

DECLARATION HIGHLIGHTS

Please read this entire Declaration carefully, but we would like to highlight a few key provisions that may be of interest to you:

- Regular Assessments: Initially set at \$300 per year. The Regular Assessments may be adjusted from time-to-time. See Section 5.05.
- Association Management: The Association will be managed by the Grantor during the Initial Development Period (where homeowners would find management to be unduly burdensome). See Section 9.02. Thereafter, the Community governs itself as desired. See Article 2.
- Pets: Owners may have up to four household pets and up to four hens (no roosters). See Section 3.08.
- Yard Signs: Customary "For Sale", open house, construction and political signs are permitted, but with limitations. No other signs are permitted. See Section 3.17.
- Leasing: May lease to Owner's family at any time, and may lease to others provided the lease term is one (1) month or longer. See Section 3.02.
- Holiday Lights: Permitted from November 15 to January 15. See Section 3.20.
- Basketball Hoops: Only permanent basketball hoops and poles are allowed. See Section 3.04.
- Fencing: Fences shall require approval of the Architectural Review Committee. See Section 4.04.
- Trash Cans: Trash cans and other trash receptacles, including recycling cans and receptacles, shall not be visible except 5:00 PM on the day before the day selected by the trash collector for trash and recycling pick-up and 10:00 AM on the following day. See Section 3.04.

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CHRIS YAMAMOTO

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ASSOCIATION MANAGEMENT

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**DECLARATION OF
COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS
FOR THE CRESCENT LAKES COMMUNITY**

This Declaration of Covenants, Conditions, Restrictions and Easements for the Crescent Lakes Community (this “**Declaration**”) is made effective as of this 7th day of June, 2021, by Skyline Homes and Development LLC, an Idaho limited liability company (“**Grantor**”). Capitalized terms not otherwise defined in the text hereof are defined in Article 1.

Recitals

A. Grantor owns those certain residential and common area lots legally described as follows (collectively, the “**Community**”):

Lots 1 through 28 in Block 1, Lots 1 through 43 in Block 2, Lots 1 through 37 in Block 3, of Crescent Lake Subdivision Phase 3, according to the official plat thereof recorded in the real property records of Canyon County, Idaho in Book 52 of Plats at Page 7, Instrument No. 2021-021456.

B. Grantor desires to execute and record this Declaration to set forth the basic restrictions, covenants, limitations, easements, conditions and equitable servitudes that will apply to the Community, which are designed to protect, enhance and preserve the value, amenities, desirability, and attractiveness of the Community and to ensure a well-integrated, high quality development.

NOW, THEREFORE, Grantor hereby declares that the Community, and each Lot or portion therein, is and shall be held, sold, conveyed, encumbered, hypothecated, leased, used, occupied and improved in accordance with this Declaration, which is hereby declared to be in furtherance of a general plan to enhance the value, desirability and attractiveness of the Community. This Declaration shall (a) run with the land and shall be binding upon any person or entity having or acquiring any right, title or interest in any lot, parcel or portion of the Community; (b) inure to the benefit of every Lot or portion of the Community; and (c) inure to the benefit of and be binding upon Grantor and each Owner having or holding an interest in any Lot or portion of the Community, and their successors-in-interest.

Article I. Definitions

- “**Articles**” mean the Articles of Incorporation of the Association.
- “**Assessments**” mean the Regular Assessments, Special Assessments and Limited Assessments, and together with any late charges, interest and costs incurred in collecting the same, including attorneys’ fees.
- “**Association**” means the Crescent Lake Community Association, Inc., an Idaho nonprofit corporation.
- “**Board**” means the Board of Directors of the Association.
- “**Bound Party**” shall have the meaning set forth in Section 8.01.
- “**Building Envelope**” means the area within a Lot where a residential structure and accessory structures may be located, always subject to the Committee’s approval. Unless otherwise

designated by Grantor, the Building Envelope shall be that portion of the Lot not located within easements or setback required by this Declaration or applicable law.

- “Bylaws”** mean the Bylaws of the Association.
- “Claims”** shall have the meaning set forth in Section 8.01.
- “Committee”** means the Architectural Review Committee identified in Section 4.01.
- “Common Area”** means (a) Lot 19 in Block 1 and Lot 4 in Block 3, of The Lakes Subdivision Phase 3, according to the official plat thereof recorded in the real property records of Canyon County, Idaho in Book 52 of Plats at Pages 7, Instrument No. 202-021458; (b) any real or personal property held by or for the benefit of the Association, including storage facilities, recreational facilities and open spaces (including paths, greenbelts and other areas that may also be open to the public); and (c) any lease, license, use rights or agreement rights for amenities or facilities held by the Association from time-to-time.
- “Community”** shall have the meaning set forth in the first recital.
- “Community Documents”** shall mean this Declaration, the Articles, the Bylaws, the Community Rules, the Design Requirements and any other procedures, rules, regulations or policies adopted under such documents by the Association or the Committee. In the event of any conflict between this Declaration and any other of the Community Documents, this Declaration shall control.
- “Community Rules”** shall have the meaning set forth in Section 2.06(a).
- “Declaration”** means this Declaration of Covenants, Conditions, Restrictions and Easements for the Crescent Lakes Community.
- “Design Requirements”** has the meaning set forth in Section 4.02.
- “Expenses”** shall have the meaning set forth in Section 5.02.
- “Fine”** shall mean a sum imposed by the Board as punishment for any violation of the Community Documents. A Fine shall not include any sums to be recovered as reimbursement for expenses incurred to cure or remedy any violation of the Community Documents.
- “Grantor”** shall have the meaning set forth in the introductory paragraph of this Declaration.
- “Household Pets”** shall have the meaning set forth in Section 3.08.
- “Initial Development Period”** shall have the meaning set forth in Section 9.01.
- “Improvement”** shall mean any structure, facility, system or object, whether permanent or temporary, which is installed, constructed, placed upon or allowed on, under or over any portion of the Community, including residential structures, accessory buildings, outdoor sheds, club houses, pump or lift stations, fences, streets, drives, driveways, parking areas, sidewalks, bridges, bicycle paths, curbs, landscaping, walls, hedges, plantings, trees, wildlife habitat improvements, vegetation, rocks, signs, lights, mailboxes, electrical lines, pipes, pumps, ditches, recreational facilities, grading, road construction, utility improvements, trees, plantings and landscaping.

- “Irrigation System”** means the system, if any, for delivering irrigation water to the Community that exists separate and apart from the potable water system, as further described in Section 3.13 hereof. The Irrigation System does not include any pipes, sprinklers, controls or other equipment within each Lot that is downstream from each Lot’s connection point to the Irrigation System, such as the Lot’s distribution lines, sprinklers and controls.
- “Limited Assessment”** shall mean a charge against a particular Owner for an expense directly attributable to such Owner, equal to the cost incurred by the Association in connection with corrective action or maintenance, repair, replacement and operation activities performed pursuant to the provisions of this Declaration, including damage to or maintenance, repair, replacement and operation activities performed for any Common Area or the failure of an Owner to keep the Owner’s Lot in proper repair, and including interest thereon as provided in this Declaration or for any goods or services provided by the Association benefiting less than all Owners.
- “Lot”** shall mean any lot depicted on the Plat. For voting, membership, and Assessment purposes herein, the term Lot shall not include any real property owned by the Association as Common Area.
- “Mortgage”** shall mean any mortgage, deed of trust, or other document pledging any portion of the Community or interest therein as security for the payment of a debt or obligation.
- “Occupant”** means any resident or occupant of a Lot.
- “Owner”** means the record owner, whether one or more persons or entities, holding fee simple interest of record to a Lot, and buyers under executory contracts of sale, but excluding those persons or entities having such interest merely as security for the performance of an obligation, unless and until such person or entity has acquired fee simple title pursuant to foreclosure or other proceedings.
- “Plat”** shall mean any subdivision plat covering any portion of the Community as recorded in the Canyon County Recorder’s Office.
- “Regular Assessment”** shall mean the portion of the cost of maintaining, improving, repairing, managing and operating the Common Area, including all Improvements located thereon, and the other costs and expenses incurred to conduct the business and affairs of the Association which is levied against the Lot of each Owner by the Association pursuant to the terms of this Declaration.
- “Special Assessment”** shall mean that portion of the costs of the capital improvements or replacements, equipment purchases and replacements or shortages in Regular Assessments which are authorized to be paid to the Association pursuant to the provisions of this Declaration.

Article II. The Crescent Lakes Community Association

Section 2.01 Organization of the Association. Grantor has organized the Association to manage the business and affairs of the Community in accordance with applicable law and the Community Documents.

Section 2.02 Membership. Each Owner, by virtue of being an Owner and for so long as such ownership is maintained, shall be a member of the Association, and no Owner shall have more than one membership per Lot in the Association. Memberships in the Association shall be appurtenant to, and may not be separated from, ownership of a Lot. Membership in the Association shall not be transferred, pledged, assigned or alienated in any way except upon the transfer of the Lot that such membership is appurtenant to. Any attempt to make a prohibited membership transfer shall be void and will not be reflected on the books of the Association.

