

COVENANTS, CONDITIONS AND RESTRICTIONS
of
GRAND MEADOWS SUBDIVISION
of
Granby, Colorado

THESE COVENANTS are made and entered into by NAHP LLC, a Colorado limited liability company ("Developer").

WITNESSETH:

WHEREAS, Developer is the owner of the real property situated in the Town of Granby, County of Grand, State of Colorado, which is described on Exhibit A, attached hereto and incorporated herein by this reference; and

WHEREAS, the Developer desires to subject and place upon the property described on the attached Exhibit A certain covenants, conditions, restrictions, easements, reservations, rights-of-way, obligations, liabilities and other provisions to run with the land for the benefit of all future owners of the property or portions thereof.

NOW, THEREFORE, Developer hereby declares that all of the real property described on that attached Exhibit A shall be held, sold, and conveyed subject to the following covenants, conditions, restrictions, easements, rights-of-way, obligations, liabilities, charges and other provisions set forth herein.

ARTICLE I.
DEFINITIONS

1. "Act" means the Colorado Common Interest Ownership Act, ("CCIOA"); C.R.S. 38-33.3-101, *et seq.*, as amended. The Community (as hereinafter defined) is exempt from the Act, except for C.R.S. §38-33.3-105(3), §38-33.3-106, and §38-33.3-107, since these Covenants provide that there is no annual average common expense liability to the Community as to any or each Lot (as hereinafter defined) among other things.

2. "Agencies" means the Government National Mortgage Association (GNMA), the Federal National Mortgage Association (FNMA), the Federal Home Loan Mortgage Corporation (FHLMC), the Department of Housing and Urban Development (HUD), the Veterans Administration (VA) or any other governmental or quasi-governmental agency or any other public, quasi-public or private entity which performs (or may in the future perform) functions similar to those currently performed by any of such entities.

3. "Builder" means any Member other than Developer who acquires (or has acquired prior to annexation to this Covenant) one or more Lots for the purpose of constructing a residence thereon, and who is designated as a Builder by Developer in its sole discretion from time to time (including the right to withdraw such designation), with such designation to be made by a written instrument duly recorded in the office of the Clerk and Recorder of the County of Grand, Colorado.

4. "Community" means real estate described in this Covenant, as supplemented and amended from time to time, with respect to which a Person, by virtue of such Person's ownership of a Lot, is obligated to pay for real estate taxes, insurance premiums, maintenance or improvement of other real estate described in these Covenants. If the Community were subject to the Act, the Community would be a planned community exempted under the Act.

5. "Developer" means NAHP LLC, a limited liability company, and any other Person(s) to whom the Developer, by recorded document, expressly assigns one or more of its rights under this Covenant, which shall be the extent of its rights to which such assignee succeeds. Any such document shall be deemed to be the designation of a "Builder," as hereinabove provided, unless the document is expressly an assignment of developer rights which provides for assignment or transfer of one or more or all of the Developer's rights under these Covenants.

6. "Covenants" means this declaration of Covenants, Conditions and Restrictions approved by Resolution of the Town Council for Granby, Colorado and recorded in the office of the Clerk and Recorder of Grand County, Colorado, as amended, clarified and supplemented from time to time.

7. "Architectural Control Committee" means those persons ("the Committee") appointed by the Developer or by the vote of property owners within the Community to review and approve or disapprove plans for Improvements, as more fully provided in these Covenants.

8. "Development Rights" means any right or combination of rights reserved by a Developer in these Covenants to:

(a) add real estate to this Community and to create Lots within this Community in connection with the addition of such real estate; or

(b) to withdraw real estate from this Community.

9. "Improvements" means all exterior improvements, structures, and any appurtenances thereto or components thereof of every type or kind, and all landscaping features, including, but not limited to, buildings, outbuildings, swimming pools, tennis courts, patios, patio covers, awnings, solar collectors, painting or other finish materials on any visible structure, additions, walkways, sprinkler systems, garages, driveways, fences, screening walls, retaining walls, stairs, decks, landscaping, hedges, windbreaks, plantings, trees, shrubs, flowers, vegetables, sod, gravel, bark, exterior light fixtures, poles, basketball hoops, signs, exterior tanks, and exterior air conditioning, cooling, heating and water softening equipment, if any.

10. "Lot" means each platted lot shown upon any recorded subdivision map of the real property described on the attached Exhibit A, as the same may be re-subdivided or re-platted from time to time, or any other real property as may hereafter be brought within the Community, with the exception of any publicly dedicated property.

11. "Lots that May Be Included" means eighty five (85) Lots, which shall be the maximum number of Lots that may be subject to these Covenants, including any property annexed to these Covenants. However, the aforesaid number of Lots that may be Included is not a representation or a guarantee as to the actual number of Lots that will ultimately be included in the Community.

12. "Member" means each Owner; membership in the Community shall be appurtenant to, and may not be separated from, ownership of a Lot.

