

EXHIBIT "C"

Rules and Regulations for Edgemont Highlands

The following restrictions shall apply to all of Edgemont Highlands until such time as they are amended, modified, repealed, or limited pursuant to Article III of the Declaration of Covenants, Conditions and Restrictions for Edgemont Highlands (the "Declaration"). Pursuant to and subject to the limitations of the By-Laws the Board may authorize professional management agent(s) to perform some or all of the duties set forth herein.

1. General

1.1 Other than areas zoned specifically for commercial use, Edgemont Highlands shall be used only for residential, recreational, and related purposes (which may include, without limitation, an information center and/or a sales office for real estate activity of Declarant and Builders authorized by Declarant for use to assist in the sale of property described in Exhibit "A" or "B," offices for any professional management agent(s) retained by the Association, or business offices for Declarant or the Association) consistent with this Declaration and any Supplemental Declaration.

1.2 The words used in these Rules and Regulations shall be given their normal, commonly understood definitions. Capitalized terms shall have the same meaning as set forth in that certain Recorded Declaration of Covenants, Conditions, and Restrictions for Edgemont Highlands and any Supplemental Declaration(s), unless the context indicates otherwise.

2. Restricted Activities In an effort to maintain the standards for use and conduct that give Edgemont Highlands its identity and to maintain the values of the property, the following activities are prohibited within Edgemont Highlands unless expressly authorized by, and then subject to such conditions as may be imposed by, the Board of Directors:

2.1 Parking any vehicles on public or private streets or thoroughfares, or parking of commercial vehicles or equipment, mobile homes, recreational vehicles, golf carts, boats and other watercraft, trailers, stored vehicles, or inoperable vehicles in places other than enclosed garages; provided, construction, service and delivery vehicles shall be exempt from this provision during daylight hours for such period of time as is reasonably necessary to provide service or to make a delivery to a Unit or the Common Area; In the case of private parties or meetings held by Owners, they may allow their guests to park on the street, exercising respect toward their neighbors' property, generally for a period not to exceed eight hours and not between the hours of 2:00 a.m. and 6:00 a.m., subject to the reasonable discretion of the Board. It is suggested that guests be instructed to first make use of all parking spaces within the Owner's driveway before parking on the street. If a household has guests for an extended stay the Owner shall notify the Association that street parking will be used for the duration of the guest's stay, not to exceed two weeks. Owner and guest(s) shall work with the Association if street cleaning or maintenance is scheduled during guest(s)' visit to avoid delay of those activities.

2.2 Raising, breeding, or keeping animals, livestock, or poultry of any kind, except that a reasonable number of dogs, cats, or other usual and common household pets may be

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permitted in a Unit. However, those pets which are permitted to roam free, or, in the sole discretion of the Board, make continued or on-going objectionable noise, endanger the health or safety of, or constitute a nuisance or inconvenience to the occupants of other Units shall be removed upon the Board's request. If the pet owner fails to honor such request, the Board may remove the pet. Dogs shall be kept on a leash or otherwise confined in a manner acceptable to the Board whenever outside the dwelling. Pets shall be registered, licensed and inoculated as required by law. Incessant dog barking is considered to be a nuisance and grounds for removal;

2.3 Any activity which emits foul or obnoxious odors outside the Unit or creates noise or other conditions which tend to disturb the peace or threaten the safety of the occupants of other Units;

2.4 Any activity which violates local, state, or federal laws or regulations; however, the Board shall have no obligation to take enforcement action in the event of a violation;

2.5 Pursuit of hobbies or other activities that tend to cause an unclean, unhealthy, or untidy condition to exist outside of enclosed structures on the Unit;

2.6 Any noxious or offensive activity which in the reasonable determination of the Board tends to cause embarrassment, discomfort, annoyance, or nuisance to persons using the Common Area or to the occupants of other Units;

2.7 Exterior fires. No exterior fires shall be lighted or permitted within Edgemont Highlands except in a contained barbeque unit while attended and in use for cooking purposes or in an outside fireplace whose type and location has been approved in writing by the Architectural Review Committee, subject to any fire ban or fire restrictions imposed by any governmental authority. No Lot Owner shall cause or permit any condition on his Lot that creates a fire hazard or is in violation of fire prevention regulations, or that would increase insurance rates for the Common Areas or for other Lot Owners.

