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EAGLE RIDGE

ESTATES

Covenants, Conditions & Restrictions

March 2004

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Eagle Ridge Estates Declaration of Covenants, Conditions and Restrictions
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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

OF

EAGLE RIDGE ESTATES

THE UNDERSIGNED, **WEST MONTANA VENTURES, LLC, a Montana Limited Liability Company** (herein known as the "Developer") of 1600 Whalebone Drive, Kalispell, MT 59901, hereby encumbers and restricts the real property situated in Flathead County, Montana, known as Eagle Ridge Estates, according to the plat thereof recorded in the records of the Office of the Clerk and Recorder of the County of Flathead, State of Montana (the "Plat") with this Declaration of Covenants, Conditions and Restrictions of Eagle Ridge Estates (referred to herein as the "Declaration") as set forth below, and declares that the real property shall at all times be owned, held, used and occupied subject to the provisions contained in this Declaration and to the covenants, conditions and restrictions contained herein from and after the date this document is recorded with the Flathead County Clerk and Recorder's office. The property shall not be used, nor shall any activities be conducted on it in violation of this Declaration.

ARTICLE I
Purpose

Section 1.1 Purposes. The purposes of this Declaration are to ensure that Eagle Ridge Estates Subdivision is developed for single-family residences; to ensure appropriate development and improvement of each lot within the property; to ensure that all homes and improvements constructed on the lots meet certain minimum size and construction standards; to protect the owners against such improper use of surrounding lots as will depreciate the value of their lot; to prevent the construction of inappropriate structures; to encourage and secure the building of attractive homes on the lots with appropriate locations; and in general to provide adequately for a high quality of improvements on the property and thereby to enhance the values of improvements made by owners so that each property owner in the Subdivision can quietly and peacefully enjoy and use their property.

ARTICLE II
Covenants

Section 2.1 Single-Family Residences. No lot shall be used except for one single-family residence and no building shall be erected, altered, placed or permitted to remain except for residential purposes, except with the prior approval of the Design Review Board. Outbuildings shall conform in appearance with the single-family residence and must be approved by the Design Review Board, which shall have the right in its discretion, to not allow any outbuildings which, in the opinion of the Design Review Board impede an adjoining property owner's use or enjoyment of his/her property (including the view from such property), do not fit with the character of the surrounding residences, or are otherwise unsightly.

Section 2.2 No Further Subdivision. No lot shall be further subdivided. A change in boundary lines between adjacent owners shall not be considered subdivision. Two or more contiguous lots may be combined to form 1 large lot; but such a combination shall not reduce the assessments or voting rights for the combined lots.

Section 2.3 Construction. No structure or other improvement may be constructed on any lot until such has been approved by the Design Review Board, all as further provided for herein. No temporary building, house trailer, mobile home, or other temporary structure shall be erected or placed upon this property during construction. All construction, including landscaping, shall be completed within 18 months from the date construction begins. All dwellings shall be constructed on the lot and no trailer homes, mobile homes, modular homes, prefabricated homes, or "Kit Type" homes of any kind shall be placed on a lot. All structures shall be constructed of new materials, except that suitable used materials such as used brick or beams may be utilized, provided that advance approval has been obtained from the Design Review Board. The dwelling shall not be occupied until such time that exterior construction is completed and all building debris is removed. If construction activity on any lot should cause damage to the roads or improvements, the cost of repairs shall be solely borne by the owner of said lot. A graveled driveway shall be constructed on each lot prior to site preparation, excavating of basement, or septic field and contractors shall use the graveled driveway for access to the lot. The driveway shall be paved prior to or within 90 days of occupancy

(weather permitting). The Homeowners Association or the Design Review Board may adopt rules and regulations governing construction, including trash and debris removal, sanitary facilities, parking areas, restoration of damaged areas, fire protection and other construction activities. No building materials, vehicles or other items of personal property shall be stored on any lot prior to commencement of construction of the dwelling.

Section 2.4 Residences. All residences shall contain no less than 1,800 square feet of above ground living space. For purposes hereof, the above-ground living space shall not include attached garages, decks or porches, nor shall any basement space be included as part of the required 1,800 square feet. All bi-level structures shall contain no less than 1,500 square feet of living space on the main floor, exclusive of attached garages, basements, decks, porches, and the floor space above the main floor. No residence shall have more than three (3) levels, and any basement area shall count as one level of the three allowable levels. A residence with a daylight basement shall have at least one outside access, and the ground level immediately outside of the basement access shall be at least six inches (6") below the floor level of the walkout basement, and there shall be proper drainage away from the residence.

Section 2.5 Design Character The design character should create a residence that blends with it's environment instead of standing out against it. Emphasis on natural-looking materials and muted colors is essential. Use of natural rock is strongly encouraged. Metal Roofs are strongly discouraged, but may be permitted by the discretion of the Design Review Board if the Board deems the materials and appearance are suitable and appropriate.

Section 2.6 Setbacks No building on any lot shall be located closer than twenty (20) feet to the front lot line, twenty (20) feet to the rear lot line, nor closer than twenty (20) feet to either side of the lot lines.

Section 2.7 Sight Lines. For elimination of traffic hazards and to promote traffic safety, no hedge or shrub planting which obstructs sight lines at elevations between three (3) and six (6) feet above the roadway shall be placed or be permitted to remain on any corner lot within the triangular area formed by the street property lines and a line connecting them at points twenty-five (25) feet from the intersection of the street lines, or in case of a

round property corner, from the intersection of the street property lines extended. The same sight line limitations shall apply on any lot within ten (10) feet from the intersection of a street property line with the edge of a driveway. No tree shall be permitted to remain within such distances of such intersections unless the foliage line is maintained at sufficient height to prevent obstruction of such sight items.

Section 2.8 Garages. A minimum two-car attached garage shall be required for each lot. Carports will not be allowed.

Section 2.9 Maintenance. Every structure once constructed on a lot shall be kept in the same condition as at the time of it's initial construction, excepting normal wear and tear. All structures shall be preserved and of pleasant appearance by maintaining paint, stain or sealer as needed. If any structure is damaged in any way, the owner shall, with due diligence, rebuild, repair and restore the structure to its appearance and condition prior to the casualty. Reconstruction or repair of any structure (including any landscaping) shall be completed within nine (9) months of any casualty that damaged or destroyed any improvements or landscaping. Any changes or alterations to the structure, landscaping, or lighting must be approved by the Design Review Board.

