

THE GLEN AT DOVE RANCH LOT REQUIREMENTS, INFORMATION AND DISCLOSURES

July 1, 2008

This Lot information Statement and Disclosure Addendum is attached to and incorporated by reference into the Sellers Property Disclosure and Contract to Buy and Sell Real Estate between Dove Ranch III, LLC, a Colorado Limited Liability Company ("**Seller**") and the "**Buyer**" concerning the sale of certain real property described therein (the "Property"). Said Contract and this Addendum are hereinafter referred to collectively as the "Contract."

1. **Seller.** The Seller of The Glen at Dove Ranch (The Glen) and the lots located therein is Dove Ranch III, LLC. The Seller's address is P.O. Box 450, Durango, Colorado, 81302. Bradley Elder is a principal in Dove Ranch III, Spectrum Funding, and Rocky Mountain Realty of the Southwest and is a Colorado licensed real estate broker.
2. **Location of Dove Ranch.** Dove Ranch is a subdivision located in the Town of Bayfield, County of La Plata, Colorado.
3. **Inspection of Property.** The Buyer, Co-Buyer, their agents or officers represent that they have made a personal inspection of the Property prior to signing the Purchase Contract.
4. **Buyer is a Professional.** The Buyer is a professional builder or real estate investor who shall engage the services of a professional builder and represents that they fully understand all the risks and requirements inherent in the acquisition, design, development, construction, sales and marketing of new homes to the general public.
5. **Provision of Designs.** Seller has provided various design concepts to illustrate the character of homes that may be constructed in the Glen. Buyer acknowledges that these designs are provided to express the general nature and character of the improvements to be constructed in the Glen. The Buyer may either acquire these designs or develop their own so long as such Buyer supplied design is equal or superior to the conceptual plans developed by Dove Ranch, in the sole opinion of the Dove Ranch Design Review Committee (DRC). It is the Buyers sole responsibility to ensure all improvements are properly engineered and professionally constructed. In the event the Buyer utilizes a Dove Ranch design, Buyer assumes all responsibility and liability for the improvements they construct and shall hold the Seller harmless, indemnify and defend the Seller against any and all claims resulting from the use and construction of such designs and or acts of the Buyer. The Seller makes no representations as to the completeness, build-ability, code compliance or marketability of the designs provided. It is the Buyers sole responsibility to thoroughly evaluate the designs and employ competent professionals to evaluate the plans and construct the improvements. To the extent the Buyer uses the designs provided; they hereby acknowledge and accept full responsibility and do so at their own risk.

The designs provided are tools of service of those who provided the original designs and are for the sole and exclusive use of Dove Ranch. If the Buyer acquires a Dove Ranch design the Buyer is provided a license to utilize the design or derivatives thereof on lots purchased in The Glen and such design may not be reproduced or constructed elsewhere without the express written permission of Dove Ranch.

6. **Finished Home and Landscaping Required.** The Buyer acknowledges and accepts that they are required to construct all improvements necessary for a complete home and landscape. These improvements include but are not limited to the home, grading, drainage, irrigation, landscaping, hardscaping, flatwork, fencing, retaining walls, etc.

7. **Fencing.** All fencing and other improvements within Dove Ranch require a submittal and

approval by the DRC prior to commencement of any improvements. Fencing is an optional improvement for each home in The Glen however there is a single approved fence manufacture, style and color. The current fence standard is **Cambium® vinyl fence in Cedar Color** unless specifically determined otherwise by the DRC. All fencing shall be installed pursuant to manufactures specifications by a competent contractor approved by the DRC. Fencing installed on common property lines shall be the sole responsibility of the Owner that constructed that portion of the fence until such time as the adjacent property constructs fencing at which time maintenance shall become a joint responsibility. To the extent one Owner installs a common fence; the other lot owner shall be responsible for their fair share of the cost of that portion of fence constructed by others at such time as they construct fencing elsewhere on their property. A lot owner constructing a fence that utilizes fencing installed by others shall notify the adjacent property owner and DRC of intent to construct a fence and shall clearly identify the existing fencing and lineal feet installed by others. Prior to approval to construct fencing by the DRC the constructing property shall provide evidence of reimbursement for preexisting fence at the rate of \$20.00 per lineal foot. Reimbursements shall be made to the then current Owner of the adjacent property at the time of reimbursement. Reimbursement rates may be adjusted from time to time by the DRC. In each instance the DRC shall determine what is common and the appropriate share of cost for each lot. The DRC shall provide due process for any disputes and render equitable decisions. – *See Detail Attached.*

