvements shall be constructed, installed, modified, renovated on any Lot, nor shall any Improvements on any Lot be demolished or removed except with the prior approval of the Red Sky Ranch DRB pursuant to this Article XII.

(b) Interior Modifications; Modifications in Accordance with Original Plans. Any Owner may remodel, paint or redecorate the interior of structures on a Lot without approval of the Red Sky Ranch DRB pursuant to this Article XII. However, modifications to the interior of screened porches, patios and similar portions of structures on a Lot visible from outside such structures shall be subject to such approval. No approval shall be required to repair the exterior of a structure in accordance with the originally approved color scheme or to rebuild in accordance with originally approved plans and specifications. Nothing in this Declaration shall be construed to allow uses or Improvements inconsistent with applicable zoning.

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(c) Use of Licensed Architects. All dwellings constructed on any portion of the Property shall be designed by and built in accordance with the plans and specifications of a licensed architect.

(d) Declarant and Common Elements Exempt. Notwithstanding any provisions to the contrary contained in this Declaration, this Article XII shall not apply to the activities of Declarant or to the construction, modification or removal of Improvements on the Common Elements by or on behalf of the Association.

(e) No Amendment without Declarant's Consent. This Article XII may be amended only with Declarant's written consent.

12.3 Red Sky Ranch DRB. The Red Sky Ranch DRB shall consist of either one (1), three (3) or five (5) members, who shall be natural persons. Declarant, as the owner of the Golf Course Property and Open Space Tracts, shall have the exclusive right, in its full discretion, to appoint and remove all members of the Red Sky Ranch DRB. The Red Sky Ranch DRB may establish and charge reasonable fees for review of applications hereunder and may require such fees to be paid in full prior to review of any application. Such fees may include the reasonable costs incurred by the Red Sky Ranch DRB in having any application reviewed by architects, engineers or other professionals, and may vary between Lots and types of Lots.

12.4 Design Standards and Guidelines.

(a) Adoption. The Red Sky Ranch DRB shall adopt Design Standards and Guidelines.

(b) Generally. The Design Standards and Guidelines shall provide guidance to Owners regarding matters of particular concern to the Red Sky Ranch DRB in considering applications hereunder. The Design Standards and Guidelines is not the exclusive basis for decisions of the Red Sky Ranch DRB and compliance with the Design Standards and Guidelines does not guarantee approval of any application.

(c) Availability. The Red Sky Ranch DRB shall make the Design Standards and Guidelines available to Owners who seek to engage in development or construction on a Lot.

12.5 Procedures.

(a) Submission of Plans. Plans and specifications showing the nature, kind, shape, color, size, materials and location, as applicable, of all proposed Improvements, alterations or removals of Improvements (the "DRB Submittal") shall be submitted to the Red Sky Ranch DRB for review and approval or disapproval prior to the commencement of construction, alteration or removal. In addition, information concerning irrigation systems, drainage, lighting, landscaping and other features of proposed construction shall be submitted as applicable. The Red Sky Ranch DRB may condition its approval on such changes in the plans and specifications as it deems appropriate, and may require submission of additional plans and specifications or other information prior to approving or disapproving the DRB Submittal. In reviewing each DRB Submittal, the Red Sky Ranch DRB shall consider the Design Standards

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and Guidelines, and may consider the quality of materials and design, harmony of external design with existing structures, and location in relation to surrounding structures, topography and finish grade elevation, among other things. Decisions of the Red Sky Ranch DRB may be based on purely aesthetic considerations. Each Owner acknowledges that opinions on aesthetic matters are subjective and may vary as Red Sky Ranch DRB members change over time.

(b) Decisions. The Red Sky Ranch DRB shall meet from time to time as necessary to perform its duties hereunder. The vote of the majority of all of the members of the Red Sky Ranch DRB, or the written consent of a majority of all of such members, shall constitute an act of the Red Sky Ranch DRB. In the event that the Red Sky Ranch DRB fails to approve or disapprove any application within thirty (30) days after submission of all information and materials reasonably requested, the application shall be deemed rejected.

12.6 No Waiver of Future Approvals. Approval of proposals, plans and specifications, or drawings for any work done or proposed, or in connection with any other matter requiring approval, shall not be deemed to constitute a waiver of the right to withhold approval as to any similar proposals, plans and specifications, drawings or other matters subsequently or additionally submitted for approval.

12.7 Limitation of Liability. Review and approval of any application pursuant to this Article XII are made on the basis of aesthetic considerations only and the Red Sky Ranch DRB shall not bear any responsibility for ensuring the structural integrity or soundness of approved construction or modifications, nor for ensuring compliance with building codes and other governmental requirements. Neither Declarant, the Red Sky Ranch DRB, nor any member of the Red Sky Ranch DRB shall be held liable for the approval or rejection of any submittal, nor any injury, damages or loss arising out of the manner or quality of approved construction or modifications to any Lot. In all matters during the Development Period, the Red Sky Ranch DRB and its members shall be defended and indemnified by the Association as provided in the Articles.

12.8 Enforcement.

(a) Removal of Improvements. Any Improvement constructed, installed, modified or renovated on or to any Lot in violation of this Article XII shall be deemed to be nonconforming. Upon written request from the Red Sky Ranch DRB, the Owner of the Lot on which such Improvement is located shall, at such Owner's own cost and expense, remove such Improvement and restore the Lot to substantially the same condition as existed prior to the nonconforming work or, if applicable, cure such nonconformance by bringing the Improvement into compliance with the requirements of the Red Sky Ranch DRB. Should an Owner fail to remove and restore or cure as required, then the Red Sky Ranch DRB, in accordance with Section 9.4, shall have the right, to enter the Lot, remove the nonconforming Improvement, and restore the Lot to substantially the same condition as previously existed. All costs of any such entry, removal and restoration, together with interest at the maximum rate then allowed by law, may be assessed against the subject Lot and collected as a Specific Assessment.

(b) Completion of Work. Unless otherwise specified in writing by the Red Sky Ranch DRB, any approval granted under this Article XII shall be deemed conditioned

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upon completion of all elements of the approved work and all work previously approved with respect to the same Lot, unless approval to modify any application has been obtained. In the event that any Person fails to commence and diligently pursue to completion all approved work, the Association, acting through the Board in accordance with Section 9.4, shall be authorized to enter upon the Lot and remove or complete any incomplete work and to assess all costs incurred against the Lot and the Owner thereof as a Specific Assessment.

(c) Exclusion from Property. Any contractor, subcontractor, agent, employee or other invitee of an Owner who fails to comply with the terms and provisions of this Article XII (Architectural Standards) may be excluded from the Property. Neither Declarant nor the Red Sky Ranch DRB shall be held liable to any Person for exercising the rights granted by this Section 12.8.

(d) Legal and Equitable Remedies. In addition to the foregoing, Declarant shall have the authority and standing to pursue all legal and equitable remedies available to enforce the provisions of this Article XII and the decisions of the Red Sky Ranch DRB.

12.9 Exemptions. The Red Sky Ranch DRB, in its sole discretion, may exempt any Lot from the requirements of the Design Standards and Guidelines.

ARTICLE XIII INSURANCE, DAMAGE AND TAKINGS

13.1 Association's Insurance.

(a) Required Insurance. The Association, acting through the Board or its duly authorized agent, shall maintain in effect the insurance coverage required by the Act, and such insurance coverage shall be in the forms, insure the persons, and include the terms, waivers of subrogation and endorsements required by the Act.

(b) Additional Insurance. In addition to the insurance maintained pursuant to Section 13.1(b), the Association may maintain any other insurance on such terms and in such amounts as the Board determines is prudent or necessary from time to time.

13.2 Damage and Destruction.

(a) Property Insured by Association.

(i) Immediately after damage or destruction to all or any part of the Property covered by insurance written in the name of the Association, the Board or its duly authorized agent shall file and adjust all insurance claims and obtain reliable and detailed estimates of the cost of repair or reconstruction. Repair or reconstruction, as used in this paragraph, means the repair or restoration of the damaged property to substantially the condition in which it existed prior to the damage, allowing for changes necessitated by changes in applicable building codes.



(ii) Any damage to or destruction of the Common Elements shall be repaired or reconstructed unless, within sixty (60) days after the loss, a decision not to repair or reconstruct is made by Members representing at least sixty-seven percent (67%) of the votes in the Association, and, if the damage or destruction occurs during the Development Period, the vote of Declarant. If either the insurance proceeds or reliable and detailed estimates of the cost of repair or reconstruction, or both, are not available to the Association within such sixty (60) day period, then such period shall be extended until such funds and information are available. However, such extension shall not exceed sixty (60) additional days. No Mortgagee shall have the right to participate in the determination of whether damage or destruction to the Common Elements shall be repaired or reconstructed.

