

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR
GRASSY MEADOWS SUBDIVISION

Date:

Recorded:

Instrument No.:

This Declaration is made on the date hereinafter set forth by the undersigned, hereinafter referred to as "Declarant".

WHEREAS, Declarant is the owner of certain real property in the County of Valley, State of Idaho, hereinafter referred to as "said property", more particularly described as follows:

The Grassy Meadows Subdivision, recorded in the office of the County Recorder of Valley County, Idaho, as Instrument No. _____ and filed in Book _____ of Plats, at pages _____ and more particularly described as follows:

A parcel of land being the NW $\frac{1}{4}$ of the SW $\frac{1}{4}$ and a portion of the SW $\frac{1}{4}$ of the NW $\frac{1}{4}$ of Section 4 and a portion of the E $\frac{1}{2}$ of the E $\frac{1}{2}$ of Section 5, all in T.12N., R4E., B.M., Valley County, Idaho and more particulary described as follows: Beginning at a stone monument marking the Southwest corner of the said SW $\frac{1}{4}$ of Section 4; thence North 0°01'00" West (formerly described as North) 1,320.69 feet along the Westerly boundary of the said SW $\frac{1}{4}$ of Section 4 to an iron pin marking the Southwest corner of the said NW $\frac{1}{4}$ of the SW $\frac{1}{4}$ of Section 4, also said point being the REAL POINT OF BEGINNING; thence continuing North 0°01'00" West (formerly described as North) 657.33 feet along the Westerly boundary of the said NW $\frac{1}{4}$ of the SW $\frac{1}{4}$ of Section 4 to an iron pin; thence South 89°18'43" West 508.70 feet to an iron pin on the Easterly right-of-way line of State Highway No. 55 F.A.P. No. F-3271(1), also said point being a point of beginning of curve; thence Northeasterly along the said Easterly right-of-way line of State Highway No. 55 along a curve to the left 466.40 feet, also said curve having a central angle of 4°37'25", a radius of 5,779.58 feet, tangents of 233.32 feet and a long chord of 466.27 feet bearing North 23°03'47" East to an iron pin marking a point of ending of curve; thence North 69°14'56" West 10.00 feet along the said Easterly right-of-way line of State Highway No. 55 to a highway right-of-way monument, also said point marking a point of beginning of curve; thence Northeasterly along the said Easterly right-of-way line of State Highway No. 55

along a curve to the left 593.64 feet, also said curve having a central angle of $5^{\circ}53'43''$, a radius of 5,769.58 feet, tangents of 297.08 feet and a long chord of 593.38 feet bearing North $17^{\circ}48'13''$ East to an iron pin marking a point of ending of curve; thence South $87^{\circ}10'29''$ East 479.67 feet (formerly described as East 480.04 feet) to an iron pin; thence North $2^{\circ}58'10''$ East (formerly described as North) 511.30 feet to an iron pin; thence South $79^{\circ}00'49''$ East (formerly described as South 81° East) 983.18 feet to an iron pin on the Easterly boundary of the said $\text{SW}\frac{1}{4}$ of the $\text{NW}\frac{1}{4}$ of Section 4; thence South $0^{\circ}02'43''$ East (formerly described as South) 639.65 feet along the said Easterly boundary of the $\text{SW}\frac{1}{4}$ of the $\text{NW}\frac{1}{4}$ of Section 4 to an iron pin marking the northeast corner of the said $\text{NW}\frac{1}{4}$ of the $\text{SW}\frac{1}{4}$ of Section 4; thence South $0^{\circ}04'35''$ East (formerly described as South) 1,320.35 feet along the Easterly boundary of the said $\text{NW}\frac{1}{4}$ of the $\text{SW}\frac{1}{4}$ of Section 4 to an iron pin marking the Southeast corner of the said $\text{NW}\frac{1}{4}$ of the $\text{SW}\frac{1}{4}$ of Section 4; thence North $89^{\circ}29'37''$ West 1,318.93 feet (formerly described as West 1,320 feet) along the Southerly boundary of the said $\text{NW}\frac{1}{4}$ of the $\text{SW}\frac{1}{4}$ of Section 4 to the point of beginning, comprising 65.96 acres, more or less.

NOW, THEREFORE, Declarant hereby declares that all of the said property is and shall be held and conveyed upon and subject to the easements, conditions, covenants, restrictions and reservations hereinafter set forth; all of which are for the purpose of promoting the health, safety and welfare of the residents and enhancing and protecting the value, desirability and attractiveness of said property. Said easements, covenants, restriction, conditions and reservations shall constitute covenants to run with the land and shall be binding upon all persons claiming under them and also that these conditions, covenants, restrictions, easements and reservation shall inure to the benefit of and be limitations upon all future owners of said property, or an interest therein.

ARTICLE I DEFINITIONS

Whenever used in this Declaration, the following terms shall have the following meanings:

1. "Corporation" shall mean Grassy Meadows Subdivision Corporation, a non-profit corporation, to be organized

under the laws of the State of Idaho, and its successors and assigns.

2. "Said property" shall mean and refer to that certain real property hereinbefore described, and such additions thereto as may hereafter be brought within the jurisdiction of the Corporation.

