

Local Association's Articles and By-Laws. The Members present at each meeting shall select a chairman to preside over the meeting and a secretary to transcribe minutes of the meeting.

6.10 Voting in Recreation Association. Each Recreation Association shall have two classes of voting memberships:

A. Class A. Class A Members shall be the Delegates of Local Associations whose members are entitled to use the Recreation Areas managed by such Recreation Association and both shall be entitled to one vote for each Building Lot owned by members of the Local Association represented by such Delegate.

B. Class B. The Class B Member shall be the Grantor. Upon the first sale to an Owner of a Building Lot whose Owner is entitled to use the Recreation Area managed by a Recreation Association, Grantor shall thereupon be entitled to five (5) votes for each Building Lot whose Owner is entitled to use such Recreation Areas of which Grantor is the Owner. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier: (i) when the total votes outstanding in the Class A membership for this Recreation Association equal the total votes outstanding in the Class B membership for that Recreation Association; provided that the Class B membership shall not be converted to Class A membership before the expiration of ten (10) years from the date that the first Building Lot is sold to an Owner entitled to the use of the Recreation Area.

C. Class C. The Class C Members shall be the Owners of Building Lots whose Owners are entitled to use the Recreation Areas managed by such Recreation Association, except for Grantor and Delegates, and the Class C Members shall be entitled to no votes except that Building Lots owned by the Class C Members shall be counted for purposes of determining the number of votes of the Class A Members.

All the voting power of the Recreation Association shall be by Delegates selected as provided in section 6.10 and no Member shall be entitled to cast his or her own vote. All contracts for management of any Recreation Area shall be subject to review by the Board upon termination of the Class B membership.

6.11 Powers and Duties. Each such Local and Recreation Association shall be managed by a Board of Directors and officers in the same manner as specified in section 5.4 for the Hulls Grove Association, shall have the same powers and duties with respect to its Members or the property owned, managed or

maintained by it, including levying assessments, adopting rules and regulations, granting easements, licenses and rights-of-way, payment of expenses, taxes, assessments, utility charges, insurance premiums and the preparation and distribution of budgets and financial statements as are provided in section 5.5 for the Hulls Grove Association. Each such Loan and Recreation Association may certify to the Hulls Grove Association the amount of such assessments and charges for collection. The Board member, committee, officers, managers and Declarant shall also be free of personal liability as to the Local and Recreation Association in the same manner as described in section 5.6 for the Hulls Grove Association.

ARTICLE VII

RIGHTS TO COMMON AREA AND RECREATION AREA

7.1 Use of Hulls Grove Common Area and Recreation Area.
Every Owner shall have a right and easement to use each parcel of the Hulls Grove Common Area, and to the extent permitted by the appropriate Supplemental Declaration or other instrument, each parcel of Local Common Area and the Recreation Areas owned and/or managed by a Local Recreation Association of which such owner is a member, which rights and easement shall be appurtenant to and shall pass with the title to every Building Lot, subject to the following provisions:

7.1.1 The right of the Association holding or controlling such Common Area or Recreation Area to levy and increase Assessments;

7.1.2 The right of such Association to suspend the voting rights and rights to use of, or interest in, Common Area or Recreation Area by an Owner for any period during which any Assessment or charge against his Building Lot remains unpaid; and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations; and

7.1.3 The right of the Association to dedicate or transfer all or any part of the Common Area or Recreation Area to any public agency, authority or utility for such purposes and subject to such conditions as may be permitted by the Articles and By-Laws and agreed to by the Members. No dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer signed by Delegates representing two-thirds (2/3) of each class of Members has been recorded.

7.2 Designation of Common Area and Recreation Area.
Grantor shall designate and reserve Hulls Grove Common Area,

Local Common Areas and Recreation Areas in the Master Declaration, Supplemental Declarations and/or recorded Plats, deeds or other instruments and/or as otherwise provided herein.

7.3 Delegation of Right to Use. Any Owner may delegate, in accordance with the respective By-Laws and rules and regulations of the Master Association or any Local Association, or Recreation Association as the case may be, his right of enjoyment to the Local Common Area, or the Hulls Grove Common Area, or Recreation Area to the members of his family, his tenants or contract purchasers who reside on such Owner's Building Lot.

7.4 Damages. Each Owner shall be fully liable for any damage to any Common Area or Recreation Area which may be sustained by reason of the negligence or willful misconduct of the Owner, his resident tenant or contract purchaser or his family and guests, both minor and adult. In the case of joint ownership of a Building Lot, the liability of such Owners shall be joint and several. The cost of correcting such damage shall be a Limited Assessment against the Building Lot and may be collected as provided herein for the collection of other Assessments.

ARTICLE VIII

ASSESSMENTS

8.1 Covenant to Pay Assessments. By acceptance of a deed to any property in Hulls Grove, each Owner hereby covenants and agrees to pay when due all Assessments or charges made by the Master Association and/or a Local Association and Recreation Area, including all Regular, Special and Limited Assessments and charges made against such Owner pursuant to the provisions of this Declaration or any Supplemental Declaration or other applicable instrument.

8.1.1 Assessment Constitutes Lien. Such Assessments and charges together with interest, costs and reasonable attorneys' fees which may be incurred in collecting the same, shall be a charge on the land and shall be a continuing lien upon the property against which each such Assessment or charge is made.

8.1.2 Assessment is Personal Obligation. Each such Assessment, together with interest, costs and reasonably attorneys' fees, shall also be the personal obligation of the Owner of such property beginning with the time when the Assessment falls due. The personal obligation for delinquent Assessments shall not pass to his successors in title unless expressly assumed by them but shall remain his

personal obligation regardless of whether he remains an Owner.

8.2 Regular Assessments. All Owners, including the Grantor, are obligated to pay Regular Assessments to the treasurer of the Association on a schedule of payments established by the Board of the Association.

