

DECLARATION  
OF COVENANTS, CONDITIONS AND RESTRICTIONS

FAIRWAY BOULEVARD TOWNHOUSES

THIS DECLARATION, made this 1st day of February, 1979, by Bitney's, Inc., of Kalispell, Montana, (hereinafter referred to as "Declarant").

WITNESSETH:

WHEREAS, Declarant is the owner of the real property situated in Flathead County, Montana, to be developed and known as Fairway Boulevard ~~Townhouses~~ and

WHEREAS, Declarant is desirous of subjecting said real property to the Covenants, Conditions and Restrictions hereinafter set forth, each of which is and are for the benefit of said property and for each owner thereof, and shall inure to the benefit of and pass with said property, and each and every parcel thereof, and shall apply to and bind the successors in interest, and any owner thereof;

NOW THEREFORE, the Declarant hereby declares that the real property described in Article I is and shall be held, transferred, sold and conveyed subject to the Covenants, Conditions and Restrictions hereinafter set forth.

ARTICLE I

1. Property. The real property which is and shall be held conveyed, transferred and sold subject to the Covenants, Conditions and Restrictions hereinafter set forth is situated in the County of Flathead, State of Montana, and is described on Exhibit A hereto, which by this reference is incorporated herein, and which is the land encompassed by the plat entitled Fairway Boulevard Townhouses.

No other property, other than that described above, shall be deemed subject to this Declaration unless and until specifically made subject thereto.

2. Definitions.

a. "Association" shall mean the Fairway Boulevard Homeowners Association, its successors and assigns which shall be formed by the Declarant as a non-profit corporation.

b. "Common properties or common area" shall mean those areas of land shown on any recorded subdivision plat of the property and intended to be devised to the common use and enjoyment of the owners of the property. Said property may be conveyed to and owned by the Association.

c. "Declarant" shall mean Bitney's Inc. of Kalispell, Montana, his successors and assigns.

d. "Living unit" shall mean any building, or portion of a building, situated upon the properties designed and intended for the use and occupancy as a residence by a single family. All reference to a

living unit shall be deemed to refer also to the underlying lot whether or not developed and all permanent improvements thereon.

e. "Lot" shall mean any plot of land shown upon any recorded subdivision map of the property with the exception of the common properties or common area. Every lot shall be conclusively presumed for all purposes hereunder to include one living unit, irrespective to the actual status of construction thereon.

f. "Member" shall mean an owner of a living unit which is subject to assessment hereunder.

g. "Mortgage" shall mean the conveyance or assignment of any lot or living unit to secure the performance of an obligation and the instrument thereof, and may include a deed of trust, trust indenture, mortgage, assignment, financing statement or any other form of security instrument or agreement as now known or hereafter devised for the purpose of creating a lien to secure an obligation or duty.

h. "Mortgagee" shall mean a person or entity to whom a mortgage is made.

i. "Mortgagor" shall mean a person or entity who mortgages his or its property to another, i.e., the maker of a mortgage.

j. "Owner" shall mean the record owner of a fee simple title to any living unit which is part of the property and shall also include a contract buyer.

k. "Properties" shall mean the real property described in Article I, paragraph 1 hereinabove.

l. "Townhouse" shall mean any living unit.

## ARTICLE II

### COMMON RIGHTS IN COMMON AREA

1. Owner's Easements of Enjoyment. Every owner shall have a right and easement of enjoyment in and to the Common Area which shall pass with the title to every lot, subject to the following provisions:

a. Charges. The right to the Association to charge reasonable admission and other fees for the use of any recreational facility situated upon the common area;

b. Suspension of Voting Rights. The right of the Association to suspend the voting rights and right to use of the recreational facilities by an owner for any period during which any assessment against his lot remains unpaid, and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations;

c. Dedication. The right of the Association to dedicate or transfer all or any part of the common area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedications or transfer shall be effective unless an instrument signed by two-thirds (2/3) of each class of members agreeing to such dedication or transfer has been recorded.

2. Delegation of Use. Any owner may delegate, in accordance with the By-Laws, his right of enjoyment to the common area facilities to the members of his family, his tenants, or contract purchasers who reside on the property.

3. Owner's Easement for Ingress and Egress. Each owner is hereby granted an easement, which shall run with the land, across the common area as necessary for ingress and egress to his lot.

### ARTICLE III

#### ASSOCIATION MEMBERSHIP AND PROPERTY RIGHTS

1. Association Membership. The Association to be formed by the Declarant shall have as members the owners of each Townhouse. Membership shall be appurtenant to and shall not be separated from ownership of any Townhouse. Members shall participate in a manner prescribed by the Declaration and By-Laws of the Association, and the resolutions of its Board of Directors. The Association's purpose is to control, maintain and improve the common area and exteriors of the Townhouses, plus provide services and facilities to the owners as it may determine.