3. "Common Area: shall mean all real property, and appurtenances thereto, now or hereafter owned by the Corporation for the common use and enjoyment of the stockholders of the Corporation. The Common Area to be owned by the Corporation upon its incorporation is described as follows:

A parcel of land being portions of the NW $\frac{1}{4}$ of the SW $\frac{1}{4}$ and the SW $\frac{1}{4}$ of the NW $\frac{1}{4}$ of Section 4 and a portion of the E $\frac{1}{2}$ of the E $\frac{1}{2}$ of Section 5, all in T.12N., R.4E., B.M., Valley County, Idaho and more particularly described as follows: Beginning at a point marking the Southwest corner of the said SW $\frac{1}{4}$ of Section 4; thence North 0°01'00" West (formerly described as North) 1,978.02 feet along the Westerly boundary of the said SW $\frac{1}{4}$ of Section 4 to a point, also said point being the REAL POINT OF BEGINNING; thence South 89°18'43" West 508.70 feet to a point on the Easterly right-of-way line of State Highway No. 55, F.A.P. No. F-3271(1), also said point being a point of beginning of curve; thence Northeasterly along the said Easterly right-of-way line of State Highway No. 55 along a curve to the left 466.40 feet, also said curve having a central angle of 4°37'25", a radius of 5,779.58 feet, tangents of 233.32 feet and a long chord of 466.27 feet bearing North 33°03'47" East to a point of ending of curve; thence North 69°14'56" West 10.00 feet along the said Easterly right-of-way line of State Highway No. 55 to a point of beginning of curve; thence Northeasterly along the said Easterly right-of-way line of State Highway No. 55 along a curve to the left 593.64 feet also said curve having a central angle of 5°53'43", a radius of 5,769.58 feet, tangents of 297.08 feet and a long chord of 593.38 feet bearing North 17°48'13" East to a point of ending of curve; thence South 30°50'34" East 261.54 feet to a point of beginning of curve; thence Southeasterly along a curve to the left 48.77 feet, also said curve having a central angle of 46°34'02", a radius of 60.00 feet, tangents of 25.82 feet and a long chord of 47.43 feet bearing South 23°21'36" East of a point of reverse curve; thence continuing Southeasterly along a curve to the right 16.26 feet, also said curve having a central angle of

46°34'02", a radius of 20.00 feet, tangents of 8.61 feet and a long chord of 15.81 feet bearing South 23°21'36" East to a point of tangent; thence South 0°04'35" East 460.81 feet to a point; thence Southwesterly along a curve to the right 16.26 feet, also said curve having a central angle of 46°34'02", a radius of 20.00 feet, tangents of 8.61 feet and a long chord of 15.81 feet bearing South 23°12'26" West to a point of reverse curve; thence Southeasterly along a curve to the left 97.83 feet, also said curve having a central angle of 93°25'29", a radius of 60.00 feet, tangents of 63.70 feet and a long chord of 87.35 feet bearing South 0°13'17" East to a point of ending of curve on the said Westerly boundary of the SW¼ of Section 4; thence South 0°01'00" East 146.11 feet along the said Westerly boundary of the SW¼ of Section 4 to the point of beginning, comprising 6.74 acres, more or less.

§. "Lot" shall mean and refer to any single platted Lot or condominium unit shown upon any recorded subdivision map of the properties with the exception of Common Area, and to any parcel of said property under one ownership consisting of a portion of one or more of such lots and/or contiguous portions of two or more contiguous lots. One ownership may comprise more than one person, natural or corporate.

5. "Improved Lot" shall mean and refer to a "Lot" or "Building Site" upon which a dwelling has been constructed.

6. "Stockholder" shall mean and refer to every person or entity who holds stock in the Corporation.

7. "Owner" shall mean and refer to the record owner of a fee simple title to any lot which is part of said property, (including contract sellers), whether one or more persons or entities, excluding those having such interest merely as security for the performance of an obligation.

8. "Declarant" shall mean and refer to the undersigned, its successors, heirs and assigns.

9. "Building Site" shall mean and refer to a platted Lot, or to any parcel of asid property under one ownership which consists of a portion of one of such Lots or contiguous portions of two or more contiguous Lots if a building is constructed thereon.

10. "Set Back" means the minimum distance between the dwelling unit or other structure referred to and a given street or road or lot line.

11. "Mortgage" shall mean and refer to any mortgage or deed of trust, and "Mortgagee" shall refer to the mortgagee, or beneficiary under a mortgage or deed of trust, and "mortgagor" shall refer to the mortgagor, or grantor of a mortgage or deed of trust.

12. "Sewage Systems" shall mean and refer to sewage disposal systems owned, operated and maintained by the Corporation as herein provided and as described on Exhibit "A" attached hereto and incorporated herein by reference.

13. "Operating Central System" shall mean a sewage collection and treatment facility owned and operated by, or in behalf of, any duly qualified public agency or private enterprise approved by the helath authorities to operate said collection and treatment facility.

14. "Drainage Ditch" shall mean the groundwater drainage system constructed in 1977 and any surface drainage systems, all located within the drainage easements as shown on the recorded plat of Grassy Meadows Subdivision..

ARTICLE II STOCKHOLDER QUALIFICATIONS

1. Every person or entity who is a record owner (including contract sellers) of a fee or undivided fee interest in any improved Lot located within said property shall, by virtue of such ownership, be a stockholder of the Corporation. When more than one person holds such interest in any Lot, all such persons shall be stockholders. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Stock ownership shall be appurtenant to and may not be separated from ownership of any such Lot subject to assessment by the Corporation. Such ownership shall be the sole qualification for

for becoming a stockholder, and shall automatically commence upon a person becoming such an owner, and shall automatically terminate and lapse when such ownership in said property shall terminate or be transferred. The Corporation shall maintain a stockholder list and may require written proof of any stockholders' Lot ownership interest.

2. The financial reports, books and records of the Corporation may be examined, at reasonable times, by any stockholder or mortgagee.

