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Michelle Nauer, Clerk & Recorder
Ouray County, CO
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FOURTH AMENDMENT TO DECLARATION OF COMMON INTEREST COMMUNITY FOR DANCING BEAR RANCH

This Amendment to Declaration of Common Interest Community ("Declaration Amendment"), dated and made effective as of June 7, 2022 ("Effective Date") is made by Spruce Mountain Owners Association, Inc., a Colorado nonprofit corporation ("Association").

RECITALS

A. San Miguel Development Co. - VIII, LLC, a Colorado limited liability company ("Declarant") established a certain common interest community under the name Spruce Mountain (formerly known as Dancing Bear Ranch) ("Community"), consisting of certain real property located in Ouray County and Montrose County, Colorado.

B. The Community was formed pursuant to certain "Governing Documents", including the following:

(1) The Declaration of Common Interest Community for Dancing Bear Ranch recorded on December 30, 2005 in Reception No. 190189 (Ouray County) and also recorded on July 7, 2015 in Reception No. 866672 (Montrose County), as amended by the First Amendment recorded on July 14, 2015 in Reception No. 214416 (Ouray County) and also recorded on July 7, 2015 in Reception No. 866672 (Montrose County), as further amended by the Second Amendment recorded on November 2, 2015 in Reception No. 215175 (Ouray County), and the Third Amendment recorded July 25, 2017 at Reception No. 219023 and also recorded on July 25, 2017 in Reception No. 888112 (Montrose County) (collectively, "Declaration"). Certain Design Guidelines are appended to the Declaration;

(2) Amended and Restated Plat of the Community recorded on July 14, 2015 in Reception No. 214417 (Ouray County) and also recorded on July 14, 2015 in Reception No. 866908 (Montrose County);

(3) The Articles of Incorporation, Bylaws, Rules and Regulations and Policies of the Spruce Mountain Owners Association, Inc., a Colorado nonprofit corporation ("Association").

C. Capitalized terms used herein shall be ascribed the same meaning to the term as stated in the Governing Documents.

D. The Community consists of certain Lots and Common Elements as depicted on the Plat and otherwise described in the Declaration.

E. The Owners and the Association elect to modify and amend the Declaration for the purposes indicated in this Declaration Amendment and have secured the written consent of Lot 66.7% of the approval of the Owners, copies of which consents are on file with the Association.

NOW THEREFORE, the Association does hereby publish these modifications and amendments to the Current Declaration, as follows:

1. Section 1.02 Definitions is amended to include the following definition terms and to the extent any definition in the Declaration varies from the following definitions, the following definitions shall control:

A. "Accessory Structure(s)" means a structure, such as a barn, shed, garage, workshop or storage area constructed on a Lot, provided that it does not contain Living Facilities and is not used for or as a separate dwelling unit which has been designed, intended or actually used to accommodate a secondary/caretaker residential dwelling unit, whether for permanent or temporary use and occupancy. Evidence of a secondary/caretaker residential dwelling unit may consist of the presence of separate Living Facilities which when reasonably viewed together, in the reasonable judgment of the Board, indicates the presence of an additional secondary/caretaker residential dwelling. A conforming Accessory Structure may include water and electric services, provided that no other temporary or permanent Living Facilities shall be placed or installed within the secondary/caretaker residential dwelling. An Accessory Structure shall be one story and shall comply with all applicable setback requirements.

B. "Campground" means any formal or informal public or private park or real property where a Person may locate a tent, trailer, tent trailer, pick-up, camper, RV, Yurt, or other similar temporary structure for the purposes of lodging, dwelling, or sleeping, whether or not water, electricity, or sanitary facilities are provided. A Campground shall further mean and include any definition of a campground adopted by Ouray County or Montrose County, Colorado from time to time regulating the camping in Ouray County or Montrose County to the extent different from the above definition of Campground and in the event of any such difference, the more restrictive requirements shall control.

C. "Dwelling" means any Primary Residential Dwelling Unit or Primary Residential Dwelling Unit, if any, lawfully constructed on a Lot pursuant to applicable County laws and regulations and any applicable private covenants and restrictions.

D. "Guest or Caretaker Unit" means a secondary dwelling in addition to the Primary Residential Dwelling Unit, that contains Living Facilities.