2. Property Rights. Every owner shall have a right and easement of enjoyment of the common area and said right shall be appurtenant to and shall pass along with title to every Townhouse subject to the following provisions:

a. The rights of the Association to charge reasonable admission and other fees for the use, care, maintenance and improvements of the common area and the furnishing or providing of services and facilities to the property and owners thereof.

b. The rights of the Association to place liens on Townhouses whose owners fail to pay any fee, as limited by paragraph 3 hereof.

c. In the event the Association fails to maintain the common area as herein provided, the right of the Board of County Commissioners, Flathead County, Montana, to perform said maintenance and charge the owners for any costs thereof and place liens on the property for failure of the owners to pay said costs.

3. Assessment Liens. Assessments made by the Homeowner's Association for taxes and for the maintenance and improvement of the common areas shall be a lien against the townhouse units, and may be enforced by judicial process, including the right to recover all costs of collection and reasonable attorney's fees, subject to the following exceptions and provisions:

a. The holder of a first mortgage or trust indenture, upon request, is entitled to written notification from the Homeowner's Association of any default in the performance of the individual townhouse unit borrower of any obligation to the Homeowner's Association which is not cured within sixty (60) days.

b. Any holder of a first mortgage or trust indenture who obtains title to a townhouse unit pursuant to the remedies provided in the mortgage or trust indenture, or by foreclosure of the mortgage or trust indenture, or by deed (or assignment) in lieu of foreclosure, will not be liable for such townhouse unit's unpaid dues or charges which accrue prior to the acquisition of title to such unit by the holder of the mortgage or trust indenture.

c. No "right of first refusal" may be created by the developer, the Homeowner's Association, or any one or combination of owners of townhouse units that will be effective as to the holder of a first mortgage or trust indenture.

d. Unless at least seventy-five percent (75%) of the holders of first mortgages and trust indentures (based upon one vote for each townhouse unit affected) or owners (other than the sponsored developer or builder) of the individual units in the Fairway Boulevard Estates have given their prior written approval, the Homeowner's Association shall not be entitled to:

(1) By act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the common property owned directly or indirectly by the Homeowner's Association for the benefit of the units in the Fairway Boulevard Estates. The granting of easements for public utilities or for other public purposes consistent with the intended use of such common property shall not be deemed a transfer within the meaning of this clause.

(2) Change the method of determining the obligations, assessments, dues or other charges which may be levied against a townhouse unit owner.

(3) By act or omission, change, waive or abandon any scheme of regulation, or enforcement thereof, pertaining to the architectural design or the exterior appearance of units, the exterior maintenance of units, the maintenance of the common property, streets, driveways, lawns and landscape plantings.

(4) Fail to maintain fire and extended coverage insurance on any insurable common property on a current replacement cost basis in an amount not less than 100% of the insurable value (based on current replacement cost).

(5) Use hazard insurance proceeds for losses to any Homeowner's Association common property for other than the repair, replacement or reconstruction of such common property.

e. The holders of first mortgages or trust indentures shall have the right to examine the books and records of the Homeowner's Association or any successor thereto which owns the common property of the Fairway Boulevard Townhouses.

f. The holders of first mortgages or trust indentures on townhouse units may, jointly or singly, pay taxes or other charges which are in default, and which may or have become a charge against any common property, and may pay overdue premiums on hazard insurance policies or secure new hazard insurance coverage upon the lapse of a policy for such common property, and the holders of first mortgages or trust indentures making such payments shall be owed immediate reimbursement therefor from the Homeowner's Association. Upon request, the Homeowner's Association will execute an agreement in favor of all holders of first mortgages or trust indentures on units in the Fairway Boulevard Townhouses and deliver the original or a certified copy of such agreement to such holder.

g. No action may be taken by the developer, by the Homeowner's Association, or any successor entity that would have the effect of giving the townhouse unit owners or any other party priority over any rights of the holders of first mortgages or trust indentures pursuant to their mortgages or trust indentures, in the case of a distribution to townhouse unit owners of insurance proceeds or condemnation awards for losses to or a taking of any common property.

h. Method of Assessment. All assessments shall be apportioned equally amongst the townhouse units in the estates. Such assessments shall include an adequate reserve fund for taxes, maintenance, repairs and replacements of those elements of the common property that must be replaced on a periodic basis, in order that such costs may be included in regular monthly installments rather than by special assessments.

4. In the event any provision of this Article III appears to be inconsistent with or contradictory to any other provision of these covenants, Article III shall control.

5. Amendment. The provisions of this Article may be amended at any time by an instrument signed by not less than seventy-five (75) percent of the owners and approved by the Board of Adjustment, Flathead County, Montana.