Section 2.03 Membership Meetings; Voting. The Association shall hold an annual, members meeting, and periodic special meetings as set forth in the Bylaws. Each Owner shall be entitled to one vote as a member in the Association for each Lot owned by that Owner (subject to Grantor's rights during the Initial Development Period).

Section 2.04 Board of Directors. The business and affairs of the Association shall be managed by the Board. The Board shall consist of not less than three (3) directors and no more than five (5) directors. Directors need not be Owners. During the Initial Development Period, Grantor shall have the exclusive right to appoint, remove and replace directors at anytime and from time-to-time in Grantor's sole discretion. After the Initial Development Period, the Owners shall have the right to appoint, remove or replace directors as provided in the Bylaws. Any vacancy on the Board may be filled by majority vote of the remaining Directors, through a special election at any meeting of the Board. A Director may be removed for cause as provided in the Bylaws.

Section 2.05 Delegation of Authority. The Board may at any time (and from time-to-time) delegate all or any portion of its powers and duties to committees, officers, employees or to any person or entity to act as manager. The Association may employ or contract for the services of a professional manager or management company to manage the day-to-day affairs of the Association. No such employment or contract shall have a term of more than one (1) year. If such manager is Grantor or Grantor's affiliate, such contract shall be subject to cancellation by the Association with or without cause and without payment of a termination fee so long as the Association provides at least thirty (30) days' prior notice of termination.

Section 2.06 Powers of the Association. The Association shall have all the powers of a nonprofit corporation organized under Idaho law and all of the powers and duties set forth in the Community Documents, including the power to perform any and all acts which may be necessary to, proper for or incidental to the foregoing powers. The powers of the Association include, by way of illustration and not limitation:

- (a) *Community Rules.* The power and authority to adopt, amend and repeal such rules and regulations as the Association deems reasonable and appropriate to govern the Community, including rules and regulations regarding (a) the use of the Common Area and the Irrigation System, (b) imposition of fines for violation of Community Rules (subject to applicable law, such as Idaho Code § 55-115), and (c) procedures in the conduct of business and affairs of the Association (the "**Community Rules**"). Except when inconsistent with this Declaration, the Community Rules shall have the same force and effect as if they were set forth in and were made a part of this Declaration.
- (b) *Common Area.* The power and authority to acquire and dispose of, and the duty to manage, operate, maintain, repair and replace the Common Area for the benefit of the Community; provided, however, except as permitted under Section 2.06(f) hereof, no interest in the Common Area shall be disposed of without the approval by the vote or written consent of Owners representing more than sixty-five percent (65%) of the total voting power in the Association.
- (c) *Improvements.* The power and authority to construct, install, maintain, repair, replace and operate any Improvements in any Common Area, any public right-of-way serving the Community or any other location deemed by the Board to benefit the Community, including any fences, signs or other Improvements at

Community entrances or otherwise in the vicinity of the Community, and any berms, retaining walls, fences and water amenities within or abutting any Common Area.

- (d) *Irrigation System.* The power and authority to construct, install, maintain, repair, replace and operate the Irrigation System. The Association may operate the Irrigation System as part of a common irrigation water supply arrangement with neighboring properties.
- (e) *Entry onto Lots.* The power and authority to enter upon any Lot (but not inside any building constructed thereon) in the event of any emergency involving potential danger to life or property or when necessary in connection with any maintenance or construction for which the Association is responsible. Such entry shall be made with as little inconvenience to the Owner of such Lot as practical under the circumstances, and any damage caused thereby shall be repaired by and at the expense of the Association.
- (f) *Licenses, Easements and Rights-of-Way.* The power to grant and convey to any third party such licenses, easements and rights-of-way in, on or under the Common Area as may be necessary or appropriate for the orderly maintenance, preservation and enjoyment of the same, and for the preservation of the health, safety, convenience and the welfare of the Community, for the purpose of constructing, erecting, operating or maintaining any of the following:
 - (i) Underground lines, cables, wires, conduits or other devices for the transmission of electricity or electronic signals for lighting, heating, power, telephone, television or other purposes, and the above-ground lighting stanchions, meters, and other facilities associated with the provisions of lighting and services;
 - (ii) Public and other sewers, storm drains, water drains and pipes, water supply systems, sprinkling systems, heating and gas lines or pipes, and any similar public or quasi-public improvements or facilities; and
 - (iii) Mailboxes and sidewalk abutments around such mailboxes or any service facility, berm, fencing and landscaping abutting Common Areas, public and private streets or land conveyed for any public or quasi-public purpose including pedestrian and bicycle pathways.
- (g) *Amenity Agreements.* The power and authority to enter into any lease, license, use or other agreements as the Board deems proper or convenient to secure the use of off-site amenities or facilities for the benefit of the Community. Without limiting the generality of the foregoing, and only by way of example, the Association may enter into such agreements with others for the use of any recreational amenities or facilities, including clubhouses and swimming pools, by the Owners on such terms as the Association deems reasonable or prudent. In such event, any costs incurred by the Association related thereto shall be Expenses, and such Expenses shall be included in the Regular Assessments.
- (h) *Reserves.* The power and authority to establish and fund such operating and capital reserves as the Board deems necessary or prudent.
- (i) *Taxes.* The power and authority to pay all real and personal property taxes and assessments (if any) levied against the Common Area, the Association and any other property owned by the Association. In addition, the Association shall pay all taxes, including income, revenue, corporate or other taxes (if any) levied against the Association.
- (j) *Enforcement.* The power and authority, at anytime and from time-to-time, on its own behalf or on behalf of any consenting Owners, to take any action, including any legal action, to prevent, restrain, enjoin, enforce or remedy any breach or threatened breach of the Community Documents. The power of enforcement includes:
 - (i) The right to remove, alter, rebuild, or restore any Improvements constructed, reconstructed, refinished, added, altered or maintained in violation of the Community Documents. If such

Improvements are located on a Lot, the Association shall first provide the Owner thereof with a notice specifying the default and a reasonable opportunity to cure (not to exceed ten (10) days), and the Owner of the Improvements shall immediately reimburse the Association for all expenses incurred with such removal.

- (ii) The right to enforce the obligations of the Owners to pay each and every Assessment or charge provided for in the Community Documents.
 - (iii) The right to perform any duty or obligation of an Owner under the Community Documents if such duty or obligation is not timely performed by such Owner. In such event, the defaulting Owner shall immediately reimburse the Association for all costs reasonably incurred by the Association in performing such duty or obligation. Except in the event of an emergency, the Association shall provide the defaulting Owner with a notice specifying the default and a reasonable period (no less than five (5) days and no more than thirty (30) days) to cure prior to exercising its power and authority hereunder.
 - (iv) The right to authorize variances from the requirements of this Declaration when required by applicable law (such as the Fair Housing Act) or when needed to prevent the requirements would impose an undue hardship on an Owner that would be inequitable for such Owner to bear. The granting of a variance shall not waive any element of the Declaration for any purpose except as to the particular Lot and the particular provision covered by the variance. Approval of a variance shall not affect the Owner's obligation to comply with the other elements of this Declaration or applicable law.
 - (v) If the Association employs attorneys to collect any Assessment or charge, whether by suit or otherwise, or to otherwise enforce compliance with the Community Documents, the Association shall be entitled to recover its reasonable attorneys' fees in addition to any other relief or remedy obtained.
- (k) *Insurance.* The power and authority to obtain such bonds and insurance as may be required by applicable law and such further insurance as the Board deems necessary or prudent, including casualty insurance for any property or Improvements owned or maintained by the Association, public liability insurance related to the Association's operations and the use of the Common Area, directors and officers liability coverage, automobile insurance, worker's compensation insurance and fidelity bonds. Unless otherwise authorized by Grantor, the Association shall procure at least the following insurance policies to the extent such policies are available on commercially reasonable terms:
- (i) Casualty insurance on all insurable personal property and Improvements owned by the Association or for which the Association bears risk of loss, which insurance shall be for the full replacement cost thereof without optional deductibles;
 - (ii) Worker's compensation insurance and employer's liability coverage Broad for as required by law;
 - (iii) Broad form comprehensive public liability insurance insuring the Association, the Board, the Committee and their respective agents and employees against any liability incident to the ownership or use of the Common Area; which insurance shall be for not less than One Million Dollars (\$1,000,000) per occurrence with respect to personal injury/sickness/death and One Million Dollars (\$1,000,000) per occurrence with respect to property damage; and
 - (iv) Full coverage directors' and officers' liability insurance with a limit of at least Two Hundred Fifty Thousand Dollars (\$250,000).

