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**AMENDED AND RESTATED
DECLARATION OF
COVENANTS, CONDITIONS, AND
RESTRICTIONS
FOR
THE VALLEY CLUB**

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**AMENDED AND RESTATED
DECLARATION OF COVENANTS, CONDITIONS, AND
RESTRICTIONS
FOR
THE VALLEY CLUB**

THIS AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS ("Declaration") is made this _____ day of _____, 2003, by The Valley Club Owners Association, Inc., a Idaho non-profit corporation (the "Association").

On May 5, 1994, Valley Ranch, Inc., an Idaho corporation ("VRI"), as the owner of the real property described in Exhibit "A," which is attached and incorporated by reference, executed the Declaration of Covenants, Conditions and Restrictions for The Valley Club, which was then recorded on May 5, 1994 in the records of Blaine County, Idaho as Instrument No. 365516 (the "Original Declaration"). Pursuant to Section 13.2 of the Original Declaration, the Owners (as such term is defined in Article 1, below) of not less than 75% of the total number of Lots (as such term is defined in Article 1, below), with the written consent of VRI, have approved by affirmative vote or written consent, or a combination thereof, the amendment and restating of the Original Declaration. This Declaration continues the imposition upon the Properties (as defined in Article 1 below) by the Original Declaration of mutually beneficial restrictions under a general plan of improvement for the benefit of the Owners and the Association, and establish a flexible and reasonable procedure for the overall development, administration, maintenance and preservation of the Properties.

All of the property described in Exhibit "A" and any additional property subjected to this Declaration by Supplemental Declaration (as defined in Article 1 below) shall be held, sold, used and conveyed subject to the following easements, restrictions, covenants, and conditions, which shall run with the title to the real property subjected to this Declaration. This Declaration shall be binding upon all parties having any right, title, or interest in any portion of the Properties, their heirs, successors, successors-in-title, and assigns, and shall inure to the benefit of each owner of any portion of the Properties.

ARTICLE 1. - DEFINITIONS

The terms in this Declaration and the attached exhibits shall generally be given their natural, commonly accepted definitions except as otherwise specified. Capitalized terms shall be defined as set forth below.

1.1. Area of Common Responsibility

The Common Area, together with such other areas, if any, for which the Association has or assumes responsibility pursuant to the terms of this Declaration, any Supplemental Declaration or other applicable covenants, contract, or agreement.

1.2. Articles of Incorporation or Articles

The Articles of Incorporation of The Valley Club Owners Association, Inc., as filed with the Secretary of State of the State of Idaho, and as they may be amended from time to time.

1.3. Association

The Valley Club Owners Association, Inc., an Idaho non-profit corporation, its successors or assigns.

1.4. Board of Directors or Board

The body responsible for administration of the Association, selected as provided in the Bylaws and generally serving the same role as the board of directors under Idaho corporate law.

1.5. Bylaws

The Bylaws of The Valley Club Owners Association, Inc., attached as Exhibit E, as they may be amended.

1.6. Common Area

All real and personal property, including easements, which the Association owns, leases or otherwise holds possessor or use rights in for the common use and enjoyment of the Owners.

1.7. Common Expenses

The actual and estimated expenses incurred, or anticipated to be incurred, by the Association, including any reasonable reserve, as the Board may find necessary and appropriate pursuant to this Declaration, the Bylaws, and the Articles of Incorporation.

1.8. Community-Wide Standard

The standard of conduct, maintenance, or other activity generally prevailing throughout the Properties. Such standard may be more specifically determined by the Board of Directors and the Architectural Design Review Committee.

1.9. Design Guidelines

The design and construction guidelines and application and review procedures applicable to the Properties promulgated and administered pursuant to Article 9.

1.10. General Assessment

Assessments levied on all Lots subject to assessment under Article 8 to fund Common Expenses for the general benefit of all Lots, as more particularly described in Sections 8.1 and 8.3.

1.11. Golf Course

That certain real property adjacent to the Properties owned by The Valley Club, Inc., its successors, successors-in-title, or assigns, and operated as a golf course and related and supporting facilities and improvements.

1.12. Member

A Person who owns membership rights in the Association pursuant to Section 3.2.

1.13. Mortgage

A mortgage, a deed of trust, a deed to secure debt, or any other form of security instrument affecting title to any Lot.

1.14. Mortgagee

A beneficiary or holder of a Mortgage.

1.15. Mortgagor

Any Person who gives a Mortgage.

1.16. Owner

One or more Persons who hold the record title to any Lot, but excluding in all cases any party holding an interest merely as security for the performance of an obligation. If a Lot is sold under a recorded contract of sale, and the contract specifically so provides, the purchaser (rather than the fee owner) will be considered the Owner.

1.17. Person

A person, a corporation, a partnership, a limited liability company, a trustee, or any other legal entity.

1.18. Properties

The real property described on Exhibit A, together with such additional property as is subjected to this Declaration in accordance with Article 7.

1.19. Public Records

The Blaine County, Idaho public records.

1.20. Special Assessment

Assessments levied in accordance with Section 8.5.

1.21. Specific Assessment

Assessments levied in accordance with Section 8.6.

1.22. Supplemental Declaration

An instrument filed in the Public Records pursuant to Article 7 which subjects additional property to this Declaration and/or imposes, expressly or by reference, additional restrictions and obligations on the land described in such instrument.

1.23. Lot

A portion of the Properties, whether improved or unimproved, which may be independently owned and conveyed and which is intended for development, use, and occupancy as a residence for a single family. The term shall include within its meaning, by way of illustration but not limitation, each numbered lot shown on a subdivision plat filed in the Public Records with respect to any portion of the Properties, together with the structures, if any, constructed thereon, as well as vacant land intended for further subdivision, but shall not include Common Areas or property dedicated to the public.

In the case of a portion of the Properties intended and suitable for subdivision into single-family lots but as to which no subdivision plat has been filed, such property shall be deemed to be a single Lot until such time as a subdivision plat is filed of record with respect to all or a portion of the property. Thereafter, the portion encompassed by such plat shall contain the number of Lots determined as set forth in the preceding paragraph and any portion not platted shall continue to be treated as a single Lot.

ARTICLE 2. - PROPERTY RIGHTS

2.1. Common Area

Every Owner shall have a right and nonexclusive easement of use, access, and enjoyment in and to the Common Area, subject to:

(a) This Declaration and any other applicable covenants;

(b) Any restrictions or limitations contained in any deed conveying such property to the Association;

(c) The right of the Board and the membership to adopt rules pursuant to Article 10 regulating the use and enjoyment of the Common Area, including rules limiting the number of guests who may use the Common Area;

(d) The right of the Board to suspend the right of an Owner to use any recreational facilities within the Common Area (i) for any period during which any charge against such Owner's Lot remains delinquent, and (ii) for a period not to exceed 30 days for a single violation or for a longer period in the case of any continuing violation, of the Declaration, any applicable Supplemental Declaration, the Bylaws, Design Guidelines, or rules of the Association after notice and a hearing pursuant to Section 3.24 of the Bylaws;

(e) The right of the Association, acting through the Board, to mortgage, pledge, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred.

Any Owner may extend his or her right of use and enjoyment to the members of his or her family, lessees, and social invitees, as applicable, subject to reasonable regulation by the Board.

2.2. No Partition

Except as permitted in this Declaration, there shall be no judicial partition of the Common Area. No Person shall seek any judicial partition unless the portion of the Common Area which is the subject of such partition action has been removed from the provisions of this Declaration. This Article shall not prohibit the Board from acquiring and disposing of tangible personal property nor from acquiring and disposing of real property which may or may not be subject to this Declaration.

2.3. Condemnation

If any part of the Common Area shall be taken (or conveyed in lieu of and under threat of condemnation by the Board acting on the written direction of Members representing at least 75 % of the total votes in the Association) by any authority having the power of condemnation or eminent domain, each Owner shall be entitled to written notice prior to disbursement of any award or proceeds. The award made for such taking or proceeds of such conveyance shall be payable to the Association to be disbursed as follows:

If the taking or conveyance involves a portion of the Common Area on which improvements have been constructed, the Association shall restore or replace such improvements on the remaining land included in the Common Area to the extent available, unless within 60 days after such taking the Members representing at least 75% of the total vote of the Association shall otherwise agree. Any such construction shall be in accordance with plans approved by the Board. The provisions of Section 6.1(c) regarding funds for the repair of damage or destruction shall apply.

If the taking or conveyance does not involve any improvements on the Common Area, or if a decision is made not to repair or restore, or if net funds remain after any such restoration or replacement is complete, then such award or net funds shall be disbursed to the Association and used for such purposes as the Board shall determine.

2.4. No Rights in Golf Course

Each Owner, by acceptance of a deed or recorded contract of sale to a Lot, acknowledges that ownership of a Lot does not confer upon the Owner any right, title or interest in or to the Golf Course. Access to and use of the Golf Course is strictly subject to the rules and procedures of its owner, and no Person gains any right to enter or to use the Golf Course by virtue of membership in the Association or ownership or occupancy of a Lot. Rights to use the Golf Course are granted only to such persons, and on such terms and conditions, as may be determined by the owner of the Golf Course. Such owner shall have the right, from time to time in its sole and absolute discretion and without notice, to amend or waive the terms and conditions of use of the Golf Course and to terminate use rights altogether, except as otherwise expressly agreed by the owner of the Golf Course in writing.

Without limiting the generality of the foregoing paragraph, the Golf Course is privately owned and operated and is not, and is not intended to be, Common Area of the Association. No Person shall acquire any interest in the Golf Course by virtue of taking title to a Lot. Each Owner, by acceptance of a deed or recorded contract of sale to a Lot, acknowledges:

(a) that any entry upon the Golf Course without permission of the owner or operator of the Golf Course may be deemed a trespass, and each Owner shall refrain from, and shall cause all occupants of such Owner's Lot, their guests and invitees to refrain from, any unauthorized entry upon the Golf Course;

(b) that the proximity of the Properties to the Golf Course results in certain foreseeable risks, including the risk of damage or injury from errant golf balls, and that each Owner's use and enjoyment of his or her Lot and the Common Area may be limited as a result and that the Association shall not have any obligation to take steps to remove or alleviate such risks, nor shall they have any liability to any Owner or occupant of any Lot, their guests or invitees, for damage or injury resulting from errant golf balls being hit upon any Lot;

(c) that the Golf Course owner and its designees may add to, remove or otherwise modify the landscaping, trees, and other features of the Golf Course property, including changing the location, configuration, size and elevation of the bunkers, fairways, tees and greens, and constructing fences, and that the Association shall not have any liability to Owner as a result of any such modifications to the Golf Course;

(d) that there are no express or implied easements over the Golf Course for view purposes, and no guarantee or representation is made by the Association or any other Person that any view over and across the Golf Course will be preserved without impairment, and that neither

the owner or operator of the Golf Course shall have any obligation to prune or thin trees or other landscaping to preserve views from the Properties over the Golf Course; and

(e) that no representations or warranties which are inconsistent with this Section, either verbal or written, have been or are made by the Association or by any person acting on behalf of the Association.

ARTICLE 3. - MEMBERSHIP AND VOTING RIGHTS

3.1. Function of Association

The Association shall be the entity responsible for management, maintenance, operation and control of the Area of Common Responsibility. The Association shall be the primary entity responsible for enforcement of this Declaration and such reasonable rules regulating use of the Properties as the Board or the membership may adopt pursuant to Article 10. The Association shall also be responsible for administering and enforcing the architectural standards and controls set forth in this Declaration and in the Design Guidelines. The Association shall perform its functions in accordance with this Declaration, the Bylaws, the Articles and the laws of the State of Idaho.

3.2. Membership

Every Owner shall be a Member of the Association. There shall be only one membership per Lot. If a Lot is owned by more than one Person, all co-Owners shall share the privileges of such membership, subject to reasonable Board regulation and the restrictions on voting set forth in Section 3.3 and in the Bylaws, and all such co-Owners shall be jointly and severally obligated to perform the responsibilities of Owners. The membership rights of an Owner which is not a natural person may be exercised by any officer, director, partner, member, manager or trustee, or by the individual designated from time to time by the Owner in a written instrument provided to the Secretary of the Association.

3.3. Voting

The Association shall have one class of membership. Members shall have one equal vote for each Lot in which they hold the interest required for membership under Section 3.2; provided, there shall be only one vote per Lot and no vote shall be exercised for any property which is exempt from assessment under Section 8.10. In any situation where there is more than one Owner of a Lot, the vote for such Lot shall be exercised as the co-Owners determine among themselves and advise the Secretary of the Association in writing prior to the vote being taken. Absent such advice, the Lot's vote shall be suspended if more than one Person seeks to exercise it.

ARTICLE 4. - RIGHTS AND OBLIGATIONS OF THE ASSOCIATION

4.1. Common Area

The Association, subject to the rights of the Owners set forth in this Declaration, shall manage and control the Common Area and all improvements thereon (including, without limitation, landscaping, furnishings, equipment, and other personal property of the Association used in connection with the Common Areas), and shall keep it in good, clean, attractive, and sanitary condition, order, and repair, pursuant to this Declaration and the Bylaws and consistent with the Community-Wide Standard. The Board is specifically authorized, but not obligated, to retain or employ professional management to assist in carrying out the Association's responsibilities under this Declaration and the Bylaws, the cost of which shall be a Common Expense.

4.2. Personal Property and Real Property for Common Use

The Association, through action of its Board, may acquire, hold, and dispose of tangible and intangible personal property and real property, subject to the provisions of Sections 2.4 and 12.4. Any person may convey to the Association improved or unimproved real estate, or interests in real estate, located within the properties described in Exhibits "A" or "B," personal property and leasehold and other property interests. Such property shall be accepted by the Association and thereafter shall be maintained by the Association at its expense for the benefit of its Members, subject to any restrictions set forth in the deed or other instrument transferring such property to the Association.

4.3. Enforcement

The Association may impose sanctions for violations of this Declaration, any applicable Supplemental Declaration, the Bylaws, Design Guidelines, or Association rules in accordance with procedures set forth in the Bylaws, including reasonable monetary fines and suspension of the right to vote. In addition, in accordance with Section 3.24 of the Bylaws, the Association may exercise self-help to cure violations and may suspend any services it provides to the Lot of any Owner who is more than 30 days delinquent in paying any assessment or other charge due to the Association. All remedies set forth in this Declaration and the Bylaws shall be cumulative of any remedies available at law or in equity. In any action to enforce the provisions of this Declaration, the Design Guidelines or Association rules, if the Association prevails it shall be entitled to recover all costs, including, without limitation, attorneys fees and court costs, reasonably incurred in such action.

The Association shall not be obligated to take action to enforce any covenant, restriction or rule which the Board reasonably determines is, or is likely to be construed as, inconsistent with applicable law, or in any case in which the Board reasonably determines that the Association's position is not strong enough to justify taking enforcement action. Any such determination shall not be construed as a waiver of the right to enforce such provision under other circumstances or prevent the Association from enforcing any other covenant, restriction or rule.

The Association, by contract or other agreement, may enforce county and city ordinances, if applicable, and permit local governments to enforce their ordinances within the Properties for the benefit of the Association and its Members.

4.4. Implied Rights, Board Authority

The Association may exercise any right or privilege given to it expressly by this Declaration or the Bylaws, or reasonably implied from or reasonably necessary to effectuate any such right or privilege. Except as otherwise specifically provided in this Declaration, the Bylaws, the Articles, or by law, all rights and powers of the Association may be exercised by the Board without a vote of the membership.