13. "Owner" means the Developer, Builder or other Person who owns a Lot, but does not include a Person having an interest in a Lot solely as security for an obligation.

14. "Person" means a natural person, a corporation, a partnership, an association, a trust, a limited liability company, a joint venture, or any other entity, or any combination thereof, recognized under the laws of the State of Colorado.

15. "Security Interest" means an interest in real estate or personal property created by contract or conveyance which secures payment or performance of any obligation. The term includes a lien created by a mortgage, deed of trust, trust deed, security deed, contract for deed, land sales contract, lease intended as security, assignment of leases or rents intended as security, pledge of an ownership interest in the Community; "Security Interest" shall also mean and refer to any executory land sales contract wherein the Administrator of Veterans Affairs, an Officer of the United States of America, is the seller, whether such contract is recorded or not, and whether such contract is owned by the said Administrator or has been assigned by the Administrator and is owned by the Administrator's assignee, or a remote assignee, and the land records in the office of the Clerk and Recorder of Grand County, Colorado, show the Administrator as having the record title to the Lot.

16. "Security Interest Holder" means any Person named as a mortgagee or beneficiary, or in a similar capacity, under any Security Interest (with respect to notice of cancellation or substantial modification of certain insurance policies, the Administrator of Veteran's Affairs, an Officer of the United States of America, and his assigns under any executory land sales contract wherein the said Administrator is identified as the seller, whether such contract is recorded or not and the land records of the Clerk and Recorder of Grand County, Colorado, show the said Administrator as having the record title to the Lot), or any successor to the interest of any such Person under such Security Interest.

17. "Special Developer Rights" means rights reserved for the benefit of a Developer to perform the following acts: to build and complete Improvements in the Community; to exercise any Development Right; to maintain sales offices, construction offices, management offices, and signs advertising the Community and sale of Lots; to use easements through the Community for the purpose of making Improvements within the Community or within real estate which may be added to the Community; to merge or consolidate a Community of the same or similar form of ownership. All of the Special Developer Rights may be exercised by the Developer with respect to any portion of the property now or hereafter within the Community. Developer may exercise any or all of these Special Developer Rights at any time and from time to time. Such rights shall terminate automatically on the earlier of the following events: (a) conveyance of the last Lot by Developer or a Builder to an Owner other than Developer or a Builder; or (b) seven (7) years from the date of recordation of these Covenants. Notwithstanding the foregoing, such rights shall not terminate automatically with respect to the creation of an Association under the Act.

ARTICLE II.
MEMBERSHIP AND VOTING RIGHTS

1. Membership. The membership in the Community at all times shall consist exclusively of all Owners or, following termination of the Community, of all former Owners entitled to distributions of proceeds or their heirs, personal representatives, successors or assigns. Membership shall be appurtenant to and may not be separated from ownership of any Lot. Any Person holding membership in the Community may be appointed to the Architectural Control Committee and/or vote for those seeking to be on said Committee.

2. One Class of Membership. The Community shall have one class of voting membership. Each Owner shall be entitled to one (1) vote for each Lot owned. The total number of votes which may be cast in connection with any matter shall be equal to the total number of Lots then existing within the Community. During the Period of Developer Control, the Developer or Persons appointed by the Developer may appoint all members of the Architectural Control Committee, and may remove all members of the said Committee, which have been appointed by the Developer. The Developer may voluntarily surrender the right to appoint and remove members of the Architectural Control Committee before termination of the Period of Developer Control; but, in that event, the Developer may require, for the duration of the Period of Developer Control, that specified actions of the Architectural Control Committee, be approved by the Developer before they become effective.

ARTICLE III.
ARCHITECTURAL CONTROL COMMITTEE

1. Composition of Committee. The Architectural Control Committee shall consist of three (3) or five (5) persons elected by the membership; provided, however, that until at least two thirds of the Lots that may be Included have been conveyed to the first Owner thereof (other than Declarant), Developer may appoint the said Committee. The power to "appoint" as provided herein, shall include without limitation the power to: constitute the initial membership of the Architectural Control Committee; appoint member(s) to the Architectural Control Committee on the occurrence of any vacancy therein, for whatever reason; and remove any member of the said Committee, with or without cause, at any time, and appoint the successor thereof. Each such appointment may be made for such term(s) of office, subject to the aforesaid power of removal, as may be set from time to time in the discretion of the appointor.