- (l) *Entitlement Obligations.* The power and authority to fulfill any duties imposed by any governmental or other quasi-governmental agencies as part of the entitlements for the development of Community, including any requirements or obligations identified in such entitlements as the responsibility of community association or homeowners' association, such as plat notes, development agreements or conditions of approval.
- (m) *Financing.* The power and authority to enter into any agreements necessary or convenient to allow Owners to take full advantage of, or secure the full availability of, any financing programs offered or supported by the Federal National Mortgage Association (FNMA), the Government National Mortgage Association (GNMA), the Federal Housing Administration (FHA), the Veterans Administration (VA), the Federal Home Loan Mortgage Corporation (FHLMC) or any similar entity.
- (n) *Estoppel Certificates.* The power and authority to execute a written statement stating (a) whether or not, to the knowledge of the Association, a particular Owner or Owner's Lot is in default of this Declaration; (b) the dates to which any Assessments have been paid by a particular Owner, and (c) such other matters as the Board deems reasonable. Any such certificate may be relied upon by a bona-fide prospective purchaser or mortgagee of such Owner's Lot, but only to the extent such prospective purchaser or mortgagee has no knowledge to the contrary. The Association may charge a reasonable fee for such statements.
- (o) *Improvements in the Public Right-of-Way.* The power and authority to enter into license agreements with the Canyon County Highway District (or assume the duties and obligations under any such license agreement entered into by Grantor) to install, maintain, improve, irrigate, trim, repair and replace improvements and landscaping in the public rights-of-way (including sidewalk easements and planter strips).
- (p) *Open Space Corridors.* The power and authority to enter into agreements with any governmental entity, utility provider, irrigation company, conservation organization or any other public or private entity (or assume any such agreement entered into by Grantor) to improve, operate, maintain, repair or replace any wildlife, open space, recreation, greenbelt or trail spaces, either for the benefit of the Community or the general public.
- (q) *Other.* Such other and further powers as the Board deems reasonable and appropriate, it being the intent of Grantor that the Association have broad power and authority consistent with the Community Documents and applicable law.

Section 2.07 Association Records; Owner Inspection. The Association shall keep such records of its business and affairs as is customary for community or homeowner associations, including a membership register, accounting records, financial statements, operating budgets, balance sheets and minutes of meetings of the Board and committees. Such records shall be available at the Association's regular offices for inspection and copying by any Owner at such Owner's expense. The Board may establish reasonable rules with respect to (a) notice to be given to the custodians of the records by persons desiring to make the inspection, (b) hours and days of the week when such an inspection may be made, and (c) payment of the cost of reproducing copies of documents requested pursuant to this Section 2.07. The Association's obligations hereunder may be fulfilled by making the records available to an Owner electronically, including delivery by electronic mail or the posting of such records on a website.

Section 2.08 Immunity; Indemnification. Each Owner understands and agrees that Grantor, the Association, the Association's manager (if any), the Committee and the directors, officers, agents, employees and committee members of any of them (each individually a "**Released Party**") shall be immune from personal liability to such Owner or any other person, and such Owner hereby knowingly and voluntarily waives and releases each Released Party, for such Released Party's actions or failure to act with respect to the Community Documents that does not constitute gross negligence or willful misconduct on the part of such Released Party. The Association shall indemnify, defend and hold each Released Party harmless from any action, expense, loss or damage caused by or resulting from such Released Party's actions or failure to act with respect to the Community Documents; provided, however, the Association shall not be obligated to indemnify, defend and hold harmless any Released Party for their own gross negligence or willful misconduct.

Section 2.09 Waiver of Consequential Damages. The Association shall not be liable to any Owner, and each Owner releases the Association from any form of indirect, special, punitive, exemplary, incidental or consequential or similar costs, expenses, damages or losses.

Article III. GENERAL AND SPECIFIC OBLIGATIONS AND RESTRICTIONS

Section 3.01 Residential Use. All Lots shall be used exclusively for residential purposes and other uses incidental thereto as permitted under any applicable law, including home occupations allowed pursuant to the Middleton Zoning and Subdivision Regulation Standards (i.e., Middleton City Code, Title 5). It shall not be a violation of this Section 3.01 for an Owner to lease its Lot and the Improvements thereon in accordance with Section 3.02.

Section 3.02 Leasing. In order to foster and maintain the peaceful and stable residential character of the Community and to preserve the Community values, no Owner may lease, in whole or part, such Owner's Lot or the primary residential dwelling located thereon to any person or entity except as expressly permitted in this Section 3.02. For purposes of this Section 3.02, the term "lease" as applied to a Lot shall be deemed to include, without limitation, any rental, letting, subletting, demising or assignment of any interest, estate or right of use, enjoyment, occupancy or possession of any Lot (or portion thereof) to any entity or a person who is not a member of such Owner's family. For purposes of this Section 3.02, a "member of such Owner's family" shall be defined as any person who is related to the Owner by blood, legal marriage, or legal adoption. Owner may lease its entire Lot to any tenant comprised as of a single housekeeping unit so long as such lease is for an initial term of three (3) months or greater. For purposes of this Section, the term "single housekeeping unit" shall be one or more individuals living together sharing household responsibilities and activities which may include, sharing expenses, chores, eating evening meals together and participating in recreational activities and having close social, economic and psychological commitments to each other. An Owner who leases a Lot shall be fully responsible for the conduct and activities of such Owner's tenant as if such Owner were the tenant. Any Owner who leases a Lot shall comply with the Fair Housing Act to the extent it applies to such Owner. For the avoidance of doubt, short-term leasing and rentals with an initial term under three (3) months is strictly prohibited.

Section 3.03 Exterior Maintenance Obligations. Each Owner shall keep all Improvements on such Owner's Lot in good condition and repair. In the event that any Owner permits any Improvement on such Owner's Lot to fall into disrepair such that it, in the judgment of the Association, creates an unsafe, unsightly or unattractive condition, the Association may, upon thirty (30) days' prior notice to the Owner of such Lot, to enter upon such Owner's Lot and take such action as the Association deems necessary or appropriate to correct such condition. The Owner shall pay all amounts due for such work within ten (10) days after receipt of the Association's demand therefor and such amounts shall be a Limited Assessment against such Owner and such Lot. Each Owner hereby designates the Association as the Owner's agent for purposes of Idaho's mechanic's lien statute (i.e., Idaho Code § 45-501), and laborer, material supplier or other person who performs work on such Owner's Lot at the direction of the Association shall have a mechanic's lien against the Owner's Lot for such work. Any accessory building (i.e. shed) constructed must match the exterior style and color and roofing of the home. Any accessory buildings constructed must comply with city ordinances and regulations and shall be maintained as to not be unsightly or look distressed.

Section 3.04 Nuisances. No rubbish or debris of any kind shall be placed or permitted to accumulate anywhere upon the Community, including the Common Area or vacant Lots, and no odor shall be permitted to arise from any portion of the Community so as to render the Community or any portion thereof unsanitary, unsightly, offensive or detrimental to the Community, or to any other property in the vicinity of the Community. No Occupant shall operate a business out of the Improvement that requires any customer, client, or employee, other than the Occupant, to be on the Improvement or in the Community. No noise, no obstructions of pedestrian walkways, no unsightliness or other nuisance shall be permitted to exist or operate upon any portion of the Community so as to be offensive or detrimental to the Community or to its occupants or residents or to other property in the vicinity or to its occupants or residents, as determined by the Association, in its reasonable judgment, or in violation of any federal, state or local law, rule, regulation or ordinance. No exterior fires are permitted, unless contained in a firepit that is compliant with local safety guidelines and does not put any structures or the Community at greater risk of fire. Without limiting the generality of any of the foregoing, no whistles, bells or other sound devices (other than security devices used exclusively for security purposes which have been approved by the Committee), flashing lights or search lights shall be located, used or placed

on the Community without the Committee's approval. No unsightly articles shall be permitted to remain on any Lot so as to be visible from any other portion of the Community. Without limiting the generality of the foregoing, refuse, garbage, trash, equipment, gas canisters, propane gas tanks, barbecue equipment, heat pumps, compressors, containers, lumber, firewood, grass, shrub or tree clippings, plant waste, metals, bulk material and scrap shall be kept at all times in such containers and in areas approved by the Committee. Trash cans and other trash receptacles, including recycling cans and receptacles, shall not be visible except between 5:00 PM on the day before selected by the trash collector for trash and recycling pick-up and 10:00 AM on the following day. No clothing or fabric shall be hung, dried, or aired in such a way as to be visible to any other portion of the Community. Only permanent basketball standards are permitted within the Community. Basketball standards shall not be permitted on the roof or walls of any structure. No major appliances (such as clothes washers, dryers, refrigerators, or freezers) may be kept, stored, or operated on any balcony, patio, porch, or other exterior area of any Improvement. Owners can however elect to build outdoor kitchen areas that have major appliances (cooking stove, refrigerator, etc.) built in as a part of the overall master design of the Improvement. These areas and appliances must be in good shape and be maintained as to not be unsightly or look distressed. Window air-conditioning units are not allowed. Windows shall be covered only by drapes, shades or shutters and shall not be painted or covered by foil, cardboard, sheets or similar materials, provided however, that self-adhering window film may be applied to residential dwellings on the front doors and any bathroom windows when necessary to maintain privacy.

Section 3.05 No Hazardous Activities. No activities shall be conducted on the Community, and no Improvements shall be constructed in the Community which are or might be unsafe or hazardous to any Occupant.

Section 3.06 Insurance Rates. Nothing shall be done or kept on any Lot which will increase the rate of or cancel any insurance on any other portion of the Community without the approval of the Owner of such other portion, nor shall anything be done or kept on the Community or a Lot which would result in the cancellation of insurance on any portion of the Community owned or managed by the Association or which would be in violation of any law.