4.5. Indemnification

The Association shall indemnify every officer, director, and committee member, including members of the committees established under Article 9, against all damages and expenses, including counsel fees, reasonably incurred in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the then Board of Directors) to which he or she may be a party by reason of being or having been an officer, director, or committee member, except that such obligation to indemnify shall be limited to those actions for which liability is limited under this Section and Idaho law.

The officers, directors, and committee members shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct, or bad faith. The officers and directors shall have no personal liability with respect to any contract or other commitment made or action taken in good faith on behalf of the Association (except to the extent that such officers or directors may also be Members of the Association). The Association shall indemnify and forever hold each such officer, director and committee member harmless from any and all liability to others on account of any such contract, commitment or action. This right to indemnification shall not be exclusive of any other rights to which any present or former officer, director, or committee member may be entitled. The Association shall, as a Common Expense, maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such insurance is reasonably available.

4.6. Dedication of Common Areas

The Association may dedicate portions of the Common Areas to Blaine County, Idaho, or to any other local, state, or federal governmental or quasi-governmental entity, subject to such approval as may be required by Section 2.4.

4.7. Security

The Association may, but shall not be obligated to, maintain or support certain activities within the Properties designed to make the Properties safer than they otherwise might be. The Association shall not in any way be considered an insurer or guarantor of security within the

Properties, nor shall it be held liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security measures undertaken. No representation or warranty is made that any fire protection system, burglar alarm system or other security system or measures, including any mechanism or system for limiting access to the Properties, cannot be compromised or circumvented, nor that any such systems or security measures undertaken will in all cases prevent loss or provide the detection or protection for which the system is designed or intended. Each Owner acknowledges, understands and covenants to inform its tenants and all occupants of its Lot that the Association, its Board of Directors and committees are not insurers and that each Person using the Properties assumes all risks of personal injury and loss or damage to property, including Lots and the contents of Lots, resulting from acts of third parties.

ARTICLE 5. - MAINTENANCE

5.1. Association's Responsibility

(a) The Association shall maintain and keep in good repair the Area of Common Responsibility, which shall include, but need not be limited to:

(i) all landscaping and other flora, domestic water system, a dry grassland management program for the purpose of controlling vegetation in those areas that cannot be irrigated by the domestic water system or water rights, signage, lighting, irrigation systems and equipment, fences, walls, and other structures and improvements, including any roads, a fire protection system which is always readily available for use by the fire district, parking areas, sidewalks, paths and trails, situated upon the Common Area;

(ii) landscaping and signage within public rights-of-way within the Properties, except to the extent that such responsibility is assigned to Owners under Section 5.2;

(iii) any ponds, streams and/or wetlands located within the Properties which serve as part of the drainage and storm water retention system for the Properties, including any retaining walls, bulkheads or dams (earthen or otherwise) retaining water therein;

(iv) such portions of any additional property included within the Area of Common Responsibility as may be dictated by this Declaration, any Supplemental Declaration, or any contract or agreement for maintenance thereof entered into by the Association; and

The Association may maintain other property which it does not own, including, without limitation, property dedicated to the public, if the Board of Directors determines that such maintenance is necessary or desirable to maintain the Community-Wide Standard.

(b) There are hereby reserved to the Association easements over the Properties as necessary to enable the Association to fulfill such responsibilities. The Association shall maintain the facilities and improvements within the Area of Common Responsibility in continuous operation, except for any periods necessary, as determined in the sole discretion of the Board, to perform required maintenance or repairs, unless Members representing 60% of the votes in the Association agree in writing to discontinue such operation.

(c) Except as otherwise specifically provided herein, all costs associated with maintenance, repair and replacement of the Area of Common Responsibility shall be a Common Expense to be allocated among all Lots as part of the General Assessment, without prejudice to the right of the Association to seek reimbursement from the owner(s) of, or other Persons responsible for, certain portions of the Area of Common Responsibility pursuant to this Declaration, other recorded covenants, or agreements with the owner(s) thereof.

5.2. Owner's Responsibility

Each Owner shall maintain his or her Lot, all structures, parking areas, and other improvements comprising the Lot, and all land within public or private rights-of-way between such Owner's Lot and the paved roadway located in rights-of-ways adjacent to such Owner's Lot, in a manner consistent with the Community-Wide Standard and all applicable covenants, unless such maintenance responsibility is otherwise assumed by or assigned to the Association pursuant to this Declaration, any Supplemental Declaration or other covenants applicable to such Lot. In addition to any other enforcement rights, if an Owner fails properly to perform his or her maintenance responsibility, the Association may perform such maintenance responsibilities and assess all costs incurred by the Association against the Lot and the Owner in accordance with Section 3.6. The Association shall afford the Owner reasonable notice and an opportunity to cure the problem prior to entry, except when entry is required due to an emergency situation.

5.3. Standard of Performance

Unless otherwise specifically provided herein or in other instruments creating and assigning such maintenance responsibility, responsibility for maintenance shall include responsibility for repair and replacement, as necessary. All maintenance shall be performed in a manner consistent with the Community-Wide Standard and all applicable covenants. The Association shall not be liable for any damage or injury occurring on or arising out of the condition of, property which it does not own except to the extent that it has been negligent in the performance of its maintenance responsibilities.

ARTICLE 6. - INSURANCE AND CASUALTY LOSSES

6.1. Association Insurance

(a) Required Coverage. The Association, acting through its Board or its duly authorized agent, shall obtain and continue in effect the following types of insurance, if

reasonably available. or if not reasonably available, the most nearly equivalent coverage as is reasonably available:

(i) Blanket property insurance covering risks of direct physical loss on a special form basis (or comparable coverage by whatever name denominated) for all insurable improvements on the Common Area and on other portions of the Area of Common Responsibility to the extent that it has assumed responsibility for maintenance, repair and/or replacement in the event of a casualty. If such coverage is not generally available at reasonable cost, then broad form coverage may be substituted. The Association shall have the authority to and interest in insuring any property for which it has maintenance or repair responsibility, regardless of ownership. All property insurance policies obtained by the Association shall have policy limits sufficient to cover the full replacement cost of the insured improvements;

(ii) Commercial general liability insurance on the Area of Common Responsibility, insuring the Association and its Members for damage or injury caused by the negligence of the Association or any of its Members, employees, agents, or contractors while acting on its behalf. If generally available at reasonable cost, the commercial general liability coverage (including primary and any umbrella coverage) shall have a limit of at least \$1,000,000.00 per occurrence with respect to bodily injury, personal injury, and property damage; provided, should additional coverage and higher limits be available at reasonable cost which a reasonably prudent person would obtain, the Association shall obtain such additional coverage or limits;

(iii) Workers compensation insurance and employers liability insurance, if and to the extent required by law;

(iv) Directors and officers liability coverage;

(v) Fidelity insurance covering all Persons responsible for handling Association funds in an amount determined in the Board's best business judgment but not less than an amount equal to one-sixth of the annual General Assessments on all Lots plus reserves on hand. Fidelity insurance policies shall contain a waiver of all defenses based upon the exclusion of Persons serving without compensation; and

(vi) Such additional insurance as the Board, in the exercise of its business judgment, determines advisable, which may include, without limitation, flood insurance and building ordinance coverage.

(b) Policy Requirements. The Association shall arrange for an annual review of the sufficiency of insurance coverage by one or more qualified Persons, at least one of whom must be familiar with insurable replacement costs in the Blaine County, Idaho area.

All Association policies shall provide for a certificate of insurance to be furnished to each insured known and to the Association at the request of such Member.

The policies may contain a reasonable deductible and the amount thereof shall not be subtracted from the face amount of the policy in determining whether the policy limits satisfy the requirements of Section 6.1(a). In the event of an insured loss, the deductible shall be treated as a Common Expense; provided, if the Board reasonably determines, after notice and an opportunity to be heard in accordance with Section 3.24 of the Bylaws, that the loss is the result of the negligence or willful misconduct of one or more Owners, their guests, invitees, or lessees, then the Board may specifically assess the full amount of such deductible against such Owner(s) and their Lots pursuant to Section 8.6.

All insurance coverage obtained by the Board shall:

(i) be written with a company authorized to do business in the State of Idaho which satisfies the requirements of the Federal National Mortgage Association, or such other secondary mortgage market agencies or federal agencies as the Board deems appropriate;

(ii) be written in the name of the Association as trustee for the benefited parties. Policies on the Common Area shall be for the benefit of the Association and its Members;

(iii) not be brought into contribution with insurance purchased by Owners, occupants, or their Mortgagees individually;

(iv) contain an inflation guard endorsement; and

(v) include an agreed amount endorsement, if the policy contains a co-insurance clause.

In addition, the Board shall use reasonable efforts to secure insurance policies which list the Owners as additional insureds and provide:

(i) a waiver of subrogation as to any claims against the Association's Board, officers, employees, and its manager, the Owners and their tenants, servants, agents, and guests;

(ii) a waiver of the insurer's rights to repair and reconstruct instead of paying cash;

(iii) an endorsement precluding cancellation, invalidation, suspension, or non-renewal by the insurer on account of any one or more individual Owners, or on account of any curable defect or violation without prior written demand to the

Association to cure the defect or violation and allowance of a reasonable time to cure;

(iv) an endorsement excluding Owners' individual policies from consideration under any other insurance clause;

(v) an endorsement requiring at least 30 days' prior written notice to the Association of any cancellation, substantial modification, or non-renewal;

(vi) a cross liability provision; and

(vii) a provision vesting in the Board exclusive authority to adjust losses; provided, however, no Mortgagee having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related to the loss.

(c) **Damage and Destruction.** Immediately after damage or destruction to all or any part of the Properties covered by insurance written in the name of the Association, the Board or its duly authorized agent shall file and adjust all insurance claims and obtain reliable and detailed estimates of the cost of repair or reconstruction. Repair or reconstruction, as used in this paragraph, means repairing or restoring the property to substantially the condition in which it existed prior to the damage, allowing for changes or improvements necessitated by changes in applicable building codes.

Any damage to or destruction of the Common Area shall be repaired or reconstructed unless the Members representing at least 60 % of the total votes in the Association decide within 60 days after the loss not to repair or reconstruct.

If either the insurance proceeds or reliable and detailed estimates of the cost of repair or reconstruction, or both, are not available to the Association within such 60-day period, then the period shall be extended until such funds or information are available. However, such extension shall not exceed 60 additional days. No Mortgagee shall have the right to participate in the determination of whether the damage or destruction to the Common Area shall be repaired or reconstructed.

If determined in the manner described above that the damage or destruction to the Common Area shall not be repaired or reconstructed and no alternative improvements are authorized, the affected property shall be cleared of all debris and ruins and thereafter shall be maintained by the Association in a neat and attractive, landscaped condition consistent with the Community-Wide Standard.

Any insurance proceeds remaining after paying the costs of repair or reconstruction, or after such settlement as is necessary and appropriate, shall be retained by and for the benefit of the Association and placed in a capital improvements account. This is a

covenant for the benefit of Mortgagees and may be enforced by the Mortgagee of any affected Lot.

If insurance proceeds are insufficient to cover the costs of repair or reconstruction, the Board of Directors may, without a vote of the Members, levy a Special Assessment to cover the shortfall.

6.2. Owners' Insurance

By virtue of taking title to a Lot, each Owner covenants and agrees with all other Owners and with the Association to carry property insurance for the full replacement cost of all insurable improvements on his or her Lot, less a reasonable deductible. Each Owner further covenants and agrees that in the event of damage to or destruction of structures on or comprising his Lot, the Owner shall proceed promptly to repair or to reconstruct in a manner consistent with the original construction or such other plans and specifications as are approved in accordance with Article 9. Alternatively, the Owner shall clear the Lot of all debris and ruins and maintain the Lot in a neat and attractive, landscaped condition consistent with the Community-Wide Standard. The Owner shall pay any costs which are not covered by insurance proceeds.

ARTICLE 7. - ANNEXATION OF PROPERTY

The Association may annex any real property to the provisions of this Declaration with the consent of the owner of such property, the affirmative vote of Members representing 75% of the votes of the Association represented at a meeting duly called for such purpose.

Such annexation shall be accomplished by filing a Supplemental Declaration describing the property being annexed in the Public Records. Any such Supplemental Declaration shall be signed by the President and the Secretary of the Association, and by the owner of the annexed property. Any such annexation shall be effective upon filing unless otherwise provided therein.

ARTICLE 8. - ASSESSMENTS

8.1. Creation of Assessments

There are hereby created assessments for Association expenses as the Board may specifically authorize from time to time. There shall be three types of assessments: (a) General Assessments to fund Common Expenses for the general benefit of all Lots; (b) Special Assessments as described in Section 8.5; and (c) Specific Assessments as described in Section 8.6. Each Owner, by accepting a deed or entering into a recorded contract of sale for any portion of the Properties, is deemed to covenant and agree to pay these assessments to the Association.

All assessments, together with interest (at a rate not to exceed 18% or the highest rate allowed by Idaho law, if less than 18%) as computed from the date the delinquency first occurs, a late charge equal to the greater of \$10.00 or 5% of the principal amount past due, costs, and reasonable attorneys fees, shall be a charge and continuing lien upon each Lot against which the

assessment is made until paid, as more particularly provided in Section 8.7. Each such assessment, together with interest, late charges, costs, and reasonable attorney's fees, also shall be the personal obligation of the Person who was the Owner of such Lot at the time the assessment arose. Upon a transfer of title to a Lot, the grantee shall be jointly and severally liable for any assessments and other charges due at the time of conveyance. However, no first Mortgagee who obtains title to a Lot by exercising the remedies provided in its Mortgage shall be liable for unpaid assessments which accrued prior to such acquisition of title.

The Association or its designee shall, upon request, furnish to any Owner liable for any type of assessment a certificate in writing signed by an Association officer setting forth whether such assessment has been paid. Such certificate shall be conclusive evidence of payment. The Association may require the advance payment of a reasonable processing fee for the issuance of such certificate.

Assessments shall be paid in such manner and on such dates as the Board may establish. If the Board so elects, assessments may be paid in two or more installments, and in such case, may include a time-price differential charge, in the Board's discretion. Unless the Board otherwise provides, the General Assessment shall be due and payable in advance on the first day of each fiscal year and shall be considered delinquent if not paid within the time specified by the Board. If any Owner is delinquent in paying any assessments or other charges levied on his Lot, the Board may require any unpaid installments of all outstanding assessments to be paid in full immediately. The Association shall have the right to reject partial payments of an unpaid assessment or other monetary obligation and demand the full payment thereof. The Board may further prescribe: (a) procedures for collecting General Assessments or installments thereof in advance from new Owners out of Closing transactions; and (b) different procedures for collecting assessments from Owners who have had a history of being untimely in the payment of assessments.

No Owner may exempt himself from liability for assessments by non-use of the Common Area, abandonment of his or her Lot, or any other means. The obligation to pay assessments is a separate and independent covenant on the part of each Owner. No diminution or abatement of assessments or set-off shall be claimed or allowed for any alleged failure of the Association or Board to take some action or perform some function required of it, or for inconvenience or discomfort arising from the making of repairs or improvements, or from any other action it takes.

8.2. Computation of General Assessment

At least 60 days before the beginning of each fiscal year, the Board shall prepare a budget covering the estimated Common Expenses for the coming year, including a capital contribution to establish a reserve fund in accordance with a budget separately prepared pursuant to Section 8.3.