E. "Living Facilities" means For purposes of these Declarations, the term "Living Facilities", as reasonably determined by the Board, means, among other things, the presence of certain facilities and components which are commonly incorporated in a dwelling, inclusive of a kitchen, living area, bedroom(s) and/or bathrooms, and may also be further evidenced by the inclusion of related mechanical elements, appliances, utilities and access and the like which support a dwelling. No Primary Structure shall be erected, altered or placed on a Lot, the height of which shall exceed two and one-half stories.

F. "Long-Term Rental" means the use or occupancy of Lot for Rent to a Person for a period that exceeds 30 consecutive days whether allowed by written lease or oral arrangement.

G. "Lot" means land owned by an Owner that is included in the Community and any Dwellings constructed thereon.

H. "Person" means an individual, group of individuals, partnership, limited liability company, corporation, trust, or any other legally established entity and/or any combination thereof. "Person" does include a "Owner"

I. "Primary Residential Dwelling Unit" means single-family residential dwelling that includes Living Facilities.

J. "Rent" means any consideration (other than de minimus gratuities) given and/or received for the right to use and occupy the Lot for any term. Consideration includes, without limitation, (i) any payment made by cash, credit or otherwise, (ii) any trade or exchange of property, (iii) any exchange of services, (iv) any forgiveness of debt or other obligation, or (v) any other transfer or exchange which the Board reasonably determines to constitute the payment of consideration as rent for the use and occupancy of the Lot/Dwellings. Rent shall not include instances where an Owner allows use and occupancy of their Lot by guests for no consideration, provided that the intent is not to evade the limitations and restrictions contained herein.

K. "Short-Term Rental" means the use or occupancy of Lot for any purpose for which Rent is being paid or collected by a Person, for a period of usage of up to and including 30 consecutive days, whether such usage is managed and administered by the Owner or through a management company.

L. "Tenant" means a person or party authorized to lease Property pursuant to a lease for a Long-Term Rental.

2. Amendment to Section 8.04. Section 8.04 is hereby amended, restated and henceforth shall read and provide as follows"

Section 8.04. Construction and Size of Residential Dwelling.

A. Subject to the attached Design Guidelines for the Community and the Ouray County, Colorado, land use and building code, the owner of each Lot shall have the exclusive right to construct, at the owner's expense one (1) Primary Residential Dwelling Unit, (b) one (1) Guest House/Caretaker's Unit and (3) a reasonable number of Accessory Structures (collectively, the "Improvements"). All of the above referenced structures shall be constructed within a circular area on the individual Lots which shall not exceed three (3) acres in size. Any construction of Improvements outside of the designated three (3) acre area shall require the written approval of the Design Review Board, which it may grant or withhold in its reasonable discretion.

B. An Owner must submit a combined plans and specifications for the Primary Residential Dwelling Unit as well as any proposed Guest House/Caretaker's Unit and Accessory Structure and appurtenant landscaping and other site development work, which plans are to be reviewed and acted upon by the Design Review Board in advance of commencing construction. ✓

C. A Lot Owner shall commence construction of the Primary Residential Dwelling Unit within one year of the Design Review Board approval, which shall be undertaken in accordance with his/her approved plans. In all events, an Owner shall first construct the Primary Residential Dwelling Unit prior constructing a Guest House/Caretaker's Unit or an Accessory Structure unless approved by the Design Review Board in advance, in its discretion and, if approved, subject to such terms and conditions determined by the Board to confirm that the Primary Residential Dwelling Unit will be completed within an established timeframe, which could include a requirement for the Owner to post a bond or other collateral acceptable to the Design Review Board. If an Owner seeks to build a Guest House/Caretaker's Unit and/or an Accessory Structure separate from the timeframe within which it plans to construct the in advance of Primary Residential Dwelling Unit, the Owner shall submit a phasing schedule indicating the timing for such construction, which shall be reviewed and approved by the Design Review Board. ✓

D. Owner shall pay any and all permit fees, recording fees, and utility hook-up fees required to complete the contemplated Improvements. Construction and construction vehicles are

prohibited in Dancing Bear Ranch and on the access roads through San Juan Ranch, except on weekdays and only between the hours of 7:00 AM and 6:00 PM. Lot owners and their construction contractors shall be subject to the bonding requirements of San Juan Ranch regarding construction and attendant road use as more particularly set forth in Article 4.2 of the Declaration for San Juan Ranch recorded at Book 858, pages 971-972, in the records of Montrose County Clerk and Recorder, Colorado. The expense associated with the repair of any damage to the roads and utility infrastructure within Dancing Bear Ranch that occurs during or as the result of the construction of Improvements, shall be the responsibility of the Lot owner or owners engaged in said construction.

