

**DECLARATION OF COVENANTS,
CONDITIONS, AND RESTRICTIONS**

for

EDDYLINE RANCH

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for
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Declaration of Covenants, Conditions, and Restrictions for Eddyline Ranch

This DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR EDDYLINE RANCH (this “**Declaration**”) is made this _____ day of _____, 2024, by STRR LLC, a Delaware limited liability company (as further described below, the “**Founder**”).

Part 1: INTRODUCTION TO THE COMMUNITY

This Declaration provides a governance structure and a system of standards and procedures for the overall development, administration, maintenance and preservation of Eddyline Ranch.

ARTICLE I CREATION OF THE COMMUNITY

1.1 Purpose and Intent. The Founder is the owner of the real property described on **Exhibit A** attached hereto and made a part hereof (the “**Property**” or “**Properties**”) by this reference. The Founder has entered into this Declaration in order to subject the Property to, and intends by the recording of this Declaration to create, a general plan of development for the residential neighborhood known as “Eddyline Ranch,” which is synonymous with the Property, as it may be amended, expanded or contracted. The Founder reserves all rights appurtenant to the “Founder” status and all rights attendant to that status as defined and described in this Declaration. This Declaration provides for the overall development, administration, maintenance and preservation of the real property now or hereafter comprising Eddyline Ranch. An integral part of the development plan is the creation of the Eddyline Ranch Homeowners Association, an Idaho nonprofit mutual benefit corporation (the “**Association**”), which shall be comprised of all Owners of the Property, to own, operate and/or maintain various common areas and community improvements and to administer and enforce this Declaration and the other Governing Documents referenced herein.

1.2 Binding Effect and Rights to Enforce. The Property, shall be owned, conveyed and used subject to all of the provisions of this Declaration, which shall run with the title to such Property. This Declaration shall be binding upon all Persons having any right, title or interest in any portion of the Properties, their heirs, successors, successors-in-title, and assigns. This Declaration shall be enforceable by the Founder until the Founder Termination Date as defined below, and thereafter in perpetuity by the Association, and each Owner of a Ranch and their respective legal representatives, heirs, successors, and assigns.

1.3 Governing Documents. The Governing Documents (defined below) create a general plan of development for Eddyline Ranch that may be supplemented as set forth herein.

The general plan of development only contains the provisions, terms and conditions expressly set forth in the Governing Documents. In the event of a conflict among the Governing Documents and any additional covenants or restrictions, the Governing Documents shall control. Nothing in this Section shall preclude any Supplemental Declaration or other recorded covenants applicable to any portion of the Property from containing additional restrictions or provisions that are more restrictive than the provisions of this Declaration. All provisions of the Governing Documents shall apply to all Owners as well as their respective family members, tenants, guests, licensees, and invitees. If any provision of this Declaration is determined by judgment or court order to be invalid, or invalid as applied in a particular instance, such determination shall not affect the validity of other provisions or applications.

ARTICLE II DEFINITIONS

The terms used in the Governing Documents shall generally be given their natural, commonly accepted definitions unless otherwise specified. Capitalized terms shall be defined as set forth below. The operative covenants in this definition section are incorporated in and part of the body of this Declaration.

2.1 Architectural Review Committee or ARC. The Architectural Review Committee as defined in Section 4.2.

2.2 Association, Articles and Bylaws. The Eddyline Ranch Homeowners Association, an Idaho nonprofit mutual benefit corporation, and its successors or assigns, which are collectively referred to herein as the "Association," shall be charged with enforcing this Declaration. The "Articles" shall refer to those Articles of Incorporation of the Association, as they may be amended from time to time. The "Bylaws" shall refer to those Bylaws adopted by the Association, as they may be amended from time to time, subject to the provisions of Section 6.3.

2.3 Base Assessment. Assessments levied on all Ranches subject to assessment under Article VIII to fund Common Expenses, as determined in accordance with Section 8.1.

2.4 Board of Directors or Board. The body responsible to the Members for operations of the Association selected as provided in the Bylaws and serving the same role as a board of directors under Idaho nonprofit corporation law. The Board of Directors may also be referred to as the "Board."

2.5 Building Envelope. The portion of a Ranch designated as the Building Envelope for such Ranch in accordance with Section 4.10(d) hereof, upon which all Structures otherwise permitted to be constructed upon such Ranch must be located and within which all development, including grading and clearing, must occur (except for those specific improvements of the type described in Section 4.10(d) hereof which are allowed outside of a Building Envelope). The Building Envelopes for each Ranch are attached and incorporated herein as **Exhibit B**. At any

time prior to the Founder Termination Date, the Founder may establish Building Envelopes for any Ranch without a Building Envelope by recording a Supplemental Declaration, and may move a Building Envelope for a Ranch by up to 200' in any direction by recording a Supplemental Declaration that amends **Exhibit B** as to a relevant Ranch. From and after the Founder Termination Date, with the prior written approval of the ARC and each immediately adjoining Ranch Owner within the Properties, a Building Envelope may be moved up to 200' in any direction by recording a Supplemental Declaration executed by the ARC (through the execution of any officer of the Board) as to the relevant Ranch. In addition to the requirements and restrictions set forth in this Declaration as to Building Envelopes, as described on **Exhibit B**, each Ranch is subject to restrictions on the total development impact under the Land Development Code and related environmental and site Teton County approvals for the Ranches, including, but not limited to, matters set forth on **Exhibit B** that contains the depictions of the Building Envelopes. Any additional vegetative mitigation and any Teton County approval required in relation to a relocated Building Envelope shall be the responsibility of the Owner of the relevant Ranch. The development impact restrictions set forth on **Exhibit B** are incorporated herein as part of the Building Envelope restrictions and any development on a Ranch must comply with the development impact restrictions.

2.6 Common Area. All real and personal property, including but not limited to easements for pedestrian trails, the River Camp Area, and the Roadway System, that the Association owns, leases or in which it otherwise holds, or acquires in the future, possessory or use rights for the common use and enjoyment of the Owners.

2.7 Common Expenses. The actual and estimated expenses incurred, or anticipated to be incurred, by the Association for the general benefit of the Ranches including any reasonable reserve, as the Board may find necessary and appropriate pursuant to the Governing Documents.

2.8 Covenant to Share Costs. Any easement declaration or covenant to share costs that is executed by Founder and recorded in the Public Records that creates easements for the benefit of the Association, or all or a subset of Owners, or allocates costs in relation to such easements or commonly-used improvements and which obligates the Association or such Owners to share the costs of maintaining certain property described in such Covenant to Share Costs.

2.9 Design Guidelines. The architectural, design and construction guidelines and review procedures adopted pursuant to **Article IV**, as they may be amended.

2.10 Fishing Guidelines. The fishing guidelines adopted by the Board of Directors, which shall govern the fishing practices by Owners, their family members, guests and invitees, on waterways and lakes within the Properties, as they may be amended.

2.11 Founder. STRR, LLC, a Delaware limited liability company, or any successor or assign who is designated as the Founder in a recorded instrument executed by the immediately

preceding Founder. The powers, rights and responsibilities of the Founder have been created, delegated and assigned by all of the Owners of the Ranches legally described in **Exhibit A** attached hereto. The Founder shall have the power to exercise all rights set forth in this Declaration until the Founder Termination Date.

2.12 Founder Termination Date. All of the Founder's rights granted under this Declaration shall remain in full force and effect until date that is three (3) years after the last conveyance of Ranches 1 through 17 to a bona fide third party that is not affiliated with the Founder (the "Founder Termination Date"). A bona fide third party conveyance shall not include a conveyance to an entity under direct or indirect common ownership with the Founder. At the Founder Termination Date, all powers, rights and responsibilities of the Founder set forth in the Governing Documents shall automatically terminate, be relinquished, assigned and shall vest in the Association as set forth and subject to the terms herein. The Board is authorized to file an affidavit of the facts surrounding the Founder Termination Date. Prior to the Founder Termination Date, any reference herein to the Board or Association shall be deemed to be a reference to the Founder as the Founder shall exercise all such rights, unless delegated by a written instrument to the Board or Association as the case may be.

2.13 Governing Documents. A collective term referring to this Declaration and any applicable Supplemental Declaration, the Bylaws, the Articles, the Design Guidelines, the Fishing Guidelines and the Master Rules and Regulations as they may be amended.

2.14 Land Development Code. The Teton County Land Development Code, and any replacements and amendments thereof that address zoning, physical development and use standards, and subdivision matters in Teton County, Idaho.

2.15 Master Rules and Regulations. The Master Rules and Regulations are the Rules and Regulations adopted by the Board pursuant to Section 3.2 hereof.

2.16 Member. A Person who has, and is subject to, membership in the Association pursuant to Section 6.2.

2.17 Mortgage. A mortgage, deed of trust, a deed to secure debt, or any other form of security instrument affecting title to any Ranch or all or any portion of the Properties. "Mortgagee" shall refer to a beneficiary of a deed of trust or holder of a Mortgage.

2.18 Owner or Owners. One or more Persons who hold the record title to any Ranch or Ranches, but excluding in all cases any party holding an interest merely as security for the performance of an obligation. If a Ranch 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.

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

2.20 Plat. That subdivision plat creating 12 lots for Eddyline Ranch subdivision, which was recorded with the Teton County Clerk's Office, Teton County, Idaho on _____, 2025 as Instrument Number _____. The Plat includes 11 residential lots plus a Common Area lot, as further described herein.

2.21 Properties. The real property comprised of the Ranches and described on **Exhibit A** attached hereto and incorporated herein by this reference, as defined in Section 1.1, together with such additional property as is subjected to this Declaration in accordance with **Article IX**. Each of the Supplemental Declarations which subject additional property to the Declaration shall provide a legal description of the real property and any Common Area included therein.

2.22 Public Records. The official records of the Clerk of Teton County, Idaho.

2.23 Ranch. Shall include those single family residential lots set forth on the Plat as Lots 1 through 12 and those additional six parcels described in **Exhibit A**, attached hereto and incorporated herein by this reference, along with any other properties annexed into the Association pursuant to a Supplemental Declaration and defined as "Ranches" in such Supplemental Declaration. Such Ranches shall be referred to collectively as "Ranches". As of the execution of this Declaration, there are a total of eighteen (18) Ranches, comprised of twelve subdivided lots as set forth on the Plat plus the six parcels as described on **Exhibit A**.

2.24 River Camp Area. The River Camp Area means the southerly portion of Ranch 18 that is described on **Exhibit C**. The River Camp Area is a Common Area for the benefit of the Owners and their family members, tenants, guests, licensees and invitees. Ranch Owners and their family members, tenants, guests, licensees and invitees are permitted to use the River Camp Area to fish in the water features of the River Camp Area. The water features on the River Camp Area shall only be stocked with native Yellowstone Cutthroat trout, unless otherwise approved by the Board. Expenses incurred in the operation and maintenance of the River Camp Area, including its building and improvements, fireplaces, utilities, dining areas, any septic system, fish stocking and habitat enhancement, and any separate water system or related improvements shall be Common Expenses.

2.25 Roadway System. The Roadway System described in Section 10.7.

2.26 Single Family. Single Family is defined as one residential dwelling unit and one guest house, which guest house must be no larger than the lesser of (a) 1,500 square feet (not including basement square footage) or less, or (b) the amount of square footage that is permitted by the Land Development Code for guest houses when the guest house is put in place. This definition of Single Family shall not prohibit the allowable buildings (barns, etc) described in clause (iii) of Section 4.10(c) below and as provided by the Land Development Code.

2.27 Special Assessment. Assessments levied in accordance with Section 8.3.

2.28 Specific Assessment. Assessments levied in accordance with Section 8.4.

2.29 Structure or Structures. Any building, bridge, fence, pole, tower, deck, storage tank, gazebo, pier, dam, culvert, satellite dish, telecommunication facilities, septic system, water system, utility system and facility, or other construction or erection.

2.30 Supplemental Declaration. An instrument filed in the Public Records pursuant to **Articles IX or XII** that subjects additional property to this Declaration, and/or imposes, expressly or by reference, additional restrictions and obligations on the land described in such instrument.

2.31 Trail Network. The Trail Network described in Section 10.7.

Part 2: CREATION AND MAINTENANCE OF COMMUNITY STANDARDS

ARTICLE III USE AND CONDUCT

3.1 Framework for Regulation. The Governing Documents establish, as part of the general plan of development for the Properties, a framework of affirmative and negative covenants, easements and restrictions which govern the Properties. However, within that framework, the Board and the Association must have the ability to respond to unforeseen problems and changes in circumstances, conditions, needs, desires, trends and technology that inevitably will affect Eddyline Ranch, its Owners and residents. Toward that end, this Article establishes procedures for modifying and expanding the initial Master Rules and Regulations.

3.2 Rule Making Authority.

(a) Subject to the terms of this Article and the Board's duty to exercise its reasonable business judgment on behalf of the Association and its Members, the Board may adopt and create Master Rules and Regulations, from time to time, and modify, cancel, limit, create exceptions to, or expand the Master Rules and Regulations. The Board shall send notice to all Owners concerning any such proposed action as least thirty (30) days prior to the Board meeting where such action is to be considered and include a copy of the new rule and explanation of any changes to the Master Rules and Regulations. Notices of any such proposed action delivered via email to all Owners is acceptable. Members shall have a reasonable opportunity to be heard at a Board meeting prior to such action being taken. Such action shall become effective after compliance with Section 3.2(b).