ARTICLE III VOTING RIGHTS

The Corporation shall have one class of voting stock. Each stockholder shall be entitled to cast one vote or fractional vote as set forth herein for each improved Lot in which they hold the interest required for stock. Only a total of one vote shall be cast with respect to each Lot. The vote applicable to any Lot being sold under a contract of sale shall be exercised by the contract vendor unless the contract expressly provides otherwise and the Corporation has been notified, in writing, of such provision. Voting by proxy in accordance with the authorization contained in Article V of the Articles of Incorporation shall be permitted.

ARTICLE IV PROPERTY RIGHTS

1. Common Property Ownership. The Corporation shall own, operate, control and maintain the Common Area.

2. Stockholders' Easements of Enjoyment. Every stockholder of the Corporation shall have a right of use and easement of enjoyment in and to the Common Areas and sewage systems and such easement shall be appurtenant to and shall pass with the title to every assessed lot, subject to the following provisions:

(a) The right of the Corporation to limit the number of stockholders permitted to use a particular part of the Common Areas at any one time;

(b) The right of the Corporation to suspend any stockholder's voting rights and/or right to use any of the

facilities owned by the Corporation, for any period during which any assessment against said stockholder's property remains unpaid; and for a period not exceeding thirty (30) days for each infraction of its published rules and regulations;

(c) The right of the Corporation to grant easements, dedicate or transfer all or any part of the Common Areas to any public agency authority, or utility for such purposes and subject to such conditions as may be agreed to by the stockholders. No such condition or transfer shall be effective unless authorized by stockholders entitled to cast two-thirds (2/3) of the majority of the votes of the stock at a special or general stockholders' meeting and an instrument signed by the President and Secretary has been recorded in the appropriate county deed records, agreeing to such dedication or transfer, and unless written notice or proposed action is sent to every stockholder not less than thirty (30) days nor more than ninety (9) days prior to such grant of easement, dedication or transfer; and

(d) The right of the Directors of the Corporation to promulgate reasonable rules and regulation governing such rights of use, from time to time, in the interest of securing maximum safe usage of such Common Areas by the stockholders of the Corporation without unduly infringing upon the privacy or enjoyment of the owner or occupant of any part of said property, including without being limited thereto, rules restricting persons under or over designated ages from using certain portions of said property during certain times, and reasonable regulations and restrictions regarding parking.

(e) The right of the Corporation to promulgate reasonable rules and regulations governing the operation and maintenance of the sewage systems, said rules and regulations to be in conformance with environmental and health laws and regulations.

3. Delegation of Use. Any stockholder may delegate, in accordance with the Rules and Regulations adopted from time to time by the Directors, his right or enjoyment to the Common Areas and facilities to the members of his family, his tenants, or contract purchasers, providing they reside on the property.

ARTICLE V
MAINTENANCE ASSESSMENTS AND MORTGAGEE RIGHTS

1. Creation of the lien and Personal Obligation of Assessments. The Declarant hereby covenants for all of said property; and each owner of any Lot by ratification of these covenants or by acceptance of a deed or contract of purchase therefor, whether or not it shall be so expressed in any such deed or other conveyance or agreement for conveyance, is deemed to covenant and agree to pay to the Corporation (1) regular annual or other regular periodic assessments or charges, and (2) special assessments for capital improvements, such assessments to be fixed, established, and collected from time to time as hereinafter provided. The regular and special assessments, together with such interest thereon and cost of collection thereof, as hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the property against which such assessment is made. Each such assessment, together with such interest, costs and reasonable attorneys' fees, shall also be the personal obligation of the person who was the owner of such property at the time such assessment was levied. The obligation shall remain a lien on the property until paid or foreclosed, but shall not be a personal obligation of successors in title unless expressly assumed by them.

2. Purpose of Assessments. The assessments levied by the Corporation shall not be used for any purpose other than promoting the recreation, health, safety and welfare of the residents in said property and in particular for the improvements and maintenance of any Common Area, drainage ditch and sewage systems, the services and facilities devoted to this purpose and related to the use and enjoyment of the Common Area and sewage systems, and of any structures situated upon said property and including, without being limited thereto, the payment of taxes and insurance on all or any part of said property. Subject to the provisions of this Article V the Corporation shall determine the use of assessment proceeds.

3. Basis and Maximum Annual Assessments. The annual assessments shall be established in two accounts, with separate budgets, assessments and accounting procedures for each. The two accounts shall be titled:

- (1) "Common Area Maintenance and Capital Fund."
- (2) "Sewage Systems Maintenance and Capital Fund."

These two above described accounts shall be considered as absolutely separate funds and at no time shall money be transferred from one of the accounts to the other except in accordance with Article XIV, paragraph 2. All assessment notices rendered shall show each account separately and the amount of the assessment for each account separately. All requirements and conditions of this Article V shall apply equally to each account unless otherwise stipulated.

(a) As long as the stockholders collectively own less than twenty-five percent (25%) of the improved lots in this said subdivision, the maximum annual assessment shall be Two Dollars (\$2.00) per lot for the "Common Area Maintenance and Capital Fund" and Seven Dollars (\$7.00) for the "Sewage Systems Maintenance and Capital Fund". From and after January 1 of the year immediately following that year in which the ownership interest of the stockholders collectively exceeded twenty-five percent (25%), the maximum annual assessment for each fund may be increased each year by not more than six percent (6%) above the maximum assessment for the previous year without a vote of the stockholders, and may be increased above the said six percent (6%) by a vote of two-thirds (2/3) of the votes of stockholders who vote in person or by proxy at a meeting duly called for this purpose. The above is subject to the stipulations in the following Article V, paragraph (c).