3. Amendment to Section 8.05. Section 8.05 is hereby amended, restated and henceforth shall read and provide as follows"

Section 8.05. Size of Primary Residential Dwellings. No Primary Residential Dwelling Unit shall be constructed on any Lot, the habitable floor space of which, exclusive of basement, decks, and porches, is less than 1500 square feet. The habitable floor space of any Guest House/Carotaker's Unit shall be no more than fifty percent (50%) of the habitable floor space of the Primary Residential Dwelling Unit with a maximum allowed square footage of 1500 square feet. The size of an of Accessory Structures shall not exceed 1500 gross sf.

4. A new Section 8.24 addressing Leasing of Lots and Dwellings is hereby included in the Declaration and docs state and provide as follows:

8.24. Requirements and Restrictions Concerning Leasing of Lots and Dwellings.

8.24.1. Short-Term Rental.

A. No Lot or Dwelling may be used for Short-Term Rental except as allowed for herein.

B. The foregoing notwithstanding, the following activities is allowed and does not constitute the Short-Term Rental of a Lot and Dwelling:

(1) An Owner, including the Owner's family and guests, may use the Lot for overnight accommodation purposes, including a period of usage of up to and including 30 consecutive days, or other customary residential uses for which a Lot may be used, provided that no Rent or other consideration is being charged and/or collected for such usage;

(2) An Owner may lease the Owner's Property for Long-Term Rentals as provided for in Section 8.24.3;

(3) An Owner is selling a home and wishes to accommodate a buyer who wants to stay in the Dwelling prior to closing or the seller wishes to occupy the Dwelling after closing.

(4) Nothing herein is intended to limit or restrict an Owner from using or leasing the Owner's Property for agricultural purposes and upon such occurrence, the Owner is not required to notify the Board of such intended usage.

8.24.3. Long-Term Rentals. Persons using, occupying, or otherwise staying in an Dwelling for any Long-Term Rental (as defined above) are authorized to use a Lot and Dwelling under the following conditions:

(1) The Long-Term Rental is not an artifice and attempt to allow a Lot and Dwelling to be used for a Short-Term Rental as determined by the Board in its reasonable discretion.

(2) The Owner shall notify the Board within seven days of the commencement of the Long-Term Rental, which notice shall include the following information: name, local phone number, license plate number(s), email address and mailing address of the Tenant.

(3) Each Owner who enters into a Long-Term Rental arrangement for their Property or allows the same shall take reasonable steps to assure compliance by the Tenant with all of the provisions of the Governing Documents and shall be liable to the Association for any violations thereof by the Tenant in the absence of such reasonable steps.

3.24.4. Enforcement. The Association shall treat a violation of the requirements and restrictions contained herein as a violation of the Governing Documents and shall proceed with and follow the enforcement and remedy provisions stated in the Governing Documents. A violation of these requirements and restrictions may be fined \$1,000/day and each day that the violation has occurred shall be a separate violation and subject to a separate fine. The fine shall be imposed upon and collected from the Owner allowing their Lot to be used in violation of this Amendment. The Association may commence and pursue litigation to further enforce compliance with this Article, which may include injunctive relief and/or specific performance, and, in such event, the Association shall recover its fees, costs and expenses, including attorney fees, incurred in enforcing compliance with the Governing Documents, including the provisions of this Section. In the event the Association incurs any other fees, costs and expenses to address a violation of a Member, such as needing to change the gate codes or repairing the gates, the Association shall notify the Member of the fees, costs and expenses and collect such amounts from the Member. ✓

5. A new Section 8.25 addressing Limitations and Restrictions concerning Usage of Lots for Camping, Campgrounds and RV Parks is hereby included in the Declaration and does state and provide as follows:

8.25. Requirements and Restrictions Concerning Use of Lots for Camping, Campgrounds, RV Parks.

8.25.1. No Person may use a Lot for a Campground, as defined in Section 1.01, except as provided in Section 8.25.2. Glamping is not allowed under any circumstances.

8.25.2. An Owner and/or the Owner's family and guests may place, keep and use a camper, RV, tent or yurt on the Owner's Lot under the following circumstances and conditions:

(a) Prior to constructing a Dwelling Unit, provided that: (i) the usage is restricted to the personal use of Owner and/or the Owner's family and guests with no consideration being made, (ii) the usage occurs only during the period of May 1 and October 31 of a year, (iii) the camper, RV, tent or yurt is screened so as not to be in view from the Association roads or other Lots, as determined by the Board, and (iv) is not being used or occupied for purposes not otherwise allowed by this Amendment.

