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Ralph Braden
Norwood Development Group
4065 N. Sinton Road, Suite 200
Colorado Springs, CO 80907

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COMMUNITY COVENANT

FOR

WOLF RANCH

Prepared by:
HYATT & STUBBLEFIELD, P.C.
Attorneys and Counselors
1200 Peachtree Center South Tower
225 Peachtree Street, N.E.
Atlanta, Georgia 30303

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COMMUNITY COVENANT FOR WOLF RANCH

This Community Covenant is made by Nor'wood Limited, Inc., a Colorado corporation ("Founder"), and Westcreek at Wolf Ranch, LLC, a Colorado limited liability company ("Westcreek").

PREAMBLE

Wolf Ranch is a master planned community located in Colorado Springs, El Paso County, Colorado. Nor'wood Limited, Inc., as the Founder of Wolf Ranch, intends for it to be a special place that people invest themselves in and become a part of -- a true "community" where people not only live, work, and play, but put down roots and build relationships and get involved in a way that creates a better quality of life for themselves, their neighbors, and the community at large. The Founder believes that purchasing or leasing property in Wolf Ranch represents a commitment to this vision and a commitment to participate in making Wolf Ranch that special place.

Truly great communities have a physical identity and a pride of place; the community's stakeholders have a positive feeling of belonging and of accomplishment in its activities. But words alone can never make community, and a community is only as good as the people who live and work there make it. This Community Covenant creates a vehicle and a process through which each person who lives or works in Wolf Ranch can become a partner in making Wolf Ranch the kind of community that people are proud to be a part of. It establishes an administrative and funding structure, administered by Wolf Ranch Community Council, Inc., a nonprofit organization, with the mission and authority to initiate programs, activities, and services to facilitate and enhance community life in Wolf Ranch while responding to individual and collective creativity and interests.

COVENANT FOR COMMUNITY

This Community Covenant is intended to benefit the Community Council and the residents of the planned community described in that Community Charter for Wolf Ranch Residential Property recorded by the Founder and Westcreek in the public records of El Paso County, Colorado ("Residential Charter"), as well as residents, property owners, and others outside the boundaries of such planned community. It does not create a separate or independent common interest community within the meaning of the Colorado Common Interest Ownership Act, C.R.S. §38-33.3-101, *et seq.* (the "Act"). This Community Covenant is intended:

- to establish a relationship between Wolf Ranch Community Council, Inc., Wolf Ranch Owners Association, Inc., and the Wolf Ranch community;

- to provide a framework for conducting activities and programs to involve and enhance the lifestyle of the residents of Wolf Ranch and the surrounding community; and
- to provide a mechanism for funding the Council's operations, programs, services, and activities.

The Founder and Westcreek, as the owner of the property described on Exhibit A, by executing and recording this Community Covenant, covenant on behalf of themselves and all future owners of such property and any additional property hereafter submitted to this Community Covenant (the "**Community**") to support the mission and efforts of the Community Council as provided in this Community Covenant. This Community Covenant shall run with the title all property in the Community and shall binding upon and benefit each owner of any portion of the property, their respective heirs, successors, successors-in-title, and assigns, and any other person or entity that now or hereafter has any legal, equitable, or beneficial interest in any portion of such property. This Community Covenant shall also be binding upon Wolf Ranch Community Council, Inc., its successors and assigns (the "**Council**").

Chapter 1

Council Mission and Organization

The Founder has established the Community Council as a vehicle to help create "community" in Wolf Ranch. However, the Community Council is intended to be merely a facilitator to provide opportunities for interaction and involvement by the residents of Wolf Ranch. It cannot be effective without the participation and support of the Community's stakeholders.

1.1. Mission.

The Council's mission is to generate, preserve, and enhance a true sense of "community" through the creation and sponsorship of programs, activities, and services to facilitate:

- interaction, inclusiveness, involvement, community pride and responsibility, and
- the sharing of ideas, common interests, and resources

in order to enhance the lifestyle within and contribute to the betterment of Wolf Ranch and the surrounding community.

1.2. Organization.

The Community Council is a nonprofit organization without members. It is organized to serve the common good and general welfare of Wolf Ranch and the surrounding community and as such may qualify for tax-exempt status as a civic league under Section 501(c)(4) of the Internal Revenue Code. If its board of

trustees at any time determines that it is not feasible for, or in the best interest of, the Community Council to be organized as a 501(c)(4) organization, or if tax-exempt status is not granted or is revoked, the Council may be organized or reorganized, as applicable, as another type of organization, which may or may not have tax-exempt status.

The Council is not and is not intended to be a homeowners association. It does not derive its powers or authority from the Colorado Common Interest Ownership Act, nor operate as a "unit owners association" or a "master association" as defined in the Act.

1.3. Administration

The Council is administered by a board of trustees ("Board"), selected in accordance with its Articles of Incorporation ("Articles") and such by-laws as its board may adopt and amend from time to time ("By-Laws").

1.4. Powers.

The Articles and By-Laws grant to the Council such express and implied powers as may reasonably be necessary to create and provide activities, services, and programs for the common good and general welfare of Wolf Ranch and the surrounding community. The Council shall act consistent with its Articles and By-Laws, this Community Covenant, and Colorado law to achieve its mission as set forth in Section 1.1.

The Council may create for-profit and non-profit entities that may or may not be tax-exempt organizations and delegate such duties and functions to those organizations as its Board deems appropriate.

