

DECLARATION OF COVENANTS, CONDITIONS
RESTRICTIONS AND RESERVATIONS OF EASEMENTS
FOR
ROSENBERGER SUBDIVISION — PHASE I
LOCATED IN
HAYDEN, IDAHO

STATE OF IDAHO } ss
COUNTY OF KOOTENAI }
AT THE REQUEST OF
KOOTENAI COUNTY TITLE CO.

SEP 27 2 51 PM '02

DANIEL J. ENGLISH

DEPUTY CP
FEE \$ 105.00
(35 pgs)

THIS DECLARATION is made on this 27th day of September, 2002 by the undersigned owners of the subject property, (hereinafter referred to as "Grantor"), to establish certain covenants, conditions, restrictions and easements for Rosenberger Subdivision, a subdivision located in Hayden, Kootenai County, Idaho, as follows:

A. Grantor is the owner of certain property (Property) in Hayden, Kootenai County, Idaho, described in Exhibit "A" attached hereto and incorporated herein by reference.

B. Grantor desires to create a non-profit corporation subject to the General Nonprofit Corporation Laws of the State of Idaho to which should be delegated and assigned the powers and duties of owning, maintaining and administering the Common Areas in the Property, as described in Exhibit "B" attached hereto and incorporated herein by reference, and for administering and enforcing the covenants and restrictions, and collecting and disbursing the assessments and charges, set forth herein.

C. Grantor will create such corporation, the members of which shall be the respective Owners of Lots in the Property.

D. Grantor intends to develop and convey all of the Lots pursuant to a general plan for development and subject to certain protective covenants, conditions, restrictions, reservations, easements, equitable servitudes, liens and charges, all running with the Property and Lots.

E. Grantor declares that all of the Lots and Dwelling Units be held, sold, conveyed, encumbered, hypothecated, leased, used, occupied and improved subject to the following easements, restrictions, covenants, conditions and equitable servitudes, all of which are for the purpose of uniformly enhancing and protecting the value, attractiveness and desirability of the Lots and Dwelling Units, in furtherance of a general plan for protection, maintenance, improvement and sale of the Lots and Dwelling Units or any portion thereof. The covenants, conditions, restrictions, reservations, easements and equitable servitudes set forth herein shall run with the Property and Lots and shall be binding upon any parties having any right, title or interest in the Lots and Dwelling Units, or any part thereof, their heirs, successors and assigns, shall inure to the benefit of each Owner thereof; and may be enforced by Grantor, by any Owner or by the Association.

ARTICLE I

DEFINITIONS

Unless otherwise expressly provided, the following words and phrases when used in this Declaration shall have the following meanings:

Section 1.01 "Articles" shall mean the Articles of Incorporation of the Association to be filed in the Office of the Secretary of State of the State of Idaho, as such Articles may be amended from time to time.

Section 1.02 "Assessment" shall mean any of the assessments that may be charged against an Owner and his or her Lot and Dwelling Unit under the terms of this Declaration.

Section 1.03 "Association" shall mean Rocking R Home Owners Association, a non-profit corporation to be formed under the laws of Idaho, its successors and assigns.

Section 1.04 "Association Maintenance Fund" shall mean the account, created for receipts and disbursements of the Association, pursuant to Article V hereof.

Section 1.05 "Beneficiary" shall mean a mortgagee under a mortgage or a beneficiary under a deed of trust, as the case may be, and the assignees of such mortgage or beneficiary.

Section 1.06 "Board" or "Board of Directors" shall mean the Board of Directors of the Association.

Section 1.07 "By-Laws" shall mean the By-Laws of the Association.

Section 1.08 "Capital Improvement Assessment" shall mean a charge against each Owner and his or her Dwelling Unit, representing a portion of the costs to the Association for installation or construction of any improvements on any portion of the Common Areas, or Landscape Maintenance Areas which the Association may from time to time authorize, pursuant to the provisions of this Declaration.

Section 1.09 "Close of Sale" shall mean the date on which a deed or real estate contract is recorded conveying a Lot or Dwelling Unit to a purchaser.

Section 1.10 "Common Areas" shall mean all the real property and improvements including, without limitations landscaped areas, recreational facilities, structures, buildings, multi-family garages, ponds, fences, roadways and walkways, which are owned by the Association for the common use and enjoyment of all of the Owners. The Common Areas to be so owned by the Association shall collectively be those portions of the Property described in Exhibit "B" attached

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hereto, and which may be further described as Landscape Maintenance Areas, Roadway Common Areas, or the like on the Plat.

Section 1.11 "Common Assessment" shall mean the monthly charge against each Owner and his or her Dwelling Unit, representing a portion of the total ordinary costs of maintaining, improving, repairing, replacing, managing and operating the Common Areas and, if applicable, the Landscape Maintenance Areas, as more fully described herein.

Section 1.12 "Common Expenses" shall mean the actual and estimated costs of, maintenance, management, operation, repair and replacement of the Cul-de-sac and Common Areas (including unpaid Special Assessments, Reconstruction Assessments and Capital Improvements Assessments), including those costs not paid by the Owner responsible for payment; the costs of any commonly metered utilities and other commonly metered charges for the Property, costs of management and administration of the Association including, but not limited to, compensation paid by the Association to managers, accountants, attorneys and other employees; the costs of all utilities, gardening and other services benefitting the Common Areas or Landscape Maintenance Areas; the costs of fire, casualty and liability insurance, worker's compensation insurance, and other insurance all covering the Property, the costs of bonding the members of the management body; taxes paid by the Association; amounts paid by the Association for discharge of any lien or encumbrances levied against the Property for the benefit of all of the Owners; other expenses described in Section 5.03 and as approved by the Board pursuant to this Declaration.

Section 1.13 "Custom Lots" shall mean those Lots designed primarily for stand-alone single family homes.

Section 1.14 "Custom Lot Owners" shall mean the Owners of the Custom Lots.

Section 1.15 "Declaration" shall mean this instrument as it may be amended from time to time.

Section 1.16 "Dwelling Unit" shall mean a residential building located on a Lot designed and intended for use and occupancy as a residency by a single family, and shall include the underlying Lot.

Section 1.17 "Exterior Landscaping and Perimeter Fences" shall be considered part of the Common Areas.

Section 1.18 "Family" shall mean (1) a group of natural persons related to each other by blood or legally related to each other by marriage or adoption or (2) a group of not more than three (3) natural persons not all so related, who maintain a common household in a Dwelling Unit.

Section 1.19 "First Mortgage" shall mean the primary or priority Mortgage or Deed of Trust on a Lot or Dwelling Unit, recorded prior to the due date of any Assessment.

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Section 1.20 "First Mortgagee" shall mean a Mortgagee which holds or owns a First Mortgage.

Section 1.21 "Grantor" shall mean the undersigned, their successors and person(s) to whom they shall have assigned any rights hereunder by express written instrument.

Section 1.22 "Improvement" shall mean any structure or appurtenance thereto of every type and kind, including but not limited to buildings, outbuildings, walkways, sprinkler pipes, garages, carports, ponds, cabanas, recreational facilities, roads, driveways, parking areas, fences, screening walls, retaining walls, stairs, decks, landscaping, antennae, hedges, windbreaks, plants, planted trees and shrubs, poles, signs, exterior air conditioning and water-softening fixtures or equipment.

Section 1.23 "Landscape Maintenance Areas" shall mean all plants, planted trees, shrubs, ground cover and other landscaping improvements originally constructed by Grantor in or upon the Common Areas.

Section 1.24 "Lease" shall mean any agreement for the leasing or rental of a Dwelling Unit.

Section 1.25 "Lot" shall mean any plot of land shown upon the recorded Plat of the Property, except for the Common Areas, that is set aside and approved for construction of a Dwelling Unit thereon.

Section 1.26 "Manager" shall mean the person or firm appointed by the Association as its agent and delegated certain duties and powers of the Association.

Section 1.27 "Member" shall mean any party holding a membership in the Association.

Section 1.28 "Mortgage", "Mortgagee", "Mortgagor" shall mean any mortgage or deed of trust or other conveyance of a Lot, Dwelling Unit or other portion of the Property to secure the performance of any obligation which will be reconveyed upon the completion of such performance. The term "Deed of Trust" or "Trust Deed" when used herein shall be synonymous with the term "Mortgage". The term "Mortgagee" shall mean a person or entity to whom a Mortgage is made and shall include the beneficiary of a Deed of Trust. "Mortgagor" shall mean a person or entity who mortgages his or her Lot or Dwelling Unit to another (i.e., the maker of a Mortgage), and shall include the "Trustor" of a Deed of Trust. The term "Trustor" shall be synonymous with the term "Mortgagor" and the term "Beneficiary" shall be synonymous with the term "Mortgagee".

Section 1.29 "Notice and Hearing" shall mean written notice and a hearing at which the Owner concerned shall have an opportunity to be heard in person or by counsel at Owner's expense, in the manner provided in the By-Laws.

Section 1.30 "Owner" shall mean the Person or Persons including Grantor, holding fee simple interest of record to, or the real estate contract purchaser of, any Lot or Dwelling Unit which

is a part of the Property. For purposes of Article X only, unless the context otherwise required, Owner shall also include the family, guests, invitees, licensees and lessees of any Owner.

Section 1.31 "Person" shall mean a natural individual or any other entity with the legal right to hold title to real property.

Section 1.32 "Property" shall mean all of the real property described in Exhibit "A".

Section 1.33 "Record"; "Recorded"; "Filed"; or "Recordation" shall mean, with respect to any document, the recording of such document in the appropriate office in Kootenai County, Idaho.

Section 1.34 "Reconstruction Assessment" shall mean a charge against each Owner and his Lot or Dwelling Unit, representing a portion of the cost to the Association for reconstruction of any portion of the Improvements on the Common Areas, and Landscape Maintenance Areas.

Section 1.35 "Special Assessment" shall mean a charge against a particular Owner and his or her Lot or Dwelling Unit, directly attributable to such Owner, equal to the cost incurred or levied by the Association for corrective action pursuant to the provisions of this Declaration.

Section 1.36 "Streets" shall mean all private roadways or common access ways throughout the development which have not been dedicated or conveyed to the City of Hayden or other public authority, which require private maintenance.

Section 1.37 "Water Company" shall mean any municipality or district providing water service to the Property and Dwelling Units and is presently the Avondale Irrigation District.

ARTICLE II

MEMBERSHIP IN ASSOCIATION

Section 2.01 Member of the Association. Membership in the Association shall be appurtenant to and may not be separated from the fee ownership of such Lot. Ownership of such Lot shall be the sole qualification for membership in the Association.