General Assessments shall be levied equally on all Lots subject to assessment under Section 8.7, and shall be set at a level which is reasonably expected to produce total income for the Association equal to the total budgeted expenses, including reserves.

In determining the level of assessments, the Board, in its discretion, may consider other sources of funds available to the Association. In addition, the Board may take into account the number of Lots subject to assessment under Section 8.7 on the first day of the fiscal year for which the budget is prepared and the number of Lots reasonably anticipated becoming subject to assessment during the fiscal year.

The Board shall send a copy of the budget and notice of the amount of the General Assessment for the following year to each Owner at least 30 days prior to the beginning of the fiscal year for which it is to be effective. Such budget and assessment shall become effective unless disapproved at a meeting by at least 60% of the total votes in the Association. There shall be no obligation to call a meeting to consider the budget unless the Members petition the Board as provided in Section 2.4 of the Bylaws, which petition must be presented to the Board within 10 days after delivery of the notice of assessments. If the Board fails for any reason to determine the budget for any year, or the budget is disapproved, then until such time as a budget is determined, the budget in effect for the immediately preceding year shall continue for the current year.

8.3. Reserve Budget and Capital Contribution

The Board shall annually prepare a reserve budget which takes into account the number and nature of the Association's replaceable assets, the expected life of each asset, and the expected repair or replacement cost. The Board shall set the required capital contribution in an amount sufficient to permit meeting the projected needs of the Association, as shown on the budget, with respect both to amount and timing by General Assessments over the budget period.

8.4. Special Assessments

In addition to other authorized assessments, the Association may levy Special Assessments from time to time to cover unbudgeted expenses or expenses in excess of those budgeted. Any Special Assessment which would exceed \$300.00 per Lot in any one fiscal year shall require the affirmative vote or written consent of Members representing at least 51% of the total votes. Special Assessments shall be payable in such manner and at such times as determined by the Board, and if so determined by the Board, may be payable in installments extending beyond the fiscal year in which the Special Assessment is approved.

8.5. Specific Assessments

The Board shall have the power to levy a Specific Assessment against any Lot or Lots for monetary fines authorized by this Declaration or the Bylaws, and for expenses of the Association incurred in providing benefits, items, or services not provided to all Lots within the Properties, whether such expenses are incurred (a) upon request of the Owner of a Lot for specific items or services relating to the Lot, or (b) as a consequence of the conduct of less than all Owners, their tenants, invitees, or guests. The Association may also levy a Specific Assessment against any Lot to reimburse the Association for costs incurred in bringing the Lot into compliance with the

provisions of the Declaration, any applicable Supplemental Declaration, the Articles, the Bylaws, Design Guidelines and rules, provided the Board gives prior notice to the Lot Owner and an opportunity for a hearing in accordance with Section 3.22 of the Bylaws.

8.6. Lien for Assessments; Remedies for Nonpayment

The Association shall have a lien against each Lot to secure payment of delinquent assessments as well as interest, late charges, and costs of collection (including attorney's fees). Such lien shall be superior to all other liens, except (a) the liens of all taxes, bonds, assessments, and other levies which by law would be superior, (b) the lien or charge of any first Mortgage of record (meaning any recorded Mortgage with first priority over other Mortgages) made in good faith and for value, and (c) the lien for assessments or other charges of the Association. Such lien, when delinquent, may be enforced by suit, judgment, and judicial or non-judicial foreclosure.

The Association may bid for the Lot at the foreclosure sale and acquire, hold, lease, mortgage, and convey the Lot. While a Lot is owned by the Association following foreclosure: (a) no right to vote shall be exercised on its behalf; (b) no assessment shall be levied on it; and (c) each other Lot shall be charged, in addition to its usual assessment, its pro rata share of the assessment that would have been charged against such Lot had it not been acquired by the Association. The Association may sue for unpaid assessments and other charges authorized hereunder without foreclosing or waiving the lien securing the same.

The sale or transfer of any Lot shall not affect the assessment lien or relieve such Lot from the lien for any subsequent assessments. However, the sale or transfer of any Lot pursuant to foreclosure of the first Mortgage shall extinguish the lien as to any installments of such assessments due prior to such sale or transfer. A Mortgagee or other purchaser of a Lot who obtains title pursuant to foreclosure of the Mortgage shall not be personally liable for assessments on such Lot due prior to such acquisition of title. Such unpaid assessments shall be deemed to be Common Expenses collectible from Owners of all Lots subject to assessment including such acquirer, its successors and assigns.

8.7. Failure to Assess

Failure of the Board to fix assessment amounts or rates or to deliver or mail each Owner an assessment notice shall not be deemed a waiver, modification, or a release of any Owner from the obligation to pay assessments. In such event, each Owner shall continue to pay General Assessments on the same basis as for the last year for which an assessment was made, if any, until a new assessment is made, at which time the Association may retroactively assess any shortfalls in collections.

8.8. Exempt Property

The following property shall be exempt from payment of assessments:

(a) All Common Area of the Association; and

(b) Any property dedicated to and accepted by any governmental authority or public utility (except that utility easements across Lots shall not affect the Lot's liability for assessments).

ARTICLE 9. - ARCHITECTURAL STANDARDS

9.1. General

No structure shall be placed, erected, or installed upon any Lot, and no improvements (including staking, clearing, excavation, grading and other site work, exterior alteration of existing improvements, and planting or removal of landscaping materials) shall take place except in compliance with this Article and the Design Guidelines promulgated pursuant to Section 9.3.

Any Owner may remodel, paint or redecorate the interior of structures on his Lot without approval. However, modifications to the interior of porches, patios, and similar portions of structures on a Lot visible from outside the structure shall be subject to approval. No approval shall be required to repaint the exterior of a structure in accordance with the originally approved color scheme or to rebuild in accordance with originally approved plans and specifications.

All dwellings constructed on any portion of the Properties shall be designed by and built in accordance with the plans and specifications of a licensed architect unless otherwise approved by the Architectural Design Review Committee.

This Article shall not apply to the activities of the Association.

9.2. Architectural Review

Responsibility for administration of the Design Guidelines and review of all applications for construction and modifications under this Article shall be handled by the Architectural Design Review Committee described below (the "ADRC"). The members of the ADRC need not be Members of the Association or representatives of Members, and may, but need not, include architects, landscape architects, engineers or similar professionals, whose compensation, if any, shall be established from time to time by the Board. The Board may establish and charge reasonable fees for review of applications hereunder and may require such fees to be paid in full prior to review of any application. Such fees may include the reasonable costs incurred by the ADRC in having any application reviewed by architects, engineers or other professionals.

The ADRC shall consist of at least three, but not more than five, persons and shall have exclusive jurisdiction over all construction on any portion of the Properties. The Board shall appoint the members of the ADRC, who shall thereafter serve and may be removed in the Board's discretion.

9.3. Guidelines and Procedures

(a) Design Guidelines. The Design Guidelines may contain general provisions applicable to all of the Properties, as well as specific provisions which vary according to land use and from one portion of the Properties to another depending upon the location, unique characteristics, and intended use. The Design Guidelines are intended to provide guidance to Owners regarding matters of particular concern to the committees in considering applications hereunder. The Design Guidelines are not the exclusive basis for decisions of the committees and compliance with the Design Guidelines does not guarantee approval of any application.

The ADRC shall adopt such Design Guidelines at its initial organizational meeting. Thereafter only the Board shall have sole and full authority to amend them. Any amendments to the Design Guidelines shall be prospective only and shall not apply to require modifications to or removal of structures previously approved once the approved construction or modification has commenced. There shall be no limitation on the scope of amendments to the Design Guidelines; the Board is expressly authorized to amend the Design Guidelines to remove requirements previously imposed or otherwise to make the Design Guidelines less restrictive.

The ADRC shall make the Design Guidelines available to Owners who seek to engage in development or construction within the Properties. Such Design Guidelines may be recorded in the Public Records, in which event the recorded version, as it may unilaterally be amended by the Board from time to time, shall control in the event of any dispute as to which version of the Design Guidelines was in effect at any particular time.

Notwithstanding the above, the Board may, by resolution, exempt certain activities from the application and approval requirements of this Article, provided such activities are undertaken in strict compliance with the requirements of such resolution.

All structures and improvements constructed upon a Lot shall be constructed in strict compliance with the Design Guidelines in effect at the time the plans for such improvements are submitted to and approved by the ADRC, unless the Board has granted a variance in writing pursuant to Section 9.5. So long as the ADRC or the Board, as the case may be, has acted in good faith, its findings and conclusions with respect to appropriateness of, applicability of or compliance with the Design Guidelines and this Declaration shall be final.

(b) Procedures. No activities within the scope of Section 9.1 shall commence on any portion of the Properties until an application for approval of the proposed work has been submitted to and approved by the ADRC and a construction agreement between the Association and the Owner of the proposed work, in such form as may be required by the Board, has been fully executed. Such application shall be in the form required by the ADRC and shall include plans and specifications ("Plans") showing the site layout, structural design, exterior elevations, exterior materials and colors, signs, landscaping, drainage, lighting, irrigation, utility facilities layout and screening thereof, and other features of proposed construction, as applicable. The ADRC may require the submission of such additional information as it deems necessary to consider any application.

In reviewing each submission, the ADRC may consider (but shall not be restricted to consideration of) the quality of workmanship and design, harmony of external design with existing structures, and location in relation to surrounding structures, topography, and finish grade elevation, among other things. Decisions of the ADRC may be based on purely aesthetic considerations. Each Owner acknowledges that opinions on aesthetic matters are subjective and may vary as ADRC members change over time.

In the event that the ADRC fails to approve or to disapprove in writing any application within 30 days after submission of all information and materials reasonably requested, the applicant may notify the ADRC by certified mail, return receipt requested, at the address for such notices set forth in the current edition of the Design Guidelines, stating that no response has been received and that unless a written response is given at the address set forth in such notice within 15 days of the committee's receipt of the Owner's notice, as evidenced by the return receipt, the application shall be deemed approved. A response shall be deemed given when deposited in the U.S. Mail, certified mail, return receipt requested, properly addressed to the applicant at the address stated in such applicant's notice, or upon receipt if given by any other means. However, no approval, whether expressly granted or deemed granted pursuant to the foregoing, shall be inconsistent with the Design Guidelines unless a variance has been granted in writing by the Board pursuant to Section 9.5.

If construction does not commence on a project for which approval has been granted within 12 months of such approval, such approval shall be deemed withdrawn, and it shall be necessary for the Owner to re-submit the Plans for reconsideration. All work shall be completed within one year of commencement or such other period as the ADRC may specify in the notice of approval, unless completion within such time is delayed due to causes beyond the reasonable control of the Owner, as determined in the sole discretion of the ADRC.

9.4. No Waiver of Future Approvals

Approval of proposals, plans and specifications, or drawings for any work done or proposed, or in connection with any other matter requiring approval, shall not be deemed to constitute a waiver of the right to withhold approval as to any similar proposals, plans and specifications, drawings, or other matters subsequently or additionally submitted for approval.

9.5. Variance

The Board may authorize variances from compliance with any of the Design Guidelines and procedures when circumstances such as topography, natural obstructions, hardship, or aesthetic or environmental considerations require, but only in accordance with duly adopted resolutions. Such variances may only be granted, however, when unique circumstances dictate and no variance shall (a) be effective unless in writing; (b) be contrary to this Declaration; or (c) prevent the Board from denying a variance in other circumstances. For purposes of this Section, the inability to obtain approval of any governmental agency, the issuance of any permit, or the terms of any financing shall not be considered a hardship warranting a variance.

9.6. Limitation of Liability

The standards and procedures established by this Article are intended to enhance the overall aesthetics of the Properties and shall not create any duty to any Person. The ADRC shall not bear any responsibility for ensuring the structural integrity or soundness of approved construction or modifications, nor for ensuring compliance with building codes and other governmental requirements, nor for ensuring the appropriateness of soils, drainage and general site work. Neither the Association, the Board, nor any committee or member of any of the foregoing shall be held liable for any injury, damages, or loss arising out of the manner or quality of approved construction or modifications to any Lot. In all matters, the committees and their members shall be defended and indemnified by the Association as provided in Section 4.6.

9.7. Enforcement

Any structure or improvement placed or made in violation of this Article or the Design Guidelines shall be deemed to be nonconforming, except to the extent that a variance has been granted pursuant to Section 9.5. Upon written request from the Board, Owners shall, at their own cost and expense, remove such structure or improvement and restore the property to substantially the same condition as existed prior to the nonconforming work. Should an Owner fail to remove and restore as required, the Board or its designees shall have the right to enter the property, remove the violation, and restore the property to substantially the same condition as previously existed. All costs, together with interest at the maximum rate then allowed by law, may be assessed against the benefited Lot and collected as a Specific Assessment.

Unless otherwise specified in writing by the ADRC, all approvals granted hereunder shall be deemed conditioned upon completion of all elements of the approved work and all work previously approved with respect to the same Lot, unless approval to modify any application has been obtained. In the event that any Person fails to commence and diligently pursue to completion all approved work, the Association shall be authorized, after notice to the Owner of the Lot and an opportunity to be heard in accordance with Bylaws Section 3.24, to enter upon the Lot and remove or complete any incomplete work and to assess all costs incurred against the Lot and the Owner thereof as a Specific Assessment.

Any contractor, subcontractor, agent, employee, or other invitee of an Owner who fails to comply with the terms and provisions of this Article and the Design Guidelines may be excluded by the Board from the Properties, subject to the notice and hearing procedures contained in the Bylaws. In such event, none of the Association, its officers, or directors shall be held liable to any Person for exercising the rights granted by this paragraph.

In addition to the foregoing, the Association shall have the authority and standing to pursue all legal and equitable remedies available to enforce the provisions of this Article and the decisions of the ADRC.

ARTICLE 10. - USE RESTRICTIONS AND RULES

10.1. Plan of Development; Applicability; Effect

This Declaration establishes a general plan of development for the Properties in order to enhance all Owners' quality of life and collective interests, the aesthetics and environment within the Properties, and the vitality of and sense of community within the Properties, all subject to the Board's and the Members' ability to respond to changes in circumstances, conditions, needs, and desires within the master planned community and to regulate and control the Area of Common Responsibility. The Properties are subject to the land development, architectural, and design provisions set forth in Article 9, the other provisions of this Declaration governing individual conduct and uses of or actions upon the Properties, and the guidelines, rules and restrictions promulgated pursuant to this Declaration, all of which establish affirmative and negative covenants, easements, and restrictions on the land subject to this Declaration.

All provisions of this Declaration and any Association rules shall apply to all Owners, occupants, tenants, guests and invitees of any Lot. Any lease on any Lot shall provide that the lessee and all occupants of the leased Lot shall be bound by the terms of this Declaration, the Bylaws, and the rules of the Association.

10.2. Authority to Promulgate Use Restrictions and Rules

Initial use restrictions applicable to all of the Properties are attached as Exhibit "B" to this Declaration. Subject to the terms of this Article, such initial use restrictions may be modified in whole or in part, repealed or expanded as follows:

(a) Subject to the Board's duty to exercise business judgment and reasonableness on behalf of the Association and its Members, the Board may adopt rules which modify, cancel, limit, create exceptions to, or expand the initial use restrictions set forth on Exhibit "B." The Board shall send notice by mail to all Owners concerning any such proposed action at least five business days prior to the Board meeting at which such action is to be considered. Members shall have a reasonable opportunity to be heard at a Board meeting prior to such action being taken.