8.2.1 Purpose of Regular Assessments. The proceeds from Regular Assessments are to be used to pay for all costs and expenses incurred by the Association for the conduct of its affairs, including without limitation the costs and expenses of construction, improvement, protection, maintenance, repair, management and operation of the Common Areas and Recreation Areas, including all Improvements located on such areas owned and/or managed and maintained by such Association, and an amount allocated to an adequate reserve fund to be used for replacement of those elements of the Common Areas and Recreation Areas or other property of the Association that must be replaced on a regular basis (collectively "Expenses").

8.2.2 Computation of Regular Assessments. The Association shall compute the amount of its Expenses on an annual basis by making advance estimates of the expected Expenses for the coming year. The Board can require, in its discretion or as provided in the Articles or By-Laws, payment of Regular Assessments in monthly, quarterly, semi-annual or annual installments. The Board shall compute the amount of Regular Assessments owed beginning the first day of the third month following the month in which the closing of the first sale of a Building Lot occurred in Halls Grove for the purposes of a Master Association's Regular Assessment and in the applicable Tract for the purposes of a Local Association's or a Recreation Association's Regular Assessment ("Initiation Date"). Thereafter, the computation of Regular Assessments shall take place not less than thirty (30) nor more than sixty (60) days before the beginning of each fiscal year of the Association. The computation of the Regular Assessment for the period from the Initiation Date until the beginning of the next fiscal year shall be reduced by an amount which fairly reflects the fact that such period was less than one year.

8.2.3 Amounts Paid by Owners. The Regular Assessment to be paid by any particular Owner, including Grantor, for any given fiscal year shall be computed as follows:

8.2.3.1 As to the Master Association's Regular Assessment, each Owner shall be assessed and shall pay

an amount computed by multiplying the Association's total advance estimate of Expenses by the fraction produced by dividing the Property Units attributable to the Owner by the total number of Property Units in the Property.

8.2.3.2. As to any Local Association and Recreation Association, each Owner who is also a Member of such Association, including Grantor while it is such an Owner, shall be assessed and shall pay an amount computed by multiplying such Association's total advance estimate of Expenses by the fraction produced by dividing the number of Property Units in the applicable Tract or Recreation Area attributable to such Owner by the total number of Property Units in such Tract or Recreation Area.

8.3 Special Assessments.

8.3.1 Purpose and Procedure. In the event that the Board of an Association shall determine that its respective Regular Assessment for a given calendar year is or will be inadequate to meet the Expenses of such Association for any reason, including but not limited to costs of construction, reconstruction, unexpected repairs or replacement of capital improvements upon the Common Area or Recreation Area owned or managed by such Association, or for any other reason, the Board thereof shall determine the approximate amount necessary to defray such Expenses and levy a Special Assessment against the portions of the Property within its jurisdiction which shall be computed in the same manner as Regular Assessments. No Special Assessment shall be levied which exceeds twenty percent (20%) of the budgeted gross Expenses of such Association for that calendar year, without the vote or written assent of the Owners representing a majority of the votes of the Members of such Association. The Board shall, in its discretion, determine the schedule under which such Special Assessment will be paid.

8.3.2 Consistent Basis of Assessment. Every Special Assessment levied by and for the Association shall be levied and paid upon the same basis as that prescribed for the levying and payment of Regular Assessments for such Association.

8.4 Limited Assessments. Notwithstanding the above provisions with respect to Regular and Special Assessments, a Board may levy a Limited Assessment against a Member as a remedy to reimburse the Association for costs incurred in bringing the Member and/or his Building Lot into compliance with the provisions of the governing instruments for Hulls Grove.

8.5 Uniform Rate of Assessment. Unless otherwise specifically provided herein, Regular and Special Assessments shall be fixed at a uniform rate per Property Unit for all Members of the Association obligated to pay such Assessments.

8.6 Assessment Period. Unless otherwise provided in the By-Laws of the Local Association, Recreation Association or the applicable Supplemental Declaration, the Assessment period shall commence on January 1 of each year and terminate December 31 of the year in which the Initiation Date occurs. The first Assessment shall be pro-rated according to the number of months remaining in the calendar year and shall be payable in equal monthly installments.

8.7 Notice and Assessment Due Date. Ten (10) days prior written notice of Regular and Special Assessments shall be sent to the Owner of every Building Lot subject thereto. The due dates for installment payment of Regular Assessments and Special Assessments shall be the first day of each month unless some other due date is established by the Board of the Association making the Assessment. Each monthly installment of the Regular Assessment or Special Assessment shall become delinquent if not paid within ten (10) days after the levy thereof. There shall accrue with each delinquent installment payment a late charge equal to ten percent (10%) of the delinquent installment. In addition, each installment payment which is delinquent for more than twenty (20) days shall accrue interest at eighteen percent (18%) per annum calculated the date of delinquency to and including the date full payment is received by the Association. The Association making the Assessment may bring an action against the delinquent Owner and may foreclose the lien against his Building Lot as more fully provided herein. Each owner is personally liable for Assessments and no Owner may exempt himself from such liability by a waiver of the use or enjoyment of any of the Common Areas or Recreation Areas, or by lease or abandonment of his Building Lot.

8.8 Estoppel Certificate. Any Association, upon at least twenty (20) days prior written request, shall execute, acknowledge and deliver to the party making such request, a statement in writing stating whether or not to the knowledge of such Association a particular Building Lot Owner is in default under the provisions of this Declaration, and further stating the dates to which any Assessments have been paid by the Owner. Any such certificate delivered pursuant to this Section may be relied upon by any prospective purchaser or mortgagee of the Owner's Building Lot. Reliance on such certificate may not extend to any default as to which the signer shall have had no actual knowledge.

8.9 Special Notice and Quorum Requirements. Notwithstanding anything to the contrary contained in either the

By-Laws or the Articles, written notice of any meeting called for the purpose of levying a Special Assessment, for the purpose of obtaining a membership vote in connection with an increase in the Regular Assessment, or for the purpose of instructing a Delegate as to his vote shall be sent to all Members of such Association not less than thirty (30) days nor more than sixty (60) days before the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast sixty percent (60%) of the total votes of such Association shall constitute a quorum. If such quorum is not present, subsequent meetings may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half ($\frac{1}{2}$) of the quorum required at the preceding meeting. No such subsequent meeting shall be held more than thirty (30) days following the preceding meeting.

