

## ELK STREAM RANCH

A Colorado Common Interest Community  
Located in T36N R13W, T35N R13W, T36N R12W and T35N R12W, N.M.P.M  
Montezuma County and La Plata County, Colorado

**Elk Stream Ranch Property Owners Association, Inc.**  
**A Colorado Non-Profit Corporation**

### POLICIES

© 2010 Erin J. Johnson Attorney at Law LLC. All rights reserved.

### POLICY #12-2010: GRAZING LEASE POLICY

Adopted 6<sup>th</sup> Aug, 20 10

The following policy has been adopted by the Elk Stream Ranch Property Owners Association, Inc., a Colorado Non-Profit Corporation ("Association") pursuant to the provisions of C.R.S. 38-33.3-209.5, in accordance with the Association's policy regarding adoption and amendment of policies.

**Purpose:** This policy is to define the Grazing Lease Policy for all Elk Stream Ranch Property Owners. In order for an agricultural grazing lease to be recognized as valid by Montezuma County for the purposes of establishing agricultural use tax status for individual parcels, the grazing lease must be a contract between the individual property owners listed as Lessors and the owner of the livestock as the Lessee. The Lessors may be represented by an agent. To benefit the Owners of Parcels in the Elk Stream Ranch and help them comply with the county requirements for agricultural use tax valuation, the Association acts as a lease management agent for Owners desiring to participate in an annual grazing lease of any portion of an Owner's Parcel. Parcel Owners who execute a power of attorney designating the Association as their agent to act on their behalf will be listed as a Lessor on the lease that the Agent negotiates with the Lessee and executes on behalf of the Lessor. The Association shall provide a copy of the executed lease to the county as evidence of ongoing agricultural use for the participating Parcel Owners. This process was developed in cooperation with the Montezuma County Tax Assessors office. The Association is involved in this process as a service agent only.

**NOW, THEREFORE, IT IS RESOLVED** that the Board of Directors does hereby adopt the following policy regarding seasonal grazing leases of Association Property:

**1. Appointment of Association Agent.** The Board will appoint an agent annually, who will accept power of attorney designations from Parcel Owners who desire to participate in the annual grazing lease. The agent, unless otherwise designated by the Board, shall be the Property Management Committee chairman. The agent's powers will be limited to executing the lease between the Lessees and the Lessors and performing administrative functions between the parties. Representatives of Montezuma County have indicated in the past that a Parcel Owner's execution of a power of attorney is sufficient evidence of owner involvement for the purposes of maintaining the agricultural tax status of the Parcel. If such indication becomes ineffective or inapplicable in the future, this policy shall lapse and be of no further effect.

**2. Owner Responsibility.** Each Parcel Owner desiring to participate in an annual grazing lease on their Parcel shall deliver on an annual basis a signed power of attorney to the designated agent on or before the date requested by the agent in order to be included in the annual

grazing lease. Owners not desiring to participate in grazing do not need to do anything regarding the lease or power of attorney, however, it is the Owner's responsibility to keep grazing livestock off of the Owner's Parcel.

**3. Agent Responsibilities.** The agent shall compile a copy of all power of attorney documents provided to it on an annual basis and submit the copies to the Board for safekeeping in the Association's permanent records. The agent shall also submit a copy of the final signed lease to the Board for safekeeping in the Association's permanent records. The agent shall file a copy of the executed grazing lease with the Montezuma County Tax Assessors office on an annual basis as a service to the Parcel Owners.

**4. Disqualification.** Any Member of the Association who is delinquent in the payment of any Assessment may not be allowed to participate in the annual grazing lease.

**5. Lease Payments.** To offset the services provided by the Association through the appointed agent, lease payments received from the grazing lessee shall be applied to the general funds of the Association.

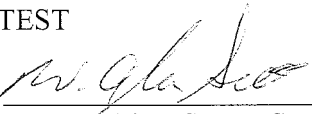
**6. No Obligation.** Elk Stream Ranch Property Owners are under no obligation to be included in the grazing lease. Any Member of the Association may choose not to participate, or enter into any other agreement for the grazing of their Parcel that is made in accordance with the Governing Documents. Any Parcel Owner that does not desire to participate in the annual grazing lease and does not want grazing livestock on their Parcels, will keep livestock off of their Parcel through temporary or permanent fencing approved by the DRC or other methods in accordance with the Governing Documents.

**PRESIDENT'S CERTIFICATION:** The undersigned, being the President of the Elk Stream Ranch Property Owners Association, Inc., a Colorado Non-Profit Corporation, certifies that the foregoing Resolution was approved and adopted by the Board, at a duly called and held meeting of the Board on (date) 8 Aug 10 and in witness thereof, the undersigned has subscribed his name.

Elk Stream Ranch Property Owners Association, Inc.,  
a Colorado Non-Profit Corporation

By:   
Stephen M. Boone, President

ATTEST

By:   
W. Alan Scott, Secretary /  
Treasurer