Section 2.02 Transfer. The Association membership held by any Owner of a Lot shall not be transferred, pledged or alienated in any way, except upon the sale of or encumbrance of such Lot, and then only to the purchaser or Mortgagee of such Lot. Any attempt to make a prohibited transfer is void. A Member who has transferred fee interest to his Lot or who has sold his Lot to a contract purchaser under a real estate contract shall ipso facto be deemed to have transferred to such grantee or contract purchaser his membership rights in the Association.

ARTICLE III**VOTING RIGHTS**

Section 3.01 Classes of Voting Membership. The Association shall have two (2) classes of voting membership as follows:

Class A. Class A Member shall be all Owners in the Property, with the exception of the Grantor, for so long as there exists a Class B membership for the Association. Class A Members shall be entitled to one (1) vote for each Lot owned. Grantor shall become a Class A Member with regard to Lots owned by Grantor upon conversion of Grantor's Class B Membership as provided below. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised in accordance with Article III, Section 3.02 of this Declaration, and in no event shall more than one (1) Class A vote be cast with respect to any Lot.

Class B. The Class B Member shall be the Grantor, and Grantor shall be entitled to ten (10) votes for each Lot owned by Grantor. The Class B Membership shall cease and be converted to Class A Membership on the happening of the earliest of the following events:

- a. Four (4) months after the total votes outstanding in the Class A Membership in the Association equal or exceed the total votes outstanding in the Class B Membership; or
- b. Ten (10) years from the Close of Sale of the first Lot sold in the Property; or
- c. Upon Grantor's written relinquishment of its Class B Membership.

Section 3.02 Vote Distribution. Class A Members shall be entitled to one (1) vote for each Lot owned. When more than one person has an interest in any Lot ("co-owner"), all such co-owners shall be members and may attend any meeting of the Association, but only one such co-owner shall be entitled to exercise the vote to which the Lot is entitled. Such co-owners may from time to time designate in writing one of their number to vote. Fractional votes shall not be allowed, and the vote for each Lot shall be exercised, if at all, as a unit. Where no voting co-owner is designated or if such designation has been revoked, the vote for such Lot shall be exercised as a majority of the co-owners of the Lot mutually agree. Unless the Board receives a written objection from a co-owner, it shall be presumed that the voting co-owner is acting with the consent of his or her co-owners. No vote shall be cast for any Lot where the majority of the co-owners present in person or by proxy and representing such Lot cannot agree to said vote or other action. The non-voting co-owner or co-owners shall be jointly and severally responsible for all of the obligations imposed upon the jointly owned lot and shall be entitled to all other benefits of ownership. All agreements and determinations lawfully made by the Association in accordance with the voting percentages established herein, or in the By-Laws, shall be deemed to be binding on all Owners, their successors and assigns. Said voting rights shall be subject to the restrictions and limitations provided in this Declaration, the

Articles and By-Laws, provided, however, Grantor or its assigns shall have the absolute right to appoint one (1) Member to the Board of Directors regardless of the voting results.

ARTICLE IV

JURISDICTION OF ASSOCIATION

Section 4.01 The Association, acting through its Board of Directors shall also have:

a. The authority and the duty to maintain, repair and otherwise manage the Common Areas and Landscape Maintenance Areas and all utilities, improvements and landscaping thereon, all in accordance with the provisions of this Declaration.

b. The authority and the duty to maintain and repair the private streets and roadways within the Property, including clearing, snow removal and periodic resurfacing as necessary.

c. The authority and the duty to maintain the storm and drainage facilities within the Common Areas.

d. The authority and the duty to obtain, for the benefit of the Property, refuse collection and electric, water, and sewer services for the Common Areas. Refuse collection for the Dwelling Units and payment therefore shall be up to each individual Dwelling Unit Owner unless the regulations of the designated purveyor of said services provide to the contrary, and in that event, refuse collection shall be the responsibility of the Association.

e. The authority and the duty to grant easements, rights of way, or strips of land, where necessary, for utilities over the Common Areas to serve the Common Areas and the Lots.

f. The authority and the duty to maintain such policy or policies of liability and fire insurance with respect to the Common Areas and personal property, if any, owned by the Association as provided herein furthering the purposes of and protecting the interests of the Association and Members and as directed by this Declaration and the By-Laws.

g. The authority but not the duty to employ or contract with a professional manager to perform all or any part of the duties and responsibilities of the Association, and the authority to delegate its authority to committees, officers and employees.

h. The authority but not the duty to, after Notice and Hearing, without being liable to any Owner, enter any Lot or Dwelling Unit for the purpose of enforcing by peaceful means the provisions of this Declaration, or for the purpose of maintaining or repairing any such area if for any reason whatsoever the Owner fails to maintain or repair any such area as required by this Declaration. Said cost shall be a Special Assessment on said Owner's property and shall create a lien enforceable in the same manner as other Assessments as set forth in this Declaration. Said Owner shall pay promptly all amounts due for such work.

ARTICLE V

COVENANT FOR ASSESSMENTS

Section 5.01 Creation of the Lien and Personal Obligation of Assessments. Grantor, for each Dwelling Unit owned within the Property, hereby covenants, and each Owner of any Dwelling Unit by acceptance of a deed or real estate contract therefore, whether or not it shall be so expressed in such deed or contract, is deemed to covenant and agree, to pay to the Association (1) monthly Common Assessments for Common Expenses, (2) Capital Improvement Assessments, (3) Special Assessments, and (4) Reconstruction Assessments; with such Assessments to be established and collected as hereinafter provided. Such Assessments, together with interest as set out herein, costs and reasonable attorney's fees for the collection thereof, shall be a lien on the Dwelling Unit and Lot thereunder, and shall be a continuing lien from the due date of the Assessment. Each such Assessment, together with such interest, costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of the Dwelling Unit at the time when the Assessment fell due. The personal obligation of the Owner shall not pass to his successors in title unless expressly assumed by them.

Section 5.02 Creation of Fund. The Board of Directors shall establish a separate account (the "Association Maintenance Fund") into which shall be deposited all Assessments paid to the Association and from which disbursements shall be made in performance of functions by the Association. The Association Maintenance Fund shall include (1) an operating fund for current Common Expenses, and (2) a reserve fund for Common Expenses which would not reasonably be expected to recur on an annual or less frequent basis. If an operating fund or reserve fund proves at any time to be inadequate for any reason, the Board may at any time levy a supplemental Common Assessment³, subject to the provisions of Section 5.05 of this Article.

Section 5.03 Purpose of Common Assessments. The Common Assessments levied by the Association shall be used exclusively to promote the common health, safety, benefit, recreation and welfare of the Owners and for the improvement and maintenance of the roadways and Common Areas. Nothing in this Declaration shall be construed in such a way as to permit the Association to use any Assessments to abate any nuisance or annoyance emanating from outside the boundaries of the property, without the prior approval of the Board. Common Assessments shall include without limitation, and the Association shall acquire and pay for out of the applicable funds derived from said Common Assessments, the following:

a. Water, sewer, electrical, lighting and other necessary utility services for the Common Areas. Garbage and refuse collection service for the Dwelling Units may also be included if the applicable purveyor's regulations prohibit individual contracting for said service. Each Dwelling Unit Owner shall be responsible for paying its own water and electricity usage and any other individually measured utility or service, promptly when due.

b. Maintenance and repair of the private streets and parking areas lying within the Common Areas, as well as all costs of snow removal and street cleaning related to said areas.

c. Landscape planting and maintenance by the Association of all landscaping, planted areas and sprinkler systems within the Common Areas, including commonly metered irrigation and electrical services.

d. Fire and casualty insurance with extended coverage as provided herein, covering the full insurable replacement cost of the Common Areas Improvements.

e. Liability insurance, as provided herein, insuring the Owners and the Association, its Directors and Officers against any liability to the public or to any Owner, their invitees or tenants, incident to their occupation and use of the Common Areas, and Landscape Maintenance Areas, with limits of liability to be set by the Board of Directors of the Association.

f. Worker's Compensation Insurance to the extent necessary to comply with any applicable laws, medical payments, insurance, liquor liability insurance and any other insurance deemed necessary by the Board of Directors of the Association.

g. Standard fidelity bonds covering all members of the Board of Directors of the Association and other employees and volunteers of the Association as and in an amount as determined by the Board of Directors, but not less than two times the sum of the annual Common Assessments of the Association.

h. Painting, maintenance, repair and replacement of all buildings, equipment, recreation facilities, fences and landscaping in, on, and of the Common Areas, as the Board shall determine is necessary and proper.

i. All real estate taxes pertaining to the Common Areas, and applicable personal property taxes on property owned by the Association and used in the Common Areas.

j. Any other materials, supplies, furniture, labor, services, maintenance, repairs, structural alterations, insurance, taxes or assessments which the Association is required to secure or pay for pursuant to the terms of this Declaration or by law or which in the opinion of the Associations' Board of Directors shall be necessary or proper for the operation of the Common Areas or for the enforcement of the provisions of this Declaration.

Section 5.04 Adjustment of Monthly Common Assessment. The initial Monthly Common Assessment shall be established by the Board of Directors. From and after the Close of Sale of the first Dwelling Unit on the Property, the amount of each of the two components which make up the monthly Common Assessment for Dwelling Units pursuant to Section 5.03 above may be increased or decreased by the Board effective as of January 1 of each year thereafter without a vote of the membership, by not more than ten percent (10%) of the Assessment amount for the most recent Assessment year. The monthly Common Assessment charged to the Owners of all Dwelling Units pursuant to Section 5.03(a) above may be increased or decreased by the Association by more than ten percent (10%) with the consent of at least two-thirds (2/3) of the voting power of those Members voting in person or by proxy at a meeting duly called for such purpose, written notice of which shall

be sent to all Members not less than twenty (20) days nor more than sixty (60) days in advance of the meeting.

Section 5.05 Capital Improvement and Reconstruction Assessments. In addition to the Common Assessment authorized above, the Board of Directors of the Association may levy, in any assessment year, a Capital Improvement Assessment or Reconstruction Assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of any improvement or other such addition upon the Common Areas, including mixtures and personal property related thereto; provided that whenever the aggregate Capital Improvement and Reconstruction Assessments in any fiscal year exceed five percent (5%) of the budgeted gross expenses of the Association for that fiscal year, such excess shall require the consent of two-thirds (2/3) of the voting power of those Members, voting in person or by proxy, at a meeting duly called for such purposes, written notice of which shall be sent Members not less than twenty (20) days nor more than sixty (60) days in advance of the meeting.

