

PROTECTIVE COVENANTS ON THE FOLLOWING DESCRIBED PROPERTY SITUATE IN THE COUNTY OF DELTA AND STATE OF COLORADO, AS FOLLOWS, TO WIT:

**All of Silver Leaf Co-Housing, Paonia, Colorado, within Block 1 of the Hammond's Addition, as shown on that surveyor's plat recorded June 6, 2017 at reception No. 695741**

KNOW ALL PERSONS BY THESE PRESENTS, that Circle Development Corporation (Declarant) the owner of the real property hereinabove described, for the use and benefit of itself and all persons claiming or to claim any part of the above described real property, hereby declares, presents, agrees, restricts and covenants that the use, enjoyment and ownership of the above described real property shall be and the same is hereby restricted, limited, conditioned and protected by the imposition of the following restrictions and limitations.

Declarant hereby submits the Real Estate described above to the provisions of the Colorado Common Interest Ownership Act, C.R.S. §§38-33.3-301 et seq., as may be amended from time to time. Silver Leaf Cohousing is a common interest community under such Act and is subject to and shall conform to the provisions of the Act. In the event the Act is repealed, the Act, on the effective date of this Declaration, shall remain applicable.

1. LAND USE AND BUILDING TYPE

Except as provided herein, no part of the above described real property shall be occupied or used for other than residential purposes. No structures shall be erected, placed, altered or permitted to remain on any part of the above described real property other than detached single-family dwellings, except that Unit 11 shall be allowed to have a duplex unit. Unit 12 will be dedicated to use as a common house.

No room or rooms in any residence or parts thereof may be rented or leased, and no paying guests shall be quartered in any residence without advance permission of the Executive Committee. Provided, however, that nothing contained in this paragraph shall be construed as preventing the renting or leasing of an entire residence as a single unit for a period of time not to exceed one year, upon approved by the executive committee. All proposals for rentals shall be discussed with the executive committee to attempt to match potential renters with community goals. Provided further that renting out rooms is allowable for home care/caretaker/medical assistance purposes

No business or profession of any nature shall be conducted on any Unit or in any residence constructed thereon, except a home office with no employees, or a home office with individual clients, not open to the general public, or any other business approved by the Executive Committee.

2. DWELLING SIZE

No structure shall be erected, altered or permitted to remain on any of the above described real property unless the ground floor area thereof exclusive of open porches and garages, shall be less than 1200 square feet, except the duplex, which may be up to 2000 square feet. All structures shall be single story, except the duplex on Unit 11.

3. CONSTRUCTION

All construction shall be done by Elemental Design and Build. It and Declarant shall have the final authority over materials and exterior design and color. After all units are built, the Association shall have final authority over any changes to the exteriors of all units.

4. BUILDING LOCATION

All structures shall be completely located within the Unit boundaries as shown on the recorded plat.

5. UNIT SUBDIVISION

No Unit or Units shall be subdivided, except for the purpose of combining portions with an adjoining Unit, provided that no additional building site is created thereby.

6. FENCES AND HEDGES

No wall or fence except a hedge not exceeding five feet in height measured from the adjoining ground surface inside the hedge, may be erected or maintained on any Unit. (Camouflage wire fencing inside the hedge shall be allowed. All hedges shall be first approved by the Executive Committee. Fencing in the common areas will be decided by the Executive Committee.

7. ARCHITECTURAL CONTROL

No building shall be erected, placed, or altered on any Unit until the construction plans and a plan showing the location of the structure have been approved by the Association Executive Committee as to quality of workmanship and materials, harmony of external design with existing structures, and as to location with respect to topography and finish grade elevation. No permanent structures shall be erected on the private patio, to allow the passive solar design to be effective.

8. ASSOCIATION PROPERTY.

There shall be a Unit Owner's Association created. Declarant shall convey to the Association the Common Elements as shown on the recorded plat. Such conveyance shall take place not later than the date the first Unit described above is conveyed to an Owner. At the time

of the conveyance, the property shall be free of any mortgages, judgment liens or similar liens or encumbrances. The Association shall hold such property subject to the right of the Declarant, its successors and assigns, to lay, install, construct and maintain utilities in the areas designated on the plat for utility purposes. The property conveyed to the Association shall be held by it for the use, benefit and enjoyment, in common, of each owner. The Association shall supervise, manage, repair and maintain its property at its own cost and expense.

