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STATE OF IDAHO
COUNTY OF KOOTENAI } SS
AT THE REQUEST OF
LUKINS & ANNIS

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**DECLARATION OF
COVENANTS, CONDITIONS, AND RESTRICTIONS
(WITH DECLARANT'S RE-PURCHASE OPTION)**

**THE MEADOWS
KOOTENAI COUNTY, IDAHO**

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DECLARATION OF
COVENANTS, CONDITIONS, AND RESTRICTIONS

THE MEADOWS
KOOTENAI COUNTY, IDAHO

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DECLARATION OF
COVENANTS, CONDITIONS, AND RESTRICTIONS

THE MEADOWS
KOOTENAI COUNTY, IDAHO

THIS DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS ("Declaration"), is made on the date hereinafter set forth, by TRIPLE GRACE, INC., an Idaho corporation ("Declarant"), with reference to the following facts:

A. Declarant is the owner of that certain real property consisting of approximately thirty-three (33) acres, located in the City of Post Falls, Kootenai County, Idaho, which property is more particularly described as follows (the "Property" or "Phase One"):

All land located within the Plat of "THE MEADOWS," according to the Plat filed November 12, 2002, in Book "I" of Plats, Pages 405 *et seq.*, as Instrument No. 1763216, Records of Kootenai County, Idaho.

B. Declarant has subdivided and developed the Property into twenty-seven (27) residential Lots and various common areas and facilities. Declarant desires to establish the Property as Phase One of a residential subdivision, to be known as "The Meadows."

C. Declarant also wishes to reserve the right to add additional property (future Phases) to the Project, from time to time, as the Project may develop. Such additional property shall be selected from land located in that portion of Section 28, Township 28 North, Range 5 West, Boise Meridian, lying southeast of the intersection of Fisher Avenue and Maguire Road (the "Potential Annexation Property"). While the Declarant currently intends to develop the Property described herein and portions of the Potential Annexation Property as an integrated residential subdivision, this Declaration shall only encumber the Property described above (Phase One), unless and until additional property is annexed to and made a part of the Project by the recordation of one or more Declarations of Annexation, according to the annexation procedures set forth herein.

D. The development (the First Phase and any property later annexed thereto) shall be hereinafter referred to as the "Project." The Owner of each Lot shall receive title to such Lot and rights of membership in The Meadows Association, Inc., a nonprofit corporation formed to operate and maintain the Common Area, and otherwise to manage the Project.

E. Declarant intends for the Property to be improved with homes in a relatively rapid fashion. In order to provide an incentive for Lot Owners to commence construction of improvements immediately, the Declarant has reserved, in Article 3, below, an option to re-purchase any Lot, at a discount, where substantial construction shall not have begun within a short time period following the initial purchase of the Lot by the Owner.

F. Declarant intends by this document to impose upon the Property mutually beneficial restrictions under a general plan of operation for the benefit of all of the said Lots and the Owners thereof.

Declarant hereby declares that the Property and the Project shall be held, conveyed, mortgaged, encumbered, leased, rented, used, occupied, sold, and improved, subject to the following declarations, limitations, covenants, conditions, restrictions, and easements, all of which are for the purpose of enhancing and protecting the value and attractiveness of the Property, and the Project, and every part thereof, in accordance with the plan for the establishment of the Project as a residential subdivision. All of the declarations, limitations, covenants, conditions, restrictions, and easements shall constitute covenants and encumbrances which shall run with the land and shall be perpetually binding upon Declarant and its successors-in-interest and assigns, and all parties having or acquiring any right, title, or interest in or to any part of the Property or the Project.

ARTICLE 1. DEFINITIONS

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

1.1 Articles. The Articles of Incorporation of the Association as restated or amended from time to time.

1.2 Assessment. That portion of the cost of maintaining, improving, repairing, operating, insuring, and managing the Common Area (or otherwise needed for the administration or management of the Project) which is to be paid by the Lot Owners as determined by the Association under this Declaration. Assessments may be designated as Regular Assessments, Extraordinary Assessments, or Special Assessments, as those terms are more specifically defined in Article 6 of this Declaration.

1.3 Association. The Meadows Association, Inc., an Idaho nonprofit corporation, formed by Declarant in conjunction with the creation of the Project, the Members of which shall be the Owners of Lots in the Project as provided herein.

1.4 Board or Board of Directors. The governing body of the Association.

1.5 Bylaws. The Bylaws of the Association as restated or amended from time to time.

1.6 Common Area. The Equestrian Trail System, Stormwater System, Park Area, Entrance Area and Island, and all other property owned, operated, and/or maintained by the Association for the benefit of all Lots and their Owners. The various elements of the Common Area are described in more detail in Article 3 of this Declaration.

1.7 Common Expenses. The actual and estimated expenses of maintenance, improvement, repair, operation, insurance, and management of the Common Area and of administering the Association and the Project, and any reasonable reserve for such purposes as

determined by the Board, and all sums designated as Common Expenses by or pursuant to the Project Documents.

1.8 Declarant. Triple Grace, Inc., an Idaho corporation, and its successors-in-interest and assigns with respect to the entire Project, but excluding independent third parties purchasing completed Lots.

1.9 Director. A member of the Board of Directors of the Association.

1.10 Lot. Any separately numbered parcel of land shown on the Plat as a buildable parcel, intended for sale to and use and enjoyment by an Owner (excluding areas designated on the Plat as Common Area).

1.11 Declaration. This Declaration of Covenants, Conditions, and Restrictions, as it may be amended from time to time.

1.12 Member. A person entitled to membership in the Association as provided herein.

1.13 Mortgage. Includes a recorded mortgage, deed of trust, real estate contract, or other instrument creating a security interest in any Lot.

1.14 Mortgagee. Includes a mortgagee, beneficiary, or holder of a deed of trust, real estate contract vendor, or other holder of a mortgage.

1.15 Mortgagor. Includes a mortgagor, the trustor of a deed of trust, real estate contract vendee, or other individual granting a security interest in any Lot.

1.16 Owner or Owners. The record holder or holders of title to a Lot in the Project. This shall include any person having a fee simple title to any Lot, but shall exclude persons or entities having any interest merely as security for the performance of any obligation. Further, if a Lot is sold under a recorded contract of sale to a purchaser, the purchaser, rather than the fee owner, shall be considered the "Owner."

1.17 Person. Any individual or any corporation, joint venture, limited partnership, partnership, firm, association, trust, or other similar entity or organization.

1.18 Phase. Any separately platted parcel of land that is subjected to the terms of this Declaration. The Property described in Recital A above constitutes Phase One of the Project. Subsequent Phases shall be brought within the coverage of this Declaration, if at all, by the recordation of one or more Declarations of Annexation pursuant to this Declaration.

1.19 Plat. The recorded final subdivision plat (or plats) of the Project, as amended or expanded from time to time by the annexation of additional Phases. The Plat shall identify each Lot in the Project and shows its relative location and dimensions.

1.20 Project. The entirety of the project described by this Declaration, as expanded by the annexation of additional Phases (generally synonymous with "Property").

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1.21 Project Documents. This Declaration, the Plat, and the Articles, Bylaws, and rules and regulations of the Association, as each shall be restated or amended from time to time.

1.22 Property. The land described in Recital A in this Declaration, together with all buildings, improvements or structures thereon, and every easement or right appurtenant thereto, and all personal property intended for use in connection therewith or for the use, benefit, or enjoyment of the Owners. The Property may be expanded in the future by the annexation of additional Phases pursuant to this Declaration.

ARTICLE 2.
ASSOCIATION, ADMINISTRATION, MEMBERSHIP, AND
VOTING RIGHTS

2.1 Organization of Association. The Association is or shall be incorporated under the name of The Meadows Association, Inc., as a nonprofit corporation under the Idaho Nonprofit Corporation Act.

2.2 Duties and Powers. The duties and powers of the Association are those set forth in this Declaration, and in the Articles and Bylaws, together with its general and implied powers as a nonprofit corporation, generally to do any and all things that a nonprofit corporation organized under the laws of the State of Idaho may lawfully do and which are necessary or proper in operating for the peace, health, comfort, safety, and general welfare of its Members, subject only to the limitations upon the exercise of such powers as are expressly set forth in this Declaration, the Articles, and Bylaws.

2.3 Membership. The Owner of a Lot shall automatically, upon becoming the Owner of that Lot, be a Member of the Association, and shall remain a Member thereof until such time as his or her ownership ceases for any reason, at which time his or her membership in the Association shall automatically cease. Membership shall be in accordance with the Articles and the Bylaws of the Association.

2.4 Transferred Membership. Membership in the Association shall not be transferred, pledged, or alienated in any way, except upon the transfer of ownership of the Lot to which it is appurtenant, and then only to the new Owner. Any attempt to make a prohibited transfer is void. In the event the Owner of any Lot should fail or refuse to transfer the membership registered in his or her name to the purchaser of the Lot, the Association shall have the right to record the transfer upon its books and thereupon the old membership outstanding in the name of the seller shall be null and void.