ARTICLE IX

ENFORCEMENT OF ASSESSMENTS; LIENS

9.1 Right to Enforce. Both the Master Association and each Local Association and Recreation Association has the right to collect and enforce its Assessments pursuant to the provisions hereof or the provisions of any applicable Supplemental Declaration. Each Owner of a Building Lot upon becoming an Owner of such Building Lot shall be deemed to covenant and agree to pay each and every Assessment provided for in this Declaration or any applicable Supplemental Declaration and agrees to the enforcement of all Assessments in the manner herein specified. In the event an attorney or attorneys are employed for the collection of any Assessment, whether by suit or otherwise, or to enforce compliance with or specific performance of the terms and conditions of this Declaration, each Owner agrees to pay reasonably attorneys' fees in addition to any other relief or remedy obtained against such Owner. The Board of an Association or its authorized representative may enforce the obligations of the Owners to pay such Assessments by commencement and maintenance of a suit at law or in equity, or such Board may exercise the power of foreclosure and sale pursuant to section 9.3 to enforce the liens created hereby. A suit to recover a money judgment for an unpaid Assessment shall be maintainable without foreclosing or waiving the lien hereinafter provided.

9.2 Assessment Liens.

9.2.1 Creation. There is hereby created a claim of lien with power of sale on each and every Building Lot to secure payment of any and all Assessments levied against such Building Lot pursuant to this Master Declaration or any Supplemental Declaration together with interest thereon

at the maximum rate permitted by law and all costs of collection which may be paid or incurred by the Association making the Assessment in connection therewith, including reasonable attorneys' fees. All sums assessed in accordance with the provisions of this Master Declaration shall constitute a lien on such respective Building Lots upon recordation of a claim of lien with the Ada County Recorder. Such lien shall be prior and superior to all other liens or claims created subsequent to the recordation of the notice of delinquency and claim of lien except for tax liens for real property taxes on any Building Lot and Assessments on any Building Lot in favor of any municipal or other governmental assessing body which, by law, would be superior thereto.

9.2.2 Claim of Lien. Upon default of any Owner in the payment of any Regular, Special or Limited Assessment issued hereunder, the Association may cause to be recorded in the Office of the Ada County Recorder a claim of lien. The claim of lien shall state the amount of such delinquent sums and other authorized charges (including the cost of recording such notice), a sufficient description of the Building Lot against which the same have been assessed, and the name of the record owner thereof. Each delinquency shall constitute a separate basis for a notice and claim of lien, but any number of defaults may be included within a single notice and claim of lien. Upon payment to the Association of such delinquent sums and charges in connection therewith or other satisfaction thereof, the Association shall cause to be recorded a further notice stating the satisfaction of relief of such delinquent sums and charges. The Association may demand and receive the cost of preparing and recording such release before recording the same.

9.3 Method of Foreclosure. Such lien may be foreclosed by appropriate action in court or by sale by the Association establishing the Assessment, its attorney or other person authorized to make the sale. Such sale shall be conducted in accordance with the provisions of the Idaho Code applicable to the exercise of powers of sale permitted by law. The Board is hereby authorized to appoint its attorney, any officer or director of the Association, or any title company authorized to do business in Idaho as trustee for the purpose of conducting such power of sale or foreclosure.

9.4 Required Notice. Notwithstanding anything contained in this Master Declaration to the contrary, no action may be brought to foreclose the lien created by recordation of the notice of delinquency and claim of lien, whether judicially, by power of sale or otherwise, until the expiration of thirty (30) days after a copy of such claim of lien has been deposited in

the United States mail, certified or registered, postage prepaid, to the Owner of the Building Lot described in such notice of delinquency and claim of lien, and a copy thereof is recorded by the Association in the Office of the Ada County Recorder.

9.5 Subordination to Certain Trust Deeds. The lien for the Assessments provided for herein in connection with a given Building Lot shall not be subordinate to the lien of any deed of trust or mortgage except the lien of a first deed of trust or first mortgage given and made in good faith and for value that is of record as an encumbrance against such Building Lot prior to the recordation of a claim of lien for the Assessments. Except as expressly provided in section 9.6 with respect to a first mortgagee who acquires title to a Building Lot, the sale or transfer of any Building Lot shall not affect the Assessment lien provided for herein, nor the creation thereof by the recordation of a claim of lien, on account of the Assessments becoming due whether before, on, or after the date of such sale or transfer, nor shall such sale or transfer diminish or defeat the personal obligation of any Owner for delinquent Assessments as provided for in this Master Declaration.

9.6 Rights of Mortgagees. Notwithstanding any other provision of this Master Declaration, no amendment of this Master Declaration shall operate to defeat the rights of the beneficiary under any deed of trust upon a Building Lot made in good faith and for value, and recorded prior to the recordation of such amendment, provided that after the foreclosure of any such deed of trust such Building Lot shall remain subject to this Master Declaration as amended.

ARTICLE X

INSPECTION OF ASSOCIATION'S BOOKS AND RECORDS

10.1 Member's Right of Inspection. The membership register, books of account and minutes of meetings of the Board and committees of an Association shall be made available for inspection and copying by any Member of the Association or by his duly appointed representatives, at any reasonable time and for a purpose reasonably related to his interest as a Member at the office of the Association or at such other place as the Board of such Association shall prescribe.

10.2 Rules Regarding Inspection of Books and Records. The Board shall establish reasonable rules with respect to:

10.2.1 Notice to be given to the custodians of the records by the persons desiring to make the inspection.

10.2.2 Hours and days of the week when such an inspection may be made.

10.2.3 Payment of the cost of reproducing copies of documents requested pursuant to this Article.

10.3 Director's Rights of Inspection. Every Director shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association of which he is a Director, and the physical properties owned or controlled by such Association. The right of inspection by a Director includes the right to make extracts and copies of documents.