2. Review by Committee. No Improvements shall be constructed, erected, placed, planted, applied or installed upon any Lot unless plans and specifications therefor (said plans and specifications to show exterior design, height, materials, color, and location of the Improvements, and type of landscaping, walls, windbreaks and grading plan, as well as such other materials and information as may be required by the Committee), shall have been first submitted to and approved in writing by the Architectural Control Committee; provided, however, that the Developer shall be exempt from seeking or obtaining Committee approval during Developer's development of, construction on, or sales of any Lot or residences on any Lot. The Architectural Control Committee shall exercise its reasonable judgment to the end that all Improvements conform to and harmonize with the existing surroundings, residences, landscaping and structures, and that such Improvements are consistent with the Design

Guidelines referenced in Section 4 of this Article and attached hereto as Exhibit B. In its review of such plans, specifications and other materials and information, the Architectural Control Committee shall charge a fee of \$25.00 and may require that the applicant(s) reimburse the Committee for the actual expenses incurred by the Committee in the review and approval process. This fee ("Review Fee") shall be levied on the applicant as a user fee. Findings and decisions of the Architectural Control Committee shall be reduced to writing and submitted to the proper authorities of the Town of Granby in conjunction with the permitting process for construction within the Town of Granby.

3. Procedures. The Architectural Control Committee shall decide each request for approval within forty-five (45) days after the complete submission of all plans, specifications and other materials and information which the Committee may require in conjunction therewith. If the Architectural Control Committee fails to decide any request within forty-five (45) days after the complete submission of the plans, specifications, materials and other information with respect thereto, then approval shall be deemed to have been granted.

4. Design Guidelines. The Architectural Control Committee may, at any time from time to time, enact, issue, promulgate, modify, amend, repeal, re-enact, and enforce, a Design Guidelines Manual for the Community, or other design or architectural guidelines, to interpret and implement the provisions of these Covenants, including, without limitation, those relating to procedures, materials to be submitted, specifications of items, types or kinds of Improvements, and other matters. Any architectural or design guidelines so adopted by the Committee shall be consistent, and not in conflict, with this Article and Exhibit B attached hereto.

5. Vote and Appeal. A majority vote of the Committee is required to approve a request for approval pursuant to this Article, unless the Committee has appointed a representative to act for it, in which case the decision of such representative shall control. In the event a representative acting on behalf of the Committee decides a request for architectural approval which is adverse to the applicant, then the applicant shall have the right to an appeal of such decision to the full Committee, upon a written request therefor submitted to the Committee within thirty (30) days after such decision by the Committee's representative.

6. Prosecution of Work After Approval. After approval of a request for architectural approval, the work to complete the same shall be accomplished as promptly and diligently as possible and in complete conformity with the approval. Failure to complete the proposed Improvement within (1) year after the date of approval of the application therefor, or to complete the Improvement in accordance with the description and materials furnished to the committee and the conditions imposed with such approval, shall constitute a violation of this Article.

7. Inspection of Work. The Architectural Control Committee or its duly authorized representative shall have the right to inspect any Improvement prior to, during or after completion of the same, in order to determine whether or not the proposed Improvement is being completed or has been completed in compliance with this Article and any approval therefore granted by the Committee. However, unless the Committee expressly states, in a written document, that an Improvement is being completed or has been completed in conformance with the approval therefor, no such conformance shall be implied from inspection of the Improvement either during the work or after completion thereof.

8. Records. The Architectural Control Committee shall maintain written records of all applications submitted to it, all Review Fees collected, and all actions taken by it thereon, and such records shall be available to Members for inspection at reasonable hours of the business day.

9. Liability. The Architectural Control Committee and members thereof, as well as any representative of the Committee appointed to act on its behalf, shall not be liable in equity or damages to any person submitting requests for approval or to any Owner by reason of any action, failure to act, approval, disapproval, or failure to approve or disapprove in regard to any matter within its jurisdiction hereunder.

10. Variance. The Committee may grant reasonable variances or adjustments from any conditions and restrictions imposed by this Article, in order to overcome practical difficulties or prevent unnecessary hardships arising by reason of the application of any such conditions and restrictions. Such variances or adjustments shall be granted only in case the granting thereof shall not be materially detrimental or injurious to the other property or Improvements in the neighborhood and shall not militate against the general intent and purpose hereof.

11. Waivers. The approval or consent of the Architectural Control Committee or any representative thereof, to any application for architectural approval shall not be deemed to constitute a waiver of any right to withhold or deny approval or consent by the Committee or any representative thereof, as to any application or other matters whatsoever as to which approval or consent may subsequently or additionally be required.

12. Enforcement. The Architectural Control Committee may take such action as it deems reasonable and prudent to assure compliance with these covenants and the guidelines attached hereto as Exhibit B. If it should become necessary for the Committee to seek judicial relief in order to enforce these aforesaid covenants and guidelines, then the Committee shall take such action in the name of the Community and obtain relief at either law and/or equity, which shall include any damages suffered, costs incurred, attorneys fees and such other and further relief as might be necessary to make the Community, its members and members of the Committee as a whole, all in conformance with these aforesaid Covenants and Guidelines. This provision does not apply to actions taken by one individual member of the Community against another as provided for in Article V, paragraph 1., below.