Section 5.06 Uniform Rate of Assessment and Due Date. Except as stated to the contrary herein, Common Assessments, Capital Improvement Assessments and Reconstruction Assessments provided for in this Article V shall be established at a uniform rate; provided, however, the Association may, subject to the provisions of this Article, levy Special Assessments against specific Owners who have caused the Association to incur special expenses due to willful or negligent acts of said Owners, their guests or agents. All Common Assessments shall be due and payable on or before the first day of each month and other Assessments shall be paid and collected at such frequency as the Board shall determine from time to time.

Section 5.07 Date of Commencement of Common Assessments; Financial Statements; Budget. The monthly Common Assessments shall commence on the first day of the month following the Close of Sale of the first Dwelling Unit. The initial Common Assessment shall be determined by the Board of Directors. Upon the closing of each initial sale of a Dwelling Unit, the purchaser of such Dwelling Unit shall pay a sum equal to two months of the then prevailing monthly Common Assessment to the Association as a non-refundable Association start-up fee and shall pay the current monthly Common Assessment prorated to the date of closing, so that a full month's Common Assessment shall be due on the first day of the following calendar month. Written notice of any change in the amount of any monthly Common Assessment shall be sent to every Owner not less than twenty (20) days prior to the effective date of such change. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer or agent of the Association, setting forth whether the Assessments on a specified Dwelling Unit have been paid. A properly executed certificate of the Association as to the status of Assessments against a Dwelling Unit is binding upon the Association as of the date of its issuance.

The Board of Directors shall cause to be prepared an annual balance sheet and operating statement reflecting income and expenditures of the Association for each fiscal year, including deposits in and withdrawals from any reserve funds, and shall cause to be distributed a copy of each such statement to each Member, and to each First Mortgagee who has filed a written request for copies of the same with the Board of Directors, in the manner provided in the By-Laws.

At least sixty (60) days prior to the beginning of each fiscal year, the Board of Directors shall prepare and distribute to the membership of the Association a written, itemized estimate (budget) of the income and expenses of the Association during such year in performing its functions under this Declaration (including a reasonable provision for contingencies and deposits into any reserve funds, less any expected income and accounting for any surplus from the prior year). If the estimated sums prove inadequate for any reasons, including non-payment of any Owner's Common Assessment, the Board may at any time levy supplemental Common Assessments, subject to the provisions of this Article.

Section 5.08 Exempt Property. The following portions of the Property subject to this Declaration shall be exempt from the Assessments herein:

- a. All portions of the Property dedicated to and accepted by a local public authority;
- b. The Common Areas;
- c. All Lots and/or Dwelling Units owned by the Grantor; provided, however, Grantor shall reimburse the Association as long as Grantor is an owner of a Lot and/or Dwelling Unit, for its proportionate share of the remaining actual cost of Common Expenses after application of the Common Assessments, based on the number of remaining Lots owned by Grantor in relation to the total number of Lots in the Property owned by Grantor and those other persons with Dwelling Units in the planning stage or under construction as described in Section 5.08(d) below; and
- d. All Lots owned by persons other than the Grantor with Dwelling Units in the planning stage or under construction, until each such Dwelling Unit is sold to a consumer/purchaser; provided, however, each-such Owner shall reimburse the Association for such Owner's proportionate share of the remaining actual cost of Common Expenses after application of the Common Assessments, based on the number of such Lots owned by such Owner in relation to the total number of Lots in the Property owned by Grantor and other persons with Dwelling Units in the planning stage or under construction as described in this subsection.

ARTICLE VI

EFFECT OF NON-PAYMENT OF ASSESSMENTS
REMEDIES OF THE ASSOCIATION

Section 6.01 Effect of Non-Payment of Assessment; Remedies of the Association. Any Common Assessment, Capital Improvement Assessment, Special Assessment or Reconstruction Assessment or installment thereof not paid within thirty (30) days after the due date shall bear interest from the due date at the highest rate allowed by law, and the Owner responsible therefor may also be required further by the Board of Directors to pay each month a late charge of Five Dollars (\$5.00) or five percent (5%) of the amount of the delinquent assessment or installment, whichever is greater. The Association may bring an action at law against the Owner personally obligated to pay the same, and/or foreclose the lien against the Lot and/or Dwelling Unit. No Owner may waive or

otherwise escape liability for the Assessments provided for herein by non-use of the Common Areas or abandonment of his Lot/Dwelling Unit.

If any installment of any Assessment is not paid within thirty (30) days after its due date, the Board may mail an Acceleration Notice to the Owner and to each First Mortgagee of a Dwelling Unit which has requested a copy of the notice. The notice shall specify (1) the fact that the installment is delinquent, (2) the action required to cure the default, which action shall include paying all installments coming due during the period allowed to cure the default, (3) a date, not less than thirty (30) days from the date the notice is mailed to Owner, by which such default must be cured, (4) that failure to cure the default on or before the date specified in the notice will result in acceleration of the balance of the installments of the Assessment for the then current fiscal year and sale of the Lot and Dwelling Unit, and (5) the legal description of the Lot and Dwelling Unit. If the delinquent installments of Assessments and any charges thereon are not paid in full on or before the date specified in the notice, the Board may, at its option without further demand, enforce the collection of the full Assessment and all charges thereon in any manner authorized by law and this Declaration.

Section 6.02 Notice of Assessment. No action shall be brought to enforce any Assessment lien, unless at least ten (10) days have expired following the date a Notice of Assessment is deposited in the United States mail, certified or registered, postage prepaid, to the Owner of the Lot/Dwelling Unit, and a copy thereof has been recorded by the Association in the Office of the Kootenai County Auditor. The Notice of Assessment must recite a good and sufficient legal description of any such Lot/Dwelling Unit, the record Owner or reputed Owner thereof, the amount claimed (which may at the Association's option include interest on the unpaid Assessment at the highest rate allowed by law, plus reasonable attorney's fees and expenses of collection in connection with the debt secured by said lien), and the name and address of the claimant. Such Notice of Assessment shall be signed and acknowledged by an officer of the Association. For the purposes of this Section 6.02, an Acceleration Notice given under Section 6.01 shall be deemed to be a Notice of Assessment if recorded in the Office of the Kootenai County Auditor.

Section 6.03 Foreclosure Sale. Any such sale provided for above may be conducted by the Board of Directors, its attorneys or other persons authorized by the Board in accordance with the provisions of the laws of the State of Idaho for judicially foreclosing mortgages. The Association through duly authorized agents, shall have the power to bid on the Lot/Dwelling Unit at foreclosure sale, and to acquire and hold, lease, mortgage and convey the same.

Section 6.04 Curing a Default. Upon the timely curing of any default for which a Notice of Assessment or Acceleration Notice was filed by the Association, the officers thereof shall record an appropriate Release of Lien upon payment by the defaulting Owner of a fee, to be determined by the Association but not to exceed One Hundred Fifty Dollars (\$150.00), to cover the cost of preparing and recording such release. A certificate executed and acknowledged by any two (2) members of the Board stating the indebtedness secured by the lien upon any Lot/Dwelling Unit created hereunder shall be conclusive upon the Association and the Owners as to the amount of such indebtedness as of the date of the certificate, in favor of all persons who rely thereon in good faith.

Such certificate shall be furnished to any Owner upon request and payment of a reasonable fee, to be determined by the Board.

Section 6.05 Cumulative Remedies. The Assessment liens and the rights to foreclosure and sale thereunder shall be in addition to and not in substitution for all other rights and remedies which the Association and its assigns may have hereunder and by law, including a suit to recover a money judgment or unpaid Assessments, as above provided.

Section 6.06 Mortgage Protection. Notwithstanding all other provisions hereof, no lien created under Articles V or VI, nor any breach of this Declaration, nor the enforcement of any provision hereof shall defeat or render invalid the rights of the Beneficiary under any recorded First Mortgage upon a Lot or Dwelling Unit made in good faith and for value; provided that after such Beneficiary or some other person obtains title to such Lot or Dwelling Unit by judicial foreclosure or by means of the powers set forth in such Deed of Trust, such Dwelling Unit shall remain subject to the Declaration and payment of all Assessments accruing subsequent to the date such Beneficiary or other person obtains title and claims for a share of unpaid Assessments reallocated to all units, including each unit foreclosed.

ARTICLE VII

ARCHITECTURAL CONTROL

Section 7.01 Approval by the Board. No buildings, fence, wall or other structure shall be commenced, erected or maintained upon the Property, nor shall an exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials and location of the same shall have been submitted to and approved in writing as to the quality of materials, harmony of external design and location in relation to surrounding structures and topography by the Board of Directors or designated agent thereof.

Section 7.02 Reasons for Disapproval. The Board or its designated agent shall have the right to disapprove any plans and specifications submitted hereunder because of any of the following:

- a. The failure of such plans and specifications to comply with any of the restrictions contained herein, or to include information as may have been reasonably requested;
- b. The objection to the exterior design appearance, materials, color scheme, finish, proportions, style of architecture, height, bulk or appropriateness of any proposed structure;
- c. The incompatibility of any proposed structure, use or parking areas with existing structures or uses on such Lot or upon other Lots in the vicinity, or the insufficiency of the size of the parking areas in relation to the proposed use of the Lot;
- d. The objection to the grading plan for any Lot, or the location of any proposed structure upon any Lot or with reference to other Lots in the vicinity; or

e. Any other matter which would render the proposed structures or uses inharmonious with the general plan of improvement of the Property or with structures or uses located upon other Lots in the vicinity.

In any case where the Board or its designated agent shall disapprove any plans and specifications submitted hereunder, or shall approve the same only as modified or upon specified conditions, such disapproval or qualified approval shall be accompanied by a statement of the grounds upon which such action was based.

Section 7.03 Unapproved Construction; Remedies. If any structure shall be altered, erected, placed or maintained upon any Lot, or any new use commenced on any Lot, other than in accordance with plans and specifications approved by the Board or its designated agent pursuant to the provisions of this Article VII, such alteration, erection, maintenance or use shall be deemed to have been undertaken in violation of this Article and without the approval required herein. Upon written notice from the Board or its designated agent, any such structure so altered, erected, placed or maintained upon any Lot in violation hereof shall be removed or realtered, and any such use shall be terminated, to extinguish such violation. If within fifteen (15) days after the notice of such violation the owner of the Lot upon which such violation exists shall not have taken reasonable steps toward the removal or termination of the same, the Association shall have the right, through its agents and employees, to enter upon such Lot and to take such steps as may be necessary to extinguish such violation. The cost thereof shall be a binding, personal obligation of such owner as well as a lien upon the Lot in question. The lien provided in this Section 7.03 shall not be valid as against a bona fide purchaser (or bona fide Mortgagee) of the Lot in question unless a suit to enforce said lien shall have been filed in a court of record in Kootenai County, Idaho prior to the recordation among the land records of Kootenai County of the deed or Mortgage conveying the Lot in question to such purchaser or subjecting the same to such Mortgage.