Section 2.10 Address Identification Posts. Each home is required to have a address identification post, as specified by the Design Guidelines. The post shall have the address number on it. The post shall be located by the driveway entrance, as specified by the Design Guidelines. Lot owners are responsible to maintain this post, keeping it free from snow coverage, so it is clearly visible from the adjoining roadway at all times.

Section 2.11 Outdoor Lights. Ground level lighting of patio, deck, driveway and entryway areas on any lot that do not light areas outside such lot or create glare are permitted as provided in the Design Guidelines. No flood, spotlights or halogen lighting is permitted except as may be authorized by the Design Review Board. Christmas seasonal decorative lighting may be allowed subject to such rules and restrictions as the Design Review Board may have or approve.

Section 2.12 Landscaping. All lots shall be fully landscaped, including to the paved street. However, no owner may change the alignment and grade of the drainage swale next to the road; which would

redirect or inhibit the flow of runoff. Landscaping of the entire lot shall occur simultaneously with the construction of other improvements on the lot.

Section 2.13 Rock Landscaping On Roadway Boundary. All lots shall have a eight foot (8') wide rock landscaped edging bordering the entire roadway. This landscaping must be 8' in width, starting at the roadway and continuing into the lot. The landscaping shall have 2"- 6" oversized rocks (river rock look) with a permeable landscaping fabric placed under the rocked area. The landscaping fabric must allow water to flow through it.

Section 2.14 Fencing. No fence shall be over six (6) feet in height. There shall be no fence forward of the rear of the house over 3' in height. All fencing must be approved by the Design Review Board.

Section 2.15 Retaining Walls. Stone retaining walls are recommended. Railroad ties and plain concrete block or plain poured walls are not permitted. A maximum of 6' in height is allowed, unless the Design Review Board determines that an exception is warranted because of extraordinary circumstances. Areas that require walls taller than 6' should be terraced with multiple walls.

Section 2.16 Driveways. All driveways shall be paved with asphalt or finished with concrete surfacing or pavers from the street pavement to the garage; each driveway shall not exceed 12' in width and have a culvert (12-inch) minimum corrugated galvanized steel with flared end pieces or equal at the drainage point next to the road. Lots 48 & 49 will have their driveways access directly onto Buckboard Lane.

Section 2.17 Vehicles. No recreational vehicles, trailers, trucks exceeding one-ton capacity, unsightly, wrecked or inoperable vehicles, boats, recreational vehicles, including four-wheelers, snowmobiles, motorcycles, or equipment shall be parked or allowed to remain upon any of the said lots unless placed in a garage or screened from view. No vehicle shall be parked upon or encroach upon the "Common Area". No outdoor maintenance, service, rebuilding, dismantling, painting or repair work shall be performed except washing and polishing.

Section 2.18 Utilities. All utilities shall be underground.

Section 2.19 Easements for Utilities, Signs and The Water System. Each lot shall be and is hereby made subject to all easements for gas, electric, telephone, cable television, water, snow melt and other lines as are necessary to provide utility service to said lot, adjacent lots and/or the buildings located thereon and for snow melt. Each "lot owner" hereby agrees to execute such further grant or other documentation as may be required by any utility or other company or public, governmental or quasi-governmental entity for such purpose. Each Lot shall be and is hereby made subject to an easement for access and utilities as shown on the Plat or other duly recorded instruments. Lots 27, 29, 37, 38, 47, 48 and 49 shall be and are hereby made subject to an easement for a Well Protection Zone as provided in Section 4.7, below. Lots 29, 30, 36, 37, 46, 47, 48 and 49 shall be and are hereby made subject to an easement for water lines, as shown on the Plat, for operation of the Water System. Lots 10 and 11 shall be and are hereby made subject to a signage easement, as shown on the Plat, for placement of signs for Eagle Ridge Subdivision. No structures, improvements, plantings or other activities shall be placed or permitted within these various easements that may damage or interfere with the purposes for which these easements are created.

Section 2.20 Septic Systems. The following lots will require engineered pressure dose design septic systems: 3, 6, 11, 12, 13, 15, 19, 26, 27, 28, 35, 39, 41, 43, 44, 45, 46, and 49. These systems are already designed by an engineer.

Section 2.21 Zoning. The zoning of the property at the time of the filing of this Declaration is R1. All uses must comply with R1 zoning unless such zoning has been changed prior to the attempted usage. If the R1 zoning is changed in the future, the uses at such time shall comply with the then-existing zoning. In addition, if, as at the present time, there is a need for a zoning compliance permit from the local planning authority, such permit shall also be required under this Declaration.

Section 2.22 No Business Use. No professional business, manufacture, trade or commercial activity may be conducted on the premises except home occupations as defined by county ordinances, which do not significantly increase traffic within the Subdivision. Notwithstanding anything contained in this Declaration to the contrary, no property owner shall use his/her property to operate a daycare, pre-school or other child-care or person-care

facility. Garage sales shall be permitted, so long as no more than two such sales are conducted per year on any lot, and no garage sale may last more than three days. No activities of the Developer or its agents during its sales efforts shall be considered to be in violation of this Section.

Section 2.23 Signs. No signs, advertising billboards or advertising structures of any kind shall be erected, used or maintained on this property except for (a) sign used for the purpose of advertising the property for sale, rent and financial institutions (maximum 5 square feet) , (b) builder's signs during the construction of a residence (maximum of 20 square feet) and signs placed by the Developer in it's sales activities and entrance signs.

Section 2.24 Fuel Tanks. No fuel tanks above or below ground are allowed.

Section 2.25 Antennas, Satellites, Clotheslines, and Poles. No antennas, large satellite dish receivers, transmitters, security alarms, clotheslines or similar devices shall be erected on any building or rooftop. Satellite dish receivers 24" in diameter or less are permitted; the dish shall be located out of view, screened by design features, fences or landscaping as approved by the Design Review Board.

