

THE STATE OF COLORADO HAS NOT PREPARED OR ISSUED THIS DOCUMENT
NOR HAS IT PASSED ON THE MERITS OF THE SUBDIVISION DESCRIBED HEREIN

DEVELOPER'S DISCLOSURE

Revised April 13, 2006

The name of the Developer is Eagles Ridge at Bayfield LLC. The business address of Eagles Ridge at Bayfield LLC is 303 Butte Drive Pagosa Springs, CO. 81147. Telephone: (970) 731-6303. The street addresses of Eagles Ridge at Bayfield subdivision are to be determined. The subdivision is located approximately 3 miles north of Bayfield, CO. on County Road 505. The Subdivision consists of 25 thirty-five acre (or more) parcels of land. Parcels are to be numbered 1 thru 25.

The following information is accurate, to the best of Eagles Ridge at Bayfield LLC's knowledge, as of August 2005.

TYPE OF OWNERSHIP

You (the buyer) will get legal title to the property you are purchasing at closing according to the terms of the contract and your title will be subject to those items listed on the title commitment as "Exceptions". The developer will deliver to you at closing a general warranty deed giving you legal title (fee simple absolute) to the property. The developer will arrange to have your deed delivered to the County Clerk for recording immediately after closing.

The Development is NOT a time share development. The Development is a common interest community and will be governed by a Property Owners Association which will be established prior to sale of any of the units in the Development. A copy of the declaration of protective covenants will be provided to buyers prior to signing of contract to purchase. The Association will be operated pursuant to the Articles of Incorporation and By Laws of the Association.

Every Owner will automatically be a member of the Association. Members of the Association, including the Declarant, are entitled to one vote per Parcel owned

ACCOMMODATIONS AND AMENITIES

The developer is not offering any "amenities" within the subdivision. There are a variety of all season recreational facilities located within a 50 mile radius of the subdivision that are open to the public. An "amenity", for purposes of this disclosure, includes such things as swimming pools, tennis courts, riding stables, hiking and bicycle paths, winter snow skiing, lakes, rivers and national and state forests.

JUDGMENTS AND ADMINISTRATIVE ORDERS

There are no judgments or administrative orders issued against the DEVELOPER, which are material to the subdivision plan and;

There are no judgments or administrative orders issued against the HOMEOWNERS ASSOCIATION, which are material to the subdivision plan and;

There are no judgments or administrative orders issued against the MANAGING ENTITY, which are material to the subdivision plan.

SPECIAL ASSESSMENTS

In addition to the annual POA assessment, the POA may levy, in any year or years, a special assessment applicable to that year only, or a set number of years as determined by the Board of Directors, for the purpose of defraying, in whole or in part, the costs of an emergency situation or of any construction, reconstruction, repair or replacement of a capital improvement upon any common area, including fixtures and personal property related thereto, and any improvements and fixtures upon any parcel which benefits the POA and/or the Property as a whole. Any assessment shall be made pursuant to the procedures for assessments set forth in the Declaration of Protective Covenants and By-Laws of the POA.

No special assessments are in existence or proposed other than those outlined above.

The Property is in Tax District 2202 in LaPlata County; LaPlata County Assessor may be contacted at ; 1060 E. 2nd Ave. Durango, Co. 970-382-6221

Current mill levy in the District is 40.22 based on assessed value.

District 2202 has not defaulted on any of its obligations, nor has it filed for bankruptcy, nor are any such actions pending. The Seller is not in default on any obligation or payments to the the above district taxing athorities.

Special Taxing Districts. SPECIAL TAXING DISTRICTS MAY BE SUBJECT TO GENERAL OBLIGATION INDEBTEDNESS THAT IS PAID BY REVENUES PRODUCED FROM ANNUAL TAX LEVIES ON THE TAXABLE PROPERTY WITHIN SUCH DISTRICTS. PROPERTY OWNERS IN SUCH DISTRICTS MAY BE PLACED AT RISK FOR INCREASED MILL LEVIES AND EXCESSIVE TAX BURDENS TO SUPPORT THE SERVICING OF SUCH DEBT WHERE CIRCUMSTANCES ARISE RESULTING IN THE INABILITY OF SUCH A DISTRICT TO DISCHARGE SUCH INDEBTEDNESS WITHOUT SUCH AN INCREASE IN MILL LEVIES. PURCHASERS SHOULD INVESTIGATE THE DEBT FINANCING REQUIREMENT OF THE AUTHORIZED GENERAL OBLIGATION INDEBTEDNESS OF SUCH DISTRICTS, EXISTING MILL LEVIES OF SUCH DISTRICT SERVICING SUCH INDEBTEDNESS, AND THE POTENTIAL FOR AN INCREASE IN SUCH MILL LEVIES.