(iii) If a decision not to repair or reconstruct the damage or destruction to the Common Elements is made pursuant to Section 13.2(a)(ii) and no alternative improvements are authorized, the affected property shall be cleared of all debris and ruins and thereafter shall be maintained by the Association in a neat and attractive landscaped condition.

(iv) Any insurance proceeds attributable to damage to Common Elements shall be applied to the costs of repair or reconstruction and then, if any insurance proceeds remain, distributed among the Owners in proportion to the Owner's share of Common Assessments.

(v) If insurance proceeds are insufficient to cover the costs of repair or reconstruction, the Board may levy Assessments to cover the shortfall pursuant to Section 10.4.

(vi) Each Lot will continue to be subject to Assessments following any damage to any portion of the Common Elements, without abatement as a result of such damage.

(b) Property Insured by Owners. Each Owner covenants and agrees that in the event of damage or destruction to structures on or comprising his Lot, the Owner shall proceed promptly to either: (i) repair or reconstruct in a manner consistent with the original construction or such other plans and specifications as are approved in accordance with Article XII, or (ii) clear the Lot of all debris and ruins and maintain the Lot in a neat and attractive landscaped condition. The Owner shall pay any costs of such repair and reconstruction or clearing and maintenance which are not covered by insurance proceeds.

13.3 Takings.

(a) Taking of Lots. In the event of a Taking of all or any part of any Lot, the Owner thereof will be solely responsible for negotiating with the condemning authority concerning the award for such Taking and will be entitled to receive such award after the liens of all Mortgagees on the affected Lot or portion thereof have been satisfied or otherwise discharged. If only part of a Lot is acquired by a Taking, the Owner of such Lot will be responsible for the restoration of its Lot as necessary to return the Lot to a safe and lawful

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condition that does not adversely affect the use or enjoyment of the other Lots or Common Elements or detract from the general character or appearance of the Property. Any such restoration must be completed in accordance with the provisions of Article XII. If a Taking occurs by which the condemning authority acquires all or any part of one or more Lot(s) in such a manner that such Lot(s) is or are no longer subject to this Declaration, then the Association will consider and pass an amendment to this Declaration revising the allocations made among the various Lots hereunder.

(b) Taking of Common Elements.

(i) The Board will be solely responsible for negotiating, and is hereby authorized to negotiate with the condemning authority on behalf of the Owners concerning, the amount of the award for any Taking by which a condemning authority acquires one hundred percent (100%) of the interests in and to any Common Elements owned in fee simple by the Association without also acquiring one hundred percent (100%) of the Lots, and the acceptance of such award by the Board will be binding on all Owners. Any award made for such a Taking shall be payable to the Association as trustee for the Owners and shall be disbursed as set forth in Sections 13.3(b)(ii) and 13.3(b)(iii). Notwithstanding the foregoing, no Common Elements shall be conveyed in lieu of and under threat of condemnation except in accordance with Section 15.3 and, during the Development Period, with the consent of Declarant.

(ii) If a Taking involves a portion of the Common Elements on which Improvements have been constructed, the Association shall restore or replace such Improvements on the remaining land included in the Common Elements to the extent feasible and economically cost-efficient, unless within sixty (60) days after such Taking Members representing at least sixty-seven percent (67%) of the total votes of the Association and, if the Taking occurs during the Development Period, Declarant shall otherwise agree. Any such construction shall be in accordance with plans approved by the Board. If the award made for such Taking is insufficient to cover the costs of restoration or replacement, the Board may levy Special Assessments to cover the shortfall pursuant to Section 10.4.

(iii) If the Taking involves property owned by the Association but not any Improvements on the Common Elements, or if a decision is made not to repair or restore, or if net funds remain after any such restoration or replacement is complete, then such award or net funds shall be disbursed to the Association and used for such purposes as the Board shall determine.

ARTICLE XIV
OWNER'S ACKNOWLEDGMENTS AND WAIVERS

14.1 Trail, Golf and Construction Activities.

(a) Trail Activities. The Property is located adjacent to, or in the vicinity of the Private Trail and an existing or planned public trail system (collectively, the "Trail System"). The Trail System is expected to generate an unpredictable amount of visible, audible

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and odorous impacts and disturbances from activities relating to the construction, operation and maintenance of the Trail System (the "Trail Activities"). The Trail Activities may include, without limitation: (i) activities relating to the construction, operation and maintenance of trails and other facilities relating to the Trail System (including, without limitation, tree cutting and clearing, grading and earth moving and other construction activities, maintenance of trails, operation of vehicles and equipment relating to trash removal and snow removal, and operation of safety and supervision vehicles); (ii) activities relating to the use of the Trail System (including, without limitation, walking, bicycling, cross country skiing, roller blading and other recreational activities); and (iii) other activities permitted by law.

(b) Golf Activities. The Property is located adjacent to, or in the vicinity of, existing or planned golf courses and related facilities (including without limitation, driving ranges, clubhouses, restaurants, tennis courts, swimming pools, teaching facilities, trails, cart paths, restrooms, shelters and maintenance buildings) (the "Golf Courses"). The Golf Courses are expected to generate an unpredictable amount of physical, visible, audible and odorous impacts and disturbances from activities relating to the construction, operation, use and maintenance of the Golf Courses (the "Golf Activities"). The Golf Activities include, without limitation: (i) movement and operation of passenger vehicles (including, without limitation, buses, vans, golf carts and other vehicles transporting passengers over adjacent streets and over, around and through the Golf Courses), commercial vehicles, and construction vehicles and equipment; (ii) use of pesticides, herbicides and fertilizers, and the use of effluent in the irrigation of the Golf Courses; (iii) operation of lawn mowers, grooming equipment and sprinkler systems (it being specifically understood that such maintenance typically takes place in the Golf Courses at or before sunrise and at or after sunset); (iv) activities relating to the construction, operation and maintenance of Golf Courses, clubhouses, tennis courts, swimming pools, teaching facilities, trails, and maintenance buildings and other facilities relating to the Golf Courses; (v) activities relating to the use of the Golf Courses (including without limitation, golfing, golf lessons, tennis, swimming); (vi) golf tournaments and organized events and competitions relating to golfing, tennis and swimming; (vii) restaurants, clubs, shops, locker rooms, restrooms and other public facilities; and (viii) other activities permitted by law. The Golf Activities may occur during daytime and nighttime and therefore may include illumination for such activities.

(c) Golf Related Risks. There are certain risks related to ownership of residential property within close proximity to the Golf Courses. Such risks include, without limitation, injury to persons and/or property arising out of, or resulting from, the Golf Activities, the design, construction, operation, maintenance and/or use of the Golf Courses; errant golf balls; trespass; the existence of wildlife on the Golf Courses; acts or omissions of persons using or otherwise on the Golf Courses; and/or the existence of water hazards, ponds and/or lakes on the Golf Courses (the "Golf Related Risks").

(d) Golf Carts. Each Owner may store a golf cart on its Lot. Owners may not operate a golf cart on the Golf Courses (or the golf cart paths constructed as a part of the Golf Courses), the Trails System, or any other portion of the Golf Course Property or the Open Space Tracts except to the extent the owner(s) and/or operator(s) of the Golf Courses, the owner(s) and/or operator(s) of the Trails System or the owner(s) of the Golf Course Property or the Open Space Tracts grant such Owner the right to use and operate a golf cart on such facilities or property. If an Owner uses and operates a golf cart for transportation or other purposes in and

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around its Lot, the Property or the Roadways, such Owner assumes all risks associated with such use and operation, including without limitation, collision with other golf carts, vehicles and other motorized equipment and the Golf-Related Risks and Purchaser assumes the risk that a governmental body or agency may limit, restrict or otherwise regulate the use of golf carts on the roadways within the Community (the "Golf Cart Risks").

(e) Construction Activities. The Property is located in an area that may be subject to or near ongoing construction activities relating to the development of adjacent properties and the Trail System and the Golf Courses (the "Construction Activities"). The Construction Activities are expected to generate an unpredictable amount of visible, audible and odorous impacts and disturbances. The Construction Activities may include, without limitation: (i) construction traffic (including, without limitation, construction vehicles, equipment and vehicles used or owned by Declarant, the owner(s) and/or operator(s) of the Trail System and the Golf Courses, adjacent landowners, and the employees, agents and contractors of either of them; and (ii) construction activities (including, without limitation, grading, excavation, clearing, site work and construction of improvements) relating to the Property, nearby properties, the Trail System or the Golf Courses.