#### ARTICLE IV

##### ASSOCIATION VOTING RIGHTS

1. Voting Rights. The Association shall have two classes of voting membership:

Class A. Class A members shall be all owners (with the exception of the Declarant until conversion of Declarant's Class B Membership) and shall be entitled to one vote for

each living unit owned. When more than one person holds an interest in any living unit, all such persons shall be members. The vote for such living unit shall be exercised as the owners thereof among themselves determine, but in no event shall more than one vote be cast with respect to any living unit.

Class B. The Declarant shall be the Class B member and shall be entitled to three (3) votes for each living unit owned. The Class B membership shall cease and be converted to Class A membership when ownership of all living units shall pass from Declarant to any owner other than Declarant.

Nothing contained herein shall preclude the Declarant from adding property pursuant to the provisions of Article XVI, or otherwise pursuant hereto, and all property so added shall be included in the determination of the existence of such property.

## ARTICLE V

### COVENANT FOR MAINTENANCE ASSESSMENTS

1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each living unit owned within the properties, hereby covenants, and each owner of any living unit 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: (1) annual assessments or charges, (2) special assessments for capital improvements, as provided in paragraph 4 hereof, (3) an amount sufficient to indemnify and hold the Association harmless from all obligations undertaken or incurred by the Association at or on account of an individual owner's special request and to repay the Association for all expenditures on account thereof, and (4) an amount sufficient to reimburse the Association for the cost of performing an obligation of an owner hereunder which he has failed to timely pay or perform. The aforesaid obligations, together with interest, taxable court costs, reasonable attorneys' fees and all other collection expenses, shall be a charge and a continuing lien upon the living unit against which each such assessment is made, or with reference to which each such charge is incurred. Each assessment or charge, together with interest, costs and reasonable attorneys' fees, shall also be the personal obligation of the person who was the owner of such living unit at the time when the assessment fell due or charge was incurred. The personal obligation for delinquent assessments or charges shall not pass to his successors in title unless expressly assumed by them.

2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the residents in the properties and for the improvement and maintenance of the common area, and of the buildings and open spaces situated upon the properties.

3. Annual Assessment. Until January 1 of the year immediately following the conveyance of the first living unit to an owner, the maximum annual assessment shall be \$360.00 per living unit. From and after January 1 of the year immediately following the conveyance of the first living unit to an owner, the maximum annual assessment shall be as determined by the Board of Directors.

4. Special Assessments for Capital Improvements. In addition to the annual

assessments authorized above, the Association may levy, in any assessment year, a special 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 upon the common area, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of members who are voting in person or by proxy at a meeting duly called for this purpose.

5. Notice and Quorum for Any Action Authorized Under Paragraph 4.

Written notice of any meeting called for the purpose of taking any action authorized under paragraph 4 shall be sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At such meeting called, the presence of members or their proxies entitled to cast fifty percent (50%) of all votes of each class of membership shall constitute a quorum.

6. Rate of Assessment. Both annual and special assessments must be fixed

at a uniform rate for all living units and may be collected on a monthly basis. This provision shall not preclude the Association from making a separate or additional charge to an owner for and on account of special services or benefits rendered, conferred or obtained.

7. Date of Commencement of Annual Assessments: Dues. The annual

assessments provided for herein shall commence as to all living units on the first day of the month following the occupation of the unit by a purchaser or tenant; provided however, that any unit which remains unoccupied for a period of six (6) months after it is completed shall be subject to assessment which shall be paid by the owner, including the declarant if it is still the owner. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual assessment against each living unit at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment and of any special charges shall be sent to every owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth when the assessments and charges on a specified living unit have been paid.

8. Effect of Nonpayment of Assessments: Remedies of the Association.

Any assessment or charge not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of nine percent (9%) per annum. The Association may bring an action at law against the owner personally obligated to pay the same, or foreclose the lien against the property. No owner may waive or otherwise escape liability for the assessments or charges provided for herein by non-use of the common area or abandonment of his living unit.

9. Subordination of the Lien to Mortgages and Deeds of Trust. The lien

of the assessments and charges provided for herein shall be subordinate to the lien of any first mortgage or first deed of trust. Sale or transfer of any living unit shall not affect the lien for assessments or charges. However, the sale or transfer of any living unit pursuant to foreclosure of an institutional first mortgage or first deed of trust (including without limitation the exercise by the trustee of

a power of sale thereunder), or any proceeding or deed in lieu thereof, shall extinguish the lien of such assessments or charges as to payment which became due prior to such sale or transfer. No sale or transfer shall relieve such living unit from liability for any assessments or charges thereafter becoming due or from the lien thereof.

10. Exempt Property. All properties dedicated to, and accepted by, a local public authority and all properties owned by a charitable or nonprofit organization exempt from taxation by the laws of the State of Montana shall be exempt from the assessments created herein, provided however, no land or improvements devoted to dwelling use shall be exempt from said assessments.

