

**FIRST AMENDMENT TO DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR IDARADO LEGACY SUBDIVISION**

THIS FIRST AMENDMENT ("Amendment") is made and entered into this 10th day of September, 2004 ("**Effective Date**") by IDARADO LEGACY, LLC, a Colorado limited liability company ("**Declarant**").

WITNESSETH:

WHEREAS, the Declaration of Covenants, Conditions and Restrictions for Idarado Legacy Subdivision was recorded June 17, 2004 at Reception No. 367146 in the Office of the Clerk and Recorder of San Miguel County, Colorado ("**Declaration**"); and

WHEREAS, Section 13.3 of the Declaration provides that the Declaration may be amended by the vote or agreement of Owners to which more than 50 percent of the votes in the Idarado Legacy Homeowners Association ("**Association**") are allocated; and

WHEREAS, Declarant owns 100 percent of the Lots in the Idarado Legacy Subdivision, and hereby agrees that the Declaration shall be amended as hereinafter set forth.

NOW, THEREFORE, for and in consideration of the premises and for other good and valuable considerations, the receipt and sufficiency of which are hereby acknowledged, the Declaration is hereby amended by the addition of a new Section 11.14 to read as follows:

"11.14 **Exemption from Regular and Special Assessments.** The Owner of an unimproved Lot may apply to the Executive Board for an exemption from the obligation to pay Regular and Special Assessments on the Owner's Lot upon an election of the Owner to permanently restrict development or occupancy of any Improvements on the Lot and which prohibits all other uses of the Lot except recreational uses of the Lot by the Lot Owner. No temporary occupancies or uses, such as a trailer, shall be permitted under an acceptable conservation easement or other deed restriction. The conservation easement or other deed restriction shall name the Association as a beneficiary, with the right of enforcement. No amendment or termination to the conservation easement or other deed restriction may occur without the prior written consent of the Executive Board, which consent may be granted or withheld and/or conditioned in any manner determined by the Executive Board.

(a) The Executive Board shall grant the exemption if it determines, in its sole, but reasonable, discretion, that the proposed conservation easement or other deed restriction meets the requirements described above. The exemption shall not become effective until the beginning of the next calendar (or other fiscal) year of the Association, and the Lot Owner shall be responsible for all Regular and Special Assessments levied upon the subject Lot prior to the effective date of the exemption.

(b) An Owner may request the right to use and enjoy some facilities of the Association, such as trails. In such event, the Executive Board shall determine what portion of the Regular and Special Assessments relate to the requested usage and shall assess such amount to the Lot which assessment shall be paid by the Owner of the Lot in the manner provided for in the Declaration.

(c) Once the exemption from the payment of Regular and Special Assessments is granted, the Executive Board may not revoke the exemption for so long as the Owner complies with the restrictions set forth in the approved conservation easement or other deed restriction.

(d) If the Lot Owner violates the restrictions set forth in the approved conservation easement or other deed restriction, the Executive Board shall have the right to revoke the exemption effective as of the date of the violation. In the event of revocation, the current Regular and Special Assessments that would have been levied upon the subject Lot in the absence of the exemption shall be deemed automatically levied upon the Lot from the effective date of the grant of the exemption through the date of revocation, plus interest on such amount at the rate of 14%, and such Regular and Special Assessments shall be deemed automatically reallocated amongst all of the Lots in the Common Interest Community (including the subject Lot) from and after the effective date of revocation.

(e) This Section 11.14 cannot be amended without the affirmative vote of the Owner of the exempt Lot.

(f) The exemption shall not apply to Reimbursement Assessments or to Real Estate Transfer Assessments.

(g) From and after the effective date of an exemption approved by the Executive Board, and for so long as the exemption remains unrevoked, all remaining Regular and Special Assessments shall be allocated amongst the remaining Lots in the Common Interest Community in the manner set forth in the Declaration.”

In all other respects, said Declaration shall remain unmodified hereby and in full force and effect.

IN WITNESS WHEREOF, Declarant has executed this First Amendment as of the Effective Date.

IDARADO LEGACY, LLC,
a Colorado limited liability company

Idarado Legacy, LLC,
a Colorado limited liability company

By: CLH-Telluride Associates, LLC,
a Colorado limited liability company,
Member of Idarado Legacy, LLC

By: Wildcat Land Company, its Manager

By: William R. Hegberg
William R. Hegberg, President

Date: 9/10/04

STATE OF COLORADO)
COUNTY OF Pitkin) ss.

The foregoing First Amendment was acknowledged before me this 15th day of September 2004, by William R. Hegberg, as President of Wildcat Land Company.

Witness my hand and official seal.

Larry A. Murphy
Notary Public

My commission expires: July 2, 2005