(f) Waiver and Release. Each Owner, by taking title to a Lot, acknowledges that the Trail Activities, the Golf Activities and the Construction Activities, the impacts and disturbances generated by them, and the Golf Related Risks may occur in and around the Lots and the Project and each Owner, by taking title to a Lot, acknowledges the Golf Cart Risks. No Owner may assert or claim a violation of this Declaration based on the existence or occurrence of the Trail Activities, the Golf Activities, the Construction Activities, the impacts and disturbances generated by them, the Golf Related Risks or Golf Cart Risks. Each Owner, by taking title to a Lot, forever waives and releases any claims the Owner and its successors and assigns may have against Declarant, the owner(s) and/or operator(s) of the Trail System and the owner(s) and/or operator(s) Golf Courses, and their successors and assigns, which in any way arise out of the impacts and disturbances generated from the Trail Activities, the Golf Activities, the Construction Activities, the Golf Related Risks and the Golf Cart Risks. By taking title to a Lot, each Owner forever waives and releases any claims the Owner, its successors and assigns may have against Declarant, the owner(s) and/or operator(s) of the Golf Courses, the owner(s) and/or operator(s) of the Trail System and their respective successors and assigns which in any way arise out of the impacts and disturbances generated from the Trail Activities, the Golf Activities, the Construction Activities, the Golf Related Risks, and from any liability for damage or injury caused by the Golf Related Risks and the Golf Cart Risks. By taking title to a Lot, each Owner agrees to indemnify and hold the owner(s) and/or operator(s) of the Golf Courses and their respective agents, employees, officers, successors and assigns, harmless from any and all claims, actions, cost or liabilities arising from any damage or injury caused directly or indirectly by the Golf Activities, the Trail Activities, the Construction Activities, the impacts generated by them, the Golf Related Risks and Golf Cart Risks occurring on or to the Lot or Improvements or to such Owner or its Permittees.

(g) No Rights in Golf Courses. By taking title to a Lot, each Owner acknowledges that (i) it has no visual or sight easement over and across any portion of the Golf Courses; (ii) the owner(s) and/or operator(s) of the Golf Courses have the right, without notice or warning, to plant, remove or trim trees, bushes or other vegetation or landscape on the Golf

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Courses as they deem advisable, in their sole and absolute discretion; (iii) the Golf Activities may be discontinued from time to time or permanently; (iv) the Golf Activities may not be operated or conducted during the same hours, days or months as any schedule in effect or contemplated on the date of this Declaration; (v) the Golf Activities may be conducted during more hours (during both daytime and nighttime), days and months than any schedule in effect or contemplated on the date of this Declaration; and (vi) more activities may be operated or conducted on the Golf Courses. By taking title to a Lot, each Owner acknowledges that it will receive no waiver of or discount on the fees customarily charged by the owner(s) and/or operator(s) of the Golf Courses for use of the Golf Courses or receive any special privileges for access or use of the Golf Courses or any special right to engage in the Golf Activities beyond the rights or privileges, if any, afforded to the general public.

14.2 Secured Entrance. In the event that Declarant or the Association causes a security booth, gate or fence to be constructed on or about any portion of the Property or operates a controlled access entrance to the Property, such actions shall not be deemed under any circumstances as an undertaking by Declarant or the Association to guarantee the safety and security of Owners and their Permittees or the security of the property of such persons. Declarant and the Association disclaim all responsibility to ensure the security and safety of persons and property at Red Sky Ranch and no person shall be entitled to rely upon such security booth, gate or fence constructed on the property as a guarantee of safety and security.

ARTICLE XV
CONVEYANCING AND ENCUMBRANCING

15.1 Lots. A description of any Lots in accordance with the requirements of Colorado law for the conveyance of real property will, if included in an otherwise proper instrument, be sufficient for all purposes to sell, convey, transfer, encumber or otherwise affect not only such Lot but also all Easements, rights and other benefits appurtenant thereto as provided in this Declaration. A Person who becomes an Owner will promptly notify the Association of his or her ownership of a Lot. An Owner may encumber his or her Lot as he or she sees fit, subject to the provisions of this Declaration.

15.2 Transferee Liability. In the event of any voluntary or involuntary transfer of a Lot to any Person, the transferee will be jointly and severally liable with the transferor of such Lot for all unpaid Assessments against such Lot up to the time of transfer, without prejudice to such transferee's right to recover from the transferor any amounts paid by such transferee hereunder.

15.3 Common Elements. The Common Elements or portions thereof may be conveyed or subjected to a security interest by the Association pursuant to the minimum requirements of Section 312(l) of the Act. Any net proceeds from the sale of any portion of the Common Elements may be distributed to the Owners as if such amounts were an award paid as a result of the Taking of such portion of the Common Elements.

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ARTICLE XVI
GENERAL PROVISIONS

16.1 Amendment. Except as otherwise specifically provided in this Declaration or the Act, this Declaration may be amended only as follows:

(a) Amendment by Declarant. Declarant may unilaterally amend this Declaration during the Development Period in the exercise of its Development Rights to the extent permitted by the Act. Additionally, notwithstanding any contrary provision contained in this Declaration, Declarant may unilaterally amend this Declaration and/or the Plat to correct any clerical, typographical or technical errors, and may amend this Declaration to comply with the requirements, standards or guidelines of recognized secondary mortgage markets, 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 or the Federal National Mortgage Association.

(b) Amendment by Members. This Declaration may be amended by the affirmative vote or written consent, or any combination thereof, of Members representing more than sixty percent (60%) of the total votes in the Association and, if such amendment occurs during the Development Period, with the consent of Declarant; provided, however, that any amendment which may change the uses to which any Lot is restricted, create or increase Special Declarant Rights, increase the number of Lots, or, subject to Section 8.1, change the boundaries of any Lot or the voting rights or Assessment allocation of any Lot in the absence of a vote or agreement of Members representing at least sixty-seven percent (67%) of the total votes in the Association and, if such amendment occurs during the Development Period, with the consent of Declarant. Notwithstanding the above, the percentage of votes necessary to amend a specific clause of this Declaration shall not be less than the prescribed percentage of affirmative votes required for action to be taken under such clause. Amendments to this Declaration shall be prepared, executed, Recorded and certified by the President or Vice President of the Association. Notwithstanding the provisions of this Section 16.4(b), no amendment to this Declaration shall allow uses or Improvements not permitted by the applicable zoning.

(c) Consent of Declarant. During the Development Period, no amendment may remove, revoke or modify any right or privilege of Declarant without the written consent of Declarant.

(d) Consent of Owner. Any amendment of this Declaration made in conformity with this Declaration and the Act shall be conclusively presumed to have received the consent of each Owner contract between the Owner and a third party will affect the validity of such amendment.

(e) Effective Date; Change in Conditions. Any amendment shall become effective upon Recording, unless a later effective date is specified in the amendment. Any procedural challenge to an amendment must be made within one (1) year of its Recording or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of this Declaration.

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16.2 Duration and Termination.

(a) Perpetual Duration. Unless terminated as provided in Section 16.2(b), this Declaration shall have perpetual duration. If Colorado law hereafter limits the period during which covenants may run with the land, then to the extent consistent with such law, this Declaration shall automatically be extended at the expiration of such period for successive periods of twenty (20) years each, unless terminated as provided herein.

(b) Termination. This Declaration may not be terminated within thirty (30) years of the date of Recording without the consent of all the Owners and, during the Declarant Control Period, the consent of Declarant. Thereafter, it may be terminated only by an instrument signed by Owners who represent at least sixty-seven percent (67%) of the votes in the Association or such lesser percentage permitted by the Act as it may be amended from time to time. Any termination instrument shall be Recorded and must comply with the termination procedures set forth in the Act. Nothing in this Section 16.2(b) shall be construed to permit termination of any easement created in this Declaration without the consent of the holder of such easement.

16.3 Litigation. Except as provided below, no judicial or administrative proceeding shall be commenced or prosecuted by the Association unless approved by a vote of Owners entitled to cast seventy-five percent (75%) of the votes in the Association. This Section 16.3 shall not apply, however, to (a) actions brought by the Association to enforce the provisions of this Declaration (including, without limitation, the foreclosure of liens); (b) the imposition and collection of Assessments as provided in Article X; (c) proceedings involving challenges to ad valorem taxation; and (d) counterclaims brought by the Association in proceedings instituted against it. This Section 16.3 may be amended only by a vote of Owners entitled to cast seventy-five percent (75%) of the votes in the Association.