9. MEMBERSHIP IN THE ASSOCIATION

Section 1. Every person, including Declarant, who is a record owner of a fee interest in any Unit which is subject to this declaration, including contract purchasers, shall be a Member of the Association and each purchaser of any Unit by acceptance of a deed therefore covenants and agrees to be a Member of the association whether or not it shall be so expressed in any deed to other conveyance. Persons who hold an interest merely as security for the performance of an obligation shall not be deemed Members. For each unit owned, the owner, whether a firm or entity or multiple persons, thereof shall be entitled to one (1) membership. Votes may not be split into fractions but must be cast in the entirety. Ownership of such Unit shall be the sole qualification for membership. Each member of the Association shall be entitled to one vote for each dwelling unit.

Section 2. LIMITATION ON LIABILITY OF ASSOCIATION'S DIRECTORS AND OFFICERS.

a. Claims Regarding Breach of Duty. No director or officer of the Association (collectively and individually referred to as the "Released Party") shall be personally liable to any of the Association's Members or to any other person, for any error or omission in the discharge of their duties and responsibilities or for their failure to provide any service required hereunder or under the Bylaws, provided that such Released Party has, upon the basis of such information as may be possessed by the Released Party, acted in good faith, in a manner that such person believes to be in the best interest of the Association and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances. Without limiting the generality of the foregoing, this standard of care and limitation of liability shall extend to such matters as the establishment of the Association's annual financial budgets, the funding of Association capital replacement and reserve accounts, repair and maintenance of Common Elements and enforcement of these Declaration of Covenants and Reservations.

b. Other Claims Involving Tortious Acts and Property Damage. No Released Party shall be responsible to any Owner or to any member of his or her family or any of his or her tenants, guests, servants, employees, licensees, invitees or any other person for any loss or damage suffered by reason of theft or otherwise or any article, vehicle or other item or

personal property which may be stored by such Owner or other person or for any injury to or death of any person or loss or damage to the property of any person caused by fire, explosion, the elements or any other Owner or person within the Properties, or by any other cause, unless the same is attributable to his or her own willful or wanton act or gross negligence. It is the intent of this subparagraph to provide volunteer directors and officers with protection from liability to the extent permitted by Colorado law or comparable superseding statute, and to the extent this provision is inconsistent with said section, the Colorado law shall prevail.

Section 3. TRANSFER. Membership held by the owner of a Unit is an appurtenance to such Unit and shall not be transferred, alienated, or pledged in any way, except upon the sale of such Unit, and then only to the purchaser of such Unit. Any attempt to make a transfer except by the sale of a Unit is void. Reference to the transfer of membership need not be made in an instrument of conveyance or encumbrance of such Unit for the transfer to be effective, and the same shall automatically pass with title to the Unit.

Section 4. DECLARANT'S RIGHT TO APPOINT EXECUTIVE COMMITTEE. Declarant shall have the absolute right to appoint and remove the Executive Committee members and officers of the Association for a period that terminates no later than either sixty (60) days after conveyance of seventy-five percent (75%) of the Units to Owners other than Declarant, two (2) years after the last conveyance of a Unit by the Declarant in the ordinary course of business, or two (2) years after any right to add new Units was last exercised. Declarant may voluntarily surrender the right to appoint and remove officers and members of the Executive Committee before termination of the period of Declarant control, but, in that event, the Declarant may require, for the duration of the period of Declarant control, that specified actions of the Association or Executive Committee, as described in a recorded instrument executed by the Declarant, be approved by the Declarant before they become effective. Not later than sixty (60) days after conveyance of twenty-five percent (25%) of the Units to Unit owners other than Declarant, at least one member (1) and not less than twenty-five percent (25%) of the members of the Executive Committee must be elected by Owners other than Declarant.

#### 10. VARIANCES OR ADJUSTMENTS

The Executive Committee may grant reasonable variances or adjustments of these conditions and restrictions in order to overcome practical difficulties and prevent unnecessary hardships arising by reason of the application of the restrictions contained herein. Such variances or adjustments shall be granted only in case the granting thereof shall not be materially detrimental or injurious to other property or improvement in the neighborhood and shall not militate against the general intent and purposes hereof.

11. OIL AND MINING OPERATIONS

No oil drilling, oil development operations, oil refining, quarrying or mining operations of any kind shall be permitted upon or in any Unit, nor shall oil wells, tanks tunnels, mineral excavations or shafts be permitted upon or in any Unit. No derrick or other structure designed for use in boring for oil or natural gas shall be erected, maintained or permitted upon any Unit.