Section 2.26 Storage. Firewood shall be stored in a storage shed or stored out of view.

ARTICLE III
Animals, Birds, and Pets

Section 3.1 Pets Permitted. No poultry, birds (except inside pet birds, which must be kept inside a home) hogs or other livestock or animals shall be kept or raised. Notwithstanding the foregoing, cats, dogs or other small household pets, not to exceed three (3) in total number, may be kept by each lot owner.

Section 3.2 Pet to Remain Within Owner's Property. All pets, except cats, are to be leashed, fenced or otherwise confined to the premises and not allowed loose at any time outside the property owner's own premises. If any pet goes outside of the owner's property, the owner of the

pet is responsible for any damages or liability caused by the pet and must clean up after the pet.

Section 3.3 Pet Noise. No property owner shall have or keep any dog which barks or whines on a regular or continuous basis; or any other pet which creates an ongoing disturbance for any adjoining or neighboring property owner.

ARTICLE IV
Removal of Waste, Property Appearance and Upkeep

Section 4.1 No Offensive Activity. No noxious or offensive activity shall be carried on upon any lot, nor shall anything be done thereon which is or which may become an annoyance or nuisance to the neighborhood or any adjoining property owner.

Section 4.2 Lots to be Maintained. Each Owner shall be responsible to maintain all structures on such Owner's lot in a manner consistent with its original design, including painting, repair, landscaping, and removing trash and debris. No outside burning will be permitted except for outdoor barbecues. Each lot at all times shall be kept in a clean, sightly and in a wholesome condition. No trash, litter, junk, boxes, containers, bottles, cans, implements, machinery, lumber or other building materials shall be permitted to remain exposed upon any lot so that the same are visible from any neighboring lot or any street.

Section 4.3 Landscape Maintenance. All yards and landscaping shall be maintained and shall not be allowed to become unsightly. Lawns and native grasses shall be mowed on a regular basis. All weeds, including any noxious weeds, shall be eradicated or controlled and all property owners shall comply fully with Montana laws regarding the control or eradication of noxious weeds.

Section 4.4 Garbage and Refuse Disposal. No garbage, refuse, rubbish, trash or cuttings shall be deposited on any street, lot or any common area. All garbage, refuse, trash and cuttings shall be kept in approved covered containers at all times and any such covered container shall be kept within an enclosed structure except for scheduled collections.

No junk automobiles are allowed. Undeveloped lots shall be mowed at least twice each year.

Section 4.5 Sewage Disposal. All permanent installations of sewage disposal systems shall be located and constructed in accordance with the rules of the Montana Department of Health and Environmental Sciences, or comparable or successor agency. It is understood that at some point the property owner may be responsible to pay a lot's pro-rated share of the sewer system installation and may be required to hook up to the sewer and abandon any individual septic system if public sewer lines are hereafter extended to the Subdivision and laws are in effect that requires them to do so.

Section 4.6 Adjacent Agricultural Activities. The acquisition of property within this Subdivision is a waiver of any claims for normal agricultural activities conducted on adjacent properties. Any owner of a lot within this Subdivision recognizes that there are agricultural activities on the adjoining land and relinquishes all rights for relief from such activities. Each owner specifically reserves his right to seek compensation or injunctive relief for injuries to person or property caused by any dangerous instrumentality or toxic waste or for negligent or intentional actions by those using the agricultural or industrial property.

Section 4.7 Well Protection Zone. A "Well Protection Zone" of one hundred (100) feet around all water supply wells is hereby established to secure water quality for the residents of the Subdivision. The following activities shall be prohibited from the well protection zone:

a. Construction or operation of on-site sewage disposal systems that utilize absorption of the waste into the soil.

b. Storage or disposal of toxic and/or hazardous wastes, chemicals or hydrocarbons such as fuels and oils.

c. Application of excessive amounts of lawn fertilizers, pesticides, herbicides or insecticides.

d. Storage or disposal of solid wastes.

ARTICLE V
COMMON PROPERTIES

Section 5.1 Common Properties. Common Properties means the property which is subject to this Declaration, but excluding the individual lots within the property. Thus, the Common Properties include any areas shown on any plat of the property within the Subdivision as roads, parks, common areas, open space or open area and other property intended for the common use, benefit and enjoyment of the owners and such other persons as may be permitted to use the Common Properties under the terms of this Declaration or any agreement with the Association. The Common Properties shall include but not be limited to the 60' private roadway and utility easement areas, the Park, and the Common Areas A and B, as shown on the Plat of Eagle Ridge Subdivision, according to the map or plat thereof on file and of record in the office of the Clerk and Recorder of Flathead County, Montana. Common Properties as used herein shall include pathways, entryways into the Subdivision, and all non-city or non-county roads which are for the benefit of the Subdivision, whether located within or without the Subdivision. The Common Properties shall not include Well Lots 1,2, and 3, as shown on the Plat, except that the Developer or the Developer's Successor may later elect to convey the Well Lots to the Association, at which point the Association agrees to accept the Well Lots and such Well Lots will there upon become Common Properties.

Section 5.2 Maintenance of Common Properties. The Homeowners Association shall maintain the open space portions of the Common Properties, so they will be an attractive and useful amenity for the owners.

Section 5.3 Easement Over All Common Properties. The owners shall have an easement for use and enjoyment of all of the Common Properties, subject to such rules and regulations as the Homeowners Association may develop from time to time, and also subject to the rights reserved to Developer and the reserved rights of any third parties with respect to the Common Area. If the Developer adds any property to the original Subdivision, the owners of such property shall be entitled to utilize the Common Properties in the original Subdivision and the owners in the original Subdivision shall be entitled to use the Common Properties located within the added property.

Section 5.4 Retained Easement for Roads and Utilities. Developer hereby reserves and shall have an easement for access and utility purposes over all of the 60' Private Road and Utility Easement areas, all of the Water Line Easement areas, all of the Utility Easement areas and over Well Lots 1, 2, and 3, the Park, Common Areas A & B and other Common Properties, all as shown on the Plat of Eagle Ridge Estates. Under this reserved easement, Developer may permit others to use the said easements and may grant further easements to others for use of the said easements for access and utility purposes.