The Council may engage in activities that benefit Persons other than owners and residents of Wolf Ranch. The Council shall not engage in lobbying efforts or litigation relating to zoning matters, governmental compliance and permitting issues, or matters relating to the development of or construction within the Community.

Chapter 2

Council Activities and Funding

The Founder intends for the Council to be a catalyst for a wide variety of programs, services and activities to appeal to the diverse interests of those who live and work in Wolf Ranch. To be effective, the Council must have a reliable source of funding as well as options for developing additional funding to expand its programs and services.

2.1. Council Role

The Council shall facilitate, through organization, funding, and/or administering, such activities, services, and programs as the Board determines necessary, desirable, and appropriate to advance the Council's mission, which may include, but need not be limited to, the following:

- primary education and adult special interest programs;
- charter clubs and other volunteer organizations and activities;
- educational trusts or endowments;
- a volunteer data bank to match those interested in volunteering with volunteer needs of local schools, libraries, and community organizations;
- social programs (e.g., parties, festivals, and similar events);
- environmental programs (e.g., community-wide recycling, tree planting, conservation);

- activities designed to promote community standards through education, communication, and grass roots efforts;
- public relations activities to publicize the Council's programs and activities;
- cultural and artistic programs
- health and wellness programs;
- operation and preservation of natural, historical, and archaeological sites;
- learning centers and computer centers;
- computer Internet or intranet sites;
- community-wide video and technology; and
- other services, activities, and programs for the benefit of the residents of Wolf Ranch and the surrounding community.

2.2. Council Funding

(a) *Community Enhancement Fee.*

(i) *Authority.* A primary source of funding for the Council's activities shall be a Community Enhancement Fee to be collected upon each non-exempt transfer of title to a lot, condominium unit, or other parcel of property subject to this Community Covenant (each of which are referred to as a "Unit" in this Community Covenant). The fee shall be charged to the seller of the Unit,

Council Activities and Funding

shall be payable to the Council at the closing of the transfer of title, and shall be secured by a lien in favor of the Council as provided in Section 2.2(f). Certain transfers of title are exempt from payment of the fee, as described in paragraph (iii) below.

(ii) *Amount of Fee.* The Board shall have the sole discretion to determine the amount of and method of calculating the Community Enhancement Fee, subject to the limitations described in this Section. The fee may be based upon a sliding scale that varies in accordance with the "gross selling price" of the property or any other factor the Board deems appropriate. However, the Community Enhancement Fee may not exceed 0.25% of the Unit's gross selling price. The gross selling price is the total cost to the purchaser of the Unit, excluding transfer taxes and title fees imposed by the City of Colorado Springs, El Paso County, and/or the State of Colorado.

(iii) *Exempt Transfers.* Notwithstanding the above, no Community Enhancement Fee shall be levied upon transfer of title to a Unit:

- by or to the Founder or any person or entity that controls, is controlled by, or is under common control with the Founder, or any person that is an owner, member, partner, or shareholder of the Founder, including Westcreek;
- by a builder designated by the Founder who held title solely for purposes of development and resale;
- by a co-owner to any Person who was a co-owner immediately prior to such transfer;

- to the Unit owner's estate, surviving spouse, or heirs at law upon the death of the Unit owner, or to a family trust created by the grantor for the benefit of grantor, his or her spouse, and/or heirs at law;
- to an entity wholly owned by the grantor; provided, upon any subsequent transfer of an ownership or beneficial interest in such entity, the Community Enhancement Fee shall become due;
- to an institutional lender pursuant to a Mortgage or upon foreclosure of a Mortgage; or
- under circumstances which the Board, in its discretion, deems to warrant classification as an exempt transfer (e.g., a transfer made solely for estate planning purposes may be, but is not required to be, deemed exempt from payment of the Community Enhancement Fee).

In addition, the Founder and/or the Council may grant exemptions for transfers of Units to entities qualifying for tax-exempt status under Section 501(c) of the Internal Revenue Code provided that for a period of at least two years from the date of such transfer the property is used for exempt purposes listed in Section 501(c).

(iv) *Use of Funds.* Community Enhancement Fees shall not be used to pay for real estate taxes, insurance premiums, maintenance, or improvement of real property if to do so would cause this Community Covenant to be deemed a "declaration" or the Council to be deemed an "association" as such terms are defined in the Act.

Council Activities and Funding

(v) *No Reduction or Set-Off.* The owners Units subject to this Community Covenant may not exempt themselves from liability for the Community Enhancement Fee or other charges authorized under this Community Covenant by not using services or by not participating in programs or activities of the Council, or for any other reason. The obligation to pay the Community Enhancement Fee and other charges authorized under this Community Covenant is a separate and independent covenant on the part of each Unit owner. A Unit owner may not claim any reduction or set-off because of any Council action, inaction, or policy with which the Unit owner disagrees.

(vi) *Lien Rights; Collection of Delinquent Amounts.* The Council has a lien against each Unit to secure payment of the Community Enhancement Fee and other charges authorized under this Community Covenant, as well as interest on any portion of the Community Enhancement Fee and other charges not paid when due, late charges, and costs of collection (including attorneys' fees). The lien is superior to all other liens, except (a) the liens of all taxes, bonds, assessments, and other levies which by law would be superior; (b) the lien or charge of any recorded first mortgage (meaning any recorded mortgage with first priority over other mortgages) made in good faith and for value; and (c) the lien in favor of Wolf Ranch Owners Association, Inc. under the Residential Charter. The lien may be enforced by suit, judgment, and judicial or non-judicial foreclosure, to the extent permitted by Colorado law, in the same manner as a mortgage lien. The Council may sue to collect an unpaid Community Enhancement Fee and other charges authorized in this Community Covenant

without foreclosing or waiving the lien securing the amounts due.