Section 3.07 Vehicles and Equipment. All on-street parking shall be limited to those specific areas where on-street parking is not expressly prohibited by the governmental or quasi-governmental agencies with responsibility therefor. Vehicles shall not extend or otherwise be permitted on or into any sidewalk, bicycle path or pedestrian path unless such vehicle is engaged in an emergency procedure, or as provided elsewhere in the Community Documents. No motor homes, motor coaches, campers, trailers, snowmobiles, aircraft, boats, recreational vehicles, all-terrain vehicles, abandoned or inoperable vehicles (defined as any vehicle which has not been driven under its own propulsion for a period of seventy-two (72) hours or longer), oversized vehicles (defined as vehicles which are too high or too wide to clear the entrance of a standard residential garage door opening), dilapidated or unrepaired and unsightly vehicles or similar equipment such as snow removal equipment, garden maintenance equipment and/or any other unsightly equipment and machinery shall be placed upon any portion of the Community, including but not limited to streets, parking areas and driveways, unless the same are located in the Owner's garage or behind the Owners fence line, concealing or partially concealing them from view in a manner approved by the Committee. To the extent possible, garage doors shall remain closed at all times. Electric, gas or other fuel operated gardening, yard or snow removal equipment shall only be operated from 7:00 a.m. to 9:00 p.m., subject to applicable law.

Section 3.08 Animals/Pets. No animals, livestock or poultry of any kind shall be raised, bred or kept on any Lot except that Household Pets (defined below) may be kept for an Owner's personal use provided that (a) such Household Pets are not bred or maintained for any commercial purpose, (b) no more than four (4) of any combination of domesticated dogs or domesticated cats may be kept on a Lot, (c) up to four (4) hens, but not roosters, may be kept on a Lot, and (d) any such Household Pets shall be properly restrained and controlled at any time they are within the Community. "Household Pets" shall mean generally recognized household pets that are customarily kept as indoor pets, such as domesticated dogs, domesticated cats, fish, birds (excluding roosters or turkeys), rodents and non-poisonous reptiles. Household Pets shall not include livestock, poultry (other than hens as provided herein), swine or waterfowl. Household Pets shall not be kept which unreasonably bother or constitute a nuisance to other Owners. Any noisy animal (defined below), any vicious animal, any non-domestic household pet or any animal which damages or destroys property shall be deemed a nuisance. Excessive or untimely barking, molesting passersby, chasing vehicles, pursuing, or attacking other animals, including wildlife, and trespassing upon private property in such a manner as to damage the Community shall also be deemed a nuisance. A "noisy animal" means any animal which habitually, frequently, and

unreasonably disturbs the sleep, peace or quiet of any Occupant. For example, a dog that barks, yelps, or whines for more than five (5) minutes in any one-hour period would be considered a noisy animal. When determining whether an animal's noise is a nuisance, consideration will be given to the time of day, duration, and frequency of the noise. Any costs associated with responding to complaints of a noisy animal or nuisance pet may be levied against an Owner as a Limited Assessment. The Owner of a Lot where a Household Pet is kept, as well as the legal owner of the Household Pet (if not such Owner), shall be jointly and severally liable for any and all damage and destruction caused by the Household Pet, and for any clean-up of any Common Area, roads or other property necessitated by such Household Pet. If a complaint is filed with the Board against an Owner of the Household Pet for the reasons specified in this Section 3.08, the Board shall first issue a warning to the Owner. If a subsequent complaint is filed, the Board may levy a reasonable Fine against the Owner.

Section 3.09 Assistance Animals. Assistance animals are welcome in the Community in accordance with the Fair Housing Act (42 U.S.C. § 3601 et. seq., as amended) and the implementing regulations promulgated thereunder. An assistance animal shall be as defined in the Fair Housing Act, which is currently a certified service animal, an emotional support animal, or any other animal that works, provides assistance, or performs tasks for the benefit of a person with a disability, or provides emotional support that alleviates one or more identified symptoms or effects of a person's disability. An assistance animal is not a Household Pet. Examples of assistance animals are guide animals, animals that alert people who are deaf, animals that pull a wheelchair, animals that alert and protect a person who is having a seizure, animals that remind an individual with an illness to take prescribed medications, animals that calm an individual with Post Traumatic Stress Disorder (PTSD) during an anxiety attack and animals that provide comfort or emotional support. Assistance animals in training are to be treated as assistance animals, even if the handler is not disabled. An assistance animal need not be licensed or certified by any government. Individuals with assistance animals shall not be treated less favorably than other residents or charged fees that are not charged to other residents without animals. The Association shall have the right, to the extent permitted under the Fair Housing Act, to prohibit or restrict any assistance animal that (a) is out of control and the handler does not take effective action to control it, or (b) the animal's behavior poses a threat to the health or safety of others. Any individual who brings an assistance animal on the Community is financially and legally responsible for any injury or damage caused by such assistance animal, and for any clean-up of Common Areas, roads or other property necessitated by such assistance animal.

Section 3.10 Construction and Temporary Structures. During the course of construction, no trailer houses or similar mobile units designed for overnight accommodations shall be parked on any street. No trailer, tent, shack, garage, barn or other unattached structure erected on a Lot shall, at any time, be used as a residence, temporarily or permanently, nor shall any residence of a temporary character be permitted. No building of any kind shall be erected or maintained on a Lot prior to the construction of the Improvements thereon. The construction of Improvements shall be prosecuted diligently and continuously from the time of commencement thereof until such Improvements are fully completed and painted. The construction site shall be cleaned of trash and debris nightly and maintained in a non-nuisance condition.

Section 3.11 Drainage. No Owner shall interfere with the established drainage pattern over any portion of the Community, unless adequate alternative provisions for proper drainage have first been approved by the Committee and properly installed. For the purposes hereof, "established" drainage is defined as the system of drainage, whether natural or otherwise, which exists at the time the overall grading of any portion of the Community is completed by Grantor, or that drainage which is shown on any plans approved by the Committee, which may include drainage from Common Area over any Lot in the Community.

Section 3.12 Grading. Except as provided in Section 3.11, no Lot shall drain onto, over, across or under the Common Area or an adjacent Lot. The Owner of any Lot within the Community in which grading or other work has been performed pursuant to a grading plan approved by any public agency, or by the Committee, shall maintain and repair all graded surfaces and erosion prevention devices, retaining walls, drainage structures, means or devices which are not the responsibility of any public agency, and plantings and ground cover installed or completed thereon.

Section 3.13 Irrigation System. The Association shall operate the Irrigation System for the Community. Each Owner shall connect its Lot(s) to the Irrigation System, if available, upon the earlier to occur of the issuance of a certificate of occupancy or nine (9) months after the issuance of a building permit to ensure that all required landscaping is maintained in a high quality manner and first class condition and in accordance with the Community Documents.

Each Owner acknowledges that Irrigation System water may be inadequate, particularly during low water years and seasons, and that each Owner is not guaranteed any specific amount of water for use on such Owner's Lot. No Owner shall modify any portion of the Irrigation System, including that portion of the Irrigation System on the Owner's Lot.

Section 3.14 Water Supply Systems. No separate or individual water supply system, regardless of the proposed use of the water to be delivered by such system, shall be permitted on any Lot unless such system is approved by all government authorities having jurisdiction and designed, located, constructed and equipped in accordance with the requirements, standards and recommendations of the Committee.

Section 3.15 Sewage Disposal Systems. No individual sewage disposal system shall be used on the Community. Each Owner shall connect the appropriate facilities on such Owner's Lot to the public sewer system and pay all charges assessed thereon.

Section 3.16 Energy Devices, Solar Energy. No energy production devices or generators of any kind (such as a permanent diesel generators or windmill) shall be constructed or maintained on any portion of the Community without the Committee's approval, except for mechanical equipment shown in the plans approved by the Committee. This Section shall not apply to solar energy systems incorporated into the approved design of a residential structure. Further, nothing in this Section shall prohibit the installation of solar panels or solar collectors on the rooftop of any Lot or dwelling thereon; provided however, the Association may determine the specific location where solar panels or solar collectors may be installed on the roof as long as installation is permitted within an orientation to the south or within forty-five (45) degrees east or west of due south. In addition any solar panel or solar collectors shall: (i) be installed consistent with applicable building codes; (ii) be parallel to a roof line; (iii) conform to the slope of the roof; and (iv) to the extent that any frame, support bracket, piping, or wiring is visible, be painted to coordinate with the dwellings roofing material.