Section 5.5 Road Maintenance. The roads within the Subdivision shall be maintained, repaired and replaced by the Homeowners Association, including plowing of snow and recoating pavement. The roads shall be maintained in good condition to allow year-around access to all lots. During the "Period of Developer Control" no gates, other impediments, or signage may be placed on any roads without the prior written consent of Developer. The Homeowners Association may elect to landscape and /or maintain portions of road right-of-way not actually used for road purposes. The Homeowners Association may take such action as it deems appropriate to maintain the private character of the roads and to discourage or prevent usage of the roads by persons other than owners and their guest and invitees, or others who are authorized to use the roads. The roads within the Subdivision shall be private roads, to be used by the owners and their guests and invitees only, except to the extent that Flathead County may require that roads be open to the public.

Section 5.6 Property Taxes. It is acknowledged that, for property tax purposes, Flathead County and the State of Montana may allocate to each lot a fractional, proportional portion of the value attributable to the Common Properties. By accepting a deed to a lot the owner agrees to this mechanism for property taxation and agrees to pay a proportional share (as allocated by Flathead County and the State of Montana) of the taxes attributable to the value of the Common Properties, while at the same time allowing the Homeowners Association to administer and control the Common Properties.

Section 5.7 Approval of Developer. During the "Period of Developer Control" no construction of improvements shall take place within the Common Properties nor shall any other changes or alterations be made to

the Common Properties or the uses within the Common Properties without the prior written consent of the Developer.

Section 5.8 Insurance on Common Area. The Homeowners Association shall maintain the following types of insurance: property insurance, liability and comprehensive fidelity to the extent that such insurance is reasonable and available, considering the availability, cost and risk coverage provided by such insurance, and the cost of such coverage shall be included in the budget and shall be paid by the Homeowners Association as a common expense.

ARTICLE VI
Homeowners Association

Section 6.1 Membership in the Association. The members of the Homeowners Association shall consist of the owners of each lot of the Subdivision. Each owner covenants and agrees that he/she will automatically be and will remain a member of the "Eagle Ridge Estates Homeowners Association Inc." (known as the "Association") so long as the property owner retains any ownership interest in any lot located within this Subdivision. By accepting the conveyance of the property, the owner binds himself to abide by this Declaration, the Articles of Incorporation and Bylaws of the Association, and the reasonable rules and regulations of the Association which may be adopted by the Board of Directors from time to time. Upon sale of a lot, the membership associated with that lot shall be deemed automatically transferred from the former lot owner to the purchaser of such lot. Such transfer shall not relieve the former lot owner of any obligations incurred by such former lot owner prior to the transfer. For the purposes of membership in the Association, the purchaser under any contract for deed notice of which is recorded in the real estate records of Flathead County, Montana, shall be considered the owner.

Section 6.2 Membership Dues. Membership dues for the Homeowners Association are initially $150.00 per calendar year. The first year dues are paid upon closing. Dues will be calculated on a pro-rated basis. The dues will be evaluated yearly and are subject to change.

Section 6.3 Voting: The Owner(s) of each lot shall be entitled to a single vote in the Association for each lot owned, except that the Developer

shall be entitled to three (3) votes for each lot owned by the Developer. When more than one person holds an interest in any lot, all such persons shall be members of the Association. The vote for such lot shall be exercised as they determine, but in no event shall more than one (1) vote be cast with respect to any lot; except the Developer may cast three (3) votes for each lot it holds.

Section 6.4 Bylaws: The bylaws of the Association shall govern the conduct of meetings of the members of the Association, the Board of Directors and other aspects of the operation of the Association not addressed in this Declaration.

Section 6.5 Management During Period of Developer Control. The "Period of Developer Control" shall mean the period beginning on the date this Declaration is first recorded in the office of the Clerk and Recorder of Flathead County, Montana, and ending on the earlier of : (a) the date which is 10 years later or (b) the date on which the Developer has sold 75% of the lots within Eagle Ridge Estates Subdivision (including all phases) and the Developer has notified the Association in writing that the Developer has determined that no additional property shall be added to the Subdivision. During the Period of Developer Control, Developer may appoint, remove and replace from time to time any or all of the Directors and Officers of the Association. Each member of the Association gives the Developer an irrevocable proxy for this purpose. If Developer so elects, Developer may from time to time relinquish, either on a temporary or permanent basis, the right to appoint all or a portion of the Directors and Officers of the Association; provided that any such relinquishment shall be expressed in writing to the Association. The Period of Developer Control may be reinstated or extended by agreement between Developer and the Association upon such terms and conditions as the parties agree. After the termination of the Period of Developer Control, the Developer, if still an owner of any lots in the Subdivision, will continue to have all the rights ordinarily given to owners under this Declaration.

Section 6.6 Assessments. Each property owner (except the Developer, as to lots owned by the Developer and not yet sold) agrees to pay to the Association such annual dues and assessments as the Board of Directors shall determine. Such dues and assessments may include amounts for operation of the Association, payment of taxes and insurance on Common

Properties, Common Properties maintenance, utilities, and snow removal, a fund for acquisition or replacement of capital improvements, legal and accounting fees, reasonable reserves and any and all other matters determined to be appropriate by the Association for the benefit of the owners and approved or assessed in accordance with the applicable rules and procedures of the Association. The Association dues and assessments shall be the same for each lot of the Subdivision, except as follows:

If the Board of Directors determines in good faith that a portion of dues and assessments benefit fewer than all the lots, such portion shall be assessed only against the benefited lots. Road maintenance repair and replacement shall be considered to benefit all lots equally among all lots.

Section 6.7 Developer's Responsibility for Assessments. Notwithstanding the foregoing, the Developer, although a member of the Association, shall not be responsible at any time for payment of any of the Assessments with respect to lots owned by Developer. The foregoing shall include Association dues and assessments, amounts assessed, levied or charged with respect to the water system, and any other amounts charged, levied or assessed any Subdivision lot owner with respect to ownership of property within the Subdivision, except that Developer shall pay its pro-rated share of property taxes assessed against common properties within the Subdivision. Developer's share of the property taxes shall be calculated based on the number of lots owned by Developer as of the date each property tax payment is payable. Also, the Developer shall at all times pay all expenses of maintaining the lots that it owns, including any improvements located thereon. For lots that are sold by Developer during a year, the assessments for that year shall be pro-rated and paid by the purchaser at closing.