Such action shall become effective unless disapproved at a meeting by Members representing at least 51% of the total votes. The Board shall have no obligation to call a meeting of the Members to consider disapproval except upon petition of the Members as required for special meetings in the Bylaws.

(b) Alternatively, the Members, at a meeting duly called for such purpose as provided in the Bylaws, may adopt rules which modify, cancel, limit, create exceptions to, or expand the use restrictions and rules previously adopted by a vote of Members representing at least 51% of the total votes in the Association.

(c) At least 30 days prior to the effective date of any action taken under subsections (a) or (b) of this Section, the Board shall send a copy of the rule to each Owner. The Association shall provide, without cost, a copy of the use restrictions and rules then in effect (hereafter the "Use Restrictions and Rules") to any requesting Member or Mortgagee.

(d) Nothing in this Article shall authorize the Board or the Members to modify, repeal or expand the Design Guidelines. In the event of any inconsistency between the Design Guidelines and the Use Restrictions and Rules, the Design Guidelines shall control.

10.3. Owners' Acknowledgement

All Owners and occupants of Lots are given notice that use of their Lots is limited by the Use Restrictions and Rules as they may be amended, expanded and otherwise modified hereunder. Each Owner, by acceptance of a deed or entering into and recording a contract of sale, acknowledges and agrees that the use and enjoyment and marketability of his or her Lot can be affected and that the Use Restrictions and Rules may change from time to time.

10.4. Rights of Owners

Except as may be specifically set forth in this Declaration (either initially or by amendment) or in Exhibit "B", neither the Board nor the Members may adopt any rule in violation of the following provisions:

(a) Equal Treatment. Similarly situated Owners and occupants shall be treated similarly.

(b) Speech. The rights of Owners and occupants to display political signs and symbols in or on their Lots shall not be abridged, except that the Association may adopt time, place, and manner restrictions (including design criteria) for the purpose of minimizing damage and disturbance to other Owners and occupants of Lots.

(c) Religious and Holiday Displays. The rights of Owners to display religious and holiday signs, symbols, and decorations inside structures on their Lots of the kinds normally displayed in residences located in single-family residential neighborhoods shall not be abridged, except that the Association may adopt reasonable time, place, and manner restrictions for the purpose of minimizing damage and disturbance to other Owners and occupants.

(d) Household Composition. No rule shall interfere with the freedom of occupants of Lots to determine the composition of their households, except that the Association shall have the power to require that all occupants be members of a single housekeeping unit and to limit the total number of occupants permitted in each Lot on the basis of the size and facilities of the Lot and its fair use of the Common Area.

(e) Activities Within Dwellings. No rule shall interfere with the activities carried on within the confines of dwellings, except that the Association may prohibit activities not normally associated with property restricted to residential use, and it may restrict or prohibit any activities that create monetary costs for the Association or other Owners, that create a danger to the health or safety of occupants of other Lots, that generate excessive noise or traffic, that create unsightly conditions visible outside the dwelling, or that create an unreasonable source of annoyance.

(f) Allocation of Burdens and Benefits. No rule shall alter the allocation of financial burdens among the various Lots or rights to use the Common Area to the detriment of any Owner over that Owner's objection expressed in writing to the Association. Nothing in this provision shall prevent the Association from changing the Common Areas available, from adopting generally applicable rules for use of Common Area, or from denying use privileges to those who abuse the Common Area, violate rules or this Declaration, or fail to pay assessments. This provision does not affect the right to increase the amount of assessments as provided in Article 8.

(g) Alienation. No rule shall prohibit leasing or transfer of any Lot, or require consent of the Association or Board for leasing or transfer of any Lot; provided, the Association or the Board may require a minimum lease term of up to 12 months.

(h) Abridging Existing Rights. If any rule would otherwise require Owners or occupants of Lots to dispose of personal property which they maintained in or on the Lot prior to the effective date of such rule, or to vacate a Lot in which they resided prior to the effective date of such rule, and such property was maintained or such occupancy was in compliance with this Declaration and all rules previously in force, such rule shall not apply to any such Owners without their written consent unless the rule was in effect at the time such Owners or occupants acquired their interest in the Lot.

The limitations in this Section 10.4 shall apply to rules only; they shall not apply to amendments to this Declaration adopted in accordance with Section 14.2.

ARTICLE 11. - EASEMENTS

11.1. Easements of Encroachment

There shall be reciprocal appurtenant easements of encroachment, and for maintenance and use of any permitted encroachment, between each Lot and any adjacent Common Area and between adjacent Lots due to the unintentional placement or settling or shifting of the improvements constructed, reconstructed, or altered thereon (in accordance with the terms of these restrictions) to a distance of not more than three feet, as measured from any point on the common boundary along a line perpendicular to such boundary. However, in no event shall an easement for encroachment exist if such encroachment occurred due to willful and knowing conduct on the part of, or with the knowledge and consent of, the Person claiming the benefit of such easement.

11.2. Easements for Utilities, Etc.

(a) There are hereby reserved to the Association, and its designees (which may include, without limitation, any governmental or quasi-governmental entity and any utility company) perpetual non-exclusive easements upon, across, over, and under all of the Properties (but not through a structure) to the extent reasonably necessary for the purpose of monitoring, replacing, repairing, maintaining and operating cable television systems, master television antenna systems, and other devices for sending or receiving data and/or other electronic signals; security and

similar systems; roads, walkways, pathways and trails; wetlands and drainage systems; street lights and signage; and all utilities, including, but not limited to, water, sewers, telephone, gas, and electricity, and utility meters; and for the purpose of installing any of the foregoing on property which the Association owns or within easements designated for such purposes on recorded plats of the Properties.

The local water supplier, electric company, and natural gas supplier have been granted easements across the Properties for ingress, egress, installation, reading, replacing, repairing, and maintaining utility lines, meters and boxes as applicable.

(b) Any damage to a Lot resulting from the exercise of the easements described in subsection (a) of this Section shall promptly be repaired by, and at the expense of, the Person exercising the easement. The exercise of these easements shall not extend to permitting entry into the structures on any Lot, nor shall it unreasonably interfere with the use of any Lot and, except in an emergency, entry onto any Lot shall be made only after reasonable notice to the Owner or occupant.

11.3. Right of Entry

The Association shall have the right, but not the obligation, to enter upon any Lot for emergency, security, and safety reasons, to perform maintenance pursuant to Article 5 hereof, and to inspect for the purpose of ensuring compliance with this Declaration, any Supplemental Declaration, Bylaws, Design Guidelines and rules. Such right may be exercised by any member of the Board, the Association's officers, agents, employees, and managers, members of the ADRC pursuant to Article 9, and all policemen, firemen, ambulance personnel, and similar emergency personnel in the performance of their duties. Except in an emergency situation, entry shall only be during reasonable hours and after notice to the Owner. This right of entry shall include the right of the Association to enter upon any Lot to cure any condition which may increase the possibility of a fire or other hazard in the event an Owner fails or refuses to cure the condition within a reasonable time after requested by the Board, but shall not authorize entry into any single family detached dwelling without permission of the Owner, except by emergency personnel acting in their official capacities.

11.4. Easements for Golf Course

(a) Every Lot and the Common Area are burdened with an easement permitting golf balls unintentionally to come upon such Common Area or Lots and for golfers at reasonable times and in a reasonable manner to come upon the Common Area or the exterior portions of a Lot to retrieve errant golf balls; provided, however, to the extent that any Lot is fenced or walled, the golfer shall seek the Owner's permission before entry. The existence of this easement shall not relieve golfers of liability for damage caused by errant golf balls. Under no circumstances shall any of the following Persons be held liable for any damage or injury resulting from errant golf balls or the exercise of this easement: the Association or its Members (in their capacity as such); Valley Ranch, Inc., The Valley Club, Inc. or their successors, successors-in-title to the golf

course, or assigns; any builder or contractor (in their capacities as such); any officer, director or partner of any of the foregoing, or any officer or director of any partner.

(b) The owner of the Golf Course, its agents, successors and assigns, shall at all times have a right and non-exclusive easement of access and use over those portions of the Common Area reasonably necessary to the operation, maintenance, repair and replacement of the Golf Course.

(c) Any portion of the Properties immediately adjacent to the Golf Course is hereby burdened with a non-exclusive easement in favor of the Golf Course for overspray of water from the irrigation system serving the Golf Course. Under no circumstances shall the Association or the owner of the Golf Course be held liable for any damage or injury resulting from such overspray or the exercise of this easement.

(d) The owner of the Golf Course, its successors and assigns, shall have a perpetual, exclusive easement of access over the Properties for the purpose of retrieving golf balls from bodies of water within the Common Area lying reasonably within range of golf balls hit from the Golf Course.

ARTICLE 12. - MORTGAGEE PROVISIONS

The following provisions are for the benefit of holders, insurers and guarantors of first Mortgages on Lots in the Properties.

12.1. Notices of Action

An institutional holder, insurer, or guarantor of a first Mortgage who provides a written request to the Association (such request to state the name and address of such holder, insurer, or guarantor and the street address of the Lot to which its Mortgage relates, thereby becoming an "Eligible Holder"), will be entitled to timely written notice of:

(a) Any condemnation loss or any casualty loss which affects a material portion of the Properties or which affects any Lot on which there is a first Mortgage held, insured, or guaranteed by such Eligible Holder;

(b) Any delinquency in the payment of assessments or charges owed by a Lot subject to the Mortgage of such Eligible Holder, where such delinquency has continued for a period of 60 days, or any other violation of the Declaration or Bylaws relating to such Lot or the Owner or Occupant which is not cured within 60 days; or

(c) Any lapse, cancellation, or material modification of any insurance policy maintained by the Association.

12.2. No Priority

No provision of this Declaration or the Bylaws gives or shall be construed as giving any Owner or other party priority over any rights of the first Mortgagee of any Lot in the case of distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of the Common Area.

12.3. Notice to Association

Upon request, each Owner shall be obligated to furnish to the Association the name and address of the holder of any Mortgage encumbering such Owner's Lot.

ARTICLE 13. - DISPUTE RESOLUTION AND LIMITATION ON LITIGATION

13.1. Agreement to Avoid Costs of Litigation and to Limit Right to Litigate Disputes

The Association, all Persons subject to this Declaration, and any Person not otherwise subject to this Declaration who agrees to submit to this Article (collectively, "Bound Parties") agree to encourage the amicable resolution of disputes involving the Properties in order to avoid the emotional and financial costs of litigation. Accordingly, each Bound Party covenants and agrees that all claims, grievances or disputes between such Bound Party and any other Bound Party involving the Properties, including, without limitation, claims, grievances or disputes arising out of or relating to the interpretation, application or enforcement of this Declaration, the Bylaws, the Association rules, or the Articles (collectively "Claim"), except for those Claims authorized in Section 13.2, shall be resolved using the procedures set forth in Section 13.3 in lieu of filing suit in any court or initiating proceedings before any administrative tribunal seeking redress or resolution of such Claim.

13.2. Exempt Claims

The following Claims ("Exempt Claims") shall be exempt from the provisions of Section 13.3:

(a) any suit by the Association against any Bound Party to enforce the provisions of Article 8 ("Assessments");

(b) any suit by the Association to obtain a temporary restraining order (or equivalent emergency equitable relief) and such other ancillary relief as the court may deem necessary in order to maintain the status quo and preserve the Association's ability to enforce the provisions of Article 9 ("Architectural Standards") and Article 10 ("Use Restrictions and Rules");

(c) any suit between Owners seeking redress on the basis of a Claim which would constitute a cause of action under federal law or the laws of the State of Idaho in the absence of a claim based on the Declaration, Bylaws, Articles or rules of the Association, if the amount in controversy exceeds \$5,000.00;

(d) any suit arising out of any written contract between Owners which would constitute a cause of action under the laws of the State of Idaho in the absence of the Declaration, Bylaws, and Articles of the Association; and

(e) any suit in which all parties are not Bound Parties.

Any Bound Party having an Exempt Claim may submit it to the alternative dispute resolution procedures set forth in Section 13.3, but there shall be no obligation to do so. The submission of an Exempt Claim involving the Association to the alternative dispute resolution procedures of Section 13.3 shall require the approval of the Association.

13.3. Mandatory Procedures for All Other Claims

All Claims other than Exempt Claims shall be resolved using the following procedures:

(a) Notice. Any Bound Party having a Claim ("Claimant") against any other Bound Party ("Respondent"), other than an Exempt Claim, shall notify each Respondent in writing of the Claim (the "Notice"), stating plainly and concisely:

- (i) the nature of the Claim, including date, time, location, persons involved, and Respondent's role in the Claim;
- (ii) the basis of the Claim (i.e., the provisions of this Declaration, the Bylaws, the Articles or rules or other authority out of which the Claim arises);
- (iii) what Claimant wants Respondent to do or not do to resolve the Claim; and
- (iv) that Claimant wishes to resolve the Claim by mutual agreement with Respondent and is willing to meet in person with Respondent at a mutually agreeable time and place to discuss in good faith ways to resolve the claim.

(b) Negotiation.

- (i) Each Claimant and Respondent (the "Parties") shall make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation.
- (ii) Upon receipt of a written request from any Party, accompanied by a copy of the Notice, the Board may appoint a representative to assist the Parties in resolving the dispute by negotiation, if in its discretion it believes its efforts will be beneficial to the Parties and to the welfare of the community.

(c) Mediation.

- (i) If the Parties do not resolve the Claim through negotiation within 30 days of the date of the Notice (or within such other period as may be agreed upon by the Parties) ("Termination of Negotiations"), Claimant shall have 30 additional days within which to submit the Claim to mediation under the auspices of any dispute resolution center or other such independent agency providing similar services in the State of Idaho upon which the Parties may mutually agree.
- (ii) If Claimant does not submit the Claim to mediation within 30 days after Termination of Negotiations, Claimant shall be deemed to have waived the Claim, and Respondent shall be released and discharged from any and all liability to Claimant on account of such Claim; provided, nothing herein shall release or discharge Respondent from any liability to Persons not a Party to the foregoing proceedings.
- (iii) If the Parties do not settle the Claim within 30 days after submission of the matter to the mediation process, or within such time as determined reasonable or appropriate by the mediator, the mediator shall issue a notice of termination of the mediation proceedings ("Termination of Mediation"). The Termination of Mediation notice shall set forth when and where the Parties met, that the Parties are at an impasse, and the date that mediation was terminated.
- (iv) Each Party shall, within five days of the Termination of Mediation, make a written offer of settlement in an effort to resolve the Claim. The Claimant shall make a final written settlement demand ("Settlement Demand") to the Respondent. The Respondent shall make a final written settlement offer ("Settlement Offer") to the Claimant. If the Claimant fails to make a Settlement Demand, Claimant's original Notice shall constitute the Settlement Demand. If the Respondent fails to make a Settlement Offer, Respondent shall be deemed to have made a "zero" or "take nothing" Settlement Offer.

(d) Final and Binding Arbitration.

- (i) If the Parties do not agree in writing to accept either the Settlement Demand, the Settlement Offer, or otherwise resolve the Claim within 15 days of the Termination of Mediation, the Claimant shall have 15 additional days to submit the Claim to arbitration in accordance with the Rules of Arbitration contained in Exhibit "D" or the Claim shall be deemed abandoned, and Respondent shall be released and discharged from any and all liability to Claimant arising out of such Claim; provided,

nothing herein shall release or discharge Respondent from any liability to Persons not a Party to the foregoing proceedings.