(b) The Association shall provide, at no additional charge, a copy of the Master Rules and Regulations then in effect to any requesting Member or Mortgagee.

(c) Nothing in this Article shall authorize the Board or the Members to modify, repeal or expand the Design Guidelines or the Fishing Guidelines. In the event of a conflict

between the Design Guidelines or the Fishing Guidelines and the Master Rules and Regulations, the Design Guidelines or the Fishing Guidelines, as applicable, shall control.

3.3 Owners' Acknowledgment and Notice to Purchasers. All Owners are given notice that use of their Ranch is limited by the Master Rules and Regulations as they may be amended, expanded and otherwise modified hereunder. Each Owner, by acceptance of a deed for their Ranch, acknowledges and agrees that the use and enjoyment and marketability of their Ranch can be affected by this Declaration and that the Master Rules and Regulations may change from time to time. All purchasers of Ranches are on notice that changes to the Master Rules and Regulations may have been adopted by the Association that are not recorded in the Public Records. Copies of the current Master Rules and Regulations may be obtained from the Association.

3.4 No Mining, Excavating or Drilling. The Properties shall not be used for the purpose of mining, quarrying, drilling, boring, or exploring for or removing geothermal resources, oil, gas, or other hydrocarbons, minerals, rocks, stones, gravel, sand, top soil, or earth. Nothing contained herein shall be construed to limit the rights of the owner of a mineral interest severed from the surface of any portion of the Properties prior to the recording of this Declaration and nothing herein shall prevent the Founder or an Owner from moving dirt, gravel rocks and other soils necessary for the development of their respective Properties. This Section shall not be construed to limit earth disturbing activities for development as permitted by the ARC.

3.5 Protection of Owners and Others. No rule shall be adopted in violation of the following provisions, except as may be specifically set forth in this Declaration (either initially or by amendment) or in the Master Rules and Regulations.

(a) **Equal Treatment.** Similarly situated Owners shall be treated similarly by the Board and the Association, provided, however, that for future development, Master Rules and Regulations may be established that similarly treats similarly situated Owners in relation to such future development, without being required to treat such future development in the same manner as all prior, existing development.

(b) **Displays.** The rights of Owners to display political speech, religious and holiday signs, flags, symbols, and decorations on their Ranches of the kinds normally displayed on dwellings located in single-family residential neighborhoods or in relation to rights that are protected free-speech rights shall not be abridged, except that the Association may adopt reasonable time, place, and manner restrictions with respect to displays visible from outside the Structures to the extent permitted by law. Such restrictions may be contained in the Master Rules and Regulations and in the Design Guidelines. No rules shall regulate the content of political signs or political speech; however, rules may regulate the time, place and manner of posting such signs or political speech (including design criteria).

(c) **Household Compositions.** No rule shall interfere with the freedom of Owners to determine the composition of their households.

(d) **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 Ranches, that generate excessive noise or traffic, that create unsightly conditions visible outside the dwelling, or that create an unreasonable source of annoyance as reasonably determined by the Board. Home occupations (i.e., business or commercial uses of Ranches, including, but not limited to, “home occupations” and “home businesses” as currently defined in the Land Development Code) shall be allowed pursuant to the following standards: (i) the home occupation shall be operated by a person residing within the dwelling; (ii) no one residing off-site may be employed on or come to the site of a home occupation for the purposes of the home occupation (this clause, however, does not restrict outside employees from working on or at the Ranch for Single Family residential purposes, such as caretakers, housekeepers, contractors working on Structures, etc.); (iii) the area devoted to the home occupation including the area in an accessory structure shall not exceed 25% of the principal dwelling unit; (iv) all parking shall be provided on site and within an enclosed garage; (v) there shall be no window display or other public display of material or merchandise connected with the home occupation; (vi) the home occupation shall not generate additional traffic beyond periodic deliveries or change the residential nature of any building on a Ranch; (vii) no noise, light, vibration or other disturbance shall be created by the home occupation, provided, however, that traffic is governed separately by clause (vi) and not this clause (vii).

(e) **Insurance Rates.** Nothing shall be done or kept on the Properties that would increase the rate of insurance or cause the cancellation of insurance on any Ranch or any of the improvements located upon any Ranch or the Common Area without prior written approval of the Board.

(f) **Allocation of Burdens and Benefits.** No rule shall alter the allocation of financial burdens among the various Ranches to the detriment of any Owner over that Owner’s objection expressed in writing to the Association. This provision does not affect the right to increase the amount of assessments as provided by **Article VIII**.

(g) **Alienations; Special Events.** No rule shall prohibit leasing or transfer of any Ranch, or require consent of the Association or Board for leasing or transfer of any Ranch, except that no rentals of less than 30 days are permitted. Special events, as defined in the Land Development Code except as otherwise provided herein or in the Master Rules and Regulations, may only be held within the Properties upon prior written approval of the Board.

(h) **Abridging Existing Rights.** If any rule would otherwise require Owners to dispose of personal property which they maintained in or on the Ranch prior to the effective date of such rule, or to vacate a Ranch 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.

(i) **Rights to Develop.** No rule or action by the Association or Board shall impede the Founder's right to develop the Properties or any property annexed into the regime of the Properties as provided for herein.

The limitations in subsections (a) through (i) of this Section 3.5 shall only limit rulemaking authority exercised under Section 3.2; they shall not apply to amendments to this Declaration adopted in accordance with **Article XII**.

3.6 Domestic Animals. Except as provided below for Ranches 1, 2 and 3, no animals other than Household Pets (as defined below) may be kept, maintained or cared for on the Properties. Ranches designated as Ranch 1, 2 and 3 on **Exhibit A** are allowed to have a reasonable number of livestock and horses, subject to any rules and regulations that may be adopted by the Board regarding the maintenance of such livestock or horses on such Ranches.

Each Ranch shall be entitled to Household Pets (the term "**Household Pet**" means generally recognized household pets such as dogs, cats, birds, rodents, and non-poisonous reptiles), so long as such pets are not kept for any commercial purpose, are not kept in unreasonable numbers, do not cause an unreasonable amount of noise, odor, or do not otherwise become a nuisance to other Owners. All Owners or Occupants with Household Pets shall keep the animals restrained and controlled on the Owner's Ranch at all times so they do not cause a nuisance to others and do not harass or endanger wildlife. For purposes of this Section, "nuisance" means any noisy animal, any vicious animal, or any animal which chews, tears, digs in or scratches, litters or soils, destroys, or in any other manner injures clothing, garbage containers, gardens, flower beds, lawns, trees, shrubbery, or any other personal or real property within the Properties or chases wildlife. Excessive, continued, or untimely barking, molesting passersby, chasing vehicles or wildlife, habitually attacking other animals, trespassing upon private property in such a manner as to damage property shall also be deemed a nuisance. For purposes of this Section, a "noisy animal" means any animal which habitually, constantly, or frequently disturbs the sleep, peace, or quiet of any person. After a second documented complaint of a nuisance from a different party than the first complaint (for a total of two complaints regarding the Household Pet), the Board, or its designee, shall have the right to fine the Owner of such Ranch and/or enter the Ranch in question and remove any noisy, nuisance animal or any animal which constitutes a violation of the prohibitions of this subsection, and any such action shall not be deemed a trespass. Further, the Board, or its designee, shall have no liability for such action so long as it is taken

with reasonable care not to damage the Property and such action is taken after notice and a reasonable opportunity to be heard is offered to the Ranch Owner in question. In the event the Board removes such an animal, the animal shall be kenneled and the cost therefor shall be levied against the offending Owner as a Specific Assessment.

No owner or keeper of any animal who is visiting or working on the Properties shall be permitted to allow such animals to run free, and in particular Contractors, sub-contractors and any other person providing services to an Owner may not bring dogs onto the Properties at all. Also, no pet or animal shall be restrained by leash, cord, chain, rope, or other attachment fixed to any vehicle, post, tree, or other structure or object within the Properties thereby allowing such animal to become a nuisance or interfere with pedestrian or vehicular traffic in and around any public area within the Properties.

The Owner of a Ranch where a Household Pets is kept, as well as the legal owner of the pet (if not such Owner), shall be jointly and severally liable for all damage and destruction caused by the pet, and for any clean-up of roads or other Ranches necessitated by such pet.

The Association shall have, and is hereby given, the right and authority to determine in its sole discretion, that Household Pets are being kept for commercial purposes, or are otherwise a nuisance to other Owners or Occupants, or that an Owner or Occupant is otherwise in violation of this Section, and to take such action or actions as it deems reasonably necessary to remedy the violation. Without limiting the generality of the foregoing, the Association may require the owner or custodian of a dog that barks or howls excessively, or of a Household Pet with other offensive habits, to confine such animal indoors. No breeding of Household Pets for commercial purposes shall be permitted.

Notwithstanding the above, an Owner may maintain a chicken coup for personal use (no commercial enterprise) on their Ranch upon prior written approval provided by the Board.

3.7 Wildlife. It is recognized by the Founder and the Owners of any Ranch within the Properties that many wildlife species live on the Properties during various times of year.

The following limitations on use and development are intended, in addition to all the other requirements of this Declaration, to protect, preserve and maintain the existing wildlife habitat on the Properties and to minimize the adverse effects of development on wildlife habitat:

- (a) No Owner of any Ranch shall remove or alter or allow others to remove or alter any of the existing vegetation thereon, except as is absolutely necessary for the clearing and preparation of the Building Envelope for such Ranch, or to the extent otherwise specifically permitted in this Declaration, outside of the Building Envelope, for the purposes of constructing authorized Structures or roads thereon, or in connection with wildfire fuels and mitigation pursuant to Section 5.3, or, with the approval of the ARC, as to portions inside and outside of the

Building Envelope, to create and maintain view corridors for the benefit of the Ranch on which the vegetation is being removed for views of surrounding mountains and buttes as approved by the ARC;

(b) No Owner of any Ranch shall remove or alter or allow others to remove or alter any of the existing vegetation thereon, except as is absolutely necessary for the clearing and preparation of the Building Envelope for such Ranch, or to the extent otherwise specifically permitted in this Declaration, outside of the Building Envelope, for the purposes of constructing authorized Structures or roads thereon, or in connection with wildfire fuels and mitigation pursuant to Section 5.3, or, with the approval of the ARC, as to portions inside and outside of the Building Envelope, to create and maintain view corridors for the benefit of the Ranch on which the vegetation is being removed for views of surrounding mountains and buttes or for purposes of habitat enhancement, as approved by the ARC;

(c) In addition to the requirements set forth in Section 3.6 above, in order to protect the wildlife within the Properties, Household Pets, shall be controlled and restrained at all times, and shall not be allowed to run at large on any portion of the Properties, except within an enclosed improvement area not to exceed 1,000 square feet contiguous to an improved Structure within the Building Envelope or a buried electric fence that encloses an area approved by the Board (a “kennel”); and dogs must be leashed or under verbal command when outside of the kennel or residence

(d) No elk, deer, moose, bear, or other big game animals shall be fed hay or any other food, manufactured or otherwise, within the Properties in order to prevent migrating animals from interrupting their migrations to winter range and to prevent such animals from becoming habituated to unnatural food sources;

(e) By acceptance of a deed therefor, the owner of every Ranch agrees to release and hold the Idaho Game and Fish harmless from any and all claims for wildlife damage to their property; and

(f) No species of fish other than the native Yellowstone Cutthroat trout shall be introduced into the waterbodies on the Properties and any such introduction shall be undertaken only pursuant to a valid permit from the Idaho Game and Fish Department.

(g) All Owner uses of the Properties shall be designed to minimize impacts to critical wildlife and plant habitat.

(h) No hunting of any kind shall be allowed on the Property. Notwithstanding the foregoing, the Association may, after written notice to a Ranch Owner, enter onto a Ranch for select removal of wildlife reasonably deemed to be a nuisance to a part of the Property. The Association shall take all reasonable precautions for the safety of the residents of the Property and any improvements located thereon in executing the functions permitted under this subsection.

3.8 Fencing. No fence, gate, hedge or wall shall be erected or maintained except in compliance with the Design Guidelines. No boundary fence around the perimeter of any Ranch is allowed. No fence construction of any type shall be permitted in a big game movement and migration corridor as identified by the Land Development Code and/or the Idaho Game & Fish other than inside the respective Ranch Building Envelopes. All fences must be completely contained inside the Building Envelope of each Ranch. All permitted fencing (no barbed wire and no buck and rail fencing is permitted) shall require the prior written approval of the ARC and, in addition to any requirements of the ARC, shall be wildlife friendly as defined by the Teton County Land Development Code and be constructed of post and rails, excepting those fences which qualify for a special purpose fencing exemption under the Land Development Code, but concurrent approval by the ARC shall still be required. Dog kennels or chain link fencing, if allowed under the Land Development Code and by the ARC, in its discretion, shall be screened or otherwise covered with earth tone or green coverings, as may be required by the ARC. This provision shall not apply to any fencing around swimming pools to the extent required by applicable safety and/or building codes.

