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DECLARATION OF
PROTECTIVE COVENANTS
LITTLE NORWAY SUBDIVISION
PHASE IV

This Declaration of Protective Covenants is made as of the 11th day of April, 2002, by Evan L. Melby, Inc., a California Corporation (hereinafter sometimes called the "Declarant"). Evan L. Melby, Inc. is the Owner of certain real property situated in Costilla County, Colorado particularly described in Exhibit A hereto, named and identified as the Little Norway Subdivision, Phase IV.

Declarant does hereby declare that the above-described Little Norway Subdivision, Phase IV shall be subject to the following easements, covenants, conditions and protective restrictions, that will bind the grantees, heirs, successors, and assigns of the Owners and future Owners:

Section 1 Definitions

- A. "Lot" shall mean those individual Lots (as they are designated on the plat) resulting from any division or divisions of the above-described real property filed, or to be filed, in the office of the county clerk and recorder.
- B. "Lot Owner" shall mean the Owner of record, including successors and assigns, of any Lot located in the above-described Little Norway Subdivision, Phase IV.
- C. "Common Easements" shall mean the roads leading into and within Little Norway Subdivision, Phase IV.
- D. "Development" shall mean and refer to that certain real property described above, made subject by Declarant to these Covenants, conditions, and protective restrictions. Little Norway is a planned community pursuant to C.R.S. 38-33.3-101 et seq.
- E. "Property Owners' Association" shall mean and refer to the Little Norway Property Owners' Association, Inc., a Colorado non-profit corporation, which is being formed for the purpose of enforcing and carrying out the purposes of these Covenants, conditions, and protective restrictions.
- F. "Membership" shall mean a common interest in and responsibility for the common expenses of the Property Owners' Association for the Little Norway subdivision. The Association shall be a Membership Corporation without certificates or shares of stock. There shall be one class of membership and there shall be one membership in the corporation for each such Lot within the development.



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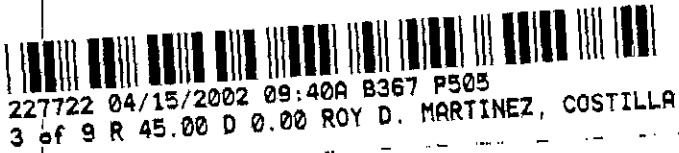
- G. "Water Supply System" shall mean the well (Well No. 1, Case No. W-712, Registration No. 32235) and distribution lines, including all physical structures and easements therefore, completed and to be completed and maintained by the Declarant for the purpose of distribution drinking water to Lots within Little Norway.
- H. "Professional Engineer" shall mean a licensed professional engineer registered with the licensing authority of the State of Colorado.

Section 2 Membership in the Association

- A. Classes of Members - The Property Owners' Association shall have one class of members. There shall be one membership in the Association for each Lot in Little Norway.
- B. Transfer of membership - Membership in the Property Owners' Association is dependent upon Lot Ownership, and is mandatory for ownership of a Lot. The rights and obligations of a Lot Owner, and membership in the Association, shall not be assigned, transferred, pledged, conveyed, or alienated in any way except upon transfer of ownership to such Lot, or by intestate succession, testamentary disposition, foreclosure of a mortgage of record, or such other legal process as is now in effect or as may hereafter be established pursuant to the laws of the State of Colorado.
- C. Declarant Control - Evan L. Melby, Inc. shall have control over the Property Owners' Association and shall have the ability to appoint and remove officers of the executive board of the Property Owners' Association. Evan L. Melby, Inc.'s control over the Property Owners' Association shall terminate no later than 60 days after conveyance of 75% of the Lots, or 2 years after the last conveyance made in the ordinary course of business.