16.4 Indemnity. No Owner will hold or attempt to hold the Association or its employees or agents liable for, and each Owner shall indemnify and hold harmless the Association, its employees and agents from and against, any and all demands, claims, liens (including, without limitation, mechanics' and materialmen's liens and claims), causes of action, fines, penalties, damages, liabilities, judgments, costs and expenses (including, without limitation, attorneys' fees and costs of litigation) incurred in connection with or arising from:

(a) the use or occupancy or manner of use or occupancy of the Common Elements (or any other property owned by the Association) by such Owner or such Owner's Permittees;

(b) any activity, work or thing done, permitted or suffered by such Owner in or about the Common Elements or any other property owned by the Association; or

(c) any acts, omissions or negligence of such Owner or such Owner's Permittees;

except to the extent that any injury or damage to persons or property on the Common Elements or any other property owned by the Association is proximately caused by or results proximately from the negligence or deliberate act of the Association or its agents or employees.

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Nothing contained in this Section 16.4 will be construed to provide for any indemnification which would violate applicable laws, void any or all of the provisions of this Section 16.4, or negate, abridge, eliminate or otherwise reduce any other indemnification or right which the Association or the Owners have by law.

16.5 Use of the Name "Red Sky Ranch". No Person shall use the name "Red Sky Ranch" or any derivative in any printed or promotional material without Declarant's prior written consent. However, the Association shall be entitled to use the name "Red Sky Ranch" in its name.

16.6 Owner Enforcement. Except as necessary to prevent a violation or attempted violation that results or would result in direct and immediate physical damage to an Owner's Lot or the Improvements thereon, no Owner may prosecute any proceeding at law or in equity to enforce the provisions of this Declaration. Except as provided above with respect to threatened immediate physical damage, the Association, acting through the Board, shall have the exclusive right, power and authority to enforce the provisions of this Declaration. In the event the preceding provisions of this Section 16.6 are adjudged to be unenforceable, an Owner may institute a proceeding to enforce a provision of this Declaration only if the Board does not, at its election, take action to enforce such provisions within sixty (60) days after the Owner gives written notice to the Board specifying the violation or attempted violation of the provisions of this Declaration, the facts and circumstances surrounding the violation, and the name of the Person alleged to have violated or attempted to violate the provisions of this Declaration. Nothing in this Section 16.6 is intended or shall be construed to limit the Declarant's exercise or enjoyment of any rights reserved or granted to Declarant pursuant to this Declaration or the Act.

16.7 Severability. In the event any provision of this Declaration is deemed illegal or invalid by judgment or court order, a legally valid provision similar to the invalidated provision shall be substituted therefor. Invalidation of any provision of this Declaration, in whole or in part, or of any application of a provision of this Declaration, by judgment or court order shall in no way affect other provisions or applications of this Declaration.

16.8 Governing Law. This Declaration shall be governed by and construed under the laws of the State of Colorado.

16.9 Captions. The captions and headings on this instrument are for convenience only and shall not be considered in construing any provisions of this Declaration.

16.10 Notices. Except for notices concerning meetings of the Association or the Board, which will be given in the manner provided in the Bylaws, any notices required or permitted hereunder or under the Bylaws to be given to any Owner, the Association, the Board will be sent by certified mail, first-class postage prepaid, return receipt requested, to the intended recipient at, in the case of notices to an Owner, the address of such Owner at its Lot; in the case of notices to the Association or the Board, the address of the Association's registered agent. All notices will be deemed given and received three (3) business days after such mailing. Any Owner may change its address for purposes of notice by notice to the Association in accordance with this Section 16.10. The Association or the Board may change its address for purposes of

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notice by notice to all Owners in accordance with this Section 16.10. Any such change of address will be effective five (5) days after giving of the required notice.

16.11 Colorado Common Interest Ownership Act. This Declaration shall be subject to all mandatory requirements of the Act. In the event of any conflict between any term or provision of this Declaration and any mandatory provision of the Act, the mandatory provisions of the Act shall control in all instances, and neither the Declarant nor the Association shall have any liability to any party for actions taken in conformity with the Act, notwithstanding the fact that such actions may be contrary to the provisions of this Declaration. In the event of any conflict between any term of provision of this Declaration and any permissive or non-mandatory provision of the Act, the provisions of this Declaration shall control in all instances.

16.12 Declarant Liability. Except as otherwise provided in the Act, no Person holding the status of, or exercising any rights or performing any obligations of, Declarant under this Declaration shall be liable to any Owner or Mortgagee for any acts or omissions of another Person holding such status, or exercising any rights or performing any obligations associated with the status of Declarant.

16.13 No Merger. Notwithstanding that the Declarant currently holds title to all the Property, and notwithstanding that a subsequent Owner may own or hold title to more than one Lot, any such commonality of interests shall not result in or cause any merger and extinguishment, in whole or in part, of any provisions of this Declaration, it being intended by Declarant, for its benefit and the benefit of its successors in interest, that the terms of this Declaration not be merged by virtue of those common ownership interests to any extent, but instead that such terms be and remain in full force and effect upon and following the making and Recording of this Declaration.



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IN WITNESS WHEREOF, the undersigned Declarant has executed this Declaration this 31st day of July, 2001.

DECLARANT:

THE VAIL CORPORATION,
a Colorado corporation

By: [Signature]
Name: Martha D. Rehm, SVP

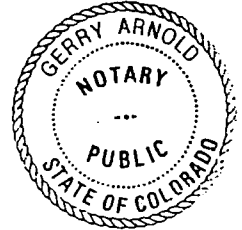
STATE OF COLORADO)
) ss.
COUNTY OF Eagle)

The foregoing instrument was acknowledged before me this 25th day of July, 2001, by Martha D. Rehm as Sr. Vice President of The Vail Corporation, a Colorado corporation.

Witness my hand and official seal.

My commission expires: 10-03-2004

Gerry Arnold
Notary Public



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CONSENT TO RECORDING

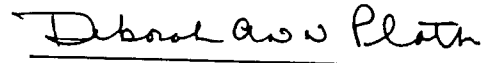
The undersigned as the Owners of Lots 61-67, inclusive, as described on the Plat, which is part of the Property under this Declaration, consent to the recording of this Declaration against such property and agree, for itself and its successors and assigns, to be bound by the terms and conditions set forth in this Declaration.

THE PLATHS:


GARY PLATH


MARGIE PLATH


DAVID JAMES PLATH


DEBORAH ANN PLATH

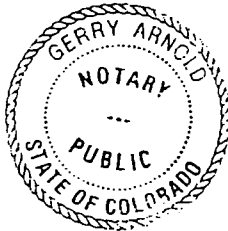
STATE OF COLORADO)
COUNTY OF Eagle)


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The foregoing instrument was acknowledged before me this 25th day of July, 2001 by Gary Plath.

Witness my hand and official seal.

My commission expires: 10-03-2004




Notary Public



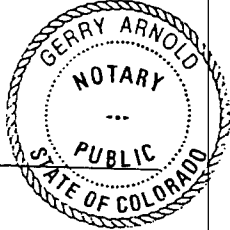
STATE OF COLORADO)
) ss.
COUNTY OF Eagle)

The foregoing instrument was acknowledged before me this 25th day of July, 2001 by Margie Plath.

Witness my hand and official seal.

My commission expires: 10-03-2004.

Gerry Arnold
Notary Public



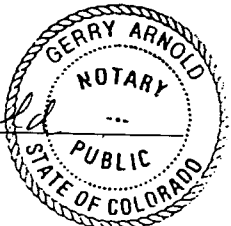
STATE OF COLORADO)
) ss.
COUNTY OF Eagle)

The foregoing instrument was acknowledged before me this 25th day of July, 2001 by David James Plath.

Witness my hand and official seal.

My commission expires: 10-03-2004.

Gerry Arnold
Notary Public



STATE OF COLORADO)
) ss.
COUNTY OF Eagle)

The foregoing instrument was acknowledged before me this 25th day of July, 2001 by Deborah Ann Plath.

Witness my hand and official seal.

My commission expires: 10-03-2004.

Gerry Arnold
Notary Public

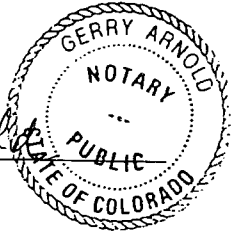


EXHIBIT A

ADDITIONAL LAND

ALL OF SECTIONS 14, 15, 16, 17, 20, 21, 22, 23, 27, 28, 29, 33 AND 34, TOWNSHIP 4 SOUTH, RANGE 83 WEST, OF THE 6TH PRINCIPAL MERIDIAN, EAGLE COUNTY, COLORADO, EXCEPTING THEREFROM THE REAL PROPERTY SUBJECT TO THIS DECLARATION.