The sale or transfer of a Unit does not affect the Council's lien or relieve such Unit from the lien. However, sale or transfer pursuant to foreclosure of the first mortgage will extinguish the lien as to any amounts due prior to the mortgagee's foreclosure. A person acquiring property through foreclosure of a first mortgage will not be personally liable for any amounts due prior to such person's acquisition of title.

(vii) *Statement of Account.* Upon written request of the owner or prospective purchaser of, or the holder or prospective holder of a mortgage on, any Unit, delivered personally or sent by first-class mail, postage prepaid, to the Council's registered agent or designee, the Council shall issue a written statement setting forth the amount of any unpaid Community Enhancement Fees and the amount of any Community Enhancement Fee due upon a transfer of title to the Unit which occurs within 30 days of the date of such statement. Such statement shall be delivered personally or by first-class mail, postage prepaid.

The Council may require the payment of a reasonable processing fee for issuance of such statement. Such statement shall be binding upon the Council as to persons who rely on the statement in good faith. If a written request for a statement of account is not processed within 14 days after the Council's receipt of the request, all amounts that became due before the date of such request shall be subordinate to the lien of any institutional holder of a first mortgage on the Unit that acquired its interest after requesting such statement.

(b) *Use and Consumption Fees.* The Council may offer services or sponsor

Council Activities and Funding

activities for which it charges uses or consumption fees to any person who chooses to use such services or participate in such activities. The Board may determine the amount and method of determining such fees. Different fees may be charged to different classes of users (e.g., Wolf Ranch residents or owners and others).

(c) Contributions and Sponsorships. The Council may solicit financial support from the public, stakeholders, or corporate sponsors to further its mission and activities. The Founder may, but shall not be obligated to, make contributions or commit funding to subsidize the Council's activities; however, payment of a contribution or subsidy in any year shall not obligate the Founder to continue such payment in future years.

(d) Grants. The Council may also seek to qualify for local, state, or federal grants.

Chapter 3

Tools for Creating Community

Achieving the goal of making Wolf Ranch a truly special place to live and work requires more than just providing opportunities for stakeholders to share ideas, suggestions, and desires. It also requires specialized staffing, a creative process, and good communication.

3.1. Community Program Director.

At such time as the Board determines that there are a sufficient number of residents in Wolf Ranch and a sufficient level of funding, the Board shall create and fund the position of "Community Program Director," or "CPD," whose role will be to provide leadership for the overall planning, development, implementation, and continuing evaluation of programs, activities, and services to carry out the Council's mission of enhancing community within Wolf Ranch. The CPD may be an employee or an independent contractor, and may be retained on a full or part-time basis, as the Board determines appropriate.

The CPD's specific responsibilities may include the following:

(a) creating accessible opportunities for residents to participate in and volunteer their time and skills for community events and activities;

(b) working with volunteers and staff members and cooperating with the Board to implement the Council's community building objectives;

(c) coordinating, promoting, and facilitating community-wide cultural,

artistic, musical, athletic, and social events and activities;

(d) conducting governance educational programs and contracting for and coordinating continuing education programs and opportunities;

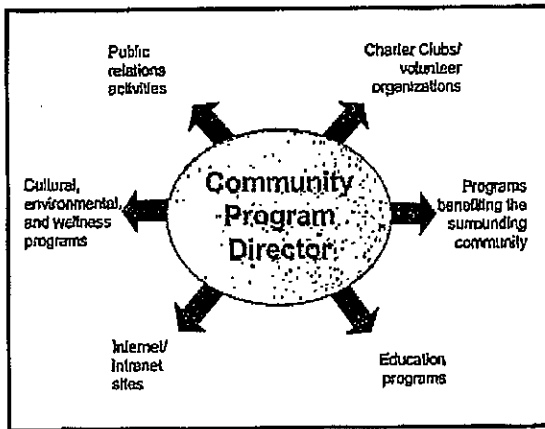
(e) serving as an ombudsman within Wolf Ranch by encouraging and practicing "non-adversarial communication" and, when the need arises, mediating or otherwise intervening to resolve disputes and conflicts at the request of the parties involved; and

(f) seeking out new opportunities for building community life and spirit while appreciating diversity.

The CPD's responsibilities may also include those agreed upon by the CPD and the Board, so long as such responsibilities do not hinder, limit, or otherwise interfere with the fulfillment of the CPD's responsibilities outlined above.

The CPD shall be entitled to attend and participate in Board meetings; however, in the case of discussions regarding the CPD's employment or performance, the CPD may be excluded from Board meetings.

Tools for Creating Community



3.2. Youth Board.

The Board may establish and fund a "Youth Board" comprised of community residents between the ages of 11 and 17 to serve as a liaison between the youth of Wolf Ranch and the Board. The purpose of the Youth Board is to serve as a voice for the youth of Wolf Ranch, engaging them in seeking ways to improve and enhance the community for themselves, their peers and others while building their leadership skills and helping them to serving as a positive force in the community.

The Youth Board should be representative of those it seeks to serve. The members of the Youth Board shall be selected by the Board from candidates solicited through Community-wide publications, emails, and other methods designed to reach residents of Wolf Ranch. In selecting members of the Youth Board, the Board shall endeavor to include youth who represent a wide variety of backgrounds, ages, hobbies, organizational affiliations, and residence locations within Wolf Ranch.