The Board of Directors may fix the annual assessment for each fund at an amount not in excess of the maximum, nor less than the minimum of One Dollar (\$1.00) per year per lot for each fund. The declarant shall be exempt from the payment of any annual assessment or charge with respect to any lot unless the above maximum annual assessments that may be levied upon the stockholders collectively of all other improved lots shall be insufficient in the aggregate to cover the actual costs of fulfilling the duties and responsibilities of the Corporation. In case of any such insufficiency, the declarant shall be responsible for, and shall agree to, the payment of the same, not to exceed the maximum annual assessment for each fund times the number of lots platted and not represented by the stockholders.

(b) In addition to the regular assessments authorized above, the Corporation 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 or reconstruction, unexpected repair or replacement of a capital improvement upon the Common Areas of drainage ditch including the necessary fixtures and personal property related thereto, provided the assent of a two-thirds (2/3) majority of the votes represented by those stockholders who are voting in person or by proxy at the meeting duly called for this purpose is obtained, written notice of which shall be sent to all stockholders not less than thirty (30) days nor more than sixty (6) days in advance of the meeting setting forth the purpose of the meeting.

(c) In the event of a shortage of funds in the sewage systems, the Board of Directors shall, at a regular or special meeting, levy an assessment equal to the said shortage without a vote of the stockholders.

If any part of the sewage system is damaged or destroyed the Corporation shall repair or replace the damage or destruction at the sole expense of the Corporation. Any such repair or replacement shall be undertaken immediately by the Corporation upon receipt of written notice of the damage or destruction and in all events within forty-eight (48) hours after receipt of the said notice. A quorum of the Board of Directors of the Corporation shall be necessary for the ratification and approval of any such decision to repair or replace damage or destruction to the sewage system. Any one (1) member of the Board of Directors may authorize the repair or replacement of any such damage or destruction, and the Board of Directors shall ratify the action at their next meeting.

4. Uniform Rate of Assessment. Both regular assessments and any special assessments must be fixed at a uniform rate for all improved Lots, and may be collected on an annual, quarterly, or monthly basis at the discretion of the Directors; except that assessments may be levied applicable to some improved Lots only, with prior consent by the owners of such Lots, if such procedure is considered equitable in the discretion of the Board in order to construct facilities to be available only to the stockholders desiring to pay for the cost thereof.

5. Date of Commencement of Annual Assessments: Due Dates. All Lots shall be subject to the annual, quarterly, or monthly assessments provided for herein on the first day of the month following the date the Common Area and/or first sewage system is conveyed to the Corporation. The Board of Directors

shall fix the amount of the regular assessment at least thirty (30) days in advance of each assessment period. Written notice of the assessment dates shall be established by the Board of Directors. The Corporation shall, upon demand at any reasonable time, furnish a certificate in writing signed by an officer of the Corporation setting forth whether the assessments on a particular improved Lot has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. Such certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid.

6. Effect of Nonpayment of Assessments: Remedies of the Corporation. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of eight percent (8%) per annum. The Secretary of the said Corporation shall file in the office of the County Recorder, Valley County, Idaho, a lien reflecting the amount of any such charges or assessments, together with interest, as aforesaid, which have become delinquent with respect to any improved Lot on said property, and upon payment in full thereof, shall execute and file a proper release of the lien releasing the same. The aggregate amount of such assessments, together with interest, costs and expenses and a reasonable attorney's fee for the filing and enforcement thereof, shall constitute a lien on the whole Lot (including any improvement located thereon), with respect to which it is filed from the date the lien is filed in the office of the said County Recorder for Valley County, Idaho until the same has been paid or released as herein provided. Such lien may be enforced by said Corporation in the manner provided by law with respect to liens upon real property. The owner of said property at the time said assessment is levied shall be personally liable for the expenses, costs and disbursements, including attorneys' fees of the Declarant or of the Corporation, as the case may be, of processing and if necessary, enforcing such liens, all of which expense, costs and disbursements and Attorney's fees shall be secured by said lien, including all aforementioned expenses, costs, disbursements and fees on appeal, and such owner at the time such assessment is levied, shall also be liable for any deficiency remaining unpaid after any foreclosure sale. No owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Areas or sewage systems or abandonment of his Lot.

7. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be inferior, junior and subordinate to the lien of all mortgages and trust deeds now or hereafter placed upon said property or any part thereof. The sale or transfer of any Lot or any other part of said property shall not affect the assessment lien. However, the sale or transfer of any Lot which is subject to any mortgage, pursuant to a judgment or decree of foreclosure under such mortgage or any proceeding in lieu of foreclosure thereof, shall extinguish the lien of such assessments as to amounts thereof which became due prior to such sale or transfer; and such lien shall attach to the net proceeds of sale, if any, remaining after such mortgages and other prior liens and charges have been satisfied. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien of such assessments.

8. Exempt Property. The following property subject to this Declaration shall be exempt from the assessments created herein;

- (a) All properties expressly dedicated to and accepted by a local public authority;
- (b) Any Common Areas and Sewage Systems;
- (c) All other properties owned by the Corporation; and
- (d) Property owned by the Declarant prior to the time a dwelling unit or other building is constructed thereon and occupied. However, no land or improvements occupied for a dwelling use shall be exempt from said assessments.

9. Notice to Mortgagees. The Corporation shall give to the mortgagee of any recorded mortgage, which has furnished to the Corporation its name and current address, written notification of any default by the mortgagor of performance with respect to such mortgagor's obligations under this declaration, By-Laws of the Corporation or any duly adopted rules or regulations of the Corporation at least ten (10) days prior to the filing of suit by the Corporation to enforce those remedies with respect to such default.