ARTICLE XI

ARCHITECTURAL COMMITTEE

11.1 Creation. Within thirty (30) days of the date on which the Grantor first conveys a Building Lot to an Owner, Grantor shall appoint three (3) individuals to serve on Hulls Grove's Architectural Committee ("Committee"). The Committee thereafter shall consist of three (3) members. Each member shall hold office until such time as he has resigned or has been removed, or his successor has been appointed, as provided herein. Members of the Committee may be removed by the person or entity appointing them at any time without cause.

11.2 Grantor's Right of Appointment. At any time prior to ten (10) years after the date of this Master Declaration that Grantor is the Owner of at least ten percent (10%) of the aggregate Building Lots or one (1) of the Tracts, Grantor shall have the exclusive right to appoint and remove all members of the Committee. At all other times, the Master Association Board shall have the right to appoint and remove all members of the Committee. If a vacancy on the Committee occurs and a permanent replacement has not yet been appointed, Grantor or the Master Association, as the case may be, may appoint an acting member to serve for a specified temporary period not to exceed one (1) year.

11.3 Review of Proposed Construction. The Committee shall consider and act upon any and all proposals or plans and specifications submitted for its approval pursuant to this Declaration, and perform such other duties as from time to time shall be assigned to it by the Board of the Master Association, including the inspection of construction in progress to assure its conformance with plans approved by the Committee. The Master Association Board shall have the power to determine, by rule or other written designation consistent with this Declaration, which types of Improvements shall be submitted for Committee review and approval. The Committee shall approve

proposals or plans and specifications submitted for its approval only if it deems that the construction, alterations or additions contemplated thereby in the locations indicated will not be detrimental to the appearance of the surrounding area of the Property as a whole, that the appearance of any structure affected thereby will be in harmony with the surrounding structures, and that the upkeep and maintenance thereof will not become a burden on either the Master Association or any Local Association.

11.3.1 Conditions on Approval. The Committee may condition its approval of proposals or plans and specifications upon such changes therein as it deems appropriate, or upon the agreement of the Owner submitting the same ("Applicant") to grant appropriate easements to an Association for the maintenance thereof, upon the agreement of the Applicant to reimburse an Association for the cost of maintenance, or upon all three, any may require submission of additional plans and specifications or other information before approving or disapproving material submitted.

11.3.2 Committee Rules and Fees. The Committee also may issue rules or guidelines setting forth procedures for the submission of plans for approval, requiring a fee to accompany each application for approval, or additional factors which it will take into consideration in reviewing submissions. The Committee shall determine the amount of such fee in a reasonable manner, provided that in no event shall such fee exceed Two Hundred Fifty Dollars (\$250.00). Such fees shall be used to defray the costs and expenses of the Committee or for such other purposes as established by the Board.

11.3.3 Detailed Plans. The Committee may require such detail in plans and specifications submitted for its review as it deems proper, including, without limitation, floor plans, site plans, landscape plans, drainage plans, elevation drawings and descriptions or samples of exterior material and colors. Until receipt by the Committee of any required plans and specifications, the Committee may postpone review of any plan submitted for approval.

11.3.4 Committee Decisions. Decisions of the Committee and the reasons therefor shall be transmitted by the Committee to the Applicant at the address set forth in the application for approval within twenty (20) days after filing all materials required by the Committee. Any materials submitted pursuant to this Article shall be deemed approved unless written disapproval by the Committee shall have been mailed to the Applicant within twenty (20) days after the date of filing said materials with the Committee.

11.4 Meetings of the Committee. The Committee shall meet from time to time as necessary to perform its duties hereunder. The Committee may from time to time by resolution unanimously adopted in writing, designate a Committee Representative (who may, but need not be one of its members) to take any action or perform any duties for and on behalf of the Committee, except the granting of variances pursuant to section 11.9. In the absence of such designation, the vote of any two (2) members of the Committee, or the written consent of any two (2) members of the Committee taken without a meeting, shall constitute an act of the Committee.

11.5 No Waiver of Future Approvals. The approval of the Committee of any proposals or plans and specifications or drawings for any work done or proposed, or in connection with any other matter requiring the approval and consent of the Committee, shall not be deemed to constitute a waiver of any right to withhold approval or consent as to any similar proposals, plans and specifications, drawings or matter whatever subsequently or additionally submitted for approval or consent.

11.6 Compensation of Members. The members of the Committee shall receive no compensation for services rendered, other than reimbursement for expenses incurred by them in the performance of their duties hereunder.

11.7 Inspection of Work. Inspection of work and correction of defects therein shall proceed as follows:

11.7.1 Upon the completion of any work for which approved plans are required under this article, the Owner shall give written notice of completion to the Committee.

11.7.2 Within sixty (60) days thereafter, the Committee or its duly authorized representative may inspect such improvement. If the Committee finds that such work was not done in substantial compliance with the approved plans, it shall notify the Owner in writing of such non-compliance within such sixty (60) day period, specifying the particular noncompliance, and shall require the Owner to remedy the same.

11.7.3 If upon the expiration of thirty (30) days from the date of such notification or any longer time the Committee determines to be reasonable, the Owner shall have failed to remedy such noncompliance, the Committee shall notify the Master Association Board in writing of such failure. Upon notice and hearing, as provided in the By-Laws, the Board shall determine whether there is a noncompliance and, if so, the nature thereof and the estimated cost of correcting or removing the same. If a noncompliance exists, the Owner shall remedy or remove the

same within a period of not more than forty-five (45) days from the date of the announcement of the Board ruling unless the Board specifies a longer time as reasonable. If the Owner does not comply with the Board ruling within such period, the Board, at its option, may either remove the noncomplying improvement or remedy the noncompliance, and the Owner shall reimburse the Master Association, upon demand, for all expenses incurred in connection therewith. If such expenses are not promptly repaid by the Owner to the Master Association, the Board shall levy a Limited Assessment against such Owner for reimbursement pursuant to this Declaration.

11.7.4 If for any reason the Committee fails to notify the Owner of any noncompliance within sixty (60) days after receipt of the written notice of completion from the Owner, the improvement shall be deemed to be in accordance with the approved plans.