## ARTICLE VI

### EXTERIOR MAINTENANCE

1. By Association. In addition to maintenance upon the common area, the Association shall provide exterior maintenance upon each lot which is subject to assessment hereunder, as follows: paint, repair, replace and care for party walls between living units, roofs, gutters, downspouts, exterior building surfaces and other such exterior improvements. Such exterior maintenance shall not include improvements built or placed by an owner within the patio or yard space or repairs or replacements caused by any of the perils covered by a standard form fire insurance policy with extended coverage endorsement thereon, or caused by flood, earthquake or other Acts of God, including, but not limited to glass surfaces, air conditioning units, trees, shrubs, grass, walks, driveways, parking areas, or landscaping.

2. Necessitated by Owner. In the event that the need for maintenance or repair is caused through the willful or negligent act of the owner, his family, or guests, or invitees, the cost of such maintenance or repairs shall be added to and become a part of the assessment to which such living unit is subject.

3. By Owner. Except as provided in paragraph 1 of this Article, all maintenance items shall be the responsibility of each living unit owner; provided however, that if a living unit owner shall fail to maintain or make the repairs or replacement which are the responsibility of such living unit owner, then, upon vote of a majority of the Board of Directors, and after not less than thirty (30) days notice to the living unit owner, the Association shall have the right (but not the obligation) to enter upon or into the lot or living unit and provide such maintenance or make such repairs or replacements, and the cost thereof shall be added to the assessments chargeable to such living unit owner and shall be payable to the Association by the said living unit owner.

4. Access at Reasonable Hours. For the purpose of performing the maintenance authorized by this Article, the Association's agents or employees shall have the right after reasonable notice to the living unit owner, to enter upon a lot or living unit or upon any portion of the common areas, at reasonable hours, and without notice at any time in the event of an emergency.

## ARTICLE VII

DUTIES AND POWERS OF THE OWNER'S ASSOCIATION

1. Duties and Powers. In addition to the duties and powers enumerated in its Articles of Incorporation and By-Laws, or elsewhere provided for herein, and without limiting the generality thereof, the Association shall:

a. Common areas. Maintain and otherwise manage all of the common areas and all facilities, improvements and landscaping thereon, and all property that may be acquired by the Association.

b. Furnishings and Equipment. Obtain and maintain for the common areas, and its use and recreation, such furnishings and equipment as shall be necessary or proper.

c. Exterior Maintenance. Maintain the exterior of the living units in the manner and subject to the limitations set forth in Article VI.

d. Utilities; Refuse Collection. Have the authority to obtain for the benefit of all the owners, all utility services, including but not limited to, water, gas, sewer, electricity, and refuse collection; and, to the extent not separately charged or metered, for the individual living units upon the owner's request and promise to pay therefor.

e. Legal and Accounting Services. Have the authority to obtain legal and accounting services necessary or proper in the operation of the project or the enforcement of these Restrictions.

f. Easements. Grant easements where necessary for utilities and sewer facilities over the common areas to serve the common areas and the living units.

g. Employ. Have the authority to employ a manager or other persons and to contract with independent contractors or managing agents to perform all or any part of the duties and responsibilities of the Association.

h. Contingency Fund. Have the power to establish and maintain a working capital and contingency fund in an amount to be determined by the Board of Directors of the Association. Said fund shall be used by the Association as the Directors shall deem fit to carry out the objectives and purposes of the

Association, and shall be added to and made a part of the regular assessments provided for in paragraph 3 of Article V hereof.

i. Purchase Insurance. Have the power to purchase insurance for either or both the common areas and all or any part of the living units for such risks, and such companies, and in such amounts as the Board of Directors of the Association shall determine and to assess the premium costs thereof in any manner that the Board of Directors of the Association shall deem to be equitable. Premium costs for risks associated with the common area shall be part of the uniform assessment provided in Article V and risks associated with individual dwelling units shall be special assessments attaching only to such dwelling units.

2. Liability Insurance. Public liability and common area property damage insurance shall be purchased by the Board, or acquired by assignment from Declarant, as promptly as possible following its election, and shall be maintained in force at all times, the premium thereon to be paid out of the Association's funds. The insurance shall be carried in reputable companies authorized to do business in Montana. The minimum amounts of coverage shall be \$500,000.00 for personal injury to any one person, \$1,000,000.00 for personal injury to any number of persons sustained in any one accident or mishap, and \$100,000.00 property damage. The policy shall name the Association, its directors, officers, employees and agents in the scope of their employment, as insured. This policy shall insure against, but may not be limited to, injury or damage occurring in the common area.