Section 3 Common Easements

- A. Access Roads and Utility Easements - Declarant is reserving and granting and conveying a 60 foot wide easement for general ingress and egress to each Lot and a general easement for public utilities across the real property to each Lot. Public utilities will follow access roads, where practical. The easement shall be 30 feet on each side of the centerline of the road system of existing roads as shown on the plat for Little Norway Subdivision, Phase IV, filed under Reception No. 225273, at Book 365 Page 54, in the records of the Costilla County Clerk and Records Office. In addition, a utility easement 30 feet in width is reserved around the boundary of each Lot, which easement shall be 15 feet on each side of the perimeter of each Lot.



- B. Obstruction of Common Easements - No gates or obstructions will be placed upon or block any access roads, unless the access road terminates on the Lot owner's property.
- C. Maintenance of Common Easements - All Common Easements, including access roads and common areas, shall be maintained by the Property Owners' Association.

Section 4 Water and Sewer

- A. Water Supply System - Declarant shall be responsible for control, repair, upkeep and maintenance of the common well supplying water to all Lots and of the associated water supply system, consisting of distribution lines, booster pumps, and other related equipment until such time as Declarant may sell or lease the system or any portion thereof to the Property Owners' Association. Lot Owners shall be responsible for installation, repair, upkeep, and maintenance of all water supply systems leading from the tap on the water main to the individual Lot Owner's property.
- B. Meters - Meters meeting the standards as set by the Declarant or the entity having control of the Water Supply System from time to time shall be installed on each Lot to which water is to be provided, at the Lot Owner's expense.
- C. Fees - Each Lot Owner shall be responsible for payment of a tap fee or other system development fee to be levied by the Declarant of the entity having control of the Water Supply System before being allowed to tap into the water supply system. In addition, each Lot Owner shall be responsible for payment of any and all other fees, rates, tolls or charges as established and changed by the Declarant or the entity having control of the Water Supply System from time to time.
- D. Limitation on Water Usage - Water usage shall be strictly controlled, and may not exceed 6000 gallons per Lot per month, unless with prior written approval of the Declarant of the entity having control of the Water Supply System. In no event may water usage exceed 72,000 gallons per Lot per year. Water may only be used on or for the benefit of the Lot for which the tap and other fees have been paid and may not be otherwise sold or given away.
- E. Sewer - A Lot Owner assumes the responsibility of supplying and developing sewage facilities for his own Lot. On-site wastewater systems must be installed and maintained at all times in accordance with the applicable rules and regulations of public agencies having jurisdiction. Septic systems must be designed by a professional engineer. All residences shall have complete septic systems, and no outhouses shall be allowed on any Lot.



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Section 5 General Provisions

- A. Fences - Declarant and the Lot Owners are not required to participate in the construction of partition fences between Lots. No fences may be erected that will surround an entire Lot. Any fence constructed in Little Norway shall be subject to such limitations as the Colorado Division of Wildlife may promulgate in order to avoid wildlife entanglement and/or disruption of wildlife movement.
- B. Livestock - Any animals kept by a Lot Owner must be contained by an adequate fence, within the boundaries of the Lot. No more than two dogs shall be kept on any Lot, and dogs must be contained by a fence or tether. No Lot Owner will be permitted to keep hogs, pigs or swine on any Lot.
- C. Signs - No signs or advertisements shall be placed on the property, except for a sign designating the Lot Owner or occupant's name, Lot number, or address. This restriction shall not preclude the Lot Owner or the Declarant from placing "For Sale" signs near roadways, for the sole purpose of selling Lots.
- D. Refuse and Junk Prohibited - No Lot Owner will dump refuse or garbage on any Lot, nor will any Owner build, maintain, operate or construct, or in any way cause to be placed on the Owner's property, any structure or condition that will cause the existence or accumulation of animal waste, junk, abandoned cars, or any conditions causing an obnoxious odor. Any trash storage or disposal systems placed on any Lot shall be designed to prevent and shall be adequate to prevent bear conflicts and other wildlife nuisance issues.
- E. Restriction Against Subdivision - No Lot may be further subdivided, except by Declarant.
- F. Setbacks, Number and size of Dwellings per Lot - No residence erected on any Lot shall be nearer than twenty-five (25) feet to the front property line, nor twenty-five (25) feet to any side street, nor ten (10) feet to any other side boundary of the Lot. No more than two single family houses and accompanying outbuildings shall be permitted per Lot. Any single family residential structure shall have a minimum of one thousand two hundred (1200) square feet of habitable floor space exclusive of basements, porches, decks, and garages, except for single family structures on lake front Lots (Lots 101, 104 through 112, and 118 through 122), which shall have a minimum of two thousand five hundred (2500) square feet of habitable floorspace. Buildings shall not exceed 32 feet in height measured from the highest grade elevation at the foundation.
- G. Engineered Foundations - All residences erected on a Lot must be erected upon foundations that have been designed by a professional engineer.