Section 3.17 Signs and Flags. No more than one (1) sign shall be allowed on any Lot at the same time to advertise the Lot for sale or to advertise the Lot during the course of construction. No sign of any kind shall be displayed to the public view more than six (6) square feet in size and not more than three (3) feet above grade. The Association may erect and maintain identification signs, street signs and other appropriate informational signs upon the Common Area or upon utility easements of a size and design approved by the Committee. No other signs shall be placed or maintained upon the Common Area. Directional and open house signs may be used during open house time period only. All Lot signs must be removed within thirty (30) days after occupancy. Signs advertising a Lot for rent are not allowed anywhere within the Community. Political signs are permitted for up to sixty (60) days prior to a primary or general election, and shall be removed within seven (7) days after an election. No flags, banners, windsocks or similar items are permitted within the Community except for the flag of the United States of America; the flag of the state of Idaho; the POW/MIA flag; or an official or replica flag of any branch of the United States armed forces that is standard size and no larger than 3' x 5'. Any such permitted flag must be displayed in accordance with 4 U.S.C. 5 et seq. Any displayed flag and the flagpole on which it is flown must be maintained in good condition and any deteriorated flag or deteriorated or structurally unsafe flagpole be repaired, replaced, or removed. Each property may erect or install one flagpole that is no more than twenty (20) feet in height and, subject to applicable zoning ordinances, easements, and setbacks of record, is located in the front or back yard of the property; or is attached to any portion of an Owner's residential structure and not maintained by the Association. Any flagpole attached to a dwelling or a freestanding flagpole must be constructed of permanent, long-lasting materials with a finish appropriate to the materials used in the construction of the flagpole and harmonious to the Community. Any lights used to illuminate a displayed flag must be harmonious to the dwelling and the overall aesthetics of the Community.

Section 3.18 Antenna; Satellite Dishes. All exterior radio antenna, television antenna, satellite dishes or other such devices of any type shall be installed on the rear of the residential structure on the Lot, or within four (4) feet of the rear of the structure on any such structure's side walls. All such devices shall be screened by a fence, landscaping or similar structures in accordance with the Design Requirements, or as otherwise required to ensure the safety of the residents of the Community, except that screening shall not be required where it would unreasonably delay installation or unreasonably increase the cost of installation, maintenance or use thereof, or preclude the reception of an acceptable quality signal. No such device may be installed until after an Owner has received Committee approval for construction of residential Improvements on the Owner's Lot.

Section 3.19 No Further Subdivision. No Lot may be further subdivided unless the subdivision is approved by the Board, and then only in accordance with applicable law.

Section 3.20 Holiday Lights. Winter holiday decorations and lighting displays are permitted starting on November 15 of each year and must be removed by January 15 of the following year. Any other holiday decorations or lighting displays (such as Halloween) are permitted up to fifteen (15) days prior to the holiday and must be removed within five (5) days after the holiday.

Article IV. ARCHITECTURAL REVIEW COMMITTEE

Section 4.01 Creation. The Board shall appoint no less than three (3) and no more than five (5) individuals to serve on the Architectural Review Committee (the “**Committee**”). The Board shall have the exclusive right to appoint, remove and replace Committee members at any time with or without cause. If a vacancy on the Committee occurs and the Board has not yet appointed a replacement, the remaining Committee members may appoint an acting member to serve until the Board appoints a replacement. Committee members need not be an Owner.

Section 4.02 Design Requirements. The Committee shall have the power and authority to adopt, amend and repeal such rules and regulations as the Committee deems reasonable and appropriate to ensure that all Improvements in the Community conform and harmonize as to external design, quality and type of construction, architectural character, materials, color, location in the Building Envelope, height, grade and finish ground elevation, natural conditions, landscaping and other design or aesthetic considerations (the “**Design Requirements**”). The Design Requirements may include rules and regulations to (a) protect the special qualities of the Community; (b) encourage creative design; (c) provide general architectural, design and construction guidelines; (d) landscape guidelines (including a description of existing, natural conditions and vegetation); (e) submittal and review procedures; (f) fees and charges for review; and (g) penalties for noncompliance. The Design Requirements shall be drafted to conform to this Declaration, and in the event of a conflict between the Design Requirements and this Declaration, this Declaration shall govern. In the event that any provision of the Design Requirements is deemed ambiguous on any matter, the Committee’s interpretation of such provision shall be given deference so long as the interpretation is a permissible construction of such provision.

Section 4.03 Design Review Required. No Owner shall construct, reconstruct, alter, install, or remove any Improvements except with the Committee’s approval. After receipt of the proposed Improvement plans, the Committee shall have thirty (30) days within which to notify the Owner whether such improvements conform with the provisions of this Article 4 and the Design Requirements, and whether approval of the plans for such Improvements has been granted or denied. In the event approval is denied, the Owner and the Committee shall work together to correct the deficiencies in the original plans. The Committee shall review, study and either approve or reject the proposed Improvements on the Community, all in compliance with the Declaration and the Design Requirements. In the event of denial, the Owner shall re-submit such plans to the Committee after each denial and the Committee shall have fifteen (15) days after re-submittal within which to notify the Owner whether the plans have been approved. Except as otherwise set forth herein, any action or decision made by a majority of the Committee shall be the binding decision of the entire Committee. The Committee is authorized to retain the services of one or more consulting architects, landscape architects, engineers, designers and other consultants to advise and assist the Committee on a single project, on a number of projects or on a continuing basis. The actions of the Committee in the exercise of its discretion by its approval or disapproval of the proposed Improvements on the Community, or with respect to any other matter before it, shall be conclusive and binding on all interested parties. The Committee shall not direct or control the interior layout or interior design of residential structures except to the extent incidentally necessitated by use, size, and height restrictions.

Section 4.04 Landscaping. Each Owner shall maintain, repair, and replace landscaping on such Owner’s Lot as required by the Design Requirements. If an Owner desires to materially alter existing landscaping on such Owner’s Lot, Owner shall submit a landscaping plan to the Committee for review and approval. All Owners shall install, maintain, repair, and replace a timer-controlled automated irrigation system, which shall be operated in accordance with any rules adopted by the Association. No fences, hedges or retaining walls shall be installed or maintained on any Lot unless approved by the Committee. Without limiting the foregoing approval rights of the Committee, all such fences must be

six feet tall, consist of two-rail privacy fencing, and be made of material such that all fences match the existing Common Area fencing in the Community.

Section 4.05 Expenses. All expenses of the Committee shall be paid by the Association. The Committee shall have the right to charge reasonable fees for applications submitted to it for review, in amounts which may be established by the Committee from time-to-time, and such fees shall be collected by the Committee and remitted to the Association to help defray the expenses of the Committee's operation, including reasonable payment to each member of the Committee for their services as provided herein. Each Owner, by submitting a design review application to the Committee, agrees to pay any additional reasonable fees based on costs incurred by the Committee in retaining consultants for the review and approval of the Owner's application(s).

Section 4.06 Variances. The Committee may authorize variances from any of the Design Requirements when the Committee deems it desirable to address special circumstances, such as topography, natural obstructions, hardship, aesthetic considerations, or other circumstances. The granting of a variance shall not waive any element of the Design Requirements for any purpose except as to the particular property and particular provision covered by the variance. Approval of a variance shall not affect the Owner's obligation to comply with this Declaration or applicable law.

Section 4.07 Committee Approvals. The Committee's approval of any Improvement does not mean the Improvements will be permitted by applicable law, approved by the applicable governmental authorities or others. The Committee shall not be responsible in any way for any defects or errors in any plans or specifications submitted, revised, or approved, nor for any structural or other defects in any work done according to such plans and specifications.

Section 4.08 Immunity; Indemnification. The Committee's members, agents and employees shall be immune from liability and entitled to indemnification as set forth in Section 2.08 hereof.

Article V. ASSESSMENTS

Section 5.01 Covenant to Pay Assessments. Each Owner covenants and agrees to pay when due (without deduction, setoff, abatement of counterclaim of any kind whatsoever) all Assessments or charges made against such Owner or such Owner's Lot pursuant to the Community Documents. Assessments against a Lot shall be a continuing lien on such Lot until paid, whether or not ownership of such Lot is transferred. Assessments against a Lot are also the personal obligation of the Owner of the Lot when the Assessment becomes due and payable. Such personal obligation shall remain with such Owner regardless of whether such Owner remains the owner of the Lot. Delinquent Assessments related to a Lot shall not pass to such Owner's successors in title unless expressly assumed by them. Such Assessments and charges, together with interest, costs and reasonable attorneys' fees, which may be incurred in collecting the same, shall be a charge on the land and shall be a continuing lien upon the Community against which each such Assessment or charge is made.

Section 5.02 Regular Assessments. Regular Assessments are to be used to pay for all costs and expenses incurred by the Association for the conduct of its affairs or the exercise of any of the Association's powers, duties or obligations under the Community Documents (collectively, the "**Expenses**"). Without limiting the generality of the foregoing, the Expenses shall include:

- (a) The cost and expenses incurred by the Association for professional management of its business and affairs;
- (b) The costs and expenses incurred by the Association in the exercise of any of its powers under Section 2.06;
- (c) The costs and expenses of construction, improvement, protection, insurance, maintenance, repair, management and operation of the Common Area and all Improvements located in other areas that are owned, managed or maintained by the Association;
- (d) An amount to fund adequate reserves for extraordinary operating expenses, contingent risks or liabilities (such as indemnification and defense expenses), capital repairs, capital replacements and any other expenses for which the Board deems prudent to fund a reserve.

The Association may, in its discretion or as provided in the Community Documents, require payment of Regular Assessments in monthly, quarterly, semi-annual or annual installments. Each Owner shall be assessed and shall pay an amount computed by multiplying the Association's total advance estimate of Expenses by the fraction produced by dividing the number of Lots owned by such Owner by the total number of Lots not then exempt from Assessment.