Section 7.04 Building Standards. With respect to Dwelling Units on the Custom Lots, the following standards shall apply:

a. All buildings shall be constructed with lap siding on the entire house and garage. In addition to the lap siding, the front of the house shall have a masonry accent. Cedar Panel Batton will be allowed.

b. All buildings shall be constructed with shingle or tile roofing material expected to have a useful life of at least thirty (30) years, or roofing material of comparable quality as determined by the Board of Directors or their designated agent. Composition roofing shall be of the laminated multi-ply variety with contrasting or other distinctive tab lines.

c. The finished floor space of any home constructed on an individual Lot shall be not less than 1400 square feet for a one story home with a basement, excluding the square footage of the basement; and not less than 1500 square feet for a one story home without a basement. The finished floor space of any multi-level home constructed on an individual Lot shall be not less than a total of 2000 square feet, excluding the basement, with not less than 1350 square feet being above grade.

The finished floor space of any home constructed on an individual Lot in the area known as "The Arena", and more specifically Lot 1, Block 1 through Lot 14, Block 1 and Lot 1, Block 2 through Lot 4, Block 2, shall be not less than 1650 square feet for a one story home with a basement, excluding the square footage of the basement; and not less than 1800 square feet for a one story home without a basement. The finished floor space of any multi-level home constructed on a Lot in "The Arena" shall be not less than a total of 2300 square feet, excluding basement, with not less than 1500 square foot above grade.

d. Garages to accommodate 2 automobiles shall be incorporated in or made a part of each Dwelling Unit. Garages for more than 3 cars shall only be allowed if proportionate to the Dwelling unit and Lot. The Board of Directors or its designated agent shall have the authority to allow detached garages and auxiliary use buildings provided these buildings match the exterior of the main structure in both material and exterior appearance, which in the opinion of the Board or its designated Agent would not be unduly detrimental to the neighborhood or inconsistent with the objectives of these covenants.

e. No dwelling unit, building or other structure shall be moved onto any Lot; new construction being required. No tent, trailer, mobile home, boat or other vehicle or structure shall be used or allowed for human habitation on a temporary or permanent basis on any Lot at any time.

f. All fences shall be of hedge, wood or vinyl material. No fence, wall or hedge shall be erected or placed on any Lot nearer to any street than the minimum building setback line, or the actual building setback line, whichever is further from the street, except that nothing shall prevent the erection of a necessary retaining wall as approved by the Board or its designated agent. No fence, wall or hedge shall exceed six feet in height. No fence, wall or hedge extending between the rear foundation line of a residence and the front setback line shall be higher than forty two (42") inches.

g. No Owner shall raise the grade of any Lot above the grade established or to be established by Grantor without the prior approval of the Board or its designated agent.

h. No Dwelling Units erected shall exceed two and one-half (2 1/2) stories in height, to protect some view opportunities of the adjacent and surrounding Lots, with the specific height and roofline design of each such Dwelling Unit to be reviewed by the Board or its designated agent.

i. All new construction commenced shall be completed within six (6) months thereof and all side and front yards, including the portion of the right-of-way between the curb and the front property line, shall be landscaped and completed within six (6) months from the date of completion of the building or occupancy thereof, whichever is first, except in the event of delay caused by weather conditions. As part of the construction phase of each Dwelling Unit, and within one hundred twenty (120) days of the paving of the driveway, the Owner shall landscape, including the installation of an automatic sprinkler system and plant the front and side yards of such Dwelling Unit, including the planting and cultivation of three trees on the Lot with a trunk caliper of not less than two (2) inches, with at least two of such trees in the grassy swale in the front yard of the Dwelling Unit.

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All landscaping shall be maintained in an orderly and sightly manner including the area between the property lines and curb. Owners shall plant and maintain grass in the grassy swale storm drain area between the sidewalk and curb of their lot. Owners shall not allow any structures, filling, change in grade or other blockage or obstruction of the drainage area.

j. No satellite dish or broadcast transmission antenna shall be permitted on any Lot except when located in the rear yard where it cannot cast a shadow on adjoining lots.

k. All public and private utility lines shall be located under ground.

The Board or its designated agent may modify these standards with respect to the plans and specifications for any particular Lot or Dwelling Unit if the strict application of these standards would create an unreasonable hardship on the Owner, or would create a result inconsistent with the appearance or uses of the Lots and Dwelling Units in the vicinity. The Board or its designated agent may also issue rules or guidelines setting forth procedures for the submission of plans for approval requiring a fee payable to the Association to accompany each application for approval or additional factors which it will take into consideration in reviewing submissions.

Section 7.05 Set-Backs. Dwelling Units shall be set back not less than twenty-five (25) feet from any portion of the front property line; ten (10) feet from any portion of the side street line; and ten (10) feet from any portion of an interior property line. Dwelling Units shall not be located within any utility easement areas shown on the plot. All Dwelling Units shall be set back at least ten (10) feet on one side front and interior lot line to provide vehicular access to the back yard. No dwelling unit shall be located nearer than twenty (20) feet from an existing Dwelling Unit on an adjoining Lot. For the purpose of measuring set back distances, eaves, steps, chimneys and open ground level porches shall not be considered a part of the building. In the case of corner lots, the Board of Directors or its designated agent shall have authority to determine which property lines are front, rear and side. If more restrictive, the City of Hayden set back requirements take precedent.

Section 7.06 No Waiver of Future Approvals. The approval of the Board to any proposals or plans and specifications or drawings for any work done or proposed or in connection with any other matter requiring the approval and consent of the Board, shall not be deemed to constitute a waiver of any right to withhold approval or consent as to any similar proposals, plans and specifications, drawings or matter whenever subsequently or additionally submitted for approval or consent.

Section 7.07 Inspection of Work. Inspection of work and correction of defects therein shall proceed as follows:

a. Upon the completion of any work for which approved plans are required under this Article VII, the Owner shall give written notice of completion to the Board.

b. Within thirty (30) days thereafter, the Board or its duly authorized representative may inspect such Improvement. If the Board finds that such work was not done in substantial compliance

with the approved plans, it shall notify the Owner in writing of such noncompliance within such thirty (30) day period, specifying the particulars of noncompliance, and shall require the Owner to remedy the same.

c. If upon the expiration of thirty (30) days from the date of such notification the Owner shall have failed to remedy such noncompliance and after affording such Owner Notice and Hearing, the Board shall determine whether there is a noncompliance and, if so, the nature thereof and the estimated cost of correcting or removing the same. If a noncompliance exists, the Owner shall remedy or remove the same within a period of not more than forty-five (45) days from the date of announcement of the Board ruling. If the Owner does not comply with the Board ruling within such period, the Board, at its option, may peacefully remove the noncomplying Improvement or otherwise peacefully remedy the noncompliance, and the Owner shall reimburse the Association, upon demand, for all expenses incurred in connection therewith. If such expenses are not promptly repaid by the Owner to the Association, the Board shall levy a Special Assessment against such Owner for reimbursement.

d. If for any reason the Board fails to notify the Owner of noncompliance within sixty (60) days after receipt of said written notice of completion from the Owner, the Improvement shall be deemed to be in accordance with said approved plans.

Section 7.08 Non-liability of Board Members. Neither Grantor, nor any Member of the Board, nor their representative, shall be liable to the Association, or to any Owner for any loss, damage or injury arising out of or in any way connected with the performance of the Board's duties hereunder, unless due to the willful misconduct or bad faith of the Board.

ARTICLE VIII

MAINTENANCE AND REPAIR OBLIGATIONS

Section 8.01 Maintenance Obligations of Owners. It shall be the duty of each Owner, at his sole cost and expense, subject to the provisions of this Declaration regarding architectural approval, to maintain, repair, replace, and restore areas subject to his exclusive control in a neat, sanitary and attractive condition. Areas subject to the exclusive control of a Custom Lot Owner shall be deemed to include, without limitation, the Owner's Dwelling Unit and areas within such Owner's Lot, and any landscaped areas between such Owner's Lot and the frontage Street for such Lot. Each Owner shall maintain the driveway and sidewalks if any, located on such Owner's Lot. In the event that any Owner shall permit any Improvement, which is the responsibility of such Owner to maintain, to fall in disrepair or not to be so maintained so as to create a dangerous, obstructed, unsafe, unsightly or unattractive condition, or to otherwise violate this Declaration, the Board shall have either the right to seek any remedies at law or in equity which it may have, and the right, but not the duty, after Notice and Hearing, to enter upon such Owner's Lot, to make such repairs or to perform such maintenance, and the cost thereof shall be charged to the Owner. Said cost shall be a Special Assessment and shall create a lien enforceable in the same manner as other assessments as set forth in this Declaration.

ARTICLE IX

CHARGES FOR UTILITY SERVICES

Section 9.01 Direct Charges. Charges to an individual Dwelling Unit for natural gas, power or electricity will be made directly by the applicable utility company to the Dwelling Unit Owner beginning with the first occupancy of the Dwelling Unit. First occupancy means when the first individual service is requested for an Owner or renter of the Dwelling Unit. Charges for telephone, cable television and individual security services will be similarly charged directly to the Owner or renter for the service.

Section 9.02 Water, Sewer and Garbage Charges to be Paid Directly or Through the Association. Water, sewer and garbage service will, if possible, also be charged by the purveyor directly to, and paid by, the individual Dwelling Unit Owners. To the extent not possible, then the charges for such services will be collected from the individual Dwelling Unit Owners and paid to the entity furnishing the service by the Association. Utility charges will be imposed by the Association and create a lien upon the Dwelling Units using the service. It shall be the sole responsibility of the Lot Owner to pay the cost of any hook-up fee or capitalization expense, utility or other charge associated with said Lot.

Section 9.03 Solid Waste Disposal - Garbage. If the applicable purveyor will allow individual garbage/waste disposal billings, the Association shall require the Owner of each occupied Dwelling Unit to provide solid waste and garbage disposal containers for the use of such Dwelling Unit, and charges will be made directly by the purveyor providing the service.