b. Fire Insurance - Master Policy for Common Area. A master or blanket fire insurance policy shall also be purchased or acquired by the Board as promptly as possible following its election, and shall thereafter be maintained in force at all times, the premium thereon to be paid out of the Association's funds. Said insurance shall be carried with reputable companies qualified to do business in the State of Montana, and shall insure against loss from fire and other hazards therein covered, for the full insurable value of all of the permanent improvements upon the common area. Said policy may contain extended coverage and replacement costs endorsements, if available, as well as vandalism and malicious mischief coverage, special form endorsement, stipulated amount clause, and a determinable cash adjustment clause, or a similar clause or clauses to permit cash settlement covering full value of the improvements in the event of partial destruction. The policy shall be in such amounts as shall be determined from time to time by the Board. The policy shall name all owners and mortgagees of the subject property, or any of it, as insured, as their respective interest may appear, and shall contain a loss payable endorsement in favor of the trustee hereinafter described.

c. Other Insurance. The Board of Directors of the Association may purchase additional insurance as the Board may determine to be advisable including, but not limited to, workman's compensation insurance, demolition insurance to remove improvements that are not rebuilt, fidelity bonds, and insurance on Association-owned personal property. All premiums therefore shall be paid out of the Association's funds.

d. Owner's Additional Insurance. An owner may carry such personal liability and property damage insurance respecting his individual living unit as he may desire; however, any such policy shall include a waiver of subrogation clause against the Association and all other owners.

e. Mortgagee's Rights. With respect to insurance coverage under paragraph (b) hereof, any mortgagee of record shall have the option to apply insurance proceeds payable to it in reduction of the obligation secured by its mortgage.

3. Damage and Destruction; Reconstruction. If any permanent improvement comprising a part of the properties, whether owned by an individual owner or by the Association, shall be damaged by fire or other casualty covered by insurance, the proceeds of all such insurance policies shall be paid to the Association to be applied as hereinafter provided. If the damage or destruction shall be to one or more living units, the Board of Directors of the Association shall enter into a contract for the repair or reconstruction of the damaged improvements, upon such terms as the Board feels is in the best interest of the individual owner as well as the Association. In the event that the proceeds from the insurance policies payable as a result of the loss to an individual living unit shall be insufficient for the repair or reconstruction of such living unit, the deficiency shall be promptly paid by the owner of such living unit, failing which, such amount shall become a special charge and assessment against such living unit pursuant to the provisions of Article V hereof. In the event of damage or destruction of any improvements upon the common areas, the Board of Directors shall contract for repair or reconstruction of such improvements and if the proceeds of any insurance policies payable as a result of such loss are insufficient for such repair or reconstruction, the deficiency shall be the subject of a special assessment which shall be approved by a vote of the owner's as provided in Article V hereof. The insurance proceeds shall be paid to the contractor or contractors designated by the Board at such times and upon such obligations as may be designated by the Board. All repair or reconstruction shall be made in accordance with original plans and specifications therefore, or according to such revised plans and specifications as may be approved by the Board of Directors of the Association, subject to architectural review required under existing recorded documents.

In the event that improvements in and upon the common areas shall not be rebuilt because the cost of rebuilding shall exceed the available insurance proceeds, and the members shall fail to approve a special assessment to cover the deficiency, the Board of Directors shall then cause any remaining portion of such improvement to be removed and the area cleared and landscaped in the most efficient and aesthetically pleasing manner possible. In the event that more than one individual living unit shall be substantially destroyed by fire or other casualty, and in the further event that at least sixty-six and two-thirds (66 2/3) percent of both Classes of Membership provided herein shall approve, the damaged and destroyed improvements shall not be rebuilt but rather the remaining portions thereof shall be removed, the land cleared, and the lots occupied by such removed improvements shall, with the consent of the owners thereof, be removed from the properties subject to this Declaration.

If the Board of Directors of the Association shall fail to proceed in good faith with the repair or reconstruction of any damaged or destroyed improvement, whether upon an individually owned lot or upon common area, and in any event

if reconstruction of an individual dwelling unit is not commenced within sixty (60) days after the casualty occurs, the owner of such damaged improvement may proceed to negotiate and execute a contract for such repair or reconstruction and the Association who shall receive any insurance proceeds attributable to such loss shall pay such proceeds, to the extent required, to the contractor or contractors selected by such individual owner. In the event that the Board of Directors shall fail to proceed in good faith to repair or rebuild damaged or destroyed improvements upon the common areas, any individual owner may call a meeting of the Association upon thirty (30) days notice in writing to all owners and such Association may act, through its membership, to proceed upon a simple majority vote of the members present and voting to enter into contracts for the repair and reconstruction of any damaged improvements. The excess of any proceeds, not required to repair or restore an improvement, shall be paid by the Association to the owner or the institution who shall have paid the premium for such insurance coverage.