11.8 Non-Liability of Committee Members. Neither the Committee nor any member thereof, nor its duly authorized Committee representative, shall be liable to any Association, or to any Owner or Grantee for any loss, damage or injury arising out of or in any way connected with the performance of the Committee's duties hereunder, unless due to the willful misconduct or bad faith of the Committee. The Committee shall review and approve or disapprove all plans submitted to it for any proposed improvement, alteration or addition, solely on the basis of aesthetic considerations and the overall benefit or detriment which would result to the immediate vicinity and to the Property generally. The Committee shall take into consideration the aesthetic aspects of the architectural designs, placement of building, landscaping, color schemes, exterior finishes and materials and similar features, but shall not be responsible for reviewing, nor shall its approval of any plan or design be deemed approval of any plan or design from the standpoint of structural safety or conformance with building or other codes.

11.9 Variances. The Committee may authorize variances from compliance with any of the architectural provisions of this Declaration or any Supplemental Declaration, including restrictions upon height, size, floor area or placement of structures, or similar restrictions, when circumstances such as topography, natural obstructions, hardship, aesthetic or environmental considerations may require. Such variances must be evidenced in writing, must be signed by at least two (2) members of the Committee, and shall become effective upon recordation in the Office of the County Recorder of Ada County. If such variances are granted, no violation of the Restrictions contained in this Declaration or any Supplemental Declaration shall be deemed to have occurred with respect to the matter for

which the variance was granted. The granting of such a variance shall not operate to waive any of the terms and provisions of this Declaration or of any Supplemental Declaration for any purpose except as to the particular property and particular provision hereof covered by the variance, nor shall it affect in any way the Owner's obligation to comply with all governmental laws and regulations affecting his use of the premises, including but not limited to zoning ordinances and lot set-back lines or requirements imposed any governmental or municipal authority.

11.10 Local Architectural Committee. The Grantor may, at its option, create a three member Local Architectural Committee for the property contained in any Tract designated by a Supplemental Declaration. Upon its formation, all proposals, plans and specifications for Improvements within the Tract requiring approval of the Architectural Committee described above must also be submitted to the Local Architectural Committee for its approval. Each provision of this Article shall apply to the Local Architectural Committee as if it were the Architectural Committee and to the Local Association as if it were the Master Association, except to the extent that such interpretation would be in conflict with the provisions of this Article.

ARTICLE XII

ANNEXATION OF ADDITIONAL PROPERTIES

12.1 By Grantor. Grantor intends to develop the properties shown in the Hulls Grove Plan and may develop other adjacent properties, and may deem it desirable to annex some or all of such adjacent properties to the property covered by this Master Declaration. Annexed Tracts may be annexed to the Property and brought within the provisions of this Master Declaration as provided herein by Grantor, its successors or assigns, at any time, and from time to time, without the approval of any Owner or Association. The use and development of such Annexed Tracts shall conform to zoning limitations.

12.2 By Master Association. In addition to the provisions concerning annexations by Grantor specified in section 12.1 above, Annexed Tracts may be created, subject to the same conditions, by the Master Association upon the exercise by Delegates of at least two-thirds (2/3) of the votes of the Master Association.

12.3 Rights and Obligations of Owners of Annexed Tracts. Subject to the provisions of section 12.2, upon the recording of a Supplemental Declaration as to any Annexed Tract all provisions contained in this Master Declaration shall apply to

the Annexed Tract in the same manner as if it were originally covered by this Declaration, subject to such modifications, changes and deletions as specifically provided in such Supplemental Declaration, such Annexed Tract shall be treated for all purposes as a Tract as defined above. The Owners of lots located in the Annexed Tracts shall become members of the Master Association and shall become liable for their appropriate share of Assessments. Title to the Common Areas which are to be owned and managed by the Master Association within said Annexed Tracts shall be conveyed to the Master Association, free and clear of any and all encumbrances and liens, subject to reservations, easements, covenants, conditions and restrictions then of record including those set forth in this Declaration or any Supplemental Declaration applicable to such Annexed Tracts.

12.4 Method of Annexation. The addition of an Annexed Tract to the Property authorized under sections 12.1 and 12.2 shall be made by filing of record a Supplementary Declaration of Annexation including Covenants, Conditions and Restrictions, or other similar instrument with respect to the Annexed Tract, which shall be executed by Grantor or the owner thereof and which shall annex such property to the Property. Thereupon each Annexed Tract shall be a part of the Property, shall be subject to this Master Declaration and encompassed within the general plan and scheme of Restrictions contained herein as modified by such Supplemental Declaration, and shall be subject to the functions, powers and jurisdiction of the Master Association, any Local Association and Recreation Association established for the area encompassing such Annexed Tract. Such Supplemental Declaration of Annexation or other appropriate document may contain such additions, modifications or deletions of the Restrictions contained in this Master Declaration as may be deemed by Grantor or the owner thereof desirable to reflect the different character, if any, of the Annexed Tract, or as Grantor or such owner may deem appropriate in the development of the Annexed Tract. However, in no event shall such Supplemental Declaration of Annexation revoke, modify or add to the Restrictions established by this Master Declaration as they pertain to the Property and the Owners. If any Annexed Tract is created, the Master Association, the Local Association and/or Recreation Association shall have the authority to levy assessments against the Owners located within such Tract, and the Master Association shall have the duty to maintain additional Hulls Grove Common Area located within the Annexed Tract if so specified in any Supplemental Declaration. No annexation of property shall substantially increase Assessments payable by Owners.

12.5 Deannexation. Grantor may delete all or a portion of the Property described on Exhibit A, including previously Annexed Tracts, from the Property and from coverage of this Master Declaration and the jurisdiction of any Association, so

long as Grantor is the owner of all such Tracts and provided that a Supplemental Declaration of Deletion of Property is recorded in the Office of the Ada County Recorder in the same manner as a Supplemental Declaration of Annexation. Members other than Grantor as described above, shall not be entitled to deannex all or any portion of a Tract except on the favorable vote of seventy-five (75%) of all members of the Master Association.