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EXHIBIT B

EASEMENTS, LICENSES AND OTHER MATTERS OF RECORD
AFFECTING THE PROPERTY

RIGHTS OF WAY FOR DITCHES AND CANALS CONSTRUCTED BY THE AUTHORITY OF THE UNITED STATES, AS RESERVED IN UNITED STATES PATENTS RECORDED AS FOLLOWS: FEBRUARY 14, 1949 IN BOOK 48 AT PAGE 413, APRIL 13, 1929 IN BOOK 93 AT PAGE 206, DECEMBER 2, 1931 IN BOOK 93 AT PAGE 250, AUGUST 2, 1938 IN BOOK 123 AT PAGE 593, MARCH 15, 1949 IN BOOK 134 AT PAGE 500, MAY 2, 1985 IN BOOK 412 AT PAGE 975, AND MAY 11, 1994 IN BOOK 640 AT PAGES 27 AND 28.

ALL THE COAL AND OTHER MINERALS, TOGETHER WITH THE RIGHT TO PROSPECT FOR, MINE AND REMOVE THE SAME PURSUANT TO THE PROVISIONS AND LIMITATIONS OF THE ACT OF DECEMBER 29, 1916 (39 STAT., 862) AS RESERVED BY THE UNITED STATES IN PATENT RECORDED DECEMBER 2, 1931 IN BOOK 93 AT PAGE 250, AUGUST 2, 1938 IN BOOK 123 AT PAGE 593 AND MAY 11, 1994 IN BOOK 640 AT PAGE 27 AND 28.

RIGHT OF PROPRIETOR OF A VEIN OR LODGE TO EXTRACT AND REMOVE HIS ORE THEREFROM SHOULD THE SAME BE FOUND TO PENETRATE OR INTERSECT THE PREMISES AS RESERVED IN UNITED STATE PATENT RECORDED MAY 02, 1985, IN BOOK 412 AT PAGE 975.

RIGHT OF WAY EASEMENT AS GRANTED TO COLORADO UTE ELECTRIC IN INSTRUMENT RECORDED JUNE 02, 1964, IN BOOK 182 AT PAGE 425.

RIGHT OF WAY EASEMENT AS GRANTED TO COLORADO UTE ELECTRIC ASSOCIATION, INC. IN INSTRUMENT RECORDED SEPTEMBER 26, 1974, IN BOOK 236 AT PAGE 649 AND IN INSTRUMENT RECORDED APRIL 16, 1992 IN BOOK 577 AT PAGE 787.

TERMS, CONDITIONS AND PROVISIONS OF EASEMENT FOR ARROW COURT RECORDED JULY 19, 1989 IN BOOK 509 AT PAGE 999 AND CORRECTION THERETO RECORDED SEPTEMBER 8, 1997 IN BOOK 736 AT PAGE 399 RECEPTION NO. 632353 AND AS SHOWN ON IMPROVEMENT LOCATION CERTIFICATE PREPARED BY EAGLE VALLEY SURVEYING, JOB NO. 2387.

TERMS, CONDITIONS AND PROVISIONS OF HOLY CROSS UNDERGROUND RIGHT OF WAY EASEMENT RECORDED AUGUST 22, 2000 AT RECEPTION NO. 737231.

TERM, CONDITIONS AND PROVISIONS OF TRENCH, CONDUIT, AND VAULT AGREEMENT RECORDED AUGUST 22, 2000 AT RECEPTION NO. 737227.

TERMS, CONDITIONS AND PROVISIONS OF EASEMENT AGREEMENT RECORDED MAY 01, 2000 AT RECEPTION NO. 728552.

TERMS, CONDITIONS AND PROVISIONS OF RED SKY RANCH PUD RECORDED MARCH 28, 2000 AT RECEPTION NO. 725771.

TERMS, CONDITIONS AND PROVISIONS OF APPROVAL OF THE ZONE CHANGE AND PLANNED UNIT DEVELOPMENT PRELIMINARY PLAN FOR RED SKY RANCH PUD RECORDED FEBRUARY 09, 2001 AT RECEPTION NO. 749749.

RIGHT OF WAY FOR DITCHES OR CANALS CONSTRUCTED BY THE AUTHORITY OF THE UNITED STATES AS RESERVED IN UNITED STATES PATENT RECORDED AUGUST 02, 1938, IN BOOK 123 AT PAGE 593.

ALL THE COAL AND OTHER MATERIALS, TOGETHER WITH THE RIGHT TO PROSPECT FOR, MINE AND REMOVE THE SAME PURSUANT TO THE PROVISIONS AND LIMITATIONS OF THE ACT OF DECEMBER 29, 1916 (39 STAT., 862) AS RESERVED BY THE UNITED STATES IN PATENT RECORDED AUGUST 2, 1938 IN BOOK 123 AT PAGE 593.

UNDERGROUND RIGHT OF WAY EASEMENT AS GRANTED TO HOLY CROSS ELECTRIC ASSOCIATION, INC. IN INSTRUMENT RECORDED FEBRUARY 11, 1991 IN BOOK 547 AT PAGE 569.

NOTE: CONSENT AND SUBORDINATION AGREEMENT IN CONNECTION WITH SAID EASEMENT WAS RECORDED FEBRUARY 11, 1991 IN BOOK 547 AT PAGE 567.

NOTE: ACCEPTANCE OF UNDERGROUND RIGHT OF WAY EASEMENT AND ACKNOWLEDGEMENT RECORDED FEBRUARY 11, 1991 IN BOOK 547 AT PAGE 566.

TERMS, CONDITIONS AND PROVISIONS OF EAGLE TELECOMMUNICATIONS INC./COLORADO RIGHT OF WAY EASEMENT RECORDED APRIL 22, 1991 IN BOOK 552 AT PAGE 460.

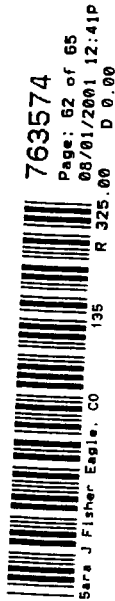
UNDERGROUND RIGHT OF WAY EASEMENT AS GRANTED TO HOLY CROSS ELECTRIC ASSOCIATION, INC. IN INSTRUMENT RECORDED FEBRUARY 18, 1992 IN BOOK 573 AT PAGE 21.

TERMS, CONDITIONS AND PROVISIONS OF MAP OF WOLCOTT SPRINGS PARCELS RECORDED NOVEMBER 25, 1991 IN BOOK 567 AT PAGE 825.

TERMS, CONDITIONS AND PROVISIONS OF CONVEYANCE OF EASEMENT RECORDED MARCH 15, 1995 IN BOOK 663 AT PAGE 254.

EASEMENTS, RESERVATIONS AND RESTRICTIONS AS SHOWN OR RESERVED ON THE AMENDED LAND SURVEY PLAT OF PARCELS 20, 21, AND 22, WOLCOTT SPRINGS PARCELS RECORDED MARCH 16, 1995 IN BOOK 663 AT PAGE 368.

TERMS, CONDITIONS AND PROVISIONS OF EASEMENT AGREEMENT RECORDED MAY 01, 2000 AT RECEPTION NO. 728551.



TERMS, CONDITIONS AND PROVISIONS OF EASEMENT AGREEMENT RECORDED MAY 01, 2000 AT RECEPTION NO. 728550.

TERMS, CONDITIONS AND PROVISIONS OF TRENCH, CONDUIT, AND VAULT AGREEMENT RECORDED AUGUST 22, 2000 AT RECEPTION NO. 737227.

TERMS, CONDITIONS AND PROVISIONS OF HOLY CROSS UNDERGROUND RIGHT OF WAY EASEMENT RECORDED AUGUST 22, 2000 AT RECEPTION NO. 737231.

CLAIMS OF RIGHT, TITLE AND/OR INTEREST IN THE PROPERTY, MADE BY THE ADJOINING LAND OWNER, BETWEEN THE NORTHEASTERLY BOUNDARY LINE AND THE FENCE (AS DEPICTED ON THE SURVEY PREPARED BY EAGLE VALLEY SURVEYING, INC., JOB NUMBER 2387.2 WHETHER SAID CLAIMS ARISE BY ABANDONMENT, ADVERSE POSSESSION OR OTHER MEANS.

TERMS, CONDITIONS AND PROVISIONS OF APPROVAL OF THE ZONE CHANGE AND PLANNED UNIT DEVELOPMENT PRELIMINARY PLAN FOR RED SKY RANCH PUD RECORDED FEBRUARY 09, 2001 AT RECEPTION NO. 749749.