- (ii) This subsection (d) is an agreement of the Bound Parties to arbitrate all Claims except Exempt Claims and is specifically enforceable under the applicable arbitration laws of the State of Idaho. The arbitration award (the "Award") shall be final and binding, and judgment may be entered upon it in any court of competent jurisdiction to the fullest extent permitted under the laws of the State of Idaho.

13.4. Allocation of Costs of Resolving Claims.

(a) Each Party shall bear its own costs incurred prior to and during the proceedings described in Section 13.3 (a), (b) and (c), including the fees of its attorney or other representative. Each Party shall share equally all charges rendered by the mediator(s) pursuant to Section 13.3(c).

(b) Each Party shall bear its own costs (including the fees of its attorney or other representative) incurred after the Termination of Mediation under Section 13.3(c) and shall share equally in the costs of conducting the arbitration proceeding (collectively, "Post Mediation Costs"), except as otherwise provided in subsection 13.4(c).

(c) Any Award which is equal to or more favorable to Claimant than Claimant's Settlement Demand shall add such Claimant's Post Mediation Costs to the Award, such Costs to be borne equally by all Respondents. Any Award which is equal to or less favorable to Claimant than Respondent's Settlement Offer to that Claimant shall also award to such Respondent its Post Mediation Costs, such Costs to be borne by all such Claimants.

13.5. Enforcement of Resolution

After resolution of any Claim through negotiation, mediation, or arbitration in accordance with Section 13.3, if any Party fails to abide by the terms of the agreement or Award, then any other Party may file suit or initiate administrative proceedings to enforce such agreement or Award without the need to again comply with the procedures set forth in Section 13.3. In such event, the Party taking action to enforce the agreement or Award shall be entitled to recover from the non-complying Party (or if more than one non-complying Party, from all such Parties pro rata) all costs incurred in enforcing such agreement or Award, including, without limitation, attorneys fees and court costs.

ARTICLE 14. - GENERAL PROVISIONS

14.1. Duration.

(a) Unless terminated as provided in Section 14.1(b), this Declaration shall have perpetual duration. If Idaho law hereafter limits the period during which covenants may run with

the land, then to the extent consistent with such law, this Declaration shall automatically be extended at the expiration of such period for successive periods of 20 years each, unless terminated as provided herein. Notwithstanding the above, if any of the covenants, conditions, restrictions, or other provisions of this Declaration shall be unlawful, void, or voidable for violation of the rule against perpetuities, then such provisions shall continue only until 21 years after the death of the last survivor of the now living descendants of Elizabeth II, Queen of England.

(b) Unless otherwise provided by Idaho law, in which case such law shall control, this Declaration may not be terminated within the first 20 years after the date of recording without the consent of all Lot Owners. Thereafter, it may be terminated only by an instrument signed by Owners of at least 60 % of the total Lots within the Properties, which instrument is recorded in the Public Records. Nothing in this Section shall be construed to permit termination of any easement created in this Declaration without the consent of the holder of such easement.

14.2. Amendment

Except as otherwise specifically provided above and elsewhere in this Declaration, this Declaration may be amended only by the affirmative vote or written consent, or any combination thereof, of Owners of not less than 60% of the total number of Lots within the Properties.

Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

If an Owner consents to any amendment to this Declaration or the Bylaws, it will be conclusively presumed that such Owner has the authority to consent, and no contrary provision in any Mortgage or contract between the Owner and a third party will affect the validity of such amendment.

Any amendment shall become effective upon recording in the Public Records, unless a later effective date is specified in the amendment. Any procedural challenge to an amendment must be made within six months of its recordation or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of this Declaration.

14.3. Severability

Invalidation of any provision of this Declaration, in whole or in part, or any application of a provision of this Declaration by judgment or court order shall in no way affect other provisions or application.

14.4. Litigation

Except as provided below, no judicial or administrative proceeding shall be commenced or prosecuted by the Association unless approved by a vote of 60% of the Members. This Section shall not apply, however, to (a) actions brought by the Association to enforce the provisions of this Declaration (including, without limitation, the foreclosure of liens); (b) the imposition and collection of assessments as provided in Article 8; (c) proceedings involving challenges to ad valorem taxation; or (d) counterclaims brought by the Association in proceedings instituted against it. This Section shall not be amended unless such amendment is approved by the percentage of votes, and pursuant to the same procedures, necessary to institute proceedings as provided above. This Section shall apply in addition to the provisions of Article 13, if applicable.

14.5. Cumulative Effect; Conflict

The provisions of this Declaration shall be cumulative with the provisions of any applicable Supplemental Declaration. Nothing in this Section shall preclude any Supplemental Declaration or other recorded declaration, covenants and restrictions applicable to any portion of the Properties from containing additional restrictions or provisions which are more restrictive than the provisions of this Declaration, and the Association shall have the standing and authority to enforce the same.

14.6. Compliance

Every Owner and occupant of any Lot shall comply with this Declaration, any applicable Supplemental Declaration, the Bylaws, and the Use Restrictions and Rules promulgated pursuant to Article 10. Subject to the terms of Article 13, failure to comply shall be grounds for an action by the Association or, in a proper case, by any aggrieved Lot Owner(s) to recover sums due, for damages or injunctive relief, or for any other remedy available at law or in equity, in addition to those enforcement powers granted to the Association in Section 4.3.

14.7. Notice of Sale or Transfer of Title.

Any Owner desiring to sell or otherwise transfer title to his or her Lot shall give the Board at least seven days' prior written notice of the name and address of the purchaser or transferee, the date of such transfer of title, and such other information as the Board may reasonably require. The transferor shall continue to be jointly and severally responsible with the transferee for all obligations of the Owner of the Lot, including assessment obligations, until the date upon which such notice is received by the Board, notwithstanding the transfer of title.

14.8. Exhibits.

Exhibits "A" and "B" attached to this Declaration are incorporated by this reference and amendment of such exhibits shall be governed by the provisions of Section 14.2.

IN WITNESS WHEREOF, the Association has executed this Declaration this ____ day of _____, 2004 and hereby certifies that it has been approved by the affirmative vote or written consent, or a combination thereof, of Owners of not less than 75% of the total number of Lots within the Properties.

THE VALLEY CLUB OWNERS ASSOCIATION, INC., an Idaho non-profit corporation

By: _____

Attest: _____
Its: _____

STATE OF IDAHO }
 } ss.
COUNTY OF BLIANE }

On this ____ day of _____, 2004,, before me personally appeared known or identified to me to be the _____ (officers title) of the corporation that executed the above instrument on behalf of said corporation and acknowledged that such corporation executed the same.

Notary Public for the Sate of Idaho
My Commission Expires: _____

EXHIBIT A
Land Initially Submitted

Lots 1 through 99 of The Valley Club, a planned unit development created by the Official Plat filed as Instrument No. 36515 in the records of Blaine County, Idaho on May 5, 1994.

EXHIBIT B
Initial Use Restrictions and Rules

The following restrictions shall apply to all of the Properties until such time as they are amended, modified, repealed or limited by rules of the Association adopted pursuant to Article 10 of the Declaration.

1. General. The Properties shall be used only for residential purposes consistent with this Declaration and any Supplemental Declaration.
2. Restricted Activities. The following activities are prohibited within the Properties unless expressly authorized by, and then subject to such conditions as may be imposed by, the Board of Directors:

(i) Posting of signs of any kind except those required by law, including posters, circulars and billboards:

(ii) Parking of commercial vehicles, recreational vehicles, mobile homes, boats or other watercraft, or other oversized vehicles, stored vehicles or inoperable vehicles in places other than enclosed garages:

(iii) Subdivision of a Lot into two or more Lots after a subdivision plat including such Lot has been approved and filed with the appropriate governmental authority or changing the boundary lines of any Lot;

(iv) Active use of lakes, ponds, streams, or other bodies of water within the Properties or within any Golf Course, except that the owner of the Golf Course, and its agents, successors and assigns, shall have the exclusive right and easement to retrieve golf balls from bodies of water within the Common Areas which are within range of golf balls hit from the Golf Course. The Association shall not be responsible for any loss, damage, or injury to any person or property arising out of the authorized or unauthorized use of lakes, ponds, streams or other bodies of water within or adjacent to the Properties;

(v) Operation of a timesharing, fraction-sharing, or similar program whereby the right to exclusive use of the Lot rotates among participants in the program on a fixed or floating time schedule over a period of years;

(vi) Occupancy of a Lot by more than a single family. For purposes of this restriction, a single family shall be defined as any number of persons related by blood, adoption, or marriage living with not more than one person who is not so related as a single household unit, or no more than three persons who are not so related living together as a single household unit, and the household employees of either such household unit;

(vii) Capturing, trapping or killing wildlife within the Properties, except in circumstances posing an imminent threat to the safety of persons using the Properties, and raising, breeding or keeping of animals, livestock, or poultry of any kind, except that a reasonable number of dogs, cats, or other usual and common household pets may be permitted in a Lot. However, those pets which are permitted to roam free, or, in the sole discretion of the Board, make objectionable noise, endanger the health or safety of, or constitute a nuisance or inconvenience to the occupants of other Lots shall be removed upon request of the Board. If the pet owner fails to honor such request, the Board may remove the pet;

(viii) Activities which materially disturb or destroy the vegetation, wildlife, or air quality within the Properties or which use excessive amounts of water or which result in unreasonable levels of sound or light pollution;

(ix) Any construction, erection, or placement of ornamentation or other objects or equipment, permanently or temporarily, on the outside portions of the Lot, whether such portion is improved or unimproved;

(x) The discharge of firearms within the Properties is prohibited. The term firearms includes BB guns, pellet guns, and other firearms of all types, regardless of size. Notwithstanding anything to the contrary contained herein, or in the Bylaws, the Association shall not be obligated to take action to enforce this provision; and

(xi) Any business, trade, garage sale, moving sale, rummage sale, or similar activity, except that an Owner or occupant residing in a Lot may conduct business activities within the Lot so long as: (A) the existence or operation of the business activity is not apparent or detectable by sight, sound, or smell from outside the Lot; (B) the business activity conforms to all zoning requirements for the Properties; (C) the business activity does not involve regular visitation of the Lot by clients, customers, suppliers, or other business invitees or door-to-door solicitation of residents of the Properties; and (D) the business activity is consistent with the residential character of the Properties and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other residents of the Properties, as may be determined in the sole discretion of the Board.

The leasing of a Lot shall not be considered a business or trade within the meaning of this subsection. Leasing, for purposes of this Declaration, is defined as regular, exclusive occupancy of a Lot by any person other than the Owner, for which the Owner receives any consideration or benefit, including, but not limited to, a fee, service, gratuity, or emolument. Lots may be leased only in their entirety. No fraction or portion may be leased. No structure on a Lot other than the primary residential dwelling shall be leased or otherwise occupied for residential purposes, except that any Lot comprised of more than one acre of land may make residential use of such a structure for an ancillary use such as in-law suite or nanny suite, but not for independent leasing. There shall be no subleasing of Lots or assignment of leases unless prior written approval is obtained from the Board. All leases shall be in writing.

EXHIBIT C
Rules of Arbitration

1. Claimant shall submit a Claim to arbitration under these Rules by giving written notice to all other Parties stating plainly and concisely the nature of the Claim, the remedy sought and Claimant's desire to submit the Claim to arbitration ("Arbitration Notice").

2. Each Party shall select an arbitrator ("Party Appointed Arbitrator"). The Party Appointed Arbitrators shall, by agreement, select one or two neutral arbitrators ("Neutral(s)") so that the total arbitration panel ("Panel") has an odd number of arbitrators. If any Party fails to appoint a Party Appointed Arbitrator within 20 days from the date of the Arbitration Notice, the remaining arbitrators shall conduct the proceedings, selecting a Neutral in place of any missing Party Appointed Arbitrator. The Neutral arbitrator(s) shall select a chairperson ("Chair").

3. If the Panel is not selected under Rule 2 within 45 days from the date of the Arbitration Notice, Claimant may notify the Idaho chapter of The Community Associations Institute, which shall appoint one Neutral ("Appointed Neutral"), notifying the Appointed Neutral and all Parties in writing of such appointment. The Appointed Neutral shall thereafter be the sole arbitrator ("Arbitrator"), and any Party Appointed Arbitrators or their designees shall have no further duties involving the arbitration proceedings.

4. No person may serve as a Neutral in any arbitration under these Rules in which that person has any financial or personal interest in the result of the arbitration. Any person designated as a Neutral shall immediately disclose in writing to all Parties any circumstance likely to affect impartiality, including any bias or financial or personal interest in the outcome of the arbitration ("Bias Disclosure"). If any Party objects to the service of any Neutral after receipt of that Neutral's Bias Disclosure, such Neutral shall be replaced in the same manner in which that Neutral was selected.

5. The Arbitrator or Chair, as the case may be ("Arbitrator") shall fix the date, time and place for the hearing. The place of the hearing shall be within the Properties unless otherwise agreed by the Parties.

6. Any Party may be represented by an attorney or other authorized representative throughout the arbitration proceedings.

7. All persons who, in the judgment of the Arbitrator, have a direct interest in the arbitration are entitled to attend hearings.

8. There shall be no stenographic record of the proceedings.

9. The hearing shall be conducted in whatever manner will, in the Arbitrator's judgment, most fairly and expeditiously permit the full presentation of the evidence and arguments of the Parties.

10. The Parties may offer such evidence as is relevant and material to the Claim, and shall produce such additional evidence as the Arbitrator may deem necessary to an understanding and determination of the Claim. The Arbitrator shall be the sole judge of the relevance and materiality of any evidence offered, and conformity to the legal rules of evidence shall not be necessary. The Arbitrator shall be authorized, but not required, to administer oaths to witnesses.

11. The Arbitrator shall declare the hearings closed when satisfied the record is complete.

12. There will be no post hearing briefs.

13. The Award shall be rendered immediately following the close of the hearing, if possible, and no later than 14 days from the close of the hearing, unless otherwise agreed by the Parties. The Award shall be in writing, shall be signed by the Arbitrator and acknowledged before a notary public. If the Arbitrator believes an opinion is necessary, it shall be in summary form-

14. If there is more than one arbitrator, all decisions of the Panel and the Award shall be by majority vote.

15. Each Party agrees to accept as legal delivery of the Award the deposit of a true copy in the mail addressed to that Party or its attorney at the address communicated to the Arbitrator at the hearing.

IN WITNESS WHEREOF, the Association has executed this Declaration this 18 day of March, 2004 and hereby certifies that it has been approved by the affirmative vote or written consent, or a combination thereof, of Owners of not less than 51% of the total number of Lots within the Properties.

THE VALLEY CLUB OWNERS ASSOCIATION, INC., an Idaho non-profit corporation

Louise L. Cooley, President
By: Louise L. Cooley, president

Attest: Shelley S. Little
Its: secretary

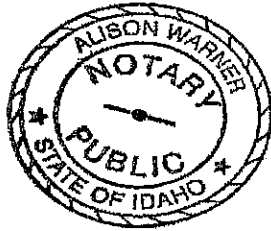
STATE OF IDAHO }
 } ss.
COUNTY OF BLIANE }

Louise L. Cooley

On this 18 day of March, 2004, before me personally appeared [↑]known or identified to me to be the President (officers title) of the corporation that executed the above instrument on behalf of said corporation and acknowledged that such corporation executed the same.