ARTICLE XIII

EASEMENTS

13.1 Easements of Encroachment. There shall be reciprocal appurtenant easements of encroachment as between each Building Lot and such portion or portions of the Common Area and Recreation Area adjacent thereto or as between adjacent Building Lots due to the unwillful placement or settling or shifting of the improvements constructed, reconstructed or altered thereon in accordance with the terms of this Master Declaration. Easements of encroachment shall be valid so long as they exist, and the rights and obligations of Owners shall not be altered in any way because of encroachments, settling or shifting; provided, however, that in no event shall a valid easement for encroachment occur due to the willful act or acts of said Owner or Owners. In the event a structure on any Building Lot is partially or totally destroyed, and then repaired or rebuilt, the Owners of each Building Lot agree that minor encroachments over adjoining Building Lots that existed prior to the encroachment may be reconstructed pursuant to the easement granted by this paragraph.

13.2 Easements of Access. Grantor expressly reserves for the benefit of all the Property reciprocal easements of access, ingress and egress for all Owners to and from their respective Building Lots for installation and repair of utility services, for drainage of water over, across and upon adjacent Building Lots, Common Areas and Recreation Areas resulting from the normal use of adjoining Building Lots or Common Areas and Recreation Areas, and for necessary maintenance and repair of any improvement. Such easements may be used by Grantor, and by all Owners, their guests, tenants and invitees, residing on or temporarily visiting the Property, for pedestrian walkways, vehicular access and such other purposes reasonably necessary for the use and enjoyment of a Building Lot, Common Area or Recreation Area.

13.3 Drainage and Utility Easements. Notwithstanding anything expressly or impliedly contained herein to the contrary, this Master Declaration shall be subject to all easements heretofore or hereafter granted by Grantor for the

installation and maintenance of utilities and drainage facilities that are required for the development of the Property. In addition, Grantor hereby reserves for the benefit of any Association the right to grant additional easements and rights-of-way over the Property and/or a Tract, as appropriate, to utility companies and public agencies as necessary or expedient for the proper development of the Property until close of escrow for the sale of the last Building Lot in the Property to a purchaser.

13.4 Rights and Duties Concerning Utility Easement. The rights and duties of the Owners of the Building Lots within the Property with respect to utilities shall be governed by the following:

13.4.1 Wherever utility house connections are installed within the Property, which connections or any portions thereof lie in or upon Building Lots owned by an Owner other than the Owner of the Building Lot served by the connections, the Owner of the Building Lot served by the connections shall have the right, and are hereby granted an easement to the full extent necessary therefor, to enter upon any Building Lot or to have their agent enter upon any Building Lot within the Property in or upon which said connections or any portion thereof lie, to repair, replace and generally maintain the connections as and when it may be necessary.

13.4.2 Whenever utility house connections are installed within the Property, which connections serve more than one Building Lot, the Owner of each Building Lot served by the connections shall be entitled to full use and enjoyment of such portions of said connections as service his Building Lot.

13.5 Driveway Easements. Whenever a driveway is installed within the Property which in whole or in part lies upon a Building Lot owned by an Owner other than the Owner of the Building Lot served, or installed to serve more than one Building Lot, the Owner of each Building Lot served or to be served by such driveway shall be entitled to full use and enjoyment of such other Building Lot as required to service his Building Lot or to repair, replace or maintain such driveway.

13.6 Disputes as to Sharing of Costs. In the event of a dispute between Owners with respect to the repair or rebuilding of utility connections or driveways, or with respect to the sharing of the cost thereof, upon written request of one of such Owners addressed to the Master Association, the matter shall be submitted to the Board which shall decide the dispute and, if appropriate, make an appropriate Assessment against any or all of the Owners involved on behalf of the prevailing Owner(s),

which Assessment shall be collected and enforced in the manner provided by this Master Declaration for Limited Assessments.

13.7 General Landscape Easement. An easement is hereby reserved to each appropriate Association, its contractors and agents, to enter those portions of Building Lots contiguous to the Common Area or Recreation Area owned or managed by such Association and not enclosed by fences for the purpose of installing, maintaining, replacing and restoring exterior landscaping. Such landscaping activity shall include, by way of illustration and not of limitation, the mowing of lawns, irrigation, sprinkling, tree and shrub trimming and pruning, seasonal planting and such other landscaping activities within the Property as such Association shall determine to be necessary from time to time.

13.8 Overhang Easement. There shall be an exclusive easement appurtenant to each Building Lot over the Common Areas and Recreation Areas for overhanging eaves, and for any projections from the buildings, which projections shall not extend beyond the "eave line."

13.9 Maintenance and Use Easement Between Walls and Property Lines. Whenever the wall of a structure, or a fence constructed on a Building Lot under plans and specifications approved by the Architectural Committee is located within three (3) feet of the property line of such Building Lot, the Owner of such Building Lot is hereby granted an easement over and on the adjoining Building Lot (not to exceed 3 feet from the property line) for purposes of maintaining and repairing such wall or fence and eaves or other overhangs, and the Owner of such adjoining Building Lot is hereby granted an easement for landscaping purposes over and on the area lying between the property line and such structure or fence so long as such use does not cause damage to the structure or fence.

13.10 Waterway Easement. Grantor hereby reserves for the benefit of the Master Association an easement for all Waterways and related pipes, pumps and other equipment over, across and under all Building Lots, Common Areas and Recreation Areas to the extent reasonably required to maintain any Waterway system installed by Grantor on the Property or pursuant to plans and specifications approved by the Architectural Committee. Any relocation of the water lines installed as a part of such system shall not be undertaken in any way which interrupts the flow of water through the system or damages the system in any other fashion. Grantor reserves the right to make any reconfiguration of any Waterway which it determines, in its own discretion, to be necessary, expedient or desirable, provided, however, that nothing herein shall reserve unto Grantor the right to take any action which would disturb, encroach upon or endanger the foundation of any building, nor shall Grantor take any action

which would materially alter any Waterway's proximity to improved property abutting such Waterways.