Declarant may, during the course of general clean up, construction and installation of infrastructure, burn trash, leaves, debris and other materials in a responsible manner, subject to compliance with all applicable governmental rules and regulations pertaining to open fires.

2.8 Use or discharge of any radio, loudspeaker, horn, whistle, bell, or other sound device so as to be unreasonably audible to occupants of other Units, except alarm devices used exclusively for security purposes;

2.9 Use and discharge of firecrackers and other fireworks;

2.10 Dumping of trash, grass clippings, leaves or any debris, petroleum products, fertilizers, or other potentially hazardous or toxic substances in any drainage ditch, stream, or elsewhere within Edgemont Highlands, except that fertilizers may be applied to landscaping on Units provided care is taken to minimize runoff;

2.11 Accumulation of rubbish, trash, or garbage except between regular garbage pick ups, and then only in approved bear-proof containers. Containers are to be kept in the garage or

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other non-visible, enclosed area to reduce bear attraction and should be put out on the day of scheduled garbage pick-up;

2.12 Obstruction or rechanneling drainage flows after location and installation of drainage swales, storm sewers, or storm drains, except that Declarant and the Association shall have such right; provided, the exercise of such right shall not materially diminish the value of or unreasonably interfere with the use of any Unit without the Owner's consent;

2.13 Swimming, boating, use of personal flotation devices, or other active use of waterways, or other bodies of water within Edgemont Highlands. The Association shall not be responsible for any loss, damage, or injury to any person or property arising out of the authorized or unauthorized use of waterways or other bodies of water within or adjacent to Edgemont Highlands;

2.14 Use of any Unit for operation of a timesharing, fraction-sharing, or similar program whereby the right to exclusive use of the Unit rotates among participants in the program on a fixed or floating time schedule over a period of years, unless such participants are all co-owners of the Unit, and except that Declarant and its assigns may operate such a program with respect to Units which it owns;

2.15 Discharge of firearms, paint guns and arrows and the like; however, the Board shall have no obligation to take action to prevent or stop such discharge;

2.16 On-site storage of gasoline, heating, or other fuels. A reasonable amount of fuel may be stored on each Unit for emergency purposes and operation of lawn mowers and similar tools or equipment, and the Association shall be permitted to store fuel for operation of maintenance vehicles, generators, and similar equipment. This provision shall not apply to any underground fuel tank authorized pursuant to Article IV of the Declaration;

2.17 Any business or trade, except that an Owner or occupant residing in a Unit may conduct business activities within the Unit so long as: (i) the existence or operation of the business activity is not apparent or detectable by sight, sound, or smell from outside the Unit; (ii) the business activity conforms to all land use requirements for Edgemont Highlands and La Plata County; (iii) the business activity does not involve door-to-door solicitation of residents of Edgemont Highlands; (iv) the business activity does not, in the Board's reasonable judgment, generate a level of vehicular or pedestrian traffic or a number of vehicles being parked in Edgemont Highlands which is noticeably greater than that which is typical of Units in which no business activity is being conducted; and (v) the business activity is consistent with the residential character of Edgemont Highlands and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other residents of Edgemont Highlands, as may be determined in the Board's sole discretion.

The terms "business" and "trade," as used in this provision, shall be construed to have their ordinary, generally accepted meanings and shall include, without limitation, any occupation, work, or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation, or other form of consideration, regardless of whether: (i) such activity is

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engaged in full or part-time; (ii) such activity is intended to or does generate a profit; or (iii) a license is required.

Leasing of a Unit shall not be considered a business or trade within the meaning of this subsection. This subsection shall not apply to any activity conducted by Declarant or a Builder authorized by Declarant with respect to its development and sale of Edgemont Highlands or its use of any Units which it owns within Edgemont Highlands, including the operation of a timeshare or similar program;

2.18 Capturing, trapping, or killing of wildlife within Edgemont Highlands, except in circumstances posing an imminent threat to the safety of persons within Edgemont Highlands;

2.19 Any activities which materially disturb or destroy the vegetation, wildlife, wetlands, or air quality within Edgemont Highlands or which use excessive amounts of water or which result in unreasonable levels of sound or light pollution;

2.20 Conversion of any carport or garage to finished space for use as an apartment or other integral part of the living area on any Unit without prior approval pursuant to Article IV of the Declaration;