If individual billing is or becomes unavailable, the Association may elect to require individual disposal containers or provide dumpsters at specified locations to service the Dwelling Units as well as the Common Areas. Then the Association will charge each Dwelling Unit beginning with first occupancy a utility charge for the solid waste and garbage service. After first occupancy, each Dwelling Unit will be charged for the utility charge whether the dwelling be thereafter occupied or not. The utility charge is to be determined by dividing the cost of service to all dumpsters or pick-up points located on the property by the number of individual Dwelling Units. The Owner of each Dwelling Unit after first occupancy of such Dwelling Unit shall pay his or her proportionate share.

ARTICLE X

USE RESTRICTIONS

All real property within the property shall be held, used and enjoyed subject to the following limitations and restrictions, subject to the exemption of Grantor in Article XVI hereof.

Section 10.01 Single Family Dwelling Units; Leases. Each Dwelling Unit shall be used as a residence for a single family and for no other purpose.

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Section 10.02 Business or Commercial Activity. No part of the Property shall ever be used or caused to be used or allowed or authorized in any way, directly or indirectly, for any business, commercial, manufacturing, mercantile, storage, vending, religious or other such non-residential purposes, including but not limited to day care, school, nursery, outpatient, treatment, rehabilitation or recovery facilities, nor shall said premises be used for any other purpose whatsoever, except for the purpose of a private dwelling or residence for one family; except Grantor, its successor or assigns, may use any portion of the Property for model home sites, and display a sales office during the construction and/or sale period. Home occupations of family members, which have no exterior visibility, are not prohibited provided they are conducted totally within the residence, are not open to the public, have no employees and do not generate extra vehicular traffic or street parking.

Section 10.03 Nuisances. No noxious or offensive activity (including but not limited to the repair of motor vehicles) shall be carried on, in or upon any Lot, Dwelling Unit or the Common Areas, nor shall anything be done therein which may be or become an unreasonable annoyance or a nuisance to any other Owner, including continually barking dogs. The Board of Directors shall have the right to determine in accordance with the By-Laws if any noise, odor, interference or activity producing such noise, odor or interference constitutes a nuisance. No Dwelling Unit Owner or tenant/guest thereof shall be allowed to store any boat, unused vehicle, golf cart, camper, R.V., trailer or the like anywhere on the Property, except in a rear yard, enclosed side yard or within a garage, for more than 48 hours. Exposed, unlicensed and unused vehicles shall not be permitted. No semi-truck and/or trailer shall be permitted to park on the street except while making deliveries. No mining, drilling or other mineral extraction shall be allowed on any Lot.

Section 10.04 Parking. Parking for passenger vehicles is to be in each Dwelling Unit's garage or driveway only. To assure adequate fire vehicle access, no parking of vehicles will be allowed on the private streets in the property. The various parking spaces located off the streets throughout the property are for the exclusive use of temporary guests and visitors.

Section 10.05 Signs. No sign, poster, display, billboard or other advertising device of any kind shall be displayed to the public view on any portion of the Property or any Dwelling Units, except signs, regardless of size, used by Grantor, its successors and assigns to advertise the Property during construction and sale or lease period. The Association shall have the authority to provide one central advertising board not larger than six (6) feet square for use by any Dwelling Unit Owner to post For Sale or For Rent notices thereon. The Association may determine the location and establish rules for use of the advertising board, and be responsible for maintenance thereof.

Section 10.06 Unlawful Activity. No improper, offensive or unlawful use shall be made of the properties nor any part thereof and all valid laws, zoning ordinances and the regulations of all governmental bodies having jurisdiction thereof shall be observed.

Section 10.07 Animal Restrictions. No insects, reptiles, poultry or animals of any kind shall be raised, bred or kept in or on any Lot, Dwelling Unit or the Common Areas, except that usual and ordinary dogs, cats, fish, birds and other household pets (excluding, without limitations, equine, bovine, sheep, swine and goats) may be kept within the Dwelling Units, provided that they are not

kept, bred or maintained for commercial purposes or in unreasonable quantities, nor in violation of the rules and regulations adopted by the Association as provided in the By-Laws. As used in this Declaration, "unreasonable quantities" shall ordinarily mean more than three (3) pets per household; provided however, that the Association (or the Board or such other person as the Association may from time to time designate) may determine that a reasonable number in any instance may be more or less. The Association, acting through the Board of Directors, shall have the right to prohibit maintenance of any animal which constitutes, in the opinion of the Board, a nuisance to any other Owner or guest thereof. Animals belonging to Owners, occupants or their licensees, tenants or invitees within the Property must be either kept within an enclosure or on a leash being held by a person capable of controlling the animal. Furthermore, any Owner shall be absolutely liable to each and all remaining Owners, their families, guests, tenants and invitees, for any unreasonable noise or damage to person or property caused by any animals brought or kept upon the property by an Owner or by members of his family, his tenants or his guests, and it shall be the absolute duty and responsibility of each such Owner of an animal to clean up after such animals which have used any portion of the Common Areas, Lots or Dwelling Units.

Section 10.08 Trash, Firewood Storage. No rubbish, trash or garbage or other waste material shall be kept or permitted upon any Lot, Dwelling Unit or Common Areas, except in sanitary containers located in appropriate areas screened and concealed from view, and no odor shall be permitted to arise therefrom so as to render the property, or any portion thereof, unsanitary, unsightly, offensive or detrimental to any other property in the vicinity thereof or to its occupants. Such containers shall be exposed to the view of neighboring Dwelling Units only when set out for a reasonable period of time (not to exceed twelve (12) hours) before and after scheduled trash collection hours. Additionally, all firewood, coal, presto-logs, etc., of any kind shall be stored within the Dwelling Unit or garage and not in view of the public. Each Owner of a Dwelling Unit shall be responsible for cleaning the fireplace chimney flue of said Dwelling Unit on a timely basis, and failure to do so shall give the Association the right to clean said flue and charge said Owner by means of a Special Assessment immediately upon completion.

Section 10.09 Insurance Rates. Nothing shall be done or kept in the Property which will increase the rate of insurance on any property insured by the Association without the approval of the Board, nor shall anything be done or kept in the Property which would result in the cancellation of insurance on any property insured by the Association or which would be in violation of any law.

Section 10.10 Drainage. There shall be no interference with the established drainage pattern over any Lot within the Property, unless an adequate alternative provision is made for proper drainage and is first approved in writing by the Board. For the purposes hereof, "established" drainage is defined as the drainage which exists at the time that the Dwelling Unit on such Lot is conveyed to a consumer/purchaser from Grantor or other builder, or that which is shown on any plans approved by the Board, which may include drainage from the Common Areas over any Lot or Dwelling Unit in the Property.

Section 10.11 Violation of Governing Instruments. There shall be no violation of the restrictions of this Declaration or of the rules and regulations of the Association adopted in

accordance with the provisions of the By-Laws. If any Owner, his or her family, guest, licensee, lessee or invites violates any such restrictions, the Board may impose a reasonable suspension of voting privileges of such Owner as further provided in the By-Laws, as well as reasonably suspend the rights of said persons to use the Common Area facilities. Additionally, the Board may seek any other remedies provided herein or by law.

Section 10.12 No Warranty of Enforceability. While Grantor has no reason to believe that any of the provisions contained in this Declaration are or may be invalid or unenforceable for any reasons or to any extent, Grantor makes no warranty or representation as to the present or future validity or enforceability of any such covenants, conditions and restrictions. Any Owner acquiring a lot or Dwelling Unit in the Property in reliance of one or more of such provisions shall assume all risks of the validity and enforceability thereof and, by acquiring a Lot or Dwelling Unit, agrees to hold Grantor harmless therefrom.

ARTICLE XI

EASEMENTS

Section 11.01 Common Area. Each Lot, Dwelling Unit and the Common Areas shall be subject to an easement for encroachments created by construction, settling and overhangs of the buildings or other improvements as designed or constructed. A valid easement for said encroachments and for the maintenance of same for so long as they stand shall and does exist.

Section 11.02 Blanket Easement. There is hereby created a blanket easement upon, through and across and over and under all of said Property for ingress, egress, installation, replacing, repairing and maintaining all utilities and service lines and systems, including but not limited to, water, sewer, gas, telephone, electricity and heat pump lines and a master antenna system and/or cable television system. By virtue of this easement, it shall be expressly permissible for the companies providing electrical, water, sewer, gas, master television antenna, cable television, telephone service, alarm systems and/or heat pump lines to install, erect and maintain all necessary pipes and conduit underground and other necessary equipment at over or below grade on said Property and to affix and maintain electrical cable television and/or telephone wires, gas lines, heat pump lines, circuits and conduits on, above, across and under the roofs and exterior walls and through walls of townhouses or other buildings, and meters and shutoffs at or inside and/or outside said buildings. Further, an easement is hereby granted to the Association, its officers, agents, employees and to any management company selected by the Association to enter into or to cross over the Common Areas, Lots and Dwelling Unites and to enter any building during reasonable hours and upon request when occupied (except in an emergency when request may be dispenses with), to inspect and to perform the duties of maintenance and repair of the buildings or Common Areas as provided herein. Notwithstanding anything to the contrary contained in this paragraph, no sewers, electrical lines, water lines, gas lines, heat pump lines or other utilities may be installed or relocated on said Property except as initially programmed and approved by the Grantor or thereafter approved by Grantor or the Association's Board of Directors. Should any utility or organization furnishing a service covered by the general easement above request that a specific easement be provided by a

separate recordable document, Grantor shall have the right to grant such easement on said Property provided it not be broader than the terms hereof. The easement provided for in this Section shall in no way affect any other recorded easement on said premises.

Section 11.03 Blanket Easement to Correct Drainage. The Grantor reserves a blanket easement and right, but not an obligation, for itself, its successors and the Association, on, over and under the ground within the Property to maintain and correct drainage or surface water in order to maintain reasonable standards of health, safety and appearance. Such right expressly includes the right to cut any trees, bushes, or shrubbery, make any gradings of the soil or to take any other similar action reasonably necessary following which the Grantor, its successors or the Association shall restore the affected property to its original condition as near as practicable. Reasonable notice of intent to take such action shall be given to all affected Owners, unless an emergency appears to exist which precludes such notice.

Section 11.04 Landscape. Grantor reserves an easement for itself, its successors and the Association across the Common Areas and the Landscaping Maintenance Area to install maintain, repair and replace fencing and landscaping.

Section 11.05 Perimeter Fence Easement. Grantor reserves a five (5') foot easement for itself, its successors and the Association adjacent to and along the perimeter of the Property for the installation, maintenance, repair and replacement of any fence installed by Grantor and/or the Association. Within the easement, no structure, planting or other material shall be placed or permitted to remain which may damage or interfere with the perimeter fence. If fences are placed in any easement area, other than the outside perimeter fence, it will be the Lot Owner's responsibility to remove it if necessary for the installation, maintenance, repair or replacement of the utilities, drainage facilities or perimeter fence.