ARTICLE XIV

MISCELLANEOUS

14.1 Term. The easements created hereunder shall be perpetual, subject only to extinguishment by the holders of such easements as provided by law. The covenants, conditions, restrictions and equitable servitudes of this Declaration shall run until December 31, 2025, unless amended as herein provided. After December 31, 2025, such covenants, conditions and restrictions shall be automatically extended for successive periods of ten (10) years each, unless amended or extinguished by a written instrument executed by Members holding at least three-fourths ($\frac{3}{4}$) of the voting power of the Master Association and such written instrument is recorded with the Ada County Recorder. Further provided that the Master Association as provided hereunder shall not be dissolved without the prior written approval of the City of Boise and Ada County Highway District. Such consent not to be unreasonably withheld provided that a responsible successor organization shall agree to perform those maintenance responsibilities arising from applicable city and county governmental requirements.

14.2 Amendment.

14.2.1 By Grantor. Until the close of escrow for the sale of the first Building Lot in the Property, the provisions of this Declaration may be amended or terminated by Grantor by recordation of written instrument setting forth such amendment or termination. Any amendment affecting only Annexed Tracts may be made by Grantor by Supplemental Declaration at any time up to the close of escrow for the sale of the first Building Lot in such Annexed Tract. For the purposes of this Declaration, the close of escrow shall be deemed to be the date on which a deed granting a Building Lot is recorded in the Office of the Ada County Recorder.

14.2.2 By Owners. Except where a greater percentage is required by express provision in this Master Declaration, the provisions of this Master Declaration, other than this Article, may be amended by an instrument in writing signed and acknowledged by the president and secretary of the Master Association certifying that such amendment has been approved by the vote or written consent of Owners representing more than fifty percent (50%) of the votes in the Master Association, and such amendment shall be effective upon its recordation with the Ada County

Recorder. Any amendment to this Article shall require the vote or written consent of all of the Members holding all of the voting power of the Master Association.

14.3 Mortgage Protection. Notwithstanding any other provision of this Master Declaration, no amendment of this Master Declaration shall operate to defeat or render invalid the rights of the beneficiary under any first deed of trust upon a Building Lot made in good faith and for value, and recorded prior to the recordation of such amendment, provided that after foreclosure of any such first deed of trust such Building Lot shall remain subject to this Master Declaration, as amended. Notwithstanding any and all provisions of this Master Declaration to the contrary, in order to induce the Federal Home Loan Mortgage Corporation ("FHLMC"), the Government National Mortgage Association ("GNMA") and the Federal National Mortgage Association ("FNMA") to participate in the financing of the sale of Building Lots within the Properties, the following provisions are added hereto (and to the extent these added provisions, pertaining to the rights of Mortgagees, FHLMC, FNMA, or GNMA, conflict with any other provisions of this Master Declaration these added restrictions shall control):

14.3.1 Each first Mortgagee of a mortgage encumbering any Building Lot, upon filing a written request for notification with the Board, is entitled to written notification from an Association of any default by the mortgagor of such Building Lot in the performance of such mortgagor's obligations under this Master Declaration or a Supplemental Declaration, or the Association's Articles or By-Laws (collectively, the "Project Documents"), which default is not cured within thirty (30) days after the Association learns of such default.

14.3.2 Every Owner, including every first Mortgagee of a mortgage encumbering any Building Lot, which obtains title to such Building Lot pursuant to the remedies provided in such Mortgage, or pursuant to foreclosure of the mortgage, or by deed or assignment in lieu of foreclosure, shall be exempt from any "right of first refusal."

14.3.3 Each holder of a first mortgage lien on a Building Lot who comes into possession of the Building Lot by virtue of foreclosure of the mortgage, or by deed or assignment in lieu of foreclosure, or any purchaser at a foreclosure sale, will take title to such Building Lot free of any claims for unpaid assessments and charges against the Building Lot, which accrue prior to the time such holder comes into possession of the Building Lot, except for claims for a share of such assessments or charges resulting from a reallocation of such assessments or charges to all Building Lots including the mortgaged Building Lot.

14.3.4 Unless all of the first Mortgagees have given their prior written approval, neither the Association nor the Owners shall:

14.3.4.1 by act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the Common Area or the Improvements thereon which are owned directly or indirectly by the Association; provided, that the granting of easements for public utilities or for other public purposes consistent with the intended use of such property by the Association, or the transfer of the Common Area or Improvements to an unincorporated association of the Owners in accordance with the Articles of the Association, shall not be deemed a transfer within the meaning of this clause; or

14.3.4.2 change the ratio of assessments or method of determining the obligations, Assessments, dues or other charges which may be levied against any Owner, or the method of allocating distributions or hazard insurance proceeds or condemnation awards.

14.3.5 Except by at least seventy-five percent (75%) majority vote of the first Mortgagees (based upon one vote for each mortgage owned), neither the Association nor the Owners shall:

14.3.5.1 by act or omission change, waive or abandon any scheme of regulations, or enforcement thereof, pertaining to the architectural design of the exterior appearance of the dwelling units on the Building Lots, the exterior maintenance of the dwelling units on the Building Lots or the upkeep of the lawns and plantings on the Building Lots;

14.3.5.2 fail to maintain Fire and Extended Coverage on insurable Common Area on a current replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value (based on current replacement cost);

14.3.5.3 use hazard insurance proceeds for losses to any Common Area Improvements for other than the repair, replacement or reconstruction of such Improvements;

14.3.5.4 abandon or terminate the covenants, conditions, and restrictions of this Master Declaration or any Supplement to this Declaration;

14.3.5.5 make any material amendment to this Declaration or any Supplement to this Master Declaration or to any Articles or By-Laws of any Association created pursuant to this Master Declaration; or

14.3.5.6 terminate professional management of any portion of the Property and assume self-management thereof.

14.3.6 First Mortgagees, upon written request, shall have the right to (1) examine the books and records of an Association during normal business hours, (2) require from an Association the submission of audited annual financial reports and other financial data, (3) receive written notice of all meetings of the Owners, and (4) designate in writing a representative to attend all such meetings.

14.3.7 All first Mortgagees shall be given immediate written notice as soon as the Board receives notice or otherwise learns of any damage to the Common Area or any Building Lot whenever the cost of reconstruction exceeds Ten Thousand Dollars (\$10,000), and as soon as the Board receives notices or otherwise learns of any condemnation or eminent domain proceedings or other proposed acquisition, with respect to any portion of the Property.