8. **Escrow of Funds.** All funds paid by Buyer prior to the delivery of special warranty deed will be held by Colorado Land Title Company (the "Title Company"). The deposit of funds to the Title Company shall occur no later than the following business day after receipt of such funds. The Seller shall have no right to the use of such funds in any way while they are in escrow unless otherwise agreed to in writing by both the Buyer and Seller.
9. **Transfer of Title.** From the date Buyer executes the Contract until a special warranty deed is delivered, the Property will be free and clear of all liens encumbrances and adverse claims except for any mortgages or deeds of trust which contain release provisions for the Property. Upon Closing of the Contract, Buyer will own fee simple title to the Property as described in the Contract , subject to those exceptions listed in the title commitment as of the date of Closing as long as those exceptions are accepted by Buyer under the terms in the Contract.
10. **Deed Preparation.** The Title Company shall prepare the deed on behalf of the Seller. Buyer and Seller agree that a Special Warranty Deed substantially similar to the sample deed attached hereto shall be deemed to meet the requirements set forth in §12 of the Contract. Should the Buyer request deed preparation requirements such that The Title Company can not or will not prepare the deed, the deed shall be prepared by the Seller at Buyer's expense.
11. **Delivery of Deed.** Subject to provisions of the Contract, the delivery of the executed special warranty deed to the Buyer shall occur on the Closing date as specified herein and, in all cases, prior to one hundred and eighty (180) days from the date the Buyer signs/executes the Contract. Said special warranty deed shall convey the Property to Buyer free and clear of any monetary liens and encumbrances
12. **Rescission and Cancellation.** Buyer and Seller hereby acknowledge that Buyer shall have the option of canceling the Contract as provided in the Contract. Furthermore, any Buyer who executes a sales Contract shall have seven (7) days following signing of Contract in which to cancel the Contract for any reason upon written notification to the Seller.
13. **Title Insurance Commitment and Policy.** A title insurance commitment will be issued to the Buyer showing that the Seller has marketable title. Exceptions to title may exist provided that they are accepted by the Buyer in the manner provided in the Contract. A title insurance policy, at no expense to the Buyer, will be delivered to the Buyer as soon as practicable after Closing,

but in no event more than ninety (90) days after Closing

14. Dedications. The Seller has or will dedicate the following land, infrastructure and or amenities of Dove Ranch to the Town of Bayfield, Colorado, or the Bayfield Sanitation District as shown on the final plats for Dove Ranch.

- 14.1. Public Right of way and the streets within Dove Ranch, Unit 1, Phase 2.
- 14.2. Water system improvements.
- 14.3. Curb, gutter and sidewalks within the public right of way.
- 14.4. Drainage and utility easements
- 14.5. Sewer system improvements

All of the terms and conditions of the aforementioned dedications are contained on the Final Plats of Dove Ranch Unit 3, Annexation and Development Agreement, Subdivision Improvements Agreement, Road Improvements Agreement and Development Improvements Agreement entered into between Dove Ranch III, LLC and the Town of Bayfield, La Plata County or Bayfield Sanitation District and recorded in the La Plata County Clerk and Recorder's Office.

15. Improvements. Seller has already completed or committed to complete the following improvements.

Sewer collection, water distribution, electric, natural gas, telephone, and cable TV services shall be extended to the property line of each lot. In the case of wired utilities, connection points may be located at clustered pedestal locations. In such cases conduits may be provided to the property line. Seller is in no way responsible and Buyer accepts all responsibility for the extension of any and all service lines for each utility. In any event it is the Buyers responsibility to extend the physical service wire from the pedestal to the structure. Gas mains will be provided by Seller and Buyer shall be responsible for the extension of the service line from the main to the structure. These improvements in addition to the drainage, curb, gutter and sidewalks shall be installed pursuant to the improvement plans approved by the Town of Bayfield, collectively "improvements." The Seller has warranted the installation and performance of the improvements for the period of one year from the date of acceptance of the improvements from the entity to which it is dedicated. After one year from acceptance the receiving entity shall be responsible for all maintenance and repairs to the dedicated facilities.