ARTICLE XII

OWNER'S PROPERTY RIGHTS

Section 12.01 Owner's Easements of Enjoyment. Every Owner shall have a non-exclusive right of ingress and egress to and over the Common Areas and a non-exclusive right of enjoyment to the Common Areas which shall be appurtenant to and shall pass with title to every Lot and Dwelling Unit, subject to the following provisions:

a. The right of the Association to establish uniform rules and regulations pertaining to the use of the Common Areas, to enforce all parking restrictions within the Common Areas as set forth in Section 12.02 of this Article XII, to charge reasonable admission and other fees for the use of any recreational facility situated in the Common Areas, to reasonably limit the number of guests of Owners using the Common Areas, facilities, and to reasonably restrict access to areas of the Common Areas.

b. Subject to the provisions of Article XV of this Declaration, the right of the Association to dedicate, release, alienate or transfer all or any part of the Common Areas to any public agency, authority, utility or other person for such purposes and subject to such conditions as may be agreed to by the Members. With the exception of conveyance of easements for utilities serving the Common Areas, the Common Areas shall not be sold, transferred or conveyed by the Association without this Declaration being validly amended to provide for the same.

c. The right of Grantor and its sales agents, representatives and prospective purchasers, to the non-exclusive use of the Common Areas, and the facilities thereof, without cost, for access, ingress, egress, use and enjoyment, in order to maintain sale facilities and otherwise dispose of the Property as provided herein, until the Close of Sale of all of the Dwelling Units in the Property; Provided However, that such use shall not unreasonably interfere with the rights of enjoyment of the other Owners.

d. The right of the Board to suspend the rights and easements of any Member and the persons deriving such rights and easements from any Member, for use and enjoyment of any recreational facilities located in the Common Areas, for any period during which the payment of any Common, Special Capital Improvement or Reconstruction Assessment against such Member and his or her Dwelling Unit remains delinquent, and, after Notice and Hearing, to suspend such rights and easements for the period set forth in the By-Laws for any violation of the Declaration, Articles, By-Laws or rules and regulations of the Association it being understood that any suspension for either non-payment of any Assessment or breach of such restrictions shall not constitute a waiver or discharge of the Member's obligation to pay Assessments as provided herein.

e. The rights and reservations of Grantor as set forth in Article XVI of this Declaration.

f. The right of the Association (by action of the Board) to reconstruct, replace or refinish any improvement or portion thereof upon the Common Areas, in accordance with the design, finish or standard of construction of such improvement, or of general improvements within the Property, as the case may be; and not in accordance with such original design, finish or standard of construction only with the vote or written consent of a majority of each class of voting membership in the Association.

g. The right of the Association to replace destroyed trees or other vegetation and plant trees, shrubs and ground cover upon any portion of the Common Areas.

h. The rights of any First Mortgagee as set forth in Article XV of this Declaration.

i. Non-exclusive easements appurtenant for vehicular traffic over all private streets within the Property, subject to the parking provisions set forth in Section 12.02 of this Article XII.

j. Easements for public services, including but not limited to the right of the firemen, mailmen and garbage men to enter upon any part of the Common Areas.

Section 12.02 Easements for Parking. Subject to the provisions of this Declaration respecting vehicle parking, the Association, through its officers, committees and agents, is hereby empowered to establish "parking", "guest parking", and "no parking" areas within the Common Areas as well as to enforce these parking limitations by all reasonable means, including the removal of any violating vehicles. No storage of any items of personal property of any kind will be allowed by any Owner or tenant/guest of a Dwelling Unit on any driveway, streets or Common Areas.

Section 12.03 Delegation of Use. Any Owner may delegate, in accordance with the By-Laws, his right to enjoyment of the Common Areas and facilities to the members of his family, his tenants, or contract purchasers who reside on the Property. Any guests of any Owner, his tenants or contract purchaser must be accompanied by said Owner, tenant or contract purchaser when using any part of the Common Areas.

Section 12.04 Waiver of Use. No Owner may exempt himself from personal liability for Assessments duly levied by the Association, nor release the Lot or Dwelling Unit or other property owned by him from liens and charges hereof, by waiver of the use and enjoyment of the Common Areas and the facilities thereon or by abandonment of his Lot or Dwelling Unit or any other property in the Property.

Section 12.05 Title to the Common Area. Grantor covenants for itself, its successors and assigns, that it will convey to the Association fee simple title to the Common Areas free and clear of any and all encumbrances and liens, subject to reservations, easements, covenants, and conditions then of record, including those set forth in this Declaration.

Section 12.06 Taxes. Each Owner shall execute such instruments and take such action as may reasonably be specified by the Association to obtain separate real estate tax assessment of each Dwelling Unit. If any taxes or assessments may, in the opinion of the Association, nevertheless be a lien on the Common Areas, or any part thereof, they may be paid by the Association and each Owner shall be obligated to pay or to reimburse the Association for the taxes and assessments assessed by the County Assessor or other taxing authority against the Common Areas and attributable to his own Lot or Dwelling Unit and interest in the Common Areas; Provided However, that it is the intent of the Grantor that this Declaration serve to allow the Kootenai County Assessor to assess the Common Area taxes to the Owners of the Lots/Dwelling Units equally in lieu of establishing a separate tax parcel for the Common Areas.

ARTICLE XIII

INSURANCE

Section 13.01 Casualty Insurance on Common Areas. The Association shall keep all insurable improvements and fixtures of the Common Areas insured against loss or damage by fire for the full insurance replacement cost thereof, and may obtain insurance against such other hazards and casualties as the Association may deem desirable. The Association may also insure any other property, whether real or personal owned by the Association against loss or damage by fire and such

other hazards as the Association may deem desirable, with the Association as the owner and beneficiary of such insurance. The insurance coverage with respect to the Common Areas shall be written in the name of, and the proceeds thereof shall be payable to, the Association. Insurance proceeds shall be used by the Association for the repair or replacement of the property for which the insurance was carried.

Section 13.02 Liability and Other Insurance. The Association may obtain general comprehensive public liability insurance and worker's compensation insurance, insuring the Board, the Association the Owners, Grantor and managing agent, if any, against any liability to the public or the Owners of Lots/Dwelling Units and their invitees or tenants incident to the ownership of the Common Areas. The Board may also obtain such errors and omissions insurance, indemnity bonds, fidelity bonds and other insurance as it deems advisable, insuring the Board, the officers of the Association and the manager and any volunteers against any liability for any act or omission in carrying out their obligations hereunder, or resulting from their membership on the Board or on any committee thereof. Notwithstanding any other provisions herein, the Association shall continuously maintain in effect such casualty, flood and liability insurance and a fidelity bond meeting the requirements for planned unit developments established by the Federal National Mortgage Association ("FNMA"), the Government National Mortgage Association ("GNMA"), and the Federal Home Loan Mortgage Corporation ("FHLMC"), so long as any of which is a Mortgagee or an Owner of a Lot or Dwelling Unit in the Property, except to the extent such coverage is not available or has been waived in writing by the FNMA, GNMA and FHLMC, as applicable.

Section 13.03 Manner of Apportioning Assessment for Insurance. Premiums for fire and casualty coverage of Common Area property and general liability coverage insuring the Board, the Association the Owners, Grantor and managing agent, if any, against liability incident to the ownership and management of the Common Areas, shall all be borne equally by all Owners and thus included in the regular Common Assessments of the Owners as levied by the Association.

Section 13.04 Annual Review of Policies. All insurance policies shall be reviewed at least annually by the Board of Directors in order to ascertain whether the coverage contained in the policies is sufficient to make any necessary repairs or replacement of the property which may have been damaged or destroyed.

ARTICLE XIV

DAMAGE, DESTRUCTION OR CONDEMNATION

Section 14.01 Damage or Destruction of Common Area. Damage to or destruction of all or any portion of the Common Areas shall be handled in the following manner:

- a. In the event of damage or destruction to any of the Common Areas, and the insurance proceeds are sufficient to effect total restoration then the Association shall cause such Common Area to be repaired and reconstructed substantially as it previously existed.

b. If the insurance proceeds are within Five Thousand Dollars (\$5,000.00) or less of being sufficient to effect total restoration to the Common Areas, then the Association shall cause such Common Areas to be repaired and reconstructed substantially as they previously existed, and the difference between the insurance proceeds and the actual cost shall be levied as a Reconstruction Assessment equally against each of the Dwelling Unit Owners, in accordance with the provisions of Article, Section 5.06, of this Declaration.

c. If the insurance proceeds are insufficient by more than Five Thousand Dollars (\$5,000.00) to effect total restoration to the Common Areas, then by written consent or vote of majority of the Members of the Association, the Members shall determine whether (1) to rebuild and restore in substantially the same manner as the improvements existed prior to damage and to raise the necessary funds over the insurance proceeds by levying equal Reconstruction Assessments against all Dwelling Units, (2) to rebuild and restore in a way which utilizes all available insurance proceeds and an additional amount not in excess of Five Thousand Dollars (\$5,000.00) and which is assessable equally to all Dwelling Unit Owners but which is less expensive than replacing these improvements in substantially the same manner as they existed prior to being damaged, or (3) subject to the provisions of Article XV, to not rebuild and to distribute the available insurance proceeds equally to the Owners and Mortgagees of Dwelling Units as their interest may appear.

d. Each Member shall be liable to the Association for any damage to the Common Areas not fully reimbursed to the Association by insurance proceeds arising out of or caused by the willful or negligent act of any Owner, his family, guests or invitees. Repair or replacement shall be done at the Owner's expense, or, after Notice and Hearing, a Special Assessment therefore shall be made by the Board against the Owner and his Dwelling Unit.

Section 14.02 Condemnation of Common Area. Except as provided herein, if all or any part of the Common Areas shall be taken or condemned by any public authority or sold or otherwise disposed of in lieu of or in avoidance thereof, the provisions of this section shall apply. The Board shall provide each Owner and each First Mortgagee with a written notice of the commencement of any such condemnation proceeding and of any proposed sale or disposition in lieu of or in avoidance of such proceeding.

All compensation, damages, or other proceeds therefrom, the sum of which is hereinafter called the "Condemnation Award", shall be payable to the Association. In the event that all of the Common Areas are taken or condemned, or sold or otherwise disposed of in lieu of or in avoidance thereof, the Condemnation Award shall be divided equally among the Owners and Mortgagees of the Dwelling Units and Lots as their interests may appear.