Section 6.8 Collection of Assessments: Assessments shall be the personal responsibility of the owners of each lot. In addition, assessments shall be a lien on each lot. Failure to pay assessments will result in a lien statement being filed by the Board of Directors, which shall describe the lot, state the amount of the unpaid assessment and the date of such assessment. If any assessment is not paid when due, the assessment shall accrue interest at fifteen percent (15%) per annum until paid (or such other rate as the Board of Directors may establish from time to time). A lot owner whose lot

is subject to such lien must pay the assessment, interest, costs for preparation of the lien and lien release, and all recording fees before the lien is released. The Association is empowered to initiate any legal action to enforce payment of any past-due assessments, dues, or fees including an action to foreclose any lien on a Subdivision lot. This lien may also be foreclosed in the manner of foreclosure for mortgages. In the event of litigation, the prevailing party shall be entitled to attorney's fees and costs. The voting rights of an owner whose assessments are delinquent shall be suspended during the period of delinquency.

Section 6.9 Priority of Lien for Assessment. The lien of the assessments will be superior to and prior to any homestead exemption provided now or in the future by the laws of the State of Montana, and to all other liens and encumbrances except the following:

a. Liens and encumbrances recorded before the date of the recording of this Declaration.

b. Liens for property taxes and other governmental assessments or charges made superior by statute.

c. The lien for all sums unpaid on a First Mortgage, as defined below.

A "First Mortgage" is a mortgage, deed of trust, trust indenture, contract for deed, or other similar financial encumbrance granted by an Owner to secure a debt, (1) which is recorded in the office of the Clerk and Recorder of Flathead County, Montana, before the date of filing of a written lien statement for delinquent assessments, (2) which encumbers a lot, and (3) which is first in priority among all such mortgages, deeds of trust, trust indentures or other similar financial encumbrances. There can only be one First Mortgage with respect to a lot. Any First Mortgagee who acquired title to a lot by virtue of foreclosing the First Mortgage or by virtue of a deed or assignment in lieu of such a foreclosure, or any purchaser at a foreclosure sale of the First Mortgage, will take the lot free of any claims for unpaid assessments, interest, late charges, costs, expenses, and attorney's fees against the lot which accrue prior to the time such First Mortgagee or purchaser acquires title to the lot.

All other persons who hold or who may in the future hold a lien or encumbrance of any type not described in subsection a., b, or c., will be deemed to consent that their lien or encumbrance will be subordinate to the Association's future liens for assessments, interest, late charges, costs, expenses and attorney's fees, as provided in this Article, whether or not such consent is specifically set forth in the instrument creating any such lien or encumbrance.

Section 6.10 Protection of First Mortgage. No violation or breach of, or failure to comply with, any provision contained in this Declaration and no action to enforce any such provision shall affect defeat, render invalid or impair the lien of any First Mortgage on any property taken in good faith and for value and perfected by recording in the office of the Clerk and Recorder of Flathead County, Montana, prior to the time of recording in said office of a written lien statement for delinquent assessments. No violation, breach, failure to comply or action to enforce this Declaration shall affect, defeat, render invalid or impair the title or interest of the holder of any First Mortgage or result in any liability, personal or otherwise, of any such holder or purchaser. Any purchaser upon foreclosure shall, however, take subject to this Declaration.

Section 6.11 Statement of Status of Assessments. On written request, the Association will furnish to an owner or his designee or to any mortgagee a statement setting forth the amount of unpaid assessments then levied against the lot in which the owner, designee or mortgagee has an interest. The information contained in such statement, when signed by an officer, director or agent of the Association, will be conclusive upon the Association, the Board of Directors, and every owner as to the person or persons to whom such statement is issued and who rely on it in good faith.

Section 6.12 Liability. Neither the Developer, the Association, Design Review Board, nor their respective members, officers, directors, employees or agents shall be responsible for any actions taken by any of the lot owners.

ARTICLE VII
Design Review Board

Section 7.1 Formation of Board. A Design Review Board is hereby formed and shall initially consist of three (3) members. During the Period

of Developer Control, the members of the Design Review Board may be appointed, removed and replaced by the Developer. After the Period of Developer Control, the members of the Design Review Board shall be appointed by the Board of Directors. The Developer or parties related to the Developer may serve on the Design Review Board. Members of the Design Review Board are not required to be members of the Association.

Section 7.2 Plans and Specifications. All owners intending to construct a dwelling or build any type of fence, outbuilding or other structure or improvement upon any lot shall first submit their detailed plans and specifications in writing to the Design Review Board, including the following:

a. Site plans showing the location of the house, outbuilding, other structure, proposed driveway. The plan must also show finished grade elevations.

b. A complete set of building plans including plans for all floors, cross-sections, and elevations showing all dimensions and finished square footage.

c. Plans and samples including exterior materials, colors, finishes and windows being used.

d. Detailed landscaping plans.

e. Fencing plans, including materials, colors and sizes and heights.

f. Outdoor lighting plans, including layout, type of light, and colors be specified.

The Design Review Board may require that the applicant submit additional information reasonably required to perform its review function. Any proposed plans and other related or required information shall be submitted with the applicable fee, that is required by the Design Review Board.

Section 7.3 Submittal Fee. The initial fee required for the Design Review shall be the sum of $200.00. The amount of the fee may be revised

by the Design Review Board from time to time. If additional professional services are needed, an additional fee will be charged for this service.

Section 7.4 Approval. Upon receipt of plans and other required material, the Design Review Board shall review the proposed improvement to determine whether it is in accordance with the goals stated in this Declaration and is otherwise in conformance with the Declaration and the Design Guidelines. No house, other structure or fence shall be erected, placed or altered on any lot, nor shall any site work be commenced, until the plans and specifications have been approved in writing by the Design Review Board as to such compliance and as to the quality of workmanship and materials, harmony of external design with existing structures, and location of the structure with respect to topography and finish grade elevation. Approval or disapproval by the Design Review Board must be in writing. The design review process specified in the Design Guidelines must be followed. If the Design Review Board disapproves of any portion of the plans and specifications, the reason for such disapproval shall be stated. In the event the Design Review Board fails to act within thirty (30) days after the final plans and specifications of any structure, together with any required fee, have been submitted in writing, or in any event, if no suit to enjoin the construction has commenced prior to the completion of an entire dwelling, no specific approval shall be required for such structure and the pertinent provisions of this Declaration shall be deemed to have been fully complied with.