3.9 Trees. Native trees and timber shall not be removed from any Ranch, except as may be deemed necessary by the ARC for the construction of Structures and improvements or as may be beneficial to the natural landscape, for insect prevention or fire fuels mitigation and for the health of surrounding flora and fauna, or, with the approval of the ARC, to create and maintain view corridors for the benefit of the Ranch on which the vegetation is being removed for views of surrounding mountains and buttes as approved by the ARC. In seeking approval from the ARC in relation to any view corridors to be maintained on an Owner's Ranch, the Owner shall present materials to the ARC that depict or describe the views to be preserved and the vegetation corridors and heights to be cut or maintained as part of that view corridor. In the event an Owner desires to remove trees within or outside the Building Envelope, the ARC may allow such removal, allow with conditions such as requiring mitigation for such removal on a case by case basis, or deny such requests. Owners shall reduce fire fuels, noxious weeds and insect habitat as mandated by the ARC. In the event an Owner fails to abide by fire reduction, insect habitat or noxious weed control mandates, the ARC shall send written notice of such failure. In the event the problem is not rectified by the Ranch Owner within 30 days of receipt of such notice, the Association is granted the right to enter onto the offending Ranch and to take such steps as it may deem reasonably necessary to abate the issue and the costs therefor shall be levied against the offending Owner as a Specific Assessment. Such entry pursuant to this Section shall not be deemed a trespass. The cutting and harvest of trees and other shrubs that provide vital winter forage for moose and elk should be minimized.

3.10 Vehicle Parking, Storage, Operation and Repair.

(a) No boats, trailers, buses, motor homes, campers (on or off supporting vehicles), motorcycles, snowmobiles, recreational vehicles, golf carts, trucks, industrial or commercial vehicles (both cabs or trailers), abandoned or inoperable vehicles (as defined below),

or any other similar vehicles (excepting passenger vehicles and one-ton or smaller pick-up trucks) shall be parked or stored in or upon the Roadway System, the Ranch driveways, or any other location within the Properties except within enclosed structures approved in advance by the ARC, or screened by landscaping or vegetation as may be required by the ARC, and no vehicle of any kind shall be maintained, repaired, repainted, serviced or rebuilt on any Ranch except within a completely enclosed garage which fully screens the sight and sound of the activity from the surrounding Ranches. This restriction shall not prevent the non-commercial washing and polishing of vehicles, campers and boats, together with activities normally incidental thereto.

(b) Notwithstanding the foregoing, vehicles may be temporarily parked on driveways of Ranches for loading, delivery or emergency purposes, but only for the time required to accomplish such purpose, and as necessary for the construction or maintenance of improvements within the Properties upon compliance with the Design Guidelines and any conditions imposed by the ARC. In addition, guests and invitees of Owners may temporarily park their vehicles on Ranch driveways for the duration of their visit, provided such time period does not exceed a reasonable time as determined in the sole and absolute discretion of the Board or the ARC.

(c) An “abandoned or inoperable vehicle” shall mean any motorized vehicle which does not display a current motor vehicle license or which has not been driven under its own propulsion for a period of three (3) weeks or longer (excepting otherwise permitted vehicles parked by Ranch Owners or Occupants on their Ranch driveways while on vacation or during a period of illness), or which does not have an operable propulsion system within the vehicle.

(d) In the event that the Board or the ARC shall determine that a vehicle is abandoned or inoperable, or is otherwise in violation of the provisions of this Section 3.10, a written notice of violation describing said vehicle shall be personally delivered to the vehicle owner (if such owner can be reasonably ascertained) or shall be conspicuously placed upon the vehicle (if the owner cannot be reasonably ascertained), or sent via certified mail, return receipt requested to the Owner’s address of record in the Public Land Records, and if the offending vehicle is not removed within four (4) days thereafter, the Board or ARC (as the case may be) shall have the right to remove and store the offending vehicle, or cause the vehicle to be removed and stored, at the sole expense of the Owner of the Ranch on which the vehicle is located and to enter upon an Owner’s Ranch for such purpose, all without liability on the part of the Board or ARC. Any expense incurred by the Board or the ARC pursuant to this Section may be levied against such Owner as a Specific Assessment.

(e) Motorcycles, and motorized trail bikes, mini-bikes, dirt bikes, all-terrain vehicles, utility task vehicles, mopeds, go-carts and similar motorized or electric vehicles licensed for operation on public roads may be used or operated on the Properties except as such use may be expressly limited in the Master Rules and Regulations. Snowmobiles may be operated on the Properties for purposes of ingress and egress to trails in the neighboring National Forest area outside the Properties.

3.11 Garbage and Storage. Garbage set out for pick up shall be stored in wildlife-proof dumpsters or containers as defined and described in the Design Guidelines. No outdoor storage is permitted except within the Building Envelope and all storage must be screened, either naturally or artificially as may be required by the ARC.

3.12 Nuisance. No noxious or offensive activity shall be carried on upon the Properties or any Ranch within the Properties, nor shall anything be done or placed thereon which may be or become a nuisance, or cause unreasonable embarrassment, disturbance or annoyance to other Owners or occupants in their enjoyment of their Ranches, or in their enjoyment of the Common Area. Without limiting the foregoing, no horns, whistles, bells or other sound devices, except security devices used exclusively to protect the security of the Properties and improvements located thereon, shall be placed or used upon any Ranch.

3.13 Common Area. Use of all other services and amenities on the Properties, including, but not limited to the Common Area, if any, shall be managed by the Association and be subject to the Master Rules and Regulations.

3.14 Water. All water necessary for the contemplated Single Family use of each Ranch shall be furnished by individual water wells and distribution systems on each Ranch that are privately maintained by such Ranch owners, unless otherwise elected by the Founder or the Board in their discretion. There is NO OBLIGATION TO PROVIDE ANY CENTRAL WATER SUPPLY SYSTEM. The expenses associated with wells serving individual Ranches shall be individual Ranch expenses and not Common Expenses. All water systems shall be installed and maintained in conformance with all applicable standards of Teton County, Idaho, the State of Idaho, and any other applicable regulatory agency. The contemplated Single Family use of each Ranch shall include all domestic potable water uses and reasonable irrigation uses for landscaping, as approved by the ARC. However, no ponds or other water feature is permitted to be constructed by an Owner on any of the Ranches without the prior written approval of the ARC.

3.15 Sewage Disposal. Each residential structure shall be connected to a private sewage disposal system constructed and located entirely within the boundaries of the applicable Ranch at the sole expense of the Owner thereof, and such sewage disposal system shall conform to all applicable standards of the Teton County, Idaho, the State of Idaho, and any other regulatory agency. The private sewage disposal system, with the approval of the ARC, may be installed outside of the boundaries of the Building Envelope.

3.16 No Further Subdivision. No subdivision of any Ranch is allowed. No boundary adjustments are permitted which would reduce the size of any Ranch to less than 30 acres. Notwithstanding the foregoing, adjacent Ranches may be combined to form one larger parcel, but no such combination shall allow a Ranch Owner to avail itself to any development option or other aspect of the Land Development Code which would increase the density beyond one Single Family use per 35 acres. Notwithstanding the foregoing, the Founder may cause the subdivision of the

River Camp Area from a parcel or a boundary adjustment of the River Camp Area with additional property, in the Founder's discretion, until the Founder Termination Date.

ARTICLE IV ARCHITECTURE AND LANDSCAPING

4.1 General. No Structure shall be placed, erected, or installed upon any Ranch, and no improvements (including staking, clearing, excavation, grading and other site work, exterior alterations of existing improvements, and planting or removal of landscaping materials) shall take place except in compliance with this Article, the Design Guidelines promulgated pursuant to Section 4.3 and the Land Development Code.

Any Owner may remodel, paint or redecorate the interior of Structures on his Ranch without approval. However, modifications to the interior of patios, and similar portions of a Ranch visible from outside the structures on the Ranch shall be subject to ARC 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 Structures constructed on the Properties shall be designed by and built in accordance with the plans and specifications of a licensed architect. All plans and specifications shall be subject to review and approval as provided herein.

This Article shall not apply to any work or construction performed in the River Camp Area and any road, utility, grading, landscaping and habitat mitigation and management performed by the Founder.

This Article may not be amended without the Founder's written consent until after the Founder Termination Date.

4.2 Architectural Review.

(a) **Founder Architectural Review; Architectural Review Committee.** The "Architectural Review Committee" or "ARC" shall be the Board which shall administer the provisions of this **Article IV** and has the sole right to exercise, and be the beneficiary of, all rights and protections set forth in Sections 4.2 through 4.18. The ARC shall administer an organized and uniform review process for all proposed improvements within the Properties pursuant to the procedures, guidelines and timelines set forth in this Declaration and in the Design Guidelines. The ARC may engage an outside architect to review any submittals in its sole discretion which shall be an expense of the applicant/Owner, particularly in the case where an applicant is in disagreement with the ARC's initial review and decision on an application. The ARC shall be made up of the members of the Board. In addition, until the Founder Termination Date, the Founder shall have the approval and other rights set forth in Section 4.3(b).

(b) **Fees; Assistance.** The ARC may establish and charge reasonable fees to reimburse the ARC for review of applications hereunder and may require such fees to be paid in full prior to review of any application pursuant to the Design Guidelines. Such fees may include the reasonable costs incurred in having any application reviewed by architects, engineers or other professionals. The ARC may employ architects, engineers, or other persons as deemed necessary to perform the review, and the cost of all such reviews shall be reimbursed by the applicant.

4.3 Guidelines and Procedures.

(a) **Design Guidelines.** The ARC shall prepare the initial Design Guidelines. The Design Guidelines are intended to provide guidance to Owners, builders and/or architects regarding how and what Structures and improvements permitted to be constructed on the Property, the process for the review of such matters, and other matters of particular concern to the ARC in considering applications hereunder. Approval pursuant to the Design Guidelines shall be in the sole and absolute discretion of the ARC. The Design Guidelines may set forth the requirements for any grading done on a Ranch and may also include an approved landscape “plant palette” which shall provide for the exclusive use of plant species native to Teton County, Idaho. Such plant palette shall be designed to include the existing mix, distribution and densities of the plants on site. The intent will be to replace the habitat as well as the plant species that compose the habitat. All residential buildings must be naturally screened from Building Envelopes of other Ranches to a standard and extent approved by the ARC in its discretion. Because of topography and other factors, it may not be possible to completely screen all residential buildings, and therefore, the standard and extent of such screening shall be that approved by the ARC in its discretion.

The ARC may adopt and amend Design Guidelines, from time to time, where such adoption and amendments shall require the consent of the Founder prior to the Founder Termination Date and the consent of the Board thereafter. Any amendments to the Design Guidelines shall not 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, and such amendments may remove requirements previously imposed or otherwise make the Design Guidelines less restrictive. In the event of a conflict between the Design Guidelines and this Declaration, the terms of this Declaration shall control.

The ARC shall make the Design Guidelines available to Owners, builders and/or architects who seek to engage in development or construction within the Properties. At the Founder’s discretion, such Design Guidelines may be recorded in the Public Records, in which event the recorded version, as it may unilaterally be amended 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.

(b) **Procedures.** Prior to commencing any work within the scope of this Article (“Work”), an Owner shall submit to the ARC an application for approval of the proposed Work in

such form as the Design Guidelines or the ARC may specify, along with any fees required for review. Such application shall include plans and specifications showing square footage, building heights, site layout, grading, structural design, exterior elevations, exterior materials and colors, landscaping, drainage, exterior lighting, irrigation, and other features of proposed construction, as applicable ("Plans"). The Design Guidelines and the ARC may require the submission of such additional information as may be reasonably necessary to consider any application. The Plans shall be in such form and shall contain such information as may be reasonably required pursuant to the Design Guidelines.

In reviewing each submission, the ARC may consider any factors it deems relevant, including without limitation, harmony of external design with surrounding structures and environment. Decisions may be based on purely aesthetic considerations. Each Owner acknowledges that determinations as to such matters are purely subjective and opinions may vary as to the desirability and/or attractiveness of particular improvements.

The ARC shall, within thirty (30) days after receipt of a completed application and all required information, respond in writing to the applicant at the address specified in the application. The response may (i) approve the application, with or without conditions; (ii) approve a portion of the application and disapprove other portions; or (iii) disapprove the application. The ARC shall specify the reasons for any objections and/or offer suggestions for curing any objections.

In the event that the ARC fails to respond in writing within thirty (30) days of submission, the application shall be deemed to have been disapproved and denied. No approval shall be inconsistent with this Declaration or Design Guidelines unless a variance has been granted pursuant to Section 4.5. Notice shall be deemed to have been given at the time the envelope containing the response is deposited with the U.S. Postal Service, plus 4 days. Personal delivery of such written notice shall, however, be sufficient and shall be deemed to have been given at the time of delivery to the applicant.

Until the Founder Termination Date: (1) the ARC shall notify the Founder in writing within three (3) business days after the ARC has received an application for development on any of the Ranches; (2) the notice shall be accompanied by a copy of the application and any additional information which the Founder may require; and (3) the Founder shall have fifteen (15) days after receipt of such notice to override any ARC action/decisions, in its sole discretion, by written notice to the ARC and the applicant. Upon Founder Termination Date, the notification and override rights under this subparagraph shall terminate.

Unless otherwise approved by the ARC, the main home shall be constructed before or contemporaneously with the guest house.

