



Plat Maps and/or CC&Rs

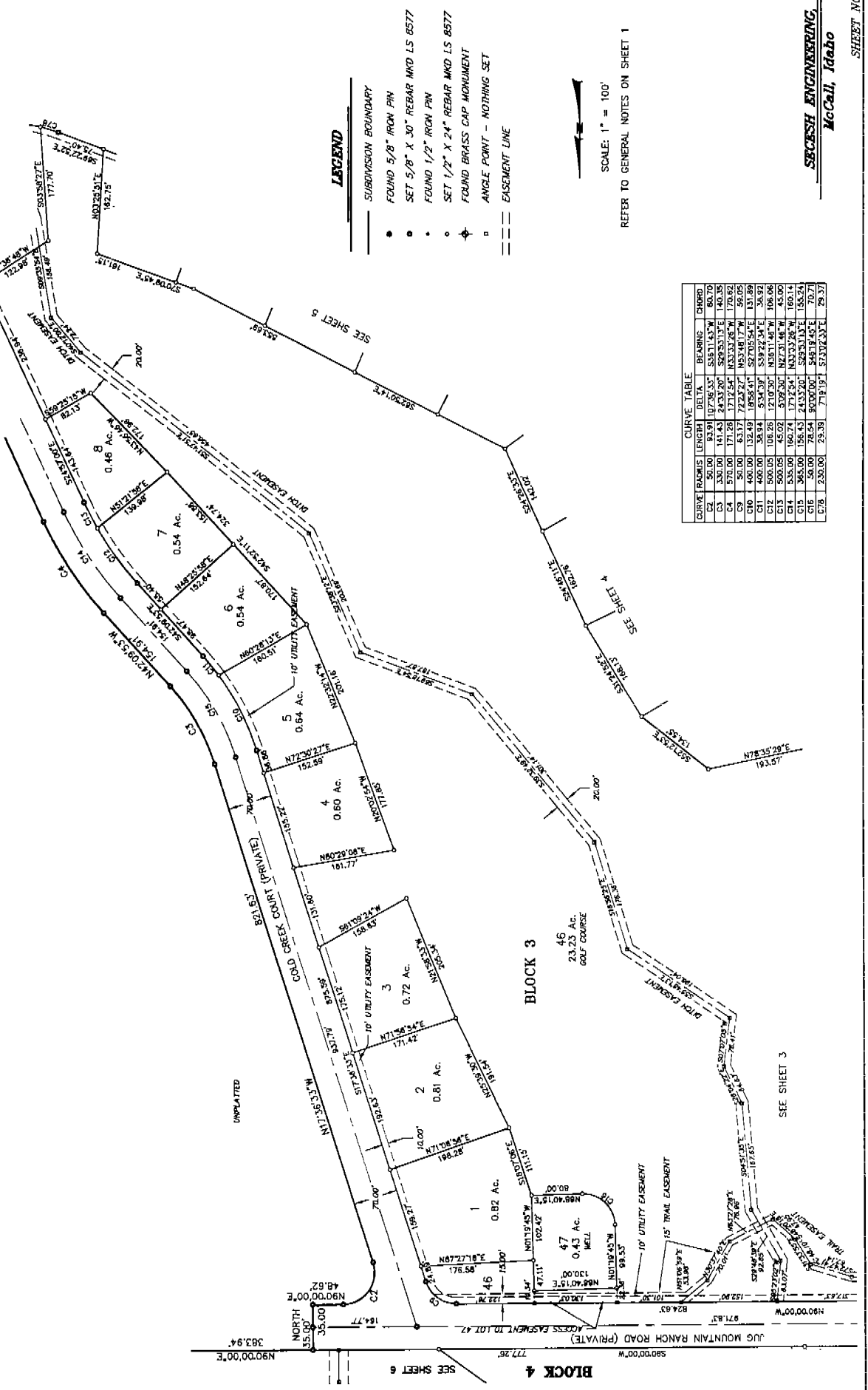
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www.amerititle.com



JUG MOUNTAIN RANCH PLANNED UNIT DEVELOPMENT PHASE 1 STAGE 2

Located in the S 1/2 of Section 1
and the N 1/2 of the N 1/2 of Section 12, T.17N., R.3E., B.M.
Valley County, Idaho



LEGEND

- SUBDIVISION BOUNDARY
- FOUND 5/8" IRON PIN
- SET 5/8" X 30" REBAR MKD LS 8577
- SET 1/2" X 24" IRON PIN
- SET 1/2" X 24" REBAR MKD LS 8577
- FOUND BRASS CAP MONUMENT
- ANGLE POINT - NOTHING SET
- EASEMENT LINE



SCALE: 1" = 100'

REFER TO GENERAL NOTES ON SHEET 1

CURVE	RADIUS	LENGTH	DELTA	BEARING	CHORD
C1	50.00	132.48	72.24	N63.4817°W	56.05
C2	50.00	132.48	72.24	S63.4817°E	56.05
C3	50.00	132.48	72.24	N63.4817°W	56.05
C4	50.00	132.48	72.24	S63.4817°E	56.05
C5	50.00	132.48	72.24	N63.4817°W	56.05
C6	50.00	132.48	72.24	S63.4817°E	56.05
C7	50.00	132.48	72.24	N63.4817°W	56.05
C8	50.00	132.48	72.24	S63.4817°E	56.05
C9	50.00	132.48	72.24	N63.4817°W	56.05
C10	50.00	132.48	72.24	S63.4817°E	56.05
C11	50.00	132.48	72.24	N63.4817°W	56.05
C12	50.00	132.48	72.24	S63.4817°E	56.05
C13	50.00	132.48	72.24	N63.4817°W	56.05
C14	50.00	132.48	72.24	S63.4817°E	56.05
C15	50.00	132.48	72.24	N63.4817°W	56.05
C16	50.00	132.48	72.24	S63.4817°E	56.05
C17	50.00	132.48	72.24	N63.4817°W	56.05
C18	50.00	132.48	72.24	S63.4817°E	56.05
C19	50.00	132.48	72.24	N63.4817°W	56.05
C20	50.00	132.48	72.24	S63.4817°E	56.05

SECRESH ENGINEERING, INC.
McCall, Idaho

JUG MOUNTAIN RANCH PLANNED UNIT DEVELOPMENT PHASE 1 STAGE 2

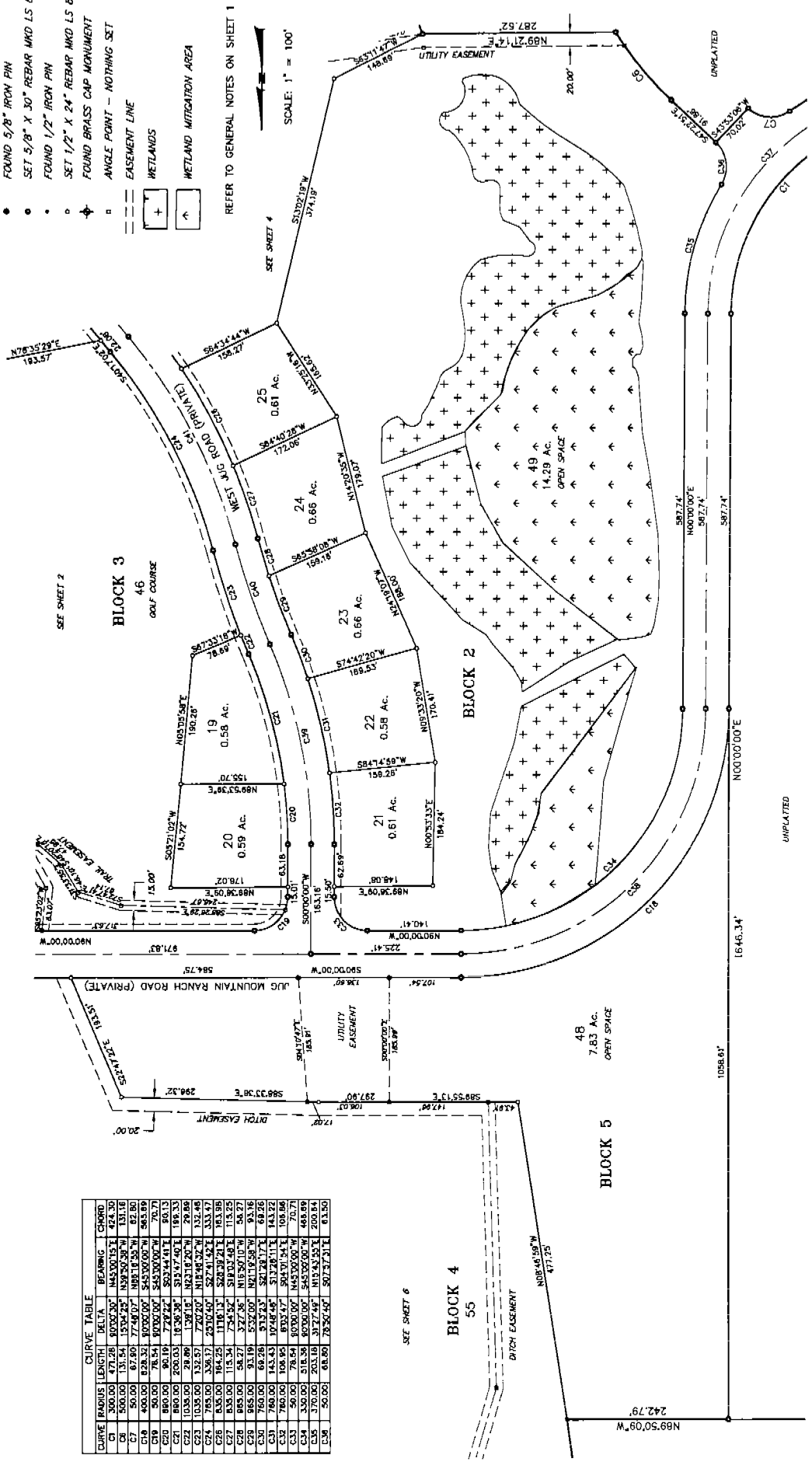
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Valley County, Idaho

LEGEND

- SUBDIVISION BOUNDARY
- FOUND 5/8" X 30" IRON PIN
- SET 5/8" X 30" REBAR MKD LS 8577
- FOUND 1/2" X 30" IRON PIN
- SET 1/2" X 24" REBAR MKD LS 8577
- FOUND BRASS CAP MONUMENT
- ANGLE POINT - NOTHING SET
- EASEMENT LINE
- WETLANDS
- WETLAND MITIGATION AREA

REFER TO GENERAL NOTES ON SHEET 1

SCALE: 1" = 100'



CURVE	RADIUS	LENGTH	DELTA	BEARING	CHORD
C1	50.00	15.34	15.34	S89°55'13"E	15.34
C2	50.00	15.34	15.34	S89°55'13"E	15.34
C3	50.00	15.34	15.34	S89°55'13"E	15.34
C4	50.00	15.34	15.34	S89°55'13"E	15.34
C5	50.00	15.34	15.34	S89°55'13"E	15.34
C6	50.00	15.34	15.34	S89°55'13"E	15.34
C7	50.00	15.34	15.34	S89°55'13"E	15.34
C8	50.00	15.34	15.34	S89°55'13"E	15.34
C9	50.00	15.34	15.34	S89°55'13"E	15.34
C10	50.00	15.34	15.34	S89°55'13"E	15.34
C11	50.00	15.34	15.34	S89°55'13"E	15.34
C12	50.00	15.34	15.34	S89°55'13"E	15.34
C13	50.00	15.34	15.34	S89°55'13"E	15.34
C14	50.00	15.34	15.34	S89°55'13"E	15.34
C15	50.00	15.34	15.34	S89°55'13"E	15.34
C16	50.00	15.34	15.34	S89°55'13"E	15.34
C17	50.00	15.34	15.34	S89°55'13"E	15.34
C18	50.00	15.34	15.34	S89°55'13"E	15.34
C19	50.00	15.34	15.34	S89°55'13"E	15.34
C20	50.00	15.34	15.34	S89°55'13"E	15.34
C21	50.00	15.34	15.34	S89°55'13"E	15.34
C22	50.00	15.34	15.34	S89°55'13"E	15.34
C23	50.00	15.34	15.34	S89°55'13"E	15.34
C24	50.00	15.34	15.34	S89°55'13"E	15.34
C25	50.00	15.34	15.34	S89°55'13"E	15.34
C26	50.00	15.34	15.34	S89°55'13"E	15.34
C27	50.00	15.34	15.34	S89°55'13"E	15.34
C28	50.00	15.34	15.34	S89°55'13"E	15.34
C29	50.00	15.34	15.34	S89°55'13"E	15.34
C30	50.00	15.34	15.34	S89°55'13"E	15.34
C31	50.00	15.34	15.34	S89°55'13"E	15.34
C32	50.00	15.34	15.34	S89°55'13"E	15.34
C33	50.00	15.34	15.34	S89°55'13"E	15.34
C34	50.00	15.34	15.34	S89°55'13"E	15.34
C35	50.00	15.34	15.34	S89°55'13"E	15.34
C36	50.00	15.34	15.34	S89°55'13"E	15.34
C37	50.00	15.34	15.34	S89°55'13"E	15.34
C38	50.00	15.34	15.34	S89°55'13"E	15.34
C39	50.00	15.34	15.34	S89°55'13"E	15.34
C40	50.00	15.34	15.34	S89°55'13"E	15.34
C41	50.00	15.34	15.34	S89°55'13"E	15.34
C42	50.00	15.34	15.34	S89°55'13"E	15.34
C43	50.00	15.34	15.34	S89°55'13"E	15.34
C44	50.00	15.34	15.34	S89°55'13"E	15.34
C45	50.00	15.34	15.34	S89°55'13"E	15.34
C46	50.00	15.34	15.34	S89°55'13"E	15.34
C47	50.00	15.34	15.34	S89°55'13"E	15.34
C48	50.00	15.34	15.34	S89°55'13"E	15.34
C49	50.00	15.34	15.34	S89°55'13"E	15.34
C50	50.00	15.34	15.34	S89°55'13"E	15.34

JUG MOUNTAIN RANCH PLANNED UNIT DEVELOPMENT PHASE 1 STAGE 2

Located in the S 1/2 of Section 1
and the N 1/2 of the N 1/2 of Section 12, T.17N., R.3E., B.M.
Valley County, Idaho

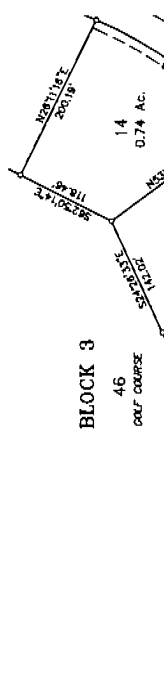
LEGEND

- SUBDIVISION BOUNDARY
- FOUND 5/8" IRON PIN
- SET 5/8" X 30" REBAR MKD LS 8577
- FOUND 1/2" IRON PIN
- SET 1/2" X 24" REBAR MKD LS 8577
- FOUND BRASS CAP MONUMENT
- ANGLE POINT - NOTHING SET
- == EASEMENT LINE
- + WETLANDS

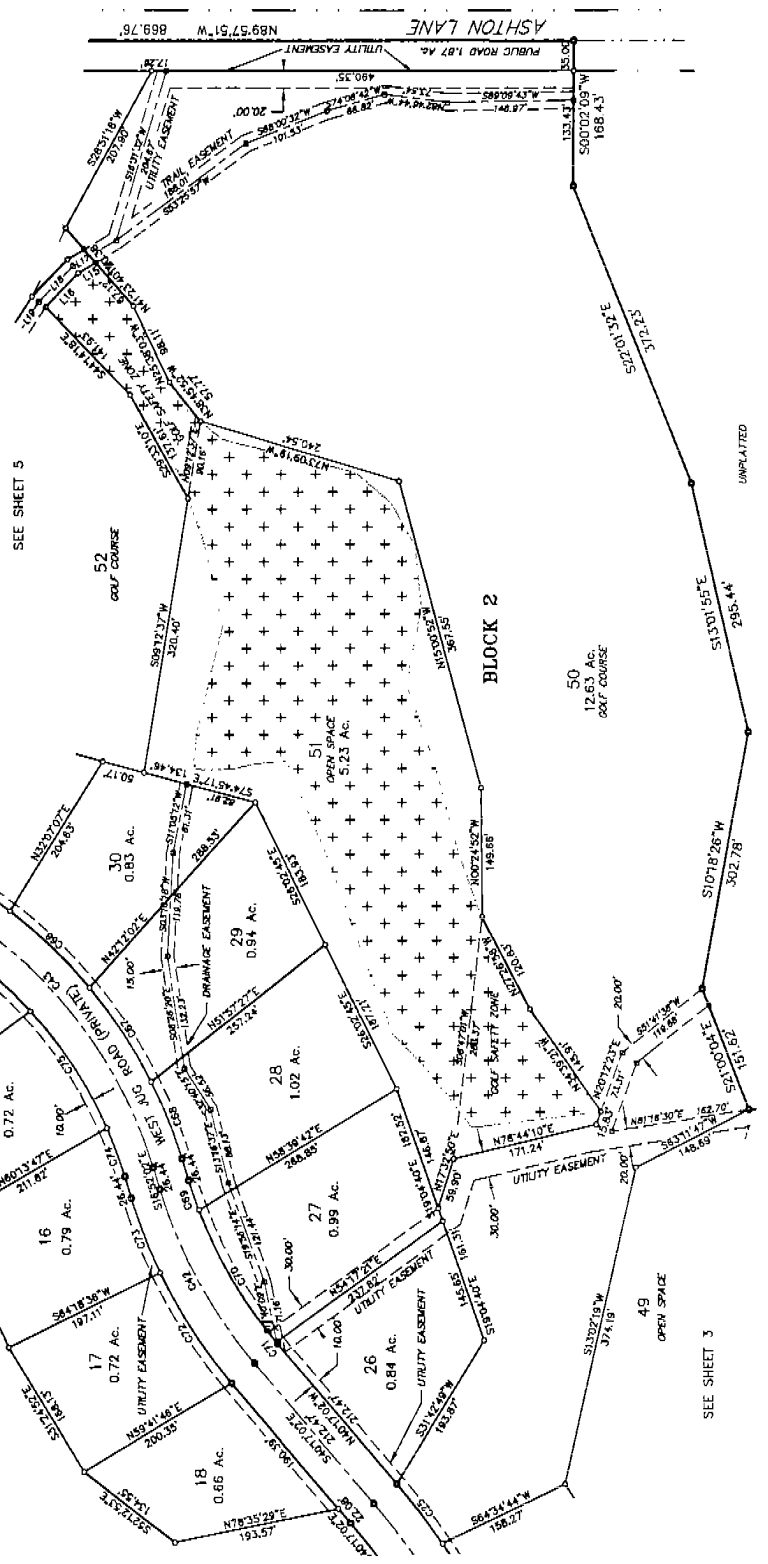
CURVE	RADIUS	LENGTH	DELTA	BEARING	CHORD
C23	633.00	87.34	529.35	S371°15'E	87.30
C24	663.00	230.04	232.00	N89°57'51"W	229.31
C25	533.00	464.05	51.35	S42°18'46"E	460.43
C26	570.00	123.08	17.89	S43°15'09"E	120.60
C27	570.00	131.78	131.44	S33°11'31"E	131.45
C28	530.00	36.00	36.00	S74°52'12"E	36.00
C29	530.00	177.86	173.15	N82°23'08"W	176.97
C30	530.00	2.20	0.14	N40°02'54"W	2.20
C31	600.00	152.63	143.36	N33°29'13"E	152.41
C32	800.00	92.36	6.99	N21°15'43"W	92.30
C33	500.00	59.84	13.21	S20°18'09"E	59.92
C34	500.00	113.93	18.57	S33°17'48"E	113.20
C35	500.00	210.72	43.98	S24°55'46"E	209.10

LINE	LENGTH	BEARING
L15	23.99	S89°32'12"W
L16	54.51	S43°17'48"W
L17	59.18	S89°32'12"W
L18	57.59	S43°17'48"W
L19	38.95	S32°58'53"W

SEE SHEET 2



SEE SHEET 5



SEE SHEET 3

SCALE: 1" = 100'

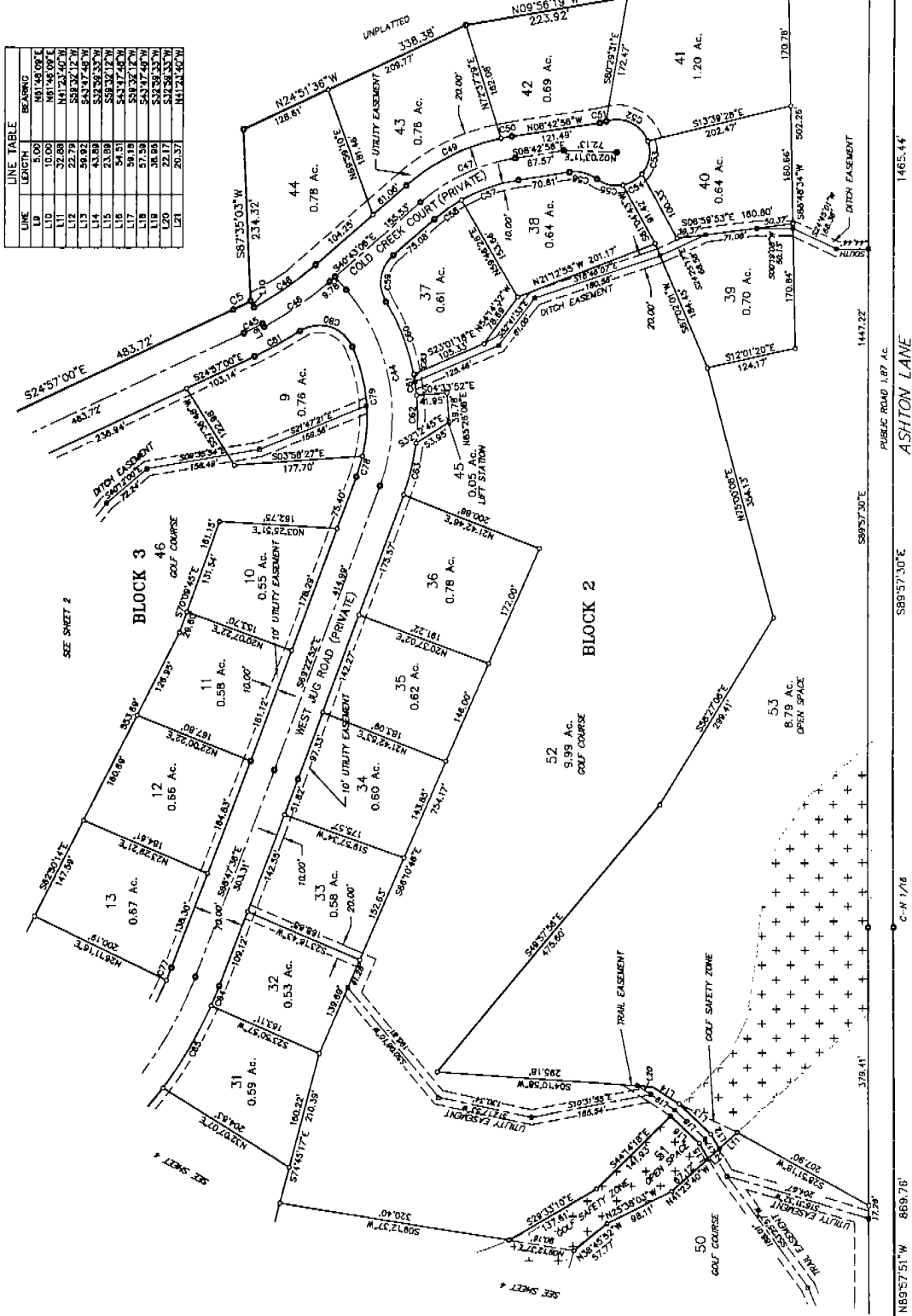
REFER TO GENERAL NOTES ON SHEET 1

JUG MOUNTAIN RANCH PLANNED UNIT DEVELOPMENT PHASE 1 STAGE 2

Located in the S 1/2 of Section 1
and the N 1/2 of the N 1/2 of Section 12, T.17N., R.3E., B.M.
Valley County, Idaho

LINE	LENGTH	BEARING
L1	5.00	N81°48'00"E
L2	10.00	N81°48'00"E
L3	22.89	N41°23'40"W
L4	32.78	S88°32'12"W
L5	24.92	S43°47'48"W
L6	24.92	S43°47'48"W
L7	23.88	S58°32'12"W
L8	23.88	S58°32'12"W
L9	54.31	S43°47'48"W
L10	54.31	S43°47'48"W
L11	54.31	S43°47'48"W
L12	54.31	S43°47'48"W
L13	54.31	S43°47'48"W
L14	54.31	S43°47'48"W
L15	54.31	S43°47'48"W
L16	54.31	S43°47'48"W
L17	54.31	S43°47'48"W
L18	54.31	S43°47'48"W
L19	54.31	S43°47'48"W
L20	54.31	S43°47'48"W
L21	54.31	S43°47'48"W

CURVE	RADIUS	LENGTH	DELTA	BEARING	CHORD
C44	285.00	28.63	81°20'13"	N76°25'00"E	270.34
C45	285.00	28.63	318°31"	S76°25'00"E	270.34
C46	285.00	110.06	122°01'55"	S44°28'24"E	109.85
C47	285.00	145.22	32°20'10"	N44°53'01"W	143.34
C48	285.00	103.33	122°01'55"	S44°28'24"E	103.32
C49	285.00	145.22	32°20'10"	N44°53'01"W	143.34
C50	285.00	110.06	122°01'55"	S44°28'24"E	109.85
C51	285.00	145.22	32°20'10"	N44°53'01"W	143.34
C52	285.00	110.06	122°01'55"	S44°28'24"E	109.85
C53	285.00	145.22	32°20'10"	N44°53'01"W	143.34
C54	285.00	110.06	122°01'55"	S44°28'24"E	109.85
C55	285.00	145.22	32°20'10"	N44°53'01"W	143.34
C56	285.00	110.06	122°01'55"	S44°28'24"E	109.85
C57	285.00	145.22	32°20'10"	N44°53'01"W	143.34
C58	285.00	110.06	122°01'55"	S44°28'24"E	109.85
C59	285.00	145.22	32°20'10"	N44°53'01"W	143.34
C60	285.00	110.06	122°01'55"	S44°28'24"E	109.85
C61	285.00	145.22	32°20'10"	N44°53'01"W	143.34
C62	285.00	110.06	122°01'55"	S44°28'24"E	109.85
C63	285.00	145.22	32°20'10"	N44°53'01"W	143.34
C64	285.00	110.06	122°01'55"	S44°28'24"E	109.85
C65	285.00	145.22	32°20'10"	N44°53'01"W	143.34
C66	285.00	110.06	122°01'55"	S44°28'24"E	109.85
C67	285.00	145.22	32°20'10"	N44°53'01"W	143.34
C68	285.00	110.06	122°01'55"	S44°28'24"E	109.85
C69	285.00	145.22	32°20'10"	N44°53'01"W	143.34
C70	285.00	110.06	122°01'55"	S44°28'24"E	109.85
C71	285.00	145.22	32°20'10"	N44°53'01"W	143.34
C72	285.00	110.06	122°01'55"	S44°28'24"E	109.85
C73	285.00	145.22	32°20'10"	N44°53'01"W	143.34
C74	285.00	110.06	122°01'55"	S44°28'24"E	109.85
C75	285.00	145.22	32°20'10"	N44°53'01"W	143.34
C76	285.00	110.06	122°01'55"	S44°28'24"E	109.85
C77	285.00	145.22	32°20'10"	N44°53'01"W	143.34
C78	285.00	110.06	122°01'55"	S44°28'24"E	109.85
C79	285.00	145.22	32°20'10"	N44°53'01"W	143.34
C80	285.00	110.06	122°01'55"	S44°28'24"E	109.85
C81	285.00	145.22	32°20'10"	N44°53'01"W	143.34
C82	285.00	110.06	122°01'55"	S44°28'24"E	109.85
C83	285.00	145.22	32°20'10"	N44°53'01"W	143.34
C84	285.00	110.06	122°01'55"	S44°28'24"E	109.85
C85	285.00	145.22	32°20'10"	N44°53'01"W	143.34
C86	285.00	110.06	122°01'55"	S44°28'24"E	109.85
C87	285.00	145.22	32°20'10"	N44°53'01"W	143.34
C88	285.00	110.06	122°01'55"	S44°28'24"E	109.85
C89	285.00	145.22	32°20'10"	N44°53'01"W	143.34
C90	285.00	110.06	122°01'55"	S44°28'24"E	109.85



LEGEND

- SUBDIVISION BOUNDARY
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- SET 5/8" X 30" REBAR MKD LS 8577
- FOUND 1/2" IRON PIN
- SET 1/2" X 24" REBAR MKD LS 8577
- FOUND BRASS CAP MONUMENT
- ANGLE POINT - NOTHING SET
- EASEMENT LINE
- + WETLANDS



SCALE: 1" = 100'