Section 5.03 Special Assessments. If the Board determines that the Regular Assessment for a given calendar year is or will be inadequate to meet the Expenses for such calendar year for any reason, the Board may levy a Special Assessment to collect the additional funds needed to meet the Expenses for such calendar year. Special Assessments shall be levied and paid upon the same basis as Regular Assessments; provided, however, the Association shall, in its discretion, set the schedule under which such Special Assessment will be paid, which schedule may be different than Regular Assessments.

Section 5.04 Limited Assessments. Notwithstanding the above provisions with respect to Regular Assessments and Special Assessments, the Association may levy a Limited Assessment against an Owner (a) for any Fines, fees or charges levied against the Owner under the Community Documents; (b) to reimburse the Association for any costs incurred to bring the Owner's Lot or any Improvements thereon into compliance with the Community Documents; (c) to reimburse the Association for any damages caused by an Owner or its tenants, occupants, guests, invitees and contractors to any Common Area or Improvements owned or maintained by the Association; and (d) for the cost of providing any goods or services under the Community Documents that benefit such Owner or Owner's Lot, but less than all Owners or all Owners' Lots.

Section 5.05 Assessment Procedures. The policies and procedures for Assessments (such as notices, payment methods, installment options, late fees, interest charges, collection fees, payments on sale of Lots and other matters) shall be as set forth in the Bylaws or Community Rules; provided, however, the Association shall provide Owners with not less than fifteen (15) days and no more than thirty (30) days of prior notice before any Board meeting for the purpose of levying a Special Assessment or increasing the Regular Assessment. No Fine shall be imposed in violation of Idaho Code § 55-115. Once a Fine is imposed in accordance with Idaho Code § 55-115, the Association may levy a Limited Assessment against the Owner therefor in accordance with this Section 5.05.

Section 5.06 Transfer Assessments. A transfer assessment in the amount of two hundred and fifty dollars (\$250.00) shall be charged and paid to the Association at the closing of each sale and transfer of an existing Owner's Lot to a new Owner. The existing Owner and new Owner may enter into an agreement setting forth the payment to the Association as part of the closing proceeds, but in the event the Association has not received payment from a closing agent, then the ultimate responsibility for payment shall fall upon the new Owner. In the event the new Owner does not pay this transfer assessment after written notice from the Association, the Association shall be entitled to exercise all rights, duties, and powers of enforcement as provided for collecting other assessment herein.

Section 5.07 Assessment Liens.

- (a) *Creation.* There is hereby created a continuing claim of lien with power of sale on each and every Lot to secure payment of any and all Assessments levied against such Lot pursuant to the Community Documents, together with interest thereon at the legal rate in Idaho and all collection costs and attorneys' fees which may be paid or incurred by the Association in connection therewith. Upon default of any Owner in the payment of any Assessment related to a Lot, the Association may record a claim of lien against such Lot in accordance with applicable law (currently, Idaho Code § 45-810). Each delinquency shall constitute a separate basis for a claim of lien, but any number of defaults may be included within a single claim of lien. Such claim of lien may be foreclosed in any manner permitted by applicable law. Upon payment of such lien in full, the Association shall prepare and record a release of such claim of lien.
- (b) *Subordination to First Trust Deeds.* Upon recordation of a claim of lien for delinquent Assessments in accordance with applicable law, such lien shall be prior and superior to all other liens or claims created subsequent to the recordation of the claim of lien except for (a) liens which, by law, would be superior thereto and (b) the lien of a first deed of trust or first mortgage given and made in good faith and for value that is of record as an

encumbrance against such Lot prior to the recordation of a claim of lien for the Assessments. Except as expressly provided in this Section 5.07(b), the sale or transfer of any Lot shall not affect the Assessment lien provided for herein, nor the creation thereof by the recordation of a claim of lien, on account of the Assessments becoming due whether before, on, or after the date of such sale or transfer, nor shall such sale or transfer, diminish or defeat the personal obligation of any Owner for delinquent Assessments as provided for in this Declaration.

Section 5.08 Exemptions. All Common Area and any Lots owned by the Association shall be exempt from Assessments. Granter shall be exempt from Assessments as set forth in Section 9.05.

Article VI. RIGHTS TO COMMON AREAS

Section 6.01 Use of Common Area. Every Owner shall have a right to use the Common Area as set forth in this Declaration subject to:

- (a) Subject to The Community Documents.
- (b) The right of the Association to suspend the right of an Owner to use the Common Area for any period during which any Assessment or charge against such Owner's Lot remains unpaid and for a period not to exceed sixty (60) days for any infraction of the Community Rules; and
- (c) The right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority or utility or other party for such purposes and subject to such conditions as may be permitted by the Community Documents.

Section 6.02 Delegation of Right to Use. An Owner may delegate its right to use the Common Area to the occupants of such Owner's Lot; provided, however, each Owner shall be liable to the Association for any damage to any Common Area sustained by reason of the negligence or willful misconduct of such Occupants. The cost of correcting such damage shall be a Limited Assessment against the Lot.

Section 6.03 Association's Responsibility. The Association shall maintain and keep the Common Area and any other Improvements owned, managed or maintained by the Association in good condition and repair.

Section 6.04 Common Area Ponds.

Subject to the restrictions set forth in this Declaration, Owner's are permitted to use the Common Area ponds for non-motorized recreational activities, including fishing, canoeing and standup paddle boarding. The Association may, in its reasonable discretion, keep the Common Area ponds stocked with fish. All fishing shall be "catch and release".

Article VII. EASEMENTS

Section 7.01 Recorded Easements. The Community shall be subject to all easements shown on any easements that are established or of record, including easements set forth on the Plat.

Section 7.02 Easements of Encroachment. There shall be reciprocal appurtenant easements of encroachment as between adjacent Lots and between Lots and adjacent portions of the Common Area due to the unwillful placement or settling or shifting of the Improvements constructed, reconstructed or altered in accordance with the Community Documents. Easements of encroachment shall be valid only so long as they exist, and the rights and obligations of Owners shall not be altered in any way because of encroachments, settling or shifting of the Improvements; provided, however, that in no event shall a valid easement for encroachment occur due to the willful or bad faith acts of an Owner. If an Improvement is partially or totally destroyed, such Improvement may be repaired or rebuilt within such minor encroachments that existed prior to the encroachment and may be reconstructed pursuant to the easement granted by this Section 7.02.

Section 7.03 Easements of Access. There shall be reciprocal appurtenant easements of ingress and egress for all Owners to and from their respective Lots for installation and repair of utility services and for necessary maintenance and repair of any Improvement, such as fencing, retaining walls, lighting facilities, mailboxes and sidewalk abutments, trees and landscaping.

Section 7.04 Improvements in Drainage and Utility Easements. No Owner shall construct or alter any Improvements in any drainage or utility easement areas which would interfere with the easement being used for its intended purpose. Such Owners may install and maintain Improvements on such easement areas as permitted by the Community Documents so long as such Improvements are permitted by the terms of the easement and such Improvements will not interfere with or prevent the easement areas from being used for their intended purposes. No lawful user of the easement shall incur any liability to such Owner for the damage or destruction of such Improvements.

Section 7.05 Sanitary Sewer Easements. There is hereby granted to the City of Middleton a perpetual non-exclusive easement for the purpose of accessing, maintaining, repairing and replacing those portions of the sanitary sewer system for the Community that runs on, over, across, under or through the Community; provided, however, in the event the City of Middleton disturbs such easement area, the City of Middleton shall promptly restore of the surface of the ground and ordinary improvements thereon (such as paving, concrete, grass and ordinary landscaping) to the condition existing immediately before such disturbance. The Association shall restore any improvements or landscaping (if any) that is not the obligation of the City of Middleton to restore.

Section 7.06 Easements Deemed Created. All conveyances of Lots made after the date of the recording of the Declaration, whether by Grantor or otherwise, shall be construed to grant and reserve the easements contained in this Article 7, even though no specific reference to such easements or to this Article 7 appears in the conveyance instrument.

Section 7.07 Emergency Easement. A general easement is hereby granted to all police, sheriff, fire protection, ambulance, and all other similar emergency agencies to enter upon the Community in the proper performance of their duties.

Section 7.08 Maintenance Easement. An easement is hereby reserved to the Association upon, across, over, in and under the Lots and a right to make such use of the Lots as it may deem necessary or appropriate to make emergency repairs or to perform the duties and functions which the Association is obligated or permitted to perform pursuant to the Community Documents, including the right to enter upon any Lot for the purpose of performing maintenance to sidewalks, pathways, landscaping, the Drainage System, the Irrigation System and the exterior of Improvements to such Lot. Nothing herein shall relieve each Owner's obligation to maintain Improvements on such Owner's Lot.