Section 7.5 Violations of the Design Guidelines: If the Design Review Board, upon its own inspection or upon receiving a complaint, determines that any Owner is violating the Design Review Board's guidelines, or has failed properly to maintain their owned lot or any permanent improvement thereon, including necessary repairs, or has constructed or made any change to any improvement not in conformance with an approved plan, the Design Review Board will notify the Owner in writing. Such notice will contain a statement of the nature of the violation, the steps needed to remedy it, and demanding the Owner remedy it within a period of thirty (30) days. If the Owner fails or refuses to remedy the violation, the Design Review Board, may at its election, correct the deficiency set forth in the notice at the Lot Owner's expense. If the Lot Owner fails to reimburse the Design Review Board within thirty (30) days after mailing a statement for correcting the deficiencies, the

Design Review Board, through the Association, may assess a lien to the same extent as those liens described in Article VI: Sections 6:8 and 6:9 of this Declaration. The remedies provided above are not exclusive and the Design Review Board and the Association may exercise any other remedies allowed by law for violations, including but not limited to injunctive relief.

Section 7.6 Design Guidelines. The Design Review Board shall adapt guidelines for its overall design review, the design review application process, and its operating procedures (referred to as "Design Guidelines"). The Design Guidelines may be amended from time to time. It is the responsibility of each owner to obtain and review a copy of the most recently adapted Design Guidelines.

Section 7.7 Deposit. The Design Review Board may require each owner to provide a deposit in an amount set by the Board to ensure that the roads and other common properties are not damaged during construction and that the other provisions of this Declaration and applicable rules and regulations are not violated during construction. If the construction is completed without such damage or violation, the deposit shall be returned to the owner (without interest). If there has been such damage or violations, the deposit may be applied toward remedying such damage or violations. If the owner disagrees that such damage or violations have occurred, the Design Review Board shall give the owner an opportunity to meet with the Design Review Board and provide such evidence as the owner may desire. After considering such evidence the Design Review Board shall make a determination of whether such damages or violations occurred, including the amount thereof and the determination of the Design Review Board, made in good faith, shall be final. If the cost of remedying any such damage or violations exceeds the deposit amount, the owner shall be responsible for any excess costs. Initially, the deposit amount is set at $500.00.

Section 7.8 Liability. Neither the Developer or the Design Review Board nor their respective members, officers, directors, employees or agents shall be responsible or liable for any defects in any plans or specifications submitted, revised or approved under this Article, nor for any defects in construction pursuant to such plans and specifications. Approval of plans and specifications under this Article shall not be deemed in lieu of

compliance by owner with applicable building codes or other governmental laws or regulations.

ARTICLE VIII
Water System

Section 8.1 Community Water System. Developer intends to develop a community water system (the "Water System") to serve all of the lots in the Subdivision All lots in the Subdivision shall be required to connect to the Water System, and all water consumed or used on each lot shall be provided by the Water System. No individual wells shall be permitted on any lots. Other property(ies) developed by Developer or an affiliate of Developer may also be allowed or required to connect to the Water System. Such other properties may include properties added to Eagle Ridge Estates Subdivision or properties which are not a part of Eagle Ridge Estates Subdivision, but which are obliged to pay a proportionate share of the cost of operation, maintenance, repair and replacement of the Water System.

Section 8.2 Facilities Included in Water System. The Water System includes the water, wells, water reservoir, pump house(s) pumps, main water lines and other equipment and facilities for providing a domestic water supply to the Subdivision lots and Common Properties. The Water System does not include the service lines running from the house located on each lot to the shut off valve located near the property line of each lot.

Section 8.3 Water System Operator. Initially, the Water System will be owned and operated by the Developer. The Developer may transfer the Water System to a third party (which may or may not be related to the Developer). At some point, a water district may be established. The Developer also retains the right to transfer the Water System to the Association, at the election of the Developer, in which case the Association agrees to accept and operate the Water System. The owner/operator of the Water System is referred to herein as the "Water System Operator". The Water System Operator shall operate the Water System in accordance with applicable State and Federal laws and regulations.

Section 8.4 Initial Construction. Developer shall be responsible for the initial drilling of the wells; installation of pumps and the equipment; and construction of the water mains, the shut off valve (curb stop) located at or

near the property line of each lot; and the portion of the service line running between the water main and the shutoff valve. Each owner shall be responsible for the initial construction of the portion of the service line running from the shut off valve to the residence and all other water facilities located on that owner's lot, including but not limited to a water meter. The water meter must be installed in an easy access place (kept free of debris) inside the home. A digital reader is required and must be installed on the exterior. The Water System Operator shall have an easement over each lot for access, construction, maintenance, repair and replacement of the Water System from the main water lines up to and including the shutoff valve where it is located on the lot and for other purposes in operating the "Water System". A one inch (1") line is required. A sprinkler system or any type of connection CANNOT be connected ahead of the water meter.

Section 8.5 Maintenance. The Water System Operator shall be responsible for maintenance of the Water System. Each owner shall be responsible for the operation, repair, maintenance and replacement of the portion of the service line running from the shutoff valve to the residence and all other water facilities located on that owner's lot. Each owner agrees to install, operate, repair, maintain and replace the water facilities for which the owner is responsible in such a manner as to cause no injury to other property or the overall Water System, and to be in compliance with any rules and regulations adopted by the Water System Operator concerning the Water System. Each lot owner shall be responsible for all cost and any damages which originate from the water facilities for which the owner is responsible, including but not limited to any water damage to any residence or other structure on the owner's lot.