2.5 One Class of Membership; Voting Requirements. The Association shall consist of one (1) class of voting membership established according to the Articles.

2.6 Membership Meetings. Regular and special meetings of Members of the Association shall be held with the frequency, at the time and place, and in accordance with the provisions of the Bylaws of the Association.

2.7 Board of Directors. The affairs of the Association shall be managed by a Board of Directors, which shall be established and which shall conduct regular and special meetings

according to the provisions of the Bylaws of the Association. The Board of Directors shall be elected by the Members according to the Bylaws; provided that, for so long as the Declarant retains a substantial ownership interest in the Project (as provided in the Bylaws), the Declarant shall reserve the right to control the Board by appointing a majority of the Directors.

2.8 Use of Agent. The Board of Directors, on behalf of the Association, may contract with a professional management agent for the management and oversight of maintenance and repair of the Common Area, and for conducting other activities on behalf of the Association, as may be determined by the Board. Any contract for professional management services must contain term and termination provisions, and must allow termination without penalty, on advance notice of not more than ninety (90) days, and shall otherwise be subject to such limitations as may be set forth in the Bylaws.

ARTICLE 3. RIGHTS IN COMMON AREA

3.1 Common Area. The Common Area shall include at least the following rights and facilities:

(a) Equestrian Trail System. The system of trails through the Project, which are dedicated to the benefit of the Owners of Lots in the Project for purposes of pedestrian and equestrian use. Within Phase One of the Project, the Equestrian Trail System shall consist of a strip of land, fifteen (15) feet in width, running along the interior perimeter of Polo Green Avenue and Grange Avenue. Perpetual non-exclusive easements over the Equestrian Trail System are hereby reserved to the Association and the Owners;

(b) Stormwater System. The stormwater basins, swales, ditches, and other facilities designed to manage stormwater collection, storage, and dispersal, and as approved by Kootenai County. Perpetual, non-exclusive easements for the use and enjoyment of the Stormwater System are hereby reserved to the Association and the Owners. Additionally, the Stormwater System shall include the swales located within the public rights of way for Maguire Road and Fisher Avenue (between the sidewalks and pavement). Such swales shall be mowed and maintained by the Association and deemed part of the Common Area for such maintenance purposes, even though not located within the boundaries of the Project;

(c) Park Area. Those areas within the Plat, which are to be owned and maintained by the Association as parkland, for the use and benefit of the Association and its Members. For Phase One of the Project, the Park Area shall consist of Lot 12, Block 2, at the end of Tranquillity Place. Non-exclusive easements for the use and enjoyment of the Park Area are hereby reserved to all Owners;

(d) Entrance Area and Island. The areas within Lots 1 and 4, Block 1, and Lot 1, Block 3, identified on the Survey/Plan as "Landscape Easements", which contain landscaped areas and entry sign(s) and monument(s) identifying the Project, together with the landscaped island within Tranquillity Place at the entrance to the Project. The Association shall be responsible for maintaining such areas. In order to gain access to

such areas for maintenance purposes, the Association and its agents shall have a perpetual non-exclusive easement.

(e) Project Fencing. All fencing installed for the Project as a whole, including without limitation, fencing lying immediately adjacent to Fisher Avenue and Grange Avenue, fencing along the entrance roads, and fencing around any of the Common Area.

Each Lot Owner shall have a nonexclusive right to use the Common Area in accordance with the purposes for which it is intended without hindering the exercise of or encroaching upon the lawful rights of any other Lot Owners, subject to rules and regulations enacted by authority of the Board as provided herein.

3.2 No Separate Conveyance of Rights. The right of each Owner to use the Common Area shall be appurtenant to such Owner's Lot, and may not be assigned or conveyed except with the Lot. The Common Area shall be dedicated to the exclusive use and enjoyment of the Owners of Lots within the Project (and their guests and invitees); shall have no independent value; and shall not be converted to any use other than as Common Area, or sold, transferred, or encumbered without the prior written consent of the City of Post Falls. To the extent possible, the Declarant and the Association shall take all reasonable measures to assure that the Common Area is not separately assessed for real estate tax purposes, but that the value of the use and enjoyment of the Common Area shall be reflected in the assessment of the individual Lots.

3.3 Regulation of Common Area Use. The rights and easements of use and enjoyment of the Common Area created by this Declaration shall be subject to such rules and regulations as may be adopted by the Board of Directors from time to time.

3.4 Damage by Member. Each Owner shall be liable to the Association for any damage to the Common Area not fully reimbursed to the Association by insurance, if the damage is sustained because of the negligence, willful misconduct, or unauthorized or improper use of such Common Area by the Owner or any family member, guest, tenant, employee, or invitee of the Member. However, the Association, acting through the Board, reserves the right to determine whether any claim shall be made upon the insurance maintained by the Association. The cost of correcting the damage, to the extent not reimbursed to the Association by insurance, shall be a Special Assessment against the Lot and may be enforced as provided hereby for the enforcement of other Assessments.

ARTICLE 4.

ARCHITECTURAL CONTROL: DECLARANT'S LIMITED RIGHT TO REPURCHASE LOTS

4.1 Prohibition of Alteration and Improvement. Subject to the exemption of Declarant hereunder, no building, sign, fence, wall, landscaping, raising or lowering of the established grade, or other improvement or structure of any kind, which would be visible from the public right-of-way or any other area outside of any Lot itself, shall be constructed, installed, undertaken, painted, or maintained upon the Property, nor shall any alteration or improvement of any kind be made thereto unless and until the same has been approved in writing by the Architectural Control Committee (the "Committee") appointed as provided in this Article.

4.2 Plans and Approval. Plans and specifications showing the nature, kind, shape, color, size, materials, and location of any such improvements or alterations shall be submitted to the Committee for approval as to quality of workmanship and design. Any application submitted to the Committee pursuant to this Article shall be deemed approved, unless written disapproval or a request for additional information or materials by the Committee shall have been transmitted to the applicant within thirty (30) days after the date of receipt by the Committee of all required materials.

4.3 Architectural Control Committee. Until the Declarant, in its discretion and in writing, turns over the function of architectural control to the Board, all functions of the Committee described in this Article shall be undertaken by the Declarant (or agents of the Declarant appointed for such purpose), and all protections of this Article shall be available to the Declarant. Such turnover of such functions to the Board shall occur not later than six (6) years following the date of recordation of this Declaration. Once turned over to the Board, such functions shall be undertaken by the Board, unless and until the Board determines to appoint an independent Committee. If a Committee is thereafter appointed, all members thereof shall be appointed by the Board from the membership of the Association. There shall be not less than three (3) nor more than five (5) members of the Committee, as determined by the Board. The Declarant, Board, or Committee, as the case may be, shall have the power to enact rules and procedures governing the approval process, including the charging of appropriate fees and charges.

The members of the Board and Committee shall receive no compensation for services rendered, other than reimbursement for authorized expenses incurred by them in the performance of their duties hereunder. Neither the Board nor the Committee nor any member of the Board or the Committee shall be liable in damages or otherwise for decisions made in good faith pursuant to the authority granted in this Article.

4.4 Architectural Guidelines. It is the intent of this Declaration to avoid a mixture of architecture which would create disharmony of design and appearance as determined by the Committee. In furtherance of this objective, the Board or Committee shall have the authority to adopt Architectural Guidelines, and to augment, amend, or otherwise modify such Guidelines from time to time; provided that they shall at all times be consistent with the remaining Project Documents and building restrictions imposed by law. Without limiting the generality of the authority of the Board or Committee to enact additional Guidelines, the following specific Guidelines shall apply:

(a) The ground floor, of any single story residence shall be no less than 1,600 square feet in living area, exclusive of patios, decks, and the like;

(b) The ground floor of any one-and-one-half or two-story residence shall be no less than 1,200 square feet of living area. The entire structure shall have no less than a 2,300 square feet of living area. Footage placed over a garage area shall not be included in this calculation;

(c) Any split-level home shall have a minimum of 1,600 square feet of living area within the first above ground level, together with the daylight basement level. The

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entire structure shall have no less than a 2,300 square feet of living area. Footage placed over a garage area shall not be included in this calculation;

(d) All houses shall have horizontal siding or a masonry finish (no sheet siding allowed), and the front side of each house shall have a minimum of 10% masonry facing (e.g., rock or brick, etc.). Facia boards shall have a minimum width of 8 inches. If vinyl siding is to be used, it shall have a minimum thickness specification of .42 gauge. Earth tone colors shall be preferred, including whites, blues, browns, greens, ivory/creams, and grays. Loud or bright colors, such as purples, true yellows, and reds shall be prohibited;

(e) All houses shall have a minimum of one hip and valley incorporated into the roof design, visible from the fronting road, and three different roof ridge elevations;

(f) All roofing must be of fire-resistant composition material or architectural quality, approved by the Board or Committee, and shall Have at least a 30-year warranty;

(g) All exterior front entry areas shall be at least four feet deep, and shall have a minimum forty (40) square foot roofed area, for decor and weather protection. The Board or Committee may require bay windows, box windows, dormers, or similar structural protrusions, where necessary to make a house front more architecturally appealing;