The Community Program Director, if any, shall serve as an *ex officio* member of the Youth Board, and the Youth Board shall cooperate with and assist the Community

Program Director in the performance of its duties.

The Board may adopt and amend administrative rules to ensure the successful formation, selection, operation, and continuity of the Youth Board, including terms of service of the Youth Board.

3.3. Community Education and Orientation.

Those who understand the structure and governance of the Community and their rights and responsibilities in the Community have a greater capacity to participate in civic life and in the affairs of the community. Therefore, the Board may establish education, training, and orientation programs to facilitate and encourage such understanding. The Board may utilize any method it deems appropriate to achieve this goal, including a community website or intranet, learning centers, new resident welcome and orientation programs, coordinated activities with local schools, seminars, audio/video recordings, pamphlets and other publications.

The focus of community education activities may include such things as general community orientation, community structure and governance, including the nature, extent, and purpose of the covenants, rules, and regulations; charter clubs and volunteer opportunities; and opportunities to participate in and affect the community's evolution and growth.

The Board may also coordinate with nationally recognized organizations such as the Urban Land Institute or the Community Associations Institute to offer programs regarding community governance and operation and invite qualified speakers to

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provide community governance instruction and workshops.

3.4. Lifelong Learning Opportunities.

The Council may provide for or facilitate continuing education opportunities for persons of all ages based on level of interest, availability of instructors, and cost. Continuing education opportunities should reflect the diverse interests of the Community (e.g., finance, art, music, culture, exercise, health and wellness, gardening, literature, and recreation, among others).

3.5. Volunteerism.

In recognition of the fact that volunteerism benefits both Wolf Ranch and the larger community, the Founder desires to promote a strong volunteer ethic among residents of Wolf Ranch. Therefore, one of the Council's roles is to encourage and facilitate the organization of volunteer groups and activities within Wolf Ranch. To accomplish this end, the Board may grant incentives for volunteering, such as exemptions from specific program fees and public recognition of distinguished volunteers and their achievements. The Board also may cooperate with and support outside organizations, such as recreational leagues or cultural organizations, by sponsoring or helping to promote the organization's events. Additionally, the Board may compile and maintain a data bank of volunteer opportunities and needs and people interested in volunteering, to help match volunteers with activities in which their interests and skills will be of assistance.

Volunteerism

Board:

- ✦ Facilitates volunteer organizations
- ✦ Supports recreational leagues and cultural organizations
- ✦ May maintain volunteer data bank
- ✦ May grant charters to charter clubs
- ✦ Publicizes meetings, events, etc.
- ✦ Provides recognition to volunteers

3.6. Charter Clubs.

The Board may establish or support the establishment of "charter clubs" to encourage or facilitate the gathering of people to pursue common interests or hobbies. A charter shall confer privileges and impose responsibilities on the club and its members. For example, the Board may grant privileges such as financial, administrative or technical support, material support, and liability insurance coverage.

The Board may grant charters to any group of individuals who share a particular field of interest. The Council may provide initial or ongoing funding to a charter club and/or require that club members pay dues, use or consumption fees, or otherwise obtain funding for club expenses. However, the Council shall not sponsor or provide funding for promotion of specific events or activities of a charter club unless the Board, in its discretion, determines that such events or organizations provide a general benefit to the entire Community.

3.7. Community Participation.

A key to building a sense of community is listening to the community and appreciating the need for input from all stakeholders,

Tools for Creating Community

whether the Founder, owners, residents, builders, or those who work in the Community. In that regard, the Council shall strive to:

- create and maintain an inclusive environment for all who wish to participate in its activities and programs;
- provide an orderly, regular, and informative communication system within Wolf Ranch;
- provide opportunities for all stakeholders to provide input on community activities and Council programs;
- respect the value of each individual as well as the value and the importance of the community;
- appreciate diversity of thought and of people;
- establish community traditions that will engender pride in Wolf Ranch;
- foster a sense of belonging;
- motivate property owners and residents to participate by offering a variety of life-enriching opportunities;
- provide meaningful opportunities to connect with the greater community; and
- make a significant contribution to the quality of life at Wolf Ranch.

In all dealings among and between stakeholders and the Council, participants are expected to:

- be informed;
- act with civility;
- communicate constructively; and
- strive to act in the best interest of the community as a whole and make a meaningful contribution to the community.

3.8. Cooperation with Other Organizations.

The Council may contract with other entities and organizations, including Wolf Ranch Owners Association, Inc. and the Founder, to provide assistance with and facilities for the Council's activities, services, programs. The Council may partner with local schools, businesses, and other organizations and solicit in-kind contributions to facilitate any of its activities.

3.9. Telecommunity System.

(a) *Establishment and Management.* The Founder reserves for itself, its affiliates, and their respective successors and assigns, a perpetual right and easement over all of the property subject to this Community Covenant for the purpose of installing, inspecting, operating, maintaining, repairing, and replacing central telecommunication receiving and distribution systems (e.g., cable television, high speed data/Internet/intranet services, and security monitoring) and related components, including associated infrastructure, equipment, hardware, and software, to serve the Community ("Telecommunity System. The Founder may assign all or any portion of such rights to the Community Council.