Article VIII. RESOLUTION OF DISPUTES

Section 8.01 Agreement to Avoid Litigation. Grantor, the Association, and the Owners agree that it is in their best interests to provide a fair, impartial and expeditious procedure for the resolution of disputes related to the Community Documents instead of costly, lengthy and unpredictable litigation. Accordingly, Grantor, the Association (including its officers, directors and committee members), each Owner and any party claiming a right or interest under the Community Documents (each, a "**Bound Party**") agree to encourage the efficient resolution of disputes within the Community without the emotional and financial costs of litigation. Accordingly, each Bound Party covenants and agrees that all claims, grievances or disputes arising out of or relating to the interpretation, application or enforcement of the Community Documents or the rights, obligations and duties of any Bound Party under the Community Documents ("**Claims**") shall be subject to the provisions of Section 8.03 unless exempt under Section 8.02. All Claims shall be subject to resolution pursuant to this Article 8 as a condition precedent to the institution or continuation of any legal or equitable proceeding; provided, however, any Bound Party may proceed in accordance with applicable law to comply with any notice or filing deadlines prior to resolution of the Claim.

Section 8.02 Exemptions. The following Claims shall not be subject to this Article 8 unless all Bound Parties thereto agree to submit such Claim to these dispute resolution procedures:

- (a) Any Claim by the Association against any Bound Party to enforce the obligation to pay any Assessment to the Association under the Community Documents;
- (b) Any Claim by Grantor or the Association to obtain injunction or equitable relief to enforce any provision of the Community Documents;
- (c) Any Claim between Owners where the Grantor or the Association are not a party thereto, which Claim would constitute a cause of action independent of the Community Documents;
- (d) Any Claim in which any indispensable party is not a Bound Party;
- (e) Any Claim against a Released Party that would be barred by Section 2.08;
- (f) Any Claim which otherwise would be barred by any applicable law (such as, for example, the applicable statute of limitations); and
- (g) Any Claim arising out of or relating to the interpretation, application or enforcement of any purchase, sale or construction agreement with Grantor or any builder related to the construction of Improvements within the Community, or the rights, obligations and duties of any Bound Party under such agreements, it being understood that applicable law and the provisions of such agreements shall control the resolution of any claims or disputes related thereto.

Section 8.03 Dispute Resolution.

- (a) Direct Discussions. Any Bound Party having a Claim against any other Bound Party shall notify such party(ies) of the Claim in writing, stating plainly and concisely the following: (a) the nature of the Claim; (b) the legal basis of the Claim (i.e., the specific authority out of which the Claim arises); (c) the basic facts supporting the allegations in the Claim; (d) the other persons involved in the Claim or with personal knowledge of the facts alleged; and (e) the claimant's proposed remedy, including the specific monetary amounts (if any) demanded. The Bound Parties to the Claim shall make reasonable efforts to meet in person to resolve the Claim by good faith discussions and negotiations, it being understood that the best opportunity to achieve a fair and satisfactory resolution to a Claim is ordinarily through early discussions and negotiations held in good faith.
- (b) Dispute Resolution. If the Bound Parties to a Claim are unable to resolve the Claim through direct discussions within a reasonable time, either Bound Party may submit the Claim to the Board for assistance in resolving the Claim. In such event, the Board may, by notice to each Bound Party to the Claim within thirty (30) days of its receipt of a request for assistance:
 - (i) Order the Bound Parties to continue direct discussions and negotiations for a period of up to thirty (30) days. If the Claim is not resolved in such period, any Bound Party may request the Board's assistance to resolve the Claim;
 - (ii) Order the Bound Parties to mediate the Claim with an independent real estate attorney, real estate professional or judge selected by the Association. The mediator shall set the rules of the mediation. Any party to the mediation can invite additional parties to the mediation if the presence of such additional party is required for a complete resolution of any Claim. The parties shall share the mediator's fee and any filing fees equally. Unless otherwise agreed, the mediation shall be held within thirty (30) days of the order for mediation and shall be held in a neutral location near the Community selected by the mediator. Agreements reached in mediation shall be enforceable as settlement agreements in any court having jurisdiction thereof. If the mediation does not resolve the Claim, the Bound Parties may proceed to litigation of the Claim in any court of competent jurisdiction;

- (iii) Order the Bound Parties to settle the Claim through arbitration by a single arbitrator conducted in accordance with the Idaho Uniform Arbitration Act (Idaho Code, Title 7, Chapter 9) except as otherwise provided herein. The arbitrator shall be any independent real estate attorney or judge appointed by the Association. The arbitrator shall set the rules of the arbitration. The arbitrator may, in its discretion, order parties to produce documents relevant to the dispute and may order written discovery and depositions (but with care to avoid burdensome discovery or depositions). The arbitrator shall endeavor to hold the arbitration at mutually convenient times and locations; provided, however, the arbitrator shall endeavor to complete the arbitration within sixty (60) days after appointment of the arbitrator. The parties shall bear their own attorneys' fees (if any) and share the arbitrator's fees equally; provided, however, the arbitrator may award costs, arbitrator's fees and attorneys' fees to the substantially prevailing party. The arbitrator's award shall be final, and judgment may be entered upon it in accordance with applicable law in any court having jurisdiction thereof;
- (iv) If the Claim is within the jurisdiction of the Small Claims Department of the Magistrate Division (currently, monetary claims for \$5,000 or less), order a Bound Parties to file such Claim exclusively therein; or
- (v) Elect to exempt the Claim from this Article 8, at which time the Bound Parties are free to exercise any right or remedy in accordance with applicable law.

If the Board fails to notify the Bound Parties within thirty (30) days of its receipt of a request for assistance, the Board shall be deemed to have elected to exempt the Claim from this Article 8.

- (c) If the Bound Parties resolve any Claim through mediation or arbitration pursuant to this Article 8 and any Bound Party thereafter fails to abide by the terms of such resolution (i.e., settlement agreement or arbitrator's award), then any other Bound Party may take any legal or other action to enforce such settlement agreement or arbitrator's award without the need to comply again with the procedures set forth in this Article 8. In such event, the Bound Party taking action to enforce the resolution shall be entitled to recover from any non-complying Bound Party all costs and attorneys' fees reasonably incurred in such enforcement.

Article IX. INITIAL DEVELOPMENT PERIOD

Section 9.01 Initial Development Period. The "Initial Development Period" shall commence on effective date of this Declaration and terminate on the day Grantor (or the assignee of Grantor's rights hereunder) no longer owns any Lots (including Lots annexed into the Community in the future) or on the day Grantor terminates its rights by notice to the Association.

Section 9.02 Community Management. Each Owner recognizes that the Community will require a high level of knowledge, effort, judgment, diligence and attention during the Initial Development Period, and that level is beyond what can reasonably be expected from Community volunteers. Accordingly, each Owner agrees that it is in the best interest of the Community for Grantor to have full management authority for the Community during the Initial Development Period, including the sole and exclusive right to appoint, remove and replace directors of the Board and members of the Committee at anytime and from time-to-time in Grantor's sole discretion. In furtherance thereof, each Owner hereby appoints Grantor as its proxy with respect to its membership interest in the Association (including voting rights), which proxy shall be coupled with Grantor's interest in the Community and irrevocable during the Initial Development Period.

Section 9.03 General Exemptions. Grantor may, from time-to-time in Grantor's discretion and without first seeking or obtaining the approval of Association or Committee:

- (a) Make modifications or Improvements on any Lot or the Common Area as Grantor deems appropriate;
- (b) Place or authorize signs of such size, design and number as Grantor deems appropriate for the initial development of the Community, including signs to identify the Community, display information pertaining to

the Community, display information or instructions to builders, to advertise Lots and homes for sale (including sale events and open houses), and to advertise of Community elements or events;

- (c) Authorize any developer or contractor to use any Lot as a model home, sales office, construction office or construction storage yard;
- (d) Place or authorize portable or temporary structures upon any Lot or the Common Area; and
- (e) Establish or reserve such additional covenants, conditions, restrictions or easements on any Lot prior to conveyance thereof as Grantor deems necessary or convenient for the development of the Lot or the Community.

Section 9.04 Water Rights Appurtenant to Community Lands. Grantor hereby reserves unto itself any and all water rights appurtenant to the Community, and Owners of any and all Lots accordingly shall have no right, title or interest in any of said water or water rights.

Section 9.05 Grantor's Exception from Assessments. If Grantor owns any Lots during the first three (3) years following the date assessments are first assessed against the Owners of Lots, Grantor shall not be assessed any Regular Assessments or Special Assessments for any Lots owned by Grantor. If Grantor owns at least one Lot during such period, Grantor shall pay the shortfall, if any, in the Operating Expenses of the Association; provided, however, such obligation shall not exceed the amount that the Regular Assessments and Special Assessments that Grantor would otherwise be assessed as an Owner multiplied by the total number of Lots owned by Grantor on the date Regular Assessments or Special Assessments are assessed against the Owners of Lots. After the foregoing period, Grantor shall be assessed Regular Assessments and Special Assessments for each Lot owned by Grantor.

Section 9.06 Assignment of Grantor's Rights. Grantor may assign any or all of its rights under the Community Documents to any person or entity in a written instrument that contains the assignee's acceptance of such assignment and agreement to assume any of Grantor's obligations pertaining to the rights assigned, which acceptance and assumption shall be effective upon the recordation of such written instrument recorded in the real property records of Canyon County, Idaho. Grantor shall promptly provide a copy of the recorded instrument to the Association and, thereupon, be released from Grantor's obligations pertaining to the rights assigned.