(h) All perimeter fencing shall be white vinyl or white or natural pressure treated wood, and shall have a minimum of three rails. All Lots shall have at least 160 feet of fencing installed, prior to occupancy, as part of the home construction. Fencing along an Equestrian Trail shall be set back at least three feet from the near edge of the Trail;

(i) Lawn sprinkling systems for front and side yards shall be installed prior to occupancy. Sprinkler systems for the balance of each Lot shall be installed within twelve (12) months of occupancy;

(j) One shop may be constructed on each Lot, provided the shop may not be larger than 3800 square feet, may not have a length exceeding 100 feet, a width exceeding 50 feet, or a height exceeding 28 feet, and shall have a roof and color scheme consistent with the main residence. Metal siding shall be allowed, provided the color is consistent with the principal residence. The roof shall overhang at least twelve (12) inches on all sides;

(k) No satellite dish with a diameter of over twenty-four (24) inches shall be installed in front of the rear foundation line. No "ham radio" or other communication tower over twenty-eight (28) feet in height shall be installed;

(l) All exterior lighting shall be shall be of a non-glare type, and subject to the approval of the Board or Committee;

(m) All Lots shall have landscape sprinkler systems. The sprinkler systems for the front and side yards shall be installed prior to occupancy of the dwelling, and the rear yard sprinkler system shall be installed within twelve (12) months thereafter;

(n) All garages shall be side entry, with no garage doors facing the street frontage on the residence. All residences shall have a minimum three-bay garage, attached or detached. A shop constructed at the same time as the residence, may account for one garage bay, and reduce the required residence garage bays to two only. Shop faces may have fronting doors;

(o) All detached garages, shops and out-buildings in excess of 120 square feet shall have the same roofing and same color, and shall otherwise be architecturally consistent as the main residence. All such structures having less than 120 square feet shall have the same colors as the main residence. White structures and traditional white and red barn structures, which do not exceed 350 square feet, shall be exempt from the requirements of this subparagraph;

(p) Energy generating and storage facilities (e.g., solar panels, fuel tanks, auxiliary generators, heat pumps, and air conditioning compressors) shall be designed and installed in architectural harmony with the remaining improvements, and shall be insulated so as not to produce unreasonable levels of noise, all as approved by the Board or Committee;

(q) All driveways shall be designed and installed with an "on-site" turnaround area. Driveways may be constructed of concrete, asphalt paving, or crushed gravel. If crushed gravel is installed, the border shall be lined with a pressure treated wood or concrete edging. Lots with driveways crossing the Equestrian Trail System shall have the crossing area edged with a concrete retaining curb measuring a minimum of eight (8) inches wide and twelve (12) inches deep, for trail material containment;

(r) Each Lot shall have an entry monument constructed adjacent to the driveway entrance. The monument shall be constructed of rock (natural or artificial) or brick, and shall also have an entry light incorporated. The plans for the monument shall be approved by the Board or Committee along with the balance of the plans for the residence;

monument

(s) No sight-obstructing fences, trees, shrubs, or other structures or plants (which would obstruct sight between two and six feet above ground level), shall be installed within a triangular area on the corner of any Lot (formed by a straight line connecting points 15 feet from each Lot boundary), where such corner borders an intersection of any driveway with a public right of way;

(t) Construction on all Lots shall be subject to the following setback requirements:

(1) Principal residence, front yard: not less than fifty (50) feet from the edge of the public right of way or from the edge of the Equestrian Trail System, if applicable;

Setback

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(2) Principal residence, side yard: not less than twenty (20) feet from the Lot boundary for interior lots, or twenty-five (25) feet from the Lot boundary for corner lots;

*Setback
house*

(3) Principal residence, rear yard: not less than one hundred (100) feet;

(4) Outbuildings and detached garages (allowed in side and rear yards only): not less than fifteen (15) feet from the side Lot boundaries and not less than sixty (60) feet from the rear Lot boundary.

*Setback
shop*

The Board or Committee shall have the right, in special circumstances, to allow deviations from the published Architectural Guidelines enacted by the Board or Committee under the authority reserved in this Article. Such deviations shall require a majority vote of the Board or Committee; provided that deviations from the foregoing Guidelines shall require the unanimous vote of the Board or Committee.

4.5 Construction Completion Requirements. Any dwelling or other structure erected or placed on any Lot shall be completed as to external appearance, including finished painting and front and side yard landscaping, pursuant to approved plans and specifications, as soon as reasonably practicable, and in any case within six (6) months from the date of commencement of construction. The Board or Committee shall have the power to impose per diem or other penalties against an Owner not complying with this construction time requirement, which shall be deemed a Special Assessment collectible according to Article 6 of this Declaration.

4.6 Declarant's Limited Right to Repurchase Undeveloped Lots. It is the Declarant's express intention to cause the Property and the Project to be developed with the construction of homes on each sold Lot as quickly as possible, and to discourage the purchase of Lots for speculation. Accordingly, the Declarant hereby reserves the right to re-purchase any Lot, for an amount equal to ninety percent (90%) of the original selling price of the Lot, payable in cash to the original purchaser (Owner), in either of the following situations:

(a) Where the Owner shall not have submitted construction plans to the Board or Committee within three (3) months following the closing of the purchase; or

(b) Where the Owner shall not have commenced construction of improvements on the Lot within six (6) months following the closing of the purchase.

In either of the above situations, the Declarant shall have the right, exercised in writing delivered to the Owner at any time following the missed deadline (but in any case before the plans are submitted or construction commenced, as the case may be), to re-purchase the subject Lot for a price equal to ninety percent (90%) of the original price paid by the Owner to the Declarant. Such amount shall be paid in cash at closing, which shall be held within thirty (30) days following delivery of the exercise notice, at the same title company closing the original sale. The conveyance shall be by warranty deed, and the Owner shall pay all costs of closing, including the premium for a policy of title insurance, showing title vested in the name of the Declarant or its nominee, in the same condition as delivered to the Owner at the original closing. This provision,

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like all provisions in this Declaration, shall be binding upon all Owners and their successors and assignees, and all persons claiming any interest in any Lot.

ARTICLE 5.
REPAIR AND MAINTENANCE

5.1 Repair and Maintenance Rights and Duties of Association. Subject to provisions in this Declaration pertaining to eminent domain and destruction of improvements, the Association shall maintain, repair, and replace the Common Area and all elements thereof, or shall contract for such maintenance, repair, and replacement thereof, with all Common Area to be kept in good condition, reasonable wear and tear excepted.

Additionally, in the event an Owner fails to maintain his or her Lot as provided herein in a manner which the Board deems necessary to preserve the appearance and value of the Property, the Board may notify the Owner of the work required and request it be done within thirty (30) days from the giving of such notice. In the event the Owner fails to carry out such maintenance within such period, the Board may cause such work to be done and may specially assess the cost thereof to such Owner, and, if necessary, lien his or her Lot for the amount thereof.

For the purpose of performing the maintenance, repair, or replacement of the Common Area as authorized by this Article, or for purposes of making emergency repairs necessary to prevent damage to the Common Area or to any Lots, or for any other purpose reasonably related to the performance by the Board of its responsibilities under this Declaration, the Board (and its agents and employees) shall have the irrevocable right, after reasonable notice to the Owner, and at reasonable hours, to enter upon any Lot.

5.2 Repair and Maintenance Rights and Duties of Owners. Except for those portions of the Project which the Association is required or elects to maintain and repair, each Lot Owner shall, at his or her sole cost and expense, maintain and repair his or her Lot and all improvements thereon, keeping the same in good condition. This maintenance obligation shall include, without limitation, the pruning and cutting of trees and shrubbery, the seeding, watering, and mowing of all lawns, and the care and maintenance of all fencing and other improvements. In the case of undeveloped Lots, the Owner(s) shall keep them mowed and free of weeds, debris or refuse all in manner and with such frequency as is consistent with good property management.

*Weed free
Lots*

ARTICLE 6.
ASSOCIATION MAINTENANCE FUNDS AND ASSESSMENTS

6.1 Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned within the Project, hereby covenants, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association the following Assessments, which shall be established and collected as provided herein:

- (1) Regular Assessments;
- (2) Extraordinary Assessments; and

(3) Special Assessments.

All Assessments, together with interest, costs, penalties, and actual attorneys' fees, shall be a charge and a continuing lien upon the Lot against which each Assessment is made, the lien to become effective upon recordation of a Notice of Assessment Lien by the Board as required by law (and limited in duration as provided by law). Each such Assessment, together with interest, costs, penalties, and actual attorneys' fees, shall also be the personal obligation of the person who was the Owner of such Lot at the time when the Assessment fell due. No Owner of a Lot may exempt himself or herself from liability for his or her contribution toward the Common Expenses by waiver of the use or enjoyment of any of the Common Area or any other part of the Project, or by the abandonment of his or her Lot.