10. Mortgagee's Approval. The Corporation shall not undertake or cause to be undertaken the following acts without the prior written consent of seventy-five (75) percent of the first mortgagees (based upon one vote for each mortgage,) if such acts would materially lessen the security of such mortgagees:

(a) Abandon, partition, subdivide, encumber, sell or transfer real estate or improvements thereon which are owned, directly or indirectly, by the Corporation, except that the granting of easements for public utilities or for other public purposes consistent with the intended use of such property by the Corporation shall be permitted;

(b) Change the method of determining the obligations, assessments, dues or other charges which may be levied against an owner;

(c) Change, waive or abandon any scheme or regulations or enforcement thereof, pertaining to architectural design, appearance or maintenance of structures or improvements located on the properties; and

(d) Use hazard insurance proceeds for losses to any common area improvements for other than the repair, replacement or reconstruction of such improvements.

11. Corporation Budget. The Corporation shall prepare annual budgets which shall indicate anticipated management, operating, maintenance, repair and other common expenses for the Corporation's next fiscal year and which shall be sufficient to pay all estimated expenses and outlays of the Corporation for the next calendar year growing out or in connection with the maintenance and operation of the Common Area and improvements and sewage systems and may include among other things the cost of exterior maintenance, management, special assessments, fire, casualty and public liability insurance, common lighting, landscaping and care of grounds, repairs, renovations and paintings, snow removal, wages, water charges, sewage systems operation and maintenance costs, legal and accounting fees, management fees, expenses and liabilities incurred by the Corporation under or by reason of this Declaration. Also the payment of any deficit remaining from a previous period, and the creation of any reasonable contingency or other reserve or surplus fund.

ARTICLE VI SEWAGE SYSTEMS

1/ General Rules of Law to Apply. Each sewage system which is built as part of the original construction of the of the homes upon the properties on or immediately adjacent

to the dividing line between the lots owned by the different persons shall, to the extent not inconsistent with the provisions of this Article, be subject to the general rules of law regarding liability for property damage due to negligent or wilfull acts or omissions.

2. Upon the completion of a sewage system in accordance with the rules and regulation of the health authorities and the Corporation the ownership of the said sewage system shall automatically be vested in the Corporation without any further action required and from that time the Corporation shall be responsible for the operation and maintenance of the said sewage system.

3. Maintenance. The sewage systems shall be maintained in accordance with the operation and maintenance manual as prepared under the direction of the Declarant and approved by the proper health authorities, and said operation and maintenance manual by this reference becomes part of this Declaration as if recited herein in full. Amendments may be made to the operation and maintenance manual upon two-thirds (2/3) vote of the total Board of Directors shall annually, prior to the annual stockholders meeting, prepare a report of the operation and maintenance of the sewage systems and distribute said report to the stockholders at the annual meeting and mail copies to the proper health authorities.

4. Destruction. If a sewage system is destroyed or damaged by any casualty, the repair shall be undertaken in accordance with Article V, Paragraph 12 hereof.

Horses, cattle or other animals shall not be kept on any mounded sewage system. The property owner shall not cause any damage or destruction to any sewage system by storage of equipment or vehicles on said systems or any other act which may render such systems inoperable or which will damage said systems and expose sewage effluent to the surface of the ground or the atmosphere.

5. Arbitration. Any dispute concerning a sewage system or any provision of this Article shall be arbitrated. Each party shall choose one arbitrator, and such arbitrators shall choose an additional arbitrator, and the decision shall be by a majority of all the arbitrators.

6. Encroachments. If any portion of a sewage system now or hereafter constructed upon said property encroaches upon any part of the Common Areas or upon th Lot or Lots

used or designated for use by another Lot owner, an easement for the encroachment and for the operation and maintenance of same is granted and reserved and shall exist, and be binding upon the Declarant and upon all present and future owners of such Lot or Lots for the purpose of operating and maintaining the same. The easements for encroachment herein granted and reserved shall run with the land.

7. Operating Central System Hookup. At such time as an operating central system, or its collection sewer line, is available for connection (hookup) to lot improvements, or collection sewer lines, within the subdivision, the improvements located upon the lots within Grassy Meadows Subdivision shall, within nine (9) months, be connected thereto, and the Corporation hereby agrees to pay the applicable connection fees and monthly service charges as prescribed by the Owners of the central system.

ARTICLE VII ARCHITECTURAL CONTROL

1. Approval. No building, fence, wall hedge, structure, addition, painting, improvement, obstruction, ornament, TV or radio antennae shall be placed upon, added or permitted to remain upon any part of said property unless a written request for approval thereof containing the plans and specifications therefor, including exterior color scheme has been approved in writing by the Architectural Control Committee in accordance with Article XII hereof. The Architectural Control Committee shall initially be composed of Harold J. Pitkin, Alfred W. Moulton, Gary A. Shook and their successors. Three years after the first Lot is sold, the Board of Directors of the Corporation shall assume all duties and responsibilities of the Committee.

ARTICLE VIII MAINTENANCE AND INSURANCE

1. Maintenance of Common Areas and Sewage System. The Corporation shall maintain or provide for the maintenance of the Common Areas and the Sewage System. In the event that the need for such maintenance or repair is caused through the willful or negligent act or omission of the Lot owner, his family, tenants, guests or invitees, the cost of such maintenance or repairs may, at the discretion of the Directors, be added to and become a part of the assessment to which such Lot is subject, and a separate lien right shall arise and inure to the Corporation and shall be enforceable in the same manner as provided for in Article V paragraph 7.

hereinabove. The Corporation shall have the right, after notice to the owner, to enter upon any Lot for the purpose of performing such maintenance at reasonable hours on any day.