UTILITIES , ACCESS AND USE

ROADS

Access to Eagles Ridge at Bayfield is from Highway 160 and County Roads 502 and 505 which are gravel roads. Highway 160 is maintained by the State of Colorado and open year round. County Roads 502 and 505 are maintained by La Plata County and are open year round.

Eagles Ridge at Bayfield is located approximately 3 miles west of Bayfield, Colorado, and subdivided according to the recorded plat. Roads within Eagles Ridge at Bayfield are approximately twenty (20) feet in width with ditches and are to be surfaced with asphalt paving. Paving is not in place at this time and may not be in place at the time of closing. Paving of the Phase I and Phase II should begin prior to October 1st of 2006. Construction is dependent upon the following:

- a. The weather;
- b. The construction schedule of the contracting companies;

Eagles Ridge at Bayfield LLC (hereinafter referred to as the “Developer”) will be responsible for road maintenance until 75% of the parcels are sold and/or until all infrastructure and amenities are complete, at which time the roads will be turned over to the control of Eagles Ridge at Bayfield Property Owners Association LLC (hereinafter referred to as the “POA”). At that time, the POA will be responsible for maintenance and upkeep of the roads. All roads and road easements within Eagles Ridge at Bayfield are for the use of property owners and their guests only.

La Plata County will provide snow removal on all county roads. The POA will provide snow plowing within Eagles Ridge at Bayfield development. However, factors that may restrict the response by La Plata County and the POA may include the severity of a winter storm and the availability of equipment and manpower.

Utilities

The Developer intends to provide electricity and telephone within the subdivision. Information regarding the specific utilities follows:

Electric: The Developer intends to provide, to within one-hundred (100) feet of the property line of each parcel, underground electric service. The electrical service lines are not in place at this time and may not be in place at the time of closing. Installation of the electric lines should begin prior to October 1st of 2006. Construction is dependent upon the following:

- a. The weather;
- b. The construction schedule of the electric, telephone and contracting companies;

Service will consist of alternating current, single-phase, sixty-hertz 120/240 volts, which are the standards required for residential installation. All costs of extending the electric lines from the main line to your building site will be the sole responsibility of each property owner. To obtain service, you must fill out an application with La Plata Electric Association (LPEA) and bring your building permit. LPEA is located at 45 Stewart Street (Bodo Industrial Park), Durango, CO 81301 or call (970) 247-5786.

Telephone: The Developer intends to provide, to within one-hundred (100) feet of the property line of each parcel, underground telephone service, according to the specifications required for residential installation. The telephone service lines are not in place at this time and will not be in place at the time of closing. Installation of the telephone lines should begin prior to October 1st of 2006. Construction is dependent upon the following:

- a. The weather;
- b. The construction schedule of the electric, telephone and contracting companies;

All costs associated with extending the telephone lines from the main line to your building site will be the sole responsibility of each property owner. To obtain service, you must contact Quest Communications. It is recommended to contact them immediately upon your decision to build as it normally takes 90 to 120+/- days to receive service after your initial setup call. Qwest Communications is located at 1005 17th Street, Denver, Colorado 80202 or call (800) 244-1111.

Water: The Developer will provide a household water well on each property. Each property owner is responsible for incurring all costs associated with installing all equipment necessary to remove and treat the water. Property owners are responsible for all cost to run water and electric lines from the water wells to their residence. Each well will produce a minimum of one (1) gallon per minute. (1440 gallons per day) Water wells and lines are not in place at this time and may not be in place at the time of closing. Water wells will be drilled near

the time of closing of escrow but may be within a short time after closing. Construction is dependent upon the following:

- a. The weather;
- b. The construction schedule of the well drilling company.

Gas: Propane gas is available from Basin Propane, Inc. at 225 1/2 E. 8th Avenue, Durango, CO 81301 or call (970) 247--0055; Basin Co-Op Inc. at 26103 Highway 160, Durango, CO 81301 or call (970) 247-3066; or Mesa Propane, Inc. at 13665 Highway 550, Durango, CO 81301 or call (970) 247-9139.