6.2 Purpose of Assessments. The Assessments levied by the Association shall be used exclusively to promote the health, safety, and welfare of all the Owners of Lots in the entire Project and/or for the operation, maintenance, improvement, repair, and replacement of the Common Area for the common good of the Project. The Regular Assessments shall include an adequate reserve fund for maintenance, repair, and replacement of those elements of the Common Area which must be replaced on a periodic basis. The reserve fund (including funds placed in the working capital fund described in Paragraph 6.8) shall be maintained as a segregated fund, separate from the other funds of the Association.

6.3 Regular Assessments. Until a new assessment shall be established according to this Declaration, immediately following the closing of the sale of the first Lot in the Project, the annual maximum Regular Assessment per Lot shall be such amount as is set forth in the Project budget prepared by Declarant, payable in installments as determined by the Board. Each Lot's share for the first year shall be prorated based on the number of months remaining in that fiscal year. Thereafter, the Board shall determine and fix the amount of the maximum annual Regular Assessment against each Lot, on a yearly basis, at least sixty (60) days in advance of the effective date of the new assessment; provided, however, that the maximum annual Regular Assessment may not be increased by more than twenty percent (20%) above the maximum annual Regular Assessment for the immediately preceding year, without the vote or written assent of a majority of the total voting power of the Association (plus the consent of the Declarant, where the Declarant holds at least 25% of the total voting power of the Association).

6.4 Extraordinary Assessments. In addition to the Regular Assessments authorized above, the Board may levy, in any fiscal year, an Extraordinary 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 a capital improvement element of the Common Area, including fixtures and personal property related thereto, or to defray any unanticipated or underestimated Regular Assessment; provided, however, that the aggregate Extraordinary Assessments for any fiscal year shall not exceed ten percent (10%) of the budgeted gross expenses of the Association (excluding reserves) for that fiscal year, without the vote or written assent of a majority of the total voting power of the Association (plus the consent of the Declarant, where the Declarant holds at least 25% of the total voting power of the Association).

6.5 Special Assessments. In addition to the Regular and Extraordinary Assessments authorized above, the Board may levy Special Assessments (without limitation as to amount or

frequency) against an individual Lot and its Owner to reimburse the Association for costs incurred in bringing that Owner and his or her Lot into compliance with the provisions of the Project Documents, including interest, penalties, actual attorneys' fees, and costs.

6.6 Allocation of Assessments. Each residential Lot, including Lots owned by Declarant, shall bear an equal share of each aggregate Regular and Extraordinary Assessment (subject to the right of the Declarant to defer the commencement of Assessments against Lots owned by the Declarant as provided in Paragraph 6.7 below).

6.7 Date of Commencement of Assessment; Due Dates. The Regular Assessments provided for herein shall commence as to all Lots in the Project on the first day of the month following closing of the sale of the first Lot in the Project. Due dates of Assessments shall be the first day of every calendar month, or otherwise as ordered by the Board. No notice of such Assessment shall be required other than an annual notice setting forth the amount and frequency of the Assessment for the following year.

Notwithstanding the foregoing, Declarant shall have the right to defer the commencement of assessments with respect to any Lot owned by Declarant, until the earlier of: (i) the occupancy of the improvements on such Lot; or (ii) one (1) year from the date of completion of the improvements on the Lot. This exemption shall only apply to such portion of the Assessments which pertains to operation, maintenance, repair, and insurance of the Common Area, and shall be available only for so long as the Declarant subsidize all actual maintenance and repair of the Common Area to the extent such maintenance and repair is not covered by Assessments against Lots not owned by the Declarant.

6.8 Working Capital Fund. A working capital fund shall be established to meet unforeseen expenditures or to purchase any additional equipment or services reasonably required in the discretion of the Board, with the initial fund to be established by deposits at the closing of the sale of each Lot by the Declarant, in the amount of the greater of: (i) two (2) months' Regular Assessments; or (ii) Fifty Dollars (\$50.00). Amounts paid into the fund shall be considered reserve funds under Paragraph 6.2 above and shall not be considered as advance payments of the monthly Regular Assessments. The Declarant shall have no right to use the working capital fund to defray any of its expenses, reserve contributions, or construction costs or to make up any budget deficits while the Declarant retains voting control over the Association.

6.9 Transfer of Lot by Sale or Foreclosure. The sale or transfer of any Lot shall not affect any Assessment lien, or relieve the Lot from any liability therefor, whether the lien pertains to payments becoming due prior or subsequent to such sale or transfer. Notwithstanding the foregoing, the sale or transfer of any Lot pursuant to foreclosure or by deed in lieu of foreclosure of a recorded first mortgage given in good faith and for value shall extinguish the lien of all such Assessments as to payments which became due prior to such sale or transfer. Sale or transfer pursuant to mortgage foreclosure shall not, however, affect the personal liability of the Owner for unpaid Assessments. Any Assessments for which the liens are extinguished pursuant to this Paragraph shall be deemed to be Common Expenses collectible from all of the Lots, including the Lot for which the lien was extinguished. In a voluntary conveyance of a Lot, the grantee of the same shall be jointly and severally liable with the grantor for all unpaid Assessments by the Association against the latter for his or her share of the Common Expenses

(and for his or her obligation for individual Special Assessments) up to the time of the grant or conveyance, without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee therefor. However, any such grantee shall be entitled to a statement from the Board, setting forth the amount of the unpaid Assessments due the Association, and such grantee shall not be liable for, nor shall the Lot conveyed be subject to a lien for, any unpaid Assessments made by the Association against the grantor in excess of the amount set forth in the statement; provided, however, the grantee shall be liable for any such Assessment becoming due after the date of any such statement.

6.10 Enforcement of Assessment Obligation; Priorities; Discipline. If any part of any Assessment is not paid and received by the Association or its designated agent within ten (10) days after the due date, an automatic late charge equal to ten percent (10%) of the Assessment (but not less than \$10.00) shall be added to and collected with the Assessment. Additionally, if any part of any Assessment is not paid and received by the Association or its designated agent within thirty (30) days after the due date, the total unpaid Assessment (including the late charge) shall thereafter bear interest at the rate of eighteen percent (18%) per annum until paid. Each unpaid Assessment, whether Regular, Extraordinary, or Special, shall constitute a lien on each respective Lot prior and superior to all other liens recorded subsequent to the recordation of the Notice of Assessment Lien, except (1) all taxes, bonds, assessments, and other levies which, by law, would be superior thereto; and (2) labor or materialmen's liens arising under Idaho law (timely and duly filed) if the legal effective date is prior to the recording of the Notice of Assessment Lien. Such lien, when delinquent, may be enforced by sale by the Association (acting through the Board), its attorney, or other person authorized by this Declaration or by law to make the sale, after failure of the Owner to pay such Assessment, in accordance with the provisions of Idaho law applicable to the exercise of powers of sale in deeds of trust (with the Board having the right and authority to appoint an independent trustee), or by judicial foreclosure as a mortgage, or in any other manner permitted by law. The Association, acting on behalf of the Lot Owners, shall have the power to bid for the Lot at the foreclosure sale and to acquire and hold, lease, encumber, and convey the same. The foreclosing party shall have the right to reduce or eliminate any redemption rights of the defaulting Owner as allowed by law. Suit to recover a money judgment for unpaid Assessments, rent, interest, costs, penalties, and attorneys' fees shall be maintainable without foreclosing or waiving the lien securing the same. The Board may impose reasonable monetary penalties, including actual attorneys' fees and costs, and may temporarily suspend the Association membership rights of a Lot Owner who is in default in payment of any Assessment after notice and hearing according to the Bylaws.

6.11 Payment of Taxes Assessed Against Common Area or Personal Property of Association. In the event that any taxes are assessed against the Common Area, or the personal property of the Association, rather than against the Lots, said taxes shall be included in the Assessments made under the provisions of this Article, and, if necessary, an Extraordinary Assessment may be levied against the Lots in an amount equal to said taxes (regardless of the limitation on Extraordinary Assessments set forth in Paragraph 6.4 above).

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ARTICLE 7.
EASEMENTS AND UTILITIES

7.1 Common Area Easements. Declarant expressly reserves for the benefit of the Board of Directors and all agents, officers, and employees of the Association nonexclusive easements as necessary to obtain access to, and to operate, manage, maintain, repair, and replace the Common Area and all elements thereof, and to perform all other tasks in accordance with the provisions of this Declaration.

7.2 Encroachment and Utility Easements. Each Lot within the Property is hereby declared to have an easement over all adjoining Lots for the purpose of accommodating any encroachment due to engineering errors, errors in original construction or reconstruction, repair, shifting, settlement, or other movement of any portion of the improvements. There shall be valid easements for the maintenance of said encroachments as long as they shall exist, and the rights and obligations of Owners shall not be altered in any way by said encroachment; provided, however, that in no event shall a valid easement for encroachment be created in favor of an Owner or Owners if said encroachment occurred due to the willful misconduct of said Owner or Owners.

