

DOVE RANCH, PHASE 1
LOT INFORMATION AND DISCLOSURE STATEMENT
ADDENDUM AS OF JUNE 24, 2004

This Lot information Statement and Disclosure Addendum is attached to and incorporated by reference into the Contract to Buy and Sell Real Estate dated _____, 2004 between Dove Ranch, LLC, a Colorado Limited Liability Company ("**Seller**") and _____ ("**Buyer**"). Said Contract and this Addendum are hereinafter referred to collectively as the "Contract."

1. **Seller.** The Seller of Dove Ranch, Phase 1 and the lots located therein is Dove Ranch, LLC. The Seller's address is 100 Jenkins Ranch Road, Durango, Colorado, 81301. Bradley Elder is the General Manager of Dove Ranch, LLC and is a Colorado licensed real estate broker.
2. **Location of Dove Ranch, Phase 1.** Dove Ranch, Phase 1 is a subdivision located in the Town of Bayfield, County of La Plata, State of Colorado.
3. **Inspection of Property.** The Buyer, Co-Buyer or Buyer's spouse has made a personal inspection of the Property prior to signing a Purchase Contract.
4. **Escrow of Funds.** All funds paid by Buyer prior to the delivery of special warranty deed will be held in the Dove Ranch, LLC Trust Account or by Colorado Land Title Company (the "Title Company"). The deposit of funds to the Trust Account or 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. Funds held in the Dove Ranch, LLC trust account shall be delivered to the Title Company on or before closing.
5. **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 Purchase and Sale Contract ("the Property"), 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.
6. **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.
7. **Rescission and Cancellation.** Buyer and Seller hereby acknowledge that Buyer shall have the option of canceling the Contract by providing written notice to Seller at any time and for any reason prior to recordation of Final Plat. Furthermore, any Buyer who executes a sales Contract within the seven (7) days prior to recording of Final Plat or executes a Contract after recording of Final Plat shall have seven (7) days following signing of Contract in which to cancel this Contract for any reason upon written notification to Seller.
8. **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.

Buyer_____

Seller_____

9. **Dedications.** The Seller has or will dedicate the following land, infrastructure and or amenities of Dove Ranch, Phase 1 to the Town of Bayfield, Colorado, or the Bayfield Sanitation District as shown on the final plat for Dove Ranch, Phase 1:

- 9.1. Public Right of way and the streets within Dove Ranch, Phase 1.
- 9.2. Water system improvements.
- 9.3. Curb, gutter and sidewalks within the public right of way.
- 9.4. Drainage and utility easements
- 9.5. Sewer system improvements

All of the terms and conditions of the aforementioned dedications are contained on the Final Plat of Dove Ranch, Phase 1, recorded in the La Plata County Clerk and Recorder's Office under Reception No. 886935, the Annexation Agreement and Subdivision Improvements Agreement entered into between Dove Ranch, LLC and the Town of Bayfield under reception.

10. **Improvements.** Seller has committed to complete the following improvements on or before December 31, 2004:

- 10.1. Extension of North Mountain View Drive and Cactus Drive to the new Dove Ranch Road and construction of Dove Ranch Road.
 - 10.2. Sewer collection, water distribution, electric, natural gas, telephone, and cable TV services to the Property pursuant to the improvement plans approved by the Town of Bayfield.
 - 10.3. Drainage improvements.
 - 10.4. Curb, gutter and sidewalk.
- (Collectively "improvements.")

All utility lines described above shall be installed underground in accordance with applicable Town of Bayfield regulations. Seller will enter 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 shall provide 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.

11. **Access to Dove Ranch, Phase 1.** Legal access to Dove Ranch, Phase 1 shall be from North Mountain View Drive and North Cactus Drive. Each of these streets is a public street, accessible year around, owned and maintained by the Town of Bayfield.

12. **Streets and Street Maintenance Within Dove Ranch, Phase 1.** Access to the Property shall be via a public street, "Dove Ranch Road". Dove Ranch Road 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.

13. **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.

14. **Town of Bayfield and Bayfield Sanitation District Plant Investment Fees.** Prior to receiving water or sewer service, Buyer shall pay the applicable plant investment fees and tap

Buyer _____

Seller _____

fees. Such fees must be paid prior to making connection to the water and sewer lines. The amount of such plant investment and tap fees will be calculated in accordance with the then prevailing rates as established by Town of Bayfield and the Bayfield Sanitation District.