12. GARBAGE AND REFUSE DISPOSAL

No Unit shall be used or maintained as a dumping ground for rubbish. Trash, garbage or other waste shall not be kept at any time on any part of the subject property outside of the principal dwelling or garage located thereon or a properly concealed commercial container or composting unit. No equipment for the storage or disposal of such material shall be kept upon the subject or disposal of such material shall be kept upon the subject property any time unless screened by aesthetically appropriate fences or landscaping approved by the Executive Committee, or unless kept with the exterior walls of the principal dwelling or garage located on the subject property.

13. NUISANCES

No noxious or offensive activity shall be carried on upon any part of the above described real property, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood. Specifically, but not by way of limitation, no owner of any property subject to the provisions of these covenants shall permit weeds to grow and remain uncut so that the same appear unsightly to the surrounding area; nor shall there be permitted the storage of lumber, bricks or other building material for a period of time longer than reasonably required for the completion of a residential structure thereon.

14. TEMPORARY STRUCTURES

Notwithstanding anything to the contrary contained in these covenants, temporary structures for purposes of construction of improvements on any part of the subject property shall be permitted, provided however, no structure of a temporary character, basement, tent, shack, garage, barn or other outbuilding shall be used on any part of the above described real property at any time as a residence, either temporary or permanent. Substantial completion of the construction of the residential improvements approved by the Executive Committee shall be completed within one year after date of commencement of the construction thereof. During such construction period, a mobile home or house trailer may be utilized on the subject property. Temporary shade structures are allowed.

15. MOBILE HOME, TRUCKS, UNLICENSED OR JUNK AUTOMOBILES, ETC.

No mobile homes (except campers or camper trailers used temporarily only), trucks (except for pick-up trucks), or unlicensed or junk automobiles shall be stored on any part of the subject property for any period of time in excess of 24 hours in the aggregate during any one calendar week unless enclosed with a garage or carport, provided however that this covenant shall not be deemed to apply to construction trucks for reasonable times during periods of construction of improvements on any part of the subject property.

16. LIVESTOCK AND POULTRY

Pets and poultry may be kept in accordance with the ordinances of the Town of Paonia if they are not raised, bred, kept or maintained for any commercial purposes. Poultry may be confined to a common area at the discretion of the Executive Committee.

17. EASEMENT RESERVED

Easements for installation and maintenance of utilities are reserved as shown on the recorded plat. All utilities shall be underground.

18. ENFORCEMENT OF USE RESTRICTIONS.

The use restrictions set forth herein shall be enforceable by any Unit Owner or the Association by any lawful means, including the right to recover costs and attorney's fees incurred in enforcement. Because compliance with these covenants and use restrictions is generally for the overall betterment of the community, the Association is granted the right and reserves that right unto itself to assess a daily penalty not to exceed \$25.00 per day for any non-compliance of record.

19. COMMON ELEMENTS, EASEMENTS AND USE RIGHTS

Section 1. EASEMENTS OF USE AND ENJOYMENT. Every Owner has a right and easement for ingress and egress on, over and across the Common Elements and shall be entitled to the use and enjoyment of the Common Elements. Such easements and right of use shall be appurtenant to and shall pass with the ownership of each Unit. Said right and easements shall be subject to the following provisions:

- The right of the Association to establish rules and regulations pertaining to the use, operation and maintenance of the Common Elements; and
- The right of the Association in accordance with the Articles of Incorporation and bylaws, to borrow money for the purpose of improving or reconstructing the common Elements.

- The right of the Association, through its Executive Committee, to enter into, make, perform or enforce contracts, agreements, leases, licenses, easements and/or rights-of-way, for the use by Owners, their family members, guests and invitees and other persons, of real property and any facilities or improvements thereto and thereon, for access, ingress and egress on over and across any property for pedestrian and vehicular parking, or for recreational use and enjoyment. Any such contracts, agreements, and/or rights-of-way, shall be upon such terms and conditions as may be agreed to from time to time by the Executive Committee of the Association, and any costs incident thereto shall be treated by the Association as common expenses.

Section 2. DELEGATION OF USE. Any Owner may delegate his/her right of enjoyment to the common Elements to such Owner's immediate family or to the occupants of the owner's Unit.

Section 3. WAIVER OF USE. No Owner may become exempt from personal liability for assessments duly levied by the Association nor release the Unit owned by such owner from the liens and charges hereof, by waiver of the use and enjoyment of the Common Elements or by abandonment of such Unit.