Declarant also expressly reserves for the benefit of itself and its successors-in-interest and assigns, including the Association, easements over and under the entire Property (together with the right to grant and transfer the same) for the installation, repair, and maintenance of sanitary sewer, water, electric, gas, telephone, television, and other utility lines and services as may be deemed appropriate to service the Project.

7.3 Utility Services. Each Owner shall make all arrangements for and pay directly for all utilities and services furnished to or used by such Owner, including without limitation, water, sewer, gas, electricity, garbage collection, telephone service, and television receiving. Water service for the Project is initially to be provided by the East Green Acres Water District, and sewer service is initially to be provided by the City of Post Falls.

7.4 Easements for Inspection. The Association, the Directors, the Architectural Committee, the Declarant, and their respective agents and representatives shall each have easements to enter onto individual Lots, on reasonable notice to the Owner(s) thereof, during construction of improvements, for the purpose of inspecting construction progress to insure compliance with the requirements imposed by this Declaration and by the approval of such improvements.

ARTICLE 8.
USE RESTRICTIONS

In addition to all of the covenants contained herein, the use of the Property and each Lot therein is subject to the following:

8.1 Single-Family Residential Use. No residential Lot shall be occupied and used except for single-family residential purposes by the Owner and his or her family, or by a single-family tenant.

8.2 Limited Commercial Use. No Lot may be used for commercial or other nonresidential purposes, unless the use is a home business allowed by then current zoning regulations governing the Project, and unless there is no outward evidence of the commercial nature of the use (e.g., advertising signs, special lighting, extra parking, or increased traffic through the Project).

8.3 Animals. Except as provided in this subparagraph, no animals shall be raised or maintained within any Lot. No more than two (2) large animals (horses, llamas, goats, sheep, or other large animals as approved by the Board and permitted by applicable ordinances) shall be maintained on any Lot, and no more than two (2) cats and two (2) dogs may be maintained on any Lot (the right to keep dogs being conditioned by a requirement that they be kept leashed or within an enclosed area within the Lot at all times, and that barking does not become an annoyance to the neighbors, in the judgment of the Board). Dog owners shall be responsible for the immediate removal of dog waste, and the Board shall have the right to enact reasonable penalties for non-compliance with this requirement, with provisions for increased fines for repeated instances of non-compliance. Such fines shall be deemed Special Assessments collectible in accordance with Article 6 of this Declaration. The location and design of any dog kennel or dog run shall be subject to the approval of the board or Architectural Control Committee. Under no circumstances shall animals be kept or maintained for commercial purposes. If a permitted animal has offspring, the Owner shall have six (6) months from the birth within which to remove such animals as may be necessary to bring the Lot into compliance with this provision.

Animals

8.4 Temporary Structures. No trailer, tent, shack, camper, or other outbuilding or structure of a temporary nature shall be used as a residence, except as follows: (i) for one (1) year during construction of an approved dwelling (for which a building permit shall have been issued); (ii) only where adequate provision has been made for the disposal of sanitary waste; and (iii) only where the temporary structure shall have been approved by the Architectural Control Committee. As used in this Paragraph, the term "residence" shall mean substantially continuous occupancy for any period of two (2) weeks or longer.

8.5 Further Subdivision Prohibited. No Lot shall be further subdivided. No Owner shall bring any action for partition or division of any Lot. Judicial partition by sale of a single Lot owned by two or more persons and division of the sale proceeds is not prohibited hereby (but physical partition of a single Lot is prohibited).

8.6 Lot Maintenance. Each Lot and all improvements and landscaping thereon shall be maintained in a clean, neat, and orderly condition and in good repair at all times. All rubbish, trash, garbage, and solid waste of any kind shall be regularly removed from the Project and shall not be allowed to accumulate thereon. Rubbish, trash, garbage, and other waste shall not be kept except in sanitary containers which shall be kept screened and concealed from the view of other Lots and the public right-of-way.

8.7 Nuisances. No noxious, illegal, or offensive activities shall be carried on in any Lot, or in any part of the Property, nor shall anything be done thereon which may be or may become an annoyance or a nuisance to or which may in any way interfere with the quiet enjoyment of each of the Owners of his or her respective Lot.

8.8 Vehicle and Equipment Restrictions. No utility trailer, boat trailer, camper or other trailer, mobile home, commercial vehicle, bus, truck (other than standard size pickup truck), inoperable automobile, boat, or similar equipment, and no vehicle which is in an extreme state of disrepair, shall be permitted to remain on any Lot, other than temporarily (as for purposes of loading and unloading of passengers or personal property), unless placed within an enclosed garage or otherwise fully screened from view. No noisy or off-road, unlicensed motor vehicles shall be maintained or operated upon the Property, except such recreational vehicles as may have been approved by the Board.

*Screen
vehicles*

8.9 Signs. Signs advertising Lots for sale or rent may be displayed on the Property without prior approval of the Board, provided that such signs shall be of reasonable and customary size. Except as expressly permitted by this Paragraph, no signs shall be displayed to the public view on any Lots or on any portion of the Property unless first approved by the Architectural Control Committee in its discretion.

8.10 Leasing of Lots. Any Owner may lease his or her Lot to any tenant or lessee under such terms and conditions as they may agree, except that no lease or rental agreement shall relate to less than the whole of any Lot. Any lease or rental agreement shall be in writing and shall by its terms provide that it is subject in all respects to the Project Documents. Any failure by a lessee to comply with the terms of the Project Documents shall be a default under the lease, whether or not it is expressed therein, and the Owner shall be liable for any costs incurred which result from the lessee's actions.

8.11 No Warranty of Enforceability. While Declarant has no reason to believe that any of the restrictive covenants contained in this Article 8 or elsewhere in this Declaration are or may be invalid or unenforceable for any reason or to any extent, Declarant makes no warranty or representation as to the present or future validity or enforceability of any such restrictive covenant. Any Owner acquiring a Lot in the Project in reliance on one or more of such restrictive covenants shall assume all risks of the validity and enforceability thereof and by acquiring the Lot agrees to hold Declarant harmless therefrom.

ARTICLE 9. INSURANCE

9.1 Duty to Obtain Insurance; Types. The Association shall obtain and maintain the following policies of insurance:

(a) Hazard Insurance. With respect to the Common Area, a policy of hazard insurance covering loss or damage to all parts of the Common Area in the amount of the full replacement value thereof, providing protection against all direct causes of loss. The policy shall name the Association (for the use and benefit of the individual Owners), as the named insured and shall contain the standard mortgage clause, naming the holders of first mortgages (and their successors and assigns) as the mortgagees.

(b) Liability Insurance. With respect to the Common Area, a comprehensive general liability insurance policy, with policy limits and endorsements deemed appropriate by the Board (but having a combined single limit of liability of not less than \$1,000,000.00), covering all occurrences relating to the operation of the Common Area.

(c) Fidelity Bonds. If required by any first mortgagee, blanket fidelity bonds for anyone who either handles or is responsible for funds which are held or administered by the Association, whether or not they receive compensation for such services.

9.2 Lenders' Requirements. Without limiting the foregoing insurance requirements, the Association and each residential Lot Owner shall maintain insurance and fidelity bonds meeting the requirements for similar projects established by the Federal National Mortgage Association ("FNMA"), the Government National Mortgage Association ("GNMA"), The Mortgage Association ("TMC"), Veterans Administration ("VA"), and/or the Federal Housing Administration ("FHA"), so long as any of them shall be a holder, insurer, or guarantor of a mortgage on a Lot within the Project, except to the extent such coverage is not available or has been waived in writing by FNMA, GNMA, TMC, VA, and/or FHA, as applicable.

9.3 Waiver of Claim Against Association. As to all policies of insurance maintained by or for the benefit of the Association and the Owners, the Association and the Owners hereby waive and release all claims against one another, the Board of Directors, and the Declarant to the extent of the insurance proceeds available, whether or not the insurable damage or injury is caused by the negligence of or breach of any agreement by any of said persons.

9.4 Right and Duty of Owners to Insure. It is the responsibility of each Owner to provide insurance on all improvements and personal property located on his or her Lot. Each Owner shall have sufficient insurance to rebuild any structures or improvements damaged or destroyed by an insurable event, in accordance with the original plans or modified plans approved according to Article 6 of this Declaration. Nothing herein shall preclude any Owner from carrying any public liability insurance as he or she deems desirable to cover his or her individual liability for damage to persons or property occurring on his or her individual Lot or elsewhere upon the Property. Such policies shall not adversely affect or diminish any liability under any insurance obtained by or on behalf of the Association, and duplicate copies of such other policies shall be deposited with the Board upon request. If any loss intended to be covered by insurance carried by or on behalf of the Association shall occur, and the proceeds payable thereunder shall be reduced by reason of insurance carried by any Owner, such Owner shall assign the proceeds of such insurance carried by him or her to the Association to the extent of such reduction, for application by the Board to the same purposes as the reduced proceeds are to be applied.

9.5 Notice of Expiration Requirements. If available, all of the policies of insurance maintained by the Association shall contain a provision that said policy or policies shall not be canceled, terminated, or expired by their terms without thirty (30) days' prior written notice to the Board and the Declarant (so long as the Declarant owns any Lot); and also to any Owner or first mortgagee who shall have filed a written request with the carrier for such notice.