TERMS, CONDITIONS AND PROVISIONS OF TRENCH, CONDUIT, AND VAULT AGREEMENT RECORDED AUGUST 22, 2000 AT RECEPTION NO. 737227.

TERMS, CONDITIONS AND PROVISIONS OF HOLY CROSS UNDERGROUND RIGHT OF WAY EASEMENT RECORDED AUGUST 22, 2000 AT RECEPTION NO. 737231.

TERMS, CONDITIONS AND PROVISIONS OF EASEMENT RECORDED JANUARY 09, 1996 IN BOOK 685 AT PAGE 594 AND 595.

TERMS, CONDITIONS AND PROVISIONS OF MEMORANDUM OF OPTION RECORDED FEBRUARY 18, 1997 IN BOOK 718 AT PAGE 677.

TERMS, CONDITIONS AND PROVISIONS OF MEMORANDUM OF OPTION RECORDED FEBRUARY 19, 1998 UNDER RECEPTION NO. 647493.

TERMS, CONDITIONS AND PROVISION OF MEMORANDUM OF RIGHT OF FIRST OFFER RECORDED FEBRUARY 27, 1997 IN BOOK 719 AT PAGE 528.

TERMS, CONDITIONS AND PROVISIONS OF DECREE OF THE WATER RIGHTS OF VAIL ASSOCIATES RECORDED MAY 24, 1999 AT RECEPTION NO. 697010.

TERMS, CONDITIONS AND PROVISIONS OF RESOLUTION RECORDED NOVEMBER 13, 1998 AT RECEPTION NO. 676212.

TERMS, CONDITIONS AND PROVISIONS OF ORDER AND DECREE RECORDED MAY 18, 2000 AT RECEPTION NO. 730073.

TERMS, CONDITIONS AND PROVISIONS OF AGREEMENT RECORDED SEPTEMBER 19, 2000 AT RECEPTION NO. 739321

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Sara J. Fisher Eagle, CO

ANY TAX, LIEN, FEE OR ASSESSMENT FOR 1998 AND SUBSEQUENT YEARS BY REASON OF INCLUSION OF SUBJECT PROPERTY IN THE WESTERN EAGLE COUNTY METROPOLITAN RECREATION DISTRICT, AS EVIDENCED BY INSTRUMENT RECORDED DECEMBER 28, 1992 IN BOOK 597 AT PAGE 595.

TERMS, CONDITIONS AND PROVISIONS OF QUIT CLAIM DEED RECORDED MARCH 01, 1973 IN BOOK 227 AT PAGE 981.

DEED OF TRUST DATED JUNE 30, 1993 FROM GARY PLATH AND MARJIE PLATH TO THE PUBLIC TRUSTEE OF EAGLE COUNTY FOR THE USE OF VAIL BANK TO SECURE THE SUM OF \$48,000.00, AND ANY OTHER AMOUNTS PAYABLE UNDER THE TERMS THEREOF, RECORDED MARCH 16, 1995 IN BOOK 663 AT PAGE 372.

ANY LOSS OR DAMAGE THE INSURED SHALL SUSTAIN DUE TO WIRE FENCE AS SHOWN ON IMPROVEMENT LOCATION CERTIFICATE PREPARED BY EAGLE VALLEY SURVEYING DATED APRIL 2, 1998 JOB NO. 2473.

DIRT ROADS TRAVERSING SUBJECT PROPERTY AS SHOWN ON IMPROVEMENT LOCATION CERTIFICATE PREPARED BY EAGLE VALLEY SURVEYING, INC., FEBRUARY 3, 1999 JOB NO. 2387.2.

CLAIMS OF RIGHT, TITLE AND OR/INTEREST IN THE PROPERTY, MADE BY THE ADJOINING LAND OWNER, BETWEEN THE NORTHEASTERLY BOUNDARY LINE AND THE FENCE (AD DEPICTED ON THE SURVEY PREPARED BY EAGLE VALLEY SURVEYING, INC., JOB NO. 2387.2) WHETHER SAID CLAIMS ARISE BY ABANDONMENT, ADVERSE POSSESSION OR OTHER MEANS.

TERMS, CONDITIONS AND PROVISION OF SPECIAL USE PERMIT JOUFLAS RANCH GOLF COURSE RECORDED NOVEMBER 13, 1998 UNDER RECEPTION NO. 676212.

ANY TAX, LIEN, FEE OR ASSESSMENT BY REASON OF INCLUSION OF SUBJECT PROPERTY IN THE WESTERN EAGLE COUNTY METROPOLITAN RECREATION DISTRICT, AS EVIDENCED BY INSTRUMENT RECORDED DECEMBER 28, 1992 IN BOOK 597 AT PAGE 595.

ANY TAX, LIEN, FEE OR ASSESSMENT BY REASON OF INCLUSION OF SUBJECT PROPERTY IN THE EAGLE RIVER FIRE PROTECTION DISTRICT, AS EVIDENCED BY INSTRUMENT RECORDED MAY 18, 2000, RECEPTION NO. 730073.

ANY TAX, LIEN, FEE OR ASSESSMENT BY REASON OF INCLUSION OF SUBJECT PROPERTY IN THE RED SKY RANCH METROPOLITAN DISTRICT, AS EVIDENCED BY INSTRUMENT RECORDED DECEMBER 29, 2000, RECEPTION NO. 747183

TERMS, CONDITIONS, RESTRICTIONS AND PROVISIONS OF TEMPORARY EASEMENT FOR ROADWAY RECORDED August 1, 2001 AT RECEPTION NO. 763562.

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THOSE ITEMS INCLUDING ALL EASEMENTS AND RESTRICTIONS AS SHOWN ON THE FINAL PLAT OF RED SKY RANCH, EAGLE COUNTY, COLORADO RECORDED August 1, 2001 AT RECEPTION NO. 763566.

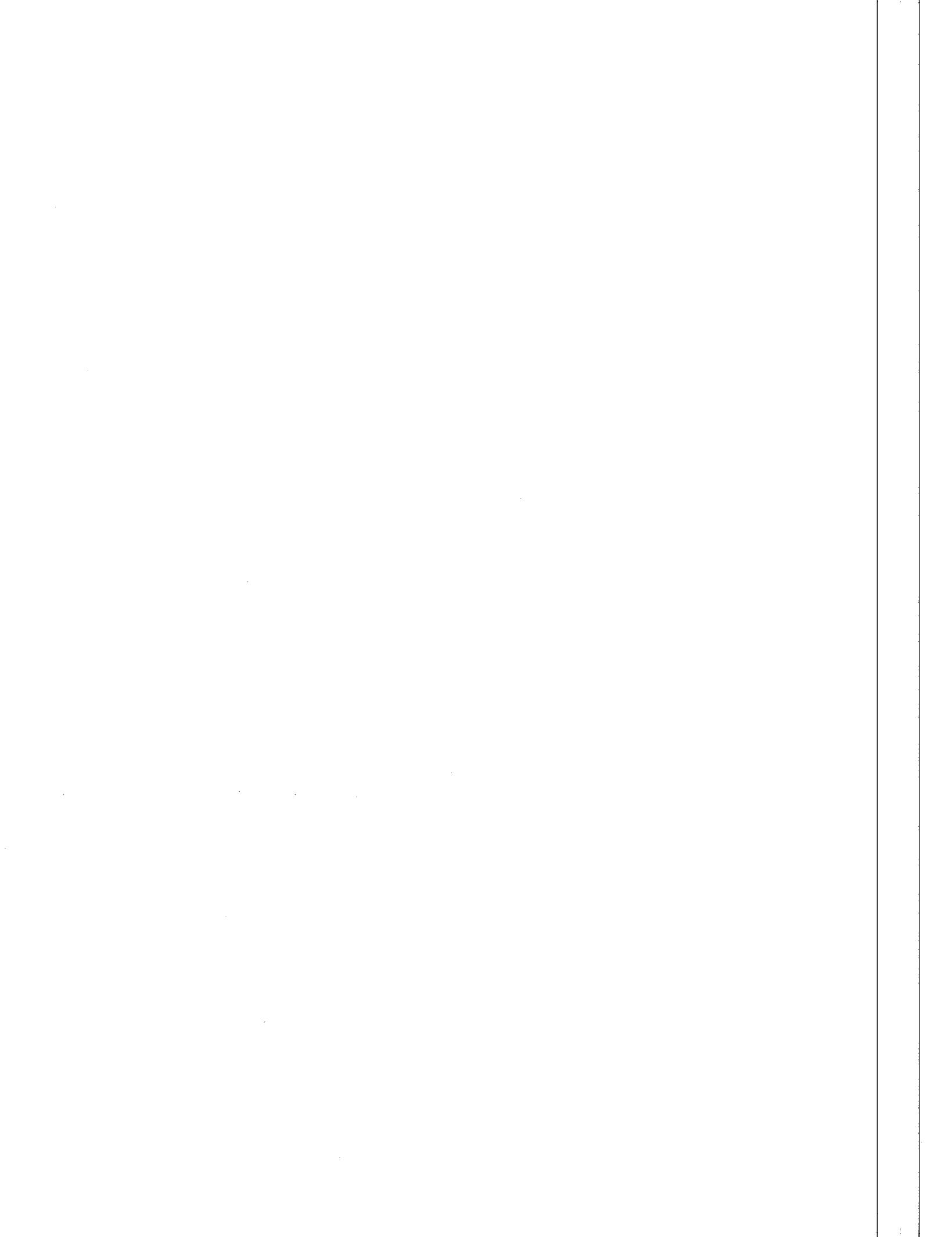
TERMS, CONDITIONS AND PROVISIONS OF DECLARATION OF DEVELOPMENT RESTRICTIONS RECORDED August 1, 2001 AT RECEPTION NO. 763567.

