

## GRAZING LEASE AGREEMENT

THIS GRAZING LEASE AGREEMENT is signed and entered into this 22 day of May, 2014, by and between RCR-Newton Property Owners Association, Inc., Lessor, whose address is 720 Newton Road, Pueblo, CO 81005,

and

Todd Hughes and Dwight Proctor, Lessees.

WHEREAS, certain Members of the RCR-Newton Property Owners Association ("RCR-Newton POA") who own the grazing rights on their separate lots within the property known as RCR-Newton ("the Property") have leased their grazing rights to Lessor under separate grazing lease agreements; and

WHEREAS, Lessor and Lessees wish to enter into a grazing lease agreement wherein Lessor subleases said grazing rights to Lessee.

NOW, THEREFORE, in consideration of the terms and conditions of this Lease, Lessor and Lessees agree as follows:

- 1. Term.** The term of this Lease begins June, 1 2014, and ends December, 1 2014, unless terminated sooner as provided herein. This Grazing Lease Agreement supersedes all previous leases and agreements between Lessor and Lessees.
- 2. Contact Information.** To facilitate communication, Lessor and Lessees shall exchange contact information and notify each other within 24 hours of any change. RCRN will appoint a designated representative to communicate with the Lessees.
- 3. Property.** The Property subject to this Lease is all of RCR-Newton as defined in the governing documents of RCR-Newton POA except those lots enclosed by fencing and exempt properties.
- 4. Property Owners.** Lessees acknowledge that Property Owners have the right to peaceful enjoyment of their Lots. Lessees therefore agree that a strict written fly control program that includes feed through fly control be submitted to RCRN for approval prior to the release of any cattle. The Lessee agrees to follow the submitted, approved program.
- 5. Water.** Lessees acknowledge that Lessor does not provide water or its delivery under this Lease. Lessees agree that no cattle will be delivered to the Property unless the two new tanks along "Todd's Road" are operational. The water tank on Bronquist road will remain dry for the 2014 grazing season.
- 6. Perimeter.** Lessees have examined all perimeter fencing, gates, and cattle guards not owned by Lessor, including boundary fencing enclosing open range historically part of Red Creek Ranch, and have found them to be acceptable. Lessees assume responsibility for the condition, repair, and maintenance of such perimeter fencing, gates, and cattle guards, and Lessor shall have no liability for damage by Lessees' cattle.
- 7. Fenced Lots.** Lessees and Lessees' agents will use reasonable efforts to notify Property Owners, whether or not a part of RCR Newton-POA, prior to entering a fenced lot for any reason.
- 8. Range Management.** Lessor has a duty to protect and monitor the quality of the unfenced rangeland on the Property, and Lessees therefore agree to place all mineral blocks at least 3/4 of a mile from any water tank to encourage cattle to disburse throughout the Property. Lessor will contact Lessees if more than 15 animal units are seen to congregate in any one place for longer than 5 days. If the cattle have not disbursed within 48 hours of notification by the RCRN appointed

representative, Lessor will, at Lessees' expense, move them.

9. **Stocking Rate.** Stocking rate will be determined by Lessor at the beginning of each grazing season based on the condition of the Property. Lessor has the right to reduce or restrict Lessees' use of the Property during the term of the Lease should any or all of the Property show signs of overuse or damage. The stocking rate for the 2014 grazing season will be 40 units (cow, cow-calf pair, steer or bull).
10. **Verification.** No cattle will be delivered or removed from the Property without prior notification to the Lessor appointed representative. Lessees will notify the Lessor representative 12-24 hours in advance of the date and time of any cattle brought to or removed from the Property.
11. **Rate.** For the 2014 grazing season, Lessees shall pay Lessor the sum of \$15.00 per unit per month payable 1/2 at delivery and 1/2 at removal.
12. **Insurance.** Lessees will obtain a general comprehensive liability insurance policy in the amount of \$500,000.00 naming RCR-Newton Property Owners Association, Inc., as an additional insured.
13. **Property Use.** Lessees and their agents shall not have the right to hunt on or otherwise use the Property except as set forth herein, and Lessee shall not sublet nor encumber this Lease without the express written consent of the Lessor. At the end of this Lease, Lessees will return the Property in as good an order and condition as the same was entered upon, loss by fire and accident not caused by Lessee, and ordinary wear excepted.
14. **No Partnership.** Lessor and Lessees acknowledge that they are not in partnership and that Lessor shall not be financially responsible for any debts or liabilities of the Lessee nor for any accidents or damage to the Property caused by Lessee or Lessee's agents or employees.
15. **Notice to Cure.** Should Lessees breach any term of this Lease, the Lessor representative will contact the Lessees to cure the breach by issuing a 7 day "notice to cure". Failure to cure within this period will result in the immediate termination of this lease and any options to renew.

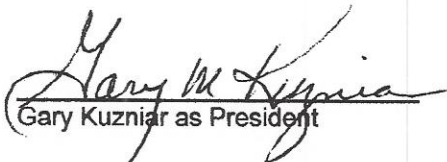
IN WITNESS WHEREOF, the parties have signed this Grazing Lease Agreement this \_\_\_\_\_ day of \_\_\_\_\_, 2014.

PRESIDENT'S CERTIFICATION:

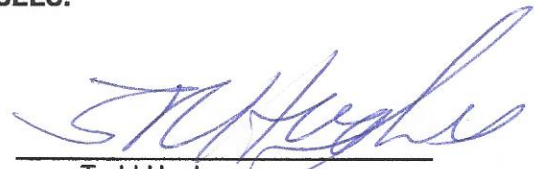
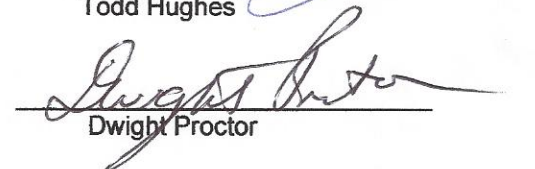
The undersigned, being the President of the Association, certifies that the foregoing Lease was approved and adopted by the Board of Directors of the Association on May 14, 2014 and in various witness thereof, the undersigned has subscribed his/her name.

**LESSOR:**

RCR-Newton Property Owners Association, Inc.

  
Gary Kuzniar as President

**LESSEES:**

  
Todd Hughes  
  
Dwight Proctor