REFER TO GENERAL NOTES ON SHEET 1

SECTISH ENGINEERING, INC.
McCall, Idaho

JUG MOUNTAIN RANCH PLANNED UNIT DEVELOPMENT PHASE 1 STAGE 1

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Instrument # 289988

VALLEY COUNTY, CASCADE, IDAHO

2004-11-30 11:37:18 No. of Pages: 6

Recorded for: SECESH ENG

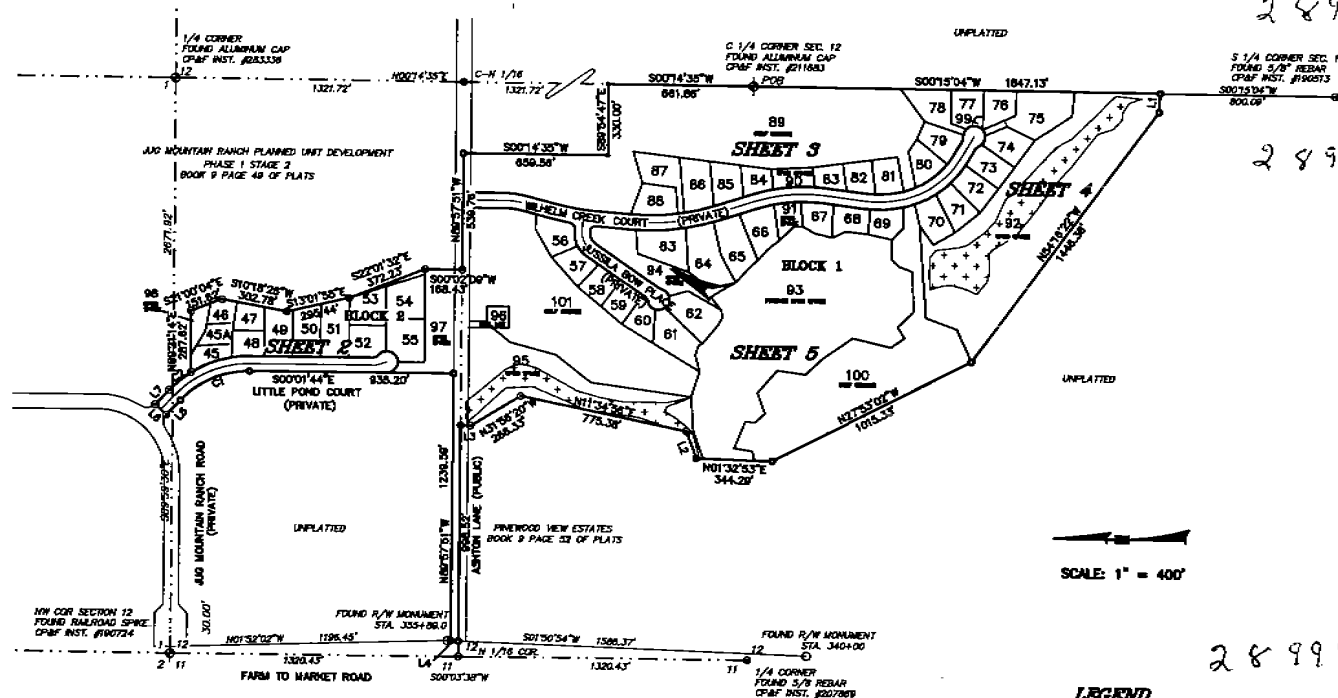
LELAND G. HEINRICH

Fee: 11.00

Ex-Officio Recorder Deputy

Index to: PLAT

Located in the SW 1/4 of Section 1
and the W 1/2 of Section 12, T.17N., R.3E., B.M.
Valley County, Idaho



NOTES

1. All roads and road rights of way depicted on this Final Plat are private, except Ashton Lane, which is public; and, after completion of the private roads, such roads will be owned and maintained by the Jug Mountain Ranch Association, Inc. as is further provided in the Private Road Declaration, which is being recorded concurrently with this Final Plat with the Office of Recorder of Valley County, Idaho, as Instrument Number 289991.
2. All properties shown on this Final Plat are subject to and governed by the provisions of the General Declaration for Jug Mountain Ranch, the Supplemental Declaration for Jug Mountain Ranch Phase 1 Stage 1, and the Articles of Incorporation and Bylaws for Jug Mountain Ranch Association, Inc., as these four documents may be amended and supplemented, and which are being recorded concurrently with this Final Plat with the Office of Recorder of Valley County, Idaho, as Instrument Nos. 283340, 283342, and 283343, together with any additional Declarations and/or Sub-association Articles of Incorporation and Bylaws which may be recorded by the Declarant pursuant to the General Declaration for Jug Mountain Ranch and the Supplemental Declaration for Jug Mountain Ranch Association, Inc.
3. All properties shown on this Final Plat are subject to and governed by the Jug Mountain Ranch Design and Development Guidelines and the Jug Mountain Ranch Rules and Regulations, as may be amended or supplemented.
4. All properties shown on this Final Plat are subject to and governed by the provisions of Conditional Use Permit No. 89-12, Jug Mountain Ranch - Phase 1, Stage 1, PUD #7-1, Jug Mountain Ranch Planned Unit Development, as issued and as may be modified by Valley County, Idaho.
5. The Declarant reserves the right, without limitation, to assign its rights to any and all assessments which are depicted on this Final Plat, in whole or in part.
6. All roads and road rights of way, except Ashton Lane, which is public, and all Utility Easements, and all Open Space Lots which are depicted on this Final Plat, specifically including the Private Open Space Lot, are dedicated for the use and enjoyment of the members of the Jug Mountain Ranch Association, together with their guests, invitees, and assigns, subject to the terms, conditions and reserved Declarant rights which are contained in the General Declaration for Jug Mountain Ranch and the Supplemental Declaration for Jug Mountain Ranch Phase 1 Stage 1.
7. Declarant shall have the right to construct trails in any Golf Course, Open Space or Private Open Space Lot, to be used for such recreational uses as the Declarant shall designate, including but not limited to the following uses: pedestrian, bicycle, and skis, subject to the terms and conditions contained in the General Declaration for Jug Mountain Ranch and the Supplemental Declaration for Jug Mountain Ranch Phase 1 Stage 1.
8. Open Space Lots which are depicted on this Final Plat shall be used, managed and maintained in accordance with the General Declaration for Jug Mountain Ranch, as well as the Supplemental Declaration for Jug Mountain Ranch Phase 1 Stage 1.
9. There shall be no further division of any Lot depicted on this Final Plat as provided in the Supplemental Declaration for Jug Mountain Ranch Phase 1 Stage 1.
10. This Plat is subject to compliance with Idaho Code Section 31-3603. No irrigation is provided.
11. Bearings based on State Plane Grid.
12. Utilities will be completed as provided in the Declaration of Installation of Utilities, which is being recorded concurrently with this Final Plat with the Office of Recorder of Valley County, Idaho, as Instrument Number 289992.
13. The mitigated wetlands areas as identified on this Final Plat are subject to regulation by the Corps of Engineers (COE). Any proposed change must be submitted and reviewed and approved by the COE prior to any work being done.

SCALE: 1" = 400'

LEGEND

- SUBDIVISION BOUNDARY
- FOUND 5/8" IRON PIN
- SET 5/8" X 30" REBAR MID LS 8577
- FOUND 1/2" IRON PIN
- SET 1/2" X 34" REBAR MID LS 8577
- FOUND BRASS CAP MONUMENT
- ANGLE POINT - NOTHING SET
- R/W MONUMENT FOR FARM TO MARKET ROAD
- EASEMENT LINE
- WETLANDS

HEALTH CERTIFICATE

Sanitary restrictions as required by Idaho Code, Title 50, Chapter 13 have been satisfied based on the State of Idaho, Department of Environmental Quality (DEQ) approval of the design plans and specifications and the conditions imposed on the developer for continued satisfaction of the sanitary restrictions. Buyer is cautioned that at the time of this approval, no drinking water or sewer/septic facilities were constructed. Building construction can be allowed with appropriate building permits if drinking water or sewer facilities have since been constructed or if the developer is simultaneously constructing those facilities. If the developer fails to construct facilities or meet the other conditions of DEQ, then sanitary restrictions may be reimposed, in accordance with Section 50-1326, Idaho Code, by the issuance of a certificate of disapproval, and no construction of any building or shelter requiring drinking water or sewer/septic facilities shall be allowed.

DISTRICT HEALTH DEPARTMENT, DHS

MONUMENT CERTIFICATE

THIS IS TO CERTIFY THAT THIS PLAT IS BEING RECORDED UNDER THE PROVISIONS OF IDAHO CODE 50-1331 THRU 50-1333 AND THAT ALL INTERIOR MONUMENTS WILL BE SET WITHIN ONE YEAR FROM THE RECORDING DATE OF THIS PLAT.



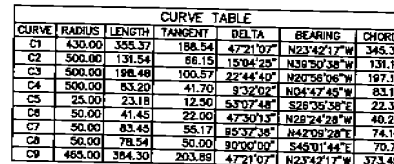
LINE	LENGTH	BEARING
L1	88.79	N87°05'28"W
L2	134.81	N62°17'02"E
L3	45.95	S01°34'37"W
L4	35.02	N01°50'54"E
L5	93.41	N47°22'51"W
L6	70.02	S43°37'08"W
L7	91.88	S47°22'51"E

CURVE	RADIUS	LENGTH	TANGENT	DELTA	BEARING	CHORD
C1	430.00	355.37	188.54	47°21'07"	N23°42'17"W	345.36
C2	500.00	131.54	66.15	15°04'25"	N39°50'38"W	131.16

SECESH ENGINEERING, INC.
McCall, Idaho

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Valley County, Idaho



SECESH ENGINEERING, INC.
McCall, Idaho

Book 9 Page 65 of Plates

REFERENCES



SCALE: 1" = 100'

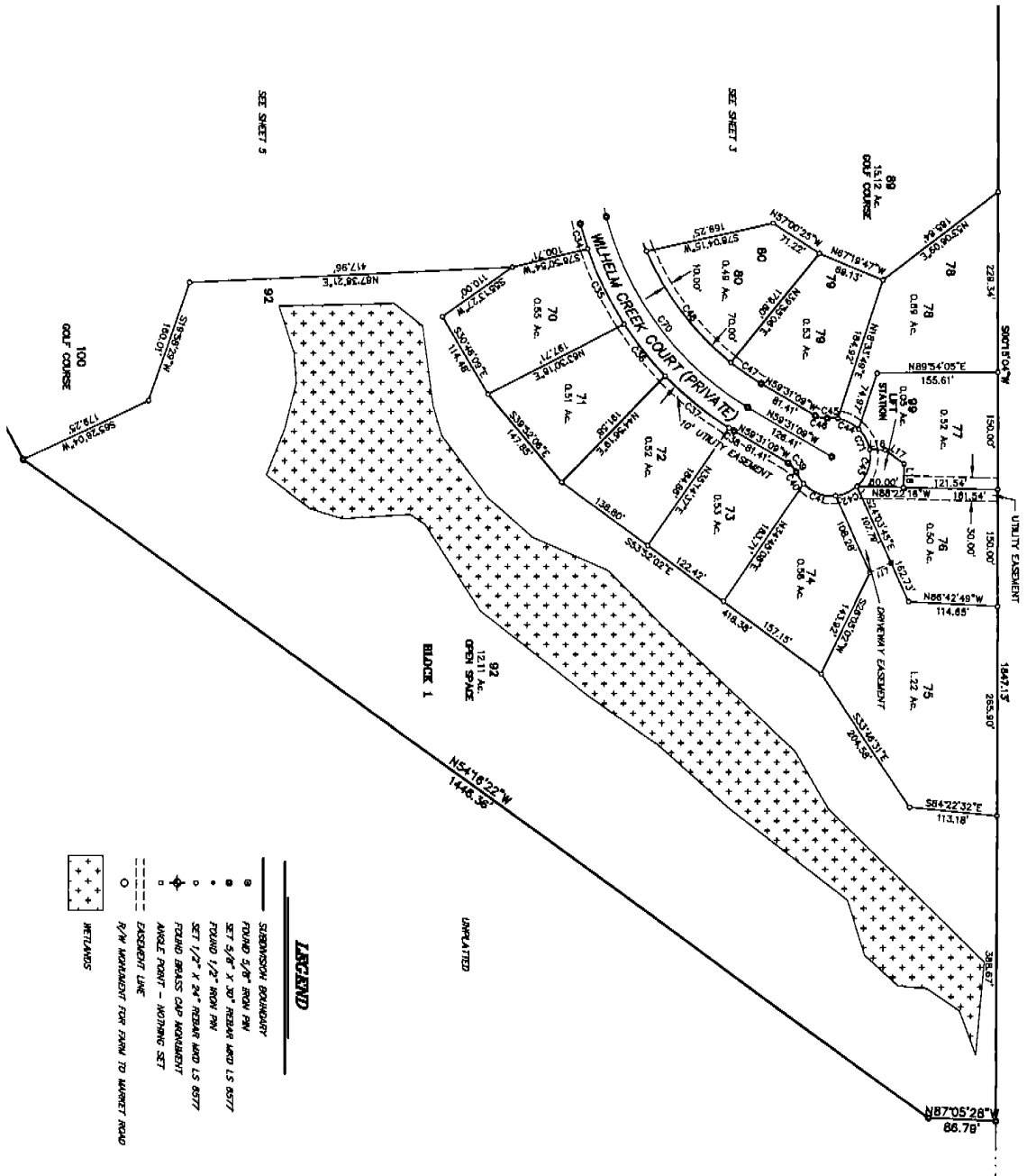
SECRET ENGINEERING
McCall, Idaho

SHEET NO. 3 OF 6

JUG MOUNTAIN RANCH PLANNED UNIT DEVELOPMENT PHASE 1 STAGE 1

Located in the SW 1/4 of Section 1
and the W 1/2 of Section 12, T.17N., R.3E., B.M.
Valley County, Idaho

UNPLATTED



CURVE	BEARING	LENGTH	AREA	BEARING	LENGTH	AREA
C1	N89°54'05"E	155.5	155.5	S89°54'05"W	155.5	155.5
C2	N89°54'05"E	155.5	155.5	S89°54'05"W	155.5	155.5
C3	N89°54'05"E	155.5	155.5	S89°54'05"W	155.5	155.5
C4	N89°54'05"E	155.5	155.5	S89°54'05"W	155.5	155.5
C5	N89°54'05"E	155.5	155.5	S89°54'05"W	155.5	155.5
C6	N89°54'05"E	155.5	155.5	S89°54'05"W	155.5	155.5
C7	N89°54'05"E	155.5	155.5	S89°54'05"W	155.5	155.5
C8	N89°54'05"E	155.5	155.5	S89°54'05"W	155.5	155.5
C9	N89°54'05"E	155.5	155.5	S89°54'05"W	155.5	155.5
C10	N89°54'05"E	155.5	155.5	S89°54'05"W	155.5	155.5
C11	N89°54'05"E	155.5	155.5	S89°54'05"W	155.5	155.5
C12	N89°54'05"E	155.5	155.5	S89°54'05"W	155.5	155.5
C13	N89°54'05"E	155.5	155.5	S89°54'05"W	155.5	155.5
C14	N89°54'05"E	155.5	155.5	S89°54'05"W	155.5	155.5
C15	N89°54'05"E	155.5	155.5	S89°54'05"W	155.5	155.5
C16	N89°54'05"E	155.5	155.5	S89°54'05"W	155.5	155.5
C17	N89°54'05"E	155.5	155.5	S89°54'05"W	155.5	155.5
C18	N89°54'05"E	155.5	155.5	S89°54'05"W	155.5	155.5
C19	N89°54'05"E	155.5	155.5	S89°54'05"W	155.5	155.5
C20	N89°54'05"E	155.5	155.5	S89°54'05"W	155.5	155.5
C21	N89°54'05"E	155.5	155.5	S89°54'05"W	155.5	155.5
C22	N89°54'05"E	155.5	155.5	S89°54'05"W	155.5	155.5
C23	N89°54'05"E	155.5	155.5	S89°54'05"W	155.5	155.5
C24	N89°54'05"E	155.5	155.5	S89°54'05"W	155.5	155.5
C25	N89°54'05"E	155.5	155.5	S89°54'05"W	155.5	155.5
C26	N89°54'05"E	155.5	155.5	S89°54'05"W	155.5	155.5
C27	N89°54'05"E	155.5	155.5	S89°54'05"W	155.5	155.5
C28	N89°54'05"E	155.5	155.5	S89°54'05"W	155.5	155.5
C29	N89°54'05"E	155.5	155.5	S89°54'05"W	155.5	155.5
C30	N89°54'05"E	155.5	155.5	S89°54'05"W	155.5	155.5
C31	N89°54'05"E	155.5	155.5	S89°54'05"W	155.5	155.5
C32	N89°54'05"E	155.5	155.5	S89°54'05"W	155.5	155.5
C33	N89°54'05"E	155.5	155.5	S89°54'05"W	155.5	155.5
C34	N89°54'05"E	155.5	155.5	S89°54'05"W	155.5	155.5
C35	N89°54'05"E	155.5	155.5	S89°54'05"W	155.5	155.5
C36	N89°54'05"E	155.5	155.5	S89°54'05"W	155.5	155.5
C37	N89°54'05"E	155.5	155.5	S89°54'05"W	155.5	155.5
C38	N89°54'05"E	155.5	155.5	S89°54'05"W	155.5	155.5
C39	N89°54'05"E	155.5	155.5	S89°54'05"W	155.5	155.5
C40	N89°54'05"E	155.5	155.5	S89°54'05"W	155.5	155.5
C41	N89°54'05"E	155.5	155.5	S89°54'05"W	155.5	155.5
C42	N89°54'05"E	155.5	155.5	S89°54'05"W	155.5	155.5
C43	N89°54'05"E	155.5	155.5	S89°54'05"W	155.5	155.5
C44	N89°54'05"E	155.5	155.5	S89°54'05"W	155.5	155.5
C45	N89°54'05"E	155.5	155.5	S89°54'05"W	155.5	155.5
C46	N89°54'05"E	155.5	155.5	S89°54'05"W	155.5	155.5
C47	N89°54'05"E	155.5	155.5	S89°54'05"W	155.5	155.5
C48	N89°54'05"E	155.5	155.5	S89°54'05"W	155.5	155.5
C49	N89°54'05"E	155.5	155.5	S89°54'05"W	155.5	155.5
C50	N89°54'05"E	155.5	155.5	S89°54'05"W	155.5	155.5
C51	N89°54'05"E	155.5	155.5	S89°54'05"W	155.5	155.5
C52	N89°54'05"E	155.5	155.5	S89°54'05"W	155.5	155.5
C53	N89°54'05"E	155.5	155.5	S89°54'05"W	155.5	155.5
C54	N89°54'05"E	155.5	155.5	S89°54'05"W	155.5	155.5
C55	N89°54'05"E	155.5	155.5	S89°54'05"W	155.5	155.5
C56	N89°54'05"E	155.5	155.5	S89°54'05"W	155.5	155.5
C57	N89°54'05"E	155.5	155.5	S89°54'05"W	155.5	155.5
C58	N89°54'05"E	155.5	155.5	S89°54'05"W	155.5	155.5
C59	N89°54'05"E	155.5	155.5	S89°54'05"W	155.5	155.5
C60	N89°54'05"E	155.5	155.5	S89°54'05"W	155.5	155.5
C61	N89°54'05"E	155.5	155.5	S89°54'05"W	155.5	155.5
C62	N89°54'05"E	155.5	155.5	S89°54'05"W	155.5	155.5
C63	N89°54'05"E	155.5	155.5	S89°54'05"W	155.5	155.5
C64	N89°54'05"E	155.5	155.5	S89°54'05"W	155.5	155.5
C65	N89°54'05"E	155.5	155.5	S89°54'05"W	155.5	155.5
C66	N89°54'05"E	155.5	155.5	S89°54'05"W	155.5	155.5
C67	N89°54'05"E	155.5	155.5	S89°54'05"W	155.5	155.5
C68	N89°54'05"E	155.5	155.5	S89°54'05"W	155.5	155.5
C69	N89°54'05"E	155.5	155.5	S89°54'05"W	155.5	155.5
C70	N89°54'05"E	155.5	155.5	S89°54'05"W	155.5	155.5
C71	N89°54'05"E	155.5	155.5	S89°54'05"W	155.5	155.5

LINE	LENGTH	BEARING
L1	100.00	N89°54'05"E
L2	100.00	S89°54'05"W
L3	100.00	N89°54'05"E
L4	100.00	S89°54'05"W
L5	100.00	N89°54'05"E
L6	100.00	S89°54'05"W
L7	100.00	N89°54'05"E
L8	100.00	S89°54'05"W
L9	100.00	N89°54'05"E
L10	100.00	S89°54'05"W

LEGEND

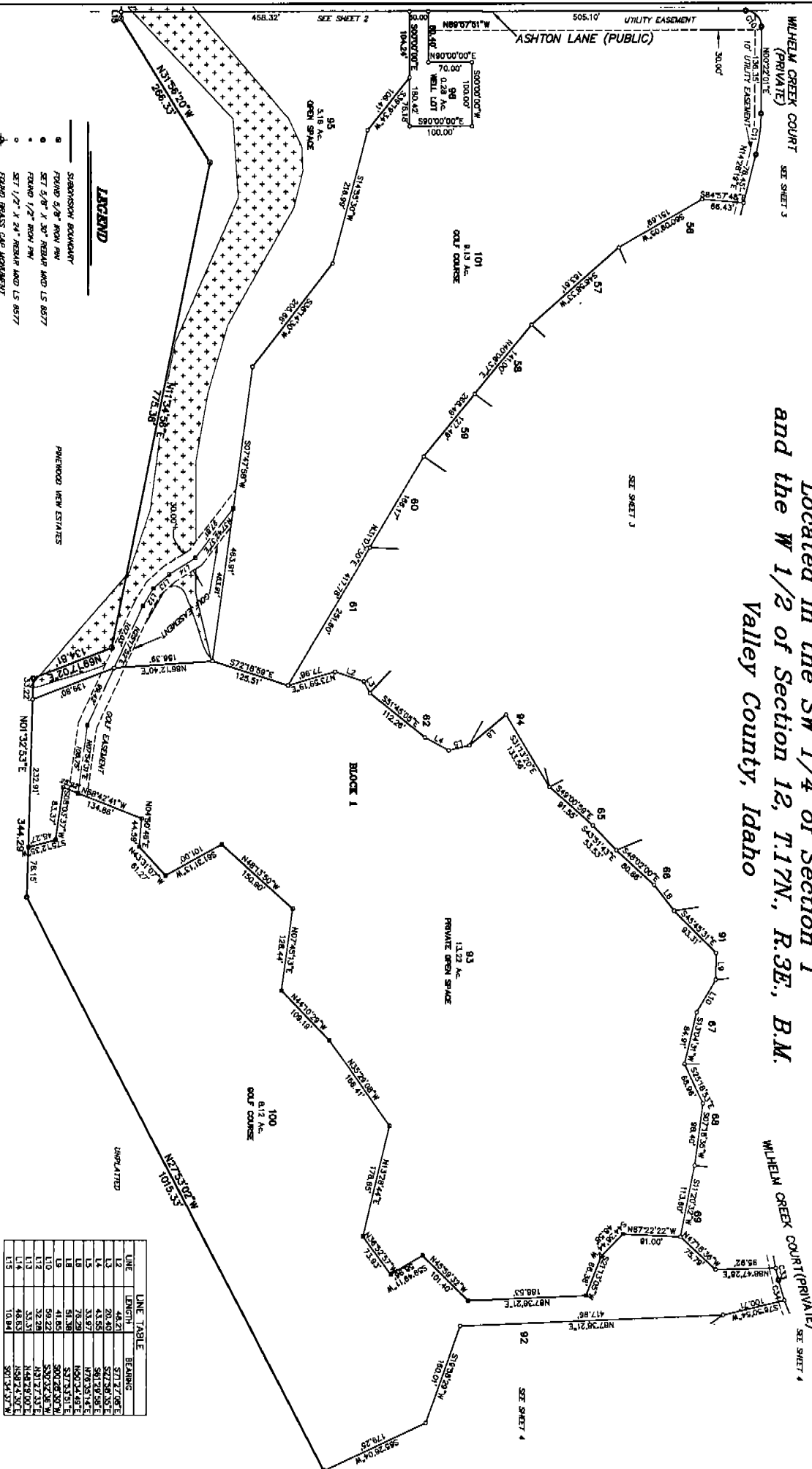
- STATIONARY BOUNDARY
- FOUND 5/8" IRON PIN
- SET 5/8" X 30" REBAR AND LS BATT
- FOUND 1/2" IRON PIN
- SET 1/2" X 30" REBAR AND LS BATT
- FOUND BRASS CAP MONUMENT
- ANGLE POINT - NOTHING SET
- EASEMENT LINE
- R/W MONUMENT FOR FARM TO MARKET ROAD
- WETLANDS

SCALE 1" = 100'

SEACRE ENGINEERING, INC.
McCall, Idaho

JUG MOUNTAIN RANCH PLANNED UNIT DEVELOPMENT PHASE 1 STAGE 1

Located in the SW 1/4 of Section 1
and the W 1/2 of Section 12, T.17N., R.3E., B.M.
Valley County, Idaho



LEGEND

- STANDARD BOUNDARY
- SET 5/8" X 30" NEAR AND LS 6677
- ROUND 1/2" FROM PM
- SET 1/2" X 24" NEAR AND LS 6577
- ROUND BRASS CAP MONUMENT
- ANGLE POINT - NOTHING SET
- EASEMENT LINE
- R/W MONUMENT FOR FARM TO MARKET ROAD
- WETLANDS



SCALE: 1" = 100'

CLINE	PAULUS	LENGTH	TANGENT	DELTA	BEARING	CHORD
C10	25.00	39.41	25.14	90°19'52"	N44°47'50"W	55.46
C11	26.00	65.24	32.78	140°01'16"	N07°20'10"E	65.07
C12	53.00	19.16	8.98	270°07'	S13°43'25"E	19.16
C14	45.00	53.23	16.82	422°36'	S16°29'15"E	53.22

LINE	LENGTH	BEARING
12	48.27	S77°27'08"E
13	20.40	S27°26'55"E
14	43.55	S61°29'28"E
15	33.97	N73°53'14"E
16	41.38	N60°24'48"E
17	41.85	S01°28'30"W
18	59.22	S30°24'38"W
19	32.28	N31°27'33"E
20	33.37	N44°28'00"E
21	46.63	N58°24'50"E
22	10.84	S01°24'57"W

SECASH ENGINEERING, INC.
McCall, Idaho

JUG MOUNTAIN RANCH PLANNED UNIT DEVELOPMENT PHASE 1 STAGE 1

Located in the SW 1/4 of Section 1
and the W 1/2 of Section 12, T.17N., R.3E., B.M.
Valley County, Idaho

CERTIFICATE OF OWNER

KNOW ALL MEN BY THESE PRESENTS, THAT THE UNDERSIGNED IS THE OWNER OF THE PROPERTY HEREWITR DESCRIBED:

A parcel of land situated in Sections 1 and 12, T.17N., R.3E., B.M., more particularly described as follows:

- BEGINNING at the center corner of said Section 12, thence, along the line between the southeast 1/4 on the southwest 1/4 of said Section 12,
- 1.) S.0°15'04"W., 1647.13 feet; thence, departing said 1/4 section line,
 - 2.) N.67°03'28"W., 86.79 feet; thence,
 - 3.) N.2°18'22"W., 1446.36 feet; thence,
 - 4.) N.27°53'02"W., 1013.33 feet; thence,
 - 5.) N.32°53'E., 344.29 feet; thence,
 - 6.) N.62°17'02"E., 134.61 feet; thence,
 - 7.) N.1°54'56"E., 723.81 feet; thence,
 - 8.) N.1°58'20"W., 268.13 feet; thence,
 - 9.) N.1°51'17"E., 458.52 feet; thence,
 - 10.) N.83°37'51"W., 458.52 feet to a point on the Right-of-Way line for the State of Idaho;
 - 11.) N.1°30'54"E., 35.02 feet; thence, departing said Right-of-Way line, along the Right-of-Way line for Ashton Lane
 - 12.) S.69°57'51"E., 1239.59 feet; thence, departing said Right-of-Way,
 - 13.) N.0°01'44"W., 933.20 feet to the beginning of a tangent curve; thence,
 - 14.) along said curve to the left having a radius of 430.00 feet, an arc length of 353.37 feet, through a central angle of 47°21'02", and a chord bearing and distance of N.23°42'17"W., 345.35 feet; thence, tangent from said curve,
 - 15.) N.47°22'51"W., 93.41 feet; thence,
 - 16.) N.43°53'06"E., 70.02 feet; thence,
 - 17.) S.47°22'51"E., 91.86 feet to the beginning of a tangent curve; thence,
 - 18.) along said curve to the right having a radius of 500.00 feet, an arc length of 131.54 feet, through a central angle of 15°04'25", and a chord bearing and distance of S.39°50'38"E., 131.16 feet; thence, tangent from said curve,
 - 19.) N. 89°21'14"E., 287.62 feet; thence,
 - 20.) S.21°00'04"E., 151.62 feet; thence,
 - 21.) S.10°18'26"W., 302.78 feet; thence,
 - 22.) S.13°01'55"E., 295.44 feet; thence,
 - 23.) S.22°01'32"E., 372.23 feet; thence,
 - 24.) S.0°02'09"W., 168.43 feet; thence,
 - 25.) S.89°57'51"E., 539.76 feet; thence,
 - 26.) S.0°14'35"W., 659.56 feet; thence,
 - 27.) S.89°54'47"E., 330.00 feet; thence,
 - 28.) S.0°14'35"W., 661.86 feet to the POINT OF BEGINNING.