4. Other Duties and Powers. The Association and its Board of Directors acting in its behalf shall obtain, provide and pay for any other materials, supplies, furniture, labor, services, maintenance, repairs, structural alterations, insurance, or pay any taxes or assessments which the Board is required to secure or pay for pursuant to the terms of these Restrictions or by law or which in its opinion shall be necessary or proper for the operation of the project or for the enforcement of these Restrictions; provided that if any such materials, supplies, furniture, labor, services, maintenance, repairs, structural alterations, insurance, taxes or assessments are specially provided for particular living units, the cost thereof shall be specially assessed to the owners of such living units. The Association may likewise pay any amount necessary to discharge any lien or encumbrance levied against the entire properties or any part thereof which may, in the opinion of the Board constitute a lien against the common areas, rather than merely against the interests therein of a particular owner, provided that where one or more owners are responsible for the existence of such lien, they shall be jointly and severally liable for the cost of discharging it, and any costs incurred by the Board by reason of said lien or liens, shall be specially assessed to said owners.

## ARTICLE VIII

### UTILITIES

1. Rights and Duties of Owners. The rights and duties of the owners with respect to sanitary sewer, water, electricity, gas and telephone lines and facilities shall be governed by the following:

a. Easement. Wherever sanitary sewer or water connections or electricity, gas, telephone or other similar lines or pipes are installed within the properties, which connections, lines or pipes, or any portion thereof, lie in or upon lots owned by other than the owner of a living unit served by said connections, lines or pipes, the owners of any living unit served by said connections, lines or pipes, shall have the right, and are hereby granted an easement to the full extent necessary therefor, at reasonable hours, to enter upon the lot within the properties in or upon which said connections, lines or pipes, or any portion thereof, lie, to repair, replace and generally maintain said connections, lines and pipes, as and when the same may be necessary.

b. Common Connections, Lines or Pipes. Wherever sanitary sewer or water connections, or electricity, gas or telephone lines or pipes, are installed within the properties, which connections serve more than one living unit, the owner of each living unit served by said connections, lines and pipes, shall be entitled to the full use and enjoyment of such portions of said connections, lines and pipes, as service his living unit.

c. Resolution of Disputes. In the event of a dispute between living unit owners with respect to the repair or rebuilding of said connections, lines or pipes, or with respect to the sharing of the cost thereof, then, upon written request of one of such owners, addressed to the Association, the matter shall be submitted to the Board of Directors who shall decide the dispute, and the decision of the Board shall be final and conclusive on the parties.

d. Multiple Unit Utility Meters. In the event that one or more of the living units shall be served by water, gas, electricity or other utility through a single meter. Should this be the case, the Board of Directors may establish a fee for such utility service to be paid by each owner in lieu of a metered charge for such utility service. Such fee, on a pro-rata basis, shall represent a reasonable estimate of the utility cost of providing service through such meter but such fee may provide for a reserve fund for unusual demand or other contingency. The amount of any fee for utility service shall be assessments and the full amount thereof shall be secured by a lien as provided in Article V and other Articles of this Declaration. In addition to the foregoing, the living units shall be subject to an assessment for Water District Improvements, and each member shall pay to the Association, monthly, an appropriate amount in order to permit the Association to pay each installment of the assessment levied for such water district improvements.

2. Declarant's Easement. Easements over the properties for the installation and maintenance of electric, telephone, water, gas and sanitary sewer lines, pipes and facilities, and for drainage facilities, as shown on the recorded plat of the properties and as may be hereafter required or needed to service the properties, or any living units, are hereby reserved by declarant, together with the right to grant and transfer the same.

## ARTICLE IX

### RIGHT OF FIRST REFUSAL

1. The Declarant has the right of first refusal to purchase any living unit which an owner wishes to sell. Any owner wishing to sell who receives a bona fide offer to purchase shall promptly give written notice to the Declarant of his desire to sell, together with the name and address of the intended purchaser, and

the terms and conditions of such offer. Within fourteen (14) days after the receipt of such notice, the Declarant shall determine whether to exercise its right to purchase the living unit or waive the right to purchase. In the event the Declarant elects to waive the right to purchase, a certificate in recordable form, executed by the Declarant, certifying that the Declarant has waived his right to purchase shall be delivered to the owner, who may then proceed to sell and convey his living unit to that person and upon the same terms and conditions as set forth in the owners notice to the Declarant. In the event the sale is not completed within ninety (90) days following the date of said certificate, then the living unit shall again become subject to the Declarant's right of first refusal as herein provided.

In the event the Declarant decides to exercise his right to purchase the living unit, then he shall give written notice thereof to the owner within fourteen (14) days after receipt of the notice of bona fide offer to purchase. If, for any reason, the Declarant shall fail to act on his right of first refusal within the time period herein provided, then the Declarant's right of first refusal shall be deemed to have been effectively waived.

2. This right of first refusal shall not impair the rights of a first mortgagee to: (a) foreclose or take title to a living unit pursuant to the remedies provided in the mortgage, or (b) accept a deed (or assignment) in lieu of foreclosure in the event default by a mortgagor, or (c) sell or lease a unit acquired by the mortgagee.