Tools for Creating Community

The Founder may enter into and assign to the Council, or cause the Council to enter into, a bulk rate service agreement providing for access to any Telecommunity System for all Units, in which case the Council may assess each Unit and its owner for the basic charges under such agreement, which assessment shall be secured by the Council's lien under Section 2.2(a). If particular services or benefits are provided to particular Units at the request of the owner or occupant of such Unit, the benefited owners or occupants shall be responsible for any additional charges related to such service or benefit.

To the extent that the Founder assigns its rights to the Council, the Council shall provide for the design, installation, operation, maintenance, repair, replacement, and upgrade as of the Telecommunity System as the Board deems appropriate to facilitate and encourage communication and interaction among residents and other stakeholders in the Community, as well as awareness of and participation in the activities, programs, opportunities, events, and services provided by or through the Council.

The Board shall have the sole discretion and authority to determine and select the provider(s) of the hardware, software, programming, infrastructure, services and administration ("System Components") constituting the Telecommunity System, and may change, modify, or terminate the system as it deems appropriate; provided, the initial selection of and any change in any provider shall be subject to the Founder's prior written approval so long as the Founder owns property subject to the Residential Charter or has the right to add property to the Residential Charter. The Council shall have no obligation to utilize any particular provider or providers; however, the Council

may not refuse to renew or terminate any contract entered into during the time Founder appoints a majority of the Council Board without the Founder's consent, unless the provider is in default under such contract.

The Council may enter into contracts with different vendors or providers for different System Components and for the maintenance, management, administration, upgrading, modification, and operation of the system. Such vendors or providers may include the Founder or affiliates of the Founder, so long as the terms of any such contracts are commercially reasonable. The terms of the applicable contract may obligate individual Owners or occupants to execute contracts or agreements directly with the provider(s) prior to gaining access to the system. Such contracts or agreements may contain terms and conditions relating to use and access to the Telecommunity System in addition to those contained in this Article.

(b) Governmental Regulation. Any Telecommunity system and its providers, managers, and operators may be subject to federal, state, or municipal regulations, laws, and ordinances. Such regulations, laws, and ordinances may have a significant impact on certain aspects of the system including, but not limited to, the fees charged, the method of delivery, the rights of the system users, as well as the rights of the system providers or operators. These regulations and their impact are beyond the Council's control.

(c) No Warranties. The Founder and the Council make no representations or warranties as to the quality, fitness, or performance of any Telecommunity System, or as to any of the System Components, nor any warranty that a Telecommunity System will be provided or if provided, will continue to operate.

Tools for Creating Community

(d) *System Connections.* Each Unit shall have at least one connection to any Telecommunity System established pursuant to this Section. Any Unit comprised of multifamily residential structures must include at least one connection per dwelling within the structure. Each Unit owner may obtain additional connections or additional or enhanced services, if available, at such owner's expense, subject to such conditions and requirements as the Council and the provider of the particular System Component may establish.

(e) *Rules of Use.* The Council, in the discretion of its Board, may adopt and enforce rules concerning use of the Telecommunity System, in addition to any rules imposed under any user agreement pertaining to use of the Telecommunity System. The Council may enforce such rules by any appropriate means, which may include termination of service to the violator and his or her household.

(f) *Telecommunity Fees.* Subject to applicable governmental regulations and the terms of any contract with the Council or Unit owners, the Council or its designated provider shall have the authority charge, and the owner of each Unit shall be obligated to pay, a connection fee and separate periodic fees for connection to the Telecommunity System ("Telecommunity Fees"), commencing upon issuance of a certificate of occupancy (or equivalent governmental approval) for a dwelling or other building on the Unit. Such Telecommunity Fees, together with interest (computed from its due date at a rate of 10% per annum or such higher rate as the Board may establish, subject to the limitations of Colorado law), late charges as determined by Board resolution, costs, and reasonable attorneys fees, shall be the personal obligation of the owner of each Unit and a lien upon each

Unit until paid in full. Upon a transfer of title to a Unit, the grantee shall be jointly and severally liable for any assessments and other charges due at the time of conveyance. The provisions of Section 2.2(a)(v), (vi) and (vii) shall apply to any Telecommunity Fees charged by and payable to the Council.

The Council may collect Telecommunity Fees (directly or through a third party designated by the Board), or the Council may contract with or otherwise authorize a third party provider, manager, or operator of the Telecommunity System to collect the Telecommunity Fees.

The Council may act as the agent of any third party provider, manager, or operator for the purpose of collecting any Telecommunity Fees payable to such third party and, in such capacity, may utilize any and all methods of enforcement available to the Council for collection of other amounts due under this Community Covenant or, in the alternative, it may assign its enforcement rights under this Community Covenant (including, but not limited to, its lien rights) to such third party.

Chapter 4

Scope, Duration, and Amendment of Community Covenant

Although the Council's sphere of influence is not limited to Wolf Ranch, the Founder anticipates that the primary support for and participation in the Council's programs and activities will come from those who live and work in the Community. This Chapter explains the procedures for expanding the Community and for modifying this Community Covenant to reflect changing needs and desires as the Community is developed and matures.

4.1. Expansion of the Community

So long as the Founder owns any property described on Exhibit A or B to this Community Covenant, the Founder may expand the Community to include all or any portion of the property described on Exhibit B by recording an amendment in the official public records of El Paso County, Colorado, describing the additional property and declaring the intent to submit it to the terms of this Community Covenant. No consent of any person shall be required other than the owner of the property being submitted to this Community Covenant, if not the Founder. The Council may expand the Community in the same manner, except that so long as the Founder has any rights under this paragraph, such expansion shall be subject to the written consent of the Founder, as evidenced by its execution of such amendment.