CONTAINING 102.83 Acres, more or less.

SUBJECT TO all Covenants, Rights, Rights-of-Way, and Easements of Record.

The undersigned does hereby include said land in this Final Plat. Additionally, the undersigned does hereby dedicate to the public use forever, that certain road shown on this Final Plat as a Public Road, which is a portion of Ashton Lane. All roads and road rights of way, except Ashton Lane, which is public, and all Utility Easements and all Open Space Lots that are not golf course or Private Open Space Lots, which are depicted on this Final Plat, are hereby dedicated for the use and enjoyment of the members of the Jug Mountain Ranch Association, Inc. (JMR), a non-profit corporation organized and existing under the laws of the State of Idaho, and subject to the terms, conditions and reserved easement rights which are contained in the General Declaration for Jug Mountain Ranch and the Supplemental Declaration for Jug Mountain Ranch Phase 1, Stage 2.

JUG MOUNTAIN RANCH, LLC
An Idaho limited liability company

By: D. John Carey, Manager

APPROVAL OF THE BOARD OF VALLEY COUNTY COMMISSIONERS

ACCEPTED AND APPROVED THIS _____ DAY OF _____, 2004, BY THE BOARD OF COUNTY COMMISSIONERS OF VALLEY COUNTY, IDAHO.

CHAIRMAN

CERTIFICATE OF SURVEYOR

I, RALPH MILLER, DO HEREBY CERTIFY THAT I AM A PROFESSIONAL LAND SURVEYOR IN THE STATE OF IDAHO, AND THAT THIS PLAT AS DESCRIBED IN THE "CERTIFICATE OF OWNERS" WAS DRAWN FROM THE FIELD NOTES OF A SURVEY MADE ON THE GROUND UNDER MY DIRECT SUPERVISION AND ACCURATELY REPRESENTS THE POINTS PLATTED HEREON AND IS IN CONFORMITY WITH THE STATE OF IDAHO CODE RELATING TO PLATS AND SURVEYS.

RALPH MILLER
IDAHO NO. 8577



CERTIFICATE OF COUNTY SURVEYOR

I, JOHN RUSSELL, REGISTERED PROFESSIONAL LAND SURVEYOR FOR VALLEY COUNTY, IDAHO, DO HEREBY CERTIFY THAT I HAVE CHECKED THIS PLAT AND THAT IT COMPLETES WITH THE STATE OF IDAHO CODE RELATING TO PLATS AND SURVEYS.

VALLEY COUNTY SURVEYOR

APPROVAL OF THE VALLEY COUNTY PLANNING AND ZONING COMMISSION

ACCEPTED AND APPROVED THIS _____ DAY OF _____, 2004, BY THE VALLEY COUNTY PLANNING AND ZONING COMMISSION.

CHAIRMAN

CERTIFICATE OF COUNTY TREASURER

I, THE UNDERSIGNED COUNTY TREASURER IN AND FOR THE COUNTY OF VALLEY, STATE OF IDAHO, PER THE REQUIREMENTS OF I.C. 50-1308, DO HEREBY CERTIFY THAT ANY AND ALL CURRENT AND/OR DELINQUENT COUNTY PROPERTY TAXES FOR THE PROPERTY INCLUDED IN THIS SUBDIVISION HAVE BEEN PAID IN FULL. THIS CERTIFICATION IS VALID FOR THE NEXT THIRTY (30) DAYS ONLY.

COUNTY TREASURER

On this _____ day of _____, 2004, before me, a Notary Public in and for said State, personally appeared D. John Carey, known to me to be the Manager of Jug Mountain Ranch, LLC, the instrument of the person who executed the instrument on behalf of said limited liability company, and acknowledged to me that such company executed the same.

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

NOTARY PUBLIC FOR IDAHO
Residing at:
My Commission Expires:

SURESH ENGINEERING, INC.
McCall, Idaho

Instrument # 305019

VALLEY COUNTY, CASCADE, IDAHO

2006-01-19

10:33:54 No. of Pages: 27

Recorded for : JUGHANDLE ESTATES

LELAND G. HEINRICH

Ex-Officio Recorder Deputy

Index to: RESTRICTIVE COVENANT

Fee: \$1.00

2005

AMENDED AND RESTATED

DECLARATION OF PROTECTIVE COVENANTS,
CONDITIONS AND RESTRICTIONS FOR
JUGHANDLE ESTATES

THIS AMENDED AND RESTATED DECLARATION is made this _____ day of _____, 2005, by THE JUGHANDLE CORPORATION, an Idaho nonprofit corporation, acting on behalf of its members.

ARTICLE 1 - GENERAL

Section 1.1: Common Interest Community: The name of the common interest community affected by this Declaration is "Jughandle Estates". All of the community is located in Valley County, Idaho.

Section 1.2: Association / Property Affected: The Jug Handle Corporation is the property owners association whose members are owners of real property within Jughandle Estates. A legal discription of the real property to which these protective covenants apply is described on the attached Exhibit "A". Such property shall be referred to in this Declaration as "the Property". The Jughandle Corporation is acting on behalf of the owners of the Property.

Section 1.3: Purpose of Declaration: This Declaration is executed and recorded (a) to provide for the Property Owners Association to maintain non-public roads within the Property and to perform certain functions for the benefit of Owners of land within the Property; (b) to define the duties, powers and rights of the Property Owners Association; and, (c) to define certain duties, powers and rights of Owners.

Section 1.4: Declaration: Jughandle Corporation hereby declares that each lot, parcel or portion of Jughandle Estates Subdivision, is and shall be held, sold, conveyed, encumbered, hypothecated, leased, used, occupied and improved subject to the following terms, covenants, conditions, easements and restrictions, all of which are declared and agreed to be in furtherance of a general plan for the protection, maintenance, improvement and sale of the Property, and to enhance the value, desirability and attractiveness of the Property. The terms, covenants, conditions, easements and restrictions set forth herein: (i) shall run with the land constituting the Property, and shall be binding upon all persons having or acquiring any right, title or interest in the Property or any lot, parcel or portion thereof; (ii) shall inure to the benefit of every lot, parcel or portion of the Property and interest therein; (iii) shall inure to the benefit of and be binding upon each Owner or Owner's respective successors in interest; and, (iv) may be enforced by the Board of Directors of the Property Owners Association, by any Owner or such Owner's successors in interest, or by the Association as hereinafter described.

Section 1.5: Replacement: This Declaration replaces and supersedes the following Declarations or Protective Covenants for Jughandle Estates: "Jughandle Protective Covenants", filed as instrument number 76190 on May 22, 1972; and, "Amended Jughandle Protective Covenants", filed as instrument number 76496 on June 29, 1972; and, "Declaration of Protective Covenants", filed as instrument number 81164 on December 21, 1973; and, "Statement of Reservations, Restrictions, Taxes, and Assessments" filed as instrument number 80111 on August 23, 1973; all of which were filed with the Valley County, Idaho Recorder.

ARTICLE 2 - DEFINITIONS

Section 2.1: Articles: "Articles" shall mean the Articles of Incorporation of the Association or other organizational or charter documents of the Association.

Section 2.2: Assessments: "Assessments" shall mean those payments required of Association Members, including Regular, Special and Limited Assessments of the Association as further defined in Article 7.

Section 2.3: Association: "Association" or "Property Owners' Association" shall mean the Jughandle Corporation.

Section 2.4: Association Documents: "Association documents" shall mean the various operative documents of the Association, including: (a) the Articles of Incorporation of the Association; (b) the Bylaws of the Association; and, (c) this Declaration, and all Amendments to any of the aforementioned documents.

Section 2.5: Board of Directors: "Board of Directors" or "Board" shall mean the Board of Directors of the Association.

Section 2.6: Bylaws: "Bylaws" shall mean the Bylaws of the Association.

Section 2.7: Committee: "Committee" shall mean the Design Review Committee.

Section 2.8: Community: "Community" as used herein shall refer to the Existing Properties considered as a whole.

Section 2.9: Declaration: "Declaration" shall mean this Declaration of Covenants.

Section 2.10: Design Review Committee: "Design Review Committee" shall mean the committee created pursuant to Article 6.

Section 2.11: Dwelling unit: "Dwelling unit" shall mean any building or portion thereof which contains living facilities, including provisions for sleeping, eating, cooking and sanitation for not more than one family.

Section 2.12: Existing Property: "Existing Property" shall mean the real property described on Exhibit "A". "The Property" or the "the Subdivision" shall mean the Existing Property. Either term shall include any improvements now or hereafter made on such real property and appurtenances and rights to such real property.

Section 2.13: Governing Instruments: "Governing Instruments" shall mean the Articles, Bylaws, this Declaration, any Plats, and any Rules adopted by the Board pursuant to Section 5.2 below, and any supplement or amendment thereto.

Section 2.14: Improvements: "Improvements" shall include buildings, outbuildings, roads, driveways, parking areas, fences, screening walls, retaining walls, stairs, decks, hedges, windbreaks, plantings, planted trees and shrubs, poles, signs and all other structures or landscaping improvements of every type and kind.

Section 2.15: Lot: "Lot" shall mean a parcel of land subject to this Declaration which is identified as a Lot in any plat map recorded on the Property. A lot may also be referred to herein as a "parcel".

Section 2.16: Member: "Member" shall mean a member of the Association, who must be an Owner. Membership in the Association shall be appurtenant to and may not be severed from ownership of a Lot.

Section 2.17: Modular Building: "Modular Building" means any building or building component which is a manufactured or mobile home, or some portion thereof, which is of closed construction and is either entirely or substantially prefabricated or assembled at a place other than the building site. This term shall specifically not include such products as log, timber or cedar home packages, or such other home construction product which is pre-designed and possibly fabricated offsite, but is reconstructed on site. The intent of the section is to provide a definition of the type of structure which is not allowed pursuant to Section 3.1(B) below.

Section 2.18: Owner: The term "Owner" shall refer to that person or entity or those persons or entities who hold the ownership interest in any Lot as shown on the records of the County Recorder, Valley County, Idaho; such term shall also include any person, persons, entity or entities who succeed to such recorded interest by any means, including buyers under executory contracts of sale and excluding those holding an interest merely as security for the performance of an obligation.

Section 2.19: Person: "Person" shall mean a natural person, a corporation, a partnership, or any other entity recognized as being capable of owning real property under Idaho law.

Section 2.20: Plat: "Plat" shall mean the final plat, filed of record with the Valley County Office of Recorder.

Section 2.21: Record, Recorded: "Record" and "Recorded" shall mean, with respect to any documents, the recordation of said document in the Office of the County Recorder, Valley County, Idaho.

Section 2.22: Rules and Regulations: "Rules and regulations" shall mean the rules and regulations adopted by the Board of Directors concerning the operation of the Association.

Section 2.23: Structure: "Structure" shall include buildings, outbuildings, fences, walls, stairs, decks and poles.

ARTICLE 3 - LAND USES AND IMPROVEMENTS

Section 3.1: Land Use and Living Units: All of the subject lots in the Property shall be used and occupied solely for single-family residential purposes. None of the subject lots or parcels shall be split, divided or subdivided into smaller lots or parcels than indicated on the Final Plat of the subdivision, as filed with the office of the County Recorder of Valley County, Idaho. All single family residences shall be subject to the following conditions and limitations:

A. No buildings other than one residence, shall be erected or maintained on any lot, provided, (1) a garage sufficient in size for Owner's vehicles may be constructed either as part of the primary residence or detached; and, (2) no more than a total of four (4) buildings, (5) buildings if the garage is detached, shall be allowed on any lot. No use whatsoever shall be made of any parcel herein other than as the site and grounds of a single family private residence. The term "private residence" as used herein is intended to exclude every form of multi-family dwelling, boarding or lodging house, and the like and, any separate rental of any separate building shall be specifically determined to be

multi-family dwelling. This is not, however, intended to exclude attached or detached guest sleeping facilities allowed by applicable Valley County Ordinances, and Central District Health, and which have sanitation facilities but that do not contain eating and cooking facilities. All building exteriors must be of similar materials and colors as others located on the same Lot. An owner may rent or lease their residence; provided: the Owner shall assure that the renters/lessees are aware of these Covenants and shall incorporate these Covenants into any rental or lease agreement; the Owner shall be responsible for any violations by renters/lessees of any of the provisions of these Covenants; and, the minimum rental period shall be thirty (30) days.

B. No Modular Building, basement, shack, barn or other outbuilding shall be used on any lot at any time as a residence, either temporarily or permanently except during the period of construction as defined and limited by Section 6.8; nor shall any residential structure be moved on to any lot from any other location, unless the prior written approval of the Design Review Committee is obtained, such approval to be obtained in the same manner as for new construction.

C. Visitors and guests may park a camper, motor home or travel trailer on a Lot for a reasonable term, not to exceed fourteen (14) days consecutive duration nor more than a total of sixty (60) days each calendar year.

D. A residence shall contain no less than 1,200 square feet, if single storied, or 1,600 square feet, if two storied, of heated floor area devoted to living purposes (i.e. exclusive of roof or unroofed porches, terraces, basements or garages); and, all construction must be of good quality and done in a good workmanlike manner. Residences that existed prior to July 2005 are exempt from this restriction.

E. No Improvements visible above ground or which will ultimately affect the visibility of any above ground improvement shall be built, erected, placed or materially altered on or removed from the Property unless and until the building plans, specification, and plot plan or other appropriate plans and specifications have been reviewed in advance by the Design Review Committee, and the same have been approved in writing. The procedures for review are as more fully set forth in Article 6.

F. The planting of trees shall not require prior approval by the Design Review Committee. Existing trees shall be managed according to best management silviculture practices and according to the following principles:

1. Trees may be cleared for preparation of building sites, driveway construction, view enhancement, removal of dead or diseased trees, and prevention of overcrowding;
2. Otherwise, removal of trees shall require prior approval of the Design Review Committee; and,
3. Timber management goals within the subdivision shall be to preserve healthy timber stands; to thin and remove diseased, dead or dying trees, except where essential to wildlife habitat, to maintain appropriate crown spacing for fire prevention purposes, and to maintain visual aesthetic forest appearance.

In the event that overcrowding or excessive fuel load on a Lot create a clear and present danger to the safety of other Lot Owners and/or their structures, then the Board shall have authority but not the obligation to remove such trees as follows:

1. The Board shall secure a written opinion from an independent forester confirming the clear and present danger as aforesaid;
2. The opinion, together with a written demand from the Board, must be served on the Owner, personally or by certified mail;
3. The Owner must be allowed a reasonable period of time to remove the trees which shall, in no case, be less than thirty (30) days during the snow-free season; and,
4. The Owner shall be entitled to the net proceeds from the timber which is removed, after deduction by the Board of all actual costs incurred by the Board associated with the removal of the trees.

G. Detached garages, guest quarters with no cooking facilities, barns, outbuildings and storage sheds shall be allowed if in conformity with the provisions of this Declaration and the applicable ordinances of Valley County. Garages, storage sheds, patio covers, and all other structures shall be constructed of, and roofed with, the same or compatible materials, and with similar colors and design, as the residential structure on the applicable Lot, or as otherwise approved by the Design Review Committee.

H. All access driveways shall have an all weather wearing surface approved by the Design Review Committee and shall be constructed to assure proper drainage. The foregoing is not a requirement that driveways be paved.

I. Exterior lighting shall be part of the architectural concept of the improvements on a Lot, and shall conform with the Valley County Lighting Ordinance. Fixtures, standards and all exposed accessories shall be harmonious with building design, and shall be as approved by the Design Review Committee. Lighting shall be restrained in design, and excessive brightness shall be avoided. For instance, flood lights and other similar bright lights shall not be allowed and all lighting shall be shielded and directed downward.

J. The maximum height of any building shall be in compliance with the applicable Valley County land use or zoning ordinances, but shall not exceed thirty-five (35) verticle feet in height, measured from the grade that pre-existed construction to the highest point of any roofline. Height shall be measured as provided in the 2003 Uniform Building Code or any subsequent re-codification or replacement thereof.

K. Roofs shall be required to be of pitched design and shall be covered with nonflammable materials (e.g. non-reflective metal, tile, fiberglass shingles, fire retardant wood shingles or shakes). No galvanized metal roofs shall be allowed. Owners desiring to use non-metal roofs must demonstrate to the Design Review Committee that the desired material is fire resistant.

L. The color and type of the exterior surfaces of any structure shall be subject to approval by the Design Review Committee. Exteriors must be of natural materials

(i.e. wood or stone); provided, the Design Review Committee may, upon petition from an Owner, allow a non-natural material if, after reviewing samples, the Committee is convinced that the appearance of the material is indistinguishable from natural materials (as viewed from the nearest lot line) and is consistent with these covenants. Earth tone colors shall be preferred, except for trim.

M. TV Satellite dishes shall be allowed.

Section 3.2: In Home Businesses: "In home business," which involve the coming and going of clients or customers or the parking or storage on a Lot of vehicles, machinery, equipment or materials shall not be allowed, except by permission of the Board granted following the process for variances specified in Section 6.10 below. The Board shall not grant the request from an Owner to conduct an in home business that involves the coming and going of customers or clients or the parking or storage on the Lot of vehicles, machinery, equipment or materials unless the Board determines that the impacts on other lot owners will be negligible.

Section 3.3: Storage of Building Materials: No building materials shall be stored on any Lot except temporarily during continuous construction of a building or its alteration or improvement, or unless completely screened from view from any other Lot or road within the Subdivision.

Section 3.4: Wild Game: Nothing shall be done or kept on any Lot which will inhibit, interfere with, or endanger the wild game which enter onto any Lot, or anywhere in the Subdivision. All Lot Owners must understand and accept the fact that the wild game will eat landscaping, plants and trees. Lot Owners may use only game-friendly means of protecting their landscaping.

Section 3.5: Animals/Fowl: No animal other than a dog, cat, cow or horse shall be maintained on any Lot. No more than three animals in total over one year old shall be kept on any lot at any one time. No animal shall be kept on any lot for pay. No animal shall be permitted within 50 feet of any well site.

A. **Pets:** Household pets may be kept for personal or non-commercial recreational purposes only if the presence of such pets does not constitute a nuisance. Pets must be kept within the boundaries of the Lot unless accompanied by and under the control of the Owner.

B. **Dogs:** Consistent and/or chronic barking by dogs shall be considered a nuisance. Owners understand and acknowledge that the Property is bordered by private and public grazing land and that dogs leaving the Property and Harassing livestock may be killed, as allowed by law. Dog runs shall be allowed with the prior approval of the Design Review Committee.

C. **Large Animals:** Horses, cattle and comparable sized animals shall be allowed to be kept on any Lot; provided such animals are kept in an enclosure that has been approved by the Design Review Committee. Fencing shall be constructed in accordance with Section 3.7 below.

D. **Fowl:** All fowl must be kept on owners lot in a enclosed structure or fenced area and shall not exceed 12 in number.

Section 3.6: Fences: No fence, wall or hedge higher than four (4) feet, six (6) inches shall be erected or maintained on any Lot, save and except, however, with the previous written consent of all adjoining Lot Owners and the Design Review Committee. The Design Review Committee shall have complete control over the allowance of a fence over the four foot six inch height limit. All fencing, shall first be approved by the Design Review Committee. Fencing on the perimeter (i.e. external boundaries of the subdivision) of the Property may be barbed wire. Wood fencing or manufactured fencing that resembles wood shall be preferred within the subdivision, and barbed wire shall not be allowed.

Section 3.7: Rebuilding or Restoration: Any dwelling unit or other improvement that may be destroyed in whole or in part must be rebuilt, or all debris must be removed and the Lot restored to a sightly condition. Such rebuilding, restoration or removal shall be completed within reasonable promptness and in any event within one (1) year from the time the damage occurred.

Section 3.8: Drainage: There shall be no interference with the established drainage pattern over any portion of the Property. For the purposes hereof, "established" drainage is defined as the system of drainage, whether natural or otherwise, which existed at the time that road construction and installation of utilities was completed.

Section 3.9: Utilities:

A. Telephone, Electrical: The purchaser and owner of each Lot agrees to use the service so provided. Private electrical generating systems shall not be permitted for domestic electrical service, except as a backup system in case of primary electrical service failure. All electrical power lines, telephone lines and other utility service lines shall be underground from each individual parcel line to the point of use on each parcel. Overhead lines and utility poles shall not be permitted, except during the construction phase.

B. Water: Water for each Lot shall be supplied by means of a community water system. Individual Lot owners are responsible for the cost of all water hook up fees and underground installation on individual Lots. Installation, maintenance and management of the community water system, wells and storage facilities shall be the sole and exclusive responsibility of the Association. The Board shall have the authority to adopt Rules, pursuant to Section 5.2(d) below, to further these responsibilities. Individual Lot owners may drill their own well for irrigation purposes, upon approval by the Board and appropriate government authorities, and so long as such well does not negatively affect the community water system in the reasonable judgment of the Association Board.

Following are the easements and lots which make up the Jughandle Water system:

- (i) Lot 16 in Block 2 of Jughandle Highlands Nos. 1 and 2 as recorded in Drawer 1 of plats Instrument # 76496 in the office of the County Recorder of Valley County, Idaho, together with a 30' Access Road, Public Utilities, Water Line Easement along the West boundary of Lot 5, Block 2, granted pursuant to the final plat for Jughandle Highlands No. 2. and pursuant to that certain Warranty Deed recorded as Instrument # 93302 on September 27, 1977 (The Well Lot); and,

(ii) An easement for the water system located east of Jughandle Highlands, pursuant to that certain Amended Jughandle Easement recorded as Instrument No. 207677, on October 25, 1994 with the Valley County, Idaho Recorder; and,

(iii) All Easements and equipment for the water system, pursuant to that certain Deed recorded as Instrument # 84729 on May 9, 1975 with the Valley County, Idaho recorder.

C. **Septic:** Sewage disposal for each Lot shall be supplied by means of individual septic/drainfield systems. Permits therefor shall be required from the Central District Health Department.

D. **Solar Panels:** With the prior approval of the Design Review Committee, solar panels shall be allowed, provided that they are unobtrusive and do not detract from the architectural appearance and features of the residence.

Section 3.10: Obstructions: No gates or obstructions shall be placed upon or block any access road unless the access road terminates on the Lot Owner's property, and the gate or obstruction is placed within the Lot Owner's property. Under no circumstances shall any acts be taken by any Lot Owner which unreasonably degrade or impair the rights possessed by any third-parties to traverse any roads or easements on or across the Property.

Section 3.11: Snow Machines and Motorcycles: Snow machines, motorcycles and dirt bikes may not be operated within the subdivision on any owners property unless prior permission of the lot owner has been obtained. If permission has not been obtained snow machines, motorcycles and dirt bikes may not be operated within the Subdivision, except for direct ingress/egress to the Owner/Operator's Lot.

Section 3.12: Prohibited Lot Uses:

A. There shall be no mining, smelting or milling of ores or similar mineral operations within the Community.

B. No outdoor privy or any common cesspool shall be installed on any lot at any time.

C. Nothing shall be done or kept on any Lot by any person which will increase the rate of insurance on any other Lot or which will result in the cancellation of any insurance or which constitutes a violation of any law.

D. No excavation shall be made on any Lot except as is necessary for the erection of approved structures, and the construction of a driveway. Excavation is not covered by a structure shall be properly filled within thirty (30) days of the completion of the underground work.

E. No hunting or discharging of firearms shall be allowed within the Property.

Section 3.13: Building and Grounds Conditions: Each Owner shall maintain the exterior of his or her dwelling unit and all other improvements in good condition and shall cause them to be repaired as the affects of damage or deterioration become apparent. Each Owner shall maintain his or her Lot in good appearance at all times.

Section 3.14: Landscaping: Of critical concern with regard to landscaping in the Subdivision is the preservation of the stability of hill sides and the prevention/control of wild fires. Native, drought-resistant plant species shall be preferred; however, lawns and other landscaping shall be allowed.

Section 3.15: Refuse: No unsightly objects or materials, including but not limited to abandoned vehicles, trash, rubbish, garbage, construction debris, scrap material or other refuse, or receptacles or containers therefor, shall be stored, accumulated or deposited outside or so as to be visible from any neighboring property or adjoining street except during refuse collections.

In the event that any Owner shall permit the accumulation of such materials, aforesaid, so as to create a dangerous, unsafe, unsightly or unattractive condition, or damage to property or facilities on or adjoining their Lot, the Board, upon fifteen (15) days prior written notice to the Owner of such property, shall have the right to correct such condition, by removing such materials, and to enter upon such Owner's Lot for the purpose of doing so. Such Owner shall promptly reimburse the Association for the cost thereof. Such cost shall be an Assessment and shall create a lien enforceable in the same manner as other Assessments set forth in Article 7 of this Declaration. The Owner of the offending property shall be personally liable, and such Owner's property may be subject to a lien for all costs and expenses incurred by the Association in taking such corrective acts, plus all costs incurred in collecting the amounts due. Each Owner shall pay all amounts due for such work within ten (10) days after receipt of written demand therefore, or the amounts may, at the option of the Board, be added to the amounts payable by such Owner as Regular Assessments.

Section 3.16: Burning: No burning of any household garbage, trash or other noxious refuse shall be permitted within the Subdivision. Burning of natural materials such as grass/tree trimmings shall take place only with required permits from the local Fire Department and any other agency or authority with jurisdiction. The policies, practices and instructions of such entity shall be strictly followed.

Section 3.17: Nuisances: No noxious or offensive activity shall be carried on upon any Lot or anything done thereon tending to cause embarrassment, discomfort, annoyance or nuisance to the neighborhood. No offensive or hazardous activities may be carried on within any Lot or in any dwelling unit.

Section 3.18: Inoperative Vehicles: No unused, stripped-down, partially wrecked or otherwise inoperative motor vehicles or parts thereof shall be permitted to be parked on any common easement or road within the Property.

Section 3.19: Signs: The only signs permitted on any Lot or improvement shall be:

- A. One sign of customary size for identification of the occupant and the address of any dwelling;
- B. Standard Real Estate signs advertising a lot for sale, not to exceed 9 square feet in surface size;
- C. Signs as may be necessary to advise of rules and regulations or to caution or warn of danger;
- D. Such signs as may be required by law; and,
- E. Neighborhood Watch Signs.

Section 3.20: No Further Subdivision: No Lot may be further subdivided. Lot line adjustments between lots is permissible and must be documented and recorded.

Section 3.21: Roads: All roads within the Subdivision shall be public. Maintenance, repair, replacement and/or plowing thereof shall be the responsibility of Valley County.

Section 3.22: Noxious Weeds: Any Lot disturbed as a result of grading or construction shall be revegetated to at least its original state no later than one construction season after being disturbed. Additionally, each Owner shall follow the guidelines provided in the Valley County Comprehensive Noxious Weed Management Plan.

Section 3.23: Fire Hazard Mitigation: All lots shall be maintained in accordance with the Wildland-Urban Interface Fire Code, as it now exists or may be subsequently modified. Should the Owner fail to do so then, after thirty (30) days' prior written notice to the Owner, the Board shall have the authority to perform the necessary work and collect all expenses or fees related thereto as a limited assessment. The Board may, in addition, use its enforcement powers provided in Section 6.11 below.

ARTICLE 4 - ASSOCIATION OPERATION

Section 4.1: Organization: The Association (Association) shall be organized as an Idaho, non-profit corporation. The Association is charged with the duties and vested with the powers prescribed by law and set forth in the Articles of Incorporation, By-Laws, and this Declaration. Neither the Articles nor By-Laws shall, for any reason, be amended or otherwise changed so as to be inconsistent with this Declaration. In the event that there should exist any ambiguity in any provision of the Articles or By-Laws, then such provision shall be construed, to the extent possible, so that such provision shall be interpreted so as to be consistent with the provisions of this Declaration.

Section 4.2: Membership: Each Owner shall be a member of the Association. An Owner shall automatically be a holder of the membership appurtenant to such Owner's Lot, and the membership shall automatically pass with fee simple title to the Lot. Membership in the Association shall not be assignable separate and apart from fee simple title to a Lot, except that the Owner may assign some or all of the Owner's rights as an Owner and as a member of the Association to a contract purchaser, tenant or First Mortgagee, and may arrange for such person to perform some or all of such Owner's obligations as provided in this Declaration, but no such delegation or assignment shall relieve an Owner from the responsibility for full fulfillment of the obligations of the Owner under the Association Documents.

Section 4.3: Classes of Membership/Voting Rights: The Association shall have one (1) class of membership, which shall be a voting membership.