2. Maintenance of Drainage Ditch. The corporation shall maintain or provide for the maintenance of the drainage ditch. In the event that the need for such maintenance or repair is caused through the wilfull or negligent act or omission of the Lot owner, his family, tenants, guests or invitees, the cost of such maintenance or repairs may, at the discretion of the Directors, be added to and become a part of the assessment to which such Lot is subject, and a separate lien right shall arise and inure to the Corporation and shall be enforceable in the same manner as provided for in Article V paragraph 7 hereinabove. The Corporation shall have the right, after notice to the Owner, to enter upon any Lot for the purpose of performing such maintenance at reasonable hours on any day. Funds for maintenance of the drainage ditch shall be paid for from the "Common Area Maintenance and Capital Fund."

3. Insurance. The Corporation shall obtain fire and extended coverage all risk insurance in an amount equal to 100% of the replacement cost of all insurable improvements located on Common Areas, which insurance shall name, as insured, the Corporation for the benefit of the owners. The Corporation shall also obtain fidelity coverage insuring against dishonest acts on the part of its directors, officers, employees, managers or volunteers responsible for handling funds collected and held for the benefit of the owners, which insurance shall name the Corporation as insured and shall be written in an amount at least 1 ½ times the Corporation's estimated annual expenses and reserves. The Corporation shall obtain comprehensive public liability insurance covering all of the Common Areas, which insurance shall contain an endorsement precluding the insurer from denying the claim of an owner because of a negligent act of the Corporation or other owners.

ARTICLE IX PROPERTY USE RESTRICTIONS

The following restrictions shall be applicable to the real property located in Grassy Meadows Subdivision and shall be for the benefit of, and limitation upon, all present and future owners of said property or any interest therein:

1. All improvements constructed upon Lots within the Grassy Meadows Subdivision shall be single family dwellings. This restriction may not apply to any property annexed to this subdivision by past amendments or otherwise. Any annexed property shall have a separate and distinct Declaration of Covenants, Conditions, and Restrictions. Property may be annexed to the Corporation upon approval of a majority of the stockholders represented in person or by proxy at a duly constituted stockholders meeting.

2. Dwelling size and quality. No dwelling or cabin shall be permitted on any lot which has a minimum floor space of the main floor and exclusive of open porches and garages, of less than 600 square feet.

Plans for all permanent dwellings shall be reviewed by the Architectural Control Committee as specified in Article VII and Article XII. The architecture of permanent structures shall be compatible with the natural surroundings.

3. Unless written approval is first obtained from the Board of Directors, no sign of any kind shall be displayed to public view on any building or building site on said property except one sign of not more than five (5) square feet advertising the property for sale or rent, or signs used by the developer or lot owner to advertise the property during the construction and sales period. If a property is sold or rented, any sign relating thereto shall be removed immediately except that the Declarant and only Declarant or its agent may post a "sold" sign for a reasonable period following a sale.

4. No animals, livestock or poultry of any kind shall be raised, bred or kept on any part of said property, except dogs, cats, or other household pets provided that such household pets are not kept, bred or maintained for any commercial purpose and shall not be allowed in the Common Area, except that one (1) horse or cattle may be kept on each lot, exclusive of the Common Area.

5. No part of said property shall be used or maintained as a dumping ground for rubbish, trash, garbage or any other waste. No garbage, trash, or other waste shall be kept or maintained on any part of said property except in a sanitary container. All equipment for the storage or disposal of such material shall be kept in a clean and sanitary condition. All garbage, trash or other waste shall be removed weekly to an approved sanitary land fill or transfer station at the lot owner's expense.

6. No noxious or offensive or unsightly conditions shall be permitted upon any part of said property, nor shall anything be done thereon which may be or become an annoyance or nuisance to the neighborhood.

7. No building shall be located on any lot nearer than 25 feet to the front lot line, or nearer than 20 feet to any side street line. No building shall be located nearer than 10 feet to an interior lot line, except that no side yard shall be required for a garage or other permitted accessory building located 75 feet or more from the minimum building set back line. No dwelling shall be located on any interior lot nearer than 15 feet to the rear lot line.

8. No trailer, camper, mobile home, camper-truck, tent, garage, barn shed or other outbuilding shall at any time be used as a residence permanently on any part of said property. Notwithstanding, a camp trailer or mobile home, with sanitary facilities, may be used as a temporary dwelling during construction of a permanent dwelling for a period not to exceed twelve (12) months or until a permanent dwelling is completed, whichever occurs first.

9. No owner shall remove or otherwise alter any plant or tree or any landscaping or improvement in any Common Area without the written consent of the Board of Directors.

10. Easements for installation and maintenance of utilities and drainage facilities are reserved and shown on the recorded plat.

11. All bathroom sink, and toilet facilities shall be located inside the dwelling house or other suitable appurtenant building and shall be connected by a service connection to the sewage system. Such connection pipe and/or wiring shall remain as a part of the lot improvement and will not be maintained by the Corporation.

12. No oil drilling, or oil development operations of any kind shall be permitted upon or in any lot, nor shall oil wells, tanks, tunnels, mineral excavations or shafts be permitted upon or in any lot. No derrick or other structure designed for use in boring for oil or natural gas shall be erected, maintained or permitted upon any lot.

13. No excavation for stone, sand, gravel, earth, or minerals shall be made upon a building site unless such

excavation is necessary in connection with the erection of an approved structure or sewage system thereon.

14. All irrigation, domestic, and culinary water shall be provided to a lot by an individual well constructed upon the lot and maintained at the owner's expense.