9.6 Insurance Premiums. Insurance premiums for any policies carried by the Association shall be a Common Expense to be included in the Regular Assessments levied by the Association and collected from the Owners. That portion of the Regular Assessments necessary for the required insurance premiums shall be separately accounted for by the Association in the reserve fund to be used solely for the payment of premiums of required insurance as such premiums become due.

9.7 Trustee for Policies. The Association, acting through the Board, is hereby appointed and shall be deemed trustee of the interests of all named insureds under policies of insurance purchased and maintained by the Association. All insurance proceeds under any such policies as provided for in Paragraph 9.1 above shall be paid to the Board as Trustee.

ARTICLE 10. DESTRUCTION OF IMPROVEMENTS

10.1 Damage to Common Area. In the event of any destruction of any element of the Common Area, the repair or replacement of which is the responsibility of the Association, it shall be the duty of the Association to restore and repair the same to its former condition as promptly as practical. The proceeds of any insurance maintained pursuant to Article 9 hereof shall be used for such purpose unless otherwise provided herein.

It shall be presumed that the Association is authorized to levy an Extraordinary Assessment to collect any expense of restoration and repair not covered by insurance and to proceed forthwith with the restoration and repair. However, within thirty (30) days of the date of destruction, by the vote or written consent of the Declarant (so long as the Declarant owns any Lot) and not less than seventy-five percent (75%) of the total voting power of the Owners other than the Declarant, together with the approval of at least seventy-five percent (75%) of the first mortgagees of record, the Owners may decide to proceed other than by restoring and repairing the Common Area.

10.2 Damage to Lots. Restoration and repair of any damage to the improvements on any individual Lot shall be made by and at the individual expense of the Owner of the Lot so damaged. Such repair and restoration shall be completed as promptly as practical and in a lawful and workmanlike manner in accordance with plans approved by the Architectural Committee as provided herein.

ARTICLE 11. EMINENT DOMAIN

11.1 Taking of Lots. In the event of any taking of any Lot in the Project by eminent domain (including actual condemnation or sale under threat of condemnation), the Owner of such Lot shall be entitled to receive the award for such taking (subject to the rights of any mortgagee thereof), and after acceptance thereof, he or she and the mortgagee(s) of the Lot shall be divested of all interest in the Project if such Owner shall vacate the Lot as a result of such taking. The remaining portion of the Project shall be resurveyed, if necessary, and this Declaration shall be amended to reflect such taking and to readjust the interests of the remaining Owners in the Project.

In the event of a taking by eminent domain of more than one Lot at the same time, the Board shall participate in the negotiations, and shall propose the method of division of the proceeds of condemnation, where Lots are not valued separately by the condemning authority or by the court. In the event any Lot Owner disagrees with the proposed allocation, he or she may have the matter submitted to arbitration under the rules of the American Arbitration Association.

11.2 Taking of Common Area. In the event of any taking of all or any portion of the Common Area by eminent domain (including actual condemnation or sale under threat of condemnation), the Association shall be entitled to receive the award for such taking. The proceeds of the condemnation shall be used to restore and repair the Common Area as necessitated by the taking. However, within thirty (30) days of the date of the taking, by the vote or written consent of the Declarant (so long as the Declarant owns any Lot) and not less than seventy-five percent (75%) of the total voting power of the Owners, together with the approval of at least seventy-five percent (75%) of the first mortgagees of record, the Owners may decide to proceed other than by restoring and repairing the Common Area.

ARTICLE 12. RIGHTS OF MORTGAGEES

In order to induce various lenders and lending agencies, including without limitation, The Mortgage Corporation ("TMC"), the Government National Mortgage Association ("GNMA"), the Federal National Mortgage Association ("FNMA"), the Veterans Administration ("VA"), and/or the Federal Housing Administration ("FHA") to participate in the financing of the sale of residential Lots within the Project, this Article 12 is included in this Declaration. To the extent these added provisions, pertaining to the rights of such lenders and lending agencies, conflict with any other provisions of this Declaration or any other of the Project Documents, these added restrictions shall control. For purposes of this Article 12, the terms "Eligible Holder" and "Eligible Insurer or Guarantor" refer to a holder, insurer, or guarantor of any first mortgage on a Lot who has provided a written request to the Association, to be notified of any proposed action requiring the consent of a specified percentage of such holders, insurers, or guarantors.

12.1 Notwithstanding any other provision of Project Documents, no amendment or violation of the Project Documents shall operate to defeat or render invalid the rights of any mortgagee of a Lot made in good faith and for value, provided that after the foreclosure of any such mortgage, such Lot shall remain subject to the Project Documents.

12.2 Each first mortgagee of a mortgage encumbering any residential Lot, which obtains title to such Lot pursuant to judicial foreclosure or the powers provided in such mortgage, shall take title to such Lot free and clear of any claims for unpaid Assessments or charges against such Lot which accrued after the time such mortgagee recorded its mortgage and prior to the time such mortgagee acquires title to such Lot.

12.3 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 financial reports and other financial data (audited in the discretion of the Board); (3) receive written notice of all meetings of the Owners; and (4) designate, in writing, a representative to attend all such meetings.

12.4 Each Owner hereby authorizes the first mortgagee of a first mortgage on his or her Lot to furnish information to the Board concerning the status of the first mortgage and the loan which it secures.

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12.5 Lot Owners shall have the right to amend the Project Documents in accordance with Article 13 below, subject to the rights of Eligible Holders to participate in the amendment process as provided in this Paragraph. Amendments of a material nature shall be agreed to by (i) the Declarant (so long as the Declarant owns any Lot in the Project); (ii) Lot Owners representing at least sixty-seven percent (67%) of the total allocated votes in the Association, excluding votes held by the Declarant; and (iii) Eligible Holders representing at least fifty-one percent (51%) of the votes of residential Lots that are subject to mortgages held by Eligible Holders. A change to any of the provisions governing the following would be considered as material:

Voting

- Voting rights;
- Increases in assessments that raise the previously assessed amount by more than 25%, assessment liens, or the priority of assessment liens;
- Reductions in reserves for maintenance, repair, and replacement of the Common Area;
- Responsibility for maintenance and repairs;
- Reallocation of rights in the Common Area;
- Redefinition of any Lot boundaries;
- Convertibility of Lots into Common Area or vice-versa;
- Expansion or contraction of the Project, or the addition, annexation, or withdrawal of property to or from the Project;
- Hazard or fidelity insurance requirements;
- Imposition of any restrictions on the leasing of Lots;
- Imposition of any restrictions on a Lot Owner's right to sell or transfer his or her Lot;
- A decision by the Association to establish self-management if professional management had been required previously by the Project Documents or by an Eligible Holder;
- Restoration or repair of the Project (after damage or partial condemnation) in a manner other than that specified in the Project Documents;
- Any provisions that expressly benefit mortgage holders, insurers, or guarantors.

12.6 Any action to terminate the legal status of the Project after substantial destruction or condemnation occurs shall be agreed to by: (i) the Declarant (so long as the Declarant owns any Lot in the Project); (ii) Lot Owners representing at least sixty-seven percent (67%) of the

total allocated votes in the Association, excluding votes held by the Declarant; and (iii) Eligible Holders representing at least fifty-one percent (51%) of the votes of residential Lots that are subject to mortgages held by Eligible Holders.

When Lot Owners are considering termination of the legal status of the Project for reasons other than substantial destruction or condemnation, approval must be obtained from Eligible Holders representing at least sixty-seven percent (67%) of the votes of residential Lots that are subject to mortgages held by Eligible Holders.

12.7 Implied approval of an Eligible Holder under Paragraph 12.5 or 12.6 may be assumed when the Eligible Holder fails to submit a response to any written proposal for an amendment or for termination of the legal status of the Project, within thirty (30) days after it receives proper notice of the proposal, provided the notice was delivered by certified or registered mail with a "return receipt" requested.

12.8 Each Eligible Holder and each Eligible Insurer or Guarantor, upon written request therefor, is entitled to timely written notice of the following:

- Any condemnation or casualty loss that affects either a material portion of the Project or the Lot securing its mortgage;
- Any sixty (60) day delinquency in the payment of assessments or charges owed by the Owner of any Lot on which it holds the mortgage;
- A lapse, cancellation, or material modification of any insurance policy maintained by the Association; and
- Any proposed action that requires the consent of a specified percentage of Eligible Holders.

12.9 In addition to the foregoing, the Board shall have the power and authority, without the vote of the Association, to enter into such contracts or agreements on behalf of the Association as are required in order to satisfy the guidelines of the VA, FHA, TMC, the FNMA or the GNMA, or any similar entity so as to allow for the purchase, guaranty, or insurance, as the case may be, by such entities of first mortgages encumbering Lots. 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 residential Lots, if such agencies approve the Property as a qualifying Project under their respective policies, rules, and regulations, as adopted from time to time.