ARTICLE IV. RESTRICTIONS

1. General Plan. It is the intention of the Developer to establish and impose a general plan for the improvement, development, use and occupancy of the Lots.

2. Restrictions Imposed. This Community is subject to the recorded easements, licenses and other matters. The Developer declares that all of the Lots shall also be held and shall henceforth be sold, conveyed, used, improved, occupied, owned, resided upon and hypothecated, subject to the following provisions, conditions, limitations, restrictions, agreements and covenants, as well as those contained elsewhere in these Covenants:

3. Residential Use. Lots shall be used for residential use only, including uses which are customarily incident thereto, and shall not be used at any time for business, commercial or professional

purposes; provided, however, that an Owner may use his Lot for professional or home occupation(s) so long as the applicable zoning permits such use, there is no external evidence thereof, the amount of traffic or the number of persons in the Community is not increased as a result of such usage, and no unreasonable inconvenience to other residents of the Lots is created thereby.

4. Developer's Use. Notwithstanding anything to the contrary contained in these Covenants, it shall be expressly permissible and proper for Developer, its employees, agents, and contractors, to perform such reasonable activities, and to maintain upon portions of the Lots and the Common Elements such facilities as Declarant deems reasonably necessary or incidental to the development, construction and sale of Lots, and development and construction of Improvements, specifically including, without limiting the generality of the foregoing, maintaining management offices, signs, model units, construction offices, trailers and sales offices, in such numbers, of such sizes, and at such locations as Developer determines in its reasonable discretion from time to time. Further, nothing contained in these Covenants shall limit the rights of Developer or require Developer to obtain approvals: (a) to excavate, cut, fill or grade any property or to construct, alter, demolish or replace any Improvements; (b) to use any Improvements on any property as a construction, management, model home or sales or leasing office in connection with the development, construction or sale of any property; and/or (c) to require Developer to seek or obtain the approval of the Architectural Control Committee, for any such activity. Any real estate used as a sales office, management office, or a model, shall be a Lot.

5. Household Pets. No animals, livestock, birds, poultry, reptiles or insects of any kind shall be raised, bred, kept or boarded in or on the Lots; provided, however, that the Owners of each Lot may keep a reasonable number of bona fide household pets (including dogs, cats or other domestic animals), so long as such pets are not kept for any commercial purpose and are not kept in such number or manner as to create a nuisance to any resident of the Lots. The Architectural Control Committee shall have, and is hereby given, the right and authority to determine in its sole discretion that dogs, cats or other household pets are being kept for commercial purposes or are being kept in such number or manner as to be unreasonable, including but not limited to noise from a barking dog(s), or to otherwise create a nuisance, and/or an Owner is in violation of the provisions of this Section, and to take such action(s) as it may deem appropriate to correct the same. An Owner's right to keep household pets shall be coupled with the responsibility to keep the Community clear of pet waste and pay for any damage caused by such pets, as well as any costs incurred as a result of such pet.

6. Temporary Structures; Unsightly Conditions. Except as hereinafter provided, no structure of a temporary character, including, but not limited to, a house trailer, tent, shack, storage shed, or outbuilding shall be placed or erected upon any Lot; provided, however, that during the actual construction, alteration, repair or remodeling of a structure or other Improvements, necessary temporary structures for storage of materials may be erected and maintained by the Developer or a Person doing such work. The work of constructing, altering or remodeling any structure or other Improvements shall be prosecuted diligently from the commencement thereof until the completion thereof. Further, no unsightly conditions, structures, facilities, equipment or objects shall be so located on any Lot as to be visible from a street or from any other Lot. The Architectural Control Committee shall have, and is hereby given, the right and authority to determine in its sole discretion that any structure, condition or manner as to be unreasonable or to create a nuisance, or that an Owner is otherwise in violation of the provisions of this Section, and to take such action(s) as it may deem appropriate to correct the same.

7. Miscellaneous Improvements

(a) No advertising or signs of any character shall be erected, placed, permitted, or maintained on any Lot other than a name plate of the occupant and a street number, and except for a "For Sale," "Open House" or "For Rent" sign of not more than five (5) square feet. Notwithstanding the foregoing, reasonable signs, advertising, or billboards used by the Developer, or approved by the Developer in connection with the sale or rental of the Lots, or otherwise in connection with development of or construction on the Lots, shall be permissible.

(b.) No wood piles, out-buildings, or storage areas shall be so located on any Lot as to be visible from a street or from the ground level of any other Lot. Wood piles, although otherwise permissible, shall be kept in an orderly manner and in such a way as to minimize view impacts on other members of the community.

(c) No types of refrigerating, cooling or heating apparatus shall be permitted on a roof and no such apparatus shall be permitted elsewhere on a Lot, except when appropriately screened and approved by the Architectural Committee so as to not be seen from the street.