Section 4. TITLE TO THE COMMON ELEMENTS. Declarant covenants for itself, its successors and assigns, that it will convey or cause to be conveyed fee simple title to the Common Elements and Limited Common Elements to the Association subject to: (a) the terms of this Declaration; and (b) current real estate taxes, not yet due and payable (for which Declarant shall pay or make arrangements to pay its pro rata share) as of the date of the conveyance. The Common Elements and Limited Common Elements shall be conveyed no later than the date of expiration of Declarant's control of the Association.

Section 5. DEVELOPMENT OF COMMON AREA. The Association shall be responsible for the following development of the Common Area: (1) graveling of parking and driveway areas; (2) Landscaping of the G.C.E. areas; (3) Installation of irrigation systems of G.C.E. areas.(4) construction of the community building upon Unit 12. Upon completion of these designated improvements the Association shall assume all maintenance thereof.

Section 6. ACCESS TO BUILDING SITES AND COMMON ELEMENTS. The Association and its respective agents, employees and independent contractors shall have, and there is hereby declared, an easement to enter upon any Building Site or Common Element to the extent reasonably necessary to exercise any right or responsibility of Declarant or the Association as set forth in this Declaration, as to the Building Site utilities, landscaping, or other improvements located on the Property. Each unit has a four foot (4') easement adjacent to its northern wall; access to this area may be through the yard of the adjacent unit. Each owner shall have the right of access as needed.

## 18. ACCEPTANCE

Each grantee of the property or any part thereof included within these restrictive covenants, by acceptance of a deed conveying any of the Units shall accept title thereto upon and subject to each and all of the restrictions, conditions, covenants, and agreements herein contained, and by such acceptance shall for himself, his heirs, personal representatives, successors and assigns, covenants, agree and consent to and with the grantees and subsequent owner of each of said other Units to keep, observe, comply with, and perform said restrictions, covenants, conditions and agreements and each thereof. Said restrictions, covenants and agreements are intended and imposed for the direct and mutual and reciprocal benefit of each and all of said Units and subsequent owners thereof, and to create mutual and equitable servitude upon each of said Units in favor of each other Unit, and reciprocal rights and obligations and privity of contract and estate between the grantees of said Units, their respective heirs, successors and assigns.

The provisions herein contained are for the benefit of each and all of said Units and are and shall operate as covenants running with the land and shall inure to the benefit of and be binding upon the owners and the purchasers and subsequent owners of each of said Units. A violation of any part of said provisions, conditions, restrictions or covenants shall warrant the owners or other Unit owners to apply to any court of law or equity having jurisdiction thereof for an injunction or for damages or other proper relief, and if such relief be granted the court may in its discretion award to the Plaintiff his court costs and reasonable attorney's fees. No delay or omission on the part of the undersigned or his successors or assigns in interest, or the owner or owners of any other Unit or Units in said property in exercising any right, power of the provisions, conditions, restrictions and covenants herein contained, shall be construed as a waiver thereof or an acquiescence therein; and no right of action shall accrue nor shall any action be brought or maintained by, for, or on account of his failure or neglect to exercise any right, power, or remedy herein provided for in the event of any such breach, or for imposing herein provisions, conditions, restrictions, or covenants which may be unenforceable.

#### 19. SEVERABILITY

In the event that any one or more of the provisions, conditions, restrictions, and covenants herein set forth shall be held by any court of competent jurisdiction to be null and void, all remaining provisions, conditions and restrictions and covenants herein set forth shall continue unimpaired and in full force and effect.

#### 20. WAIVER

Any variance or adjustments of these conditions and restrictions granted by the Executive Committee, or any acquiescence or failure to enforce any violation of the conditions and restrictions herein shall not be deemed to be a waiver of any of the conditions and restrictions in any other instance.

21. TERM

The restrictions and limitations herein set forth are to be construed as covenants running with the land and shall be binding on all parties and all persons claiming any part of the above described real property under the said Owner unless an instrument signed by the then owners of a majority of the real property hereinabove described has been recorded in the Office of the County Clerk and Recorder, agreeing to change said covenants in whole or in part.

Dated: 5-23-17

Circle Development Corporation.

STATE OF COLORADO       )  
  ) ss.  
County of Delta                )

By Trudy Welty President  
Trudy Welty, President

The foregoing instrument was acknowledged before me this day of May 23, 2017, by Trudy Welty as President of Circle Development Corporation, a Colorado Corporation.

Witness my hand and official seal.

My commission expires: 09-03-2020 Vaneta Clark  
Notary Public