[Signature]

Notary Public for the State of Idaho
My Commission Expires: 9/18/06

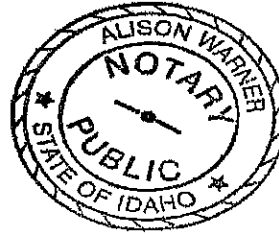


State of: **Idaho**
County of: **Blaine**

On this 18th day of March in the year 2004, before me, a Notary Public personally appeared **STACEY B. RUTHERFORD**, known or identified to me to be the secretary of the corporation that executed the within instrument or the person who executed the instrument on behalf of said corporation, and acknowledged to me that such corporation executed the same.



Notary Public
Residing at: Ketchum ID
Comm expires: 9/18/06



**RECORDING REQUESTED BY AND
WHEN RECORDED, MAIL TO:**

**James P. Speck, Esq.
SPECK & AANESTAD
A Professional Corporation
Post Office Box 987
Ketchum, Idaho 83340**

Instrument # 602890

HAILEY, BLAINE, IDAHO
11-7-2012 05:12:00 No. of Pages: 2
Recorded for : SPECK & AANESTAD
JOLYNN DRAGE Fee: 13.00
Ex-Officio Recorder Deputy
Index to: AMENDED COVENANTS & RESTRICTIONS

mpp

(Space above line for Recorder's use)

**FIRST AMENDMENT TO
AMENDED AND RESTATED DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
OF THE VALLEY CLUB**

The Amended and Restated Declaration of Covenants, Conditions and Restrictions of The Valley Club, recorded in the records of Blaine County, Idaho March 19, 2004 as Instrument No. 500610 (the "Declaration"), is hereby amended pursuant to the provisions of Section 14.2 of the Declaration as follows:

1. The second paragraph of Section 9.7 is amended to correct a typographical error in the reference to Bylaws Section 3.24, which does not exist, so that it reads as follows:

Unless otherwise specified in writing by the ADRC, all approvals granted hereunder shall be deemed conditioned upon completion of all elements of the approved work and all work previously approved with respect to the same Lot, unless approval to modify any application has been obtained. In the event that any Person fails to commence and diligently pursue to completion all approved work, the Association shall be authorized, after notice to the Owner of the Lot and an opportunity to be heard in accordance with Bylaws Section 3.22, to enter upon the Lot and remove or complete any incomplete work and to assess all costs incurred against the Lot and the Owner thereof as a Specific Assessment.

2. All of the other provisions of the Declaration shall remain unmodified and in full force and effect.

CERTIFICATION

I, the undersigned, do hereby certify:

1. That I am the duly elected and acting Vice President of The Valley Club Owners Association, Inc., an Idaho non-profit corporation;
2. That the foregoing First Amendment to Amended and Restated Declaration of Covenants, Conditions and Restrictions of The Valley Club was duly adopted by the affirmative vote or written consent, or a combination thereof, of Owners of not less than 60% of the Lots within The Valley Club, a planned unit development.

VALLEY CLUB OWNERS ASSOCIATION, INC.

DATE: 11-6-12

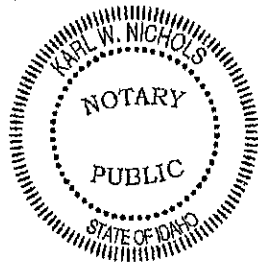
By: B Robinson

Its Vice Pres.

STATE OF IDAHO)
) ss.
County of Blaine)

On this 6 day of ^{November} ~~August~~, 2012, before me, the undersigned notary public in and for said state, personally appeared Brent Robinson, known or identified to me to be the Vice President of Valley Club Owners Association, Inc. and the person who executed the foregoing instrument on behalf of said corporation and acknowledged to me that said corporation executed the same.

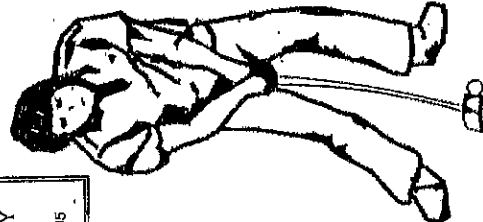
IN WITNESS WHEREOF, I have hereunto set my hand and seal the day and year in this certificate first above written.



Karl Nichols
Notary Public for Idaho
Residing at: Hailey, ID
Commission expires: 11/7/18



(208) 726-6341
 FAX (208) 726-7495

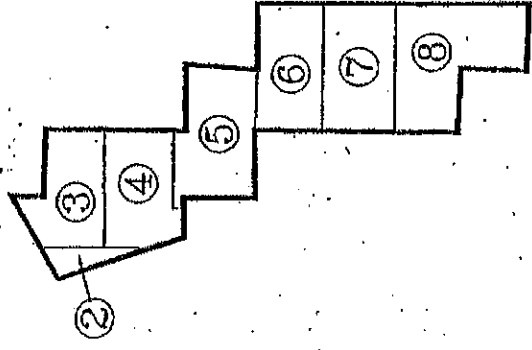


THE VALLEY CLUB

A PLANNED UNIT DEVELOPMENT

SHEET KEY

LOCATED IN
 SECTION 20; SW⁴ SW⁴ SECTION 21
 AND
 W² SECTION 28
 TOWNSHIP 3 NORTH,
 RANGE 18 EAST,
 BOISE MERIDIAN
 BLAINE COUNTY, IDAHO
 1994



HEALTH CERTIFICATE:
 SANITARY RESTRICTIONS AS REQUIRED BY IDAHO
 CODE TITLE 50, CHAPTER 13, HAVE BEEN SAT-
 ISFIED. SANITARY RESTRICTIONS MAY BE RE-
 IMPOSED, IN ACCORDANCE WITH IDAHO CODE
 TITLE 50, CHAPTER 13, SECTION 50-1326, BY
 THE ISSUANCE OF A CERTIFICATE OF DISAPPROVAL

5-4-94 DATE
 Robert W. Fisher
 SOUTH CENTRAL DISTRICT
 HEALTH DEPARTMENT, E.H.S.

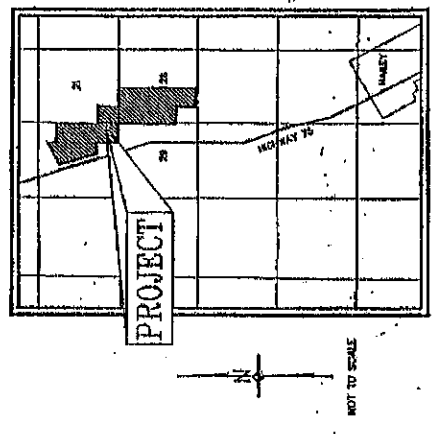
SHEET INDEX

- SHEET 1 . . . COVER SHEET
- SHEET 2-8 . . . PLAT SHEETS
- SHEET 9 . . . CURVE DATA
- SHEET 10 . . . SECTION BREAKDOWN
- SHEET 11 . . . OWNER'S CERTIFICATE
- SHEET 12 . . . SIGNATURE SHEET

LEGEND

- PROPERTY BOUNDARY LINE
- LOT LINE
- ☉ POWER LINE
- BUILDING ENVELOPE LINE
- SET 1/2" X 24" REBAR & CAP
- SET 5/8" X 24" REBAR & CAP

VICINITY SKETCH



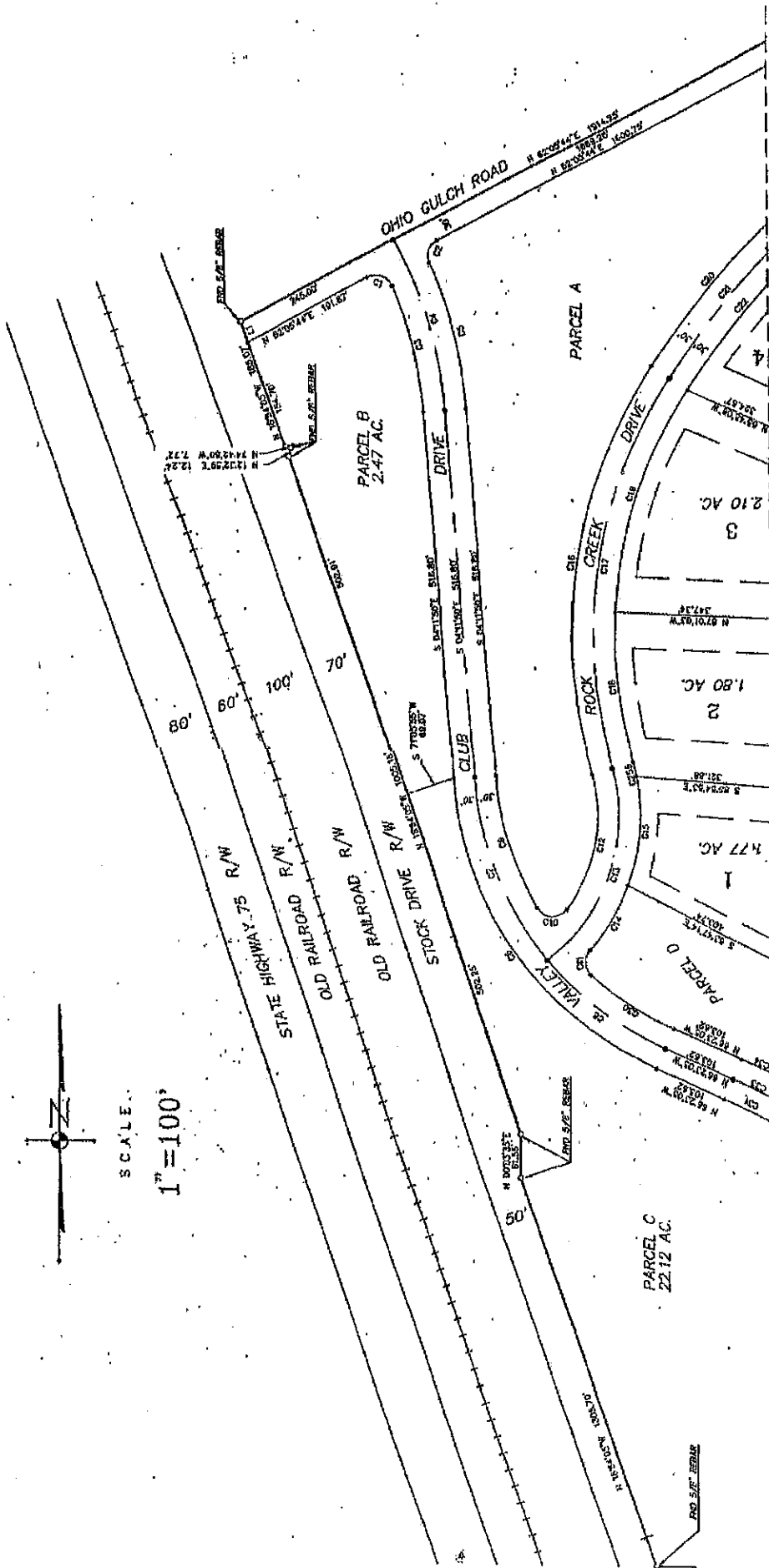
THIS MAP IS A PHOTOGRAPHIC
 COPY OF THE ORIGINAL RECORDS
 OF THE COUNTY AND IS NOT TO
 BE USED FOR ANY OTHER PURPOSE
 WITHOUT THE WRITTEN CONSENT OF
 THE COUNTY ENGINEER.

ERM Engineers, Inc.
 ENGINEERS/SURVEYORS/PLANNERS



SCALE

1" = 100'



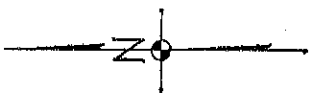
SEE SHEET 3

SEE SHEET 4

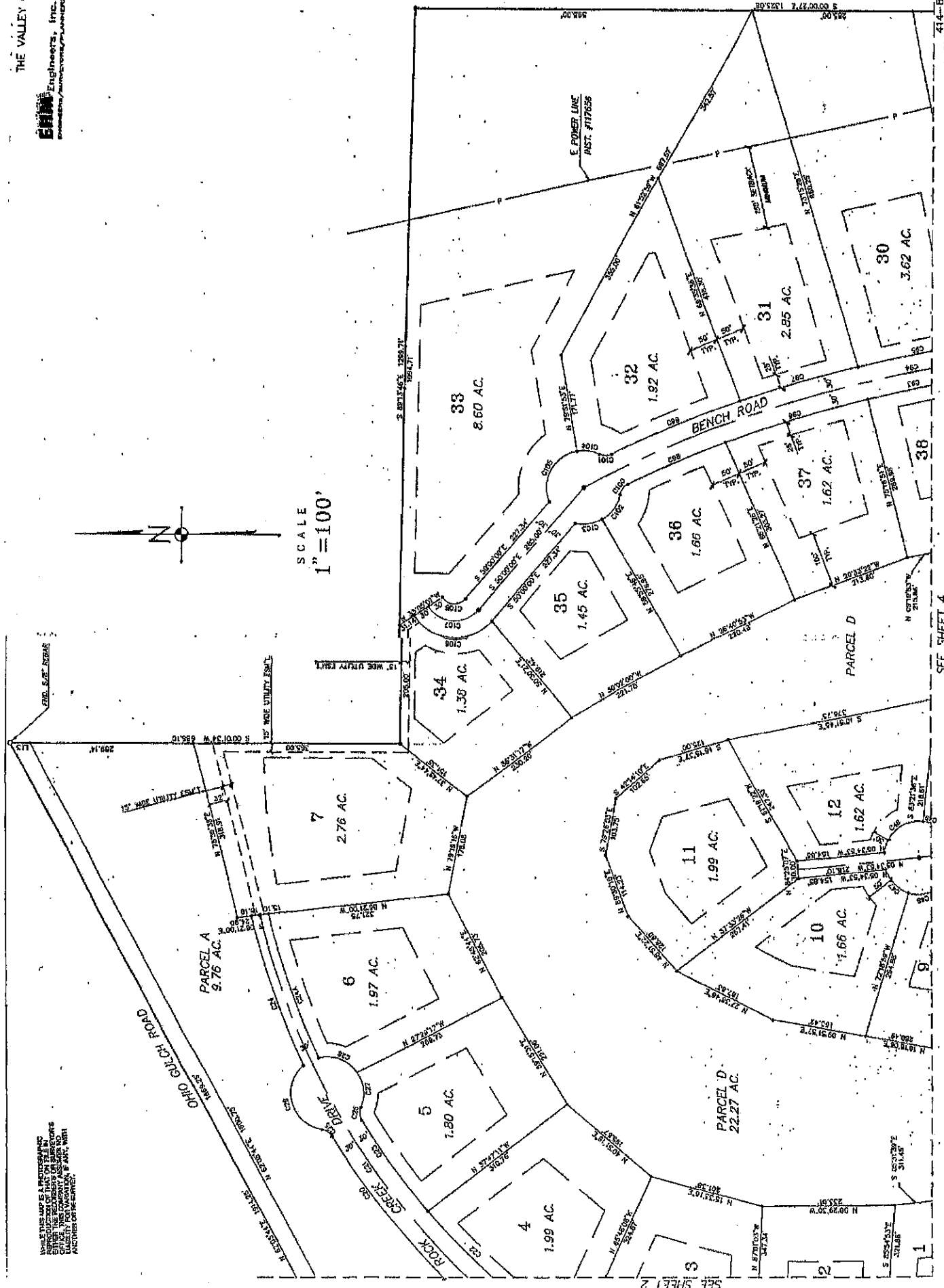
THIS DRAWING IS A PRELIMINARY
 ENGINEERING DRAWING. IT IS NOT
 TO BE USED FOR CONSTRUCTION
 WITHOUT THE APPROVAL OF THE
 ENGINEER. FOR VARIATION OF SCALE,
 CONTACT THE ENGINEER.