Any amendment to the Residential Charter which submits additional property to the terms of the Residential Charter shall also be effective to amend this Community Covenant if such amendment specifically

references this Community Covenant and the intent to submit the additional property to the terms of this Community Covenant.

The Founder's right to expand the Community under this section shall expire when all property described in Exhibit B has been submitted to this Community Covenant or 25 years after this Community Covenant is recorded, whichever is earlier. Until then, the Founder may transfer or assign this right to any Person who is the developer of at least a portion of the real property described in Exhibit A or B to this Community Covenant. Any such transfer shall be described in a recorded instrument executed by the Founder.

Nothing in this Community Covenant shall require the Founder or any successor to submit additional property to this Community Covenant.

4.2. Term and Termination

This Community Covenant is intended to have perpetual duration, but if Colorado law limits the period of effectiveness, it shall be effective for a minimum of 21 years from the date it is recorded. After 21 years, this Community Covenant shall be extended automatically for successive 10-year periods unless owners of at least 51% of the Units then subject to this Community Covenant sign a document stating the intent to terminate this Community Covenant and such document is recorded in the public records of El Paso County, Colorado within the year before any extension. In such case,

Scope, Duration and Amendment of Community Covenant

this Community Covenant shall terminate on the date specified in the termination document.

If any provision of this Community Covenant would be unlawful, void, or voidable by reason of any rule restricting the period of time that covenants can affect title to property, that provision shall expire 21 years after the death of the last survivor of the now living descendants of Elizabeth II, Queen of England.

4.3. Amendment

(a) *By Founder.* In addition to specific amendment rights granted elsewhere in this Community Covenant, the Founder may unilaterally amend this Community Covenant for any purpose during the Founder Control Period, as defined in the Residential Charter.

Thereafter, the Founder may unilaterally amend this Community Covenant if such amendment is necessary (a) to bring any provision into compliance with or adapt to any change in any applicable governmental statute, rule, regulation, or judicial determination; (b) to enable any reputable title insurance company to issue title insurance coverage on the Units; (c) to enable any institutional or governmental lender, purchaser, insurer, or guarantor of mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to make, purchase, insure, or guarantee mortgage loans on the Units; or (d) to satisfy the requirements of any local, state, or federal governmental agency. However, any amendment under this paragraph shall not adversely affect the title to any Unit unless the Unit owner shall consent in writing.

(b) *By Others.* Except as otherwise specifically provided above and elsewhere in this Community Covenant, this Community Covenant may be amended only by the Board, with the affirmative vote or written consent, or any combination thereof, of persons entitled to cast at least 51% of the total votes in Wolf Creek Owners Association, Inc. In addition, so long as the Founder has rights under subsection (a) above, any such amendment shall also require the Founder's written consent.

Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

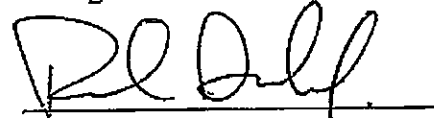
(c) *Validity and Effective Date.* No amendment may remove, revoke, or modify any right or privilege of the Founder without the written consent of the Founder (or the assignee of such right or privilege).

Any amendment shall become effective upon recording in the public records of El Paso County, Colorado, unless a later effective date is specified in the amendment. Any procedural challenge to an amendment must be made within six months of its recordation or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of this Community Covenant.

WESTCREEK:

WESTCREEK AT WOLF RANCH,
LLC, a Colorado limited liability
company

BY: NORWOOD LIMITED, INC., a
Colorado corporation, its
manager



By: Ralph A. Braden
Name: Ralph A. Braden
Its: Vice President

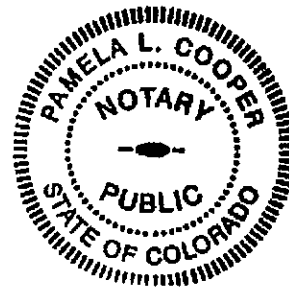
STATE OF COLORADO)
)
COUNTY OF EL PASO)

The foregoing instrument was acknowledged before me this 28th day of October, 2003 by Ralph A. Braden as Vice President of Norwood Limited, Inc., a Colorado corporation, manager of Westcreek at Wolf Ranch, LLC, a Colorado limited liability company, on behalf of said limited liability company.

Witness my hand and official seal.

Pamela L. Cooper
Notary Public

My Commission expires: 1-31-2006



5440.01/Wolf Ranch/CommtyCouncil/032803/jps

EXHIBIT "A"
Land Initially Submitted

Real Property in the City of Colorado Springs, El Paso County, Colorado, and being more particularly described as the Lots shown in the plat of Westcreek at Wolf Ranch Subdivision Filing No. 1 to be recorded in the Office of the Clerk and Recorder of El Paso County, Colorado;

TOGETHER WITH:

Real Property in the City of Colorado Springs, El Paso County, Colorado, and being more particularly described as the Lots shown in the plat of Westcreek at Wolf Ranch Subdivision Filing No. 2 to be recorded in the Office of the Clerk and Recorder of El Paso County, Colorado;

TOGETHER WITH:

Real Property in the City of Colorado Springs, El Paso County, Colorado, and being more particularly described as the Lots shown in the plat of Westcreek at Wolf Ranch Subdivision Filing No. 3 to be recorded in the Office of the Clerk and Recorder of El Paso County, Colorado;

TOGETHER WITH:

Real Property in the City of Colorado Springs, El Paso County, Colorado, and being more particularly described as the Lots shown in the plat of Westcreek at Wolf Ranch Subdivision Filing No. 4 to be recorded in the Office of the Clerk and Recorder of El Paso County, Colorado;
and

TOGETHER WITH:

Real Property in the City of Colorado Springs, El Paso County, Colorado, and being more particularly described as the Lots shown in the plat of Westcreek at Wolf Ranch Subdivision Filing No. 5 to be recorded in the Office of the Clerk and Recorder of El Paso County, Colorado.