If construction does not commence on a project for which Plans have been approved within two years after the date of approval, such approval shall be deemed withdrawn, and it shall be

necessary for the Owner to reapply for approval before commencing the proposed Work, provided, however, upon application to the ARC prior to the end of such two year period, the ARC shall grant one twelve-month extension to the period during which the project must be commenced or have the approval be deemed withdrawn.

The ARC 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.

No flowers, shrubs, trees, grasses, or other landscaping shall be allowed on any portions of the Properties, except in accordance with the landscape plant palette for the Properties approved from time to time by the ARC. All landscaping shall be wildlife appropriate in both selection and placement. The ARC may make amendments to the plant palette and such amendments shall apply whether or not recorded in the Public Record. The Association shall have available to Owners upon request the most recent plant palette.

(c) **Obligation to Complete Construction.** Regardless of the type of improvement being constructed on a Ranch, once construction has commenced (which commencement shall be measured from the breaking of ground on the Ranch), it must be completed within twenty-four (24) months from the date construction commenced unless otherwise specified in the notice of approval or unless the ARC grants one extension for twelve (12) months in writing. The ARC shall not be obligated to grant any extension but shall not unreasonably withhold such extension if construction of the improvement(s) is diligently pursued. Completion of improvements shall mean that a certificate of occupancy has been issued by the local governing body empowered to do so and that they are in a condition suitable for immediate occupancy by the Owner or its occupant. In the event construction is not complete within the time provided for herein, including any extensions approved by the ARC, the Owner shall be subject to a late completion penalty of One Thousand Dollars (\$1,000.00) per day until construction is complete. Such penalty shall be assessed to such violating Owner as a Specific Assessment. However, in the event of a “force majeure”, the timelines for completion construction shall be extended in the discretion of the ARC. An event of force majeure is an event or circumstance beyond the control and without the fault or negligence of the Ranch Owner and which by the exercise of reasonable diligence, the Ranch Owner was unable to prevent, provided that an event or circumstance is limited to the following: (i) riot, war, invasion, act of foreign enemies, acts of terrorism, civil war, rebellion, requisition or compulsory acquisition by any governmental authority; (ii) earthquakes, flood, fire or other physical natural disaster, but excluding weather conditions regardless of severity; (iii) strikes at a national level or industrial disputes at a national level by labor not employed by the Ranch Owner, its subcontractors, or its suppliers and which affect an essential portion of construction, but excluding any industrial dispute which is specific to the construction

4.4 No Waiver of Future Approvals . Each Owner acknowledges that the persons reviewing applications under this Article will change from time to time and that opinions on aesthetic matters, as well as interpretation and application of the Design Guidelines, may vary accordingly. In addition, each Owner acknowledges that it may not always be possible to identify objectionable features of proposed Work until the Work is completed, in which case it may be unreasonable to require changes to the improvements involved, but the ARC may refuse to approve similar proposals in the future. Approval of applications or Plans 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 applications, Plans, or other matters subsequently or additionally submitted for approval.

4.5 Variances. The ARC may authorize variances from compliance with this Declaration, the Design Guidelines and the Master Rules and Regulations. Until the Founder Termination Date, any variances shall also be subject to Founder consent, in its reasonable discretion. Such variances may only be granted upon the ARC making the following findings: (a) Special circumstances exist which are peculiar to land or building which do not apply generally to the neighborhood; (b) Special circumstances have not resulted from any willful modification of the land or building by the applicant; (c) Special circumstances are such that the strict application of the regulation sought to be varied would create a hardship on the applicant far greater than the protection afforded to the neighborhood; (d) The variance sought is the minimum variance necessary to provide balance between the purpose of the regulation sought to be varied and its impact on the applicant; (d) The granting of the variance will not be injurious to the neighborhood surrounding the land where the variance is proposed and is not otherwise detrimental to the public welfare of the neighborhood. 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.

4.6 Limitation of Liability. The standards and procedures established by this Article are intended as a mechanism for maintaining and enhancing the overall aesthetics of the Properties but shall not create any duty to any Person. Review and approval of any application pursuant to this Article is made on the basis of aesthetic considerations only, and the ARC and Founder 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 or compliance with plans and specifications, nor for ensuring that all dwellings are of comparable quality, value or size or of similar design. Neither the Founder, the Association, the Board, the ARC, any committee, nor member of any of the foregoing shall be held liable for soil conditions, drainage or other general site work, or for any defects in plans revised or approved hereunder, or for any injury, damages, or loss arising out of the manner or quality of approved construction on or modifications to any Ranch. In all matters, the ARC and all persons comprising the ARC shall be defended and indemnified by the Association as provided in Section 7.6.

4.7 Certificate of Compliance. Any Owner may request that the Association issue a certificate of architectural compliance certifying that there are no known violations of this Article or the Design Guidelines. The Association shall provide the certificate and shall call out any exceptions which violate this Article and/or the Design Guidelines within thirty (30) days after receipt of a written request and may charge a reasonable administrative fee for issuing such certificate. Issuance of such a certificate shall estop the Association from taking enforcement action with respect to any condition not called out as an exception as to which the Association had notice as of the date of such certificate.

4.8 Standard of Construction. All improvements to the Properties made by the Founder have been or will be constructed in accordance with all applicable county, state and federal building codes.

4.9 Enforcement. Any Structure, non-Structure improvement, grading, clearing, or landscaping placed or made in violation of this Article or the Design Guidelines shall be deemed to be nonconforming. Upon written request from the Founder, while Founder retains rights prior to the Founder Termination Date, the ARC or 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 Founder, the Association 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 without liability to the Founder or the Association. All costs, together with interest at the maximum rate then allowed by law, may be assessed against the benefited Ranch and collected as a Specific Assessment.

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 Ranch, 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 Founder, up until the Founder Termination Date, or the Association shall be authorized, after notice to the Owner of the Ranch and an opportunity to be heard in accordance with the Bylaws, to enter upon the Ranch and remove or complete any incomplete Work and to assess all costs incurred against the Ranch and the Owner thereof as a Specific Assessment without liability to the Founder or Association, and all such costs incurred shall be collected 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 from the Properties, subject to the notice and hearing procedures contained in the Design Guidelines, Bylaws or Master Rules and Regulations. In such event, neither the Founder, the Association its officers, or directors shall be held liable to any Person for exercising the rights granted by this Section.

In addition to the foregoing, the Association and the Founder, until the Founder Termination Date, 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 ARC.

4.10 Development and Use Restrictions . All development of the Properties shall conform to the following requirements:

(a) **Provisions in Addition to County Land Use Regulations.** Conformity with all applicable land use regulations of Teton County shall be required including the standards for development in the special zoning areas or corridors recognized by the Land Development Code or Teton County to the extent the Properties are situated within such areas or corridors, in addition to the requirements of this Declaration.

(b) **Authorized Use.** Only Single Family use shall be permitted, together with the expressly permitted uses under this Declaration. Notwithstanding the foregoing or any provision to the contrary contained herein, the Founder, prior to the Founder Termination Date, shall have the right to maintain a marketing and sales center on any property owned by the Founder within the Properties and the Association shall have the right to maintain the River Camp Area on a portion of Ranch 9 as described on Exhibit C.

(c) **Authorized Buildings.** No Buildings shall be constructed on any Ranch, except (i) one single family residence, (ii) one guest house, (iii) garage or storage Structures, or similar structures, where all of the foregoing permitted Buildings or Structures shall not exceed a total of four (4) Buildings on any one Ranch and a maximum habitable floor area as allowed by the Land Development Code. For the purposes of this Section 4.10(c), the term “**Building**” means any Structure having a roof supported by columns or walls, any enclosed Structure, including tarpaulin structures, designed or used for the housing or enclosure of persons, animals, chattels, or property of any kind; or any attached appurtenance thereto. In the ARC’s discretion, the guest house may be constructed prior to the single family residence upon a showing that or a posting of security providing for a single family residence will eventually be constructed on the Ranch. No helipad, landing strip or other similar structure for the takeoff or landing of any type of aircraft shall be permitted on any Ranch and no access by aircraft shall be allowed to any Ranch.

(d) **Building Envelope.** All Structures and other authorized improvements shall be constructed within a Building Envelope, except to the extent expressly permitted herein as to access roads, driveways, utility installations and systems, well and water pumping systems, septic systems, bridges and berms or landscape screening approved by the ARC in its discretion. The Building Envelope for each Ranch shall be as shown on **Exhibit B**. No development, including clearing and grading, shall be permitted on any Ranch outside of the Building Envelope except for access roads, driveways, utility installations and systems, well and water pumping systems, septic systems, bridges and berms or landscape screening approved by the ARC in its discretion. In addition to the Building Envelope restrictions, each Owner is deemed to acknowledge that an

environmental analysis for each Ranch has been reviewed and approved by Teton County prior to the date of this Declaration, and permitted development of a Ranch is constrained by the provisions of the Teton County approved environmental analysis, as it may be subsequently reviewed and amended with the approval of Teton County. In particular, although the Building Envelope may be of a certain size, the Land Development Code also may impose restrictions on total amount of development impact, as well as restrictions on site development, impervious surface, floor area and other physical and use restrictions that are in addition to the restrictions of this Declaration.

4.11 Construction. No pre-fabricated or modular structures shall be permitted on any Ranch without approval of the ARC. Previously put to use materials designed for architectural detailing or as part of an architectural design of a Property on the outside of structures may be permitted by the ARC, in the ARC's sole discretion.

4.12 Height, Size and Floor Area Limitations. Building height, size and floor area limitations shall be as determined by the Land Development Code and the Design Guidelines, whichever is more restrictive, provided that the main residence shall be a minimum size of 3,000 square feet of habitable living space, unless otherwise approved by the ARC.

4.13 Utilities. Electrical and telephone utility lines will be installed by Founder underground in the Roadway System right of way or in to-be-created easements approved by the Founder or the ARC. Connections from improvements on Ranches to the underground utility lines shall be completed at the Owners' expense, and shall be constructed underground. Above ground utility installations are prohibited except for appurtenances necessary to access, operate and maintain the underground utilities. Any propane tank installed on a Ranch by an Owner shall be buried underground. Notwithstanding the foregoing or any other provision contained herein to the contrary, above-ground utilities shall be permitted, in the sole and absolute discretion of the ARC, when it is impossible or impractical to install such utilities underground. In any case in which utilities or appurtenances to such utilities are installed above ground, the ARC shall determine what design and/or landscaping measures shall be taken to mitigate the visual impact of such above ground utilities or appurtenances on the Properties.

4.14 Temporary Structures Prohibited. No temporary structures, such as trailers, tents, tree houses, shacks or other similar buildings shall be permitted on any Ranch, except during construction or as authorized by the Board or ARC. Such structures, other than those related to construction on a Ranch, shall be screened by landscaping or vegetation from view of any Building Envelope on any other Ranch to a standard and extent approved by the ARC in its discretion.

4.15 Satellite Dishes. Except as otherwise approved by the ARC, a 24" or smaller diameter satellite dish shall be permitted on any Ranch, provided that such satellite dish must be visually shielded from adjacent Ranches with shielding approved by the ARC before such satellite dish is installed.

4.16 Berms. No berms shall be constructed or maintained on any Ranch unless the ARC, in its sole discretion, approves such construction and maintenance and finds the same to be beneficial between adjacent Ranches. In connection with the foregoing, the Board may request, at the expense of the Owner seeking approval, information relating to the possible impact of the berm on other Ranches, which information may include appropriate engineering studies. An elevated leach field required by regulatory authorities shall not be considered to be a berm provided it is approved by the ARC.

4.17 Improvement of Wetlands-Wildlife Habitat. Notwithstanding any provision herein to the contrary, the Board may allow development outside of the Building Envelope on a Ranch for the sole purpose of improving wetlands and/or wildlife habitat. Any proposal for wetland improvement or wildlife habitat improvement shall be reviewed and approved by the Idaho Game and Fish Department and/or any other governmental authority having jurisdiction before submittal to the Board.

4.18 Noxious Weeds and Exotic Plant Species. Sources of all sod, seed and landscaping materials shall not contain noxious weeds or exotic species disfavored by Teton County, Idaho. The Association may adopt and enforce a program in cooperation with Teton County to eradicate noxious weeds present or occurring on the Properties. In no event shall the Association have an obligation to chemically or manually remove noxious weeds or exotic plant species from the Properties. However, if an Owner fails to comply with the weed program adopted by the Association, the Association, after providing the offending Owner with reasonable notice and opportunity to cure, may enter onto any such Ranch and abate the violation with all such costs and expenses levied against the violating Owner as a Specific Assessment, without liability to the Founder or the Association.

ARTICLE V MAINTENANCE AND REPAIR

5.01 Maintenance of Ranches. Each Owner shall maintain his or her Ranch and all improvements thereon, including any waterways, ponds, or other improvements, and all landscaping situated on the Ranch in a manner consistent with the Governing Documents and all applicable law and encumbrances. In the event of a total or partial destruction of structure, the Ranch Owner shall exercise reasonable diligence in either repairing such structure or demolishing and removing such structure and all debris associated therewith. Reasonable Diligence shall be at the discretion of the ARC given the circumstances of the destruction of a structure. If an Owner does not maintain his or her Ranch to the appropriate standards, the Association shall have the right to perform such maintenance on the Owner's behalf and the costs of such maintenance shall be assessed to the Owner as a Specific Assessment.