Sewage Disposal: The developer is not providing a sewage disposal system. If you (the purchaser) build a habitable structure on the property, you will be responsible for incurring the costs of obtaining a permit from LaPlata county and installing a sewage septic vault and leach system that meets the minimum standards of the County Health Department. The County Health Department generally will approve the use of septic vaults and leaching fields (dependent upon soil percolation tests) or aerobic systems within the subdivision. If your lot cannot pass the county percolation tests, the costs for an alternative sewage (aerobic) treatment plan will increase. The developer does not warrant the cost, county acceptance or results of soil tests associated with sewage treatment.

The Colorado Division of Water Resources is located at 12474 Main Avenue, Suite 211, Durango, CO 81301 or call (970) 247-1845.

GENERAL PURPOSE EASEMENT

The General Purpose Easement is located at the entrance of the Development as shown on the recorded plat, has been created for the POA to install and maintain mailboxes, or other uses as needed. The installation of these amenities is the obligation of the Developer.

ZONING

The portion of La Plata County where the Development is located does not have zoning as of August 2005. Use of the property within the subdivision however is restricted by the Covenants and By-Laws of the POA and various La Plata County agencies.

BUILDING PERMIT

La Plata County requires a building permit. The cost of the permit is based on the type of dwelling you intend to build. The county building department has jurisdiction over the construction of any building. If you want to build a habitable structure, or any structure, you will first have to apply for a building permit, satisfy code and building requirements and pay the fees. The building permit application to the County may include, among other requirements, a soils investigation of the property. Varying soil conditions exist within the subdivision. Particular soil conditions require varying construction techniques. Seller has not caused preliminary soils reports to be prepared for the subdivision. You should contact the county building department for information pertaining to building structures. The permit and corresponding prices may be obtained at the La Plata County Building Inspection Office at 1060 E. 2nd Avenue, Durango, CO 81301 or call (970) 382-6250.

ROADS AND UTILITIES TO BE CONSTRUCTED

Purchaser acknowledges and agrees that the utilities and roads are not yet built or in place in the planned community known as Phase I and Phase II of Eagles Ridge at Bayfield. Seller agrees to use good faith reasonable efforts to substantially complete construction of private roads in phase I over the easements as described on the

recorded plat map as "Private Roads," on or about October 30, 2006; and the installation to the lot lines electric lines and phone lines, on or about October 30, 2006. Installation of roads and utilities to lots designated and recorded on plat map as Phase II will be completed at a future date uncertain. Purchaser acknowledges and agrees that Seller has reserved the right to place utility easements where necessary or advisable; however, in no event shall utility easements encroach upon any building envelopes, and that Seller shall have license to enter any parcel or lot as necessary for work on installation of all infrastructure. Seller, at its sole cost and expense, shall be responsible for building the roads, and for extending the utility lines as is provided herein. In the event, however, Seller is unable to complete this construction in a timely manner due to acts of God, defaults of contractors or subcontractors or materialsmen, or other causes beyond the control of Seller, the date for completion of such work shall be accordingly extended. After these utilities are actually constructed, Purchaser shall be responsible to pay for any costs of connection, tap fees or construction costs incurred by Purchaser in tapping into or connecting into these utilities. Seller shall maintain the right to store and stockpile dirt on any Lot within Eagles Ridge at Bayfield during the construction of roads and utilities; provided, however, that if the owner of the Lot is building a house at the time of the construction of the road or utilities, the stockpiling will not be done in a manner which would interfere with the house construction. This right to stockpile and store dirt shall survive the closing, and shall be a burden which runs with the land until December 31, 2006 for phase I and to a date uncertain for phase II.

PROPERTY OWNERS ASSOCIATION

The POA will be formed by the Developer for Eagles Ridge at Bayfield to help enforce the Declaration of Protective Covenants, collect assessments, maintain non-county roads and common property, and represent all owners in matters of mutual interest. The POA will be a common interest community. Membership in the POA is mandatory. Assessments are currently \$600.00 per parcel per year and are the responsibility of the property owner. Assessment may be changed from time to time by and in accordance with the POA Declaration and By-Laws. The Developer does not pay assessments.

POA dues are due and payable January 1st of each calendar year. Payments shall be in good funds payable at a location provided by the POA. Partial year owners assessments will be prorated. A POA reserve fund will be established for the sole use of the POA. Said fund will be administered by the POA treasurer and audited by the POA board as deemed appropriate and in accordance with the Declaration and By-Laws of the POA. Said fund will be cash funded through property owners annual dues and assessments. There are no current obligations or liabilities of the fund.

An accounting of the fund by the POA treasurer will be prepared not less than quarterly and made available to the members.