In the event that less than the entire Common Areas are taken or condemned, or sold or otherwise disposed of in lieu of or in avoidance thereof, the rights, title, interests, privileges, duties and obligations of an Owner and Mortgagee in, to or with respect to the Common Areas not so taken or condemned shall continue in full force and effect as provided in this Declaration.

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Any reconstruction and repair necessitated by condemnation shall be governed by the procedures specified in Section 14.01 above.

ARTICLE XV

MORTGAGEE PROTECTION CLAUSE

Section 15.01 Notwithstanding any and all provisions hereof to the contrary, the following provisions are added hereto (and to the extent these added provisions conflict with any provisions of the Declaration these added provisions shall control):

a. Each First Mortgagee of a Mortgage encumbering any Dwelling Unit, at its written request, is entitled to written notification from the Association of any default by the Mortgagor of such Dwelling Unit in the performance of such Mortgagor's obligations under this Declaration, the Articles of Incorporation of the Association or the By-Laws, which default is not cured within thirty (30) days after the Association learns of such default.

b. Unless at least seventy-five percent (75%) of First Mortgagees have given their prior written approval neither the Association nor the Grantor shall:

1. subject to Idaho non-profit corporation law to the contrary, by act or omission seek to abandon, partition, alienate, subdivide, release, hypothecate, encumber, sell or transfer the Common Areas and the improvements thereon which are owned by the Association;

(The granting of easements for public utilities or for other public purposes or consistent with the intended use of such property by the Association as provided in this Declaration, shall not be deemed a transfer within the meaning of this clause).

2. change the method of determining the obligations, assessments, dues or other charges which may be levied against a Dwelling Unit Owner, or the method of allocating distributions of hazard insurance proceeds or condemnation awards;

3. by act or omission change, waive or abandon any scheme of regulations, or enforcement thereof, pertaining to the architectural design of the exterior appearance of the Dwelling Units, the maintenance of the exterior walls or common fences and driveways, or the upkeep of lawns and planting in the Property;

4. fail to maintain fire insurance on insurable Common Area property on a current replacement cost basis in an amount as near as possible to one hundred percent (100%) of the advance value (based on current replacement cost);

5. use hazard insurance proceeds for losses to any Common Area property for other than the repair, replacement or reconstruction of such improvements;

6. amend this Declaration or the Articles of Incorporation or By-Laws of the Association in such a manner that the rights of any First Mortgagee Will be adversely affected.

c. First Mortgagees, upon written request, shall have the right to (1) examine the books and records of the Association during normal business hours, (2) require from the Association the submission of annual financial reports and other financial data within ninety (90) days following the end of any fiscal year of the Association, (3) receive written notice of all meetings of the Members, and (4) designate in writing a representative to attend all such meetings.

d. All First Mortgagees shall be given: (1) thirty (30) days written notice prior to the effective date of any proposed material amendment to this Declaration or the Articles of Incorporation or By-Laws of the Association, prior to any abandonment or termination of the Property, and prior to the effective date of any termination of any agreement for professional management of the Property following a decision of the Owners to assume self-management of the Property; and (2) immediate notice following any damages to, or destruction of, the Common Areas and as soon as the Board learns of any threatened condemnation proceeding or proposed acquisition of any portion of the Common Areas.

e. First Mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against any Common Area and may pay any overdue premiums on hazard insurance policies or secure new hazard insurance coverage on the lapse of a policy, for such property, and First Mortgagees making such payments shall be owed immediately reimbursement therefore from the Association.

f. The Board shall secure and cause to be maintained in force at all times a fidelity bond for any person handling funds of the Association, including, but not limited to, employees and volunteers of any professional manager.

In addition to the foregoing, the Board of Directors may enter into such contracts or agreements on behalf of the Association as are required in order to satisfy the guidelines of the FHLMC, the FNMA, or the GNMA or any similar entity, so as to allow for the purchase, insurance or guaranty, as the case may be, by such entities of First Mortgages encumbering Lots with Dwelling Units thereon. Each Owner hereby agrees that it will benefit the Association and the membership of the Association, as a class of potential mortgage borrowers and potential sellers of their Dwelling Units, if such agencies approve the Property as a qualifying Development, as adopted from time to time. Mortgagees are hereby authorized to furnish information to the Board concerning the status of any Mortgage encumbering a Dwelling Unit.

ARTICLE XVI

GRANTOR EXEMPTION

Section 16.01 Grantor or its successors or assigns will undertake the work of developing the Common Areas and the infrastructure for the Lots to be used as building sites for Dwelling Units. The completion of that work and age of the Lots are essential to the establishment and welfare of the Property as a first-class residential community. In order that said work may be completed and the Property established as a fully occupied residential community as rapidly as possible, no Owner nor the Association shall do anything to interfere with, and nothing in this Declaration shall be understood or construed to:

a. Prevent Grantor, its successors or assigns, or its or their contractors or subcontractors, from doing on any Lot or Dwelling Unit owned by them whatever they determine to be necessary or advisable in connection with the completion of said work; or

b. Prevent Grantor, its successors or assigns, or its or their representatives, from erecting, constructing and maintaining on any Common Area or any Dwelling Unit or portion thereof owned or controlled by Grantor, or its successors or assigns or its or their contractors or subcontractors, such structures as may be reasonably necessary for the conduct of its or their business of completing said work and establishing the Property as a residential community and disposing of the same in Lots and Dwelling Units by sale; or

c. Prevent Grantor, its successors or assigns, or its or their contractors or subcontractors, from conducting on any Lot or Dwelling Unit owned or controlled by Grantor, or its successors or assigns, its or their business of developing, grading and constructing Dwelling Units and other improvements in the Property as a residential community and of disposing of Lots or Dwelling Units thereon by sale; or

d. Prevent Grantor, its successors or assigns or its or their contractors or subcontractors, from maintaining such sign or signs on the Common Areas or any Dwelling Unit owned or controlled by any of them as may be necessary in connection with the sale, lease or other marketing of Lots and Dwelling Units in the Property; or

e. Prevent Grantor, at any time prior to acquisition of title to a Lot or Dwelling Unit by a purchaser from Grantor, to establish on that Lot additional licenses, reservations and rights-of-way of itself, to utility companies, or to others as may from time to time be reasonably necessary to the proper development and disposal of the Property.

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ARTICLE XVII

GENERAL PROVISIONS

Section 17.01 Enforcement. This Declaration, the Articles of Incorporation and the By-Laws may be enforced as follows:

a. Breach of any of the covenants, conditions and restrictions contained in the Declaration or the By-Laws and the continuation of any such breach may be enjoined, abated or remedied by appropriate legal proceedings by an Owner, including Grantor, or by the Association or the successors-in-interest of the Association. Any judgment rendered in any action or proceeding pursuant hereto shall include a sum for attorney's fees in an amount as the Court may deem reasonable, interest thereon, costs of collection and Court costs.

b. The result of every act or omission whereby any of the covenants, conditions and restrictions contained in this Declaration or the By-Laws are violated in whole or in part is hereby declared to be and constitutes a nuisance, and every remedy allowed by law or equity against a nuisance either public or private shall be applicable against every such result and may be exercised by any Owner, by the Association or its successors-in-interest.

c. The remedies herein provided for breach of the covenants, conditions and restrictions contained in this Declaration or in the By-Laws shall be deemed cumulative, and none of such remedies shall be deemed exclusive.

d. The failure of the Association or any Owner to enforce any of the covenants, conditions or restrictions contained in this Declaration or in the By-Laws shall not constitute a waiver of the right to enforce the same thereafter.

e. A breach of the covenants, conditions or restrictions contained in this Declaration or in the By-Laws shall not affect or impair the lien or charge or any bona fide First Mortgage or Deed or Trust made in good faith and for value on any Lot or Dwelling Unit thereon; Provided However, that any subsequent Owner of such property shall be bound by said covenants, conditions and restrictions, whether such Owner's title was acquired by foreclosure in a trustee's sale or otherwise.

Section 17.02 Severability. Invalidation of any of these covenants, conditions or restrictions by judgment or Court order shall in no way affect any other provisions which shall remain in full force and effect.

Section 17.03 Term. The covenants, conditions and restrictions of this Declaration shall run with and bind the Property, and shall inure to the benefit of and be enforceable by the Association and the Owners of any land subject to this Declaration, their respective legal representatives, heirs, successive Owners and assigns, for a term of twenty-five (25) years from the date this Declaration is recorded, after which time said covenants, conditions, restrictions, reservations of easements and

equitable servitudes shall be automatically extended for successive periods of ten (10) years, unless a Declaration of Amendment or Termination meeting the requirements of an amendment to this Declaration as set forth in Section 17.05 of this Article XVII has been recorded, agreeing to change or terminate said covenants and restrictions in whole or in part.

Section 17.04 Interpretations. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development of a residential community, and for the maintenance of the Common Areas and other items as set forth herein.

The article and section headings have been inserted for convenience only, and shall not be considered or referred to in resolving questions of interpretation or construction; the singular shall include the plural and the plural the singular, and the masculine, feminine and neuter shall include the masculine, feminine and neuter.

Section 17.05 Amendments. This Declaration may be amended only by the affirmative vote or written consent of not less than seventy-five percent (75%) of the voting power of each class of Members; Provided However, that the prior written approval of at least seventy-five percent (75%) of all First Mortgagees must be obtained also, before Article XV may be amended; and provided further, that the prior written approval of Grantor must be obtained before Article XVI may be amended. Notwithstanding the foregoing, until the Close of Sale of the first Dwelling Unit in the Property, Grantor shall have the right to terminate or modify this Declaration by recordation of a supplement hereto setting forth such termination or modification. Any supplement or amendment to this Declaration must be signed by at least two (2) officers of the Association, indicating that the requisite approvals have been obtained, and such amendment or supplement must be recorded in the Office of the Kootenai County Recorder.

Section 17.06 No Public Right of Dedication. Nothing contained in this Declaration shall be deemed to be a gift or dedication of all or any part of the Property to the public, or for any public use.

Section 17.07 Notice and Acceptance. Every Person who owns, occupies or acquires right, title, estate or interest in or to any Lot or Dwelling Unit or other portion of the Property does and shall be conclusively deemed to have consented and agreed to every limitations restriction, easement, reservation, condition and covenant contained herein, whether or not any reference to those restrictions is contained in the instrument by which such Person acquires an interest in the Property, or any portion thereof.