5.02 Maintenance of Vacant Properties . Each Owner of a Ranch that is unimproved is responsible for maintaining such unimproved Ranch in a garbage, weed and nuisance-free condition. Such required maintenance may include other steps recommended by the

Board or the ARC to maintain the natural landscape of the Ranch in a manner consistent with the Governing Documents, and all applicable law and encumbrances. If an Owner does not maintain his or her unimproved Ranch to the appropriate standards, the Association, after reasonable notice to the Owner and an opportunity to be heard, shall have the right to perform such maintenance on the Owner's behalf, without liability to the Association, and the cost of such maintenance shall be assessed to the Owner as a Specific Assessment.

5.3 Wildfire Mitigation Program. The Board may adopt a wildfire fuels reduction and wildfire mitigation program. The Board shall provide a copy of any written program and any annual updates to the Owners whose Ranches are impacted by the mitigation efforts. Such Owners shall have thirty (30) days to review the program and to provide the Board with requests for modification, if any. If an Owner fails to request modification to a program, that Owner shall be deemed to have consented to the adequacy and appropriateness of the program and the mitigation efforts as provided in the program. Each Owner shall be obligated to remove wildfire fuels and insect-infested trees from such Owner's Ranch pursuant to the written program within ninety (90) days of receipt of the program. In the event an Owner does not perform its obligation pursuant to the program in a timely fashion, the Association shall perform such mitigation efforts, without liability to the Association, and the cost of which shall be assessed to the Owner as a Specific Assessment. Notwithstanding anything to the contrary provided herein, the Association, the Board, and the individual Members shall not be liable for the failure to prepare, implement or enforce the program.

5.4 Vegetation Mitigation Plan. The Board may adopt a vegetation mitigation program to monitor and promote favored cover types occurring on the Properties. The Board shall provide a copy of any written program and any annual updates to the Owners whose Ranches are impacted by the mitigation efforts. Such Owners shall have thirty (30) days to review the program and to provide the Board with requests for modification, if any. If an Owner fails to request modification to a program, that Owner shall be deemed to have consented to the adequacy and appropriateness of the program and the mitigation efforts as provided in the program. Each Owner shall be obligated to implement the vegetation mitigation program on such Owner's Ranch pursuant to the written program within ninety (90) days of receipt of the program. In the event an Owner does not perform its obligation pursuant to the program in a timely fashion, the Association shall perform such mitigation efforts, without liability to the Association, and the cost of which shall be assessed to the Owner as a Specific Assessment. Notwithstanding anything to the contrary provided herein, the Association, the Board, and the individual Members shall not be liable for the failure to prepare, implement or enforce the program.

5.5 CRP Program. The Founder and/or the Association may enter into contracts for and may already have entered into contracts for Conservation Reserve Programs which are programs administered by the Farm Service Agency, a division of the U.S. Department of Agriculture (each, a "**CRP Contract**"). A CRP Contract may encumber a portion or all of a Ranch and prohibit any improvement or disturbance of the area of a Ranch encumbered by such

CRP Contract. Each Owner of a Ranch encumbered by a CRP Contract may, at the discretion of the Board, receive a credit towards, or a reduction in the amount of, its Assessment for such Ranch. A copy of any applicable CRP Contract is available for review by any Owner upon request to the Board. It is the general intent of the Board to enter into a CRP Contract where such contract provides some consideration to the Association in exchange for preservation of the Properties outside of Building Envelopes.

PART THREE: COMMUNITY GOVERNANCE AND ADMINISTRATION

ARTICLE VI: THE ASSOCIATION AND ITS MEMBERS

6.1 Function of Association. The Association shall be the entity responsible for management, maintenance, operation and control of the Roadway System and Common Area. The Association also shall be the sole entity (together with the Founder) responsible for enforcement of the Governing Documents. The Association shall perform its functions in accordance with the Governing Documents and the laws of the State of Idaho.

6.2 Membership. Every Owner of a Ranch shall be a Member of the Association. There shall be only one membership per Ranch. If a Ranch 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 6.3(a), 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 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 except where such privileges may be restricted by the Master Rules. Membership in the Association is mandatory and is a right and obligation appurtenant to the ownership of a Ranch. Membership in the Association may not be severed from ownership of a Ranch, and an Owner of a Ranch may not withdraw from or otherwise terminate its membership in the Association.

6.3 Voting; Bylaws; Proceedings. The Association shall have one class of membership. Members shall have one equal vote for each Ranch in which they hold the interest required for membership under Section 6.3. All votes shall be cast as provided in this Section 6.3.

(a) **Exercise of Voting Rights.** The vote for each Ranch owned by a Member shall be exercised by the Owner of the Ranch. In any situation where there is more than one Owner of such Ranch, the vote for such Ranch 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 Ranch's vote shall be suspended if more than one Person seeks to exercise it in a conflicting manner.

(b) **Election of Directors and Commencement of Voting Rights and Proceedings.** The Owners agree that until the Founder Termination Date, the Founder shall have

the sole right to elect the Board of Directors of the Association, and that this method of electing directors of the Association is a reasonable method. There shall be no cumulative voting for directors of the Association. Voting rights as to each Ranch shall vest upon the commencement of assessment obligations for such Ranch, subject to the foregoing. Until the Founder Termination Date, the Founder reserves the right to delay the commencement of Association meetings or to delay implementation of Association assessments as required hereunder and in the Bylaws.

(c) **Relationship of this Declaration and the Bylaws.** To the extent that the provisions of this Declaration conflict with the Bylaws of the Association, the terms of this Declaration shall prevail and control, and to the extent that this Declaration addresses matters set forth in the Idaho Nonprofit Corporation Act (and successor statutes) that are the subject matter of bylaws of a nonprofit corporation, then this Declaration is deemed to be Bylaws of the Association.

ARTICLE VII: ASSOCIATION POWERS AND RESPONSIBILITIES

7.1 Acceptance and Control of Association Property.

(a) The Association, through action of its Board, may acquire, hold, and dispose of tangible and intangible personal property.

(b) The Founder and its designees may convey real or personal property to the Association.

7.2 Maintenance of Common Area and Roadway System.

(a) The Association shall maintain in a reasonable manner, so as to maintain and preserve the use for which they are intended, the Roadway System and easements granted to the Association or Founder, along with such portions of additional property included within the Common Area as may be dictated by this Declaration, any Supplemental Declaration, any Covenant to Share Costs, or any contract or agreement for maintenance thereof entered into by the Association.

(b) The Association may maintain other property that it does not own if the Board determines that such maintenance is necessary or desirable to obtain the intended benefits of the Governing Documents or in the interest of the Owners. 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.

(c) The Association shall own and maintain the facilities and equipment within the Common Area, if any, and the Roadway System in continuous operation, except for any periods necessary, as determined in the sole discretion of the Board, to perform required maintenance or repairs, unless one hundred percent (100%) of the Members in the Association agree in writing to discontinue such operation.

(d) Notwithstanding the foregoing, the Common Area and the Roadway System shall not be reduced by amendment of this Declaration or any other means except with the prior written approval of the Founder prior to the Founder Termination Date.

(e) The costs associated with maintenance, repair and replacement of the Common Area and any improvements thereon and the Roadway System shall be a Common Expense.

7.3 Insurance.

(a) **Required Coverages.** 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 coverages as are 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 within the Common Area to the extent that the Association has assumed responsibility in the event of a casualty, regardless of ownership. If such coverage is not generally available at reasonable cost, then “broad form” coverage may be substituted. All property insurance policies obtained by the Association shall have policy limits sufficient to cover the full replacement costs of the insured improvements under current building ordinance and codes;

(ii) Commercial general liability insurance on the Common Area, 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, such coverage (including primary and any umbrella coverage) shall have a limit of at least three-million dollars (\$3,000,000.00) 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 coverages or limits. If the policy does not contain “severability of interest” in its terms, the Association shall acquire an endorsement to preclude the insurer’s denial of a Ranch Owner’s claim because of negligent acts of the Association or of other Ranch Owners;

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

(iv) Directors' and officers' liability coverage with policy limits deemed prudent by the Board;

(v) Commercial crime insurance, including 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-fourth (1/4) of the annual Base Assessments on all Ranches plus reserves on hand. Fidelity insurance policies shall contain a waiver of all defenses based upon the exclusion of Person serving without compensation; and

(vi) Such additional insurance as the Board, in its best business judgment, determines advisable.

Premiums for all insurance on the Common Area shall be assessed by the Board as a Common Expense.

(b) **Policy Requirements.** All Association policies shall provide for a certificate of insurance to be furnished to the Association and, upon request, to each Member insured.

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 7.3(a). In the event of an insured loss, the deductible shall be treated as a Common Expense in the same manner as the premiums for the applicable insurance coverage. However, if the Board reasonably determines, after notice and an opportunity to be heard in accordance with the Bylaws, that the loss is the result of the negligence or willful misconduct of one or more Owners, their family members, tenants, guests, licensees, or invitees, then the Board may assess the full amount of such deductible against such Owner(s) and their Ranches as a Specific Assessment.

All insurance coverage obtained by the Board shall:

(i) Be written with a company authorized to do business in the State of Idaho;

(ii) Be written in the name of the Association as trustee for the benefited parties.

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

(iv) Contain an inflation guard endorsement;

(v) Include an agreed amount endorsement if the policy contains a co-insurance clause;

(vi) Provide a waiver of subrogation under the policy against any Owner or household member of an Owner;

(vii) Include 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;

(viii) Include an endorsement precluding cancellation, invalidation, or condition to recovery under the policy on account of any act or omission of any one or more individual Owners, unless such Owner is acting within the scope of its authority on behalf of the Association;

(ix) Provide that the policy will be primary, even if a Ranch Owner has other insurance that covers the same loss.

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

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

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

(cc) An endorsement excluding Owners' individual policies from consideration under any "other insurance" clause;

(dd) An endorsement requiring at least thirty (30) days prior written notice to the Association of any cancellation, substantial modification, or non-renewal; and

(ee) 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) **Restoring Damaged Improvements.** In the event of damage to or destruction of property that the Association is obligated to insure, the Founder, its successor or its duly authorized agent shall file and adjust all insurance claims and obtain reliable and detailed estimates of the cost of 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.

Damaged improvements on the property shall be repaired or reconstructed unless at least seventy-five percent (75%) of Members decide within sixty (60) days after the loss not to repair or reconstruct. If either the insurance proceeds or estimates of the loss, or both, are not available to the Association within such sixty (60) day period, then the period shall be extended until such funds or information are available. However, such extension shall not exceed sixty (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 a decision is made not to restore the damaged improvements, 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.

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 the Association for the benefit of its Members or the Owners of Ranches, as appropriate, and placed in a capital improvements account.

If insurance proceeds are insufficient to cover the costs of repair or reconstruction, the Founder, or its successor may, without a vote of the Members, levy Special Assessments to cover the shortfall against those Owners responsible for the premiums for the applicable insurance coverage under Section 7.3(a).

7.4 Compliance and Enforcement. The Association and every Owner and occupant of a Ranch shall comply with the Governing Documents. At any time prior to the Founder Termination Date, the Founder shall have the sole right to enforce this Declaration and impose, after notice and a hearing pursuant to **Article XI**, the sanctions set forth below. Thereafter, only the Association may enforce this Declaration. The Board may impose sanctions against Owners for violation of the Governing Documents after notice and a hearing in accordance with **Article XI**. Such sanctions may include, without limitation:

(a) Imposing reasonable monetary fines. In the event that any occupant, family member, tenant, guest, licensee, or invitee of a Ranch violates the Governing Documents and a fine is imposed, the fine shall first be assessed against the violator; provided however, if the fine is not paid by the violator within the time period set by the Board, the Owner shall pay the fine upon notice from the Board;

(b) Suspending an Owner's right to vote;

(c) Suspending any Person's right to use any Common Area within the Properties; provided, however, nothing herein shall authorize the Board to limit ingress or egress to or from a Ranch;

(d) Suspending any services provided by the Association to an Owner or the Owner's Ranch if the Owner is more than thirty (30) days delinquent in paying any assessment or other charge owed to the Association;

(e) Exercising self-help or taking action to abate any violation of the Governing Documents in a non-emergency situation;

(f) Requiring an Owner, at its own expense, to remove any structure or improvements on such Owner's Ranch in violation of **Article IV** and to restore the Ranch to its previous condition and, upon failure of the Owner to do so, the Board or its designee shall have the right to enter the property, remove the violation and restore the property to substantially the same condition as previously existed and any such action shall not be deemed a trespass;

(g) Without liability to any Person, precluding any contractor, subcontractor, agent, employee or other invitee of an Owner who fails to comply with the terms and provisions of **Article IV** and the Design Guidelines from continuing or performing any further activities in the Properties; and

(h) Levying Specific Assessments to cover costs incurred by the Association to bring a Ranch into compliance with Governing Documents.

In addition, the Board may take the following enforcement procedures to ensure compliance with the Governing Documents without the necessity of compliance with the procedures set forth in the Bylaws:

(aa) Exercising self-help in any emergency situation (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules and regulations); and

(bb) Bringing suit at law or in equity to enjoin any violation or to recover monetary damages to both.

