

DECLARATION OF
PROTECTIVE COVENANTS
M & M RANCHES

This Declaration of Protective Covenants is made as of the 20th day of August 1999, 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 M&M Ranches.

Declarant does hereby declare that the above-described M&M Ranches 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. "Tract" shall mean those individual Tracts (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. "Tract Owner" shall mean the Owner of record, including successors and assigns, of any Tract located on the above-described M& M Ranches.
- C. "Common Easements" shall mean the roads leading into and within M&M Ranches.
- D. "Development" shall mean and refer to that certain real property described above, made subject by Declarant to these Covenants, conditions, and protective restrictions.

Section 2 Common Easements

- A. Access Roads - Declarant is reserving and granting and conveying a 60 foot wide easement for general ingress and egress to each Tract and a general easement for public utilities across the real property to each Tract. 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 M&M Ranches, filed under Reception No. 214529, at Book 354 Page 300 and Reception No. 214530, at Book 354 Page 300, in the records of the Costilla County Clerk and Records Office.
- 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 Tract owner's property. However, a Tract Owner may place, at its expense, a cattle guard on the common easement, if the cattle guard is constructed to County road specifications and has a gate on one side of the cattle guard, for use by vehicles, livestock, horses, or persons otherwise using the road.

Section 3 General Provisions

- A. Fences - Declarant and the Tract Owners are not required to participate in the construction of partition fences between Tracts. Any Tract Owner who wishes to fence his land must bear the expense of fencing, unless he can get his neighbor to cooperate in the fence between such Tracts. The expense of maintaining such fences is the sole responsibility of the Tract Owners constructing them, or their heirs, successors, or assigns.
- B. Livestock - Any animals kept by a Tract Owner must be contained by an adequate fence, within the boundaries of the Tract. No more than two dogs shall be kept on any Tract. No Tract Owner will be permitted to keep hogs, pigs or swine on any Tract.
- C. Water and Sewer - A Tract Owner assumes the responsibility of supplying and developing water and sewage facilities for his own Tract. Wells, water systems, and septic systems must be drilled, installed, and maintained at all times, in accordance with the applicable rules and regulations of public agencies having jurisdiction. All residences shall have complete septic systems, and no outhouses shall be allowed on any Tract.



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- D. Signs - No signs or advertisements shall be placed on the property, except for a sign designating the Tract Owner or occupant's name, Tract number, or address. This restriction shall not preclude the Tract Owner or the Declarant from placing "For Sale" signs near roadways, for the sole purpose of selling Tracts.
- E. Refuse and Junk Prohibited - No Tract Owner will dump refuse or garbage on any Tract, 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.
- F. Restriction Against Subdivision - No Tract may be further subdivided, except by Declarant.
- G. Setbacks, Number and size of Dwellings per Tract - No residence erected on any Tract 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 Tract. No more than two single family houses and accompanying outbuildings, including one maid's quarters (single bedroom dwelling) shall be permitted per Tract. Any single family residential structure shall have a minimum of eight hundred (800) square feet of habitable floor space exclusive of basements, porches, decks, and garages. A factory built residence which meets the requirements of this paragraph may be installed on any parcel. Pre-fabricated structures must be no more than 7 years old, and have a pitched roof.
- H. Dwelling Exterior - Any building erected upon any of said Tracts, which is constructed of wood, stucco, cement, or metal shall be painted or stained on the exterior, or shall have color mixed in the final coat.
- I. Temporary Residence - A pick-up camper, camp trailer, motor home, or tent may occupy a Tract for recreational purposes for 30 days at a time only, and shall not become a permanent dwelling. Construction of any building on any Tract 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 Tract Owner shall sell timber growing on a Tract for any commercial purpose or for sale or use off the Tract, without first obtaining the written permission of the Declarant. In no circumstances will clear-cutting of any Tract 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 Tract Owner shall, to the best of his ability, maintain the Tract in good repair and appearance, at all times.

Section 4 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 Tract Owners and all subsequent Tract Owners of any Tract within or on a portion of M & M Ranches, 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. No amendment of the Covenants may change or increase the obligation of the Declarant, without its express written consent. No amendment of these Covenants may diminish a Tract Owner's right of ingress or egress, as set forth herein.
- B. Enforcement - The provisions of the Covenants, or any lawful amendments, may be enforced by either an action for damages arising out of a violation, or by an action to abate a nuisance, or any 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. 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.