W. W. W. Engineers, Inc.
 ENGINEERS / ARCHITECTS / PLANNERS

THIS MAP IS A PHOTOGRAPHIC REPRODUCTION OF THAT ON FILE IN THE OFFICE OF THE COUNTY ENGINEER. THIS COMPANY ASSUMES NO LIABILITY FOR ANY ERRORS OR OMISSIONS THAT MAY BE FOUND IN THIS MAP.

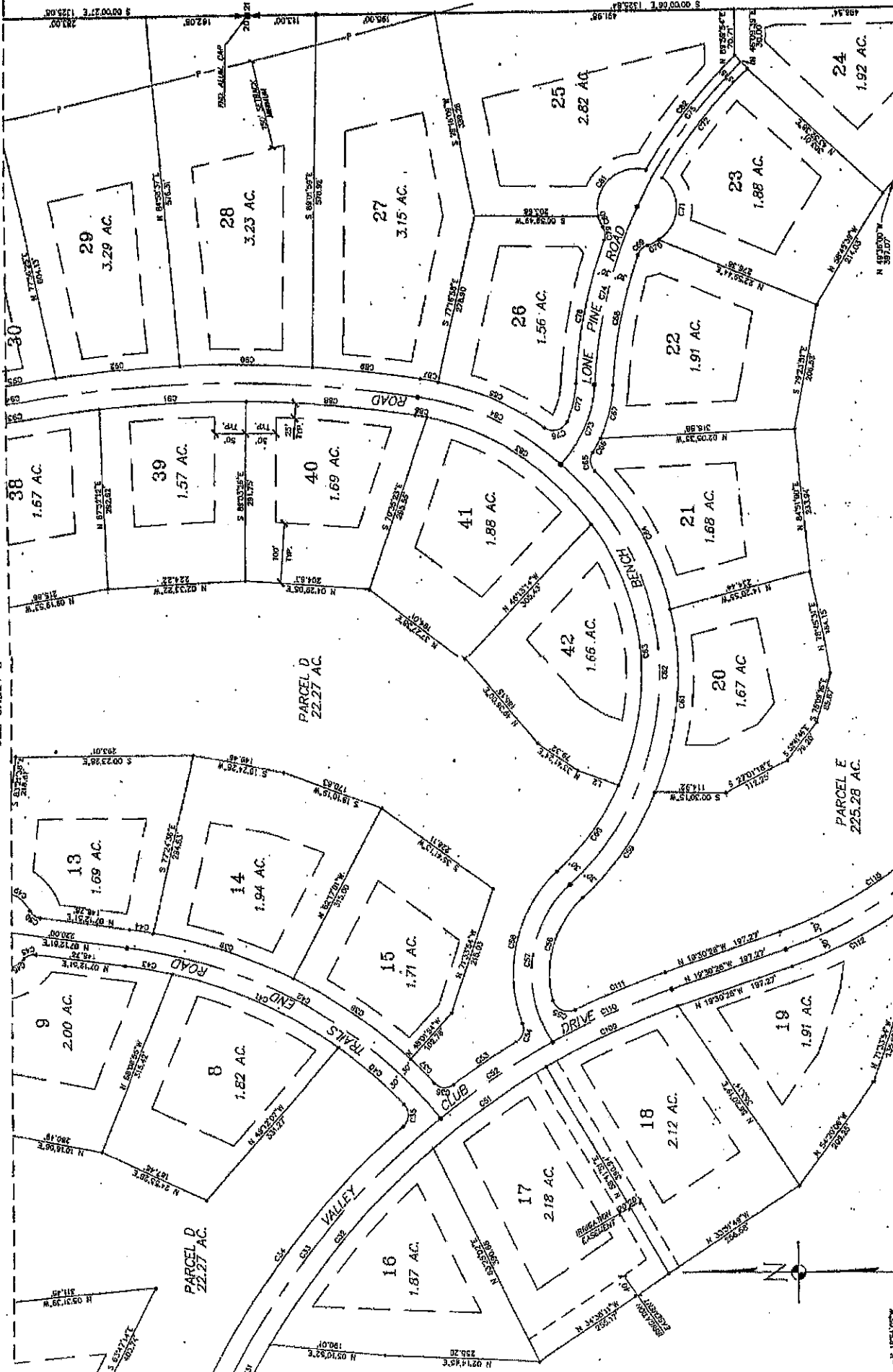


SCALE
 1" = 100'



SEE SHEET 2

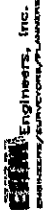
SEE SHEET 4



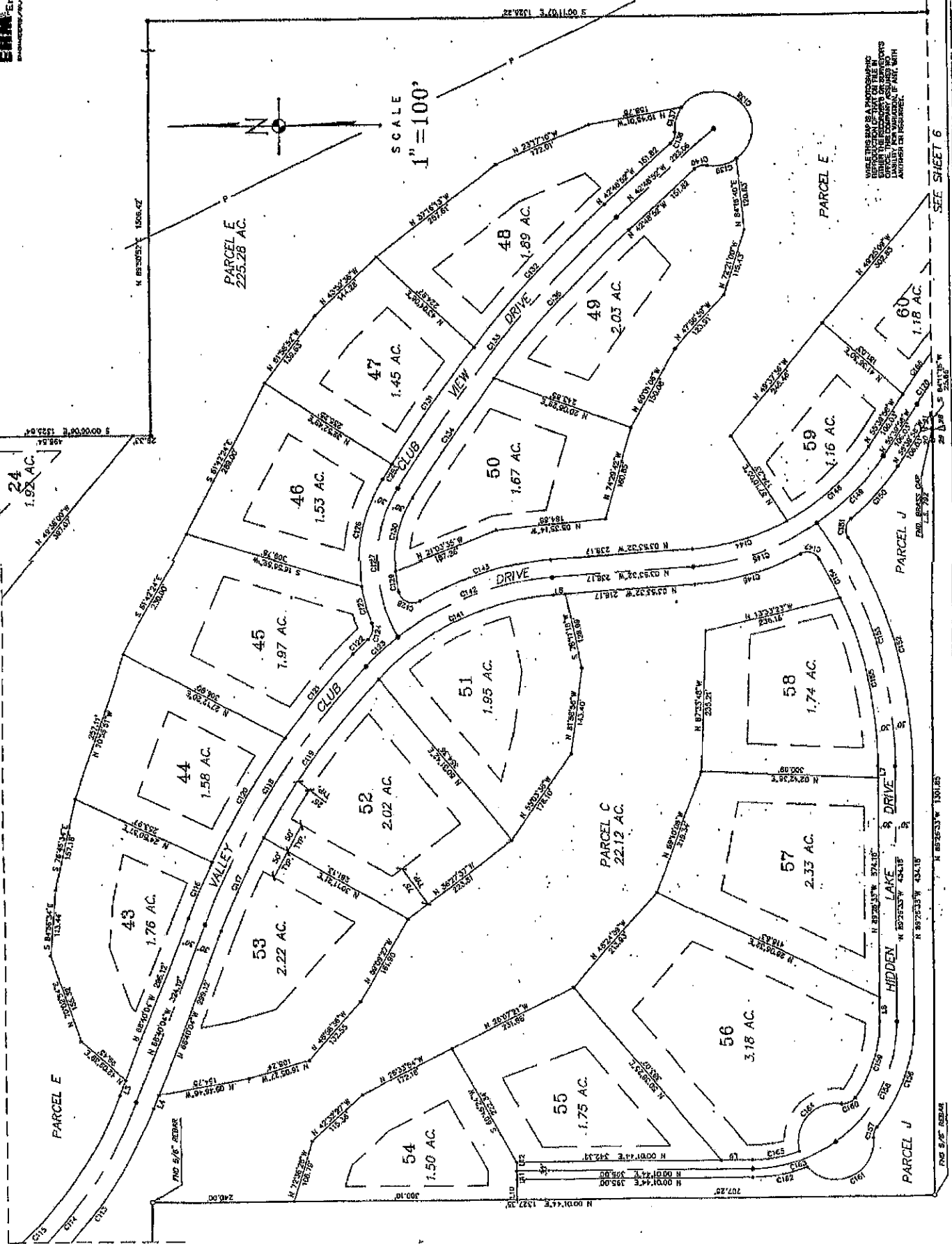
PARCEL C
22.12 AC.
SCALE
1" = 100'

WHILE THIS MAP IS A PHOTOGRAPHIC REPRODUCTION OF A PLAN ON FILE IN THE OFFICE OF THE COUNTY CLERK AND IS CORRECT AS TO LOCATION AND AREA, A SURVEYOR'S REVIEW IS REQUIRED.

SHEET SHEET 5



SEE SHEET 4



SCALE
1" = 100'

WHILE THIS MAP IS A PHOTOGRAPHIC
REPRODUCTION OF THAT ON FILE IN
THE OFFICE OF THE COUNTY CLERK,
THE COUNTY ENGINEER HAS REVIEWED
AND APPROVED THE INFORMATION
CONTAINED HEREON.

SEE SHEET 6

SEE SHEET 5

SEE SHEET 4

SEE SHEET 3

SEE SHEET 2

SEE SHEET 1

SEE SHEET 0

SEE SHEET -1

SEE SHEET -2

SEE SHEET -3

SEE SHEET -4

SEE SHEET -5

SEE SHEET -6

SEE SHEET -7

SEE SHEET -8

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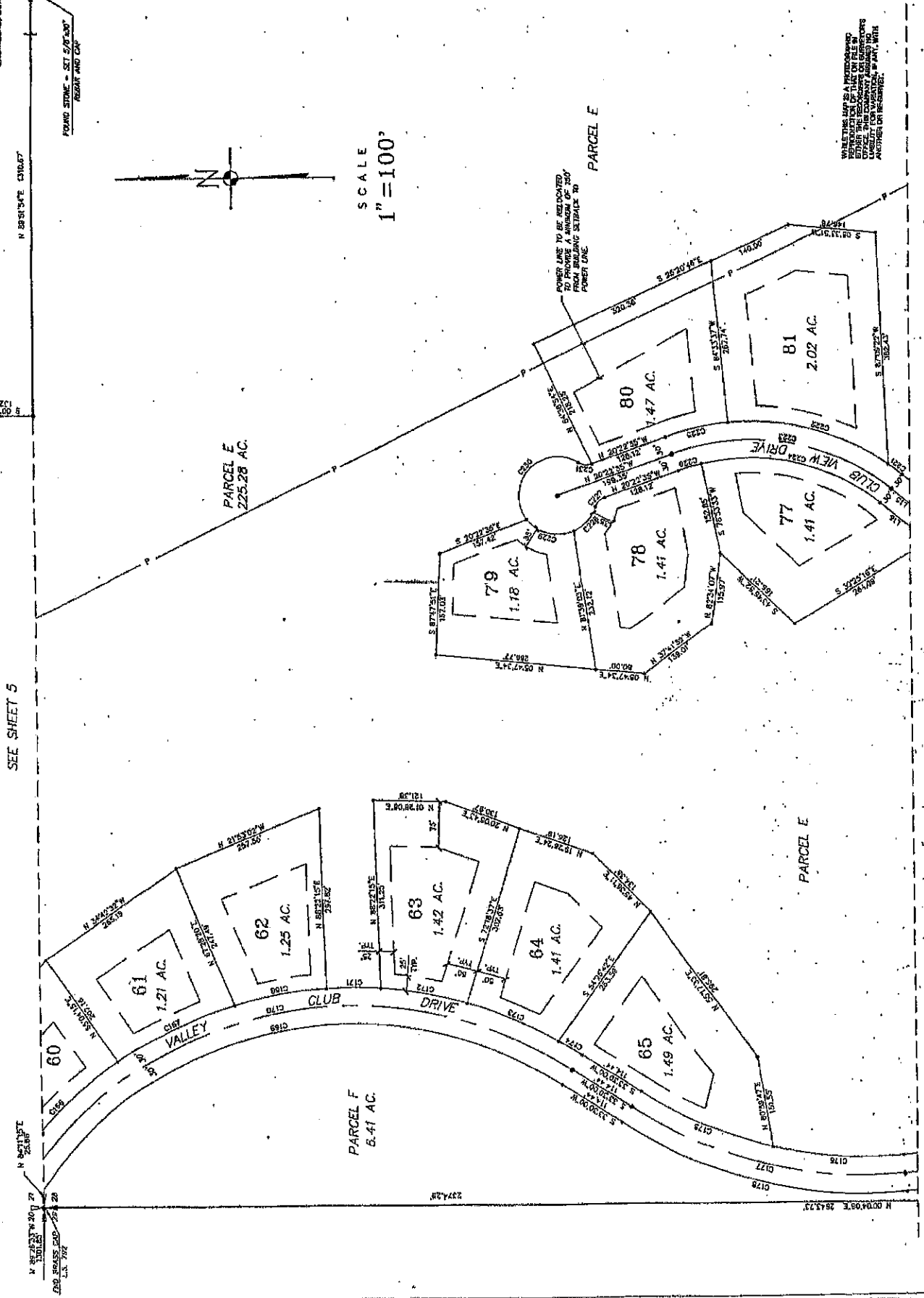
SEE SHEET -196

SEE SHEET -197

SEE SHEET -198

SEE SHEET -199

SEE SHEET -200



SEE SHEET 5

SEE SHEET 7

N 82°15'30" W 24.80' 22
 100.00' 20.00' 20
 100.00' 20.00' 20
 100.00' 20.00' 20

FOUND STONE - SET 5'01"30"
 AGAIN AND CAP



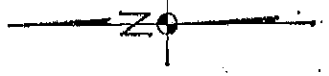
SCALE
 1" = 100'

POWER LINE TO BE RELOCATED
 FROM BUILDING SETBACK TO
 POWER LINE.

VALUING MAP IS A PRELIMINARY
 REPRESENTATION OF PLAT ON FILE IN
 THE PUBLIC RECORDS OF THE COUNTY OF
 LOS ANGELES, CALIFORNIA. THIS DOCUMENT IS
 SUBJECT TO THE LIABILITY FOR VERIFICATION OF ANY
 PART, WITH REFERENCE TO THE RECORDS.

NOTE THIS MAP IS A PHOTOGRAPHIC REPRODUCTION OF THAT ON FILE IN THE OFFICE OF THE COUNTY SURVEYOR OF THE COUNTY OF SAN DIEGO. THE SURVEYOR ASSUMES NO LIABILITY FOR VARIATION, IF ANY, WITH ANOTHER OR RESURVEY.