Each of such Lots in Filings No. 1-5, inclusive, shall be subject to this Community Charter upon recordation of the plats thereof in the records of the Clerk and Recorder of El Paso County, Colorado.

EXHIBIT "B"
Land Subject to Future Submission to Community Covenant

Specific Expansion Property

A tract of land located in Sections 30 and 31 in Township 12 South, Range 65 West, and Sections 25 and 36 in Township 12 South, Range 66 West, all in the 6th P.M., El Paso County, Colorado, more particularly described as follows:

Section 30, except the Northerly and Easterly 30 feet thereof; the North one-half and the North one-half of the South one-half of Section 31, except the Easterly 30 feet thereof; the East one-half of Section 25; except the Northwest one-quarter of the Northeast one-quarter and the Easterly 325 feet of the Northerly 30 feet thereof; the Northeast one-quarter and the North one-half of the Southeast one-quarter of Section 36.

TOGETHER WITH

A portion of that Tract of Land recorded at Reception No. 202219157 of the records of El Paso County, Colorado, located in the South one-half of the Southeast one-quarter (S1/2 SE1/4) of Section 36, Township 12 South, Range 66 West of the 6th P.M., El Paso County, Colorado, being more particularly described as follows:

Bearings as used herein are based on the East line of the South one-half of the Southeast one-quarter of said Section 36, monumented with a 3-1/4" aluminum cap by PLS 10956 at the South end of said line and with a 3-1/4" aluminum cap by RLS 10377 at the North end of said line and assumed to bear S00°35'28"E (S00°35'24"E of record), a distance of 1320.18 feet;

BEGINNING at the Southwest corner of the Tract of Land recorded at Reception No. 202219157 of the records of said county, the following two (2) courses are on said Northwesterly line of said Tract of Land: thence, 1) N01°53'56"W (N01°53'54"W of record), a distance of 158.67 feet; 2) N43°37'22"E (N43°37'24"E of record), a distance of 560.43 feet; thence S46°22'38"E a distance of 392.13 feet; thence N43°37'22"E a distance of 3.00 feet; thence S46°22'38"E a distance of 170.42 feet to a point of curve; thence on said curve to the left having a central angle of 23°38'46", a radius of 530.00 feet for an arc distance of 218.73 feet; thence S70°01'24"E a distance of 10.03 feet; thence S19°58'36"W a distance of 318.31 feet; thence S10°48'54"E a distance of 113.13 feet; thence S79°11'06"W a distance of 52.80 feet; thence S53°22'14"W a distance of 419.45 feet to the common line between said Tract of Land and the proposed Powers Boulevard right-of-way as documented in the Department of Transportation, State of Colorado, Right of Way Plans, Project No. CR 200-070 Unit II; the following three (3) courses are on said common line: thence 1) N37°33'53"W (N37°33'51"W of record), a distance of 74.30 feet; 2) N33°14'05"W (N33°14'04"W of record), a distance of 151.53 feet to a point on a curve; 3) Northwesterly on the arc of a curve to the left having a central angle of 06°28'03", a radius of 5051.00 feet for an arc distance of 570.15 feet, whose chord bears N41°52'19"W to the POINT OF BEGINNING, containing 14.733 acres of land, more or less;

TOGETHER WITH:

A portion of that Tract of Land recorded at Reception No. 202219157 of the records of El Paso County, Colorado and a portion of that Tract of Land recorded at Reception No. 203249747 of said records, located in the South one-half of the Southeast one-quarter (S1/2 SE1/4) of Section 36, Township 12 South, Range 66 West of the 6th P.M., El Paso County, Colorado, being more particularly described as follows:

Tracts of Land bounded on the Southwest by the Northeasterly line of Westcreek at Wolf Ranch Subdivision Filing No. 1 to be recorded in said records, bounded on the North by the North line of said S1/2 SE1/4 and bounded on the South by the Northeasterly line of said Westcreek at Wolf Ranch Subdivision Filing No. 1 and the Northerly line of Westcreek at Wolf Ranch Subdivision Filing No. 5 to be recorded in said records.

TOGETHER WITH:

The parcels of real property described in Exhibits B-1 and B-2 attached hereto.

General Expansion Area:

In addition to the above, as the owner or with the written consent of the owner, the Founder may also submit to the terms of the Charter any real property situated within one mile of the perimeter boundaries of the property described on Exhibit "A" or this Exhibit "B."

Note to clerk and title examiners:

This Community Covenant is not intended to create an encumbrance on title to the property described in this Exhibit "B." Such title may be encumbered only with the consent of the owner by filing an amendment in accordance with Chapter 4.