(b) Following the construction of a Dwelling Unit on a Lot, provided that: (i) the usage is restricted to the personal use of Owner and/or the Owner's family and guests with no consideration being made, (ii) the camper or RV is placed in an enclosed facility or other screening improvements approved by the DRB so as not to be in view from the Association roads

or other Lots, as determined by the Board, and (iii) is not being used or occupied for purposes not otherwise allowed by this Amendment.

6. A new Section 8.26 addressing Limitations and Restrictions concerning Limitations on Other Non-Residential Uses is hereby included in the Declaration and does state and provide as follows:

8.26. Limitations on Other Non-Residential Uses. The use of Lots and Dwellings is limited to agricultural uses and traditional residential uses as defined in the applicable County Land Use Code, consisting of a Primary Residential Dwelling Unit or Primary Residential Dwelling Unit and accessory structures. Other uses that may be allowed in residential zones following specific reviews for a special use permit or similar review by the County having jurisdiction over the Lot may not be accessed through the use of Access Roads, unless the Board, in its reasonable discretion determines that such uses would not otherwise create negative impacts to the Access Roads or other Lots and Owners, beyond those impacts customarily expected in connection with residential usage, including but not limited to, activities resulting in excessive traffic, increased maintenance, or any use or activity for personal gain unrelated to traditional residential usage.

7. A new Section 8.27 addressing Limitations and Restrictions concerning Boarding Houses is hereby included in the Declaration and does state and provide as follows:

8.27. Limitations on Boarding Houses. No form of boarding houses or group houses, including group or shared housing for employees, shall be allowed in connection with the ownership, use and occupancy of any Lot and Dwelling within the Community and any such attempted ownership or use shall be null and void and unenforceable.

8. A new Section 8.28 addressing Limitations and Restrictions concerning Employee Housing is hereby included in the Declaration and does state and provide as follows:

8.28. Limitations on Employee Housing. Unless such restrictions are precluded by application law, no form of employee housing which imposes requirements or restrictions for users or occupants to meet certain qualifications as a condition for use and occupancy, such as requirements for employment and/or limitations on rental rates or price caps, may occur on any Lot and Dwelling within the Community and any such attempted ownership or use shall be null and void and unenforceable.

9. **No Other Amendments.** Except as amended by the terms of this Declaration Amendment, all other terms, conditions and provisions of the Governing Documents shall otherwise remain in full force and effect without further amendment or modification.

10. **Owner Consents.** The Association states and affirms that the requisite percentage of Owners required to amend the Declaration have authorized and consented to the execution and recordation of this Declaration Amendment. Copies of these consents are on file with the Association.

11. **Effectiveness.** This Declaration Amendment shall become effective upon recordation in the Official Records of the Clerk and Recorder for Ouray County and for Montrose County, Colorado.

IN WITNESS WHEREOF, The Association has executed this Declaration Amendment as of the Effective Date.

ASSOCIATION:

Spruce Mountain Owners Association, Inc.,
A Colorado nonprofit corporation

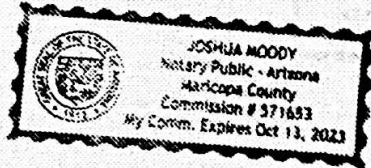
By: [Signature]
Ron Kurucz, President

STATE OF Arizona
COUNTY OF Maricopa

The foregoing Declaration Amendment was acknowledged before me this ___ day of June, 2022, by Ron Kurucz as the President of Spruce Mountain Owners Association, Inc.

Witness my hand and official seal.
[Signature]
Notary Public

My commission expires 10-13-2023



DECLARANT:

The Undersigned joins this Third Amendment to acknowledge its consent and approval of this Third Amendment.

San Miguel Development Co. - VIII, I.L.C.,
a Colorado limited liability company

By: *R. Kurucz*

STATE OF Arizona
COUNTY OF Maricopa

The foregoing Declaration Amendment was acknowledged before me this ___ day of June, 2022, by Ron Kurucz as the Manager of San Miguel Development Co. - VIII, I.L.C., a Colorado limited liability company.

Witness my hand and official seal.

[Signature]
Notary Public

My commission expires: 10-13-2023