(d) No fences shall be permitted without the prior approval of the Architectural Control Committee and then such fences must conform to the design standards set forth in Exhibit B as aforementioned, except that each Owner is allowed to have a chain-linked fence erected as a dog run, not to exceed 300 square feet, and except such fences as may be constructed, installed or located by Developer in its development of, or construction of Improvements in, the Community.

(e) No wind generators, clotheslines, chain-linked (or other) dog runs, drying yards, or service yards, shall be constructed, installed, erected or maintained on any Lot.

8. Vehicular Parking, Storage and Repairs.

(a) No house trailer, camping trailer, boat trailer, hauling trailer, boat, or accessories thereto, truck (larger than 3/4 ton), self-contained motorized recreational vehicle, or other type of recreational vehicle or equipment, may be parked or stored in the Community unless such parking or storage is entirely within the fenced area of any Lot at the rear of the residence erected thereon. On a seasonal basis, snowmobiles may be parked in the Community just as any other vehicle owned and operated by the Owner, Owner's guests and invitees. Nothing contained in this provision shall prevent a vehicle to be otherwise parked as a temporary expedient for loading, delivery, or emergency; nor shall this provision be interpreted to restrict the parking and storage of trucks or other commercial vehicles which are necessary for construction or for the maintenance, repair or replacement of any portion of the Community or any Improvements located thereon.

(b) Except as hereinabove provided, no abandoned or inoperable automobiles or vehicles of any kind shall be stored or parked in the Community. An "abandoned or inoperable vehicle" shall be defined as any automobile, truck, motorcycle, or other similar vehicle, which has not been driven under its own propulsion for a period of thirty (30) days or longer, or which does not have an operable propulsion system installed therein, or which is not then currently licensed and registered.

(c) No activity such as, but not limited to, maintenance, repair, rebuilding, dismantling, repainting or servicing of any kind of vehicles, trailers or boats, may be performed or conducted in the Community unless it is done within completely enclosed structure(s) which screen the sight and sound of the activity from the private drives, street and from adjoining property. The foregoing restriction shall not be deemed to prevent, on a Lot, washing and polishing of any motor vehicle, boat, trailer, motor-driven cycle, or other vehicle, together with those activities normally incident and necessary to such washing and polishing.

9. Nuisances. No nuisance shall be permitted in the Community or any portion thereof, nor any use, activity or practice which interferes with the peaceful enjoyment or possession and proper use of the Community or any portion thereof. As used herein, the term "nuisance" shall not include any activities of Developer which are reasonably necessary to the development and construction of, and sales activities in, the Community; provided however, that such activities of the Developer shall not unreasonably interfere with any Owner's use and enjoyment of his Lot, or with any Owner's ingress and egress to or from his Lot and a public way. No noxious or offensive activity shall be carried on upon any Lot, nor shall anything be done or placed on any Lot which is or may become a nuisance or cause embarrassment, disturbance or annoyance to others. Further, no unlawful use shall be permitted or made of the Community or any portion thereof. All laws, ordinances and regulations of all governmental bodies having jurisdiction over the Community, or any portion thereof, shall be observed.

10. No Hazardous Activities; No Hazardous Materials or Chemicals. No activities shall be conducted on any Lot or within Improvements constructed on any Lot which are or might be unsafe or hazardous to any person or property. Without limiting the generality of the foregoing, no firearms shall be discharged upon any Lot and no open fires shall be lighted or permitted on any Lot except in a contained barbecue unit while attended and in use for cooking purposes or within an interior fireplace. Further, no hazardous materials or chemicals shall at any time be located, kept or stored in, on or at any Lot except such hazardous materials or chemicals as may be contained in household products normally kept at homes for the use of residents thereof and in such limited quantities so as to not constitute a hazard or danger to person or property.

11. No Annoying Light, Sounds or Odors. No light shall be emitted from any Lot which is unreasonably bright or causes unreasonable glare; no sound shall be emitted from any Lot which is unreasonably loud or annoying; and no odor shall be permitted from any Lot which is noxious or offensive to others, including but not limited to dog barking excessively.

12. Restrictions on Trash and Materials. No refuse, garbage, trash, lumber, grass, shrubs or tree clippings, plant waste, metal, bulk materials, scrap or debris of any kind shall be kept, stored, or allowed to accumulate except inside the residence on any Lot nor shall any such items be deposited on a street, unless placed in a suitable, tightly-covered container that is suitably located solely for the purpose of garbage pickup. All equipment for the storage or disposal of such materials shall be kept in a clean and sanitary condition. No garbage or trash cans or receptacles shall be maintained in an exposed or unsightly manner.