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- H. Architectural Control - All residences and other structures erected on a Lot must be earthtone in color. Roofing materials must be non-reflective and green, grey, or blue in color. Exterior lighting must have bulbs that are shielded from direct view so as to eliminate glare. Variances to these guidelines may be granted by the Property Owners' Association for good cause shown and so long as the Property Owners' Association determines that any such variance will not have a detrimental effect on the subdivision.
- I. Temporary Residence - A pick-up camper, camp trailer, motor home, or tent may occupy a Lot for recreational purposes for 30 days at a time only, and shall not become a permanent dwelling. No mobile homes or double-wide mobile homes shall be placed on the property, unless for temporary habitation during construction of a permanent building. Construction of any building on any Lot must be completed within 2 years from the start of construction, and must be in accordance with applicable rules and regulations of public agencies having jurisdiction.
- J. Timber - No Lot Owner shall sell timber growing on a Lot for any commercial purpose or for sale or use off the Lot, without first obtaining the written permission of the Property Owners' Association. In no circumstances will clear-cutting of any Lot be allowed, although timber may be selectively removed as necessary for purposes of construction of residences and outbuildings, corrals, and roads.
- K. Maintenance of Lots - Notwithstanding any other provision of these Covenants, each Lot Owner shall, to the best of his ability, maintain the Lot in good repair and appearance, at all times.

Section 6 **Enforcement and Miscellaneous Provisions**

- A. Declaration Attaches to the Land - These Protective Covenants shall run with the land and shall be binding upon the present Lot Owners and all subsequent Lot Owners of any Lot within or on a portion of Little Norway unless amended by an instrument executed by the persons owning in the aggregate 80% of the acreage, subject to these original Covenants. Such amendment shall be effective when duly recorded in Costilla County, Colorado. The President, Treasurer, or Secretary of the Property Owners' Association may prepare, certify and record amendments to the Declaration. No amendment of these Covenants may change or increase the obligation of the Declarant, without its express written consent. No amendment of these Covenants may diminish a Lot Owner's right of ingress or egress, as set forth herein.
- B. Powers and Enforcement - In furtherance of its purposes but not otherwise, the Property Owners' Association shall have the following powers:



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1. All of the powers conferred upon non-profit corporations by the common law and the statutes of the State of Colorado, in effect from time to time.
2. All of the powers necessary or desirable to perform the obligations and duties and exercise the rights of the Property Owners' Association under the Covenants, including, without limitation, the following:
 - a. To make and collect assessments against Lot Owners, for the purpose of defraying the costs, expenses, and any losses of the Property Owners' Association, or of exercising its powers or of performing its functions, including the right to enforce such assessments through the use of liens on delinquent Lot Owner's Lots.
 - b. To establish and, from time to time, increase or decrease fees, rates, tolls, and charges for usage of the water supply system operated by the Property Owners' Association.
 - c. To manage, control, maintain, repair, improve, and enlarge Common Easements and the common water supply system.
 - d. To enforce covenants, restrictions, or conditions affecting the Development, to the extent the Property Owners' Association may be authorized under these Covenants and to make and enforce rules and regulations, for the use of Common Easements.
 - e. To engage in activities which will actively foster, promote, and advance the common ownership interest of the Lot Owners within the Development.
 - f. To borrow money for any purpose of the Property Owners' Association, limited in amount or in other respects, as may be provided in the By-Laws of the Property Owners' Association.
 - g. To enter into, make, perform, or enforce on Lots of every kind and description, and to do all other acts necessary, appropriate, or advisable in carrying out any purpose of the Property Owners' Association, with or in association with any person, Firm, association, corporation, or other entity or agency, public or private.
 - h. To adopt, alter, and amend or repeal such By-Laws as may be necessary or desirable for the proper management of the affairs of the Property Owners' Association; provided, however, that such By-Laws may not be inconsistent with, or contrary to any provisions of these Covenants.