Section 17.08 Reservation of Easements. Reciprocal, nonexclusive easements are hereby reserved for the benefit of Owners of adjoining Dwelling Units for the control maintenance and repair of the utilities serving adjoining Dwelling Units. Grantor expressly reserves for the benefit of all of the real property in the Property, and the Owners and the Association, reciprocal nonexclusive easements for access, ingress and egress to all Dwelling Units, and over the Common Areas, for the purposes and the enjoyment of the Dwelling Units in accordance with this Declaration, including without limitations for installation and repair of utility services, for drainage over, across

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and to adjacent Dwelling Units for water resulting from the normal use of adjoining Dwelling Units, and for maintenance and repair of the Landscape Maintenance Areas.

Section 17.09 Notices. Any notice permitted or required to be delivered as provided herein shall be in writing and may be delivered either personally or by mail. If delivery is made by mail it shall be deemed to have been delivered forty eight (48) hours after a copy of the same has been deposited in the United States mail postage prepaid, addressed to any Person at the address given by such Person to the Association for the purpose of service of such notice, or to the residence of such Person if no address has been given to the Association. Such address may be changed from time to time by notice in writing to the Association.

Section 17.10 No Representation or Warranties. No representations or warranties of any kind, express or implied, have been given or made by Grantor or its agents or employees in connection with the Property or any portion of the Property, or any improvement thereon, its physical condition, zoning, compliance with applicable laws, fitness for intended use, or in connection with the subdivision, operation, maintenance, cost of maintenance, taxes or regulation thereof as a Planned Unit Development, except as specifically and expressly set forth in this Declaration.

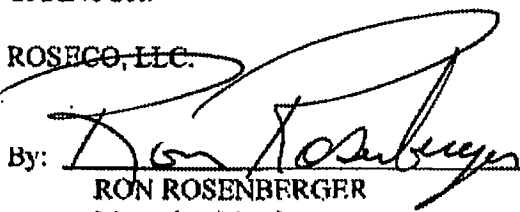
Section 17.11 Arbitration. In the event of any dispute arising under this Declaration, each party shall choose one arbitrator, and such arbitrators shall choose one arbitrator, and the decision shall be by a majority of all arbitrators. This decision shall be final and binding and the rules of the American Arbitration Association shall apply.


Section 17.12 Termination of Any Responsibility of Grantor. In the event that Grantor shall convey an of its right, title and interest in and to the Property to any partnership, individual or individuals, corporation or corporations, then in such event, Grantor shall be relieved of the performance of any further duty or obligation hereunder; provided that, except in the event of foreclosure, in order for Grantor to be so relieved of liability, such transferee shall expressly assume all such duties and obligations and shall first be approved by any lender of Grantor holding a mortgage on all or any portion of the Property (which approval shall not be unreasonably withheld).

The undersigned have executed this Declaration on the date first above written.

GRANTOR:

ROSECO, LLC.

By: 
RON ROSENBERGER
Managing Member

By: 
SHELLEY ROSENBERGER
Managing Member

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STATE OF IDAHO)
)ss
COUNTY OF KOOTENAI)

On this 27 day of September, 2002, before me, a Notary Public in and for said State, personally appeared RON ROSENBERGER and SHELLEY ROSENBERGER, known or identified to me to be the Managing Members of ROSECO, LLC, that they executed the within instrument on behalf of said limited liability company and acknowledged to me that such limited liability company executed the same.

Robert J. [Signature]
NOTARY PUBLIC for the State of Idaho
Residing at: Dalton Idaho
My Commission Expires: 12-31-02

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EXHIBIT "A"

All of ROSENBERGER SUBDIVISION, according to the plat recorded in the office of the County Recorder in Book I of Plats at Page 389, 389a, and 389b, records of Kootenai County, Idaho.

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EXHIBIT "B"

Parcels A thru F as shown on the plat of ROSENBERGER SUBDIVISION, recorded in Book I of Plats at Pages 389, 389a and 389b, records of Kootenai County, Idaho.

Book I page 389-A

FINAL PLAT OF ROSENBERGER SUBDIVISION

TRACT 17 OF AVONDALE IRRIGATED TRACTS AND A PORTION OF THE SW 1/4, AND A PORTION OF THE SE 1/4 OF SEC. 12, T. 51 N., R. 4 W., B.M., CITY OF HAYDEN, KOOTENAI COUNTY, IDAHO
 SEPTEMBER 2002
 SHEET 2 OF 3

REFERENCES

R-1 RECORD OF SURVEY BY MATTHEW B. MAYBERRY, P.L.S. 8562 FILED IN BOOK 21, AT PAGE 186, OF SURVEYS, KOOTENAI COUNTY RECORDS.

NOTES

1. THERE WAS NO ATTEMPT MADE TO SHOW ORIGINAL FEATURES OF THIS TRACT AS THEY WERE NOT RECORDED OR UNRECORDED EASEMENTS, ITEMS SUCH AS BUILDINGS AND FENCES WHICH ARE SHOWN, ARE FOR INFORMATIONAL PURPOSES ONLY.
2. THERE IS A 20' WATERLINE GRANTED TO AVONDALE IRRIGATED DISTRICT, RECORDED AS INSTRUMENT #1224207, JULY 9, 1991.
3. THE COORDINATES SHOWN HEREON ARE CITY OF HAYDEN KOOTENAI COUNTY HORIZONTAL GRID COORDINATES BASED ON THE IDAHO STATE PLANE COORDINATE SYSTEM, WEST ZONE - 1103. ALL DISTANCES SHOWN ARE MEASURED GROUND DISTANCES. AFRVA C.A.S. OF 1,000,004 PER KOOTENAI COUNTY SURVEYS BASE MAP AND A CONFORMANCE ANGLE OF 207453" AT THE SOUTH QUARTER CORNER OF SECTION 12.
4. INTERIOR MONUMENTS ARE TO BE SET 90 DAYS AFTER THE RECORDING DATE. THESE MONUMENTS ARE REFERENCED BY A. @. SYMBOL PER IDMO CODE 50-1303, 50-1351 AND 50-1355.

BASIS OF BEARING

BASIS OF BEARING FOR THIS PLAT IS GRID BEARING OF NORTH 04°36'18" WEST BETWEEN THE SOUTH QUARTER CORNER OF SECTION 12 AND THE SOUTH-MOST CORNER OF SECTION 17. THIS POINT IS IN THE NORTH 1/4 WEST, BOOK 188, CITY OF HAYDEN, KOOTENAI COUNTY, IDAHO.

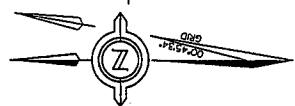
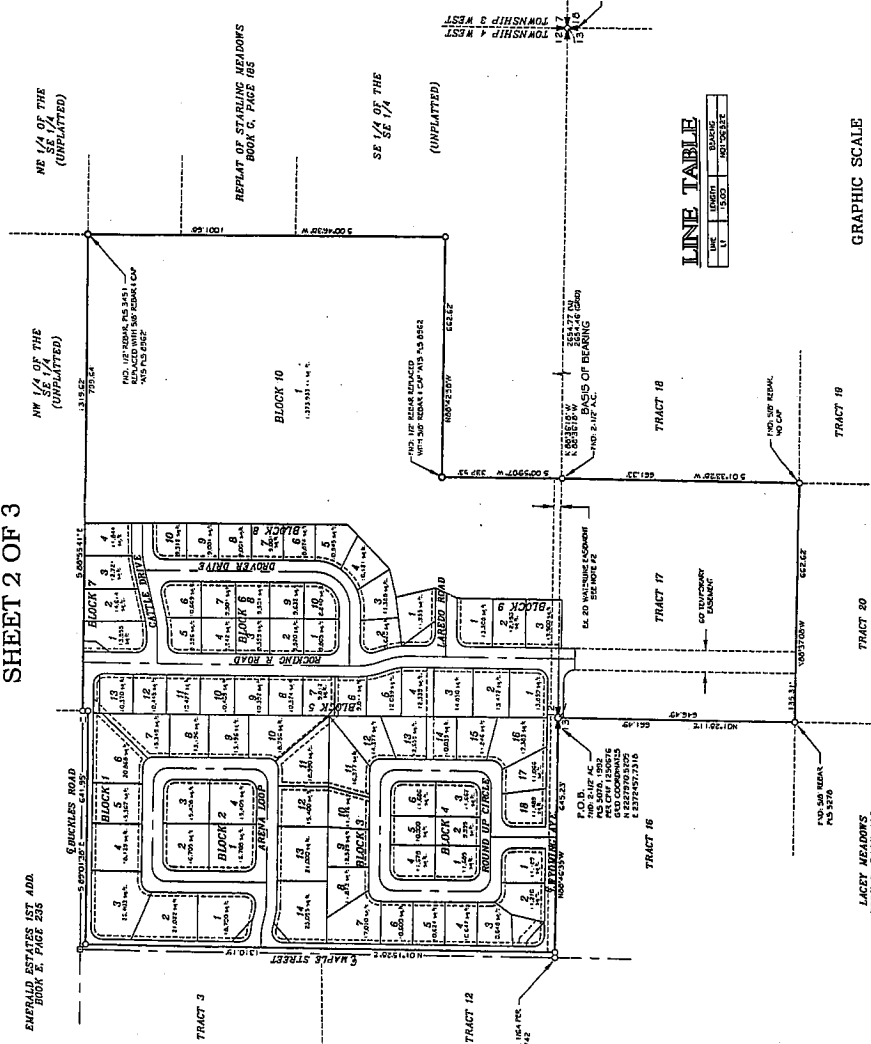
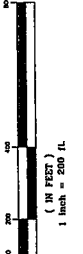
LEGEND

- (R) RECORDED
- (M) MEASURED
- (C) COMPUTED
- 1/4 SECTION CORNER
- 1/4 SECTION CORNER WITH YELLOW PLASTIC CAP
- 1/4 SECTION CORNER WITH PLASTIC CAP
- 1/4 SECTION CORNER WITH 1-1/2" BRASS WASHER
- COMPUTED POINT
- ⊕ SECTION CORNER
- ⊙ QUARTER CORNER
- ⊙ CENTER SECTION

LINE TABLE

LINE	BEARING	DISTANCE
1	N 89° 52' 12" W	100.00
2	S 89° 52' 12" E	100.00
3	N 89° 52' 12" W	100.00
4	S 89° 52' 12" E	100.00

GRAPHIC SCALE



SCALE: 1" = 200'
 PREPARED BY: [Signature]
 DATE: [Date]
 DRAWN BY: [Signature]
 DATE: 02/05/02
 PROJ.: 020002

ATS
 ADVANCED TECHNOLOGY SURVEYING
 I.N.C.
 • PH: (208) 772-2745 • FAX: (208) 762-7731 •