ARTICLE X

USE RESTRICTIONS

In addition to all other covenants contained herein, the use of the lots and each living unit thereon is subject to the following:

1. Restricted Use. Except as otherwise provided herein, none of the lots shall be used except for residential purposes. No lot shall have more than one living unit thereon. No building shall be erected, altered, placed or permitted to remain thereon other than a building or buildings containing townhouse-type units used for residential purposes.

2. Business and Related Use. No part of the properties shall ever be used or caused, allowed or authorized in any way, directly or indirectly, to be used for any business, commercial, manufacturing, industrial, mercantile, storing, vending or other such purposes, provided, however, that Declarant, its successors or assigns, and the owners of any property annexed pursuant to Article XVI, paragraph 5 hereof, may use the properties for a model site or sites, and display and sales office during the construction and sales period.

3. Signs. No sign or billboard of any kind shall be displayed to the public view on any portion of the properties except one sign for each living unit, of not more than eighteen (18) inches by twenty-four (24) inches, advertising the property for sale or rent, except signs used by Declarant, its successors or assigns, to advertise the lots and living units for sale during the construction and sales period. Directional signs and street signs relative to the common area may be placed by the Association.

5. Noxious or Offensive Activities. No noxious or offensive activity shall be

carried on upon any part of the properties, nor shall anything be done thereon which may be, or may become, an annoyance or nuisance to the neighborhood, or which shall in any way interfere with the quiet enjoyment of each of the owners, of his respective living unit or which shall in any way increase the rate of insurance.

6. Restricted Residences. No structure of a temporary character, trailer, basement, tent, shack, garage, barn, or other outbuilding shall be used on any lot at any time as a residence, either temporarily or permanently.

7. Vehicles and Recreational Equipment. No trailer, camper, boat or similar equipment shall be permitted to remain upon any lot or within the properties. Golf carts shall be stored only at place designated for such purpose from time to time. Golf carts or any other powered carts shall not be operated upon walkways intended only for pedestrian walkways.

8. Animals. No animals, livestock, or poultry of any kind shall be raised, bred, or kept on or within any lot or living unit except that dogs, cats, or other household pets may be kept on or within the lots or living units, provided, they are not kept, bred or maintained for any commercial purpose, or in unreasonable numbers. Notwithstanding the foregoing, no animals or fowl may be kept on the properties which result in any annoyance to or are obnoxious to other living unit owners or tenants in the vicinity.

9. Drilling and Mining. No oil drilling, oil development operations, oil refining, quarrying, or mining operations of any kind, shall be permitted upon or in any properties, nor shall oil wells, tanks, tunnels or mineral excavations or shafts be permitted upon the surface of the properties. No derrick or other structure designed for use in boring for water, oil, or natural gas shall be erected, maintained or permitted upon the properties.

10. Trash. All rubbish, trash and garbage shall be regularly removed from the properties, and shall not be allowed to accumulate thereon.

11. Screening and Fencing. All clotheslines, refuse containers, woodpiles, storage areas and machinery and equipment shall be prohibited upon any lot, unless obscured from view of the adjoining lot and common areas by a fence or appropriate screen approved by the Architectural Committee.

12. Antennas. No alteration to or modification of any radio and television antenna system, as developed by Declarant, shall be permitted and no owner may be permitted to construct or use and operate his own external radio or television antenna, without the written approval of the Architectural Committee.

### ARTICLE XIII

#### CHILDREN

No child under the age of sixteen (16) years shall reside in a living unit without the prior approval of the Association.

### ARTICLE XIV

#### PARTY WALLS

1. General Rules of Law to Apply. Each wall which is built as a part of the original construction of the homes upon the properties and placed on the

dividing line between the lots shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

2. Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall shall be shared by the owners who make use of the wall in proportion to such use.

3. Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, any owner who has used the wall may restore it, and if the other owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however to the right of any such owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

4. Weatherproofing. Notwithstanding any other provision of this Article, an owner who by his negligent or willful act causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

5. Right to Contribution Runs With Land. The right of any owner to contribution from any owner under this Article shall be appurtenant to the land and shall pass to such owner's successors in title.

6. Arbitration. In the event of any dispute arising concerning a party wall, or under the provisions of this Article, then, upon written request of one of such owners, addressed to the Association, the matter shall be submitted to the Board of Directors who shall decide the dispute, and the decision of the Board shall be final and conclusive on the parties.

#### ARTICLE XV

#### ARCHITECTURAL CONTROL

1. Architectural Approval. No building, fence, wall or other structure shall be commenced, erected or maintained upon the properties, nor shall an exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, color, shape, height, materials, location and other material attributes of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Architectural Committee established pursuant to the provisions of paragraph 2 of this Article. In the event said Board, or its design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and this article will be deemed to have been fully complied with.