All utility lines described above shall be installed underground in accordance with applicable Town of Bayfield regulations. Seller has entered into a Subdivision Improvements Agreement (the "Improvements Agreement") with Town of Bayfield to assure completion of the improvements. As part of the Improvements Agreement, Seller has provided the Town of Bayfield with a letter of credit or other appropriate financial security to assure the availability of funds to complete each of the subdivision improvements set forth herein and in the Improvements Agreement.

16. Access to Dove Ranch. Legal access to Dove Ranch is from North Mountain View Drive, North Cactus Drive and CR 501. These streets are public streets, accessible year around, owned and maintained by the Town of Bayfield and La Plata County.

17. Streets and Street Maintenance Within Dove Ranch. Streets within Dove Ranch have been or shall be constructed and paid for by the Seller and dedicated to the Town of Bayfield. Maintenance and snow removal shall be provided by the Town of Bayfield. Alleys, lanes or other private accesses or drives owned by the Home Owners Association shall be maintained by the Association as set forth in the Governing Documents. Special assessments for these

accesses may apply to a given lot within Dove Ranch based on the utilization of such access.

18. Transfer and Maintenance of Water and Sewer Lines. Following installation of the water distribution, sewer collection, electric, natural gas, telephone and cable TV lines as discussed above, said lines, located within dedicated easements, will be transferred to the Town of Bayfield, Colorado, and the entities providing such utility services. Thereafter utility services will be provided by the utility service provider.

19. Bayfield School District, Town of Bayfield and Bayfield Sanitation District Plant Investment and Impact Fees. Prior to receiving water or sewer service, Buyer shall pay the applicable plant investment fees and tap fees. Such fees must be paid prior to issuance of a building permit. The amount of such plant investment and tap fees will be calculated in accordance with the then prevailing rates as established by School District, Town of Bayfield and the Bayfield Sanitation District.

A water tap deposit of \$1,100.00 shall be collected by Seller and a water tap credit certificate shall be issued to Buyer at closing who shall deliver such certificate to the Town of Bayfield and shall receive a credit of \$1,100.00 from the then current water tap fee. Similarly, Buyer shall also pay a \$794.00 school impact fee at the time of closing and a credit certificate shall be issued.

THE PAYMENT OF ANY IMPACT FEES, PLANT INVESTMENT FEES AND/OR TAP FEES SHALL BE THE RERESPONSIBILITY OF BUYER OR OTHER SUCH OWNER OF THE PROPERTY AT THE TIME OF OR PAYMENT OF SUCH FEE.

20. Utility Fees and Costs. The costs of making individual connections to the underground electric, natural gas, telephone, and cable TV line at the Property, and all subsequent usage or service fees, will be the sole responsibility of Buyer. For information about such connection fees, service and usage fees, and other charges that may be applicable, please contact the individual service provider.

15.1 Telephone service will be provided by Qwest.

15.2 Electric service will be provided by La Plata Electric Association.

15.3 Natural gas service will be provided by SourceGas, Inc.

15.4 Cable television service will be provided by Rocky Mountain Cable Vision.

15.5 Additional or alternative telecommunications services may be offered in the future by service providers other than those listed above

21. Home Owners Association (HOA) Dues and Fees. The current HOA dues for vacant parcels are \$100 per year. Special assessments may be assessed on vacant parcels for grounds maintenance or sidewalk snow removal, etc. The HOA shall have the right to amend the scope of services it chooses to offer from time to time in the manner set forth in the Governing Documents.