Article X. TERM

The easements created hereunder shall be perpetual, subject only to extinguishment by the holders of such easements as provided by law. The remainder of this Declaration shall run until December 31, 2045 and thereafter shall be automatically extended for successive periods of ten (10) years each, unless amended or extinguished by a written instrument signed and acknowledged by the president and secretary of the Association certifying and attesting that such instrument has been approved by the vote or written consent of Owners representing sixty-five percent (65%) or more of the total voting power in the Association and such written instrument is recorded with the Canyon County Recorder's Office.

Article XI. ANNEXATION AND DEANNEXATION

Grantor may annex additional lands into the Community from time-to-time by recording a supplement to this Declaration declaring such additional lands to be part of the Community and subject to this Declaration. Such supplement may add or delete covenants, conditions, restrictions and easements applicable to the annexed lands as Grantor may deem appropriate, so long as such additions or deletions do not place an undue burden on the Association or the Community. Upon annexation, Owners within the annexed lands shall become Owners in the Community on equal footing with the then current Owners in the Community, and shall have the same rights, privileges and obligations (except as may otherwise be set forth in the annexing supplement). Grantor shall have the right to de-annex any property owned by Grantor from the Community upon Grantor's recordation of a supplement identifying the de-annexed lands and declaring that such lands shall no longer be subject to this Declaration.

Article XII. AMENDMENTS

Section 12.01 Prior to First Deed. Except as otherwise provided in this Article 12, until the recordation of Grantor's first deed to a Lot, Grantor may amend or terminate this Declaration by recording a written instrument setting forth such amendment or termination.

Section 12.02 Lender Requirements. Because the availability of government supported financing is key to the success of the Community and to the ability of Owners to finance and refinance their homes, Grantor shall have the right, power and authority during the Initial Development Period and the Association shall have the right thereafter, to amend or supplement this Declaration or any of the Community Documents by written instrument, at any time and at its sole discretion, as may be reasonably necessary to comply with any requirements or conditions necessary to take full advantage of, or secure the full availability of, any financing programs offered or supported by the organizations identified in Section 2.06(m); provided, however, nothing herein shall authorize an amendment in violation of Section 12.06 as otherwise provided in this Article 12.

Section 12.03 Governmental Requirements. Because compliance with governmental requirements, as they change from time-to-time, is key to the success of the Community, Grantor shall have the right, power and authority during the Initial Development Period and the Association shall have the right thereafter, to amend this Declaration or any of the Community Documents by written instrument, at any time and at its sole discretion, as it may deem reasonably necessary to comply with any governmental requirement that is or may become applicable to the Community; provided, however, nothing herein shall authorize an amendment in violation of Section 12.06.

Section 12.04 By Association. Except as otherwise provided in Article 11 or this Article 12, any amendment or supplement to this Declaration shall be by an instrument in writing signed and acknowledged by the president and secretary of the Association certifying and attesting that such amendment or supplement has been approved by the vote or written consent of Owners representing more than sixty-five percent (65%) of the total voting power in the Association.

Section 12.05 Effect of Amendment; Mortgage Protection. Any supplement, amendment or termination of this Declaration shall be effective upon its recordation with the Canyon County Recorder's Office and shall be binding on and effective as to all Owners, whether or not such Owners voted for or consented to such supplement, amendment or termination, unless otherwise prohibited by applicable law. Any supplement or amendment may add to and increase the covenants, conditions, restrictions and easements applicable to the Community; provided, however, notwithstanding any other provision of this Declaration, no supplement or amendment shall operate to defeat or render invalid the rights of the beneficiary under any Mortgage made in good faith and for value, and recorded prior to the recordation of such amendment or supplement, provided that after foreclosure of any such Mortgage, such Lot shall remain subject to this Declaration as supplemented or amended.

Section 12.06 No Amendment of Required Provisions. Unless the express written and recorded consent of the City of Middleton has been obtained, this Declaration may not be amended, deleted, added or terminated, with respect to the following: (i) any provision of this Declaration which has been required by the City of Middleton in its approval of this Subdivision, or which affects, recognizes, conveys and/or confers upon the City of Middleton any easement, right or power, or requirement; (ii) any material provisions on easements, access, and/or the operation, repair, maintenance, repair and replacement of Common Area, infrastructure and/or public works systems; and/or (iii) any dissolution or termination of the Association.

Article XIII. NOTICES

Any notices, consents, approvals, or other communications required or permitted by this Declaration shall be in writing and may be delivered personally, by electronic mail or by U.S. mail. Each Owner shall be responsible for ensuring that the Association has such Owner's then current mailing address, physical address, electronic mail address and telephone numbers. Each Owner shall be deemed to have received any notice when such notice is actually received by such Owner

Crescent Lakes Community – Declaration of CC&R's

(regardless of the method of delivery) or when such notice is delivered to any of the addresses then currently on file with the Association. Notices delivered by U.S. Mail shall not be deemed received until three (3) business after posting. The Association shall provide the notices addresses of all Owners to Grantor or any other Owner promptly upon request.

Article XIV. MISCELLANEOUS

Section 14.01 Interpretation. This Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development and operation of the Community. As used herein, the word “including” shall be deemed to be followed by “but not limited to” unless otherwise indicated. Unless the context requires a contrary construction, the singular shall include the plural and the plural the singular; and the masculine, feminine or neuter shall each include the masculine, feminine and neuter. All captions and titles used in this Declaration are intended solely for convenience of reference and shall not affect that which is set forth in any of the provisions hereof. In the event that any provision of this Declaration is deemed ambiguous on any matter, the Board’s interpretation of such provision shall be given deference so long as the interpretation is a permissible construction of such provision.

Section 14.02 Governing Law. This Declaration shall be governed by the laws of the State of Idaho without regard to its conflicts of law principles. Any legal action to interpret or enforce this Declaration shall be filed exclusively in the state or federal courts situated in Canyon County, Idaho.

Section 14.03 Severability. Each provision of this Declaration shall be deemed independent and severable, and the invalidity or partial invalidity of any provision or portion thereof shall not affect the validity or enforceability of any other provision herein.

Section 14.04 Entire Agreement. This Declaration is the sole agreement between the parties with respect to the subject matter herein and supersedes all prior understandings and agreements with respect to the subject matter hereof.

Section 14.05 No Third Party Beneficiaries. Except as otherwise set forth herein, this Declaration and each and every provision herein is for the exclusive benefit of Grantor, the Association and the Owners and not for the benefit of any third party.

Section 14.06 No Waiver. No waiver by the Association hereunder may be oral. No waiver, forbearance, delay, indulgence or failure by the Association to enforce any of the provisions of this Declaration shall in any way prejudice or limit the Association’s right thereafter to enforce or compel strict compliance with the provision hereof, any course of dealing or custom of the trade notwithstanding. No delay or omission on the part of the Association shall operate as a waiver thereof, nor shall any waiver by the Association of any breach of this Declaration operate as a waiver of any subsequent or continuing breach of this Declaration.

Section 14.07 Enforcement; Remedies. The failure of any Owner or Occupant to comply with applicable law pertaining to the ownership, use or occupancy of any Lot or the Community, or to comply with any provision of the Community Documents, is hereby declared a nuisance and gives rise to a cause of action (subject to Article 8) in Grantor, the Association (on its own and/or on behalf of any consenting Owners) and any affected Owner for recovery of damages or for negative or affirmative injunctive relief or both enforce the provisions hereof only as set forth in this Declaration. Each remedy provided herein is cumulative and not exclusive. If any party initiates or defends any legal action or proceeding to interpret or enforce any of the terms of this Declaration, the substantially prevailing party shall be entitled to recover any costs and attorneys’ fees reasonably incurred therein.

Section 14.08 Consents and Approvals. Any consents or approvals required or contemplated herein must be in a writing executed by the party whose consent or approval is required or contemplated. No Owner unreasonably withhold, condition, or delay its consent or approval of any matter requested by Grantor, the Association, the Committee, or another Owner.

[signature page follows]

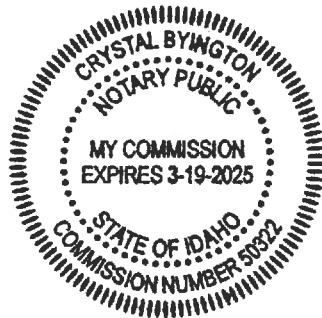
DATED effective as of the year and day first written above.

“Grantor” SKYLINE HOMES AND DEVELOPMENT LLC, an Idaho limited liability company

By: Dale Newberry

STATE OF IDAHO)
 : ss.
County of Ada)

On this 1st day of June 2021, before me, a Notary Public in and for said State, personally appeared **Dale Newberry**, known or identified to me to be a **Member** of **Skyline Homes and Development LLC**, an Idaho limited liability company, the person who subscribed said limited liability company’s name to the foregoing instrument, and acknowledged to me that he executed the same in said limited liability company’s name.



[Signature]
My Commission Expires: 3/19/25