In addition to any other enforcement rights, if an Owner fails to properly perform his or her maintenance responsibility, the Association may record a notice of violation in the Public Records or perform such maintenance responsibilities and assess all costs incurred by the Association against the Ranch and the Owner as a Specific Assessment. Except in an emergency situation, the Association shall provide the Owner reasonable notice and an opportunity to cure the problem prior to taking such enforcement action.

All remedies set forth in the Governing Documents shall be cumulative of any remedies available at law or in equity. In any action to enforce the Governing Documents, if the Association prevails, it shall be entitled to recover all costs, including, without limitation, attorney's fees and court costs, reasonably incurred in such action.

The Association shall not be obligated to take any action if the Board reasonably determines that the Association's position is not strong enough to justify taking such action. Such a decision shall not be construed a waiver of the right of the Association to enforce such provision at a later time under other circumstances or estop the Association from enforcing any other covenant, restriction or rule.

The Association, by contract or other agreement, may enforce applicable county ordinances, if applicable, and permit Teton County, Idaho to enforce ordinances within the Properties for the benefit of the Association and its Members.

7.5 Implied Rights; Board Authority. The Association may exercise any right or privilege given to it expressly by the Governing Documents, or reasonably implied from or reasonably necessary to effectuate any such right or privilege. Except as otherwise specifically provided in the Governing Documents, or by law, all rights and powers of the Association may be exercised by the Board without a vote of the membership.

7.6 Indemnification of Officers, Directors and Others. The Association shall indemnify every officer, director, and committee member of the Board and ARC against all damages and expenses, including counsel fees, reasonably incurred in connection with any action, suit, or other proceeding (including settlement or any suit or proceeding, if approved by the then Board) 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 Idaho law or the Bylaws.

7.7 Safety. Each Owner acknowledges, understands and covenants to inform its tenants and all occupants of its Ranch that the Association, its Board and committees, and the Founder are not insurers of safety and that each Person using the Properties assumes all risks of personal injury and loss or damage to property, including Ranches and the contents of Ranches, resulting from acts of third parties.

7.8 Maintenance of Association Standing. The Association shall be obligated to maintain itself in good standing with the Idaho Secretary of State and any other governmental entities having jurisdiction over the activities or existence of the Association. In the event that the Association is dissolved administratively, the Association shall reinstate itself, or if not possible to reinstate, shall create a successor entity which shall serve as the Association hereunder.

ARTICLE VIII ASSOCIATION FINANCES AND ASSESSMENTS

8.1 Budgeting and Allocating Common Expenses. At least sixty (60) days before the beginning of each fiscal year, which shall commence on January 1 of each year, the Board shall prepare a budget of the estimated Common Expenses, for the coming year, including any contributions to be made to a reserve fund pursuant to Section 8.2. The budget shall also reflect the sources and estimated amounts of funds to cover such expenses, which may include any surplus to be applied from prior years, any income expected from sources other than assessments levied against the Ranches, and the amount to be generated through the levy of Base Assessments, Special Assessments and Specific Assessments against each.

The Association is hereby authorized to levy “Base Assessments” as provided in this Section 8.1 against all Ranches subject to assessment to fund the Common Expenses. In determining the Base Assessment rate per Ranch, the Board may consider any assessment income expected to be generated from any additional Ranches reasonably anticipated becoming subject to assessment during the fiscal year. All Base Assessments shall be equal amongst all Ranches.

The Board shall send a copy of the final budget, together with notice of the amount of the Base Assessment to be levied pursuant to such budget, to each Owner not less than thirty (30) nor more than sixty (60) days prior to the effective date of such budget. Such budget and assessment shall automatically become effective unless subject to the limitation on increases of assessments provided for in Section 8.5.

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 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.

The Board may revise the budget and adjust the Base Assessment from time to time during the year, subject to the notice requirements and the limitations on increases of assessments provided for in Section 8.5.

8.2 Budgeting for Reserves. The Board shall prepare and review at least every three years a reserve budget for the Common Area and the Roadway System. The budget shall take into account the number and nature of replaceable assets, the expected life of each asset, and the expected repair or replacement cost. The Board shall include in the Common Expense budget adopted pursuant to Section 8.1, a capital contribution paid by Owners to fund reserves in an amount sufficient to meet the projected need with respect both to amount and timing by annual contributions over the budget period.

8.3 Special Assessments. In addition to other authorized assessments, the Association may, subject to the limitations of Section 8.5, levy “Special Assessments” under this Section to cover unbudgeted expenses or expenses in excess of those budgeted. Any such Special Assessment may be levied against the entire membership, if such Special Assessment is for Common Expenses or against an individual Ranch or Ranches if such Special Assessment is for an unbudgeted expense relating to less than all of the Ranches. Special Assessments shall be payable in such manner and at such times as determined by the Board, and may be payable in installments extending beyond the fiscal year in which the Special Assessment is approved. The Board shall provide notice by first class mail to the Owner(s) of the Ranch(s) subject to the Special Assessment not less than thirty (30) nor more than sixty (60) days prior to the Special Assessment becoming due.

8.4 Specific Assessments. The Association shall have the power to levy “Specific Assessments” under this Section against a particular Ranch as follows:

(a) To cover the costs, including overhead and administrative costs, of providing services to a Ranch upon request of an Owner pursuant to any menu of special services which may be offered by the Association. Specific Assessments for special services may be levied in advance of the provision of the requested service; and

(b) To cover costs incurred in bringing a nonconforming Ranch into compliance with the Governing Documents, or costs incurred as a consequence of the conduct of the Owner or occupants of a nonconforming Ranch, their agents, contractors, employees, family members, tenants, guests, licensees, or invitees; provided, the Board shall give the nonconforming Ranch Owner prior written notice and an opportunity for a hearing, in accordance with the **Article XI**, before levying any Specific Assessment under this subsection (b); and

8.5 Limitation on Increases of Assessments. Notwithstanding any provision to the contrary, and except for assessment increases necessary for emergency situations or pursuant to the terms of this Section 8.5, the Board may not impose a Base Assessment that is more than twenty percent (20%) greater than each of those assessments for the immediately preceding fiscal year, nor impose a Special Assessment which in the aggregate exceeds ten percent (10%) of the budgeted Common Expenses for the current fiscal year, without a majority vote of a quorum of the Members who are subject to the applicable assessment at a meeting of the Association, or action without meeting by written ballot in lieu thereof signed by all of the Members of the Association. Notwithstanding the foregoing, until the earlier of (i) the date that is five years after this Declaration is recorded, or (ii) ten Ranches have been sold to an Owner not affiliated with the Founder (the “Section 8.5 Triggering Event”), this Section 8.5 shall not apply. Further, once a Section 8.5 Triggering Event has occurred, the initial limitation on increases (i.e., for the first year after the Section 8.5 Triggering Event) shall be measured by the Base Assessment and budgeted Common Expenses that existed at the time of the occurrence of the Section 8.5 Triggering Event. In the event that an assessment is not challenged pursuant to **Article XII**, by a claim made in

writing to the Association within one year of the due date of the first installment or amount of such assessment, then the right to challenge such assessment and any subsequent increases, to the extent the increases use that assessment as a baseline, is deemed waived.

For purposes of this Section, “quorum” means more than fifty percent (50%) of the total voting power of the Association subject to the applicable assessment. For purposes of this Section, the term “Base Assessment” shall be deemed to include the amount assessed against each Ranch plus a pro rata allocation of any amounts the Association received through any subsidy or maintenance agreement, if any, in effect for the year immediately preceding the year for which the assessment is to be increased.

An emergency situation justifying a Special Assessment may be, but shall not be limited to, any one of the following:

- (a) An extraordinary expense required by an order of a court;
- (b) An extraordinary expense necessary to repair or maintain the Properties or any part of them for which the Association is responsible where a threat to personal safety on the Properties is discovered; or
- (c) An extraordinary expense necessary to repair or maintain the Properties or any part of them for which the Association is responsible which expense could not have been reasonably foreseen by the Board in preparing and distributing the budget as provided for in Section 8.1. However, prior to the imposition or collection of such an assessment, the Board shall pass a resolution containing written findings as to the necessity of the extraordinary expense involved and why the expense was not or could not have been reasonably foreseen in the budgeting process. Such resolution shall be distributed to the Members with the notice of such assessment.

The limitations of this Section 8.5 do not apply to Specific Assessments pursuant to Section 8.4.

8.6 Authority to Assess Owners; Date of Commencement of Assessments; Time of Payment. The Association is authorized to levy assessments as provided for in this Article and elsewhere in the Governing Documents, provided, however, that prior to the Founder Termination Date, the right to decide the commencement date for assessments and the right to levy assessments is reserved to the Founder. Unless excluded from being subject to assessments pursuant to the terms of **Article IX**, all Ranches shall be subject to assessments pursuant to this **Article VIII**. Any assessments collected but not spent prior to the completion of the Roadway System, or the Association incurring expenses shall be placed into the Association’s reserve account for maintenance, repair and replacement of the Roadway System and any other common amenities.

Assessments shall be paid in such manner and on such dates as the Board may establish. The Board may require advance payment of assessments at closing of the transfer of title to a

Ranch and impose special requirements for Owners with a history of delinquent payment. If the Board so elects, annual assessments may be paid in two or more installments. Unless the Board otherwise provides, the Base Assessment shall be due and payable in advance on the first day of each fiscal year. If any Owner is delinquent in paying any assessments or other charges levied on his or her Ranch, the Board may require the outstanding balance on all assessments to be paid in full immediately. Assessments shall be due and payable whether or not improvements have been constructed on a Ranch.

8.7 Personal Obligation.

(a) 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 all assessments authorized in the Governing Documents. All assessments, together with interest (computed from its due date at a rate of eighteen percent (18%) per annum or such other rate as the Board may establish, subject to the limitations of Idaho law), late charges as determined by Board resolution, costs, and reasonable attorneys' fees, shall be the personal obligation of each Owner and a lien upon each Ranch until paid in full. Upon a transfer of title to a Ranch, the grantee shall not be personally liable for any assessments and other charges due at the time of conveyance unless expressly assumed by him/her, but such transferred Ranch shall remain subject to any liens imposed upon it pursuant to Section 8.8. No first Mortgagee who obtains title to a Ranch by exercising the remedies provided in its Mortgage shall be liable for unpaid assessments which accrued prior to such acquisition of title.

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 Base Assessments on the same basis as during the last year for which an assessment was made, if any, until a new assessment is levied, at which time the Association may retroactively assess any shortfalls in collections.

No Owner may exempt himself from liability for assessments by non-use of the Common Area or the Roadway System, by abandonment of his Ranch, 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.

The Association shall, upon written 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.

(b) **Founder's Obligations for Assessments.** The Founder, or the relevant affiliate of the Founder, is not subject to the payment of any assessments of any kind against Ranches that such Person owns, subject to the provisions of Section 9.1.

8.8 Lien for Assessments. Each Owner, by his or her acceptance of a deed to a Ranch, hereby vests in the Association and its agents the right and power to bring all appropriate actions against such Owner personally for the collection as a debt of any unpaid and delinquent billings for Base Assessments, Common Assessments, Special Assessments, Specific Assessments, interest, late fees, enforcement costs and other charges owing by such Owner in accordance with the terms hereof. Additionally, in order to secure payment of any billings for Base Assessments, Common Assessments, as well as Special Assessments and Specific Assessments, interest, late fees, enforcement costs and other charges due hereunder, and each Owner by his or her acceptance of a deed to a Ranch, hereby grants to the Association, and its agents, and the Founder until the Founder Termination Date, a lien for such Base Assessments, Common Assessments, as well as Special Assessments and Specific Assessments, interest, late fees, enforcement costs, including reasonable attorney fees and other charges for which such Owner is responsible under the terms hereof. The Board, acting on behalf of the Association, is authorized to record a notice of any unpaid amounts secured by such lien in the Public Records, which shall include a description of the applicable Ranch and the name of the Owner thereof and the basis for the amount of the lien. Said lien shall be enforceable by the Association or its agents through all appropriate methods available under applicable Idaho law for the enforcement of such liens, including without limitation, non-judicial foreclosure, and each such Owner hereby expressly grants to the Association a power of sale in connection with said lien. The Association may designate a trustee in writing from time to time to post or cause to be posted the required notices and to conduct such foreclosure sale. The trustee may be changed at any time and from time to time by an instrument in writing and signed by the President or a Vice President of the Association and attested by the Secretary or any Assistant Secretary of the Association and filed in the Public Records. The lien herein retained and granted is and shall be expressly subordinate in all respects to any Mortgage predating the charge in question (as evidenced by the recording date of a notice of unpaid assessments in the Public Records). Any holder of a Mortgage that predates the date of the charge in question and who acquires title to a Ranch through foreclosure of its Mortgage or acceptance of a deed in lieu of foreclosure thereunder, shall not be liable for the unpaid portion of any such charges relating to the Ranch in question that arose prior to such acquisition. Additionally, after any such foreclosure or deed in lieu of foreclosure, such Ranch shall remain subject to this Declaration and the above-described lien and the new Owner of such Ranch shall thereafter be personally liable for all charges of the type described above which relate to such Ranch and which become due after such new Owner acquires title to said Ranch by foreclosure or by acceptance of a deed in lieu of foreclosure. Except as otherwise provided above as to holders of Mortgages or by applicable law, no sale or transfer of any Ranch shall: (a) relieve

any Owner thereof from personal liability for any of such unpaid charges attributable to the applicable Ranch which become due prior to the date of such sale or transfer; or (b) satisfy or extinguish the above-described lien in respect of such unpaid charges.