13. Minor Violations of Setback Restrictions. If upon the erection of any structure, it is disclosed by survey that a minor violation or infringement of setback lines has occurred, such violation or infringement shall be deemed waived by the Owners of each Lot immediately adjoining the structure which is in violation of the setback, and such waiver shall be binding upon all other Owners. However, nothing contained in this Section shall prevent the prosecution of a suit for any other violation of the

restrictions, covenants, or other provisions contained in these Covenants. A "minor violation," for the purpose of this Section, is a violation of not more than one foot beyond the required setback lines or Lot lines. This provision shall apply only to the original structures and shall not be applicable to any alterations or repairs to, or replacements of, any of such structures.

14. Lots to be Maintained. Each Lot shall at all times be kept in a clean and sightly condition by the Owner thereof. No trash, litter, junk, boxes, containers, bottles, cans implements or machinery shall be permitted to remain upon any Lot, except as necessary during the period of construction or as provided in Section 12 of this Article. Each Owner is required to landscape the rear of their Lot in conformity with the criteria outlined in the attached Exhibit B within one year of purchase and thereafter said owner and each subsequent Owner of the property is obligated to maintain said landscaping, fencing and all other improvements in good condition.

15. Leases. The term, "lease," as used herein, shall include any agreement for the leasing or rental of a Lot, or any portion thereof, and shall specifically include, without limitation, month-to-month rentals and subleases. Any Owner shall have the right to lease his Lot, or any portion thereof, under the following conditions:

(a) All leases shall be in writing; and

(b) All leases shall provide that the terms of the lease and lessee's occupancy of the leased premises shall be subject in all respects to the provisions of these Covenants; and that any failure by the lessee to comply with any of the aforesaid documents, in any respect, shall be a default under the lease.

16. Management Agreements and Other Contracts. Any agreement for professional management or other contract providing for the services of the Developer shall have a maximum term of three (3) years and any such agreement shall provide for termination by either party thereto, with or without cause and without payment of a termination fee, upon not more than ninety (90) days prior written notice; provided, however, that any such agreement(s) entered into with a manager or managing agent prior to termination of the Period of Developer Control shall be subject to review and approval by HUD or VA if, at the time such agreement is entered into, HUD has insurance or VA has a guarantee(s) on one or more Security Interests, and shall terminate absolutely, in any event, no later than thirty (30) days after termination of the Period of Developer Control.

17. Maintenance of Grade and Drainage. Each Owner shall maintain the grading upon his Lot at the slope and pitch fixed by the final grading thereof, including landscaping and maintenance of the slopes, so as to maintain the established drainage. Each and every Owner, for themselves and their successors and assigns, that they will not in any way interfere with the established drainage pattern over any real property which they have a duty to maintain, from adjoining or other real property. In the event that it is necessary or desirable to change the established drainage over any Lot or dedicated public right-of-ways then the party responsible for the maintenance of such real property shall submit a plan to the Architectural Control Committee for its review and approval, in accordance with the provisions of Article III of these Covenants, and any such change shall also be made in accordance with all laws, regulations and resolutions of the Town of Granby. For purposes of this Section, "Established drainage" is defined as the drainage which exists at the time final grading of a Lot is completed.

18. Easement for Encroachments. To the extent that any Lot encroaches on any other Lot or dedicated public right-of-way, a valid easement for the encroachment exists.

19. Easements for Drainage and Utilities. Easements for the installation and maintenance of utilities, drainage facilities, public or private improvements and access thereto, are reserved as shown on the recorded plats affecting the Lots and any amendments to such plats or as established by any other instrument of record. Developer hereby reserves, to itself, and on behalf of the Town of Granby, easements for drainage or drainage facilities across the five (5) rear and five (5) side feet of each Lot. As more fully provided in Section 7 of this Article, no Improvements shall be placed or permitted to remain on any Lot, nor shall any change in grading be permitted to exist which may change the direction of flow or obstruct or retard the flow of water through channels or swales within such rear and side yard drainage easements. Developer reserves to itself and the Town of Granby the right to enter in and upon each five foot rear and five foot side yard drainage easements, at any time, to construct, repair, replace or change drainage structures or to perform such grading, drainage or corrective work as Developer and/or the Town of Granby may deem necessary or desirable in their sole discretion from time to time.

ARTICLE V. GENERAL PROVISIONS

1. Enforcement. Enforcement of the covenants, conditions, restrictions, easements, reservations, rights-of-way, liens, charges and other provisions contained in these Covenants, as supplemented and amended, may be by any proceeding at law or in equity against any Person(s) violating or attempting to violate any such provision. Any aggrieved Owner shall have the right to institute, maintain and prosecute any such proceedings. In any action instituted or maintained under this Section, the prevailing party shall be entitled to recover its costs and reasonable attorneys' fees incurred pursuant thereto, as well as any and all other sums awarded by the Court. Failure of any Owner to enforce any covenant, restriction or other provision herein contained, or any other provision of any of the aforesaid documents, shall in no event be deemed a waiver of the right to do so thereafter.