Section 8.6 Use of Water. The Water System is intended for domestic household and yard and garden use only, and not for use for any form of commercial irrigation. Use of water for large swimming pools must be authorized by the Association. No owner shall sell, transport or utilize water from the Water System on any property other than the owner's lot (except in the event of an emergency). The Homeowner's Association may use water in connection with its maintenance of the Common Properties or for other purposes. If the Water System has excess capacity, the Water System Operator may deal with the excess capacity in any manner it shall see fit, provided that water service to the Subdivision is not unreasonably impaired.

Section 8.7 Water Charges. The Water System Operator shall have the right to charge fees and assessments and other charges in connection with its operation of such Water System. Such fees, charges and assessments may include a fixed monthly basis charge and/or a charge based upon usage, and may include amounts budgeted to cover capital expenditures, including replacements and upgrades of capital assets. Any amounts charged or assessed by the operator of such Water System shall be in accord with that which is allowed by Montana law. The Water System Company will provide the water meter and there will be a $250.00 hook up fee. The minimum fixed monthly basis charge will be $25.00 per month (even if water is not used).

Section 8.8 Fees Not Based on Usage. Water System fees, charges and assessments that are not based upon usage may be charged to a lot owner even if the lot is not yet improved or if the improvement on the lot is not currently occupied. In no event shall unsold lots owned by Developer be subject to any Water System fees, charges or assessments, other than fees which are charged with respect to actual usage of water by each particular lot.

Section 8.9 Collection of Water Charges. Water System fees, charges and assessments may be collected on a monthly basis. Such charges may become a lien upon a lot by filing by the entity operating the Water System of a lien which shall describe the lot, state the amount of the unpaid fees, charges or assessments and the date such became due. A lot owner whose lot is subject to such lien must pay the amount due, interest at fifteen percent (15%) per annum until paid, costs for preparation of the lien and lien release, and all recording fees before the lien is released. Such lien may be foreclosed as allowed by Montana law. In the event of litigation, the prevailing party shall be entitled to attorney's fees and costs. In addition, the operator of the Water System may terminate water service to any property which is delinquent in payment of water charges, provided that prior written notice of intent to terminate service is given to the owner at least 30 days prior to terminating water service.

Section 8.10 Limited Warranty by Developer. Developer warrants each portion of the Water System constructed during any phase of the development of the Subdivision for a period of one year from substantial completion of that portion of the Water System. During this warranty

period, Developer will repair or replace any part of that portion of the Water System that is defective. Developer's obligation is limited to repair and replacement of the Water System, and Developer shall not be responsible for any damage to person or property caused by any such defect, nor for any incidental or consequential damages. In addition, Developer hereby assigns all warranty rights that Developer may have from any engineers, well drillers, contractors and suppliers ("third-party providers") in connection with the construction of the Water System to the Homeowners' Association. THE LIMITED WARRANTY OF DEVELOPER AND THE ASSIGNMENT OF ALL WARRANTIES FROM THIRD-PARTY PROVIDERS IS IN LIEU OF AND REPLACES ANY IMPLIED WARRANTY OF MERCHANTABILITY, HABITABILITY OR FITNESS FOR A PARTICULAR PURPOSE FROM DEVELOPER, AND DEVELOPER MAKES NO IMPLIED WARRANTY OF MERCHANTABILITY, IMPLIED WARRANTY OF HABITABILITY, IMPLIED WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE, OR IMPLIED WARRANTY OF ANY KIND CONCERNING THE WATER SYSTEM.

Section 8.11 Dedication of Water System. The Water System Operator shall have the power to dedicate or transfer all or any part of the Water System to any private utility company, or to any water district, municipality, public agency, authority or utility authorized to operate a water system or to the Association. If the Developer elects to transfer the Water System to the Association, the Association agrees to accept and operate the Water System. No such dedication or transfer shall take place without the consent of the Developer during the Period of Developer Control.

ARTICLE IX
Expansion

Section 9.1 Developer May Expand. Developer reserves the right, but will not be obligated, to expand the effect of this Declaration to include additional property. The consent of the existing owners, the Association or the Board of Directors of the Association will not be required for any such expansion, and the Developer may proceed with such expansion without limitation at its sole discretion.

Section 9.2 Declaration of Annexation. Any expansion may be accomplished by recording a Declaration of Annexation and one or more additional plats in the records of the Clerk and Recorder of Flathead County, Montana. The Declaration of Annexation will describe the real property to be annexed, submitting it to this Declaration. Upon such annexation, each lot in the annexed property will be allocated one vote and liability for the assessments equal to the liability allocated to each of the previous lots, and the proportionate voting interest and allocation of common expenses for the previous lots will be adjusted accordingly. Upon such annexation, each owner of a lot in the annexed property shall automatically become a member of the Association. Such Declaration of Annexation will not require the consent of the existing owners, the Association or the Board of Directors of the Association. Any such expansion will be effective upon the filing for record of such Declaration of Annexation, unless otherwise provided therein. The expansion may be accomplished in stages by successive supplements or in one supplemental expansion. Upon the recording of any such Declaration of Annexation, the definitions used in this Declaration will be expanded automatically to encompass the annexed property.

Section 9.3 Supplemental Covenants. A Declaration of Annexation may add supplemental covenants peculiar to the annexed property, or delete or modify provisions of this Declaration as it applies to the annexed property. However, this Declaration may not be modified with respect to that portion of the property already subject to this Declaration, except as provided below for amendment.

ARTICLE X
Duration and Amendment

Section 10.1 Duration of Declaration. The provisions of this Declaration are intended to be easements and covenants running with the land, and are intended to be perpetual, except as amended or terminated as provided below. If any provision contained in this Declaration is subject to the laws or rules sometimes referred to as the rule against perpetuities or the rule prohibiting unreasonable restraints on alienation, such provisions shall continue and remain in full force and effect for the period of 21 years following the death of the last to die of the initial members of the Board of Directors of the Homeowner's Association and the then living children of

initial Directors, or until the provisions contained in this Declarations are amended or terminated as provided below whichever first occurs.

Section 10.2 Amendment During Period of Developer Control. During the Period of Developer Control, this Declaration may be amended by Developer as provided in this Section. Developer shall prepare the form of amendment. The form of amendment and a notice of the Owners' rights under this Section shall be mailed to each Owner by first class mail, postage prepaid to the address of the owner on the records of the Homeowner's Association. Unless written objection is received by Developer from the owners holding 80% or more of the votes within 30 days of the mailing of the notice to the owners, the action proposed to be taken by the Developer shall be considered approved and shall become final. If such objection is not timely received, the Developer shall then record in the records of Flathead County, Montana, a document stating the action taken, together with a sworn statement certifying that notice was given to the owners as required herein and that fewer than 80% of the owners objected to the action.