PART FOUR COMMUNITY DEVELOPMENT

ARTICLE IX ADDITIONAL RIGHTS RESERVED TO FOUNDER

9.1 Withdrawal of Property; Addition of Property; Encumbrance of Property; Dedication of Common Area. Until the Founder Termination Date, the Founder reserves the right to amend this Declaration, without prior notice and without the consent of any Person, for the purpose of removing property then owned by the Founder, its affiliates, or the Association from the coverage of this Declaration, to the extent originally included in error or as a result of any changes in the Founder's plans for the Properties, provided such withdrawal is not unequivocally contrary to the overall, uniform scheme of development for the Properties. In addition, until Founder Termination Date, the Founder may dedicate any portion of the Property owned or controlled by Founder as Common Area, which additional dedication shall be in writing or may be in conjunction with a conveyance of such Common Area to the Association. In conjunction with any such dedication, the Founder may impose restrictions, covenants and easements, including conservation easements, on any such dedicated land, in Founder's discretion. Further, at any point until Founder Termination Date, Founder may (but shall have no obligation to) grant or cause the granting of a conservation easement on one or more of the Ranches owned by Founder or an affiliate of Founder, and in conjunction with such grant, Founder may permanently exclude the property (on a full or proportionate basis, reasonably proportionate to the development rights for habitable and non-habitable buildings that are conserved) from the assessment obligations under this Declaration and from having any appurtenant Member rights, including, but not limited to, voting rights, under this Declaration. Until the Founder Termination Date, the Founder may expand or contract the River Camp Area, and the River Camp Area shall not pay assessments contemplated in Article VIII above. Until the Founder Termination Date, Founder may subject additional property to this Declaration. Until the Founder Termination Date, the Founder reserves the right to subject the Properties to a trail system as referenced in Section 10.8 below.

9.2 Marketing and Sales Activities. Until the Founder Termination Date, the Founder may maintain and carry out upon any of the Properties owned by Founder such facilities and activities as, in the sole opinion of the Founder, may be reasonably required, convenient, or incidental to the sale of Ranches, including, but not limited to, signs, and other forms of advertising. During such time period, the Founder and authorized invitees shall have easements for access over the Ranches for this purpose. Until the Founder Termination Date, the Founder shall also have the right to conduct marketing and sales activities on portions of the Properties that it owns and shall have easements for access over the Properties to and use of any facilities located

thereon together with the right to attract, invite or bring prospective purchasers of Ranches into the Properties owned by Founder at all times.

9.3 Right to Develop. Until the Founder Termination Date, the Founder and its employees, agents and designees shall have a right of access and use and an easement over and upon all of the Common Area, if any, and the Roadway System for the purpose of making, constructing and installing improvements to such areas as it deems appropriate in its sole discretion. Founder agrees that it or the Person exercising such easement rights shall be responsible for any damage caused to such areas as a result of the exercise of the easement.

9.4 Right to Approve Additional Covenants. No Person shall record any declaration of covenants, conditions and restrictions, or declaration of condominium or similar instrument affecting any portion of the Properties without the Founder's review and written consent until the Founder Termination Date and thereafter, without the Board's consent. Any attempted recordation without such consent shall result in such instrument being void and of no force and effect unless subsequently approved by written consent signed by the Founder until the Founder Termination Date and thereafter by the Board, and recorded in the Public Records.

9.5 Right to Approve Changes in Rules and Guidelines. No amendment to or modification of any Master Rules and Regulations, Fishing Guidelines or Design Guidelines shall be effective without prior notice to and the written approval of Founder until the Founder Termination Date and thereafter approval of the Board shall be required.

9.6 Right to Transfer or Assign Founder Rights. Any or all of the special rights and obligations of the Founder set forth in this Declaration may be transferred by the Founder in whole or in part to other Persons; provided, the transfer shall not reduce an obligation or enlarge a right beyond that which the Founder has under this Declaration. No such transfer or assignment shall be effective unless it is in a written instrument signed by the Founder and duly recorded in the Public Records. The foregoing sentence shall not preclude Founder from permitting other Persons to exercise, on a one-time or limited basis, any right reserved to Founder in this Declaration where Founder does not intend to transfer such right in its entirety, and in such case it shall not be necessary to record any written assignment unless necessary to evidence Founder's consent to such exercise.

9.7 Exclusive Rights to Use "Eddyline Ranch". No Person shall use the name "Eddyline Ranch" or any derivative of such name in any printed or promotional material without the Founder's prior written consent until the Founder Termination Date and thereafter the consent of the Board shall be required. This exclusive reservation of right herein shall not apply to limit: (i) Owners, who may use the name "Eddyline Ranch" in printed or promotional matter or in the name of the entity used by such Owner to own a Ranch, where such term is used solely to specify that particular property is located within Eddyline Ranch; and (ii) the Association, which shall be entitled to use the words "Eddyline Ranch" in its name.

9.8 Special Districts. Until the Founder Termination Date, the Founder hereby reserves the right to create an assessment, improvement and service, water, road or any other type of special district which, in its sole opinion, are beneficial to the Properties. Thereafter, such right shall be reserved to the Association. The Association and each and every Owner, by accepting a deed to a Ranch, agrees to cooperate with Founder, or Association as the case may be, in creating and implementing such district. Nothing in this Section shall create an obligation on Founder, or Association, to create or implement such districts.

9.9 Rights in relation to the Board of Directors and ARC. Until the Founder Termination Date, Founder shall have the rights set forth in Sections 6.3 and 4.2 in relation to the Board of Directors and ARC.

9.10 Rights to Provide On Site Manager. After at least ten (10) Ranches have been sold to third parties unaffiliated with Founder, the Founder reserves the right to provide a manager for the Properties who may live on one of the Ranches or an adjacent property. The costs associated with providing housing and compensation to such manager shall be a cost paid by the Association and shall be part of the Base Assessment at such time as the manager is providing services to the Association. Such manager may be responsible for maintenance of the Common Area, roads, and other areas selected by the Board for maintenance by such manager.

9.11 Termination of Rights. As set forth in Section 2.12, the Founder rights set forth in this Declaration shall remain in full force and effect until the Founder Termination Date. Prior to the Founder Termination Date, any reference herein to the Board, Association or ARC shall be deemed to be a reference to the Founder as the Founder shall exercise all such rights, unless delegated by a written instrument. Notwithstanding the foregoing, the Founder may from time to time relinquish and surrender one or more but less than all of the reserved rights, in which event the un-relinquished reserved rights shall remain fully valid and effective until the Founder Termination Date.

9.12 Supplemental Declaration by Founder. Founder may execute and record a "Supplemental Declaration" evidencing or memorializing any exercise of the rights of Founder pursuant to this **Article IX**.

PART FIVE: PROPERTY RIGHTS WITHIN THE COMMUNITY

The nature of living in a community requires the creation of special property rights and provisions to address the needs and responsibilities of the Owners, the Founder, the Association, and others within or adjacent to the community.

ARTICLE X EASEMENTS

10.1 Easements in Common Area. The Founder grants to each Owner a non-exclusive right and easement of use (subject to the rights of other Owners, Members and the Association), access, and enjoyment in and to the Common Area, if any, subject to:

- (a) The Governing Documents and any other applicable covenants;
- (b) Any restrictions or limitation contained in any deed conveying such property to the Association;
- (c) The right of the Board to adopt rules regulating the use and enjoyment of the Common Area;
- (d) The right of the Board to suspend the right of an Owner to use the Common Area (i) for any period during which any charge or assessment against such Owner's Ranch remains delinquent, and (ii) for a period not to exceed thirty (30) days for a single violation or for a longer period in the case of any continuing violation of the Governing Documents after notice and a hearing pursuant to the Bylaws.

Any Owner may extend his or her right of use and enjoyment of the Common Area to the members of his or her family, tenants, guests, licensees, and social invitees, as applicable, subject to reasonable regulation by the Board. An Owner who leases his or her Ranch shall be deemed to have assigned all such rights to the lessee of such Ranch for the period of the lease.

10.2 Easements for Utilities.

(a) All existing dedications, limitations, restrictions and reservations of easements, including those for drainage, prepared by, recorded by or granted to Founder or its affiliates for the benefit of one or more of the Ranches, are incorporated herein by reference and made a part of this Declaration as to the respective Ranch or Ranches for all purposes as if fully set forth in this Declaration.

(b) The Founder hereby grants to the Association and, until the Founder Termination Date, reserves for itself, and reserves the right to grant to utility providers, the Association, and the owners of any of the properties described on **Exhibit A** of this Declaration perpetual non-exclusive utility easements located in (i) the Roadway System as described on **Exhibit D** and, (ii) to the extent expressly designated by Founder as subject to the easements set forth in this **Section 10.2** pursuant to a written dedication by Founder that is recorded in the Public Records in portions of Ranches that are owned by Founder or its affiliates, for the purpose of:

(i) Installing utilities and infrastructure, including without limitation, communications, cable and other systems for sending and receiving data and/or other

electronic signals; security and similar systems; walkways, pathways and trails; drainage systems and signage; to serve the Properties, including, but not limited to, for use by Lower Valley Energy, and its successors and assigns;

(ii) Inspecting, maintaining, repairing and replacing such utilities and infrastructure to serve the Properties; and

(iii) Access to read utility meters.

(c) Until the Founder Termination Date, the Founder also reserves for itself, the non-exclusive right and power to grant and record in the Public Records such specific easements as may be necessary, in the sole discretion of Founder, in connection with the orderly development of the Property. From and after the Founder Termination Date, the Association reserves for itself the non-exclusive right and power to grant and record in the Public Records such specific easements affecting the Roadway System and only the Roadway System as may be necessary, in the sole discretion of Association, in connection with the orderly development of the Property.

(d) All work associated with the exercise of the easements described in subsections (a)-(c) of this Section shall be performed in such a manner as to minimize interference with the use and enjoyment of the property burdened by the easement. Upon completion of the work, the Person exercising the easement shall restore the property, to the extent reasonably possible, to its condition prior to the commencement of the work. The exercise of these easements shall not extend to permitting entry into the structures on any Ranch, nor shall it unreasonably interfere with the use of any Ranch and, except in an emergency, entry onto any Ranch shall be made only after reasonable notice to the Owner or occupant.

10.3 Water System Easements. Solely for the purpose of the operation of the common water system contemplated by Section 3.13, the Founder grants to the Association and each owner of a Ranch an easement over each Ranch for the purpose of the Association's construction, installation, use, maintenance, repair, and/or replacement of underground water utility improvements for the common water system, including, without limitation, water wells, water lines, water pumps, water pipes and conduit, structures related to the foregoing, and related electricity and other utility lines used in conjunction with the foregoing, and the right of access, ingress and egress over the Ranches as reasonably necessary or useful for providing water for domestic consumption and all irrigation and landscaping permitted pursuant to this Declaration (the "Water Easement"). The Water Easement is acknowledged as affecting the entirety of each Ranch and to be specifically located on the entirety of each Ranch as part of this Declaration being executed and delivered. At the election of the Founder (prior to the Founder Termination Date) or the Association, or the request of any owner of a Ranch, such parties may further define the location of a Water Easement by subsequent instrument, and until such time, the Water Easement shall encumber the entirety of all Ranches. The improvements permitted in the Water Easement ("Water

Improvements”) may be constructed and located outside of a Building Envelope. The Association may elect (but shall have no obligation to) construct, install, use, maintain, repair or replace Water Improvements, and in such event, the Association may levy Specific Assessments against the Ranches benefitting from the Water Improvements. Alternatively, in the event the Association does not elect to take action in relation to Water Improvements and Water Improvements benefit more than one Ranch, then each Ranch owner shall be obligated to pay its proportionate share to the Ranch owner or owners who construct, install, use, maintain, repair or replace, as the case may be, the Water Improvements that serve such multiple Ranches. The Founder or Association may, but shall not be required to, enter into and record a Covenant to Share Costs, from time to time, in order to provide specificity as to the obligations and specific Water Improvements that are subject to the foregoing rights. All work associated with the exercise of the easement described in this Section shall be performed in such a manner as to minimize interference with the use and enjoyment of the property burdened by the easement. Upon completion of the work, the Person exercising the easement shall restore the property, to the extent reasonably possible, to its condition prior to the commencement of the work. The exercise of these easements shall not extend to permitting entry into the structures on any Ranch, nor shall it unreasonably interfere with the use of any Ranch and, except in an emergency, entry onto any Ranch shall be made only after reasonable notice to the Owner or occupant.

10.4 Easements for Maintenance, Emergency and Enforcement. The Founder grants to the Association easements over the Common Area and the Roadway System as necessary to enable the Association to fulfill its maintenance responsibilities under Section 7.2. The Association shall also have the right, but not the obligation, to enter upon any Ranch, but not to enter any structure thereon, for emergency, security, and safety reasons and to inspect for the purpose of ensuring compliance with and to enforce the Governing Documents as well as to carry out the Association’s rights and responsibilities under the Governing Documents. Such right may be exercised by any member of the Board and its duly authorized agents and assignees, and all 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.