The Developer will maintain control of the POA until 75% of the parcels are sold and/or all infrastructure and amenities are complete, and will appoint a Board of Directors that will control and disburse the funds of the POA. Upon the Developer's turnover of control of the POA, a meeting of the members of the POA will be held to elect a new Board of Directors. The Developer has no financial interest in nor will it derive profit from the POA. The Developer cannot borrow or authorize borrowing from the POA.

The Colorado Common Interest Ownership Act became effective July 1, 1992 and establishes that any nonpayment of association dues or fees created after July 1, 1992 becomes a priority lien on the lot or unit that need not be recorded in order to be perfected and is not extinguished by the transfer of ownership from a seller to a buyer and is foreclosed in the same manner as a mortgage. This provision applies to all common interest ownership communities WHETHER OR NOT they were created before or after July 1, 1992.

The seller (Developer), in every contract for sale, shall provide to the purchaser, the written statement of assessments pursuant to 38-33.3-316 (8) C.R.S. The statute 3833.3316 (8) C.R.S., states, "The association shall furnish to a unit owner or such unit owner's designee or to a holder of a security interest or its designee upon written request, delivered personally or by certified mail, first class postage prepaid, return receipt, to the association's registered agent, a written statement setting forth the amount of unpaid assessments currently levied against such owner's unit. The statement shall be furnished within fourteen calendar days after receipt of the request and is binding on the association, the executive board, and every unit owner. If no statement is furnished to the unit owner or holder of a security interest or their designee, delivered personally or by certified mail, first class postage prepaid, return receipt requested, to the inquiring party, then the association shall have no right to assert a priority lien upon the unit for unpaid assessments."

Insurance

The POA will obtain and maintain general liability insurance coverage only for the common use areas of the Development. Each unit owner is responsible for insuring their individual properties.

Design Committee

Purchaser acknowledges that all construction on each lot shall be subject to approval by the Architectural Committee pursuant to the Declaration of Protective Covenants for Eagles Ridge at Bayfield Property Owners Association LLC.

Survey

The developer has had the subdivision surveyed and a subdivision plat map has been recorded. Each lot within the subdivision has been monumented at the corners and any angles.

LIABILITY

The Developer may not be held responsible for damage, problems, concerns or issues otherwise involving persons not associated with the Developer. It is the property owner's sole responsibility to ensure against property damage caused by "Acts of God" or otherwise. The Developer may not be held responsible for problems caused by natural habitat or wildlife and it is the sole responsibility of the property owner to be educated with anticipated problems and concerns as well as insuring against possible damages associated with such.

MECHANIC'S LIEN LAW

Mechanic's Lien Law may authorize enforcement of a lien by selling the entire undivided interest ownership of real property .

COAL, GAS AND MINERAL RIGHTS

Colorado has a history of mineral mining as well as gas and oil exploration. Your title commitment or title policy has an exception (usually found in Schedule B) that allows someone the recorded and legal right to extract minerals and/or oil and gas from the land you own. What this means to you is that the party(ies) that owns these rights also have a legal right of access and egress across your land in order to extract minerals or drill for oil and gas; and the right to set and operate equipment. Other Colorado laws dictate the responsibilities of the mining or drilling company. The Company is generally responsible for damage to real and personal property of sur-

face right landowners that may result from the extraction of minerals. For information on regulation of the oil and gas industry and the protection of public health, safety and welfare, the environment, and mineral owners' correlative rights, contact the Colorado Oil and Gas Conservation Commission at 1120 Lincoln St., Suite 801, Denver, CO 80203 or call (303) 894-2100. You may also contact the Colorado Division of Mining and Geology at 1313 Sherman St., Denver, CO 80203 or call (303) 866-3567.

Buyer acknowledges receipt of and understands that the Developer's Disclosure is attached to and incorporated as part of the contract with Eagles Ridge at Bayfield LLC Unit #_____.

Buyer: _____

Date: _____

Buyer: _____

Date: _____

SELLER: Eagles Ridge at Bayfield at Bayfield LLC a Colorado Corporation

By: _____ Date: _____
Managing Member

Selling Company: Christiane G. Karas Brokerage Company, 160 Peregrine Place, Pagosa Springs, Colorado 81147

By: _____
Selling Agent

Date: _____

Christiane G. Karas Brokerage Company acknowledges receipt of the earnest money deposit specified in Section 2, and confirms its Broker Relationship as set forth in Section 20.

By: _____ Date _____