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3. The foregoing enumeration of powers shall not limit, or restrict in any manner, the exercise of other and further rights and powers, which may now and hereafter be allowed or permitted by law. The powers specified in each of the paragraphs of this section (Section B) are independent powers, not to be restricted by reference to or inference from the terms of any other paragraph or provision of this section (Section B).
 4. The provisions of the Covenants, or any lawful amendments, may be enforced by the Property Owners' Association, or any Lot Owner, by either an action for damages arising out of a violation, or by an action to abate a nuisance, or an action to restrain a threatened or prospective violation or restrain a continuing violation or any other matter permitted by law or equity. In any action, of any kind, for the enforcement of these Protective Covenants, if the relief prayed for is granted, in whole or in part, the applicant for relief shall be entitled to receive necessary court costs for the action, including reasonable attorneys' fees.
- C. Notice - Notices of all annual and special meetings of the Property Owners' Association shall be given by the President or the Secretary of the Association, by regular mail, addressed to the registered address of the Members, at least thirty (30) days prior to the date set for such meeting. Any such notice shall state the date, time and place of the meeting and if the meeting is a special meeting the purposes thereof. Waiver of notice, either in person or by proxy, and signed either before, at, or after any meeting, shall be a valid substitute for service. The certificate of the President or Secretary that notice was duly given, shall be prima facie evidence thereof.
- D. Severability - Should any provision of these Covenants be void, invalid, or unenforceable in law or equity, by judgment or court order, the remaining provisions hereof shall be and remain in full force and effect.
- E. Perpetuities Rule - In the event the provisions hereunder are declared void by a court of competent jurisdiction, by reason of the period of time herein stated, for which the same shall be effective, then, in that event, the terms shall be reduced to a maximum period of time, which shall not violate the rule against perpetuities, as set forth in the laws of the State of Colorado.
- F. Mortgagee Protection - A breach of any of the Covenants, conditions, or restrictions contained herein shall not render invalid the lien, charge, or encumbrance of any mortgage lien or security interest made in good faith, and for value, which may then exist upon any Lot.
- G. Declarant's use for Sales Offices - Pursuant to C.R.S. 38-33.3-215, Evan L. Melby, Inc., may maintain no more than three building consisting a sales office, management office, or model in Little Norway on any Lot owned by



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Evan L. Melby, Inc. Any such office or model need not conform to the size restriction set forth in Section 5.F., above, but must conform to the restrictions contained in Section 5.G.

IN WITNESS WHEREOF, Evan L. Melby, Inc. has signed this Declaration of Covenants on the date set forth in the acknowledgement.

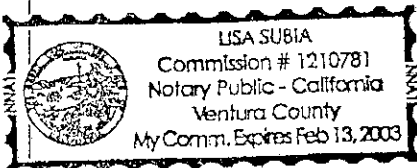
EVAN L. MELBY, INC.

By Evan L. Melby
Evan L. Melby, President

STATE OF COLORADO)
) ss.
COUNTY OF)

The foregoing instrument was signed and acknowledged before me this 11th day of April, 2002 by the aforesaid Evan L. Melby, as President of Evan L. Melby, Inc.

WITNESS my hand and official seal.
My commission expires February 13, 2003



Lisa Subia
Notary Public



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EXHIBIT A

Project	Lot
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