22. Design Review. The Dove Ranch Design Review Committee (DRC) must first review any and all proposed improvements to the Property. Home designs provided by the Seller to the Buyer have been generally approved for use in the Glen. To the extent the Buyer desires to modify the provided plans or design new plans, any such plans must first be approved by the DRC and the Seller. As development occurs certain homes will be constructed on certain lots in an arrangement that can not at this time be known. Buyer understands and agrees that as certain home plans are placed on certain lots some plans may no longer be suitable for the adjacent

undeveloped lots due to scale or other aesthetic or practical reasons. All homes are subject to DRC review and approval regardless of previous layout or acceptance by the DRC or the Seller. Prior to applying for a building permit, the Owner of any lot within the Glen must first apply for and gain approval from the DRC for each home or improvement.

23. **Finished Floor Elevations.** Finished floor elevations have been established for each parcel within The Glen. It is the obligation of the Buyer and their builder to confirm these elevations and construct all improvements consistent with these elevations or promptly notify the DRC of and errors or omissions with respect to the stated finished elevations. In the event an alternative finished floor elevation is desired, such request must first be submitted and approved by the DRC.
24. **Completion of Construction Once Commenced.** Buyer(s) or their successors or assigns shall be obligated to complete construction within one year of the commencement of construction of the improvements on the lot or other date established by the DRC. Routine maintenance of the parcel shall not constitute commencement of construction for this provision.
25. **Building Permits.** Following DRC approval, the Town of Bayfield has jurisdiction over the construction of any improvements as set forth by the Town or adopted building codes. Prior to the commencement of any improvements, Buyer will need to apply for and receive a building permit, pay the appropriate fees, and satisfy the code and building requirements. Buyer should contact the Town of Bayfield, Colorado for information pertaining to building any structures or proposed improvements.
26. **Issuance of Building Permits and Certificates of Occupancy Prior to the Completion of Infrastructure.** Building permits (Permit) and Certificates of Occupancy (CO) shall be issued by the Town of Bayfield subject to the terms and conditions set forth in the final Subdivision Improvements Agreement (SIA) attached here to. Buyer does hereby affirm that Buyer is aware of these requirements and recognizes certain subdivision construction activities must occur prior to the issuance of a Permit or CO. Buyer acknowledges they have received consideration for this constraint in the purchase price of the lot. Buyer shall hold Seller harmless for any damages or delays during the course of infrastructure construction. Seller shall diligently prosecute the work required under the SIA so that the Buyer may secure a building Permit and Certificate of Occupancy as soon as practicable.
27. **Colorado Common Interest Ownership Act.** Dove Ranch, is not currently subject to the Colorado Common Interest Ownership Act as the anticipated Association assessments will be less than \$400 per year, exclusive of fees for service, plus adjustment for inflation as set forth in the Act. In the event Dove Ranch or the Association become subject to the Act, the Governing Documents, policies and procedures shall be amended as needed so as to fully comply with the Act.

28. Governing Documents. The Property shall be subject to the Governing Documents. The Governing Documents shall consist of, but are not limited to, the following:

- 28.1. Declaration of Covenants, Conditions, and Restrictions ("Covenants"). Creates rights and obligations that are binding upon the Association and all present and future owners of property at Dove Ranch (recorded by La Plata County Clerk and Recorder).
- 28.2. Articles of Incorporation. Establishes the Association as a not-for-profit corporation under Colorado law (filed with the Colorado Secretary of State).
- 28.3. By-Laws. Sets forth the Association's governance and internal affairs (initial By-Laws have been recorded and may be adopted, administered and amended by the Board. Subsequent amendments need not be recorded).
- 28.4. Design Guidelines. Establishes architectural, design and landscaping standards and guidelines for improvements and modifications to Units, including structures, landscaping and any other structural and aesthetic items relating to the Units (may be adopted, administered and amended by the Declarant or the DRC).
- 28.5. Rules and Regulations. Governs activities, conduct, and use of Units, Common Areas and other property within Dove Ranch (may be adopted, administered and amended by the Declarant, the Board, the DRC, or the Association).