TERMS, CONDITIONS, RESTRICTIONS AND PROVISIONS AS SET FORTH IN THE SUBDIVISION IMPROVEMENT AGREEMENT RECORDED August 1, 2001 AT RECEPTION NO. 763572.

TERMS, CONDITIONS, RESTRICTIONS AND PROVISIONS AS SET FORTH IN THE SUBDIVISION IMPROVEMENT AGREEMENT RECORDED August 1, 2001 AT RECEPTION NO. 763573.

TERMS, CONDITIONS AND PROVISIONS OF CONVEYANCE OF ROADWAY EASEMENT AND GRANT OF OPTION RECORDED August 1, 2001 AT RECEPTION NO. 763575.

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SUPPLEMENTAL DECLARATION

TO DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

FOR RED SKY RANCH, A PLANNED COMMUNITY

ARTICLE I

INTRODUCTION AND PURPOSE

1.1 This Supplemental Declaration (a) is filed pursuant to Section 8.2 of the DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR RED SKY RANCH, A PLANNED COMMUNITY recorded August 1, 2001 at Reception No. 763574 of the Real Property records of Eagle County, Colorado, as the same may be amended from time to time (the "Declaration"), and (b) affects only Lots 10 and 12, Red Sky Ranch, Eagle County, Colorado, according to the Final Plat recorded August 1, 2001 at Reception No. 763573 (the "Affected Property").

1.2 On October 16, 2002, Richard H. Bard and Pamela S. Bard ("Owners") applied to the Board of Directors of Red Sky Ranch Association (the "Board") to combine the Affected Property into one Lot to be known as "Lot 10".

1.3 On October 29, 2002, the Board reviewed and approved said application, determining that Owners had fully complied with the provisions of Sections 8.1 and 8.2 of the Declaration.

1.4 The purpose of this Supplemental Declaration is to declare that the Affected Property has been combined into one lot in accordance with Sections 8.1 and 8.2 of the Declaration.

ARTICLE II

DECLARATION

2.1 The Affected Property has been combined into one lot pursuant to the plat entitled Red Sky Ranch, A Combination of Lots 10 and 12 recorded on October 22, 2002, at Reception No. 811040 ("New Lot 10").

2.2 In accordance with Section 8.2 of the Declaration, the terms and provisions of the Declaration shall apply to New Lot 10 as a whole except that the Common Allocation for New Lot 10 shall equal the sum of the Common Allocations for the Affected Property.

Except as provided herein, all terms and provisions of the Declaration shall remain in full force and effect and be unaffected by this Supplemental Declaration

IN WITNESS WHEREOF, the undersigned Secretary to Red Sky Ranch Association, being authorized to prepare, execute, certify and record this Supplemental Declaration pursuant to Section 7.8 of the Bylaws, and the undersigned Declarant, for the purposes of verifying Declarant's approval pursuant to Section 8.1(a) of the Declaration, have executed this Supplemental Declaration the 7th day of November, 2002.

RED SKY RANCH ASSOCIATION
a Colorado non-profit corporation

By: _____

Name: Alex Iskenderian

Title: Secretary

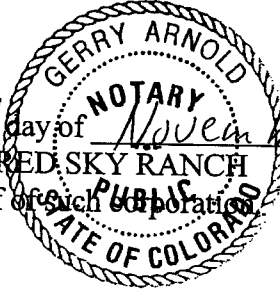
STATE OF COLORADO)

)

) ss.

COUNTY OF EAGLE)

The foregoing was acknowledged before me this 7th day of November, 2002, by Alex Iskenderian as Secretary of RED SKY RANCH ASSOCIATION, a Colorado non-profit corporation, on behalf of said corporation.



Witness my hand and official seal.

My Commission expires: 10-03-2004

Gerry Arnold
Notary Public

[Declarant's signature on following page]



Sara J Fisher Eagle, CO

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DECLARANT:

THE VAIL CORPORATION,
a Colorado corporation

By: James P. Donohue
Name: James P. Donohue
Title: CFO and Sr. Vice President

STATE OF COLORADO)

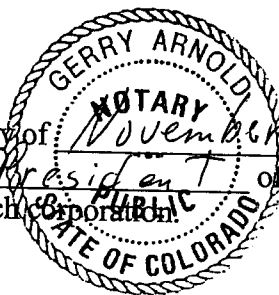
)

COUNTY OF EAGLE)

) ss.

)

The foregoing was acknowledged before me this 7th day of November, 2002, by James P. Donohue as Sr. Vice President of THE VAIL CORPORATION, a Colorado corporation, on behalf of such Corporation.



Witness my hand and official seal.

My Commission expires: 10-03-2004
Gerry Arnold
Notary Public



Sara J Fisher Eagle, CO

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**SUPPLEMENTAL DECLARATION
RED SKY RANCH
A PLANNED COMMUNITY**

THIS SUPPLEMENTAL DECLARATION FOR RED SKY RANCH, A PLANNED COMMUNITY (this "Supplemental Declaration") is made as of May 17, 2005, by THE VAIL CORPORATION, a Colorado corporation ("TVO").

Recitals

A. TVC is the "Declarant" under the Declaration of Covenants, Conditions and Restrictions for Red Sky Ranch, A Planned Community, which was recorded in the real property records of Eagle County, Colorado (the "Records"), on August 1, 2001, at Reception No. 763574, Supplemental Declaration to Declaration of Covenants, Conditions and Restrictions for Red Sky Ranch, A Planned Community recorded in the Records on December 27, 2002, at Reception No. 818435 and Supplemental Declaration Red Sky Ranch A Planned Community recorded in the Records on September 2, 2003, at Reception No. 846280 (together, the "Declaration"). All capitalized terms used in this Supplemental Declaration will have the meanings assigned to them in the Declaration, unless otherwise specified.

B. Declarant has caused the final plat of Red Sky Ranch—First Resubdivision of Tract AA (the "First Amended Plat") to be Recorded concurrently with the Recording of this Supplemental Declaration.

C. Pursuant to the First Amended Plat, Tract AA has been subdivided into one lot and two tracts. On the First Amended Plat, the new lot is designated "Lot 26", and the tracts are designated Tract AA and Tract X.

D. Pursuant to Article V of the Declaration, Declarant reserved certain Development Rights for the Development Period, including the right subdivide any Lots and to withdraw any portion of the Property from the Declaration. The Development Period is still in effect and Declarant desires to exercise some of its Development Rights as described below.

Declaration

1. Subdivision of Tract AA. Pursuant to Section 5.1(f) of the Declaration, Tract AA is hereby subdivided into Lot 26 ("Lot 26"), Tract X (the "New Roadway Tract") and Tract AA (for future development).

2. Status of New Lots. Lot 26 is a "Lot" under the Declaration and the definition of "Lot" is hereby amended to include Lot 26. Lot 26 continues to be a part of the Property and, as a Lot under the Declaration, is subject to the terms of the Declaration.

3. Withdrawal and Status of New Roadway and Sewer Tract. Pursuant to Section 5.1(a) of the Declaration, the New Roadway Tract is hereby withdrawn from the coverage of the Declaration. The New Roadway Tract is hereby excluded from the definition of

“Property” under the Declaration and the New Roadway Tract is included in the definition of “Roadway” under the Declaration.