ARTICLE X
EASEMENTS

1. General. All conveyances of land situated in the said property, made by the Declarant, and by all persons claiming by, through or under the Declarant, shall be subject to the foregoing restrictions, conditions and covenants, whether or not the same be expressed in the instruments of conveyance, and each and every such instrument of conveyance shall likewise be deemed to grant and reserve, whether or not the same be declared therein, mutual and reciprocal easements over and across and under all Common Areas and except for the following enumerated easements each Lot of the said property which may now or hereafter be occupied by a residence shall not thereafter be subject to any easement save and except an easement for the purpose of building, constructing, repairing and maintaining improvements thereon and underground or concealed electric and telephone lines, gas, water, or storm drainage lines, radio or television cables or the sewage system, and other services now or hereafter commonly supplied by public utilities, municipal corporations, or the Corporation and all of said easements shall be for the benefit of all present and future owners of property subjected to the jurisdiction of the Corporation by covenants and restrictions recorded and approved as hereinabove provided; said easements, however, shall not be unrestricted, but shall be subject to reasonable rules and regulations governing rights of use as adopted from time to time by the Directors of the Corporation in the interests of securing maximum safe usage of said property. (See also easement for encroachments specified in Article VI.) A further mutual and reciprocal easement for sidewalk purposes is granted and reserved over and across the Common Areas in the said property, for the purpose of constructing and maintaining and repairing sidewalks for the benefit of the residents of said property, their tenants and guests, subject, however, to rules and regulations reasonably restricting the right to use thereof for the safety and welfare of the public as may be promulgated from time to time by the Corporation and/or public authority. Emergency vehicles, including but not limited to, police, fire and ambulance vehicles and personnel shall be permitted access at any time to the Common Area.

ARTICLE XI
GENERAL PROVISIONS

1. Enforcement. The Corporation, or any owner, or the owner of any recorded mortgage upon any part of said property shall have the right to enforce by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this declaration. Failure by the Corporation, or by any owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so hereafter. In the event suit is brought to enforce the covenants contained herein, the prevailing party shall be entitled to recover a reasonable attorney fee in addition to allowable costs.

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

3. Term of Restrictions and Amendment. These restrictions shall run with the land described herein, and shall be binding upon the parties hereto and all successors in title or interest to said real property or any part thereof, until January 1, 2004, at which time said restriction shall be automatically extended for successive periods of ten (10) years unless the owner or owners of the legal title to not less than two-thirds (2/3) of the platted Lots, by an instrument or instruments in writing, duly signed and acknowledged by them, shall then terminate or amend said restrictions. Such termination or amendment shall become effective upon the filing of such instrument or instruments for record in the office of the Recorder of Valley County, Idaho. Such instrument or instruments shall contain proper references by volume and page numbers to the records of the plats and deeds in which these Restrictive Covenants are set forth, and all amendments thereof.

4. No Right of Reversion. Nothing herein contained in this Declaration, or in any form of deed which may be used by Declarant or its successors and assigns, in selling said property, or any part thereof, shall be deemed to vest or reserve in Declarant or the Corporation any right of reversion or re-entry for breach or violation of any one or more of the provisions hereof.

5. Insurance - Assessment. The Corporation shall assess the cost of any insurance required by the terms of this Declaration of Covenants, Conditions and Restrictions as part of the assessment provided for in Article V hereof.

6. Benefit of Provisions - Waiver. The provisions contained in this Declaration shall bind and inure to the benefit of and be enforceable of Declarant, the Corporation and the owner or owners of any portion of said property, and their heirs and assigns, and each of their legal representatives, heirs, successors or assigns. Their failure to enforce any of such conditions, restrictions or charges herein contained shall in no event be deemed a waiver of the right to do so.

7. Assignment by Declarant. Any or all rights, powers and reservations of Declarant herein contained may be assigned to the Corporation or to any other corporation or association which is now organized or which may hereafter be organized and which will assume the duties of Declarant hereunder pertaining to the particular rights, powers and reservations assigned; and upon any such corporation or association evidencing its intent in writing to accept such assignment and assume such duties it shall to the extent of such assignment, have the same rights and powers and be subject to the same obligations and duties as are given to and assumed by Declarant herein. All rights of Declarant hereunder reserved or created shall be held and exercised by the Declarant alone, so long as it owns any interest in any portion of said property .

8. Mortgagees Right to Satisfy Obligations of the Corporation. In the event that the Corporation fails to pay any debt or sum lawfully owned by it, for which a lien has been placed against the Corporation common property, or in the event that the Corporation fails to pay premiums due on insurance policies required by these covenants, the lapse of which would jeopardize a mortgagee's security, a mortgagee may pay said sum or premium after first having served five (5) days written demand for such payment on the Corporation. In the event that the Corporation has allowed said insurance policies to lapse, a mortgagee whose security is jeopardized thereby may secure new comparable insurance coverage. In the event a mortgagee makes payments allowed hereunder, it shall be entitled to prompt reimbursement from the Corporation.

ARTICLE XII
APPROVAL OF PLANS

Plans of all buildings and fences to be erected on any building site embraced in the plat must be submitted to the Architectural Control Committee established in

Paragraph VII hereof, which shall also exercise the rights herein reserved. Complete plans and specifications of all proposed buildings and structures, including domestic wells and sewage systems, together with a detailed plan showing proposed location on the particular building site, shall be submitted to the Committee before any construction or alteration is started, and such construction or alteration shall not be commenced until written approval therefor is given by the Committee.

Domestic well locations and sewage system locations must be approved by Central District Health Department prior to review by the Committee.

No plan shall be deemed to have been approved by the Committee unless its approval is in writing executed by a least two members of the Committee provided that approval shall be deemed given if the Committee fails to approve or disapprove a proposed change or to make additional requirements or request additional information within forty-five (45) days after a full and complete description of the proposed change has been furnished in writing to the Committee with a written and specific request for approval.

Owners agree that the actions of the Committee shall be wholly discretionary and shall be binding upon Owners whether exercised or not.