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

3. Conflict of Provisions. In case of any conflict between these Covenants and the building, zoning, or applicable laws of the Town of Granby, County of Grand, and the State of Colorado shall be resolved in favor of the more restrictive provision unless or until a court of law determines otherwise.

4. Annexation.

(a) Additional property may at any time be annexed to these Covenants with the consent of the Members with two-thirds (2/3rds) of the votes of the membership. Notwithstanding the foregoing, the Developer may annex to these Covenants additional property within the lands described on Exhibit E, attached hereto and incorporated herein by this reference, until that date which is seven (7) years after the date of recording of these Covenants in Grand County, Colorado, without consent of any other Owners, Security Interest Holders, or any other Person; however, such annexation is subject to a determination by HUD or VA (if the Developer desires to attempt to obtain VA or HUD approval of the property being annexed) that

the annexation is in accord with the general plan approved by them and the Town of Granby, and that the structures to be located thereon will be of comparable style, quality, size and cost to the existing Improvements. Each such annexation shall be effected, if at all, by recording an Annexation of Additional Land in the Office of the Clerk and Recorder of Grand County, Colorado, which document shall provide for annexation to these Covenants of the property described in such Annexation of Additional Land, shall state that the Developer is the owner of the Lots thereby created, shall assign an identifying number to each new Lot shall reallocate the Allocated Interests among all Lots, and may include such other provisions as the Developer deems appropriate. Other provisions that may be included in an Annexation of Additional Land include, without limitation, covenants, conditions, restrictions, requirements and/or other provisions that apply or will apply to some or all of the property that is thereby being annexed to these Covenants. All provisions of these Covenants, including, but not limited to any right to cast votes as Members, shall apply to annexed property immediately upon the effective date of the Annexation of Additional Land (which shall constitute the date of recording of the Annexation of Additional Land unless otherwise stated therein). In addition to the foregoing, Developer may amend these Covenants at any time during the seven (7) year period noted hereinabove, in order to add additional real estate to the Community from such locations as the Developer may elect in its sole discretion, so long as the total additional real estate so annexed to the Community pursuant to this sentence.

(b) Each portion of the Community which is annexed to these Covenants, as provided in the preceding subsection (a), shall be subject to a right of withdrawal by Developer. Such withdrawal may be accomplished, if at all, in accordance with the Act. However, the Developer's right to withdraw each such portion of the Community shall expire and terminate, as to each portion of the Community which has been annexed to these Covenants, upon the first conveyance of any Lot in such portion of the Community to any Person other than the Developer.

(c) Developer may exercise its Development Rights in all or any portion of the property described in the attached Exhibit A over which such rights have not already been exercised, and no assurances are made as to the boundaries or order of exercise of any such development rights.

5. Duration, Revocation, Amendment, and Termination.

(a) Each and every provision of these Covenants shall run with and bind the land for a term of twenty (20) years from the date of recording of these Covenants, after which time these Covenants shall be automatically extended for successive periods of ten (10) years each. Except as otherwise provided in these Covenants, these Covenants may be amended during the first twenty (20) year period, and during subsequent extensions thereof, by a vote or agreement of Owners of Lots to which at least sixty-seven percent (67%) of the votes are allocated.

(b) These Covenants may be terminated, at any time, by a vote or agreement of Owners of Lots to which at least ninety percent (90%) of the votes are allocated, and with the written consent of the Developer, at such time, owns any Lot.

(c) No action to challenge the validity of any amendment to or termination of these Covenants may be brought more than one (1) year after the amendment or termination

is recorded.

(d) Any amendment to or termination of these Covenants need not be signed by the Owners approving the same, as long as such document is signed by the Secretary of the Architectural Control Committee, or its designated representative, and includes a statement that all of the required approvals have been obtained and are available for review by any Member, Security Interest Holder, or any authorized representative thereof, upon request, during normal weekday business hours or under other reasonable circumstances.

(e) Notwithstanding anything to the contrary contained in these Covenants, it may be amended in whole or in part, at any time from time to time, by the Developer without the consent or approval of any Builder, any other Owner, any Security Interest Holder, or any other Person, which right amendment shall expire and terminate on that date which is seven (7) years after recording of these Covenants in the office of the Clerk and Recorder of Grand County, Colorado. Each such amendment, if any, may be made by Developer for any of the following reasons:

(i) In order to provide for any of the Agencies, or any other Person, to purchase, acquire, participate in, grant, insure or guaranty any Security Interest on any property, or a portion thereof, or any Improvement, which is part of the Community; or

(ii) In order to correct any error, typographical or otherwise, or to clarify any word(s), term(s) or provision(s) of these Covenants; or

(iii) In order to comply with the Act, or any provision thereof, or any other law, statute, ordinance, resolution, or any requirement of any federal, state or local governmental or quasi-governmental agency or entity.