ARTICLE 13. **DURATION AND AMENDMENT**

13.1 Duration. This Declaration shall continue in full force for a term of fifty (50) years from the date hereof, after which time the same shall be automatically extended for successive periods of ten (10) years, unless a Declaration of Termination is recorded, meeting the requirements of a material amendment to this Declaration as set forth in Paragraph 13.2.

13.2 Amendment Procedures. Notice of the subject matter of a proposed amendment to this Declaration, in reasonably detailed form, shall be included in the notice of any meeting of the Association at which the proposed amendment is to be considered. A resolution adopting a proposed amendment may be proposed by an Owner at a meeting of the Members of the Association. The resolution shall be adopted by the vote, in person or by proxy, or written consent of Members representing not less than sixty-seven percent (67%) of the total voting power of the Association (plus the consent of the Declarant, where the Declarant holds at least 25% of the total voting power of the Association).

Notwithstanding the foregoing, the following special voting provisions shall apply:

- (a) Amendments of a material nature shall be enacted in compliance with the provisions of Article 12 of this Declaration;
- (b) The specified percentage of the voting power necessary to amend a specified provision of this Declaration shall be not less than the percentage of affirmative votes prescribed for action to be taken under that provision; and
- (c) The Declarant shall have the right to amend this Declaration, without the vote or consent of the membership, where required by an agreement for the benefit of one or more Project lenders, as contemplated under Paragraph 12.9 above.

A certificate, signed and sworn to by two (2) officers of the Association, that the record Owners of the required number of Lots (and the required number of first mortgagees, where applicable) have either voted for or consented in writing to any amendment adopted as provided above, when recorded, shall be conclusive evidence of that fact. The Association shall maintain in its files the record of all such votes or written consents for a period of at least four (4) years.

ARTICLE 14. **DECLARANT'S RIGHTS AND RESERVATIONS**

Declarant is undertaking the work of construction of the Project and the establishment of a mixed use planned unit development project thereon. The completion of that work and the sale, rental, and other disposal of the Lots are essential to the establishment and welfare of the Property as a mixed use planned unit development. In order that said work may be completed and said Property be established as a fully occupied project as rapidly as possible, nothing in this Declaration shall be understood or construed to:

- (a) Prevent Declarant, or its contractors or subcontractors, from doing on the Property or within any Lot whatever is reasonably necessary or advisable in connection with the completion of the work; or
- (b) Prevent Declarant or its representatives from erecting, constructing, and maintaining on any part or parts of the Property such structures as may be reasonable and necessary for the conduct of its business of completing said work and establishing said

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Property as a residential subdivision project and disposing of the Lots by sale, lease, or otherwise; or

(c) Prevent Declarant from maintaining such sign or signs on any of the Property as may be necessary for the sale, lease, or disposition thereof.

So long as Declarant, its successors-in-interest, and assigns owns one or more of the Lots established and described in this Declaration, and except as otherwise specifically provided herein, Declarant, its successors, and assigns shall be subject to the provisions of this Declaration.

In the event Declarant shall convey all of its right, title, and interest in and to the Property to any third person, then and in such event, Declarant shall be relieved of the performance of any further duty or obligation hereunder, and such third person shall be obligated to perform all such duties and obligations of the Declarant.

ARTICLE 15.

ANNEXATION OF ADDITIONAL PROPERTY

Additional property may be annexed to the Project and become subject to this Declaration by either of the following methods:

15.1 Annexation Pursuant to Plan. All or any portion of the "Potential Annexation Property," as described in Recital C, may be annexed to and become a part of the Project described herein, subject to this Declaration and subject to the jurisdiction of the Association, without the assent of the Association or its Members on condition that:

(a) Any annexation pursuant to this subparagraph shall be made prior to twenty-five (25) years from the date of recordation of this Declaration;

(b) The Project (all Phases) shall not comprise more than 122 Lots;

(c) All infrastructure improvements (streets and utilities) within a particular Phase shall be substantially installed prior to annexation of such Phase;

(d) Improvements in future Phases shall be consistent with the initial improvements in structure type and quality of construction; and

(e) A Declaration of Annexation shall be recorded by Declarant covering the property to be annexed. Said Declaration shall incorporate this Declaration by reference and may contain such complementary additions and modifications of the covenants and restrictions contained herein as may be necessary to reflect the different character, if any, of the added property and as are not inconsistent with the scheme of this Declaration.

15.2 Annexation Pursuant to Approval. Upon the vote or written assent of Declarant (while Declarant has any interest in the Project or retains the right to annex additional Phases under Paragraph 15.1), and of fifty-one percent (51%) of the total voting power of the Association, other than the Declarant, the owner of any property adjacent (including being across

any public right-of-way) to the Property described herein, who desires to add it to the scheme of this Declaration and to subject it to the jurisdiction of the Association, may record a Declaration of Annexation covering the property to be annexed. Said Declaration shall incorporate this Declaration by reference and may contain such complementary additions and modifications of the covenants and restrictions contained herein as may be necessary to reflect the different character, if any, of the added property, and as are not inconsistent with the general scheme of this Declaration.

Upon annexation of additional property under either method described above, the annexed property shall become subject to this Declaration without the necessity of amending individual sections hereof. The Owners of the Lots in the original Project will continue to have the same easements, rights, and interests therein and will acquire similar easements, rights, and interests in the annexed property. Owners of Lots in the annexed portion of the Project will likewise acquire similar easements, rights, and interest in all portions of the Project and will become members of the Association.

ARTICLE 16. HORSE ARENAS

In addition to all other rights reserved to the Declarant under this Declaration, the Declarant hereby reserves the right, in its sole and absolute discretion, to construct one or more horse arenas ("Arena" or "Arenas") to become part of the Project. Any such Arena shall be constructed initially by the Declarant at its sole expense, and shall be deeded or transferred (free of money liens and encumbrances) to the Association as additional Common Area, either by fee conveyance of land on which the Arena is located, or by a perpetual easement over the Arena area in favor of the Association and the Owners. Once so conveyed to the Association, any such Arena shall be operated, maintained, repaired, improved, expanded, and replaced by the Association, with the expenses thereof being Common Expenses shared by all Owners in the same manner as other Common Expenses. The reservation of this right in the Declarant shall not, however, be construed in any manner as a representation that any such Arena may actually be constructed.

ARTICLE 17. GENERAL PROVISIONS

17.1 Enforcement. The Association (acting through the Board), any Owner, and any governmental or quasi-governmental agency or municipality having jurisdiction over the Project shall have the right to enforce, by any proceedings at law or in equity, all restrictions, conditions, covenants, reservations, liens, and charges now or hereafter imposed by this Declaration, and in such action shall be entitled to recover costs and reasonable attorneys' fees as are ordered by the Court. Any such action by the Association shall be taken on behalf of two (2) or more Lot Owners, as their respective interests may appear, with respect to any cause of action relating to the Common Area or more than one Lot. Failure by any such person or entity to enforce any such provision shall in no event be deemed a waiver of the right to do so thereafter.

17.2 Invalidity of Any Provision. Should any provision of this Declaration be declared invalid or in conflict with any law of the jurisdiction where the Project is situated, the validity of all other provisions shall remain unaffected and in full force and effect.

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17.3 Conflict of Project Documents. If there is any conflict among or between the Project Documents, the provisions of this Declaration (and any Declaration of Annexation) shall prevail; thereafter, priority shall be given to Project Documents in the following order: the Plat; Articles; Bylaws; and rules and regulations of the Association. Notwithstanding the foregoing, any provision in any of the Project Documents which is for the protection of mortgagees shall have priority over any inconsistent provision in that document or in any other Project Document.

The undersigned, being the Declarant herein, has executed this Declaration on NOVEMBER 21, 2002.

DECLARANT:

TRIPLE GRACE, INC., an Idaho corporation

By: John DeVries
John DeVries, President

STATE OF IDAHO)
)ss.
County of Kootenai)

On this 21 day of November, 2002, before me, EDWARD F. WROE, a Notary Public in and for the State of Idaho, personally appeared JOHN DeVRIES, known or identified to me to be the President of TRIPLE GRACE, INC., the corporation that signed the foregoing instrument, and the person who executed the within instrument on behalf of such corporation, and acknowledged to me that such corporation executed the same.

WITNESS my hand and official seal hereto affixed the day and year first above written.