Section 10.3 Amendment after Period of Developer Control. After the Period of Developer Control, this Declaration may be amended or repealed as provided in this Section. Any amendment shall require the consent of the owners of sixty percent (60%) of the lots. Such consent may be evidenced by written consent or by vote at a regular or special meeting of the members of the Homeowner's Association, or by a combination of written consents and votes. If such consent is received, the Association shall then record in the records of Flathead County, Montana, a document stating the action taken, together with a sworn statement certifying that the required consent was received.

Section 10.4 Unilateral Amendment By Developer. At any time, before or after the Period of Developer Control, so long as Developer owns a lot, Developer may unilaterally amend this Declaration (1) if such amendment is solely to comply with applicable law or correct a technical or typographical error, (2) if such amendment does not adversely alter any substantial rights of any owner or mortgagee, or (3) in order to meet the guidelines or regulations of a lender or insurer including, but not limited to, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Housing Administration or the Veterans

Administration or any similar agency. Such amendments shall not require approval of any Owners.

ARTICLE XI
General Provisions

Section 11.1 Effect of Provisions of Declaration. Each provision contained in this Declaration, and any agreement, promise, covenant and undertaking to comply with each provision contained in this Declaration, and any necessary exception or reservation or grant of title, estate, right or interest to effectuate any provision contained in this Declaration: (a) shall be deemed incorporated in each deed or other instrument by which any right, title or interest in any real property within the Subdivision is granted, devised or conveyed, whether or not set forth or referred to in such deed or other instrument; (b) shall, by virtue of acceptance of any right, title or interest in any real property within the Subdivision by an owner of the Association, be deemed accepted, ratified, adopted and declared as a personal covenant of such owner or the Association, as the case may be, and, as a personal covenant, shall be binding on such owner or the Association and such owner's or Association's respective heirs, personal representatives, successors and assigns; (c) shall be deemed an equitable servitude, running, in each case, as a burden with and upon the title to each parcel of real property within the Subdivision; and (d) shall be deemed a covenant, obligation and restriction secured by a lien binding, burdening and encumbering the title to each parcel of real property within the Subdivision.

Section 11.2 Enforcement and Remedies. Each provision contained in this Declaration shall be enforceable by the Association, by the Developer or by any owner who has first made written demand on the Association to enforce such provision and 30 days have lapsed without appropriate action having been taken by the Association. Any enforcement action may be by a proceeding for such relief as may be provided at law or in equity, including but not limited to a temporary or permanent injunction and/or a suit or action to recover damages. Such action may be brought against any person(s) violating or threatening to violate a provision of this Declaration. None of the remedies which are stated in this Declaration are intended to be exclusive, and all parties shall have all such remedies as may be provided by law.

Section 11.3 Limited Liability. Neither the Developer, the Association, the Design Review Board or, their respective members, officers, directors, employees or agents shall be liable to any party for any action or for any failure to act with respect to any matter if the action taken or failure to act was in good faith and without malice.

Section 11.4 Successors and Assigns. Except as otherwise provided herein, the provisions contained in this Declaration shall be binding upon and shall inure to the benefit of Developer, the Association, and each owner and their respective heirs, personal representatives, successors and assigns. Developer may assign some or all of its rights under this Declaration to a third party by a written instrument specifically referring to such rights recorded in the records of Flathead County, Montana. Such instrument may specify the extent and portion of the rights or interests as a Developer which are being assigned in which case the initial Developer shall retain all other rights as Developer.

Section 11.5 Severability. Invalidity or unenforceability of any provision contained in this Declaration in whole or in part shall not affect the validity or enforceability of any other provision of this Declaration.

Section 11.6 Captions. The captions and headings in this instrument are for convenience only and shall not be considered in construing any provision of this Declaration.

Section 11.7 Construction. When necessary for proper construction, the masculine of any word used in any provisions contained in this Declaration shall include the feminine or neuter gender, and the singular the plural, and vice versa.

Section 11.8 No Waiver. Failure to enforce any provision contained in this Declaration on any one or more occasions shall not operate as a waiver of any such provision or of any other provision of this Declaration.

Section 11.9 Attorneys' Fees. In the event of a dispute arising under any provision contained in this Declaration, the prevailing party shall be entitled to its reasonable costs and attorneys' fees incurred.

200408909410

DATED this 29 day of March, 2004.

WEST MONTANA VENTURES, LLC

By: NW Sales & Marketing, Inc., Member and
General Agent for West Montana Ventures, LLC

Jim Etzler

Jim Etzler, President

STATE OF MONTANA)
:ss
County of Flathead)

On this 29 day of March, 2004 before me, the undersigned, a Notary Public for the State aforesaid, personally appeared JIM ETZLER, known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that such person executed the same in such person's authorized representative capacity on behalf of WEST MONTANA VENTURES, LLC, the entity that executed the within instrument, and acknowledged to me that such entity executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notarial Seal the day and year first above written.

Charlene M. Terry
Notary Public for the State of Montana

Charlene M. Terry
Print or type name
Residing at Kalispell, MT
My Commission expires 7/1/2004

Charlene M. Terry
Notary Public For The State Of Montana
Residing at Kalispell, Montana
My commission Expires July 1, 2004

(SEAL)

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STATE OF MONTANA
County of Flathead
RECORDED AT THE REQUEST OF West Montana Ventures
THIS 29 DAY OF March, 2004 AT 9:41 O'CLOCK AND
RECORDED IN THE RECORDS OF FLATHEAD COUNTY, STATE OF MONTANA.

FEE $ 198.00 PD.

RECEPTION NO. 200408909410

RETURN TO West Montana Ventures LLC
1600 Whitebone Dr.
Kalispell MT 59901

Paula Robinson
(Flathead County Clerk and Recorder)

Kimberly Marie
(Deputy Clerk)

Plat 200017112350