6. Registration of Mailing Address. Each Owner and each Security Interest Holder, insurer or guarantor of a Security Interest, may register his mailing address with the Architectural Control Committee, and except for annual statements and other routine notices, all other notices or demands intended to be served upon an Owner, or upon a Security Interest Holder, insurer or guarantor of a Security Interest, shall be sent by either registered or certified mail, postage prepaid, addressed in the name of such Person at such registered mailing address. However, if any Owner fails to notify the Architectural Control Committee of a registered address, then any notice or demand may be delivered or sent, as aforesaid, to such Owner at the address of such Owner's Lot. All notices, demands, or other notices intended to be served upon the Board of Directors or the Association during the Period of Declarant Control shall be sent by registered or certified mail, postage prepaid, c/o NAHP LLC, 7000 E. Belleview Avenue, Suite 350, Greenwood Village, Colorado 801118, unless such address is changed within seven (7) years; subsequent to termination of the Period of Developer Control, NAHP LLC shall notify the Owners of a different address for notices.

7. HUD or VA Approval. For the first seven (7) years after these Covenants have been recorded, the following actions shall require the prior approval of HUD or VA if, at the time any such action is taken, HUD has insurance or VA has a guarantee(s) on one or more Security Interests: annexation of additional real property (if the Declarant desires to obtain VA or HUD approval of the property that is being annexed); amendment of these Covenants; termination of this Community; or merger or consolidation of this Community with any other property of similar ownership.

8. Eminent Domain. The taking by eminent domain of a Lot(s), or any portion thereof, shall be done in accordance with applicable law, including without limitation the Act.

9. Limitation on Liability. The Architectural Control Committee, the Developer, the Builders, and the officers, directors, partners, ventures, members, agents and employees of the same, shall not be liable to any Person for any action or for any failure to act unless the action or failure to act was not in good faith and was done or withheld with malice.

10. No Representations, Guaranties or Warranties. No representations, guaranties or warranties of any kind, express or implied, shall be deemed to have been given or made by Developer, its Board of Directors, the Architectural Control Committee, or by any of their officers, directors, partners, venturers, members, agents or employees, in connection with any portion of the Community, or any Improvement, its or their physical condition, structural integrity, freedom from defects, zoning, compliance with applicable laws, fitness for intended use, or view, or in connection with the subdivision, sale, operation, maintenance, cost of maintenance, taxes or regulation thereof, unless and except as shall be specifically set forth in writing.

11. Disclaimer Regarding Safety. DEVELOPER, ITS BOARD OF DIRECTORS AND THE ARCHITECTURAL CONTROL COMMITTEE, AND THEIR OFFICERS, DIRECTORS, PARTNERS, VENTURERS, MEMBERS, AGENTS AND EMPLOYEES, HEREBY DISCLAIM ANY OBLIGATION REGARDING THE SECURITY OF ANY PERSONS OR PROPERTY WITHIN THE COMMUNITY. BY ACCEPTING A DEED TO PROPERTY WITHIN THE COMMUNITY, EACH OWNER ACKNOWLEDGES THAT DEVELOPER, ITS BOARD OF DIRECTORS AND THE ARCHITECTURAL CONTROL COMMITTEE, AND THEIR OFFICERS, DIRECTORS, PARTNERS, VENTURERS, MEMBERS, AGENTS AND EMPLOYEES, ARE ONLY OBLIGATED TO DO THOSE ACTS SPECIFICALLY ENUMERATED HEREIN AND ARE NOT OBLIGATED TO DO ANY OTHER ACTS WITH RESPECT TO THE SAFETY OR PROTECTION OF PERSONS OR PROPERTY WITHIN THE COMMUNITY.

12. Run with Land; Binding Upon Successors. The benefits, burdens and all other provisions contained in these Covenants shall be restrictions running with and binding upon this Community and all real property and Improvements which are not now or hereafter become a part thereof. The benefits, burdens and all other provisions contained in these Covenants shall be binding upon, and inure to the benefit of the Developer and all Owners, and upon and to their respective heirs, personal representatives, successors and assigns.

IN WITNESS WHEREOF, the undersigned has hereunto set its hand and seal this 20th day of May, 1998.

NAHP LLC, a Colorado limited liability company

By: M. White

Attest: Joel Brownson

COVENANTS, CONDITIONS
AND RESTRICTIONS OF
GRAND MEADOWS

(The Community)

A PARCEL OF LAND BEING ALL OF PARCEL A AND A PORTION OF PARCEL B, MORALES PARCELS, SENATE BILL 35 EXEMPTION AS RECORDED IN THE GRAND COUNT CLERK AND RECORDER'S OFFICE AT RECEPTION NO. 206438, LYING IN THE SOUTHWEST QUARTER OF SECTION 32, TOWNSHIP 2 SOUTH, RANGE 76 WEST OF THE SIXTH PRINCIPAL MERIDIAN, ALL LYING IN THE TOWN OF GRANDBY, COUNTY OF GRAND, STATE OF COLORADO