LEGAL DESCRIPTION

PARCEL D:

A TRACT OF LAND BEING A PORTION OF THE SOUTH HALF OF SECTION 36, TOWNSHIP 12 SOUTH, RANGE 66 WEST OF THE SIXTH PRINCIPAL MERIDIAN, EL PASO COUNTY, COLORADO, BEING DESCRIBED AS FOLLOWS:

BASIS OF BEARINGS: THE NORTH LINE OF THE SOUTH HALF OF THE SOUTHEAST OF SECTION 36, TOWNSHIP 12 SOUTH, RANGE 66 WEST OF THE SIXTH PRINCIPAL BEING MONUMENTED AT THE WESTERLY END BY A 3-1/4" ALUMINUM SURVEYOR'S CAP STAMPED "JR ENG LTD RLS 10377" AND AT THE EASTERLY END BY A 3-1/4" ALUMINUM SURVEYOR'S CAP STAMPED "JR ENG LTD RLS 10377", BEING ASSUMED TO BEAR N 89 DEGREES 27 MINUTES 43 SECONDS E, A DISTANCE OF 2640.12 FEET.

COMMENCING AT THE NORTHWEST CORNER OF THE SOUTH ONE HALF OF THE SOUTHEAST QUARTER OF SAID SECTION 36, SAID POINT BEING THE POINT OF BEGINNING; THENCE N 89 DEGREES 27 MINUTES 43 SECONDS E ALONG THE NORTH LINE OF THE SOUTH ONE HALF OF THE SOUTHEAST QUARTER OF SAID SECTION 36, A DISTANCE OF 933.19 FEET; THENCE S 43 DEGREES 37 MINUTES 24 SECONDS W, A DISTANCE OF 525.18 FEET; THENCE S 89 DEGREES 08 MINUTES 42 SECONDS W, A DISTANCE OF 160.09 FEET, SAID POINT BEING ON THE PROPOSED RIGHT-OF-WAY LINE OF POWERS BOULEVARD AS DOCUMENTED IN DEPARTMENT OF TRANSPORTATION RIGHT OF WAY PLANS PROJECT NO. CR 200-070 UNIT #3;

THENCE ON SAID PROPOSED RIGHT-OF-WAY LINE, THE FOLLOWING THREE (3) COURSES:

1. N 45 DEGREES 51 MINUTES 18 SECONDS W, A DISTANCE OF 75.78 FEET;
2. N 49 DEGREES 13 MINUTES 53 SECONDS W, A DISTANCE OF 385.02 FEET;
3. N 52 DEGREES 55 MINUTES 37 SECONDS W, A DISTANCE OF 697.68 FEET;

THENCE N 43 DEGREES 37 MINUTES 22 SECONDS E, A DISTANCE OF 700.47 FEET TO A POINT ON THE WEST LINE OF THE NORTH HALF OF THE SOUTHEAST QUARTER OF SAID SECTION 36; THENCE S 00 DEGREES 34 MINUTES 34 SECONDS E ALONG SAID WEST LINE, A DISTANCE OF 858.10 FEET TO THE POINT OF BEGINNING.

EXHIBIT B-1

A tract of land being the South One-Half of the Southeast One-Quarter of Section 31, Township 12 South, Range 65 West of the Sixth Principal Meridian, except the Easterly 30.00 feet thereof, together with the Southeast One-Quarter of the Southwest One-Quarter of said Section 31 and together with Government Lots 1, 2 and 3 of Section 6, Township 13 South, Range 65 West of the Sixth Principal Meridian, except the Easterly 30.00 feet of said Government Lot 1, County of El Paso, State of Colorado, being additionally described as follows:

Basis of bearings: The South line of the Southeast One-Quarter of said Section 31, Township 12 South, Range 65 West of the Sixth Principal Meridian, the Southeast corner being monumented by a recovered illegible pin and cap and at the South Quarter corner of said Section 31 by a recovered 3/4" O.D. iron pipe replaced with 3-1/4" aluminum cap stamped LS 10377 with appropriate markings, being considered to bear N89°16'35"E, a distance of 2619.69 feet.

Commencing at the Southeast corner of said Section 31, also being the Northeast corner of said Section 6; thence S89°16'35"W along the South line of the Southeast One-Quarter of said Section 31, a distance of 30.01 feet to the point of beginning; thence S00°44'53"W along a line 30.00 feet Westerly of and parallel with the East line of the Northeast One-Quarter of said Section 6, a distance of 1257.90 feet to a point on the South line of Government Lot 1; thence S88°37'54"W along the South line of Government Lots 1, 2 and 3, a distance of 3891.13 feet to the Southwest corner of Government Lot 3; thence N00°26'25"E along the West line of Government Lot 3, a distance of 1301.83 feet to the Southwest corner of the Southeast One-Quarter of the Southwest One-Quarter of said Section 31; thence N00°29'22"W along the West line of the Southeast One-Quarter of the Southwest One-Quarter of said Section 31, a distance of 1320.41 feet to the Northwest corner of the Southeast One-Quarter of the Southwest One-Quarter of said Section 31; thence N89°18'13"E along the North line of the Southeast One-Quarter of the Southwest One-Quarter of said Section 31, a distance of 1310.34 feet to the Northwest corner of the South One-half of the Southeast One-Quarter of said Section 31; thence N89°17'13"E along the North line of the South One-Half of the Southeast One-Quarter of said Section 31, a distance of 2593.23 feet; thence S00°11'34"E along a line 30.00 feet Westerly of and parallel with the East line of the Southeast One-Quarter, a distance of 1319.65 feet to the point of beginning, being those parcels of land described as Parcel B and Parcel D as contained in the deed recorded in Book 5801 at Page 59, records of El Paso County, Colorado.

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EXHIBIT B-2