4. No Further Changes. Except as amended by this Supplemental Declaration, the Declaration remains unchanged and in full force and effect.

IN WITNESS WHEREOF, TVC, as Declarant, has caused this Declaration to be executed as of the date first written above.

DECLARANT:

THE VAIL CORPORATION,
a Colorado corporation

By:
Name: Martha D. Rehm
Its: Sr. Vice President

STATE OF COLORADO)
)
) ss.
COUNTY OF EAGLE)

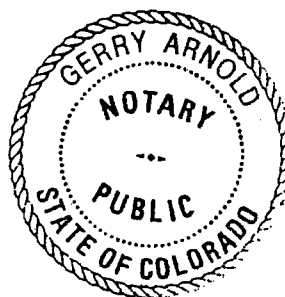
The foregoing Supplemental Declaration was acknowledged before me this 16th
day of May, 2005, by Martha D. Rehm as Sr. Vice President
of The Vail Corporation, a Colorado corporation.

Witness my hand and official seal.

Notary Public

My commission expires 10/03/2008

Approved as to Form: Vail Resorts Legal Department
By: <u>Gerry Arnold</u>
Name: <u>Gerry Arnold</u>
Date: <u>5-17-05</u>





**SUPPLEMENTAL DECLARATION
RED SKY RANCH
A PLANNED COMMUNITY**

211

THIS SUPPLEMENTAL DECLARATION FOR RED SKY RANCH, A PLANNED COMMUNITY (this "Supplemental Declaration") is made as of August 30, 2005, by THE VAIL CORPORATION, a Colorado corporation ("TVC").

Recitals

A. TVC is the "Declarant" under the Declaration of Covenants, Conditions and Restrictions for Red Sky Ranch, A Planned Community, which was recorded in the real property records of Eagle County, Colorado (the "Records"), on August 1, 2001, at Reception No. 763574, Supplemental Declaration to Declaration of Covenants, Conditions and Restrictions for Red Sky Ranch, A Planned Community recorded in the Records on December 27, 2002, at Reception No. 818435, Supplemental Declaration Red Sky Ranch A Planned Community recorded in the Records on September 2, 2003, at Reception No. 846280 and Supplemental Declaration Red Sky Ranch A Planned Community recorded in the Records on May 17, 2005, at Reception No. 916021 (together, the "Declaration"). All capitalized terms used in this Supplemental Declaration will have the meanings assigned to them in the Declaration, unless otherwise specified.

B. Declarant has caused the final plat of Red Sky Ranch—Second Resubdivision of Tract AA (the "Second Amended Plat") to be recorded concurrently with the recording of this Supplemental Declaration.

C. Pursuant to the Second Amended Plat, Tract AA has been subdivided into 26 new lots and 5 new tracts. On the Second Amended Plat, the lots are designated as Lots 24, 25 and 27 through 50 inclusive (individually a "Lot" and together, the "Lots"), and the tracts are designated as Tract D, Tract GC15, Tract Y, Tract Z and Tract OS11 (individually a "Tract" and together, the "Tracts").

D. Pursuant to Article V of the Declaration, Declarant reserved certain Development Rights for the Development Period, including the right subdivide any Lots and to withdraw any portion of the Property from the Declaration. The Development Period is still in effect and Declarant desires to exercise some of its Development Rights as described below.

Declaration

1. Subdivision of Tract AA. Pursuant to Section 5.1(f) of the Declaration, Tract AA is hereby subdivided into the Lots and the Tracts.

2. Status of New Lots. Each of the Lots is a "Lot" under the Declaration and the definition of "Lot" is hereby amended to include the Lots. The Lots continue to be a part of the Property and each Lot, as a Lot under the Declaration, is subject to the terms of the Declaration.

3. Withdrawal and Status of the Tracts. Pursuant to Section 5.1(a) of the Declaration, the Tracts are hereby withdrawn from the coverage of the Declaration. Tract Y and Tract Z are hereby excluded from the definition of "Property" under the Declaration, and Tract Y and Tract Z are included in the definition of "Roadway" under the Declaration.

4. No Further Changes. Except as amended by this Supplemental Declaration, the Declaration remains unchanged and in full force and effect.

IN WITNESS WHEREOF, TVC, as Declarant, has caused this Declaration to be executed as of the date first written above.

DECLARANT:

THE VAIL CORPORATION,
a Colorado corporation

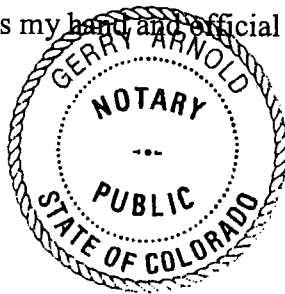
Approved as to Form:
Legal Department
Name: GERRY ARNOLD
Signature: Gerry Arnold
Date: 8-25-05

By: [Signature]
Name: Martha D. Rehm
Its: Sr. Vice President

STATE OF COLORADO)
) ss.
COUNTY OF EAGLE)

The foregoing Supplemental Declaration was acknowledged before me this 26th day of August, 2005, by Martha D. Rehm as Sr. Vice President of The Vail Corporation, a Colorado corporation.

Witness my hand and official seal.



Gerry Arnold
Notary Public
My commission expires 10/03/2008



2/11

**SUPPLEMENTAL DECLARATION
RED SKY RANCH
A PLANNED COMMUNITY**

THIS SUPPLEMENTAL DECLARATION FOR RED SKY RANCH, A PLANNED COMMUNITY (this "Supplemental Declaration") is made as of May 17, 2005, by THE VAIL CORPORATION, a Colorado corporation ("TVC").

Recitals

A. TVC is the "Declarant" under the Declaration of Covenants, Conditions and Restrictions for Red Sky Ranch, A Planned Community, which was recorded in the real property records of Eagle County, Colorado (the "Records"), on August 1, 2001, at Reception No. 763574, Supplemental Declaration to Declaration of Covenants, Conditions and Restrictions for Red Sky Ranch, A Planned Community recorded in the Records on December 27, 2002, at Reception No. 818435 and Supplemental Declaration Red Sky Ranch A Planned Community recorded in the Records on September 2, 2003, at Reception No. 846280 (together, the "Declaration"). All capitalized terms used in this Supplemental Declaration will have the meanings assigned to them in the Declaration, unless otherwise specified.

B. Declarant has caused the final plat of Red Sky Ranch—First Resubdivision of Tract AA (the "First Amended Plat") to be Recorded concurrently with the Recording of this Supplemental Declaration.

C. Pursuant to the First Amended Plat, Tract AA has been subdivided into one lot and two tracts. On the First Amended Plat, the new lot is designated "Lot 26", and the tracts are designated Tract AA and Tract X.

D. Pursuant to Article V of the Declaration, Declarant reserved certain Development Rights for the Development Period, including the right subdivide any Lots and to withdraw any portion of the Property from the Declaration. The Development Period is still in effect and Declarant desires to exercise some of its Development Rights as described below.

Declaration

1. Subdivision of Tract AA. Pursuant to Section 5.1(f) of the Declaration, Tract AA is hereby subdivided into Lot 26 ("Lot 26"), Tract X (the "New Roadway Tract") and Tract AA (for future development).

2. Status of New Lots. Lot 26 is a "Lot" under the Declaration and the definition of "Lot" is hereby amended to include Lot 26. Lot 26 continues to be a part of the Property and, as a Lot under the Declaration, is subject to the terms of the Declaration.

3. Withdrawal and Status of New Roadway and Sewer Tract. Pursuant to Section 5.1(a) of the Declaration, the New Roadway Tract is hereby withdrawn from the coverage of the Declaration. The New Roadway Tract is hereby excluded from the definition of

"Property" under the Declaration and the New Roadway Tract is included in the definition of "Roadway" under the Declaration.

4. No Further Changes. Except as amended by this Supplemental Declaration, the Declaration remains unchanged and in full force and effect.

IN WITNESS WHEREOF, TVC, as Declarant, has caused this Declaration to be executed as of the date first written above.

DECLARANT:

THE VAIL CORPORATION,
a Colorado corporation

By: *Martha D. Rehm*
Name: Martha D. Rehm
Its: Sr. Vice President

STATE OF COLORADO)
) ss.
COUNTY OF EAGLE)

The foregoing Supplemental Declaration was acknowledged before me this 16th day of May, 2005, by Martha D. Rehm as Sr. Vice President of The Vail Corporation, a Colorado corporation.

Witness my hand and official seal.

Gerry Arnold
Notary Public

My commission expires 10/03/2008

Approved as to Form:
Vail Resorts Legal Department
By: *Gerry Arnold*
Name: Gerry Arnold
Date: 5-17-05