THE PAYMENT OF ANY PLANT INVESTMENT FEES AND/OR TAP FEES SHALL BE THE RERESPONSIBILITY OF OWNER OF THE PROPERTY AT THE TIME OF ISSUANCE OF THE BUILDING PERMIT FOR IMPROVEMENTS ON THE PROPERTY.

15. 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 Kinder Morgan, Inc.

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

16. Design Review. The Dove Ranch Design Review Committee (DRC) must first review any and all proposed improvements to the Property. Requirements for home design within Dove Ranch are set forth in the Design Guidelines.

17. Building Permits. Following DRCCC approval, the Town of Bayfield has jurisdiction over the construction of any improvements on the Property. Prior to the commencement of any improvements, Buyer will need to apply for 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.

18. Colorado Common Interest Ownership Act. Dove Ranch, Phase 1 is not currently subject to the Colorado Common Interest Ownership Act as the anticipated Association assessments will be less than \$400 per year, 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.

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

19.1. 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).

19.2. Articles of Incorporation. Establishes the Association as a not-for-profit corporation under Colorado law (filed with the Colorado Secretary of State).

19.3. 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).

19.4. 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).

Buyer_____

Seller_____

19.5. 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).

19.6. List of Documents

Description	Doc Date	Reception #	Rec. Date	Status
Dove Ranch Phase 1 Annexation Plat	6/01/04	886936	6/17/04	Current
Dove Ranch Phase 1 Subdivision Plat	6/01/04	886935	6/17/04	Current
Annexation Agreement	6/11/04	886938	6/17/04	Current
Subdivision Agreement	6/11/04	886939	6/17/04	Current
CC&R's	6/01/04	886937	6/17/04	Current
By-Laws	6/01/04	886937	6/17/04	Current
Initial Rules & Regs	6/01/04	886937	6/17/04	Current
Design Guidelines	6/01/04	Not Recorded	N/A	Current

Buyer acknowledges by their signature hereon that they have received, read and understands the forgoing documents.

20. Designated Floodplain. None of the lots within Dove Ranch are located within a designated floodplain.

21. Expansive Soils. Dove Ranch has expansive soils typical of soils around this part of La Plata County. A subdivision wide soils test has been performed by Lambert and Associates and provided as part of your document package. This report is for general information and used for infrastructure construction. The information and recommendations are not lot specific. It is the Buyer's responsibility to have site specific geotechnical studies done and those recommendations followed for their specific lot and home design.

22. 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.

23. 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, Phase 1.

24. 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.

25. 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 real estate brokerage firm acting on behalf of

Buyer_____

Seller_____

the Seller is Dove Ranch, LLC a Colorado Limited Liability Company.

26. Jurisdiction and Final Plat Approval. The Town of Bayfield has jurisdiction over the approval of any particular type of land use within Dove Ranch, Phase 1. The Final Plat of Dove Ranch, Phase 1, which has been approved by the Town of Bayfield and recorded in the La Plata County Clerk and Recorder's Office as Reception No. 886935, in conjunction with the Governing Documents for Dove Ranch, sets forth the allowed land uses within Dove Ranch.

27. Ongoing Development. Seller has disclosed and Buyer acknowledges that Dove Ranch, Phase 1 is a part of a master planed neighborhood 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.

SELLER

DATE

Dove Ranch, LLC

by Bradley Elder, General Manager

BUYER

DATE

Buyer_____

Seller_____

-NOTICE-

Oil and Gas Operations

Your property lies in close proximity to ongoing natural gas operations. As a result, there will be occasions when service trucks will visit the site. 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.

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.

For questions regarding specific aspects of ongoing operations of BP Amoco, please call 970-247-6800.

-NOTICE-

Natural Gas Pipeline

There is a natural gas pipeline that traverses your property. Please familiarize yourself with its location.

Do not dig or excavate within fifteen feet of this area!

If you intend to dig or excavate on your property, contact the Utility Notification Center of Colorado (UNCC) for line location service by phone at 800-922-1987 or online at <http://www.uncc2.org/>

For questions regarding specific aspects of pipeline operations of BP Amoco, 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.

EXCEPTIONS:

An undivided 49% interest of all oil, gas and other minerals appertaining to the premises hereby conveyed, as reserved in Deed to Neva E. Dove and Mary E. Phillips, recorded February 4, 1977 as Reception No. 406821, and any and all assignments there of interests therein.

All coal, oil, gas and other minerals as reserved in Deeds recorded February 11, 2004 as Reception No. 878455 and 878456, and any and all assignments there of interest therein.