14.3.8 First Mortgagees, jointly or singly, may pay taxes or other charges which are in default and which may or have become a charge against any Common Area and may pay any overdue premiums on hazard insurance policies for such property, and first Mortgagees making such payments shall be owed immediate reimbursement from the Association.

14.3.9 The Board shall contract for professional management of the Property with a bonded professional manager. The agreement between the Association and its agent for such professional management shall provide that the management contract may be terminated for cause on not more than thirty (30) days' written notice, and the term of any such contract shall not exceed one (1) year, renewable by agreement of the parties for successive one-year periods.

14.3.10 The Board shall secure and cause to be maintained in force at all times a fidelity bond for any person or entity handling funds of the Association, including but not limited to, employees of the professional manager.

14.3.11 Any agreement for the leasing or rental of a Building Lot, including a month-to-month rental agreement, shall provide that the terms of such agreement shall be

subject in all respects to the provisions of this Master Declaration and all applicable Articles and By-Laws. All such agreements shall be in writing and shall provide that any failure by the lessee to comply with the terms of this Master Declaration, the Articles or By-Laws shall be a default under the agreement.

14.3.12 All taxes on the Common Areas must be assessable against those Common Areas only and the Master Association or Local Association owning such Common Areas are solely responsible for payment of such taxes.

14.3.13 Any provision in this Master Declaration which requires Owners to indemnify the Association, other Owners or the Board, against acts of the indemnitor is subject to the exception that if the liability, damage or injury is covered by any type of insurance, the indemnitor is relieved of liability to the extent of insurance coverage.

14.3.14 Notwithstanding any other provisions herein, the Association shall continuously maintain in effect such casualty, flood and liability insurance and a fidelity bond meeting the insurance and fidelity bond requirements for planned unit development projects established by Federal National Mortgage Association and Government National Mortgage Association, so long as either is a Mortgagee or Owner of a Building Lot within the project, except to the extent such coverage is not available or has been waived in writing by Federal National Mortgage Association or Government National Mortgage Association.

14.3.15 In addition to the foregoing, the Board may enter into such contracts or agreements on behalf of the Association as are required in order to satisfy the guidelines of the FHLMC, the FNMA or the GNMA or any similar entity, so as to allow for the purchase, guaranty or insurance, as the case may be, by such entities of first Mortgage encumbering Building Lots with dwelling units thereon. Each Owner hereby agrees that it will benefit the Association and the membership of the Association, as a class of potential mortgage borrowers and potential sellers of Building Lots, if such agencies approve the Property or any portion thereof as a qualifying subdivision under their respective policies, rules and regulations, as adopted from time to time. Mortgagees are hereby authorized to furnish information to the Board concerning the status of any mortgage encumbering a Building Lot.

14.4 Notices. Any notices permitted or required to be delivered as provided herein shall be in writing and may be delivered either personally or by mail. If delivery is made by mail, it shall be deemed to have been delivered seventy-two

hours (72) after a copy of the same has been deposited in the United States mail, postage prepaid, addressed to any person at the address given by such person to the Master Association for the purpose of service of such notice, or to the residence of such person if no address has been given to the Master Association. Such address may be changed from time to time by notice in writing to the Master Association.

14.5 Enforcement and Non-Waiver.

14.5.1 Right of Enforcement. Except as otherwise provided herein, any Owner of any Building Lot shall have the right to enforce any or all of the provisions hereof against any property within the Property and Owners thereof.

14.5.2 Violations and Nuisances. The failure of any Owner of a Building Lot to comply with any provision hereof or any provision of the Articles or By-Laws of any Association is hereby declared a nuisance and will give rise to a cause of action in the Grantor, the Association or any Owner or Owners of Building Lots within the Property for recovery of damages or for negative or affirmative injunctive relief or both. However, any other provision to the contrary notwithstanding, only Grantor, the Master Association, the Board, or a duly authorized agent of any of them, may enforce by self-help any of the provisions hereof only if such self-help is preceded by reasonable notice to the Owner.

14.5.3 Violation of Law. Any violation of any state, municipal or local law, ordinance or regulation pertaining to the ownership, occupation or use of any property within the Property is hereby declared to be a violation of this Master Declaration and subject to any or all of the enforcement procedures set forth in this Master Declaration.

14.5.4 Remedies Cumulative. Each remedy provided herein is cumulative and not exclusive.

14.5.5 Non-Waiver. The failure to enforce any of the provisions herein at any time shall not constitute a waiver of the right to enforce any such provision or any other provision of said restrictions.

14.6 Interpretation. The provisions of this Master Declaration shall be liberally construed to effectuate their purpose of creating a uniform plan for the development and operation of the Property. This Master Declaration shall be construed and governed under the laws of the State of Idaho.

14.6.1 Restrictions Construed Together. All of the articles and provisions hereof shall be liberally construed together to promote and effectuate the fundamental concepts of the development of the Property as set forth in the preamble of this Master Declaration.

14.6.2 Restrictions Severable. Notwithstanding the provisions of the foregoing Paragraph 14.6.1, each of the provisions of this Master Declaration shall be deemed independent and severable, and the invalidity or partial invalidity of any provision or portion thereof shall not affect the validity or enforceability of any other provision.

14.6.3 Singular Includes Plural. Unless the context requires a contrary construction, the singular shall include the plural and the plural the singular; and the masculine, feminine or neuter shall each including the masculine, feminine and neuter.

14.6.4 Captions. All captions and titles used in this Declaration are intended solely for convenience of reference and shall not affect that which is set forth in any of the provisions hereof.

14.7 Successors and Assigns. All references herein to Grantor, Owners, any Association or person shall be construed to include all successors, assigns, partners and authorized agents of such Grantor, Owners, Association or person.

IN WITNESS WHEREOF, We have hereunto set our hands and seals this 24 th day of April, 1987.

ORIDA INVESTMENT CORPORATION, an
Idaho corporation

By: 

Wayne U. Booe
Its Vice President