Section 4.4: No Fractional Votes, No Severance of Voting Rights: Fractional votes shall not be allowed. In the event that joint Lot Owners are unable to agree among themselves as to how their vote or votes should be cast, they shall lose their right to vote on the matter being put to a vote. When an Owner casts a vote, it will thereafter be presumed conclusively for all purposes that such Owner was acting with authority and consent of all joint Owners of the Lot(s) from which the vote derived. The right to vote may not be severed or separated from the ownership of the Lot to which it is appurtenant, except that any Owner may give a revocable proxy, or may assign such Owner's right to vote to a lessee, mortgagee, beneficiary or contract purchaser of the Lot concerned, for the term of the lease, mortgage, deed of trust or contract.

Any sale, transfer or conveyance of such Lot to a new Owner shall operate automatically to transfer the appurtenant voting right to the new Owner, subject to any assignment of the right to vote to a lessee, mortgage, or beneficiary as provided herein.

Section 4.5: Board of Directors and Officers: The affairs of the Association shall be conducted and managed by the Board of Directors ("Board") and such officers as the Board may elect or appoint, in accordance with the Articles and By-Laws, as the same may be amended from time to time. The Board of Directors shall be elected in accordance with the provisions set forth in the Association By-Laws.

ARTICLE 5 - DUTIES AND POWERS OF THE ASSOCIATION

Section 5.1: General Duties and Powers of Association: The Association has been formed to further the common interest of the Members. The Association shall have the duties and powers to take such action as is necessary to perform its obligations under the Association documents.

Section 5.2: Powers of the Association: The Association shall have all the powers of a corporation organized under the non-profit corporation laws of the State of Idaho subject only to such limitations upon the exercise of such powers as are expressly set forth in the Articles, the By-Laws, and Declaration. The Association shall have the power to do any and all lawful things which may be authorized, required or permitted to be done by the Association under Idaho law and under this Declaration, and the Articles and By-Laws, and to do and perform any and all acts which may be necessary to, proper for, or incidental to the proper management and operation of the Association's affairs and the performance of the other responsibilities herein assigned, including, without limitation:

A. Assessments: The power to levy Assessments on any Owner or any portion of the Property and to force payment of such Assessments, all in accordance with the provisions of this Declaration.

B. Right of Enforcement: The power and authority from time to time in its own name, on its own behalf, or on behalf of any Owner who consents thereto, to commence and maintain actions and suits to restrain and enjoin any breach or threatened breach of this Declaration or the Articles or the By-Laws, including the Association Rules adopted pursuant to this Declaration, and to enforce by injunction or otherwise, all provisions hereof.

C. Delegation of Powers: The authority to delegate its powers and duties to committees, officers, employees, or to any person, firm or corporation. Neither the Association nor the members of its Board shall be liable for any omission or improper exercise by any person or entity of any such duty or power so delegated.

D. Association Rules: The power to adopt, amend and repeal by majority vote of the Board such rules and regulations as the Association deems reasonable. Provided, however, that any Association Rules shall apply equally to all Owners and shall not be inconsistent with this Declaration, the Articles or By-Laws. A copy of the Association Rules as they may from time to time be adopted, amended or repealed, shall be mailed or otherwise delivered to each Owner. Upon such mailing or delivery, the Association Rules shall have the same force and effect as if they were set forth in and were a part of this Declaration. In the event of any conflict between such Association

Rules and any provisions of this Declaration, or the Articles or By-Laws, the provisions of the Association Rules shall be deemed to be superseded by the provisions of this Declaration, the Articles or the By-Laws to the extent of any such inconsistency.

E. **Emergency Powers:** The power, exercised by the Association or by any person authorized by it, to enter upon any property (but not inside any building constructed thereon) in the event of any emergency involving illness or potential danger to life or property. Such entry shall be made with as little inconvenience to the Owner as practicable.

F. **Power to Engage Employees, Agents and Consultants:** The Association shall have the power to hire and discharge employees and agents (except as otherwise provided in management contracts) and to retain in paper such legal and accounting services as may be necessary or desirable in connection with the performance of any duties or the exercise of any powers of the Association under the Association documents.

Section 5.3 Duties of the Association: In addition to duties necessary and proper to carry out the powers delegated to the Association by this Declaration, and the Articles and By-Laws without limiting the generality thereof, the Association or its agent, if any, shall have the authority and the obligation to conduct all business affairs of the Association and to perform, without limitation, each of the following duties:

A. **Insurance:** Obtain insurance from reputable insurance companies authorized to do business in the State of Idaho, and maintain in effect any insurance policy the Board deems necessary or advisable, including, without limitation, directors and officers liability insurance.

B. **Rule Making:** Make, establish, promulgate, amend and repeal such Association Rules as the Board shall deem advisable.

C. **Design Review Committee:** Appoint and remove members of the Design Review Committee, subject to the provisions of this Declaration. The Board shall also have discretion to itself serve as the Design Review Committee, in lieu of appointing an independent Committee.

D. **Community Water System:** Install, maintain and manage the community water system for Jughandle Estates. The Board shall have the authority to promulgate Rules in this regard. Additionally, the Board shall have the authority to contract with homeowners outside Jughandle Estates, and charge such fees as it reasonably determines, so long as such use does not negatively affect the use of the community water system by the Members of the Association.

E. **Common Areas:** Maintain and manage all Common Areas in Jughandle Estates, as described at Exhibit "A". The Board shall have the authority to promulgate Rules in this regard.

ARTICLE 6 - DESIGN REVIEW

Section 6.1: Purpose and Theme of Controls: A Design Review Committee (hereinafter referred to as the "Committee") has been established pursuant to Section 6.2 of this Article 6 to guide the site development and design of all structures and to aid the residential

home builders to discover the opportunities and limitations of their building sites. All of the residential improvements will be encouraged to offer a diversity of types, sizes and styles of architecture and yet will be required to conform to a total visual homogeneity.

The discretion hereinafter invested in the Design Review Committee will be exercised towards the end that high standards of workmanship and quality of materials will be maintained throughout the Development and that all improvements will be in harmony with and complement the natural landscape, topography and flora.

Section 6.2: Design Review Committee: No building, fence, wall, structure or other improvement shall be commenced, erected, altered, placed or maintained upon any Lot nor shall any exterior addition to or change or alteration therein be made, until plans and specifications showing the nature, kind, shape, height, materials and location of the same have been submitted to and approved in writing by the Design Review Committee, which shall be composed initially of the Board of Directors. If any member of the Committee resigns or is unable to act, the remaining members shall appoint his or her successor. Pending such appointment, the remaining members shall discharge the functions of the Committee. The Committee shall be comprised of no less than three (3) nor more than five (5) members, who shall be appointed annually by the Board. A majority of the members shall constitute a quorum. Meetings may be held by telephone or other electronic conference. The Committee shall designate a Chairperson. The Board may elect to act as the Committee.

Section 6.3: Documentation Required for Design Review Approval: No structure or improvement shall be considered or approved by the Committee until the parcel owner has submitted the following information to the Committee:

- A. Two (2) sets of plans and specifications for the proposed improvements;
- B. A site plan of the lot showing the location of all existing and proposed improvements, and which also identifies the location, size and type of all trees proposed to be removed;
- C. Drawings showing all exterior building elevations;
- D. A schedule of exterior materials and colors to be used on the proposed improvement; and,
- E. The owner's proposed construction schedule.

Section 6.4: Basis for Approval or Disapproval: The Committee shall give its approval for the requested improvement only if:

- A. The owner or applicant shall have strictly complied with the requirements of Section 6.3 hereof;
- B. The Committee finds that the plans and specifications conform to the requirements of Article 3 of this Declaration, and furthermore that the owner or applicant is in compliance with all of the provisions and requirements of this Declaration in its entirety; and,
- C. The Committee, in its sole and reasonable discretion, finds that the proposed improvement is compatible with the theme of this Development and with the purposes and intent of this Declaration as a whole as to quality of workmanship and

materials, as to harmony of external design with existing structures, and as to location with respect to topography and finished grade elevations.

The Committee may waive submission of plans and specifications for approval where minor construction or a minor addition to an existing structure does not appear to materially affect the Development.

Section 6.5: Form of Approval or Disapproval:

A. All approvals given under Section 6.4 shall be in writing; provided, however, that as to any request for approval that has not been rejected within thirty (30) days from the date of submission thereof to the Committee, such approval will not be required and the provisions of this Section will be deemed to have been fully complied with.

B. In disapproving any plans and specifications or other documents the Committee shall specify, in writing, the deficiencies it has relied upon in rendering such disapproval and shall give the applicant the right and opportunity to resubmit his plans and specifications or other documents in amended form. The Committee shall thereafter reconsider such documents as if they were being submitted for the first time.

C. One set of plans and specifications as finally approved or disapproved shall be retained by the Committee as a permanent record.

D. Nothing contained in this Section shall be deemed to relieve the owner of any parcel from complying with all of the provisions of this Declaration or with the provisions of all applicable building codes, zoning regulations, or other governmental regulations or laws governing the lands within this development

Section 6.6: DISPUTE RESOLUTION: In the case of any challenge to a decision of the Design Review Committee, the decision shall be reviewed by the Board of Directors. In the case of any challenge to a decision of the Board, the decision shall be upheld unless it is found by clear and convincing evidence that the Boards' decision is: (i) in express violation of this Declaration or any other Governing Instruments, rules or regulations; (ii) in express violation of an applicable federal, state, county or district statute, ordinance or regulation; or, (iii) arbitrary, capricious, unreasonable and oppressive. If an Owner does dispute the Board's decision, the provisions of Article 8 shall control.

Section 6.7: Proceeding with Work: Upon receipt of approval from the Committee pursuant to Section 6.5 above, the owner shall, as soon as practicable, satisfy all the conditions thereof and diligently proceed with the commencement and completion of all construction, reconstruction, refinishing, alterations and excavations authorized by such approval, said commencement to be in all cases within one (1) year from the date of such approval. If the Owner shall fail to comply with this Section, the approval given pursuant to Section 6.5 shall be deemed revoked, unless the Committee upon written request of the Owner made prior to the expiration of said one (1) year period extends the time for such commencement. No such extensions shall be granted except upon a finding by the Committee that there has been no change in the circumstances upon which the original approval was granted.

Section 6.8: Completion of Construction: The Owner shall complete all exterior elements of the construction within one (1) year after the commencement of construction thereof; except, and only for so long, as such completion is rendered impossible or would result in great

hardship to the owner due to strikes, fires, acts of God, unusual wintertime conditions, actual inability of the owner to procure deliveries of necessary material, or by other forces or persons beyond the control of the Owner; and, except as otherwise permitted by the Design Review Committee in writing. Financial inability of the Owner or his contractor to secure labor or materials or to discharge liens or attachments shall not be deemed a cause beyond his control. For the purposes of this Section 6.8, "Commencement of Construction" for new improvements is defined as the obtaining of the necessary building permits and the excavation of earth for a foundation, and for all other improvements is defined as the undertaking of any visible exterior work. Under no circumstances shall the aforesaid one (1) year completion deadline be extended for more than one (1) additional year, except upon a vote of a majority of the members who are present or represented by proxy at a duly noticed membership meeting at which a quorum is present.

Section 6.9: Failure to Complete Work: Any construction which is not completed in a good and workmanlike manner, or in substantial conformity to the plans and specifications approved for it by the Committee, within the time limits provided by this Article, and where such failure is not excused by the provisions hereof, shall be deemed a nuisance, and the Board shall have the right, at its sole option, to enter upon the premises and to have such incomplete construction removed or to carry such construction forward to completion. In such case, the costs and expenses incurred in such removal or completion shall constitute a lien upon the property under the Mechanic's Lien Law of the State of Idaho, such lien to attach as of the time of the commencement of the work involved in removing or completing the incomplete construction. Such lien may be enforced in the same manner as provided for the enforcement of mechanic's liens.

Section 6.10: Variances: Upon written request from an Owner, the Board may grant a variance from any of the provisions of Article 3, except those limiting land use in the Subdivision to single-family residential uses, as follows:

- A. The request shall be submitted to each Board member and must explain the precise nature of and reasons for the requested variance;
- B. At least fifteen (15) days prior to the Board's review of the variance request, at the Applicant's expense, written notice of the request and the time and place at which the Board will consider the request shall be mailed, via certified mail, to all record Owners of Lots in the Subdivision;
- C. The Board's review of the request shall be open to all Owners, who shall be entitled to comment;
- D. The request shall be denied unless the Applicant establishes compelling reasons for the request. Neither the cost of compliance with these Covenants, nor the convenience of the Applicant shall in and of themselves be grounds for a variance;
- E. If a Committee review of building/improvement plans involves a variance request, then the thirty (30) day time frame contained in Section 6.5 A. above shall be extended to sixty (60) days; and,
- F. The decision of the Board can be overruled or modified only by a vote of fifty-one (51%) of those Owners who are present or represented by proxy at a meeting of

the membership, scheduled for the purpose of considering such decision, at which a quorum is present.

Section 6.11: Enforcement: The provisions of this Declaration may be enforced by the Board, or by any Lot Owner. The prevailing party in such enforcement action shall be entitled to recover his/her fees under Section 9.6. In addition, to specific enforcement judicially, the Board shall be entitled to impose a fine for violations of this Declaration of not to exceed \$500.00 per incident or \$50.00 per day, in the case of a continuing violation. The fine may be assessed only against the Owner, and only if the violator is the Owner or a member of the Owner's family or a guest, invitee, lessee, contractor, subcontractor, employee or agent of the Owner. In the case of a continuing violation, the fine may not be assessed unless the Owner has failed to abate the violation within the time allowed therefor by the Board in written notice to the Owner. In the case of a single incident, the fine may not be assessed unless the Owner has received at least one prior written notice from the Board that the violation may subject the Owner to fine(s). Fines imposed pursuant to this Section may be collected as provided in Section 7.8 A and B below. Non-payment of assessments shall not subject an Owner to fines; rather, the remedy therefore shall be as provided in Article 7, below.

Section 6.12: Liability: Neither the Association nor the Design Review Committee nor any of their respective officers, directors, employees or agents shall be responsible or liable to any person for any defects in any plans or specifications submitted, revised or approved under this Article VII nor for any defects in construction performed pursuant to such plans and specifications. Approval of plans and specifications under this Article VII shall not relieve the Owner of strict compliance with applicable governmental laws or regulations.

ARTICLE 7 - ASSESSMENTS

Section 7.1: Covenant to Pay Assessments: By acceptance of a deed to any lot in the Property each Owner of such lot hereby covenants and agrees to pay when due all Assessments or charges made by the Association, including all Regular, Special and Limited Assessments and charges made against such Owner pursuant to the provisions of this Declaration or other applicable instrument.

A. Assessment Constitutes Lien: Such Assessments and charges together with interest at a rate established by the Board, 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 lot against which each such Assessment or charge is made.

B. Assessment is Personal Obligation: Each such Assessment, together with interest at a rate established by the Board, costs and reasonable attorney's 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 remain such Owner's personal obligation regardless of whether he remains an Owner.

Section 7.2: Regular Assessments: The regular assessments may include, and shall be limited to, the following regular expenses:

A. Repairs, improvements and maintenance for the Association's water system within the Property;

B. Expenses of the management of the Association and its activities;

- C. Taxes and special assessments upon the Association's real and personal property;
- D. Premiums for all insurance which the Association is required or permitted to maintain;
- E. Common services to Owners as approved by the Board;
- F. Legal and accounting fees for the Association;
- G. Expenses related to the maintenance and operation of Common Areas and improvements located thereon;
- H. Any deficit remaining from any previous assessment year; and,
- I. The creation of reasonable contingency reserves for the maintenance and improvement of the community water system, administration expenses, or legal expenses.

Regular assessments shall be paid annually as provided in Section 7.3.

Section 7.3: Regular Assessment Procedure:

A. The Association's Board of Directors shall set the total annual regular assessment based upon an advanced budget of the Association's requirements for the following assessment year. A summary of that budget shall be mailed by ordinary first class mail or otherwise delivered to all Owners by no later than June 15th of each year.

B. The dollar amount of each Lot owners regular annual assessment will be determined by the Board based on the Valley County Assessed value of each Lot within the subdivision. This amount does not include the assessed value of any improvements on the Lot. As an example, the total assessed value of all the lots in the subdivision would be divided into the assessed value of each Lot, this number would then be multiplied times the total annual budget amount which would result in that particular Lot owners share of the annual budget. The board will obtain the assessed value of each Lot annually from the Valley County Assessor's Office for use in this computation.

C. The Board shall cause to be prepared, delivered, or mailed to each Owner, at least thirty (30) days in advance of the date payment is due, a payment statement setting forth the annual regular assessment. All payments of regular assessments shall be due and payable on the due dates declared by the Board.

Section 7.4: Special Assessments: In the event that the Board shall determine that there is a need for a special assessment of the owners to accomplish a specific task, such as drilling a new well or paving streets, that is not normally provided for in the annual budget the Board shall proceed as follows: (a) Determine the amount necessary to defray such expense, (b) present the proposal at a duly called and noticed meeting, annual or special, of the members. Twenty Members represented in person or by proxy shall constitute a quorum. If a quorum is present, the affirmative vote of the majority of the Members entitled to vote on the subject matter shall be the act of all of the members. The Board shall, in its discretion, determine the schedule under which such Special Assessment will be paid. Every Special Assessment levied by and for the Association shall be levied and paid in an equal dollar amount for each Lot in the Subdivision. No special assessment shall be levied without the affirmative vote of the Members.

Section 7.5: Limited Assessments: Notwithstanding the above provisions with respect to regular and special assessments, the 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 such member's Lot into compliance with the provisions of the Association Documents.

Section 7.6: Assessment Period: Unless otherwise provided in the Articles or Bylaws, the Assessment period shall commence on July 1st of each year and terminate on June 30th of the following year.

Section 7.7: Notice of Default and Acceleration of Assessments: If any assessment is not paid within thirty (30) days after its due date, the Board may mail a notice of default to the Owner. The notice shall substantially set forth (a) the fact that the installment is delinquent; (b) the action required to cure the default; (c) a date not less than ten (10) days from the date of the mailing of the notice by which the default must be cured; and, (d) that the failure to cure the default on or before the date specified in the notice may result in the foreclosure of the lien for assessment against the Lot of the Owner and the exercise by the Board of any other remedies either provided herein or allowed by law. In such case, and as a condition of the cure of the delinquent assessment, the Owner may be obligated by the Board, at the Board's sole discretion, to additionally pay all costs of enforcement, including without limitation reasonable attorneys fees, costs and related expenses and to pay a reasonable late charged to be determined by the Board.

Section 7.8: Enforcement of Assessments: Each Owner is and shall be deemed to covenant and agree to pay to the Association each and every assessment provided for in this Declaration; and agrees to the enforcement of all such assessments in the manner herein specified. In the event an attorney or attorneys are employed for 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 reasonable attorneys fees and costs thereby incurred in addition to any other amounts due or any other relief or remedy obtained against said Owner. In addition to any other remedies herein or by law provided, the Board, or its authorized representative, may enforce the obligations of the Owners to pay the assessments provided for in this Declaration, and each of them, in any manner provided by law in equity, or without any limitation of the foregoing, by either or both of the following procedures:

A. Enforcement by Suit: By commencement of a suit at law against any Owner or Owners personally obligated to pay assessments, for such delinquent assessments as to which they are personally obligated. Any judgment rendered in any such action shall include the amount of the delinquency, together with interest thereon as provided for herein, costs of collection, court costs and reasonable attorney's fees in such amount as the Court may adjudge against the delinquent Owner. Suit to recover a money judgment for unpaid assessments shall be maintainable without foreclosing or waiving the lien hereinafter provided for.

B. Enforcement by Lien: There is hereby created a claim of lien, with power of sale, on each and every Lot to secure payment to the Association of any and all assessments levied against any and all Owners, together with interest thereon as provided for in this Declaration, fines imposed for violation of these Covenants, and all costs of collection which may be paid or incurred by the Association in connection therewith, including reasonable attorney's fees. The Board or its duly authorized representative may

file and record a Notice of Delinquent Assessment on behalf of the Association against the Lot of the defaulting Owner who has not cured the default, as provided in Section 7.8 above. The amount of the assessment, plus any costs of collection, expenses attorney's fees and interest assessed in accordance with this Declaration shall be a lien on the Owner's Lot from and after the time the Association records the Notice of Delinquent Assessment. Such Notice shall be executed and acknowledged by any officer of the Association and shall contain substantially the following:

1. The claim of lien made pursuant to this Declaration;
2. The name of the record Owner;
3. The legal description of the Lot against which claim of lien is made;
4. The total amount claimed to be due and owing for the amount of the delinquency, interest thereon, collection costs, and attorney's fees (with any proper offset allowed); and,
5. The name and address of the trustee authorized by the Association to enforce the lien by public sale.

Upon recordation, the lien claimed therein shall immediately attach and become effective in favor of the Association as a lien upon the Lot against which such assessment was levied. Such lien shall have priority over all liens or claims created subsequent to the recordation of the Notice. Any such lien may be foreclosed by appropriate action in Court or in the manner provided by the Idaho Code for the foreclosure of a deed of trust with power of sale, or in any other manner 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 foreclosure. The lien provided for herein shall be in favor of the Association and shall be for the benefit of all other Lot Owners and shall secure payment of all sums set forth in the Notice, together with all sums becoming due and payable in accordance with this Declaration after the date of recordation of said Notice. The Association shall have the power to bid in at any foreclosure sale and to purchase, acquire, hold, lease, mortgage and convey any Lot.

Each Owner hereby expressly waives any objection to the enforcement and foreclosure of assessment liens in this manner. Upon the timely curing of any default for which a Notice was filed by the Board, the Board shall cause an officer of the Association to file and record an appropriate release of such Notice in the Office of the County Recorder of Valley County, Idaho. No Owner may waive or otherwise escape liability for the assessments provided for in this Declaration by non-use or abandonment of his Lot.

ARTICLE 8 – DISPUTE RESOLUTION AND LIMITATION ON LITIGATION

Section 8.1: Agreement To Encourage Resolution Of Disputes Without Litigation:

(a) The Association and its officers, directors, all Members, and any Person not otherwise subject to this Declaration who agrees to submit to this Article (collectively, "Bound Parties"), agree that it is in the best interest of all concerned to encourage the amicable resolution of disputes involving Jughandle Estates without the emotional and financial costs of litigation. Accordingly, each Bound Party agrees not to

file suit in any court with respect to a Claim described in subsection (b) unless and until it has first submitted such Claim to the alternative dispute resolution procedures set forth in Section 8.2 in a good faith effort to resolve such Claim.

(b) As used in this Article, the term "Claim" shall refer to any claim, tort claim, grievance or dispute arising out of or relating to discretionary decisions of the Design Review Committee, the interpretation, application or enforcement of the Governing Instruments, and the rights, obligations and duties of any Bound Party under the Governing Instruments. The term "Claim" shall specifically not apply to any of the following: any suit by the Association to collect Assessments or other amounts due from any Owner; any suit by the Association to obtain a temporary restraining order and such 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 the Governing Instruments; and, any suit by the Association to enjoin a continuing violation of the provisions of the Governing Instruments.

Section 8.2: Dispute Resolution Procedure:

(a) Notice. The Bound Party asserting a Claim ("Claimant") against another Bound Party ("Respondent") shall give written notice to each Respondent and to the Board stating plainly and concisely: the nature of the Claim, including the person involved and the Respondent's role in the Claim; the legal basis of the Claim (i.e. the specific authority out of which the claim arises); the Claimant's proposed resolution or remedy; and, the Claimant's desire to meet with the Respondent to discuss in good faith ways to resolve the Claim.

(b) Negotiation. The Claimant and Respondent 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 Notice, the Board may appoint a representative to assist the parties in negotiating a resolution of the Claim.

(c) Mediation. If the parties have not resolved the Claim through negotiation within 30 days after the date of the Notice (or within such other time period as the parties may mutually agree upon), the Claimant shall have 45 additional days to submit the Claim to mediation with a mutually acceptable individual providing dispute resolution services in Idaho. If the Claimant does not submit the claim to mediation within such time, or does not appear for the mediation when scheduled, the Claimant shall be deemed to have waived the claim, and the Respondent shall be relieved of any and all liability to the Claimant on account of such Claim.

If the Parties do not settle the Claim in mediation, the mediator shall issue a notice of termination of the mediation proceedings indicating that the parties are at an impasse and the date that mediation was terminated. The Claimant shall thereafter be entitled to file suit.

Each party shall bear its own costs of the mediation, including attorney's fees, and each Party shall share equally all fees charged by the mediator, unless it is determined that one party is the prevailing party, in which case the non-prevailing party shall bear the cost of all attorney's fees and mediation fees of the prevailing party.

(d) **Settlement.** Any settlement of the Claim through negotiation or mediation shall be documented in writing and signed by the parties. If any party thereafter fails to abide by the terms of such agreement, the other party may file suit or initiate administrative proceedings to enforce such agreement without the need to again comply with the procedures set for this in this Section. In such event the party taking action to enforce the agreement or award shall, upon prevailing, be entitled to recover for the non-complying party (or if more than one non-complying party, from all such parties) all costs incurred in enforcing such agreement or award, including, without limitation, attorneys' fees and court costs.

ARTICLE 9 - GENERAL PROVISIONS

Section 9.1: Binding Effect: The various restrictive measures and provisions of these covenants and restrictions are declared to constitute mutual equitable servitudes for the protection and benefit of each parcel in the Community and of the owners thereof and for the benefit of the Community as a whole. Each grantee of a conveyance or purchaser under a contract of sale, by accepting a deed or contract of sale, accepts such subject to all of the covenants, conditions and restrictions set forth in this Declaration and specifically agrees to be bound by each and all of them.

Section 9.2: Term of Declaration: Unless amended as herein provided, all provisions covenants, conditions and restrictions and equitable servitudes contained in this Declaration shall be effective for twenty (20) years after the date upon which this Declaration was originally recorded, and, thereafter, shall be automatically extended for successive periods of ten (10) years each unless terminated by agreement of the Owners as provided for herein below.

Section 9.3: Amendment of Declaration by Members: Except as otherwise provided in this Declaration any provision, covenant, condition, restriction, or equitable servitude contained in this Declaration may be amended or repealed at any time and from time to time, upon approval of the amendment or repeal by at least fifty percent (50%) of those members present or represented by proxy at a meeting of the membership, scheduled for the purpose of considering such amendments, at which a quorum is present; provided:

- A. This Declaration may not be terminated except upon approval by at least ninety percent (90%) of the membership of the Association; and,
- B. The provisions of this Declaration which limit the allowable land uses in the Subdivision to single-family residential use may be amended only with the approval of ninety percent (90%) of the Membership and the approval, as required, by Valley County, in the same manner as would be required for an approval of a material change to the Conditional Use Permit/Preliminary Plat for the Subdivision.

Section 9.4: Priority of First Mortgage Over Assessments: Each lender who recorded its mortgage or deed of trust before assessments have become delinquent and who obtains title to the Lot encumbered by the first mortgage whether pursuant to remedies provided in the mortgage, by judicial foreclosure, or by deed or assignment in lieu of foreclosure, shall take title to the lot free and clear of any claims for unpaid assessment or charges against such Lot which accrued prior to the time such first mortgage acquires title.

Section 9.5: Remedies Cumulative: Each remedy provided under the Association documents is cumulative and not exclusive.

Section 9.6: Costs and Attorneys Fees: In any action or proceeding under the Association documents, the party which seeks to enforce the Association documents and prevails shall be entitled to recover its costs and expenses in connection therewith, including reasonable attorneys fees and expert witness fees. "Action or proceeding" as herein stated shall include, without limitation, any arbitration, mediation, or alternative dispute resolution proceeding.

Section 9.7: Limitation of Liability: The Association, Board of Directors, the Design Review Committee, and any member, agent or employee of any of the same shall not be liable to any person for any action or for any failure to act if the action or failure to act was in good faith and without malice, and shall be indemnified by the Association to the fullest extent permissible by the laws of Idaho, including without limitation, circumstances in which indemnification is otherwise discretionary under Idaho law, in accordance with and subject to the terms and limitations contained in the Bylaws.

Section 9.8: Governing Law: The Association documents shall be construed and governed under the laws of the State of Idaho.

Section 9.9: Severability: Invalidation of any one or more of the covenants, conditions and restrictions contained herein by judgment or otherwise shall in no way affect the validity of any of the other provisions, which shall remain full force and effect.

Section 9.10: Number and Gender: Unless the context requires a contrary construction, as used in the Association documents, the singular shall include the plural and the plural the singular, and the use of any gender shall include all genders.

Section 9.11: Captions for Content: The titles, headings and captions used in the Association documents are intended solely for convenience of reference and are not intended to affect the meaning of any provisions of this Declaration.

Section 9.12: Mergers or Consolidations: The Association may merge with another incorporated association to the extent permitted by law. Upon a merger or consolidation of the Association with another association, its properties, rights and obligations may, by operation of law, be transferred to another surviving or consolidated association or, alternatively, the properties, rights and obligations of another association may, by operation of law, be added to the properties, rights and obligations of the Association as a surviving corporation pursuant to a merger. The surviving or consolidated association may administer and enforce the covenants, conditions and restrictions established by this Declaration governing the Property together with the covenants and conditions established upon any other property, as one plan.