28.6. List of Documents

Description	Doc Date	Reception #	Rec. Date	Status
Dove Ranch, Unit 1 Phase 1 Annexation Plat	6/01/04	886936	6/17/2004	Current
Dove Ranch, Unit 1 Phase 1 Subdivision Plat	6/01/04	886935	6/17/2004	Current
Dove Ranch Unit 1 Annexation Plat	8/24/05	917880	9/13/2005	Current
Dove Ranch Unit 2 Annexation Plat	8/25/05	917881	9/13/2005	Current
Dove Ranch Unit 3 Annexation Plat	8/25/05	917882	9/13/2005	Current
Dove Ranch, Unit 1 Phase 2 Subdivision Plat	8/25/05	917884	9/13/2005	Current
Dove Ranch Unit 2 Phase 1 Subdivision Plat	8/25/05	917889	9/13/2005	Current
Dove Ranch Unit 3 Subdivision Plat	8/25/05	926063	9/13/2005	Current
Annexation Agreement - Unit 1 Phase 1	6/11/04	886938	6/17/2004	Current
Subdivision Improvements Agreement Unit 1 Phase 1	6/11/04	886939	6/17/2004	Current
Annexation Agreement Unit 1 Phase 2, Units 2 & 3	8/02/05	917879	9/13/2005	Current
Subdivision Improvements Agreement Unit 1 Phase 2	8/16/05	917897	9/13/2005	Current
Subdivision Improvements Agreement Unit 2 Phase 1	8/16/05	917898	9/13/2005	Current
Subdivision Improvements Agreement Unit 3	1/12/06	926101	1/13/2006	Current
CC&R's	6/01/04	886937	6/17/2004	Current
Supplemental Declaration of CC&R's for Dove Ranch	9/8/05	917875	9/13/2005	Current
By-Laws	6/01/04	886937	6/17/2004	Current

Initial Rules & Regulations	6/01/04	886937	6/17/2004	Superseded
Amended Rules and Regulations				Current
Design Guidelines	6/01/04	Not Recorded	N/A	Superseded
Design Guidelines	1/01/07	Not Recorded	N/A	Current
Affidavit of Correction (line length)	7/19/06	940720	8/24/2006	Current
Affidavit of Correction (setbacks)	7/19/06	940720	8/24/2006	Current

Buyer acknowledges by their signature hereon that they have received, read and understand the forgoing documents except those whose status is pending.

- 29. Designated Floodplain.** None of the lots within Dove Ranch are located within a designated floodplain.
- 30. Expansive Soils.** Dove Ranch has expansive soils typical of soils in the region. A subdivision wide soils test has been performed by Trautner Geotech and provided as part of your document package. This report is for sole use of Dove Ranch and is not transferable to any third parties. The report has been provided as general information and not intended to be relied upon for individual construction. It is the Buyer's responsibility to have site specific geotechnical studies done and those recommendations followed for their specific lot and home design. Dove Ranch does not warrant any information provided in the informational geotechnical report and the Buyer shall not rely on such information in the course of design and construction of the improvements. The Buyer shall indemnify, defend and hold the Seller harmless for any losses or claims resulting from utilization of geotechnical information provided by the Seller.
- 31. Severed Mineral Interests and Oil and Gas Operations.** The mineral interests for the Property have been severed from the surface rights and therefore not conveyed with the Property. BP Amoco currently operates a natural gas well, attendant equipment and pipelines on Dove Ranch. Notice of these operations has been given to and acknowledged by Buyer.
- 32. Judgments or Administrative Orders.** There are no judgments or administrative orders issued or pending against the Seller which are material to the development plans of Dove Ranch.
- 33. Taxes and Assessments.** There are no taxes or special assessments, not addressed herein, which Buyer must pay at the time the Contract is executed. Buyer acknowledges and understands that each owner of a lot within Dove Ranch will become a member of the Dove Ranch Home Owners Association, that such membership is mandatory and that dues, fees and assessments will be levied for the activities of the Association as set forth in the Governing Documents.
- 34. Real Estates Brokers.** All sales of lots within Dove Ranch within Colorado will be made by brokers and sales persons licensed by the State of Colorado unless specifically exempted pursuant to C.R.S. 12-61-101(4), The Seller is acting on it's own behalf and no agency, whether explicit or implied, is deemed to exist between Buyer and Dove Ranch.
- 35. Jurisdiction and Final Plat Approval.** The Town of Bayfield has jurisdiction over the approval of any particular type of land use within Dove Ranch. The Final Plat of Dove Ranch, which has been approved by the Town of Bayfield and recorded in the La Plata County Clerk and Recorder's Office, in conjunction with the Governing Documents for Dove Ranch, sets

forth the allowed land uses within Dove Ranch.