Edward F. Wroe
Notary Public for IDAHO
Residing at PO BOX 61101
Commission Expires 11/22/06

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The Meadows CC&R's Nov. 25, 2002

Per The Meadows HOA Meeting, Nov. 25, 2002, the following additions and adjustments will be made to The Meadows CC&R's recorded Nov. 21, 2002 under document number 1765352

The following changes and additions were agreed to by the HOA executive, which shall be adjudicated by the Architectural Control Committee, hereafter termed (ACC):

Additional to the Lukins & Annis, E. Wroe completed CC&R's, dated June 6th, 2002, we will add the following requirements, for project quality and owners equity protection:

1. Fencing. Unless approved by The ACC, all front yard perimeter fencing, in front of the residence, side yard and rear yard perimeter fencing shall be white color vinyl of the Owner's choice. The rear yard perimeter fencing shall be three minimum rail vinyl fencing. Cross fencing for screening or containment may be chain-link, provided vinyl slats are included, or, minimum number two grade pressure treated wood fencing is acceptable. The contractor shall install minimum one hundred and sixty (160') feet of vinyl fence at the time of construction, prior to occupancy. Lots with fronting equestrian trails shall have their front of lot fence installed no closer than three (3') feet from the trail.
2. Architectural Guidelines: (Page 8, item "g"), The minimum forty (40) front entry porch roof shall be increased to a minimum of eighty (80) foot.
3. Architectural Guidelines: (Page 9, item "O"), All detached garages, shops and outbuildings, in access of one hundred and twenty (120) square feet, shall have a minimum one foot (12") roof overhang on all sides
4. Approval of Plans by Architectural Committee. Re-applications and additional applications must be accompanied with a fifty-dollar fee payment.
5. Submission of Plans. All plans and specifications submitted to the Committee shall be submitted by mail to the address of the Committee in duplicate. The written submission shall contain the name and address of the Owner submitting the plans and specifications, identify the Lot involved, and the following information about the proposed structure:
 - a) The location of the structure upon the Lot.
 - b) The elevation of the structure with reference to the existing and finished Lot grade;
 - c) The general design and the interior layout;
 - d) The exterior finish materials and color, including roof materials.
 - e) Each Lot's landscaping plan shall contain drawing showing the location of landscaping to be completed prior to occupancy;
 - f) In reviewing the landscaping plans submitted, the Architectural Control Committee shall attempt to reasonably insure that the requested approval for landscaping and materials is consistent with the quality, quantity and attractiveness of landscaping and materials generally found in housing developments similar to The Meadows;
 - g) Appropriate provision for storm-water drainage shall be incorporated into each lot and approved by the Committee. It is the sole responsibility of the owner to provide appropriate protection for his dwelling for storm-water or

other drainage for their lot including private drive.

- h) Automatic approval is granted if the AC Committee does not respond within Twenty-one (21) days after the receipt of plans.

6. Architectural disapproval: The Architectural Committee shall have the right to disapprove any plans and specifications submitted hereunder because of any of the following:

- a) The failure of such plans or specifications to comply with any of the restrictions in this Declaration involving The Meadows.
- b) Failure to include information in such plans amid specifications as may have been reasonably requested.
- c) Objection to the exterior design, appearance or materials of any proposed structure.
- d) Incompatibility of any proposed structure or use with existing structures or uses upon other Lots in the vicinity.
- e) Objection to the grading plan for any Lot.
- f) Objection to non-compliance of the control guidelines, and color scheme, finish, proportions, style of architecture, height, bulk or appropriateness of any proposed structure.
- g) Any other matter which, in the judgment of the Architectural Committee would render the proposed structure, structures or uses inharmonious with the general plan of improvement of The Meadows or with structures or uses located upon other Lots in the vicinity. In any case where the Architectural Committee 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. In any such case, the Architectural Committee shall if requested, make reasonable efforts to assist and advise the applicant in order that an acceptable proposal can be prepared and submitted for approval.
- h) Specifications, the Committee shall approve or disapprove the proposed structure. The Committee may decline to approve plans and specifications when they in their opinion, do not conform to restrictions articulated in this Declaration or to its aesthetic standards. The Committee shall indicate its approval or disapproval on one of the copies of the plans and specifications provided by the applicant and shall return the plans and specifications to the address shown on the plans and specifications. In the event that no disapproval of such plans and specifications is given with twenty-one (21) days of submission, the plans and specifications shall be deemed approved by the Committee and construction pursuant to the plans and specifications submitted may be commenced.

7. Unapproved Construction; Remedies. If any structure shall be altered, erected, placed or maintained upon any Lot, or any new use commenced on any Lot, otherwise than in accordance with plans and specifications approved by the Architectural Committee, such alteration, erection, maintenance or use shall be deemed to have been undertaken without the approval required herein, and upon fifteen (15) days' written notice from the Architectural Committee, any such structure so altered, erected, placed or maintained upon any Lot in violation hereof shall be removed or re-altered, and any such use shall be terminated, so as to extinguish such violation.

8. Mandatory Reconstruction. All buildings must have adequate insurance to fully rebuild in case of fire or other disaster, and the Owner shall immediately rebuild or

repair.

9. Utility connections and disputes:

- a) By written request on the part of any owner, the HOA shall settle any disputes that may arise between owners, regarding the repair or rebuilding of said service and utility connections, or with respect to the sharing of the cost thereof. The decision of the HOA Board shall be final and conclusive on the parties.
- b) The lots in the Project are within the jurisdiction and service area of the City of Post Falls sewer system. The Owner of each lot shall cause the residence constructed to be connected to the central sewer system. The connection to the central system shall be available at edge of the roadway, adjacent to the front of the lot. It shall be the sole responsibility of the lot owner to pay any hook-up fee or other capitalization expense associated with said lot, as part of the permitting fees.
- c) Domestic water shall be provided by the East Greenacre Irrigation District, since the lots in the Project are within their service area, and jurisdiction of the East Greenacres Irrigation District. A connection to the central supply system shall be available at the finished roadway at the front of the lot. It is solely the responsibility of the lot owner to pay any hook-up, or usage charges required by the East Greenacres Irrigation District, and to abide by any and all rules and regulations associated with the use of the system, as outlined by the East Greenacres Irrigation District. The lot will have an irrigation hook-up potential at the domestic water box.

10. Covenants for yard landscaping and yard maintenance:

- a) The landscaping for the front yard, and side yards shall be installed prior to occupancy. The balance of landscaping shall be completed within twelve months of occupancy. The owner of any lot shall be responsible for maintaining the swale area and lot frontage areas of their property, which includes swale irrigation including a "drip line" to the swale tree. Should a lot have a trail or sidewalk fronting the lot, it will be the Developer's duty to provide a buried "pipe sleeve" under these, near the irrigation service to facilitate accessibility for the sprinkler line to the fronting swale.
- b) The Architectural Control Committee is authorized but not required to establish certain minimum criteria for approval of landscaping plans if desired but it is a fundamental requirement that "Landscaping" as used herein above shall require for the good of the project quality and theme and meets the following.

b-1) The lot owners shall be required to provide minimum landscaping and plant grass in the front, side yards, and swales of the residence as part of the construction and before occupancy of each single-family residence. The lot owner is responsible for the planting of grass and maintenance of their lot fronting swales and shall not allow any fills or grade changes in the drainage area.

grass

b-2) As part of the construction of the dwelling unit and prior to occupancy each lot shall plant in front of the dwelling rear foundation line, two minimum deciduous trees of not less than two inches (2") in caliper, as well as two evergreen trees of not less than three inches (3") in caliper. One, one and a half inch (1 1/2") caliper tree, according to the City approved species list shall be planted in the fronting swale, for street beautification.

Trees

c) Lot maintenance.

c-2) The grass shall be maintained in all front, side yards and rear yards to eighty feet behind the residence to be no higher than six (6") inches. The rear yard grass shall not be higher than ten (10) inches. Should the

grass be higher than these standards, a letter of notification shall be delivered to the owner's registered address, and if not attended to and remedied within ten (10) days. The Meadows HOA may perform such work as it deems necessary to bring the Lot into compliance and assess the applicable lot and owner.

The Meadows Common Property.

- a) Equestrian trails joining to the arenas, along Polo Green Avenue, Howell Street, Grange Avenue, and Serenity Street.
- b) The fence located in The Meadows which lies immediately adjacent to Fisher Avenue and Grange Road, as well as along the entrance roads first blocks off of the same, and the fencing around the monument lot.
- a) The HOA shall be responsible for the maintenance of all common area property, as well as the perimeter grass and sidewalks, fronting McGuire Road and Fisher Avenue, as well as the side lots of all first lots on entrance roads and any "Islands" within the entrance roads,

STATE OF IDAHO
COUNTY OF KOOTENAI
AT THE REQUEST OF _____

NORTH IDAHO TITLE INS.

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TRIPLE GRACE, INC.

DANIEL J. ENGLISH

BY: 

JOHN DEVRIES, PRESIDENT

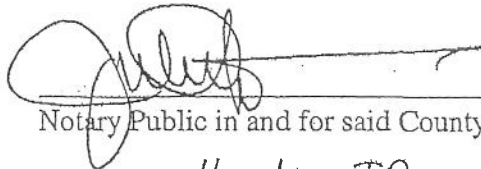
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State of Idaho)
) ss.
County of KOOTENAI)

On this 26th day of November, 2002, before me, the undersigned, a Notary Public in and for said State, personally appeared John Devries known or identified to me to be the President of the Corporation that executed the instrument or the person who executed the instrument on behalf of said Corporation, and acknowledged to me that such Corporation executed the same.


Notary Public in and for said County and State

Residing at: Hayden ID
Commission Exp.: 9/28/2006

**Julie Hjelvik
Notary Public
State of Idaho**