Section 9.13: Conflicts in Documents: In case of any conflict between this document and the Articles of Incorporation, or the Bylaws of the Association, this Declaration shall control.

IN WITNESS WHEREOF, the undersigned (i) certify and attest that, pursuant to Section E of the Amended Jughandle Protective Covenants recorded on June 29, 1972 as Instrument No. 76496, Declaration, the foregoing 2005 AMENDED AND RESTATED DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS, AND RESTRICTIONS FOR JUGHANDLE ESTATES has been approved by over one half of the Owners of Lots in the Property pursuant to a vote of the membership, and (ii) execute this Declaration effective the 4th day of January, 2005. ~~2006~~

The Jughandle Corporation

By: Warren Drake

Warren Drake, President

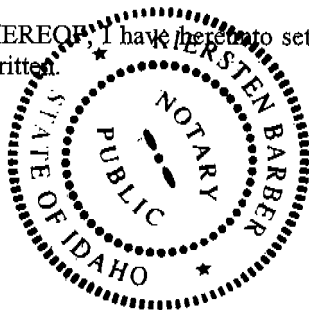
STATE OF IDAHO)

)ss

County of Valley.)

On this 4th day of January, 2005, before me, Kirsten Barber, a Notary Public in and for said State, personally appeared **Warren Drake**, known or identified to me to be the President of the Jughandle Corporation Property Owners Association executed the instrument or the person who executed the instrument on behalf of said Corporation, and acknowledged to me that such corporation executed the same.

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



Kirsten Barber
NOTARY PUBLIC FOR IDAHO

My Commission Expires: 11/26/08

IN WITNESS WHEREOF, the undersigned (i) certify and attest that, pursuant to Section E of the Amended Jughandle Protective Covenants recorded on June 29, 1972 as Instrument No. 76496, Declaration, the foregoing 2005 AMENDED AND RESTATED DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS, AND RESTRICTIONS FOR JUGHANDLE ESTATES has been approved by over one half of the Owners of Lots in the Property pursuant to a vote of the membership, and (ii) execute this Declaration effective the 5th day of January, 2006.

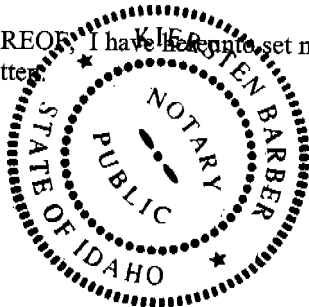
The Jughandle Corporation

By: Don E. W. Chapman
Don Chapman, Vice President

STATE OF IDAHO)
)ss
County of Valley.)

On this 5th day of January, 2006, before me, Kristen Barber, a Notary Public in and for said State, personally appeared **Don Chapman**, known or identified to me to be the Vice President of the Jughandle Corporation Property Owners Association executed the instrument or the person who executed the instrument on behalf of said Corporation, and acknowledged to me that such corporation executed the same.

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

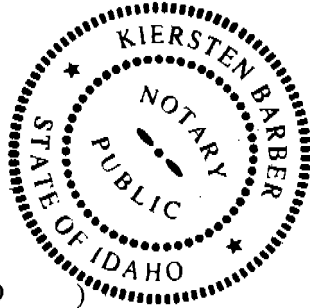


Kristen Barber
NOTARY PUBLIC FOR IDAHO
My Commission Expires: 11/26/08

IN WITNESS WHEREOF, the undersigned (i) certify and attest that, pursuant to Section E of the Amended Jughandle Protective Covenants recorded on June 29, 1972 as Instrument No. 76496, Declaration, the foregoing 2005 AMENDED AND RESTATED DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS, AND RESTRICTIONS FOR JUGHANDLE ESTATES has been approved by over one half of the Owners of Lots in the Property pursuant to a vote of the membership, and (ii) execute this Declaration effective the 15th day of January, 2006.

The Jughandle Corporation

By: [Signature]
Mike Murphy, Secretary/Treasurer



STATE OF IDAHO)

County of Valley.)

On this 10th day of January, 2006, before me, Kiersten Barber, a Notary Public in and for said State, personally appeared **Mike Murphy**, known or identified to me to be the Secretary/Treasurer of the Jughandle Corporation Property Owners Association executed the instrument or the person who executed the instrument on behalf of said Corporation, and acknowledged to me that such corporation executed the same.

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

[Signature]
NOTARY PUBLIC FOR IDAHO

My Commission Expires: 11/24/08

EXHIBIT "A"

The Property

The following is a legal description of the Lots for which this Declaration applies:

Lots 1 through 9 in Block 1, Lots 1 through 14 in Block 2, Lots 1 through 11 in Block 3, and Lots 1 and 2 in Block 4, as said lots and blocks are shown on the plat of Jughandle Estates No.1 as recorded in Drawer 1 of plats Instrument #76191 in the office of the County Recorder of Valley County, Idaho.

Lots 3 through 10 in Block 4, Lots 1 through 7 in Block 5, and Lots 1 through 5 in Block 6, as said lots and blocks are shown on the plat of Jughandle Estates No. 2 as recorded in Drawer 1 of plats Instrument # 76192 in the office of the County Recorder of Valley County, Idaho.

Lots 1 through 10 in Block 1, Lots 1 through 15 and 17 through 24 in Block 2, Lots 1 through 15 in Block 3, all in Jughandle Highlands Nos. 1 and 2 as recorded in Drawer 1 of plats Instrument # 76496 in the office of the County Recorder of Valley County, Idaho.

The following is a legal description of the real property which shall be considered Common Area:

- (a) All roads in Jughandle Estates No. 1 and No. 2 and Jughandle Highlands No. 1 and 2; and,
- (b) Lot 12 in Block 3 of Jughandle Estates No.1, pursuant to that certain Deed recorded as Instrument # 81811 on April 23, 1974 with the Valley County Idaho Recorder (The Pond); and,
- (c) A common area lot at the entrance to Jughandle Estates, approximately 8.44 acres in size, pursuant to that certain Deed recorded as Instrument # 81811 on April 23, 1974 with the Valley County Idaho Recorder, and more particularly described at the attached Exhibit "B" (Entrance Common Area Lot);
- (d) Lot 16 in Block 2 of Jughandle Highlands Nos. 1 and 2 as recorded in Drawer 1 of plats Instrument # 76496 in the office of the County Recorder of Valley County, Idaho, together with a 30' Access Road, Public Utilities, Water Line Easement along the West boundary of Lot 5, Block 2, granted pursuant to the final plat for Jughandle Highlands No. 2. and pursuant to that certain Warranty Deed recorded as Instrument # 93302 on September 27, 1977 (The Well Lot); and,
- (e) An easement for the water system located east of Jughandle Highlands, pursuant to that certain Amended Jughandle Easement recorded as Instrument No. 207677, on October 25, 1994 with the Valley County, Idaho Recorder; and,
- (f) All Easements and equipment for the water system, pursuant to that certain Deed recorded as Instrument # 84729 on May 9, 1975 with the Valley County, Idaho recorder.

EXHIBIT "B"

Legal description of the common area lot at the entrance to Jughandle Estates, in Valley County, Idaho:

A tract of land lying in Lot 1 of Section 7, T.17-N, R-4-EBM, Valley County, Idaho and more particularly described as follows:

Beginning at the brass cap marking the Northwest corner of the said Section 7;

thence South $0^{\circ}11'44''$ West 1,288.29 feet along the Westerly boundary of the said Section 7, which is also the Westerly boundary of Jughandle Estates No. 1, as filed for record in the office of the Valley County Recorder, Cascade, Idaho, in Book 4 of Plats at page 2, to an iron pin;

thence South $89^{\circ}48'16''$ East 70.00 feet to an iron pin on the Southerly boundary of the said Jughandle Estates No. 1; also said point being the REAL POINT OF BEGINNING;

thence North $87^{\circ}43'34''$ East 557.61 feet to an iron pin marking the Northwest corner of Lot 1 of Block 4 of the said Jughandle Estates No. 1;

thence along the Northerly, Westerly, Southerly and Easterly boundaries of the said Jughandle Estates No. 1 the following courses and distances to iron pins:

North $63^{\circ}31'44''$ East 225.60 feet;

thence South $64^{\circ}48'16''$ East 301.32 feet;

thence North $25^{\circ}11'44''$ East 195.00 feet to a point of curve;

thence Northwesterly along a curve to the left 72.43 feet, said curve having a central angle of $83^{\circ}00'00''$, a radius of 50.00 feet, tangents of 44.24 feet and a long chord of 66.26 feet bearing North $16^{\circ}18'16''$ West to a point of tangent;

thence North $57^{\circ}48'16''$ West 463.36 feet to a point of curve;

thence Southwesterly along a curve to the left 28.13 feet, said curve having a central angle of $80^{\circ}34'47''$, a radius of 20 feet, tangents of 16.96 feet and a long chord of 25.87 feet bearing South $81^{\circ}54'20''$ West to a point of reverse curve;

thence continuing Southwesterly along a curve to the right 202.81 feet, said curve having a central angle of $43^{\circ}34'47''$, a radius of 266.64 feet, tangents of 106.59 feet and a long chord of 197.95 feet bearing South $63^{\circ}24'20''$ West to a point of tangent;

thence South $85^{\circ}11'44''$ West 360.00 feet;

thence Southwesterly along a curve to the left 229.95 feet, said curve having a central angle of $85^{\circ}00'00''$, a radius of 155.00 feet, tangents of 142.03 feet and a long chord of 209.43 feet bearing South $42^{\circ}41'44''$ West to a point of tangent;

thence South $0^{\circ}11'44''$ West 205.00 feet to the point of beginning, comprising 8.44 acres, more or less.

283340

Instrument # 283340

VALLEY COUNTY, CASCADE, IDAHO

2004-05-24

03:35:27

No. of Pages: 34

Recorded for: STEVE M.

LELAND G. HEINRICH

Fee: 102.00

Ex-Officio Recorder Deputy

Index to MISCELLANEOUS RECORD



JUG MOUNTAIN RANCH

MCCALL, IDAHO

**GENERAL DECLARATION
FOR
JUG MOUNTAIN RANCH**

Recorded
May 24, 2004

Prepared by:

Millemann, Pittenger, McMahan & Pemberton, LLP

706 North First Street

P.O. Box 1066

McCall, Idaho 83638

GENERAL DECLARATION FOR JUG MOUNTAIN RANCH

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**GENERAL DECLARATION
FOR
JUG MOUNTAIN RANCH**

This General Declaration ("this Declaration") is made this 14th day of April, 2004, by Jug Mountain Ranch LLC, an Idaho limited liability company.

ARTICLE 1. Declaration / Purposes

1.1 General Purposes

(a) The Declarant, owns the real property hereinafter defined as Jug Mountain Ranch and intends to develop said property as a residential community and a self-contained, village-like area designed to contain facilities and provide services, including lodging, food and beverage services, shops and merchandising areas, and entertainment and recreation opportunities, for all persons residing, visiting or doing business within Jug Mountain Ranch.

(b) Jug Mountain Ranch Association, an Idaho nonprofit corporation, has been formed, to perform certain functions and to hold and manage certain property for the common benefit of some or all Owners or Lessees within Jug Mountain Ranch. This Declaration defines certain rights and obligations of Owners and Lessees within Jug Mountain Ranch with respect to the Ranch Association and with respect to Functions undertaken and Association Facilities held by the Ranch Association.

(c) By this Declaration, Declarant also intends to establish a means to provide for and maintain the area within Jug Mountain Ranch as a pleasant and desirable environment for all persons residing, visiting or doing business therein.

1.2 Declaration: To further the general purposes herein expressed, The Declarant, for itself, its successors and assigns, hereby declares that all real property hereinafter defined as Jug Mountain Ranch, including any property added to Jug Mountain Ranch as hereinafter provided, shall, at all times, be owned, held, used and occupied subject to the provisions of this Declaration and to the covenants, conditions and restrictions herein contained. Declarant, for each Unit it owns, and each Owner, by acceptance of a deed or other conveyance of title to a Unit, and each Village Lessee, by acceptance of a lease or other rental agreement to a Village Unit, HEREBY COVENANTS, PROMISES, AND AGREES to be bound by and to comply in all respects with all provisions of this Declaration, and all applicable Supplemental Declarations, the Articles and Bylaws of the Ranch Association, all applicable sub-association articles and bylaws, the Design and Development Guidelines, and all Rules and Regulations promulgated pursuant to any of the above.

ARTICLE 2. Certain Definitions

2.1 Affirmative Vote Of A Majority Of The Classes: The Affirmative Vote of a Majority of the Classes shall be achieved on any particular matter if (and only if) (a) a majority of the Class C, D and E members vote in favor of such matter; and, (b) at least 51% of the votes of the Class A Members and 51% of the votes of the Class B Members are cast in favor of such matter. For the purpose of determining the vote of a class, the votes of a majority of the members of such class present at a meeting at which a quorum is established, in person or by proxy and entitled to vote on such matter shall be deemed the vote of such class. Notwithstanding the foregoing, in the event that there are no Class B members, or no Class C, D or E member, due to the fact that they do not yet exist or upon their effective resignation, the favorable vote of such member(s) shall not be considered in determining a majority. Notwithstanding any other provision to the contrary in the Association Documents, this definition may not be amended without an Affirmative Vote Of A Majority Of The Classes as defined herein.

2.2 Articles: The Articles of Incorporation for Jug Mountain Ranch Association, Inc.

2.3 Association Documents: The various operative documents of the Jug Mountain Ranch Association, including: (a) the Articles of Incorporation for Jug Mountain Ranch Association; (b) the Bylaws for Jug Mountain Ranch Association; (c) this Declaration; (d) the Design and Development Guidelines; (e) all Rules and Regulations promulgated by the Board; (f) the Articles of Incorporation and Bylaws for any other Association which is created within Jug Mountain Ranch; (g) all Supplemental Declarations recorded by Declarant; and, (h) all amendments and supplements to any of the aforementioned documents.

2.4 Association Facilities: All property owned or leased by the Ranch Association or otherwise held or used by the Ranch Association, or under the Ranch Association's management or control by, through or under

contractual arrangements, licenses or other arrangements, including Property Furnished by Declarant, real property or interests therein, improvements on real property, and personal property and equipment.

2.5 Benefited Units: The Board shall have the discretion to designate groups of Units which have like interests or needs, which Units may already be grouped as a Neighborhood, or may be some other grouping of Units with like interests or needs, for the following purposes: construction, assessment and budgeting for Local Improvement Assessments, as defined at Section 9.3 of the Bylaws; determination, assessment and budgeting for Local Maintenance Assessments, as defined at Section 9.3 of the Bylaws; and/or, any other benefit, service or obligation related to certain Units which are not already grouped as a Neighborhood. The Board may make such designation either of their own volition or in their discretion at the request of Members.

2.6 Board: The Board of Directors for Jug Mountain Ranch Association, Inc.

2.7 Bylaws: The Bylaws for Jug Mountain Ranch Association, Inc.

2.8 Common Open Space: Open Space which is declared to be Common Open Space in a Supplemental Declaration. Common Open Space is further described at Section 5.1 as Open Space in which Members of the Association enjoy common, non-exclusive rights of use.

2.9 Conversion Date: That date upon which certificates of occupancy have been issued for 90 percent of the dwelling units authorized to be constructed in Jug Mountain Ranch under the PUD, or such earlier date as is selected by Declarant.

2.10 County: Valley County, Idaho.

2.11 CUP or Jug Mountain Ranch CUP: Valley County Conditional Use Permit No. 99-12, Jug Mountain Ranch – Phase I, Stage 1, PUD 97-1 Jug Mountain Ranch Planned Unit Development; and, Valley County Conditional Use Permit No. 01-05, Jug Mountain Ranch – Phase I, Stage 2, PUD 97-1 Jug Mountain Ranch Planned Unit Development; together with any additional Condition Use Permit granted by Valley County which applies to the Property; and, as all of said conditional use permits may be amended. The CUP shall be deemed to include and incorporate the following: the PUD; any and all applications for the above conditional use permits or the PUD; all conditions of approval of any Jug Mountain Ranch conditional use permit or the PUD imposed by Valley County; the terms of any agreements entered into by The Declarant and Valley County related to the above conditional use permits or the PUD; and, the terms and conditions of all permits or licenses issued by Valley County, the State of Idaho, the United States of America, or any department or agency thereof, related to the above conditional use permits or the PUD.

2.12 Declarant: Jug Mountain Ranch LLC, an Idaho limited liability company, and any party which (a) acquires from Declarant all or substantially all of its property at Jug Mountain Ranch and (b) is designated by a written instrument as a successor or assignee of Declarant under this Declaration. Such instrument may specify the extent and portion of the rights or interests as a Declarant which are being assigned, in which case Jug Mountain Ranch LLC shall retain all other rights as Declarant.

2.13 Declaration: This Declaration and all Amendments or Supplements hereto, hereafter recorded in the real property records of Valley County, Idaho.

2.14 Default Rate: Any delinquent assessment, charge, fine, penalty or other amount payable pursuant to the terms of the Association Documents shall bear interest at the greater of eighteen percent (18%) per annum, or six (6) points above the prime rate of Wells Fargo Bank, NA or any other national banking association with offices in Boise, Idaho.

2.15 Design and Development Guidelines: The Jug Mountain Ranch Design and Development Guidelines, as further described in Article 8 herein and as may be amended from time to time.

2.16 Design Review Committee: Design Review Committee ("DRC") shall mean the Design Review Committee established pursuant to Article 8 herein.

2.17 Exclusive Open Space: Open Space which is declared to be Exclusive Open Space in a Supplemental Declaration. Exclusive Open Space is further described at Section 5.2.

2.18 Function: Any activity, function or service required under this Declaration to be undertaken or performed by the Ranch Association as well as any activity, function or service otherwise undertaken or performed by the Ranch Association.

2.19 Golf Course: Any golf course located within Jug Mountain Ranch, as well as all ancillary facilities, including but not limited to an 18 hole golf course as well as any additional golf course, golf practice facilities including a driving range and putting green, club house, maintenance facilities, any additional related and supporting facilities, structures and improvements operated in connection with such golf course. All real property to be part of the Golf Course shall be designated as "Golf Course" on a recorded Plat, or shall be designated as such in a Supplemental Declaration.

2.20 Guest: Any customer, agent, employee, guest or invitee of an Owner, Lessee, Subowner or any Priority Member, and any person or persons, entity or entities who have any right, title or interest in a Unit which is not the fee simple title to the Unit (including a lessee or Subowner other than a Lessee) and any customer, agent, employee, guest or invitee of such person or persons, entity or entities.

2.21 Jug Mountain Ranch: All of the real property in Valley County, Idaho, within the boundaries set forth in the legal description attached hereto as **Exhibit A** as well as all real property which becomes part of Jug Mountain Ranch as provided in Article 10 herein. Any property removed from Jug Mountain Ranch as provided in Article 10 herein shall no longer be part of Jug Mountain Ranch. Any real property included in the definition of Jug Mountain Ranch pursuant to this Section which is hereafter incorporated as or becomes a part of a municipal corporation may be excluded from and be deemed outside of Jug Mountain Ranch by the action of the Board and the written consent of Declarant, upon the recording in the office of the Recorder of Valley County, Idaho, of a written instrument signed by Declarant and the Ranch Association containing a legal description of the real property to be excluded and declaring that said real property shall be deemed to be outside Jug Mountain Ranch.

2.22 Land Use Plan: The Proposed Master Land Use Plan approved as part of the PUD, as may be amended. Uses delineated on the Land Use Plan include Single Family Residential; Single Family / Townhome Residential; Multi-use / Mixed Residential; and Recreation / Open Space. Single family residential uses are also allowed in the Single Family / Townhome Residential, Multi-use / Mixed Residential areas. Townhomes are also allowed in the Multi-use / Mixed Residential areas.

2.23 Lessee: The person or persons, entity or entities who are the lessees under a ground lease of any part or all of a Unit or the lessees of any space within a building on any Unit. All such leased property is hereinafter referred to as the **Leased Premises**. The term Lessee shall include Declarant to the extent it is a Lessee as defined above, and shall include a sublessee to the extent he becomes a Lessee pursuant to Section 16.8 of this Declaration, but it shall not include the Ranch Association or any governmental entity, taxing district or utility provider.

2.24 Member: A Person entitled to membership in the Ranch Association, as described at Section 3.1 of the Bylaws.

2.25 Neighborhood: A group of Units designated as a separate Neighborhood in a Supplemental Declaration by the Declarant for purposes of electing Directors to the Ranch Association Board, and, in some instances, to interface with the Ranch Association with regard to proposed services, maintenance, improvements or other issues uniquely affecting the Neighborhood, and/or for purposes of sharing Exclusive Open Spaces and/or receiving other benefits or services and/or with separate interests or needs, as further described at Article 13 of the Bylaws. The Declarant shall assign all Units to a Neighborhood in a Supplemental Declaration, and shall have the right to add Units to each Neighborhood, and to reallocate Units within each Neighborhood pursuant a Supplemental Declaration.

2.26 Open Space: Property within the CUP, devoid of buildings or structures, except where necessary for utilities or for the provision of recreation or fish and wildlife habitat improvements, and except as otherwise permitted in Exclusive Open Spaces at Section 5.2. Open Space shall be designated as such on each Final Plat for the CUP. The "Open Space" designation, as defined herein, shall bind the use of the subject property, whether it is owned by the Ranch Association or by a private person or entity.

2.27 Owner: The person or persons, entity or entities who own of record, according to the real property records of Valley County, Idaho, fee simple title to a Unit, and any other Property within Jug Mountain Ranch, including but not limited the Golf Course. Each Owner shall also be the holder or holders of a particular Regular or Priority Membership in the Ranch Association, as set forth below, which is appurtenant to ownership of such Unit or other real property.

2.28 Person: A natural person, a corporation, a partnership, a trustee, or any other legal entity.

2.29 Private Amenities: Certain real property and any facilities, structures and improvements located thereon which are privately owned and operated by Persons other than the Ranch Association for recreational and

related purposes, on a use fee basis or otherwise, and shall include, without limitation, the Golf Course. Private Amenities are further described at Section 5.3. NO PERSON SHALL POSSESS ANY RIGHT TO ENTER ONTO OR USE PRIVATE AMENITIES BY VIRTUE OF OWNERSHIP OR OCCUPANCY OF A UNIT OR MEMBERSHIP IN THE RANCH ASSOCIATION.

2.30 Private Open Space: Open Space which is declared to be Private Open Space either in a Final Plat or in a Supplemental Declaration. Private Open Space shall be the private property of its Owner, and shall be maintained by its Owner. Access to and use of Private Open Space is strictly subject to the rules and procedures of the Owner of the Private Open Space, and no Person gains any right to enter onto such Private Open Space by virtue of membership in the Ranch Association or ownership or occupancy of a Unit.

2.31 Property: Any and all real property which is now or may hereafter be included within Jug Mountain Ranch, including public or private streets, roads and any public or private easements or rights-of-ways and including any and all improvements on any of the foregoing.

2.32 Property Furnished by Declarant: Any real property, any improvement or portion of any improvement on real property and any personal property or equipment with respect to which Declarant grants, assigns or conveys to the Ranch Association title, interests in, or rights of use, or with respect to which Declarant permits use by the Ranch Association or some or all Owners, Lessees, Guests or Subowners and any replacement of or substitute for any of the foregoing. Property Furnished by Declarant may include, but is not limited to, the access roads or roads serving Jug Mountain Ranch; open space or unimproved areas within Jug Mountain Ranch, walks, drives, malls, commons, bike paths, stairs, landscaping, trees, shrubs, ponds, seating benches, aesthetic structures, lighting, walk coverings and other open space improvements; parking areas or structures or facilities; tennis courts, game courts, other recreational facilities, conference facilities, cars and trucks or snow removal, maintenance or other equipment, and office space and office furnishings, furniture or fixtures. The Ranch Association shall be obligated to, and shall accept the title to, interests in, or rights of use with respect to any Property Furnished by Declarant which may be assigned, granted, or conveyed to the Ranch Association by Declarant, subject to such reservations, restrictions and conditions as Declarant may reasonably request.

2.33 PUD or Jug Mountain Ranch PUD: Concept approval, for PUD 97-1 Jug Mountain Ranch Planned Unit Development, as granted by the Valley County Planning and Zoning Commission and the Valley County Board of Commissioners on September 4, 1998, and as may be amended.

2.34 Residential Unit: Any Unit for which the use is restricted to single family residential or multi-family residential in a Supplemental Declaration. A Residential Unit shall not include rooms or units within a lodge or hotel.

2.35 Ranch Association: Jug Mountain Ranch Association, Inc., an Idaho nonprofit corporation, formed and incorporated to be and constituting the Ranch Association to which reference is made in this Declaration and to further the common interests of all Owners or Lessees or of particular classes of Owners or Lessees of Units within Jug Mountain Ranch.

2.36 Sewer System: The Jug Mountain Ranch central sewer system described at Section 14.1 below.

2.37 Subowner: Any person or persons, entity or entities who occupy or use a Unit or portion thereof pursuant to a license, concession agreement or other arrangement with an Owner or Lessee or who have any right, title or interest in a Unit, including a mortgagee or beneficiary, as the case may be, under a mortgage or deed of trust encumbering a Unit.

2.38 Unit: Each parcel of real property within Jug Mountain Ranch, as reflected on a recorded Final Plat for such parcel, whether improved or unimproved, which may be independently owned and conveyed and which is intended for development, use, or occupancy. The term shall refer to the land, as well as any structures and improvements thereon. Notwithstanding the foregoing, the following shall not be considered a Unit: Common Open Spaces; Exclusive Open Spaces; Private Open Spaces, exclusive of any parcel which would otherwise be associated with a Class A Residential Membership or a Class B Village Membership; the Golf Course; common property of any Association; property dedicated to the public; or, a parcel of property owned, held or used in its entirety by the Ranch Association, or by any governmental entity, or for or in connection with the distribution of electricity, gas, water, sewer, telephone, television or other utility service or for access to any property within or without Jug Mountain Ranch. In the case of a parcel of vacant land or land on which improvements are under construction, and for which a Final Plat has been recorded with Valley County for a condominium or for multi-family housing, the parcel shall be deemed to contain the number of Units designated for such parcel on the Final Plat.

2.39 Village: That portion of Jug Mountain Ranch which is delineated in a Final Plat for the CUP, or in any Supplemental Declaration, as "the Village".

2.40 Water System: The Jug Mountain Ranch central water system described at Section 14.2 below.

ARTICLE 3. Jug Mountain Ranch Association

3.1 Organization: The Jug Mountain Ranch Association, Inc. (the "Ranch Association") shall be initially organized by Declarant as an Idaho, non-profit corporation. The Ranch Association is charged with the duties and vested with the powers prescribed by law and as set forth in the Ranch Association Articles of Incorporation and Bylaws, and this Declaration.

3.2 Membership: The following shall be Members of the Ranch Association: (1) each Owner of a Unit within Jug Mountain Ranch; (2) each Lessee with an interest in a Leased Premises which carries a Class B Village Membership; (3) Jug Mountain Ranch LLC (the Class C-Golf Member and the Class D-Declarant Member); and, (4) up to four Declarant-Assignees. Said Members shall be allocated among five classes of membership, as defined and described in the Bylaws, and which are made up of two classes of regular membership and three classes of priority membership. The two classes of regular membership are as follows: (1) Class A-Residential; and, (2) Class B-Village. The three classes of priority membership are as follows: (1) Class C-Golf; (2) Class D-Declarant; and, (3) Class E-Declarant-Assignee. The details with regard to the members of each Class, together with voting rights and the appointment of directors, are all defined and described in the Bylaws. Diagram 3.1 illustrates the Ranch Association membership classes, as more fully and completely described in Section 3.1 of the Bylaws.

Jug Mountain Ranch Association	
Membership Classes	
Class	Summary of Members
Class A Residential	Owners of Single Family and Multi-Family Units outside the Village
Class B Village	Owners & Lessees of Units within the Village
Class C Golf	Owner of the Golf Course
Class D Declarant	Declarant
Class E Declarant-Assignee	To be Assigned by Declarant

Diagram 3.1

3.3 Compliance with Association Documents: All members shall comply with the terms and conditions of all Association Documents, as well as all Rules and Regulations which may be enacted by the Board pursuant to the Association Documents.

ARTICLE 4. Assessments And Other Amounts

4.1 Obligation for Assessments and Other Amounts: Declarant for each Unit it owns hereby covenants; each Owner, by acceptance of a deed for his Unit, whether or not it shall be so expressed in any such deed or other conveyance; and, each Village Lessee, by acceptance of a Lease to a Village Unit, shall be conclusively deemed to have covenanted and agreed to pay to the Ranch Association the Common, Civic and Special Assessments and charges, fines, penalties or other amounts, to be levied, fixed, established and collected as set forth in this Declaration and the Articles, Bylaws and rules and regulations of the Ranch Association as from time to time are in force and effect. The Declarant's obligations hereunder may be satisfied in the form of cash or by "in kind" contributions of services or materials, or by a combination of these.

4.2 Purpose of Assessments and Other Amounts: The assessments levied and any charge, fine, penalty or other amount collected by the Ranch Association shall be used exclusively to pay expenses that the Ranch Association may incur in performing any actions or functions permitted or required under this Declaration, or its Articles or Bylaws as from time to time are in force and effect, including the funding of Reserve and Contingency Accounts.