As to all improvements, constructions and alterations upon any building site, the Committee shall have the right to refuse improvements, construction or alterations, which, in its opinion, are not suitable or desirable for any reason, aesthetic or otherwise. In so passing upon such design, the Committee shall have the privilege in the exercise of its discretion to take into consideration the suitability of the proposed building or other structure, the materials of which it is to be built and the exterior color scheme in relation to the site upon which it is proposed to be erected. The Committee may also consider whether the proposed structure and design shall be in harmony with the surroundings, the effect of the building or other structure or alterations therein as planned when viewed from the adjacent or neighboring property, effect or impairment that said structure will have on the view of surrounding building sites, and any and all other factors which, in the committee's opinion, shall affect the desirability of such proposed structure, improvements or alterations. Actual construction shall comply substantially with the plans and specifications as approved.

Owners specifically agree with Declarant that such Committee, its members and the Declarant shall incur no

liability for any omission or act by any of said above-named parties under Article XII of these restrictions. In the event of death or resignation of a member, the remaining two members shall have full authority to act and within a reasonable time after the occurrence of such vacancy, shall appoint a replacement.

Declarant reserves the right to construct residences and other improvements upon any residential lot building site in said subdivision, and to offer said lots together with the completed residence and structures thereon for sale to individual owners.

ARTICLE XIII
PROSECUTION OF CONSTRUCTION WORK

The construction of the dwelling house and structures shall be prosecuted diligently, continuously and without delays from time of commencement thereof until such dwelling house and structure are fully completed and painted. All structures shall be completed as to external appearance, including finished painting, yard turfing and land scaping, within twelve (12) months from the date of commencement of construction unless prevented by causes beyond the control of the Owner and only for such time that such cause continues.

ARTICLE XIV
NON-PERFORMANCE OR RELINQUISHMENT OF CORPORATE DUTIES

1. Non-Performance. In the event the Corporation fails to act responsibly in any duty or responsibility, especially in respect to the operation and maintenance of the sewage systems and Common Areas, an appropriate Governmental Agency may perform, or have performed under its direction, the acts that the Corporation has failed to perform. The Governmental Agency shall then have the right of full restitution of total costs expended by the agency, first from the Corporation and then by assessment and/or lien against the properties benefited by an assessment or lien against each Lot prorated in the same manner as aforesaid in this Declaration for an assessment by the Corporation.

2. Relinquishment of Duties and Responsibilities. In the event the Board of Directors of the Corporation desires to divest the Corporation of certain duties and responsibilities, such as the sewage systems operation and maintenance subsequent to connection to a central system,

the Board of Directors shall:

(a) Negotiate an agreement with a Governmental Agency or other appropriate legal entity to assume those certain duties and responsibilities setting forth all costs, terms and conditions.

(b) Call a special meeting of the stockholders pursuant to the provisions of the By-Laws of the Corporation to consider approval of the agreement.

(c) A quorum for such special meeting shall be as defined in the By-Laws of the Corporation. A quorum being present, the directors of the corporation shall be authorized to execute the agreement by appropriate resolution adopted by a majority vote of the shareholders present and voting, in person or by proxy, at the meeting.

(d) Any amount required to be paid under the terms of the Agreement by the Corporation or the shareholders shall first be paid from the appropriate fund account. If the balance of the appropriate fund account is insufficient to pay the amounts due, then the directors shall assess a special levy for that purpose. If the relinquished duties and responsibilities comprise all of those pertaining to a particular funding account and a surplus occurs in said account subsequent to the payment of all amounts required to be paid in the Agreement and no further expenses will be incurred to be paid from said account, the surplus in the account shall be divided among the remaining funding accounts equally.

IN WITNESS WHEREOF, the undersigned being the Declarant herein, has hereunto set its hand and seal this 25th day of June, 1979.

(seal)

By: s/Harold J. Pitkin
President

ATTEST:

s/ Alfred W. Moulton
Secretary

STATE OF IDAHO

ss

County of Ada

On this 25th day of June, 1979, before me, the undersigned, a Notary Public in and for said State, personall appeared HAROLD J. PITKIN and ALFRED W. MOULTON, known to me to be the President and Secretary respectively of GRASSY MEADOW SUBDIVISION CORPORATION, a non-profit Corporation, executing the fore going instrument and acknowledged tome that they executed the same for and on behalf of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

(seal)

s/Elan P. Archebal
Notary Public for Idaho
Residing at Meridian, Idaho

101450

STATE OF IDAHO)
) ss
County of Valley)

I herby certiry that this Instrument was filed for record at the request of Gem Valley Investment at 47 minutes past 2 o'clock p.m. This 23 day of July, 1979, in my office and duly recorded in Dr.#1 of Misc.

s/J. W. Crutcher
Ex-Officio Recorder

By P. Remaklus Deputy

Fee \$60.00

EXHIBIT "A"

The sewage system shall consist of, but not be limited to, the following components: a septic tank to which has been fitted a standpipe rising to the surface of the ground and containing a manhole cover accessible at ground level, a mounded disposal field and any required monitoring wells. When a Wisconsin mounded system is used, that system shall also include a lift station to which has been fitted a standpipe rising to the surface of the ground and containing a manhole cover accessible a ground level. The sewage system shall begin at the inlet end of the septic tank and shall include only those components necessary for maintenance of the system, treatment of sewage and distribution of the treated sewage. All components shall be constructed and installed to local health department regulations, except that all Wisconsin mounded systems shall be designed and constructed to "Design and Construction Procedures for Fill Systems in Permeable Soils with High Water Tables", Volume 3, April 1975, revised March 1976, University of Wisconsin Small Scale Waste Management Project, and all New York mounded systems shall be designed and constructed to "Waste treatment handbook: Individual Household Systems", July 1977, New York State Department of Health.