2. Appointment of Architectural Committee. Declarant shall initially appoint the Architectural Committee, consisting of not less than three (3) members, who shall remain in office until Declarant's Class B membership shall have terminated.

From and after such time or event, as the case may be, the Architectural Committee shall be composed of the Board of Directors of the Association or by three (3) or more representatives appointed by the Board, who need not be members of the Association. In the event of the death or resignation of any member of the Committee prior to the time when the Board of Directors of the Association is vested with Authority, Declarant shall have the right to appoint such member's successor.

## ARTICLE XVI

### GENERAL PROVISIONS

1. Enforcement. The Association, in the first instance, or any owner, should the Association fail to act within a reasonable time, shall have the right to enforce, by any proceeding at law or in equity, all limitations, restrictions, liens and charges now or hereafter imposed by the provisions of this Declaration, or any amendment hereto. Failure by the Association or by any owner to enforce any limitation, condition, reservation, lien, charge, covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. Deeds of conveyance of said property, or any part thereof, may contain the above restrictive covenants by reference is made in such deeds, or any part thereof, each and all such restrictive covenants shall be valid and binding upon the respective grantees. Violators of any one or more of such covenants may be restrained by any court of competent jurisdiction and damages awarded against such violators, provided, however, that a violation of these restrictive covenants or any one or more of them shall not affect the lien of any mortgage or deed or trust now of record or which hereafter may be placed of record upon said lots or any part thereof.

2. Severability. Invalidation of any one of these covenants or restrictions, or any portion thereof, by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

3. Term. The covenants and restrictions of this Declaration shall run with and bind the land for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years for so long as the property shall continue to be used for residential uses.

4. Amendment. This Declaration may be amended by an instrument signed by not less than seventy-five (75) percent of the lot owners. Any amendment must be recorded. Declarant may amend this document prior to delivery of the first deed to an owner.

#### 5. Adding Additional Land.

a. By Declarant. As Fairway Boulevard Townhouses developed in various phases, the land so developed shall be added to the land to which this declaration is applicable by the recording of a Supplemental Declaration describing the land to be so added and the lot owners thereof shall be subject to the limitations and granted the rights of lot owners specified herein and shall be entitled to membership in the Association.

b. With Consent of Owners/Members. Additional land may be added to the land in Fairway Boulevard Townhouses at the request of the owners of such additional land and with the consent of 2/3 (based on one vote for each townhouse unit) of the Owner/Member.

c. By Public Authority. No owner shall protest annexation of the properties, or any portion thereof, by any public body, including but not limited to municipalities and service district.

6. Construction. This Declaration shall be liberally construed to effectuate its purposes of creating a uniform plan and scheme for the development of a townhouse project and for the maintenance of common recreational facilities and areas. The provisions hereof shall be construed in a manner which will effectuate the annexation to and merger into the project of additional land pursuant to paragraph 5 of this Article. The Article and paragraph headings have been inserted for convenience only and shall not be considered or referred to in resolving questions of interpretation or construction. All terms and words used in this Declaration regardless of the number and gender in which they are used shall be deemed and construed to include any other number, and any other gender, masculine, feminine or neuter, as the context or sense of this Declaration or any Article or paragraph herein may require, with the same effect as if such number and words had been fully and properly written in the required number and gender. Whenever the words and symbol "and/or" are used in this Declaration, it is intended that this Declaration be interpreted and the sentence, phrase or other part be construed in both its conjunctive and disjunctive sense, and as having been written twice, once with the word "and" inserted, and once with the word "or" inserted, in the place of said words and symbol "and/or".

7. Notices. Any notice permitted or required to be delivered as provided herein may be delivered either personally or by mail. If delivery is made by mail, it shall be deemed to have been delivered twenty-four (24) hours after a copy of same has been deposited in the United States mail, postage prepaid, addressed to each person at the address given by such person to the Association for the purpose of service of such notice or to the address of the living unit of such person if no address has been given. Such address may be changed from time to time by notice in writing to the Association.

8. No Partition. There shall be no judicial partition of the properties or any part thereof, nor shall Declarant or any owner or other person acquiring any interest in the properties, or any part thereof, seek any such judicial partition, unless and until the happening of the conditions set forth in Article VII, paragraph 3 hereof shall occur; provided, however, that if any living unit shall be owned by two or more co-tenants as tenants-in-common or as joint tenants, nothing herein contained shall be deemed to prevent a judicial partition as between such co-tenants.

9. Easements. Each lot and the common area shall be subject to an easement for overhangs and minor encroachments by walls, structures and fences upon adjacent lots as constructed by the original builder or as reconstructed or repaired in accordance with the original plans and specifications. In addition, the common area shall be subject to an easement in favor of adjacent lot owners for concrete slabs extending approximately eight (8) feet into the common area, all as constructed by the original builder or as reconstructed or repaired in accordance with the original plans and specifications.