36. Ongoing Development. Seller has disclosed and Buyer acknowledges that Dove Ranch is a master planned community and that additional property may be developed and incorporated into the Dove Ranch Home Owners Association as set forth in the Governing Documents.

THE UNDERSIGNED BUYER ACKNOWLEDGES THAT HE OR SHE HAS READ AND UNDERSTANDS EACH AND EVERY ONE OF THE SELLER'S DISCLOSURES WHICH APPEAR ON THIS LOT INFORMATION AND DISCLOSURE STATEMENT ADDENDUM.

BUYER (to be completed and executed upon agreement & signing of contract) DATE

BUYER DATE

-NOTICE-

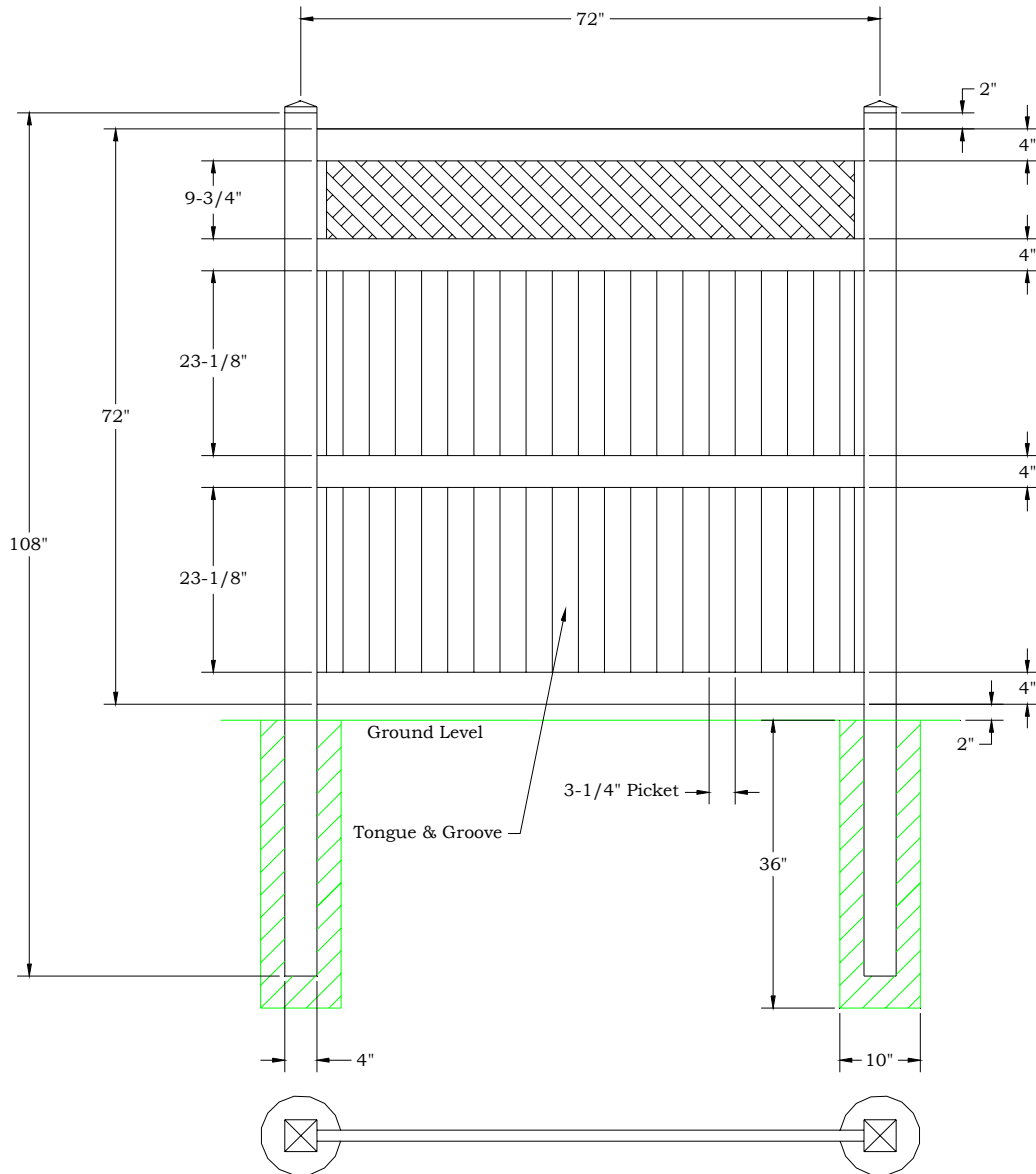
Natural Gas Operations

There are ongoing natural gas operations within Dove Ranch. As a result, there will be occasions when service trucks will visit the well site or pipelines located in and around Dove Ranch. There is also the possibility that a temporary derrick might be erected at the well site for up to several weeks at a time to rework the well. At the time of these rework operations; there will be more well service vehicles, such as sand and water trucks entering the site as well as additional noise.

BP is the operator of the well site and distribution facilities within Dove Ranch. For questions regarding specific aspects of their operations, please call 970-247-6800.

If you have questions with regard to regulatory aspects of natural gas wells, transmission lines or operations, please contact the State of Colorado's Oil and Gas Conservation Commission at 303-894-2100.

Berwick Lattice – 4 Rails
72H”x 72L”
Sand Color



SPECIAL WARRANTY DEED

THIS DEED, dated __ , between Dove Ranch, LLC of the County of La Plata and State of COLORADO, grantor and ____ whose legal address is _____of the County of La Plata and State of COLORADO, grantees:

WITNESS, That the grantor for and in consideration of the sum of --No Dollars and 00/100--DOLLARS

the receipt and sufficiency of which is hereby acknowledged, has granted, bargained, sold and conveyed, and by these presents does grant, bargain, sell, convey and confirm, unto the grantees, their heirs and assigns forever, not in tenancy in common but in joint tenancy, all the real property together with improvements, if any, situate, lying and being in the County of LA PLATA and State of Colorado described as follows:

Lot __ of Block __ in DOVE RANCH UNIT __ PHASE __ according to the plat thereof filed for record (date recorded) as Reception No. __

SUBJECT TO 2007 taxes due and payable in 2008. Further SUBJECT TO easements, rights of way, restrictions and reservations of record; and all oil, gas, coal and other mineral rights as have been reserved by predecessors in title; and those exceptions set forth in the title report issued on subject property and accepted by grantee herein.

as known by street and number as: (street address) BAYFIELD, CO 81122 assessor's schedule or parcel number: __

TOGETHER with all and singular the hereditaments and appurtenances thereunto belonging, or in anywise appertaining, and the reversion and reversions, remainder and remainders, rents, issues and profits thereof, and all the estate, right, title, interest, claim and demand whatsoever of the grantor(s), either in law or equity, of, in and to the above bargained premises, with the hereditaments and appurtenances.

TO HAVE AND TO HOLD the said premises above bargained and described, with the appurtenances, unto the grantees, their heirs and assigns forever. The grantor(s), for himself, his heirs, and personal representatives, successors and assigns does covenant and agree that the grantor shall and will WARRANT AND FOREVER DEFEND the above bargained premises in the quiet and peaceable possession of the grantees, their heirs and assigns, against all and every person or persons lawfully claiming the whole or any part thereof, by, through or under the grantor(s).

IN WITNESS WHEREOF, the grantor has executed this deed on the date set forth above.

Dove Ranch, LLC

(name), Manager

STATE OF COLORADO
COUNTY OF LA PLATA

The forgoing instrument was acknowledged before me this __ day of __, 2007 by (name) as MANAGER OF DOVE RANCH, LLC.

My commission expires: __

Witness my hand and official seal