4.3 Time for Payments: The amount of any assessment, charge for interest or otherwise, fine, penalty or other amount payable by any Owner or with respect to such Owner's Lessees, Subowners, Guests or Unit shall become due and payable as specified in the Articles or Bylaws. In addition, the Bylaws may authorize the Ranch Association, during the period of any delinquency, to suspend an Owner or Lessee's voting privileges or any other privileges stemming from membership in the Ranch Association.

4.4 Lien for Assessments and Other Amounts: In addition to any other remedies specified herein or in the Bylaws, or allowed by law, the Ranch Association shall have a lien against each Unit to secure payment of any assessment, charge, fine, penalty or other amount due and owing to the Ranch Association, as provided in the Bylaws.

4.5 Liability of Owners, Purchasers and Encumbrances: The amount of any assessment, charge, fine or penalty payable by any Owner or Lessee, or with respect to such Owners, Lessees, Subowners, Guests or Unit shall also be a joint and several personal obligation to the Ranch Association of such Owner and/or Lessee and such Owner's and/or Lessee's, heirs, personal representatives, successors and assigns. A party acquiring fee simple title to a Unit, or a leasehold interest in a Village Unit Lease, shall be jointly and severally liable with the former Owner or Lessee of the Unit for all such amounts which had accrued and were payable at the time of the acquisition of fee simple title to the Unit by such party, without prejudice to such party's right to recover any of said amounts from the former Owner or Lessee. Each such amount, together with interest thereon at the Default Rate and reasonable attorney's fees and costs, may be recovered by suit for a money judgment by the Ranch Association without foreclosing or waiving any lien securing the same. Notwithstanding the foregoing, the holder of a mortgage, deed of trust or other lien on a Unit shall not be liable for any such assessment, charge, fine or penalty and the lien for any such assessments, charges, fines or penalties shall be junior to any first lien on a Unit taken in good faith and for value and perfected by recording in the office of the Recorder of Valley County, Idaho, prior to the time a notice of failure to pay any such amount is recorded in said office, describing the Unit and naming the Owner of the Unit.

ARTICLE 5. Property Rights

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

- (a) The Association Documents and any other applicable covenants;
- (b) Any restrictions or limitations contained in any deed conveying such property to the Ranch Association;
- (c) The right of the Board to adopt rules regulating the use and enjoyment of the Common Open Space, including rules restricting use of any recreational facilities which may be located within the Common Open Space to occupants of Units and their guests and rules limiting the number of guests who may use the Common Open Space;
- (d) The right of the Board to suspend the right of an Owner to use any Common Open Space or any recreational facilities located within the Common Open Space (i) for any period during which any charge against such Owner's Unit 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 Declaration, any applicable Supplemental Declaration, the Bylaws, or rules of the Ranch Association, after notice and a hearing as provided in the Bylaws;
- (e) The right of the Ranch Association, acting through the Board, to dedicate or transfer all or any part of the Common Open Space pursuant to the terms of this Declaration;
- (f) The right of the Board, or the operator of a Private Amenity, to impose membership requirements and/or charge membership, admission or other fees for the use of any recreational facility which may be situated upon the Common Open Space and to allow the use thereof by non owners;
- (g) The right of the Board to permit use of any Common Open Space, or any recreational facilities which may be situated on the Common Open Space, by persons other than Owners, their families, lessees and guests with or without payment of use fees;
- (h) The right of the Ranch Association, acting through the Board, to mortgage, pledge, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;
- (i) The right of Declarant to place utilities within any Open Space, and the right to grant easements for the maintenance and repair of such utilities; and,
- (j) The right of the Declarant to convert Open Space to single family residential use, provided: any such conversion will be subject to necessary approvals from Valley County, and any other

required regulatory entities, will maintain the overall density limits established in the CUP, and will maintain the material balance between open space and developed property within the CUP.

Any Owner may extend his or her right of use and enjoyment to the members of his or her family, lessees, and social invitees, subject to reasonable Board regulation. An Owner who leases his or her Unit shall be deemed to have assigned all such rights to the lessee of such Unit, unless provided to the contrary in the Lease.

5.2 Exclusive Open Space: Certain portions of the Open Space may be designated as Exclusive Open Space and reserved for the exclusive use or primary benefit of Owners, occupants and invitees of Units within a particular Neighborhood or Neighborhoods, or other group of Benefited Units. All costs associated with maintenance, repair, replacement, and insurance of Exclusive Open Spaces shall be assessed as a Local Maintenance Assessment pursuant to the Bylaws.

Declarant may construct any improvement, utilities, or fixtures within an Exclusive Open Space that Declarant, in Declarant's discretion, determines will benefit the Owners of Units assigned the exclusive use of such Exclusive Open Space; and, may grant easements for the maintenance and repair of the same. Additionally, the Owners of Units assigned the exclusive use of such Exclusive Open Space may propose to the DRC any improvement to such Exclusive Open Space that they feel will benefit such Owners, pursuant to Section 9.3(b) of the Bylaws.

Initially, the Declarant shall designate any Exclusive Open Space as such and shall assign the exclusive use thereof in a Supplemental Declaration; provided, any such assignment shall not preclude the Declarant from later assigning use of the same Exclusive Open Space to additional Units and/or Neighborhoods, so long as the Declarant has a right to subject additional property to this Declaration pursuant to Section 10.1. Thereafter, a portion of the Open Space may be assigned as Exclusive Open Space of a particular Neighborhood and Exclusive Open Space may be reassigned by the Ranch Association with the vote of two-thirds (2/3) of the Members within the Neighborhood(s) or Benefited Units to and/or from which the Exclusive Open Spaces are to be assigned. Prior to the Conversion Date, any such assignment or reassignment shall also require the Declarant's consent.

The Ranch Association may, upon approval of a majority of the members of the Neighborhood to which certain Exclusive Open Spaces are assigned, permit Owners of Units in other Neighborhood(s) to use all or a portion of such Exclusive Open Spaces on such terms as are deemed reasonable by the Board.

5.3 Private Amenities: ACCESS TO AND USE OF THE PRIVATE AMENITIES IS STRICTLY SUBJECT TO THE RULES AND PROCEDURES OF THE RESPECTIVE OWNERS OR OPERATORS OF THE PRIVATE AMENITIES, AND NO PERSON GAINS ANY RIGHT TO ENTER OR TO USE THOSE AMENITIES BY VIRTUE OF MEMBERSHIP IN THE RANCH ASSOCIATION OR OWNERSHIP OR OCCUPANCY OF A UNIT. PRIVATE AMENITIES WITHIN JUG MOUNTAIN RANCH SHALL INCLUDE, BUT NOT BE LIMITED TO, THE GOLF COURSE.

Any private amenity may be managed or operated by a club, on such terms and conditions as are mutually agreeable to the owner of the amenity and such club. In the event that the Golf Course becomes a private club, all Owners shall be given the right to become a member of such club, at the price and terms determined by such club.

All Persons, including all Owners, are hereby advised that, no representations or warranties, either written or oral, have been or are made by the Declarant or any other Person with regard to the nature or size of improvements to, or the continuing ownership or operation of the Private Amenities, including but not limited to golf amenities, except as may be provided in the Property Report for the Jug Mountain Ranch or in a Purchase And Sale Agreement for the purchase of a Unit. No purported representation or warranty, written or oral, in conflict with this Section shall be effective without an amendment to this Declaration, or a Supplemental Declaration, executed or joined into by the Declarant and/or the owner(s) of the Private Amenity(ies) which are the subject thereof.

The ownership or operational duties as to the Private Amenities may change at any time and from time to time by virtue of, but without limitation, (a) the sale to or assumption of operations by an independent entity, (b) creation of a non-equity club membership, whereby ownership of the Private Amenity is not vested in the club members, (c) creation of an "equity" club membership structure or similar arrangement whereby the members of a Private Amenity or an entity owned or controlled thereby become the owner(s) and/or operator(s) of the Private Amenity, or (d) the conveyance of a Private Amenity to one or more affiliates, shareholders, employees, or independent contractors of the Declarant. Any such change shall be subject to the restriction in this section above requiring that all Owners shall be given the right to become a member of any club resulting from any privatization

of the Golf Course. No consent of the Ranch Association, any Neighborhood, or any Owner shall be required to effectuate such a transfer or conversion.

The Owner of the Private Amenity and its employees, agents, contractors and designees, and the persons permitted by the Owner of the Private Amenity to use the Private Amenity (regardless of whether such persons are Owners hereunder) and their guests shall at all times have a right and non-exclusive easement of access and use over all roadways located within Jug Mountain Ranch reasonably necessary to travel to and from the entrances to Jug Mountain Ranch from and to the Private Amenity, and, further, over those portions of Jug Mountain Ranch (whether Open Space or otherwise) reasonably necessary to the use, operation, maintenance, repair and replacement of the Private Amenity.

Rights to use the Private Amenities will be granted only to such persons, and on such terms and conditions, as may be determined by their respective owners. Such owners shall have the right, from time to time in their sole and absolute discretion and without notice, to amend or waive the terms and conditions of use of their respective Private Amenities and to terminate use rights altogether.

5.4 Unplatted Land in the PUD: Owners shall have no entitlement to use of any land that is included in the PUD, but which is not yet final platted (hereafter "Unplatted Land"). Access to and use of the Unplatted Land is completely at the discretion of Declarant, and subject to any rules and regulations Declarant may place on such use. No person gains any right to enter or use the Unplatted Land by virtue of membership in the Ranch Association or ownership or occupancy of a Unit. In the event that Declarant does permit such use, such use shall be completely at the risk of the user; and, the user shall be conclusively deemed to have waived as to the Jug Mountain Ranch LLC, together with its members, and to have agreed to hold such entity and persons harmless regarding any injuries, damages or liability of any kind whatsoever which might result from the use of such Unplatted Land. The following additional provisions shall apply to the Unplatted Lands:

(a) **Declarant Exempt from Warning.** Declarant owes no duty of care to keep the Unplatted Lands safe for entry by others for recreational purposes, or to give any warning of a dangerous condition, use, structure, or activity on such premises to persons entering for such purposes. Neither the installation of a sign or other form of warning of a dangerous condition, use, structure, or activity, nor any modification made for the purpose of improving the safety of others, nor the failure to maintain or keep in place any sign, other form of warning, or modification made to improve safety, shall create liability on the part of Declarant where there is no other basis for such liability.

(b) **Declarant Assumes No Liability.** Declarant does not, with regard to individuals who are either directly or indirectly invited or permitted to use the Unplatted Land for no charge for recreational purposes, thereby:

- (i) Extend any assurance that the Unplatted Lands are safe for any purpose; or,
- (ii) Assume responsibility for or incur liability for any injury to person or property.

(c) **Declarant Not Required to Keep Unplatted Lands Safe.** Nothing in this section shall be construed to:

- (i) Create a duty of care or ground of liability for injury to persons or property; or,
- (ii) Relieve any person using the Unplatted Land for recreational purposes from any obligation which they may have in the absence of this section to exercise care in their use of such land and in their activities thereon, or from legal consequences or failure to employ such care.

(d) **User Liable for Damages.** Any person using the Unplatted Land for recreational purposes, with or without permission, shall be liable for any damage to property, livestock or crops which they may cause while on said property.

ARTICLE 6. Certain Obligations And Rights Of Jug Mountain Ranch Association

6.1 Property Maintenance Function:

(a) **Association Facilities.** The Ranch Association shall provide for the care, operation, management, maintenance, repair and replacement of all Association Facilities, including but not limited to Common Open Spaces, Exclusive Open Spaces, streets and roads. Said obligation shall include, without limitation, removal of snow from and application of sand and salt to parking areas, roads, walks, drives,

malls, stairs and other similar facilities as necessary for their customary use and enjoyment; maintenance and care of all open space or unimproved areas included in the Association Facilities and of plants, trees and shrubs in such open space or unimproved areas, maintenance of lighting provided for parking areas, roads, walks, drives, malls, stairs, and other similar facilities. Said obligations may also include maintenance of roads, walks, drives and loading areas which are not Association Facilities as may be necessary or desirable for access to the boundary of or full utilization of any Unit or any improvements within Jug Mountain Ranch.

(b) Association Facilities Owned in Conjunction With Declarant. Unless otherwise agreed in writing, the Ranch Association shall be obligated to and shall provide for the care, operation, management, maintenance and repair of any Association Facilities consisting of only a portion of, or defined space within, a building or other improvement owned by Declarant and shall be obligated to and shall bear and pay to Declarant a proportionate share of Declarant's costs and expenses relating to such building or improvement as a whole, including without limitation, maintenance, taxes and assessments, insurance and depreciation. The proportionate share of the Ranch Association's costs and expenses relating to such building or improvement as a whole shall be determined by Declarant based on the actual amounts of such costs and expenses relating to such building or improvement as a whole multiplied by the ratio with a numerator which is the number of square feet of floor area of such defined space within the building or improvement and a denominator which is the number of square feet of floor area of the entire building or improvement.

(c) Association Facilities Used by Declarant. If, with respect to any Association Facilities, Declarant reserves the right to use all or part of such Association Facilities for part of the time or the right to permit third parties to use all or part of such Association Facilities for part of the time and Declarant actually exercises such reserved right, Declarant shall pay to the Ranch Association the fair rental value of the use of such Association Facilities by Declarant or such third party, as determined by Declarant, based on the particular type of use, the portion of such Association Facilities used and the time or periods of such use, or based on the actual rental payments, income or fees received by Declarant from any third party for such use, whichever is greater; provided, however, the payment by Declarant shall not exceed the costs and expenses of the Ranch Association with respect to such Association Facilities including, without limitation, maintenance, taxes and assessments, insurance and depreciation. Declarant shall have the obligation, or shall impose on any such third party the obligation to restore any such Association Facilities to a clean and orderly condition after each use.

(d) Exterior Maintenance of Certain Neighborhood Improvements. The Declarant may, in a Supplemental Declaration, provide that the exterior of certain privately owned improvements be maintained by the Ranch Association. For example exterior building maintenance for certain Condominium products. The expense for such maintenance shall be assessed pursuant to the Bylaws as a Local Maintenance Assessment.

6.2 Operation Function: The Ranch Association may do all things that are not prohibited by applicable laws or ordinances which may be reasonably necessary or desirable to keep and maintain Jug Mountain Ranch as a safe, attractive and desirable community.

6.3 Public Health and Safety Function: The Ranch Association may provide public health and safety services within Jug Mountain Ranch, including but not limited to, providing health care services and facilities, security services and systems, fire protection facilities, and a fire water system which may include periodic fire prevention inspections and equipment certifications.

6.4 Parking Function: The Ranch Association may construct, purchase, lease, care for, operate, manage, maintain, repair or replace parking areas to accommodate Owners, Lessees, Guests and Subowners, including, but not limited to, signs, landscaping and other similar Facilities appurtenant to said parking areas and the removal of snow from and the cleaning of any of said parking areas. To the extent practicable, the Ranch Association shall maintain such parking areas so as to meet any requirements imposed on the Ranch Association or on Declarant with respect to Jug Mountain Ranch by the any federal, state or local governmental agency.

6.5 Vehicular Access Limitation Function: The Ranch Association shall provide control over vehicular access to Jug Mountain Ranch in accordance with all requirements with respect to Jug Mountain Ranch imposed on the Ranch Association or on Declarant or otherwise by any other governmental entity or which it deems necessary or desirable for the health, safety or welfare of persons within Jug Mountain Ranch. Said obligation may

include, without limitation, constructing, operating and maintaining access road control gates, restricting non-commercial vehicular traffic within Jug Mountain Ranch except for Owners, Lessees or Guests who have overnight accommodations at Jug Mountain Ranch and who obtain parking spaces within Jug Mountain Ranch, and restricting commercial vehicular traffic within Jug Mountain Ranch. All Owners and Lessees may be required to keep the Ranch Association completely informed of all persons who have overnight accommodations at such Owner's or Lessee's property in order to enforce its rules and regulations appropriately.

6.6 Recreation Function: The Ranch Association may provide a year-round recreational program of suitable variety and such miscellaneous equipment as may be necessary therefore, including, but not limited to, informing visitors of recreation available and stimulating their participation therein; conducting, operating, managing and maintaining programs for children, including but not limited to, daycare facilities and such miscellaneous equipment as may be appropriate for use in connection therewith; conducting, caring for, operating, managing, maintaining, repairing and replacing within Jug Mountain Ranch swimming pools, ice rinks, sauna or steam baths, golf courses, horseback riding stables, tennis courts, game courts, game areas and other recreational amenities, and such miscellaneous equipment as may be appropriate for use in connection therewith; and removing snow from and cleaning such facilities as necessary to permit their full use and enjoyment.

6.7 Utility Function: The Ranch Association shall operate, maintain, repair and replace the Water System and Sewer System, as described at Article 14, and pursuant to Rules and Regulations, or shall contract with Declarant for the same. Declarant reserves the right to contract with an independent provider to obtain this service.

6.8 Trash Collection and Disposal Function: The Ranch Association may provide for the collection, removal and disposal of all trash, garbage and other solid waste in Jug Mountain Ranch, through any program offered therefore by or through Valley County, including but not limited to, the construction, operation and maintenance of a central waste disposal facility, and the possible production and sale of any energy generated in connection therewith. The Ranch Association shall have the power to adopt, amend and enforce rules and regulations applicable within Jug Mountain Ranch to provide for the orderly collection and disposal of such trash, garbage and other solid waste.

6.9 Recycling Function: The Ranch Association may establish a recycling program and recycling center within the Jug Mountain Ranch, through or in addition to any program offered therefore by or through Valley County. In such event, all occupants of Units shall support such program by recycling, to the extent reasonably practical, all materials which the Ranch Association's recycling program or center is set up to accommodate.

6.10 Animal Control Function: The Ranch Association may provide for regulations, facilities, manpower and funds to enforce animal and reptile control and for the orderly dispensing of stray animals and reptiles; or, to exclude animals and reptiles from Jug Mountain Ranch, in which case it may provide reasonable kennel facilities for the keeping and care of Owners' Lessees' and Guests' animals.

6.11 Environmental Monitoring Function: The Ranch Association may monitor air and water quality in Jug Mountain Ranch to determine trends, to detect violations of state pollution laws and may control and enforce fireplace construction and utilization pursuant to regulations promulgated by the Ranch Association from time to time.

6.12 Exterior Maintenance for Compliance Function:

(a) If any Owner fails to maintain his Unit or improvements on such Unit or fails to perform any acts of maintenance or repair required under this Declaration or the Design and Development Guidelines, the Ranch Association may provide exterior maintenance and repair upon such Unit and improvements thereon, in response to a request from the DRC, pursuant to the provisions of Section 8.7, or, on its own volition, after 30 days prior written notice to the Owners and, if applicable, the Lessees of the Unit. In addition, the Ranch Association may, without notice, make such emergency repairs and maintenance as may in its judgment be necessary for the safety of any person or to prevent damage to any other property. The cost of such exterior maintenance and repair shall be assessed against the Owner of such Unit as a Compliance Assessment; shall be a lien and obligation of the Owner pursuant to Section 4.4 herein; shall be a joint and several liability of the Owners of the Unit; and, shall become due and payable in all respects as set forth in Section 4.3 herein. For the purpose of performing the exterior maintenance authorized by this Section 6.12, the Ranch Association, through its duly authorized agents or employees, shall have the right, after reasonable notice to any Owner, to enter upon such Unit during reasonable hours on any day except Saturday or Sunday. The Ranch Association or its designee is hereby granted an irrevocable license

over all property in Jug Mountain Ranch to inspect (in a reasonable manner) property within Jug Mountain Ranch in order to determine whether any maintenance or repair is necessary under this Section 6.12.

(b) Neither Declarant, the Ranch Association, nor any of their respective directors, officers, agents or employees shall be liable for any incidental or consequential damages for failure to inspect any Unit or improvements or portion thereof or to repair or maintain the same. Declarant, the Ranch Association or any other person, firm or corporation undertaking such repairs or maintenance shall not be liable for any personal injury or other incidental or consequential damages occasioned by any act or omission in the repair or maintenance of any Unit, improvements or portion thereof.

6.13 Other Functions: The Ranch Association may undertake and perform other Functions as it deems reasonable or necessary to carry out the provisions of this Declaration, including without limitation, providing the following services for some or all Owners or Lessees; a cooperative purchasing service, a telephone answering service, warehousing and delivery, a central laundry, property management services, employee training, a central communications operation which may include a central dispatch system, a data information center and central monitoring of fire safety and property security.

6.14 Insurance: The Ranch Association shall obtain in its name and keep in full force and effect at all times at least the following insurance coverage: (a) casualty insurance with respect to all insurable Association Facilities, insuring such Association Facilities for the full replacement value thereof, and including coverage for fire and extended coverage, vandalism and malicious mischief; and (b) broad form comprehensive liability coverage, covering both public liability and automobile liability, with limits in amounts reasonably necessary to insure against foreseeable liability. All insurance may contain such deductible provisions as good business practice may dictate. All insurance shall name Declarant as an additional insured and shall, to the extent reasonably possible, cover each Owner and Lessee without each Owner and Lessee being specifically named. The Ranch Association shall provide to Declarant, upon request, certificates evidencing such insurance and copies of the insurance policies.

6.15 Indemnification: The Ranch Association shall be obligated to and shall indemnify Declarant and hold it harmless from all liability, loss, cost, damage and expense, including attorneys' fees, arising with respect to any operations of the Ranch Association or any Association Facilities or Functions.

6.16 Right to Make Rules and Regulations: The Ranch Association shall be authorized to and shall have the power to adopt, amend and enforce rules and regulations applicable within Jug Mountain Ranch with respect to any Facility or Function, and to implement the provisions of this Declaration, the Articles or Bylaws, including but not limited to, rules and regulations to prevent or reduce fire hazard; to prevent disorder and disturbances of the peace; to regulate pedestrian and vehicular traffic; to regulate animals; to regulate the budgeting and assessment procedures according to the Association Documents; to regulate signs; to regulate use of any and all Association Facilities to assure fullest enjoyment of use by the persons entitled to enjoy and use the same; to promote the general health, safety and welfare of persons within Jug Mountain Ranch; and to protect and preserve property and property rights. All rules and regulations adopted by the Ranch Association shall be uniformly applied, except such rules may differentiate between reasonable categories of Units, Owners, Lessees, Subowners or Guests. The Ranch Association may provide for enforcement of any such rules and regulations through reasonable and uniformly applied fines and penalties, through exclusion of violators from Association Facilities or from enjoyment of any Functions, or otherwise. Each Owner, Lessee, Subowner and Guest shall be obligated to and shall comply with and abide by such rules and regulations and pay such fines or penalties upon failure to comply with or abide by such rules and regulations and such unpaid fines and penalties shall be enforceable in accordance with Section 4.4.

In the promulgation of such Rules and Regulations, the Ranch Association shall have broad discretion and shall endeavor to maintain a community standard consistent with the intents and purposes of the Association Documents, without being limited to the literal language thereof. In the event of any challenge to any such Rule or Regulation, the Rule or Regulation shall be upheld unless it is found by clear and convincing evidence to be: (i) in express violation of the Association Documents or the Jug Mountain Ranch CUP; (ii) in express violation of an applicable federal, state, county or district statute, ordinance or regulation; or, (iii) arbitrary, capricious, unreasonable and oppressive.

6.17 Right to Establish 'No-Burn' Policies: Assuming the availability of locally reliable air quality monitoring data, the Ranch Association, through its Board, may establish enforceable "no-burn" Rules for Jug Mountain Ranch. Such Rules shall be adopted by the Board and shall also require the written approval of the Class D Declarant Member. The Declarant shall have the right to unilaterally promulgate such Rules at any time prior to the Conversion Date.

6.18 Charges for Use of Association Facilities: The Ranch Association may establish charges for use of Association Facilities to assist in offsetting the costs and expenses of the Ranch Association, including depreciation and capital expenses. All charges established under this Section 6.18 shall be reasonable and shall be uniformly applied, except such charges may differentiate between reasonable categories of Units, Owners, Lessees, Subowners or Guests. Each Owner, Lessee, Subowner and Guest shall be obligated to and shall pay any such charges for use.

6.19 Charges for Functions: The Ranch Association may establish charges for providing any service as required or permitted by any Function on a regular or irregular basis to an Owner, Lessee, Subowner or Guest to assist the Ranch Association in offsetting the costs and expenses of the Ranch Association, including depreciation and capital expenses. All charges established under this Section 6.19 shall be reasonable and shall be uniformly applied, except such charges may differentiate between reasonable categories of Units, Owners, Lessees, Subowners or Guests. Each Owner, Lessee, Subowner and Guest shall be obligated to and shall pay any such charges for such services.

6.20 Taxes: The Ranch Association shall pay all ad valorem real estate taxes, special improvement and other assessments (ordinary and extraordinary), ad valorem personal property taxes, and all other taxes, duties, charges, fees and payments required to be made to any governmental or public authority which shall be imposed, assessed or levied upon, or arise in connection with any Association Facilities or Functions.

6.21 Right to Dispose of Association Facilities: Subject to the provisions of this Declaration requiring the consent of Declarant with respect to Property Furnished by Declarant, the Ranch Association shall have full power and authority to sell, lease, grant rights in, transfer, encumber, abandon or dispose of any Association Facilities.

6.24 Governmental Successor: Any Facility and any Function may be turned over to a governmental entity which is willing to accept and assume the same upon such terms and conditions as the Ranch Association shall deem to be appropriate.

6.25 Implied Rights of the Ranch Association: The Ranch Association shall have and may exercise any right or privilege given to it expressly in this Declaration or, except to the extent limited by the terms and provisions of this Declaration, given to it by law and shall have and may exercise every other right of privilege or power and authority necessary or desirable to fulfill its obligations under this Declaration, including the right to engage labor and acquire use of or purchase property, equipment or facilities; employ personnel; obtain and pay for legal, accounting and other professional services; maintain accounts and reserve accounts; enter into contracts and subcontracts; and, to perform any Function by, through or under contractual arrangements, licenses, or other arrangements with any governmental or private entity as may be necessary or desirable.

ARTICLE 7. Restrictions Applicable To Jug Mountain Ranch

7.1 Land Use Restrictions: In addition to the restrictions found in this Article 7, all of any portion of the Property to be sold or leased by Declarant may be further restricted in its use, density or design according to one or more Supplemental Declarations for Jug Mountain Ranch recorded with the Valley County Recorder, prior to the time Declarant transfers or conveys any such Property to the Ranch Association or to any third party, and by the promulgation of Rules by the Ranch Association.

7.2 Occupancy Limitations: No portion of any Property shall be used as a residence or for living or sleeping purposes other than a room designed for living or sleeping in a completed structure for which a certificate of Occupancy has been issued. No room in any structure shall be used for living or sleeping purposes by more persons than it was designed to accommodate comfortably. Except as expressly permitted in writing by the DRC, no trailers or temporary structures shall be permitted on any Property.

7.3 Maintenance of Property: All Property, including all improvements on any Property, shall be kept and maintained by the Owner thereof in a clean, safe, attractive and slightly condition and in good repair.

7.4 Trash Collection: The Board shall promulgate Rules and Regulations requiring the Owner or Lessee of each Unit to either contract directly with a trash collection company for the year-round removal of trash for the Unit, or to participate in a trash collection system developed by the Association, as provided at Section 6.8. Trash removal requirements during the period of construction of any improvements shall be governed by the Design

and Development Guidelines. The Association shall participate in such collection program as may be offered by Valley County.

7.5 No Noxious or Offensive Activity: No noxious or offensive activity shall be carried on upon any Property nor shall anything be done or placed on any Property which is or may become a nuisance or cause any significant embarrassment, disturbance or annoyance to others.

7.6 No Hazardous Activities: No activities shall be conducted on any Property and no improvements constructed on any Property which are or might be unsafe or hazardous to any person or Property. Without limiting the generality of the foregoing, no firearms, bows and arrows, or paintball guns shall be discharged upon any Property, and no open fires shall be lighted or permitted on any Property except as follows: (a) in a contained barbecue unit while attended and in use for cooking purposes or within a safe and well-designed fireplace; (b) campfires at picnic fires on Property designated for such use by Declarant or by the Ranch Association; (c) controlled and attended fires authorized in writing by Declarant or the Ranch Association and required for clearing or maintenance of land; and, (d) such other exceptions or restrictions as may be implemented pursuant to the Design and Development Guidelines or other rules or regulations. Notwithstanding the foregoing, any restriction on burning put in place from time to time by any governmental agency shall be strictly adhered to; and, the Board may create such additional Rules and Regulations with regard to burning or other hazardous activities as it deems appropriate.