10.5 Easements for Cross-Drainage. Every Ranch shall be burdened with easements for natural drainage of storm water runoff from other portions of the Properties; provided, no Person shall alter the natural drainage on any Ranch to increase materially the drainage of storm water onto adjacent portions of the Properties without the consent of the Owner(s) of the affected Ranch and the Board.

10.6 Easement for Emergency Vehicles. The Properties are hereby burdened with an easement allowing all policemen, firemen, ambulance personnel, and similar emergency personnel entry to perform their duties, including the enforcement of traffic regulations.

10.7 Title to, Easement over and Use of Roadway System. The “Roadway System” shall consist of the roads and access rights of way to and within the Properties, as set forth

on the attached **Exhibit D** (the “Map Roadway System”) as well as any road and utility easements across neighboring properties recorded in the Teton County Clerk’s office, on which the Owners have easements for access and utilities for benefit of their Ranches and the Association has the obligation of maintenance as provided herein. Title to the portion of the Roadway System that is contained within the boundaries of a Ranch (the “Burdened Ranch”) shall be retained by the Owner of the Burdened Ranch and shall be subject to the provisions of this Declaration. Title to the portion of the Roadway System that is not contained within the boundaries of a Ranch shall be retained by the Owner of the property on which such portion of the Roadway System is located and shall be subject to the provisions of this Declaration. Each Owner and respective family members, tenants, guests, licensees, and invitees shall have a non-exclusive easement and right-of-way to use the Map Roadway System for vehicular, pedestrian, equine, bicycle and ski access ingress, egress, access to and from their Ranch and for private road purposes. The Association shall have the right to control vehicular circulation through the Properties by such means as establishing speed limits, by installing speed bumps or by any other means reasonably adopted by the Association.

10.8 Trail System. The Founder may provide a trail system throughout the Properties that may be used by Owners and their guests for non-motorized, pedestrian travel by foot or for cross country skiing. Such trail system shall be provided by separate easement document recorded by the Founder at its discretion. Maintenance of the trail system shall be provided by the Association.

10.9 Property Enhancement Plan Easements. Each Owner of a Ranch shall take title to their Ranch subject to an easement in favor of the Association, the agents of the Association, and the applicable governmental entities to come onto their Ranch for purposes of assessing the status of such Ranch relevant to the property enhancement programs contained in **Article V** of this Declaration. Such easement shall also include the right to implement such property enhancement programs. Notwithstanding the foregoing, the Association, the Board, and the individual Members shall not be liable for the failure to prepare, implement or enforce any of the property enhancement programs.

PART SIX: RELATIONSHIPS WITHIN AND OUTSIDE THE COMMUNITY

The growth and success of Eddyline Ranch as a community in which people enjoy living requires good faith efforts to resolve disputes amicably, attention to and understanding of relationship within the community and with our neighbors, and protections of the rights of others who have an interest in the community.

ARTICLE XI DISPUTE RESOLUTION AND LIMITATION ON LITIGATION

11.1 Consents for Association Litigation. Until the Founder Termination Date, the Association shall not commence a judicial or administrative proceeding without the consent of the Founder and the Founder retains the unilateral right to commence such proceedings on behalf

of the Association without Member consent. Thereafter, except as provided in this Section, the Association shall not commence a judicial or administrative proceeding without the approval of a majority of a quorum of the Members. After the Founder Termination Date, this Section shall not apply, however, to (a) actions brought by the Association to enforce the Governing Documents (including, without limitation, the foreclosure of liens); (b) the collection of assessments; or (c) counterclaims brought by the Association in proceedings instituted against it. This Section shall not be amended unless such amendment is approved by seventy-five (75) percent of the Member votes. Notwithstanding the foregoing, no judicial or administrative proceedings shall be brought against the Founder without the unanimous consent of all Members other than those controlled by the Founder.

11.2 Alternative Method for Resolving Disputes. The Founder, the Association, its officers, directors, and committee members, if any, 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, without the emotional and financial costs of litigation. Accordingly, each Bound Party covenants and agrees that those claims, grievances or disputes described in Section 11.3 shall be resolved using the procedures set forth in Section 11.4 in lieu of filing suit in any court, subject, however, to those rights of enforcement granted in Section 11.6.

11.3 Claims. Unless specifically exempted below, all claims, demands, disputes, causes of action, arising out of or relating to the interpretation, application or enforcement of the Governing Documents, or the rights, obligations and duties of any Bound Party under the Governing Documents or relating to the design or construction of improvements on the Properties (collectively, subject to the exclusions below, “Claims”) shall be subject to the provisions of Section 11.4.

Notwithstanding the above, unless all parties thereto otherwise agree, the following shall not be Claims and shall not be subject to the provisions of Section 11.4 (i.e., the following shall specifically not be subject to mandatory mediation or arbitration):

(a) Any suit by the Association against a Bound Party 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 **Articles III, IV and V**;

(b) Any suit between Owners, which does not include Founder or the Association as a party, if such suit asserts a Claim which would constitute a cause of action independent of the Governing Documents, if the amount in controversy exceeds five thousand dollars (\$5,000);

(c) Any suit in which any indispensable party is not a Bound Party;

(d) Any suit as to which the applicable statute of limitations would expire within one-hundred twenty (120) days of the Request for Resolution pursuant to Section 11.4, unless the party or parties against whom the Claim is made agree to toll the statute of limitations for such periods as may be reasonably necessary to comply with this Article; and

(e) the matters excluded pursuant to Section 11.1.

Notwithstanding the foregoing, with the consent of all parties thereto, any of the above exclusions may be submitted to the alternative dispute resolution procedures set forth in Section 11.4.

11.4 Mandatory Procedures.

(a) **Request for Resolution.** Any Bound Party having a Claim (“Claimant” against any other Bound Party (“Respondent”) (collectively, the “Parties”) shall notify each Respondent in writing (the “Request for Resolution”), stating plainly and concisely:

(i) The nature of the Claim, including the Persons involved and Respondent;

(ii) The legal basis of the Claim (i.e., the specific authority out of which the Claim arises);

(iii) Claimant’s proposed remedy; and

(iv) That Claimant will meet with Respondent to discuss in good faith ways to resolve the Claim; and

(v) That Respondent must respond to the Request for Resolution within thirty (30) days of its receipt or it will be deemed to have been rejected.

(b) Negotiation, Mediation and Arbitration.

(i) The Parties shall make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation. If requested in writing, accompanied by a copy of the Request for Resolution, the Board may appoint a representative to assist the Parties in negotiation.

(ii) If the Respondent rejects the Request for Resolution, or the Parties do not resolve the Claim within forty-five (45) days of the date of acceptance of the Request for Resolution (or within such other period as may be agreed upon by the Parties) (“Termination of Negotiations”), Claimant shall have fifteen (15) additional days to submit the Claim to mediation under the auspice of an independent mediation agency providing dispute resolution services in Teton County, Idaho.

(iii) If Claimant does not submit the Claim to mediation within such time, or does not appear for the mediation, Claimant shall be deemed to have waived the Claim, and Respondent shall be released and discharged from all liability to Claimant on account of such Claim; provided, nothing herein shall release or discharge Respondent from any liability to any Person other than the Claimant.

(iv) Any settlement of the Claim through mediation shall be documented in writing by the mediator and signed by the Parties. If the Parties do not settle the Claim within thirty (30) days after submission of the matter to the mediation, or within such time as determined 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 that the Parties are at an impasse and the date that mediation was terminated. If the mediation is successful, each party shall bear their own costs and attorney fees.

(v) If the Disputing Persons are not successful in resolving the dispute through the mediation, then the Disputing Persons, or any one of them, may pursue binding Arbitration as set forth below. The Arbitration shall be in accordance with the Uniform Arbitration Act as adopted by Idaho and as amended from time to time, Idaho Statute Title 7, Chapter 9, *et seq.*, and shall be limited as follows, arbitration shall last no more than 3 days, discovery shall be limited to 2 depositions per side and 10 interrogatories, 20 requests for production and unlimited requests to admit. The demand for Arbitration shall be filed in writing with the other party. An Arbitration pursuant to this Section may be joined with an arbitration involving common issues of law or fact between the Parties. Arbitration shall be conducted in or as close to Teton County as reasonably possible. There shall be a single arbitrator. In the event the parties are unable to agree upon an arbitrator, then any Party may apply to the state District Court sitting in Teton County to appoint an arbitrator.

The award rendered by the arbitrator or arbitrators shall be final, and judgment may be entered upon it in accordance with applicable law in any court having jurisdiction thereof. The prevailing party shall be entitled to recover from the other party the arbitrator's fees and all reasonable attorney's fees, expert's fees, costs and expenses incurred in bringing the arbitration, including statutory interest.

The judgment may be enforced by a court of law after the procedures described in Section 11.6 have been exhausted.

11.5 Enforcement of Resolution. After resolution of any Claim, if any Party fails to abide by the terms of any 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 11.4. 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) at all costs incurred in enforcing such agreement or Award, including, without limitation, attorneys' fees and court costs.

11.6 Board Authorization. The Board may perform any act reasonably necessary to institute, defend, settle, or intervene on behalf of the Association in binding arbitration, non-binding arbitration, mediation, litigation, or administrative proceedings in matters pertaining to (a) enforcement of the Governing Documents, (b) damage to the Common Area, Roadway System, (c) damage to the Ranches which arises out of, or is integrally related to, damage to the Common Area or Roadway System, or (d) any other civil claim or action.

ARTICLE XII AMENDMENT OF DECLARATION

12.1 By Founder. Until the Founder Termination Date, the Founder reserves the right to make whatever changes it may deem necessary in this Declaration. The amendment reflecting such changes need only be executed by the Founder; provided, however, that except as expressly set forth as a right of the Founder elsewhere in this Declaration, where this provision shall not diminish or restrict such rights of the Founder, no such amendment unilaterally approved by the Founder shall change the configuration or size of any Ranch or Building Envelope in any material fashion, materially alter or modify the directly beneficial appurtenances to such Ranch, or change the proportion or percentage by which the Member shares the Common Expenses, unless such amendment is also approved by the record Owner of the affected Ranch, all record owners of liens on such affected Ranch, and at least a majority of the total voting interests of the Association.

12.2 Special Amendment By Founder. Until the Founder Termination Date, the Founder reserves the right and power to record a special amendment ("Special Amendment") to this Declaration at any time and from time to time which amends the Declaration and any provision therein (i) to comply with requirements of the FNMA, FHLMC, the Government National Mortgage Association, the Department of Housing and Urban Development, the Federal Housing Administration, the Veteran's Administration, or any other governmental agency or any other public, quasi-public or private entity which performs (or may in the future perform) functions similar to those currently performed by such entities; (ii) to induce any of such agencies or entities to make, purchase, sell, insure, guarantee or otherwise deal with first mortgages covering Ranches; (iii) to bring this Declaration into compliance with applicable laws, ordinances or governmental regulations or otherwise necessary to satisfy the requirements of any governmental or quasi-governmental entity; or (iv) necessary to enable any reputable title insurance company to issue title insurance coverage on the Ranches. In furtherance of the foregoing, a power coupled with an interest is hereby reserved and granted to Founder to make or consent to a Special Amendment(s) on behalf of each Ranch Owner and the Association. Each deed, mortgage, trust deed, other evidence of obligation, or other instrument affecting a Ranch and the acceptance thereof shall be deemed to be a grant and acknowledgement of, and a consent to the reservation of, the power of the Founder to make, execute and record Special Amendments.

Notwithstanding the foregoing, until the Founder Termination Date, the Founder shall have and reserves the right at any time and from time to time, without the joinder or consent of any other party to amend this Declaration by any instrument in writing duly signed, acknowledged and filed for record for the purpose of correcting any typographical or grammatical error, ambiguity or inconsistency appearing herein, provided that any such amendment shall be consistent with and in furtherance of the general plan and scheme of development as evidenced by this Declaration and shall not impair or adversely affect the vested property or other rights of any Owner or such Owner's Mortgagee.

12.3 By Members. 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 at least seventy-five percent (75%) of the Members. 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. To the extent that the Association is the owner of any Ranch or portion of a Ranch, the Association shall not have any right to vote that is allocated to Members.

12.4 Validity and Effective Date. No amendment may remove, revoke, or modify any right or privilege of the Founder without the written consent of the Founder. 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. An amendment may be evidenced by recording either (i) an amendment executed by the required amount of the Owners (whose signatures are to be notarized in order for such amendment to be recorded), or (ii) an amendment executed by an officer of the Association certifying that the signatures from the required number of Owners approving such amendment has been obtained. Any procedural challenge to an amendment must be made within thirty (30) days 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.

12.5 Supplemental Declaration. Founder or Association, as applicable, may execute and record a "Supplemental Declaration" evidencing or memorializing any exercise of the rights of Founder pursuant to this **Article XII**.

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Exhibit A
Ranch Legal Descriptions

[See attached]

Exhibit B
Building Envelopes

[See attached]

Exhibit C
River Camp Area

Exhibit D
Roadway System