2.21 Operation of motorized vehicles or bicycles on pathways or trails maintained by the Association and designated as "pedestrian walkways";

2.22 Use or operation of snowmobiles, motorcycles, motorized trailbikes, motorized minibikes, motorized dirt bikes, all-terrain vehicles, mopeds and similar motorized vehicles within Edgemont Highlands, however such vehicles may be transported on trailers, except that motorcycles properly licensed for operation on public roads may be used for the strictly limited purpose of ingress and egress to a Lot over public or private roads. Motorized vehicles that are designed for agricultural or property maintenance uses may be used for those purposes;

2.23 Picnicking or camping shall be allowed within the Common Areas only in areas designated for such purposes by the Board of Directors;

2.24 Yard toys are allowed in the rear area of a home and shall be concealed from view as much as possible, kept tidy and shall not be so numerous as to become a visual nuisance to neighbors;

2.25 Storing of excessive amounts of firewood. Owners are allowed to store up to one cord of wood at least fifteen feet from all structures and in such a way as to not become a visual nuisance to neighbors. Owners must actively use the stored wood and rotate in any new firewood. In no instance shall stored firewood remain unused for an excessive amount of time;

2.26 Use of clotheslines in such a way as to become a visual nuisance to neighbors.

3. Guidelines

3.1 Each Single Family Lot (as designated on the plat) shall be improved, occupied and used only for single family residential purposes. Subject to applicable law, servants who

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care for the residence and/or the children may also occupy the residence. Attached or detached guesthouses or caretaker units shall be permitted only if allowed by applicable zoning, approved by the County and approved by the Architectural Review Committee. A guesthouse or caretaker unit may be occupied only by the same persons that are permitted hereunder to occupy the residence, and may not be rented separate from a rental of the resident.

3.2 Multi-family residential Lots (as designated on the plat) are Lots which can be used solely for multiple-family residential dwelling purposes (townhouses, cluster housing and patio homes), and upon which the maximum number of units to be constructed shall be as shown on the recorded Plat for the relative phase of Edgemont Highlands, as revised from time to time, provided all provisions of these Declarations are otherwise complied with.

3.3 All Improvements constructed within or placed upon Edgemont Highlands shall be new. No used, previously erected, modular, or temporary house, structure, or non-permanent out-building shall ever be placed, erected, or allowed to remain within Edgemont Highlands except temporary structures or construction trailers used for construction office purposes during the construction of a residence, which temporary facilities shall be removed immediately following completion of construction and in any event no later than 12 months following commencement of construction or remodeling unless a written extension is granted by the ARC. No trailer, incomplete residence or other structure other than a residence completed in accordance with approved plans shall ever be used or occupied at any time for residential purposes, either temporarily or permanently. No completed residence shall be occupied in any manner until all provisions of this Declaration and of the ARC and all conditions of development approval have been complied with, and a Certificate of Compliance has been issued pursuant to the Architectural Review Guidelines, and a Certificate of Occupancy from La Plata County has been obtained. The work of constructing, altering or remodeling any residence or other improvement within Edgemont Highlands shall be prosecuted diligently from the commencement thereof until the completion thereof.

4. Prohibited Conditions The following shall be prohibited at Edgemont Highlands:

4.1 Violation of any law or any act to increase insurance costs. No Owner or Occupant shall do any act or cause or permit anything to be done or kept on its Lot or in or upon the Common Areas that would result in the increase of the cost of, or cancellation of, insurance maintained by Edgemont Highlands or would be in violation of any federal, state, County or other law, ordinance, regulation or code of any governmental body having jurisdiction, or of any Rule or Regulation promulgated by the Edgemont Highlands, or of any provision of this Declaration.

4.2 Plants, animals, devices, or other things of any sort whose activities or existence in any way is noxious, dangerous, unsightly, unpleasant, or of a nature as may diminish or destroy the enjoyment of Edgemont Highlands.

4.3 Structures, equipment, or other items on the exterior portions of a Unit which have become dilapidated, or otherwise fallen into disrepair.

4.4 No excavation or other earth disturbance shall be performed or permitted within Edgemont Highlands except in connection with the construction of Improvements, and then only

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with the prior written approval of the Architectural Review Committee. Upon completion of construction, openings in the ground shall be backfilled and compacted and all disturbed ground shall be graded and landscaped in accordance with the requirements of the Architectural Review Committee.