7.7 No Unsightliness: No unsightliness shall be permitted on any Property. Without limiting the generality of the foregoing: (a) All unsightly structures, facilities, equipment, objects and conditions shall be enclosed within an approved structure; (b) trailers, mobile homes, trucks (including pickups), boats, tractors, all vehicles (including automobiles), campers not on a truck, snow removal equipment and garden or maintenance equipment shall be kept in an enclosed structure at all times, except when in actual use; provided that such equipment may be parked on parking lots or other areas specifically designated by the DRC for such equipment, and automobiles may be parked in a driveway for not longer than a 72 hour period, and limited on-street parking may be allowed by the Board pursuant Rules and Regulations; (c) Refuse, garbage and trash shall be kept in a covered container at all times and any such container shall be kept within an enclosed structure; (d) Service areas and facilities for hanging, drying or airing clothing or fabrics shall be kept within an enclosed structure; (e) Pipes for water, gas, sewer, drainage or other purposes; wires, poles, antennas and other facilities for the transmission or reception of audio or visual signals or electricity; utility meters or other utility facilities; gas, oil, water or other tanks; and, sewage disposal systems or devices shall be kept and maintained within an enclosed structure or below the surface of the ground; and (f) No lumber, grass, shrub or tree clippings or plant waste, compost, metals, bulk materials or scrap or refuse or trash or unused items of any kind shall be kept, stored or allowed to accumulate on any Property. All enclosed structures shall comply with the rules and regulations of the DRC as in effect from time to time. The DRC shall have the power to grant a variance from the provisions of this Section 7.7 from time to time as it deems necessary or desirable.

7.8 Restriction on Recreational Vehicles: No ATV, motorcycle or other motorized recreational vehicle shall be operated within Jug Mountain Ranch except for ingress and egress, or as may be otherwise specifically permitted by Rules and Regulations of the Ranch Association. Snowmobiles are not permitted to be operated within Jug Mountain Ranch, for purposes of ingress and egress or otherwise. Golf carts may be operated and driven from a residence to the Golf Club House, subject to any Rules and Regulations adopted by the Board in this regard.

7.9 Fire Protection: The following shall be applied within the CUP with regard to fire protection and shall be enforced by the DRC: such portions of the International Urban-Wildlands Interface Fire Code as the Ranch Association determines are applicable to Jug Mountain Ranch; or, such other alternate methods or materials as may be listed by the DRC in the Design and Development Guidelines, or as may be proposed by an Owner and approved by the DRC, to provide protection comparable to the International Urban-Wildlands Interface Fire Code. The Board shall have the authority to create a separate Fire Wise Committee to act as a subcommittee of the DRC, for the purpose of adopting and enforcing such fire protection measures.

7.10 No Wells: No water wells, other than those maintained by Declarant or Declarant's assigns, shall be permitted on any Property without the prior written approval of the Ranch Association. All Owners shall be

obligated to obtain water for all purposes from the Jug Mountain Ranch central water system, unless approved otherwise in writing by the Ranch Association.

7.11 No Drainfields or Septic Tanks: No individual drainfields or septic tanks will be permitted on any Property, except as may be used by Declarant on a temporary basis pursuant to a permit from Central District Health. All Owners shall be obligated to exclusively utilize the Jug Mountain Ranch central sewer system, unless approved otherwise in writing by the Ranch Association.

7.12 Gates: The Ranch Association shall have no obligation to provide any gate within Jug Mountain Ranch, but may, in its discretion, approve the construction of gates as provided herein. Neighborhoods, groups of Neighborhoods and/or groups of Benefited Unit owners may request the installation of a gate at a location which benefits such group, pursuant to the requirements for Local Improvements in the Bylaws at Section 9.3(b). There shall be no gates for a single Unit, except as otherwise provided in the Design and Development Guidelines. The owner(s) of any Private Amenity may also request the installation of a gate, and gates may be used in conjunction with utilities, which gates may be locked in the discretion of the Board. The design and location of any gate shall be subject to the provisions of the Design and Development Guidelines, and any additional rules and regulations established in that regard. The Ranch Association shall require compliance with all emergency service providers' requirements related to gates, including but not limited to requirements related to locks and emergency access. A key or code shall be provided to the Board and to Owners of all Units and Private Amenities which must pass through any approved gate to reach such Unit or Private Amenity.

7.13 Condominium Ownership: Prior to the recording in the real property records of Valley County, Idaho of an instrument submitting any portion of the Property to condominium ownership, the Owner of such property shall submit to the Design Review Committee for its review and approval, copies of the proposed condominium declaration, articles of incorporation and bylaws of the condominium owners association. On or before 20 days after the submittal of such documents to the Design Review Committee, the Design Review Committee shall approve or disapprove the documents by written notice to such owner of such approval or disapproval. If such documents are disapproved by the Design Review Committee, the Design Review Committee shall set forth the specific reasons for such disapproval. If notice of approval or disapproval is not given by the Design Review Committee on or before such 20-day period, such documents shall be deemed to be approved. The approval or disapproval of the Design Review Committee under this Section shall be based on the purposes and provisions of the Association Documents and/or the Jug Mountain Ranch CUP.

7.14 Timeshares:

(a) Except as otherwise approved in writing by Declarant (or the Board after the Conversion Date), which approval can be withheld for any reason, no Unit or Private Amenity, whether leased or owned, shall be used:

(i) for the operation of a timesharing, fraction-sharing, interval ownership or similar program whereby the right to exclusive use of the Unit or Private Amenity rotates among participants in the program on a fixed or floating time schedule over a period of years; or,

(ii) for the operation of a reservation or time-use system among co-Owners of a Unit or Private Amenity, regardless of whether or not any co-Owner may later opt out of such system and regardless of whether the reservation or time-use system is recorded or unrecorded, fixed or floating, if one or more of the following conditions exist:

A. such system is adopted, imposed or managed by a party other than the co-Owners themselves, or,

B. the ownership interest in such Unit or Private Amenity is publicly marketed for sale subject to such system, or,

C. the co-Owners are or were required as a condition of purchase of the ownership interest in such Unit or Private Amenity to subject the interest to a pre-determined reservation or time-use system among co-Owners; or,

(iii) in the marketing, offering or selling of any club membership interest, limited liability company interest, limited partnership interest, program interest or other interest whereby the interest-holder acquires a right to participate in a reservation or time-use system among the interest-holders, or among the interest-holders and others, involving the Unit or Private Amenity,

or involving the Unit or Private Amenity and other alternate or substitute properties, regardless of whether such interest is equity or non-equity, regardless of whether or not any interest-holder may later opt out of such system and regardless of whether the reservation or time-use system is recorded or unrecorded, fixed or floating (such interest referred to herein as an "Interest"), if one or more of the following conditions exist:

A. such system is adopted, imposed or managed by a party other than the Interest-holders themselves, or,

B. the Interest is publicly marketed for sale, or,

C. the Interest-holders are or were required as a condition of purchase of the Interest to be subject to a pre-determined reservation or time-use system among Interest-holders, or among Interest-holders and others;

(all of the foregoing uses, systems or programs are collectively referred to as a "Timeshare Program").

(b) Mere co-ownership of a Unit or Private Amenity, ownership of a Unit or Private Amenity by an entity, or leasing of a Unit or Private Amenity shall not create a Timeshare Program unless it meets any of the conditions described above in this Section 7.14. The definition of Timeshare Program expressly excludes (i) the voluntary inclusion of a Unit or Private Amenity in a rental pool program, whether managed by the Owner or a party other than the Owner; and, (ii) any activities, programs, or offerings of the Ranch Association.

7.15 Animals: No animals, of any kind, except for household pets, (it is specifically noted that horses, cattle, pigs, llamas, sheep, and comparable sized animals, livestock, poultry, reptiles and wild animals are not to be considered household pets) shall be raised, bred, or kept on any portion of the property. Household pets may be kept for personal or non-commercial recreational purposes only if the presence of such pets does not constitute a nuisance. Pets must be kept within the boundaries of the Unit unless accompanied by and under the positive control of the Owner. Consistent and/or chronic barking by dogs, or threatening or aggressive behavior by an animal, shall be considered a nuisance. The Board may create such additional Rules and Regulations with regard to animals as it deems appropriate, including but not limited to the number of animals that may be in a Unit at any one time, and the disallowance of pets in certain portions of Jug Mountain Ranch. No animals are allowed on the Golf Course, unless specifically authorized by the owner of the Golf Course.

7.16 Signage: All signage, including but not limited to "for sale" signs, and signs placed on property during construction, shall be subject to the terms and conditions of the Design and Development Guidelines.

7.17 Rental of Residential Units: Vacation and long term rental of Residential Units is permissible, subject to Rules and Regulations that may be promulgated by the Board, which may restrict and even eliminate such rental in the Board's sole discretion.

7.18 Additional Restrictions: Upon such conditions as are deemed necessary by the DRC to maintain compliance with the intents and purposes of the Association Documents, the Jug Mountain Ranch CUP, additional restrictions on the use of Property within Jug Mountain Ranch shall be provided in Supplemental Declarations, the Design and Development Guidelines and/or Rules and Regulations promulgated by the Board.

7.19 Compliance With Law: No Property shall be used, occupied, altered, charged, improved or repaired except in compliance with all present and future laws, rules, requirements, orders, directions, ordinances and regulations of the United States of America, State of Idaho, County of Valley, and all other municipal, governmental or lawful authority whatsoever, affecting Jug Mountain Ranch or the improvements thereon or any part thereof.

7.20 General Use Guidelines And Restrictions: The following guidelines and restrictions are applicable to all Property within Jug Mountain Ranch:

- All terms and conditions of the Jug Mountain Ranch CUP;
- All terms and conditions of the Association Documents;

•All Notes contained on any final plat, and all terms and conditions of Supplemental Declarations imposed pursuant to final plat approval (these restrictions apply only to that portion of the CUP to which each final plat applies);

•All terms and conditions imposed by any state or federal agency, including but not limited to the Army Corps of Engineers, the Idaho Department of Water Resources, and the Idaho Department of Environmental Quality.

ARTICLE 8. Design Review

8.1 Purpose: In order to preserve the natural beauty of Jug Mountain Ranch and its setting, to maintain Jug Mountain Ranch as a pleasant and desirable environment, to establish and preserve a harmonious design for the community, and to protect and promote the value of property, exterior design, landscaping and use of all new development and additions, changes or alterations to existing use, landscaping and exterior design and development shall be subject to design review.

8.2 Objectives: Design review shall be directed towards attaining the following objectives for Jug Mountain Ranch:

(1) Preventing excessive or unsightly grading, indiscriminate earthmoving or clearing of property, removal of trees and vegetation which could cause disruption of natural watercourses or scar natural landforms;

(2) Ensuring that the location and configuration of structures are visually harmonious with the terrain and vegetation of the Unit and with surrounding Units and structures;

(3) Ensuring that the architectural design of structures and their materials and colors are visually harmonious with Jug Mountain Ranch's over-all appearance, history and cultural heritage, with surrounding development, with natural landforms and native vegetation, and with development plans, zoning requirements and other restrictions officially approved by Declarant, the Ranch Association or any government or public authority, if any, for the areas in which the structures are proposed to be located;

(4) Ensuring that plans for the landscaping of open spaces provide visually pleasing settings for structures on such Units and on adjoining and nearby Units and blend harmoniously with the natural landscape;

(5) Ensuring that any development, structure, building or landscaping complies with the provisions of this Declaration, including but not limited to, those provisions set forth in Article 7, and all applicable provisions of the other Association Documents; and,

(6) Ensuring that building design and construction techniques respond to energy consumption and environmental quality considerations such as heat loss, air emissions, and run-off water quality.

8.3 Design Review Committee:

(a) The Ranch Association shall establish the Design Review Committee ("DRC") which shall consist of three to five members appointed by the Board. The members need not be Owners or Lessees of Units. The regular term of office for each member shall be one year, coinciding with the fiscal year of the Ranch Association or such other annual time period as the Board may determine. Any such member may be removed with or without cause by the Board at any time by written notice to such appointee. A successor or successors appointed to fill such vacancy shall serve the remainder of the term of the former member.

(b) The DRC shall operate in accordance with its own rules of procedure. Said rules shall be filed with the Ranch Association and maintained in the records of the Ranch Association and shall be available to members of the Ranch Association.

(c) The DRC is hereby authorized to retain the services of one or more consulting architects, landscape architects, urban designers, engineers, building contractors, consultants, inspectors and such other staff or consultants who shall be reasonably necessary to advise and assist the DRC in performing the design review functions prescribed in this Article 8. Such consultants may be retained to advise the DRC on a single project, on a number of projects, or on a continuing basis.

8.4 DRC Approval and Control:

(a) Neither the Ranch Association nor any Owner, Lessee, Subowner or any agent or contractor of the foregoing, but excluding the Declarant, shall perform any of the following without prior approval by the DRC of the plans and specifications for the project and the construction procedures to be used to insure compliance with Article 7: grading, clearing, or other ground disturbance; landscaping; construction of a building, fence, deck, patio, or other structure; erection of a sign; installation of exterior lighting; cutting, grubbing or removal of trees or vegetation; modification, change or alteration of the exterior of any existing structure, including staining or painting if a color materially different from the existing color; paving; the construction or exterior alteration of any improvements to any Unit or other property or building or structure thereon; or the change of the use of any Unit or other property or building or structure thereon. Alterations or remodeling which are completely within a building or structure and which do not change the exterior appearance and are not visible from the outside of the structure may be undertaken without DRC approval, provided such alterations or remodeling do not change the use of, or the number of dwelling units (as such term is defined in the CUP), or amount of commercial space in, the building or structure. All actions taken by the DRC shall be in accordance with Design and Development Guidelines established by the DRC which shall be published as set forth in Section 8.5 and shall be in accordance with the purposes and intents of the Association Documents. Such Design and Development Guidelines may be amended from time to time pursuant to Section 8.6 below. In the case of any challenge to a decision of the DRC, the decision shall be upheld unless the Board finds by clear and convincing evidence the decision to be: (i) in express violation of the Association Documents or the Jug Mountain Ranch CUP; (ii) in express violation of an applicable federal, state, county or district statute, ordinance or regulation; or, (iii) arbitrary, capricious, unreasonable and oppressive. The DRC or its designated representative may inspect any approved project to the extent required to insure that the Construction or work on such project complies with any and all approved plans and construction procedures as well as any conditions of approval proposed by the DRC. The DRC or its designated representatives may enter upon any Property at any reasonable time or times to inspect the progress, work status, or completion of any project. In addition to the remedies described in Section 18.4, the DRC may withdraw approval of any project thereby stopping all activity at such project, as provided in the Design and Development Guidelines.

(b) Any material to be submitted or notice to be given to the DRC shall be submitted at the offices of the DRC in Jug Mountain Ranch, unless the DRC's address is changed by notice to the members of the Ranch Association.

(c) All actions requiring approval of the Ranch Association pursuant to the provisions of Articles 7 or 8 shall be deemed approved if such approval is obtained in writing from the DRC.

8.5 Design And Development Guidelines: The DRC, the Declarant, and/or the Ranch Association (as provided below) shall promulgate and publish rules and regulations that shall state the general design theme of all projects in Jug Mountain Ranch, specific design requirements, and the general construction procedures that will or will not be allowed in Jug Mountain Ranch. The DRC, the Declarant, and/or the Ranch Association (as provided below) shall also promulgate and publish rules and regulations that shall set forth the procedures to be followed and material which must be provided by any member of the Ranch Association or such member's authorized agents in order to obtain review of proposed construction by the DRC. The Design and Development Guidelines may contain general provisions applicable to all of Jug Mountain Ranch, as well as specific provisions which vary from one portion of the Jug Mountain Ranch to another depending upon the location, unique characteristics, and intended use.

8.6 Amendment of Design And Development Guidelines: The Design and Development Guidelines may be amended as follows: the DRC may propose amendments to the Board, or the Board may adopt amendments of their own volition; and, until such time as the Declarant is no longer a member of any Class of the Jug Mountain Ranch Association, the amendment must be approved in writing by the Declarant.

Any amendments to the Design and Development Guidelines shall apply to construction and modification of structures and improvements commenced after the date of such amendment only and shall not apply to require modifications to or removal of Structures previously approved once the approved construction or modification has commenced; provided, the construction or modification has proceeded in accordance with the plans and specification therefore, as approved.

The DRC shall make the Design and Development Guidelines available to Owners and Builders who seek to engage in development or construction within Jug Mountain Ranch, and all such Persons shall conduct their

activities in accordance with such Design and Development Guidelines. THE BURDEN SHALL BE ON THE OWNER AND THE BUILDER TO ENSURE THAT THEY HAVE THE MOST CURRENT DESIGN AND DEVELOPMENT GUIDELINES.

8.7 Exterior Maintenance: Pursuant to the provisions of Section 6.12, the DRC may, by vote of a majority of the members present at any meeting, after 30 days notice to the Owner and, if applicable, the Lessee of the Unit, request that the Ranch Association provide exterior maintenance and repair upon any Unit.

8.8 Review Fee: The DRC may set a review fee schedule sufficient to cover all or part of the cost of DRC time, consultant's fees, and incidental expenses. Applicants for design review may be required to deposit with the DRC a fee which the DRC deems sufficient to cover the costs of design review from which the actual costs shall be deducted when determined and the balance returned to the applicant following completion of the design review procedure.

8.9 Enforcement of Restrictions: The Board shall be responsible for the enforcement of the restrictions set forth in Article 7 of this Declaration, the Design and Development Guidelines and restrictions set forth in any Supplemental Declaration recorded in the records of the County; and, in the event that the DRC is unable through the process and procedures provided in the Design and Development Guidelines to secure compliance, then the DRC shall refer the matter to the Board. This provision shall not limit the right of Declarant or the Ranch Association to act under Section 18.4. Subsequent to the completion of construction or action subject to review under Section 8.4, the Ranch Association shall have primary responsibility to enforce such restrictions.

8.10 Lapse of Design Review Approval: Approval of the design of a project shall lapse and become void eighteen months following the date of final approval of the project, unless prior to the expiration of one year, a building permit is issued and construction is commenced and diligently pursued toward completion. An Owner may request an extension prior to expiration of the eighteen month period by filing a written request therefore with the DRC, which request shall be reasonably granted; however, the DRC may grant such an extension subject to reasonable restrictions or conditions.

8.11 Assignment of Function: Any function to be performed by the DRC pursuant to Article 7 or Article 8 may be assigned to the Ranch Association in whole or in part at any time or from time to time at the sole discretion of the Ranch Association.

8.12 Liability: Neither Declarant, the Ranch Association nor the DRC nor any of their respective officers, directors, employees or agents shall be responsible or liable to any person for any defects in any plans or specifications submitted, revised or approved under this Article 8 nor for any defects in construction performed pursuant to such plans and specifications. Approval of plans and specifications under this Article 8 shall not relieve the Owner or Lessee of strict compliance with applicable governmental laws or regulations.

ARTICLE 9. Easements

9.1 Easements Of Encroachment: There shall be reciprocal appurtenant easements of encroachment, and for maintenance and use of any permitted encroachment, between each Unit and adjacent Open Space and between adjacent Units due to the unintentional placement or settling or shifting of the improvements constructed, reconstructed, or altered thereon (in accordance with the terms of these restrictions) to a distance of not more than three feet, as measured from any point on the common boundary along a line perpendicular to such boundary. However, in no event shall an easement for encroachment exist if such encroachment occurred due to willful and knowing conduct on the part of, or with the knowledge and consent of, an Owner, occupant, or the Ranch Association.

9.2 Easements For Utilities, Etc.: There are hereby reserved unto Declarant, so long as the Declarant owns any property subject to this Declaration, the Ranch Association, and the designees of each (which may include, without limitation, the County and any utility) access and maintenance easements upon, across, over, and under all of Jug Mountain Ranch to the extent reasonably necessary for the purpose of constructing, replacing, repairing, and maintaining: cable television systems, master television antenna systems, security and similar systems, communications systems, roads, walkways, bicycle pathways, underground parking facilities, trails, ponds, wetlands, drainage systems, surface water management facilities, street lights, signage, and all utilities, including, but not limited to, water, sewers, meter boxes, telephone, and electricity, and for the purpose of installing any of the foregoing on property which it owns or within easements designated for such purposes on recorded plats of Jug Mountain Ranch. This easement shall not entitle the holders to construct or install any of the foregoing systems, facilities, or utilities over, under or through any existing dwelling on a Unit, and any damage to a Unit resulting from

the exercise of this easement shall promptly be repaired by, and at the expense of, the Person exercising the easement. The exercise of this easement shall not unreasonably interfere with the use of any Unit and, except in an emergency, entry onto any Unit shall be made only after reasonable notice to the Owner or occupant.

9.3 Easements For Collection Of Storm Water Runoff And Flood Water: The Declarant reserves for itself, and its successors, assigns, and designees the nonexclusive right and easement, but not the obligation, to enter upon any property to (a) install, keep, maintain, and replace irrigation ditches, equipment or systems; (b) construct, maintain, and repair any structure designed to divert, collect or retain water; and (c) remove trash and other debris. The Declarant's rights and easements provided in this Section shall be transferred to the Ranch Association at such time as the Declarant shall cease to own any property subject to the Declaration, or such earlier time as Declarant may elect, in its sole discretion, to transfer such rights by a written instrument. The Declarant, the Ranch Association, and their designees shall have an access easement over and across any of Jug Mountain Ranch abutting or containing any portion of any water course, stream, wetlands or area covered by a conservation easement, to the extent reasonably necessary to exercise their rights under this Section.

9.4 Easements To Serve Additional Property: The Declarant hereby reserves for itself and its duly authorized agents, representatives, employees, successors, assigns, licensees, and mortgagees, an easement over any Open Spaces or any roads, streets or drives depicted on any Plat of any portion of the Property, for the purposes of access to adjoining property which may now or later be owned by Declarant. This easement includes, but is not limited to, a right of ingress and egress over the Open Space for construction of roads and for connecting and installing utilities on such property. Declarant agrees that it and its successors or assigns shall be responsible for any damage caused to the Open Space as a result of vehicular traffic connected with development of such property. Declarant further agrees that if the easement is exercised for permanent access to such property and such property or any portion thereof is not made subject to this Declaration, the Declarant, its successors or assigns shall enter into a reasonable agreement with the Ranch Association to share the cost of maintenance of any access roadway serving such property.

9.5 Easements Of Golf Course:

(a) **Golf Balls.** Every Unit and all Open Spaces adjoining the Golf Course are burdened with an easement permitting golf balls unintentionally to come upon such Open Space, Units or common property and for golfers at reasonable times and in a reasonable manner to come upon the Open Space, or a Unit to retrieve errant golf balls; provided, however, if any Unit is fenced or walled, the golfer shall seek the Owner's permission before entry. All Owners, by acceptance and delivery of a deed to a Unit, assume all risks associated with errant golf balls, and all Owners agree and covenant not to make any claim or institute any action whatsoever against the Declarant, the Owner of the Golf Course, the Ranch Association, the Golf Course designer or Builder, or an individual golfer, arising or resulting from any errant golf balls, any damages that may be caused thereby, or for negligent design of the Golf Course or siting of the Unit.

(b) **Golf Ball Retrieval.** The owner of the Golf Course, its respective successors and assigns, shall have a perpetual, exclusive easement of access within Jug Mountain Ranch for the purpose of retrieving golf balls from bodies of water within the Open Spaces lying reasonably within range of golf balls hit from the Golf Course; and, a perpetual, nonexclusive easement of access within Jug Mountain Ranch for the purpose of retrieving golf balls from other Open Spaces.

(c) **Water Overspray.** Open Spaces and Units immediately adjacent to the Golf Course are hereby burdened with a non-exclusive easement in favor of the Golf Course for overspray of water, including grey water, from any irrigation system serving the Golf Course. Under no circumstances shall the Ranch Association or the owner of the Golf Course be held liable for any damage or injury resulting from such overspray or the exercise of this easement.

(d) **Rights of Access and Parking.** The owner, lessee and/or manager of the Golf Course and its employees, agents, contractors and designees, and the persons permitted by the owner of the Golf Course to use the Golf Course (regardless of whether such persons are Owners hereunder) and their guests shall at all times have a right and non-exclusive easement of access and use over all roadways, whether by automobile, golf cart or other means, located within Jug Mountain Ranch reasonably necessary to travel to and from the entrances to Jug Mountain Ranch from and to the Golf Course, respectively, and, further, over those portions of Jug Mountain Ranch (whether Open Space or otherwise) reasonably necessary to the use, operation, maintenance, repair and replacement of the Golf Course. Without limiting the generality of the foregoing, persons who are permitted use of the Golf Course and permitted members of the public shall have the right to park their vehicles along the roadways located

within Jug Mountain Ranch at reasonable times before, during, and after golf tournaments and other similar functions held by or at the Golf Course, if adequate parking in Jug Mountain Ranch parking facilities is not available.

(e) **Maintenance.** A non-exclusive easement is hereby reserved to the owner of the Golf Course, its successors and assigns, its employees, invitees and agents upon, over, in and across such roadways and Open Spaces as necessary for the transport and storage of equipment, chemicals and other items and to do all other things reasonably necessary for the operation of the Golf Course.

(f) **Operation.** The owner of the Golf Course, its respective successors and assigns, shall have the right to operate a golf course. The operation and maintenance of the Golf Course, as the same may be expanded in the future, may cause impacts from light, noise, irrigation, maintenance, use of fertilizers, herbicides and/or pesticides, or otherwise. All Owners shall purchase their Unit with this knowledge, and shall be deemed to have accepted, approved, and waived any and all claims regarding such noise and light impacts upon their purchase of a Unit. An easement for all such impacts from the Golf Course shall be deemed incorporated in each deed or other instrument by which any right, title or interest in any real property within Jug Mountain Ranch is granted, devised or conveyed, whether or not set forth or referred to in such deed or other instrument.

(g) **Irrigation Easement.** Declarant reserves an easement in all roads, Utility Easements, Common Open Space and the Golf Course to install, maintain, repair and replace irrigation facilities for the benefit of the Golf Course, and to grant easements for the maintenance, repair and replacement of such facilities.

9.6 Easements Of Village: The owners and lessees of Units in the Village, their respective successors and assigns, shall have the right to operate their businesses according to the Association Documents and any additional declarations or regulations applicable to such Unit. The operation of such businesses, however, may cause impacts on adjoining and neighboring Units, including but not limited to light, noise and traffic impacts. All Owners shall purchase their Unit with this knowledge, and shall be deemed to have accepted, approved, and waived any and all claims regarding such impacts upon their purchase of a Unit. An easement for all noise, light, traffic and other impacts from the Village shall be deemed incorporated in each deed or other instrument by which any right, title or interest in any real property within Jug Mountain Ranch is granted, devised or conveyed, whether or not set forth or referred to in such deed or other instrument.

9.7 Easements For Cross-Drainage: Every Unit and the Open Space shall be burdened with easements for natural drainage of storm water runoff from other portions of Jug Mountain Ranch; provided, no Person shall alter the natural drainage on any Unit so as to materially increase the drainage of storm water onto adjacent portions of Jug Mountain Ranch without the consent of the Owner of the affected property and Declarant, for so long as Declarant owns property in the CUP, and, thereafter, from the Board. Notwithstanding the foregoing, Declarant shall have the right to modify drainage patterns.

9.8 Easements For Maintenance, Emergency, And Enforcement: Declarant grants to the Ranch Association easements over Jug Mountain Ranch as necessary to enable the Ranch Association to fulfill its maintenance responsibilities under Article 6. The Ranch Association shall also have the right, but not the obligation, to enter upon any Unit for emergency, security, and safety reasons, to perform maintenance and to inspect for the purpose of ensuring compliance with and enforce the Association Documents, after prior written notice to the Owner(s) and, as applicable, the Lessee(s) of the Unit. 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 reasonable notice to the Owner. This right of entry shall include the right of the Ranch Association to enter upon any Unit to cure any condition which may increase the possibility of a fire or other hazard in the event an Owner fails or refuses to cure the condition within a reasonable time after requested by the Board, but shall not authorize entry into any single family detached dwelling without permission of the Owner, except by emergency personnel acting in their official capacities.

9.9 Conservation Easements: Declarant shall have the right to grant conservation easements to a conservation trust or similar nonprofit entity over and across Open Spaces and Open Space for so long as Declarant is a Class F Member.

9.10 Compliance With Wetlands Permit: All Owners purchase their Units with the knowledge that the CUP contains jurisdictional wetlands, which are governed by the terms of Jug Mountain Ranch's Wetlands Permit(s), and the terms and conditions associated therewith. By purchasing their Units, Owners agree to comply with and be bound by the terms and conditions of the Permits.

9.11 View Impairment: Neither the Declarant or the Ranch Association guarantees nor represents that any view over and across any Open Space or any Unit from adjacent Units will be preserved without impairment. Neither the Declarant, the Ranch Association, nor the Owner of a Unit shall have an obligation to prune or thin trees or other landscaping. In addition, the Declarant, the Ranch Association, or an Owner may add trees and other landscaping, and construct improvements, all subject to the Design and Development Guidelines and the approval of the DRC. Any such improvements may diminish or obstruct any view from the Units and any express or implied easements for view purposes or for the passage of light and air are hereby expressly disclaimed.

ARTICLE 10. Annexation And Withdrawal Of Property

10.1 Annexation Without Approval Of Membership: Declarant may unilaterally annex to Jug Mountain Ranch and, thereby, subject the following to the provisions of this Declaration: any other real property which is owned by Declarant or in which Declarant has an equitable interest and which adjoins or is within 2 miles of Jug Mountain Ranch. Declarant may transfer or assign this right to annex property, provided that the assignee is the owner of property adjacent to Jug Mountain Ranch, and provided that such transfer is memorialized in a written, recorded instrument executed by Declarant. Nothing in this Declaration shall be construed to require the Declarant or any successor to annex or develop any additional property in any manner whatsoever.