- D. 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.
- E. 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 Tract.

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

EVAN L. MELBY, INC.

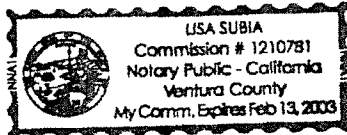
By Evan L. Melby
Evan L. Melby, President

STATE OF CALIFORNIA)
) ss.
COUNTY OF VENTURA)

The foregoing instrument was signed and acknowledgment before me this 20th day of AUGUST, 1999 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

CERTIFICATE OF ACCEPTANCE

Argia P. Montgomery, a widow, and FLP Alpha, a Family Limited Partnership, beneficiaries under that certain Deed of Trust dated August 15, 1998, and recorded November 5, 1998 in Book 354 at page 699 of the records of the Costilla County Clerk and Recorder, hereby certifies that the forgoing Declaration of Protective Covenants shall not be deemed or construed to violate or constitute a default under any of the provisions of said Deed of Trust or the promissory note that it secures.

M & M RANCHES

By Argia P. Montgomery Date 9-2-99
Argia P. Montgomery, Partner

FLP ALPHA, A FAMILY LIMITED PARTNERSHIP

By Bobbie Lou McLaughlin Date 9/2/99
Bobbie Lou McLaughlin, C.L. McLaughlin, Trustee UDT dated May 30, 1987, as
Trustee UDT dated 5-30-87, Amended, General Partner, Partner
as Amended, General Partner,
Partner



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EXHIBIT A

Project	Lot
M & M Ranches	4
M & M Ranches	5
M & M Ranches	7
M & M Ranches	8
M & M Ranches	9
M & M Ranches	11
M & M Ranches	17
M & M Ranches	18
M & M Ranches	19
M & M Ranches	20
M & M Ranches	23
M & M Ranches	24
M & M Ranches	25
M & M Ranches	26
M & M Ranches	28
M & M Ranches	32
M & M Ranches	33
M & M Ranches	34

Count:

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CALIFORNIA ACKNOWLEDGEMENT



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STATE OF CALIFORNIA)
COUNTY OF RIVERSIDE)

ON Sept. 2, 1999 BEFORE ME, MARCEE L. WILLIAMS
PERSONALLY APPEARED ARGIA P. MONTGOMERY

PERSONALLY KNOWN TO ME (OR PROVED TO ME ON THE BASIS OF SATISFACTORY EVIDENCE) TO BE THE PERSON (S) WHOSE NAME(S) IS/ARE SUBSCRIBED TO THE WITHIN INSTRUMENT AND ACKNOWLEDGED TO ME THAT ~~HE~~/SHE/~~HE~~ EXECUTED THE SAME IN ~~His~~/HER/~~His~~ AUTHORIZED CAPACITY (IES), AND THAT BY ~~His~~/HER/~~His~~ SIGNATURE (S) ON THE INSTRUMENT THE PERSON (S), OR THE ENTITY UPON BEHALF OF WHICH THE PERSON ACTED, EXECUTED THE INSTRUMENT.

WITNESS MY HAND AND OFFICIAL SEAL.

MARCEE L. WILLIAMS
NOTARY PUBLIC



STATE OF CALIFORNIA)
COUNTY OF RIVERSIDE)

ON Sept. 2, 1999, 1999, BEFORE ME, MARCEE L. WILLIAMS, PERSONALLY APPEARED C. L. MCLAUGHLIN AND BOBBEE LOU MCLAUGHLIN, PERSONALLY KNOWN TO ME TO BE THE PERSONS WHOSE NAMES ARE SUBSCRIBED TO THE WITHIN INSTRUMENT AND ACKNOWLEDGED TO ME THAT THEY EXECUTED THE SAME IN THEIR AUTHORIZED CAPACITIES, AND THAT BY THEIR SIGNATURES ON THE INSTRUMENT THE PERSONS, OR THE ENTITY UPON BEHALF OF WHICH THE PERSONS ACTED, EXECUTED THE INSTRUMENT.

WITNESS MY HAND AND OFFICIAL SEAL.

MARCEE L. WILLIAMS
MARCEE L. WILLIAMS, NOTARY PUBLIC