00003337W 2823.82 00003337W 2823.82



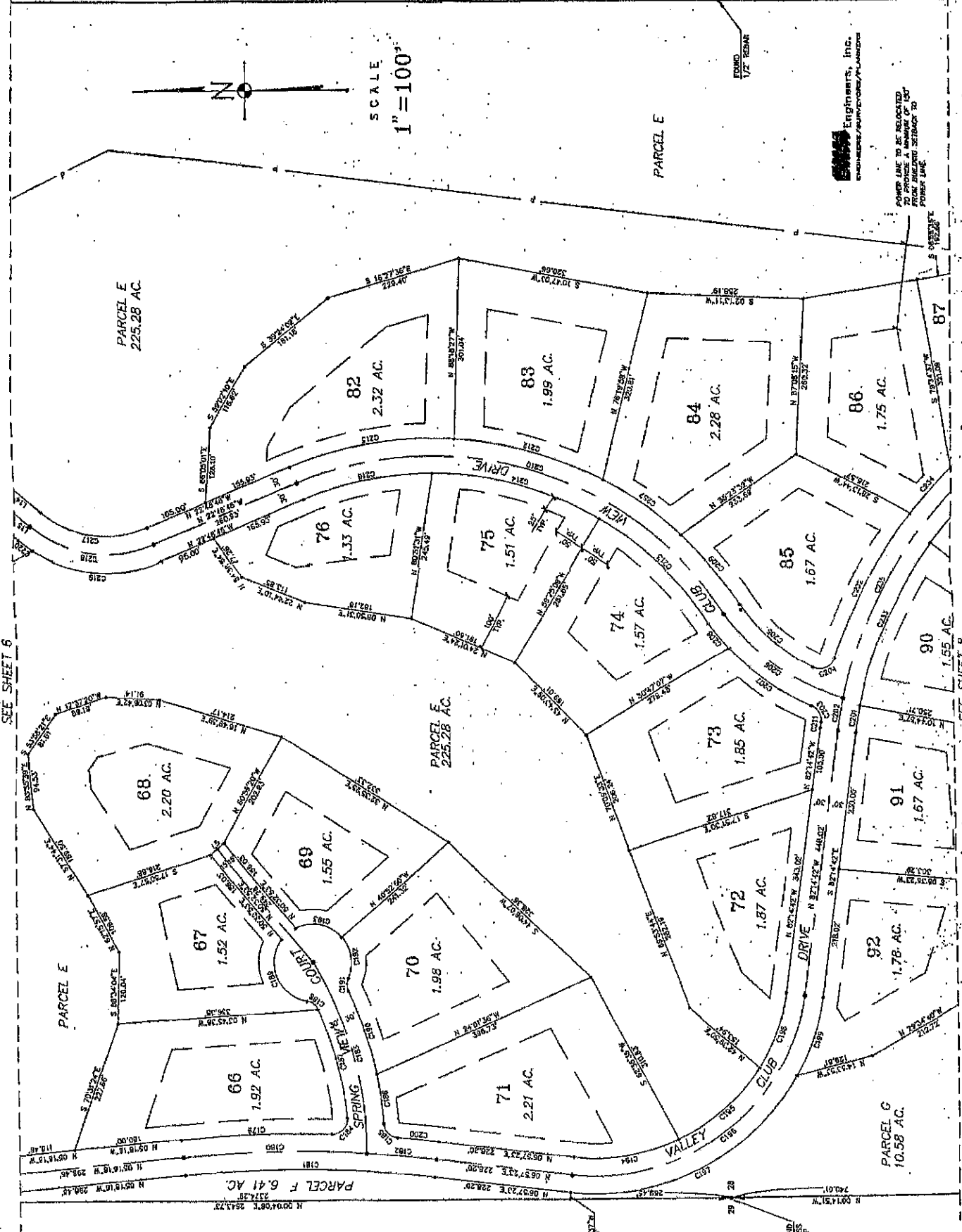
SCALE 1" = 100'

ROUND 1/2" REDAR

Engineers, Inc. ENGINEERS/SURVEYORS/PLANNERS

POWER LINE TO BE SEPARATED TO PROVIDE A MINIMUM OF 10' FROM THE LINED AREA TO POWER LINE.

PARCEL E



SEE SHEET 6

SEE SHEET 8

PARCEL E 225.28 AC

PARCEL E 225.28 AC

PARCEL G 10.58 AC

PARCEL F 6.41 AC

PARCEL E 225.28 AC

82 2.32 AC

83 1.99 AC

84 2.28 AC

86 1.75 AC

76 1.33 AC

75 1.51 AC

74 1.57 AC

85 1.67 AC

90 1.55 AC

68 2.20 AC

69 1.55 AC

70 1.98 AC

72 1.87 AC

91 1.67 AC

67 1.52 AC

66 1.92 AC

71 2.21 AC

92 1.78 AC

PARCEL E

PARCEL E

PARCEL G

PARCEL F

PARCEL E

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PARCEL E

PARCEL E

PARCEL G

PARCEL F

PARCEL E

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PARCEL E

PARCEL E

PARCEL G

PARCEL F

PARCEL E

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PARCEL E

PARCEL E

PARCEL G

PARCEL F

PARCEL E

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PARCEL E

PARCEL E

PARCEL G

PARCEL F

PARCEL E

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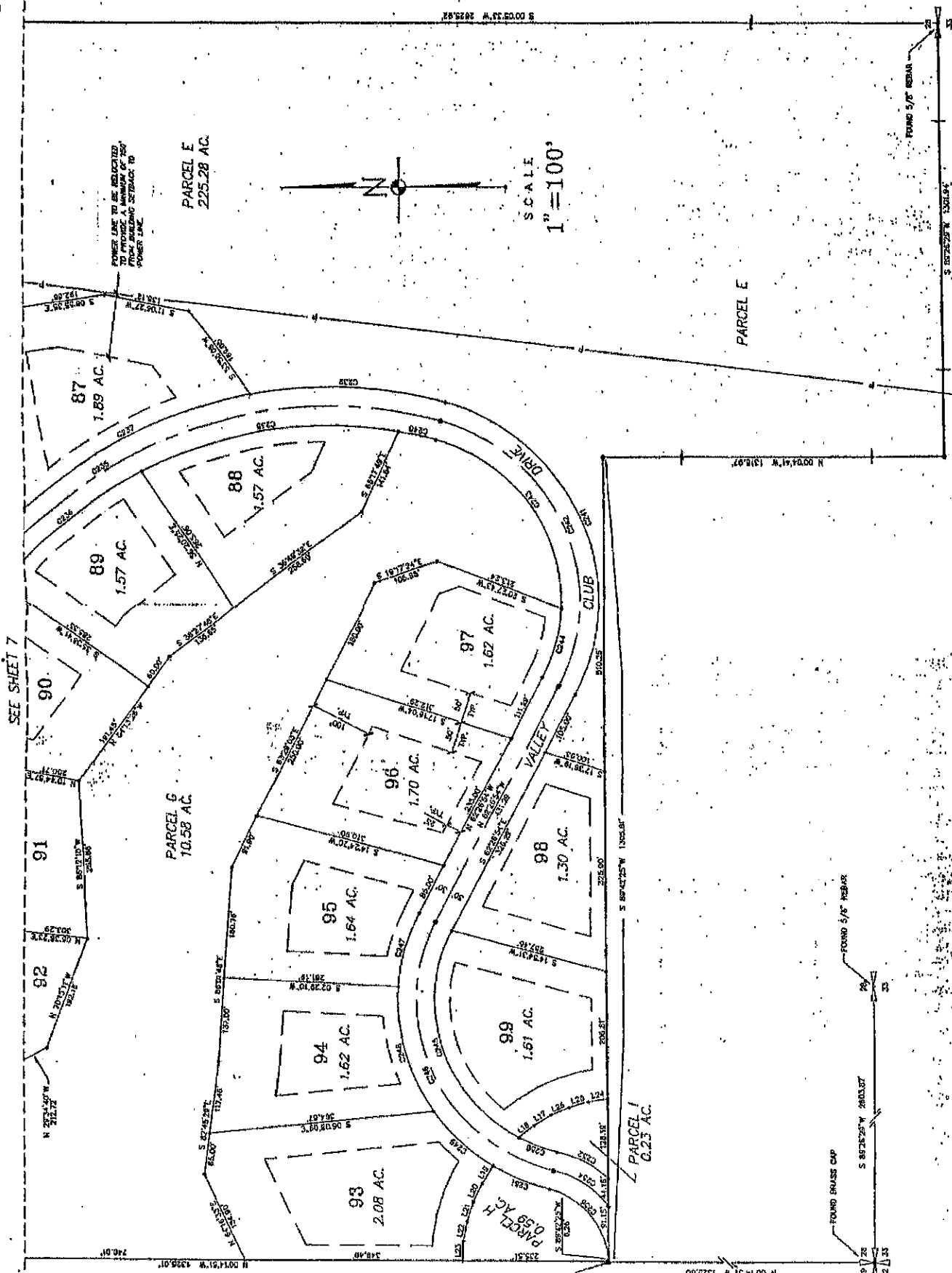
68

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SEE SHEET 7

POWER LINE TO BE RELOCATED TO PROVIDE A MINIMUM OF 750' FROM BUILDING SETBACK TO POWER LINE.

PARCEL E
225.28 AC.

SCALE
1" = 100'

PARCEL E

PARCEL G
10.58 AC.

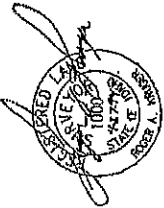
PARCEL I
0.23 AC.

Engineers, Inc.

THIS PLAN IS A PHOTOGRAPHIC REPRODUCTION OF THAT ON FILE IN THE OFFICE OF THE COUNTY CLERK AND DOES NOT REPRESENT THE COMPANY'S ASSURANCE OF ACCURACY IF ANY WITH ANOTHER SET REVISIONS.

CERTIFICATE OF SURVEYOR

This is to certify that I, Roger A. Kruger, a Registered Land Surveyor in the State of Idaho, made the Survey of Land as described in the Certificate of Owners and designated hereon as "The Valley Club a Planned Unit Development," and that this plot is a true and accurate representation of said survey as made and staked under my supervision and direction.

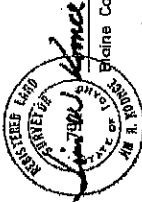


Roger A. Kruger
Roger A. Kruger

4-27-99
Date:

COUNTY SURVEYOR'S CERTIFICATE

This is to certify that the undersigned has checked the foregoing plot and computations for making the same and has determined that they comply with the laws of the State of Idaho and the County of Blaine related hereto.



[Signature]
Date:

Blaine County Surveyor

COUNTY TREASURER'S CERTIFICATE

I, County Treasurer in and for the County of Blaine, Idaho per the requirements of Idaho Code 50-1303, do hereby certify that any and all current and delinquent County property taxes for the property included in this plot have been paid in full. This certification is valid for the next thirty days only.

County Treasurer

Date

COUNTY COMMISSIONER'S CERTIFICATE

The foregoing plat has been accepted and approved by the Board of County Commissioners of Blaine County, Idaho this _____ day of _____, 199__.

Chairman

PLANNING AND ZONING COMMISSION ACCEPTANCE

The foregoing plat was duly accepted and approved by the Blaine County Planning and Zoning Commission on this _____ day of _____, 199__.

[Signature]
Administrator

COUNTY RECORDER'S CERTIFICATE

365515

STATE OF IDAHO }
COUNTY OF BLAINE } SS

This is to certify that the foregoing plat was filed for record in the office of the recorder of Blaine County, Idaho on this _____ day of _____, 199__, at _____, and duly recorded in plot book _____ at page _____.

[Signature]
Deputy

Ex-Officio Recorder
Instrument No. 365515

SANITARY RESTRICTIONS

A new water system to be constructed for this development will have sufficient contributed capital to allow the water systems wells, reservoirs and mains to be constructed to provide service without further connection charges or fees to the land owners of the lots, except for connection of laterals, meters, or other plant, exclusively for the lot owners own use.
Idaho Code 50-1334 (3)

NOTICE: THIS MAP IS A PRELIMINARY SURVEY. THE RECORDS OF SURVEYS ARE AVAILABLE FOR EXAMINATION AT ANY TIME AT THE OFFICE OF THE COUNTY ENGINEER OR SURVEYOR.

ES&M Engineers, Inc.
ENGINEERS/SURVEYORS/PLANNERS



ORIGINAL

THE VALLEY CLUB. A PLANNED UNIT DEVELOPMENT

PLAT NOTES

1. Parcels A, B, & H are hereby dedicated as open space and a blanket easement is hereby granted on, over, and across each parcel for public utilities and irrigation facilities, water courses.
2. Parcels C, D, E, F, & G are for purposes of constructing, operating, and maintaining a golf course including all necessary irrigation equipment, irrigation storage ponds, water course buildings, access roadways and other Blaine county approved facilities.
3. There shall exist a 50' wide golf course maintenance and use easement on all lots adjacent to golf course parcels.
4. There shall be a 10' wide utility easement centered on all lot lines and adjacent to all street boundaries.
5. No building envelopes shall encroach upon slopes steeper than 25%.
6. Parcel F shall be reserved for construction of a recreation center and all appurtenances including utilities, irrigation facilities, recreation facilities, recreation building, access roadways and parking facilities.
7. Building envelopes shall be set back from lot lines as follows unless otherwise noted on the Plat: 100' from lot lines adjacent to golf course parcels; 50' from side lot lines adjacent to other building lots; 25' from side lot lines adjacent to roadways, open space parcels and golf course parcels; 25' from all road right-of-way.
8. Valley Club Drive right-of-way is hereby dedicated to the public. All other roadway right-of-way are not dedicated to the public but reserved for the purpose of construction and maintenance of private roadways and utilities.
9. A connection to the Wood River Trails System shall be located between the Trails System and Valley Club Drive. This connection shall be located in either parcel B or C.
10. All hillside areas shall remain in natural vegetation.
11. All owners are responsible for control of noxious weeds.
12. Covenants, Conditions and Restrictions for The Valley Club are recorded under instrument number 365516.
13. Any building(s) located on bench or terrace, for example on Lot 33, shall require a conditional use permit to be issued after planning and zoning commission design review approval.

STATE OF IDAHO }
 COUNTY OF BLAINE }
 I HEREBY CERTIFY THAT THIS INSTRUMENT WAS FILED FOR RECORD IN MY OFFICE AT THE REQUEST OF THE
BLAINE COUNTY TITLE
 AT 1:48 O'CLOCK P.M.
 May 5 AD 1974
 DEPT. CLERK
 EX-OFFICIO RECORDER
 BY _____ DEPUTY
 FEE \$ 9.00

14. The Purchaser and/or Owner of a lot or parcel agrees that private road construction, maintenance, and snow removal shall be the obligation of the owner, his successors in interest, or homeowner's association, and that Blaine County is in no way obligated to accept, maintain or improve these roads until the roads are brought up to county standards, dedicated, and accepted by the county, and that each owner shall notify in writing any successor in interest of these facts.

15. A development agreement referencing limited county resident play on the golf course and also referencing guidelines for the use of employee housing has been executed and recorded under instrument number 330799.

16. The following standard Idaho Fish and Game conditions are attached to this subdivision:

- a. Property owners will not be allowed to keep livestock in the project area, nor will grazing on the slopes east of the development area be permitted.
- b. Pet dogs should be kept indoors, in kennels or leashed at all times.
- c. Actions taken to alleviate wildlife depredations shall be those prescribed or approved by Idaho Fish and Game.
- d. The developer, Hiawatha Canal users, and the Idaho Fish and Game should cooperate, e.g., cost-share, in screening the Hiawatha Canal at its diversion point on the Big Wood River.
- e. Fencing is to meet Idaho Fish and Game standards for the type of big game animal moving through the area.

17. Setback requirements shall be maintained as shown by designated building envelopes on final plat. The located building envelopes may not be changed without a plat amendment approved by the Board.

18. Health Certificate. Sanitary restrictions as required by Idaho Code Title 50, Chapter 13, have been satisfied. Sanitary restrictions may be reimposed, in accordance with Idaho Code Title 50, Chapter 13, Section 50-1326, by the issuance of a certificate of disapproval.

D. D. C. H. K.
V.P. & SECRETARY

Valley Ranch, Inc.
Vice President & Secretary