Such annexation shall be accomplished by recording a Supplemental Declaration with the Office of Recorder of the County, describing the property to be annexed and specifically subjecting it to the terms of this Declaration. Such Supplemental Declaration shall not require the consent of any Member other than the Class D Declarant. Any such annexation shall be effective upon the recording of such Supplemental Declaration unless otherwise provided therein.

10.2 Annexation With Approval Of Membership: The Ranch Association may subject any real property other than that provided for at Section 10.1 to the provisions of this Declaration with the consent of the owner of such property and the Affirmative Vote of a Majority of the Classes.

Such annexation shall be accomplished by recording a Supplemental Declaration with the Office of Recorder of the County, describing the property to be annexed and specifically subjecting it to the terms of this Declaration. Any such Supplemental Declaration shall be signed by the President and the Secretary of the Ranch Association, and by the owner of the annexed property. Any such annexation shall be effective upon recording unless otherwise provided therein.

10.3 Withdrawal: The Declarant reserves the right to amend this Declaration, until the Conversion Date, without prior notice and without the consent of any Person, for the purpose of removing property then owned by the Declarant, from the coverage of this Declaration, to the extent originally included in error or as a result of any changes in the Declarant's plans for Jug Mountain Ranch, provided such withdrawal is not materially contrary to the overall, uniform scheme of development for Jug Mountain Ranch, or the terms of the CUP.

10.4 Additional Covenants And Easements: Declarant may unilaterally subject any portion of the property subject to this Declaration initially or by Supplemental Declaration to additional covenants and easements. Such additional covenants and easements shall be set forth in a Supplemental Declaration recorded either concurrent with or after the annexation of the subject property; and, shall require the written consent of 2/3 of the Owner(s) of such property, if owned by other than the Declarant or the Ranch Association, provided: such additional covenants shall not be materially inconsistent with or establish lesser standards than this Declaration, or any Supplemental Declaration covering such property or any Design and Development Guidelines or procedures which apply to such property.

10.5 Amendment: This Article shall not be amended without the prior written consent of Declarant prior to the Conversion Date.

ARTICLE 11. Declarant's Development Rights, Special Rights And Reservations

11.1 Declarant's Rights And Reservations: In addition to those easements and rights reserved by Declarant in Article 9 above, and as otherwise provided in this Declaration, Declarant shall have, retain and reserve certain rights as hereinafter set forth with respect to the Ranch Association and Jug Mountain Ranch. The rights and reservations reserved above and hereinafter set forth shall be deemed accepted and reserved in each conveyance of any Unit or other property within Jug Mountain Ranch by Declarant, whether or not specifically stated therein, and in each deed or other instrument by which any property within Jug Mountain Ranch is conveyed by Declarant. The rights, reservations and easements reserved above and hereinafter set forth shall be prior and superior to any other provisions of the Ranch Association Documents and may not, without Declarant's written consent, be modified,

amended or rescinded or affected by any amendment of the Association Documents. Declarant's consent to any one such amendment shall not be construed as a consent to any other amendment.

11.2 Declarant's Future Development Rights: Declarant, and Declarant's assigns, shall have the following development rights, which rights shall not require the consent of Owners before Declarant's exercise of such rights:

(a) Declarant may further develop Jug Mountain Ranch; and, may further divide any Unit or adjust lot lines between Units prior to sale of such Unit(s), subject to approval from the County. As noted elsewhere herein, such development and subdivision may deviate from the CUP and the PUD, including but not limited to increasing the number of Units approved in the PUD, provided that such deviation is approved by Valley County and any other regulatory entity with jurisdiction.

(b) Until the Conversion Date, the Declarant may designate and transfer ownership of sites within Jug Mountain Ranch for fire, police, utility facilities, public schools and parks, and other public facilities. The sites may include Open Spaces.

(c) Declarant or Declarant's assigns may add or annex any real property pursuant to the terms of Article 10. Such annexation(s) and associated Supplemental Declaration(s) may alter the rights and responsibilities of the Ranch Association and Owners in the following ways:

(i) Additional owners may be added to the Ranch Association, thereby diluting the relative effect of an Owner's vote;

(ii) Additional Open Spaces and amenities may be created and may be either conveyed, leased or made available to the Ranch Association, in which case the Ranch Association may incur expenses related to upkeep, improvement and/or maintenance;

(iii) Additional users may be added to the Water System and to the Sewer System, in which case the Ranch Association may incur additional expenses related thereto; and,

(iv) The Ranch Association may incur other expenses as a result of such annexation.

(d) Until the Conversion Date, Declarant, or Declarant's designee or permittee shall have the right to store construction materials and maintain construction offices within Open Spaces; and, shall have the right to locate and operate sales offices within Open Spaces and on unsold properties.

(e) Until the Conversion Date, Declarant shall have the right to extend roads and rights of way through Jug Mountain Ranch to other property, as provided at Section 9.4.

(f) Until the Conversion Date, Declarant or Declarant's designee shall have the right to install utilities and utility related equipment and fixtures within any Open Space, and to grant easements for the maintenance and repair of the same.

11.3 Successor Declarant: For purposes of the rights, reservations and easements reserved and created in favor of Declarant herein, Declarant shall have the option of notifying the Ranch Association in writing of an assignee or successor who will hold and exercise Declarant's aforesaid rights and whom the Ranch Association shall notify as required by this Declaration, the successor or assignee must own at least one Unit in Jug Mountain Ranch. The special rights and obligations of the Declarant set forth in this Declaration or the Bylaws may be transferred to other Persons in whole or in part, provided that the transfer shall not reduce an obligation nor enlarge a right beyond that contained in this Declaration or the Bylaws. Absent such transfer, Jug Mountain Ranch LLC shall retain the Declarant rights described herein until the Conversion Date.

In the event that Jug Mountain Ranch LLC is dissolved prior to the Conversion Date, and fails to notify the Ranch Association of a successor for these purposes, then the person(s) holding a majority interest in Jug Mountain Ranch LLC at the time of its dissolution shall be deemed the successor to Declarant for these purposes.

11.4 Future Development: Each purchaser of a Unit in Jug Mountain Ranch and their heirs and assigns, acknowledges that, as provided in Section 11.2, Declarant or Declarant's successors intend to fully develop Jug Mountain Ranch, and may develop real property which adjoins Jug Mountain Ranch. Such development may involve any uses or densities allowed by the CUP, as modified. All Owners consent to such future development and waive any claim that such development is incompatible with or otherwise diminishes the value of Jug Mountain Ranch or any Unit therein, or that any views enjoyed by any Unit are a property right thereof.

11.5 Exemption Of Declarant: Nothing contained herein shall limit the right of Declarant to excavate, grade and construct improvements to and on any portion of Jug Mountain Ranch owned by Declarant, in furtherance of the terms of the CUP and other applicable Permits. Declarant need not seek or obtain Board or DRC approval of any such improvements constructed or placed by Declarant on any portion of Jug Mountain Ranch owned by Declarant or an affiliate of Declarant. The rights of Declarant hereunder may be assigned by Declarant to any successor in interest in connection with Declarant's interest in any portion of Jug Mountain Ranch by an express written assignment.

11.6 Exclusive Rights To Use Name Of Development: No person shall use the name "Jug Mountain Ranch" or any derivative of such name or in logo or depiction in any printed or promotional material without Declarant's prior written consent. However, Owners may use the name "Jug Mountain Ranch" in printed or promotional matter where such term is used solely to specify that the particular property is located within Jug Mountain Ranch and the Ranch Association shall be entitled to use the words "Jug Mountain Ranch" in its name.

11.7 Declarant's Approval: None of the rights, reservations, or easements granted to or reserved by Declarant herein may ever be modified or amended without the prior written consent of Declarant or Declarant's successor, which consent may be withheld by Declarant for any reason whatsoever. Additionally, until the Conversion Date, the Ranch Association shall not, without first obtaining the prior written consent of the Declarant, which consent shall not be unreasonably withheld: make any amendment or repeal of any other provision of this Declaration (i.e. a provision not involving any of the rights, reservations or easements granted to or reserved by Declarant); make any amendment to any other Association Documents; make any amendment to the Development and Design Guidelines; make any new declaration or guidelines or similar instrument; or promulgate, change or repeal any rules of the Ranch Association. Any attempt to do so without such consent shall result in such instrument being void and of no force and effect unless subsequently approved in writing by the Declarant. Declarant may extinguish any of the aforesaid rights by giving written notice thereof to the Ranch Association.

11.8 Rights To Storm Water Runoff And Water Conservation And Reclamation Programs: The Declarant hereby reserves for itself and its designees all rights to ground water, surface water, and storm water runoff within Jug Mountain Ranch and each Owner agrees, by acceptance of a deed to a Unit, that the Declarant shall retain all such rights, except as otherwise provided in this Section 11.8. No Person other than the Declarant and its designees shall claim, capture or collect rainwater, ground water, surface water or storm water runoff within Jug Mountain Ranch without prior written permission of the Declarant or its designee. The Declarant or its designee may establish programs for reclamation of storm water runoff and wastewater for appropriate uses within or outside Jug Mountain Ranch and may require Owners and occupants of Units to participate in such programs to the extent reasonably practical. No owner or occupant of a Unit shall have any right to be compensated for water claimed or reclaimed from Units. The Board shall also have the right to establish restrictions on or prohibit outside use of potable water within Jug Mountain Ranch.

ARTICLE 12. Golf Course

12.1 Ownership And Operation Of the Golf Course: Declarant has constructed certain golf amenities, as part of Declarant's contractual commitments to Purchasers of Jug Mountain Ranch Units. All Persons, including all Owners, are hereby advised that no representations or warranties have been or are made by the Declarant or any other Person with regard to the perpetual existence, ownership or operation of the Golf Course; and, no purported representation or warranty in such regard, either written or oral, shall ever be effective without an amendment to this Declaration executed or joined into by the Declarant. All or part of the Golf Course is or will be Private Open Space. The Golf Course is not Common Open Space. The Golf Course is private property owned and operated by the Declarant or its assigns and administered according to policies, rules and regulations adopted by the Declarant or its assigns from time to time. Additional facilities which are part of the Golf Course may be owned by Declarant, or some other Person. These facilities shall be developed and provided at the discretion of the Declarant. The Declarant shall have the exclusive right to determine from time to time, in its sole discretion and without notice or approval of any change, how and by whom these facilities shall be used, if at all. By way of example, but not limitation, the Declarant or its assigns, shall have the sole right to approve Golf Course users and determine eligibility for Golf Course use, to reserve use rights, to terminate any or all Golf Course use rights, to change, eliminate or cease operation of any or all of the facilities, to transfer any or all of the Golf Course or the operation thereof to anyone (including without limitation a member-owned or equity club) and on any terms, to limit the availability of such use privileges, and to require the payment of a purchase price, membership contribution, initiation fee, membership deposit, dues, use charges and other charges for use privileges. Subject to requirement that all Owners shall have the opportunity to join any club that may be created.

12.2 Right To Use: Ownership of a Unit or any other portion of Jug Mountain Ranch or membership in the Ranch Association does not give any vested right or easement, prescriptive or otherwise, to use the Golf Course, and does not grant any ownership or membership interest therein. Rights to use the Golf Course will be granted only to such persons, and on such terms and conditions, as may be determined from time to time by the owner of the Golf Course or its assigns.

12.3 View Impairment: Neither the Declarant, the Ranch Association nor the owner or operator of the Golf Course guarantees or represents that any view over and across the Golf Course from adjacent Units will be preserved without impairment. The owner of the Golf Course shall have no obligation to prune or thin trees or other landscaping, and shall have the right, in its sole and absolute discretion, to add trees and other landscaping to the Golf Course from time to time. In addition, the owner of the Golf Course may, in its sole and absolute discretion, change the location, configuration, size and elevation of the tees, bunkers, fairways and greens on the Golf Course from time to time. Any such additions or changes to the Golf Course may diminish or obstruct any view from the Units and any express or implied easements for view purposes or for the passage of light and air are hereby expressly disclaimed.

12.4 Assumption of Risk and Indemnification. Each Owner by its purchase of a Unit in the vicinity of the Golf Course hereby expressly assumes and accepts the impacts of the Golf Course on such Owner's quiet enjoyment of his Unit, and the further risk of property damage or personal injury resulting from the maintenance and operation of the Golf Course, including, without limitation: (a) noise from maintenance equipment, it being specifically understood that such maintenance typically takes place around sunrise or sunset, (b) noise caused by golfers, (c) use of pesticides, herbicides and fertilizers, (d) view restrictions caused by maturation of trees and shrubbery, (e) reduction in privacy caused by golf traffic on the golf course or the removal or pruning of shrubbery or trees on the golf course, (f) design of the golf course, (g) errant golf balls, and/or (h) golf irrigation overspray. Each Owner further agrees that neither Declarant, the Ranch Association, nor any of Declarant's affiliates or agents nor any other entity owning or managing the golf course shall be liable to any Owner or any other person claiming any loss of damage, including, without limitation, indirect, special or consequential loss or damage arising from personal injury, destruction of property, trespass, loss of enjoyment or any other alleged wrong or entitlement to remedy based upon, due to, arising from or otherwise related to the proximity of an Owner's Unit to the Golf Course, including, without limitation, any claim arising in whole or in part from the negligence of Declarant, the Ranch Association or any other entity owning or managing the golf course. Each Owner hereby agrees to indemnify and hold harmless Declarant, the Ranch Association, and any other entity owning or managing the golf course against any and all claims by an Owner's visitors, tenants and others upon such Owner's Unit.

12.5 Jurisdiction And Cooperation: It is Declarant's intention that the Ranch Association and the owner of the Golf Course shall cooperate to the maximum extent possible in the operation of Jug Mountain Ranch and the Golf Course. The Ranch Association shall have no power to promulgate Rules and Regulations affecting activities on or use of the Golf Course without the prior written consent of the owner of the Golf Course.

12.6 Limitations On Amendments: In recognition of the fact that the provisions of this Article are for the benefit of owner of the Golf Course, no amendment to this Article, and no amendment in derogation of any rights reserved or granted to the owner of the Golf Course by other provisions of this Declaration, may be made without the written approval of the owner of the Golf Course. The foregoing shall not apply, however, to amendments made by the Declarant.

ARTICLE 13. Roads

All streets, roads and drives within the CUP shall be private unless dedicated to the County or other governmental entity, in whole or in part, by a written declaration by Declarant and accepted by the County or other governmental entity. Neither Valley County nor any other governmental entity shall have responsibility for the maintenance, repair or upkeep of any of such roads unless, and to the extent, such responsibility is accepted in writing in whole or in part by the County or other governmental entity. Declarant shall complete the construction of such roads to the standards depicted in the documents submitted to and approved by Valley County. The said roads shall be transferred by Declarant to the Ranch Association after completion. Thereafter, the Ranch Association shall be solely responsible for the maintenance, repair and upkeep of such roads, which shall be part of its Property Maintenance Function. All such roads shall be dedicated to the use of the Ranch Association, the Owners, their guests and invitees. Declarant shall reserve rights in such roads, as part of the conveyance, and as necessary to implement the CUP, and as are provided for hereinabove.

ARTICLE 14. Sewer and Water

14.1 Central Sewer System: Jug Mountain Ranch will be serviced by a central sewer system, as described in documents submitted to and approved by Valley County and the Idaho Department of Health and Welfare, Division of Environmental Quality ("DEQ"). Declarant shall complete the sewer system and will obtain all necessary permits therefore, pursuant to the aforesaid documents and applicable State law and regulations. The system shall be constructed in phases. The Association shall be responsible for the cost of operation, maintenance, repair and replacement of the system, as completed. Ownership of the system shall be transferred from Declarant to the Association no later than the Conversion Date.

14.2 Central Water System:

(a) Jug Mountain Ranch will be serviced by a central water system, as described in documents submitted to and approved by Valley County, the Idaho Department of Health and Welfare, Division of Environmental Quality ("DEQ"). Declarant shall complete the water system and will obtain all necessary permits therefore, pursuant to the aforesaid documents and applicable State law and regulations. The system shall be constructed in phases. The Association shall be responsible for the cost of operation, maintenance, repair and replacement of the system, as completed. Ownership of the system shall be transferred from Declarant to the Association no later than the Conversion Date.

(b) Declarant holds Idaho Department of Water Resources Water Right No. 65-13930, which is intended to provide the potable water for the central water system. Declarant shall transfer the said water right to the Association when ownership of the Water System is transferred from Declarant to the Association. At such time, the Association is advised to contact the Idaho Department of Water Resources, Western Regional Office, to apply for an Assignment of Permit. Transfer of all or part of said water right shall not prohibit Declarant from adding additional users to the system as Jug Mountain Ranch is developed. Declarant shall maintain all right, title and interest in and to any and all other water rights associated with the Jug Mountain Ranch Property, unless transferred in writing by Declarant, including but not limited to all surface water rights, and those intended to provide irrigation water for the Golf Course.

(c) Additional Rules and Regulations shall be promulgated which further regulate the use of the Water System by members, and the transfer of the Water System to the Association, and which detail maintenance, repair and replacement requirements.

ARTICLE 15. Neighboring Public Property

A significant amount of the real property which surrounds Jug Mountain Ranch is public property. The State of Idaho owns real property which is located East of Jug Mountain Ranch. All Owners shall take title to their property with the knowledge that such property is public property, and waive any claims against Declarant with regard to the State's regulation of such property, and any uses occurring on such property, including but not limited to use by trucks, vehicles, snowmobiles, ATVs and motorcycles.

ARTICLE 16. Certain Rights Of Declarant, Owners And Lessees

16.1 Reserved Rights with Respect to Property Furnished by Declarant: Whether or not expressed at the time, all Property Furnished by Declarant shall be deemed accepted by the Ranch Association and shall at all times remain subject to: existing or future easements for utilities, including gas, electricity, water, sewer, telephone, television or other utility services, and for intercommunication, alarm or other similar systems; existing easements for parking purposes; existing easements for the Golf Course; existing easements for ingress, egress and access for the benefit of other property in the vicinity of Jug Mountain Ranch, and easements as provided in Section 16.3.

16.2 No Sale or Abandonment of Property Furnished by Declarant: No Property Furnished by Declarant may be sold, conveyed, encumbered, leased, transferred, abandoned or otherwise disposed of without the prior written consent of Declarant. No improvements which may be included in Property Furnished by Declarant may be destroyed, permitted to deteriorate or waste, or disposed of by the Ranch Association without the prior written consent of Declarant.

16.3 Easements of Owners with Respect to Association Facilities: Each Owner, Owner's Lessees, Subowners and Guests shall have a non-exclusive easement over, upon, across and with respect to any Association Facilities as appropriate and necessary for: access, ingress and egress to the Unit of such Owner, Lessee, Subowner or Guest; encroachment by improvements caused by the settling, rising or shifting of earth; and horizontal and lateral support of improvements; subject, however, in the case of easements for access, ingress and egress, to such

reasonable and uniformly applied rules and regulations as the Ranch Association may impose to assure reasonable use and enjoyment of Association Facilities by all persons entitled to such use and enjoyment.

16.4 Owner's Enjoyment of Functions and Association Facilities: Each Owner, Lessee, Subowner and Guest shall be entitled to use and enjoy any Association Facilities suitable for general use or the services provided by any Functions, subject to such reasonable rules and regulations which the Ranch Association may adopt and subject to such reasonable and uniformly applied charges which the Ranch Association may impose to offset costs and expenses, depreciation and capital expenses, subject to the provisions of this Declaration and subject to the following specific limitations. Such rules and regulations and charges may differentiate between different categories of Owners, Lessees, Subowners or Guests as established by the Board from time to time; however, the rules, regulations and charges must be uniformly applied within such categories. There shall be no obstruction of any Association Facilities nor shall anything be stored in or on any part of any Association Facilities without the prior written consent of the Ranch Association. Nothing shall be altered on, constructed in or removed from any Association Facilities except with the prior written consent of the Ranch Association. Nothing shall be done or kept on or in any Association Facilities which would result in the cancellation of the insurance or any part thereof which the Ranch Association is required to maintain pursuant hereto or increase the rate of the insurance or any part thereof over what the Ranch Association, but for such activity, would pay, without the prior written consent of the Ranch Association. Nothing shall be done or kept on or in such Association Facilities which would be in violation of any statute, rule, ordinance, regulation, permit or other requirement of any governmental body. No damage to, or waste of Association Facilities shall be committed, and each Owner shall indemnify and hold the Ranch Association and the other Owners harmless against all loss resulting from any such damage or waste caused by such Owner or such Owner's Lessees, Subowners or Guests. No noxious, destructive or offensive activity shall be carried on with respect to any Association Facilities nor shall anything be done therein or thereon which may be or become a nuisance to any other Owner or to any Lessee, Subowner or Guest.

16.5 Owner's Rights and Obligations Appurtenant: All rights, easements and obligations of an Owner under this Declaration and all rights of an Owner with respect to membership in the Ranch Association under this Declaration are hereby declared to be and shall be appurtenant to the title to the Unit owned by such Owner and may not, except as provided in Section 16.6 herein and Section 3.1 of the Bylaws, be transferred, conveyed, devised, bequeathed, encumbered or otherwise disposed of separate or apart from fee simple title to such Owner's Unit. Every transfer, conveyance, grant, devise, bequest, encumbrance or other disposition of a Unit shall be deemed to constitute a conveyance, grant, devise, bequest, encumbrance or transfer or disposition of such rights and obligations.

16.6 Assignment of Rights or Obligations to a Subowner: An Owner may assign or delegate to a Subowner all (but not less than all) of his rights under this Declaration as an owner or as a member of the Ranch Association and may enter into an arrangement with such Subowner under which the subowner shall agree to assume all of such Owner's obligations hereunder as an Owner or member of the Ranch Association. The Ranch Association shall recognize any such assignment or delegation of rights or arrangements for assumption of obligations, provided that, to be effective with respect to the Ranch Association, Declarant or any other Owner, the assignment or delegation of rights or arrangement for assumption of obligations shall be in writing, shall be in terms deemed satisfactorily specific by the Ranch Association, and a copy thereof shall be filed with and approved by the Ranch Association. Notwithstanding the foregoing, no Owner shall be permitted to relieve himself of the ultimate responsibility for fulfillment of all obligations hereunder of an Owner arising during the period he is an Owner.

16.7 Lessee's Rights and Obligations Appurtenant: All rights, easements and obligations of a Lessee under this Declaration and all rights of a Lessee with respect to a membership in the Ranch Association under this Declaration are hereby declared to be and shall be appurtenant to the lease to the Leased Premises leased by such Lessee, and may not, except as provided in Section 16.8, be transferred, conveyed, devised, bequeathed, encumbered or otherwise disposed of separately or apart from the lease to the Leased Premises. Every transfer, conveyance, grant, devise, bequest, encumbrance or other disposition of a Leased Premises shall be deemed to constitute a conveyance, grant, devise, bequest, encumbrance or transfer or disposition of such rights and obligations.

16.8 Transfer of Rights or Obligations to a Sublessee: A Lessee, upon subleasing his entire Leased Premises, shall automatically be deemed to have given up all of his rights and obligations as a Lessee and as a member of the Ranch Association during the term of such sublease, and the sublessee shall automatically be deemed a Lessee and a member of the Ranch Association upon commencing to own and operate a business on the Leased Premises. If a Lessee subleases only a portion of his Leased Premises, the Lessee shall automatically be deemed to have given up all rights and obligations as a Lessee and as a member of the Ranch Association as to such subleased

portion and such sublessee shall automatically be deemed a Lessee and a member of the Ranch Association upon commencing to own and operate a business upon his subleased portion of the Leased Premises. Such sublessor shall maintain his rights and obligations as a Lessee and as a member of the Ranch Association with respect to any retained portion of the Leased Premises. Notwithstanding the foregoing, no sublessor shall be permitted to relieve himself of the ultimate responsibility for fulfillment of all obligations hereunder as a Lessee arising during the period he is a Lessee.

ARTICLE 17. Dispute Resolution and Limitation on Litigation

17.1 Agreement to Encourage Resolution of Disputes Without Litigation.

(a) Declarant, the Ranch Association and its officers, directors, all Classes of Members, and any Person not otherwise subject to this Declaration who agrees to submit to this Article (collectively, "Bound Parties"), agree that it is in the best interest of all concerned to encourage the amicable resolution of disputes involving Jug Mountain Ranch without the emotional and financial costs of litigation. Accordingly, each Bound Party agrees not to file suit in any court with respect to a Claim described in subsection (b) unless and until it has first submitted such Claim to the alternative dispute resolution procedures set forth in Section 17.2 in a good faith effort to resolve such Claim.

(b) As used in this Article, the term "Claim" shall refer to any claim, tort claim, grievance or dispute arising out of or relating to:

- (i) the interpretation, application or enforcement of the Association Documents;
- (ii) the rights, obligations, and duties of any Bound Party under the Association Documents; or,
- (iii) the decisions of the DRC;

(c) The following shall not be considered "Claims" unless all parties to the matter otherwise agree to submit the matter to the procedures set forth in Section 17.2:

- (i) any suit by the Association to collect Assessments or other amounts due from any Owner;
- (ii) any suit by the Association to obtain a temporary restraining order and such ancillary relief as the court may deem necessary in order to maintain the status quo and preserve the Ranch Association's ability to enforce the provisions of Design and Development Guidelines, or any of the Association Documents;
- (iii) any suit between Owners, which does not include Declarant or the Ranch Association as a party, if such suit asserts a Claim which would constitute a cause of action independent of the Association Documents;
- (iv) any suit in which any indispensable party is not a Bound Party;
- (v) any suit as to which any applicable statute of limitations would expire within 180 days of giving the Notice required by Section 17.2(a), unless the party or parties against whom the Claim is made agree to toll the statute of limitations as to such Claim for such period as may reasonably be necessary to comply with this Article; and,
- (vi) any suit by the Association to enjoin a continuing violation of or to enforce the provisions of the Design and Development Guidelines or any other Association Document.

17.2 Dispute Resolution Procedures:

(a) Notice. The Bound Party asserting a Claim ("Claimant") against another Bound Party ("Respondent") shall give written notice to each Respondent and to the Board stating plainly and concisely:

- (i) the nature of the Claim, including the person involved and the Respondent's role in the Claim;
- (ii) the legal basis of the Claim (i.e. the specific authority out of which the Claim arises);
- (iii) the Claimant's proposed resolution or remedy; and,

(iv) the Claimant's desire to meet with the Respondent to discuss in good faith ways to resolve the Claim.

(b) **Negotiation.** The Claimant and Respondent 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 Notice, the Board may appoint a representative to assist the parties in negotiating a resolution of the Claim.

(c) **Mediation.** If the parties have not resolved the Claim through negotiation within 30 days after the date of the Notice (or within such other time period as the parties may mutually agree upon), the Claimant shall have 45 additional days to submit the Claim to mediation with an entity designated by the Ranch Association (if the Ranch Association is not a party to the Claim) or to a mutually acceptable individual providing dispute resolution services in Idaho.

If the Claimant does not submit the Claim to mediation within such time, or does not appear for the mediation when scheduled, the Claimant shall be deemed to have waived the Claim, and the Respondent shall be relieved of any and all liability to the Claimant (but not third parties) on account of such Claim.

If the Parties do not settle the Claim in mediation, the mediator shall issue a notice of termination of the mediation proceedings indicating that the parties are at an impasse and the date that mediation was terminated. The Claimant shall thereafter be entitled to file suit.

Each party shall bear its own costs of the mediation, including attorney's fees, and each Party shall share equally all fees charged by the mediator.

(d) **Settlement.** Any settlement of the Claim through negotiation or mediation shall be documented in writing and signed by the parties. If any party thereafter fails to abide by the terms of such agreement, the any other party may file suit or initiate administrative proceedings to enforce such agreement without the need to again comply with the procedures set for this in this Section. In such event the party taking action to enforce the agreement or award shall, upon prevailing, be entitled to recover for the non-complying party (or if more than one non-complying party, from all such parties) all costs incurred in enforcing such agreement or award, including, without limitation, attorneys' fees and court costs.

ARTICLE 18. Miscellaneous

18.1 Duration of Declaration: This Declaration shall run with and bind all property within Jug Mountain Ranch, and shall inure to the benefit of and shall be enforceable by the Ranch Association or any Owner, their respective legal representatives, heirs, successors, and assigns, for a term of 50 years from the date this Declaration is recorded. After such time, this Declaration shall be automatically extended for successive periods of 10 years, unless an instrument in writing, signed by the Declarant, the Golf Priority Member, any Declarant-Assignee Priority Member and the Ranch Association, upon the affirmative vote of said Class C, D and E Members, and 90% of the Class A Members and 90% of the Class B Members, is recorded, agreeing to terminate this Declaration, in which case this Declaration shall be terminated as specified therein.

18.2 Amendment:

(a) **By the Board:** Except as limited or committed to action by the members, either by the Articles, the Bylaws, or this Declaration, the Board shall have the power to amend the Declaration at any regular meeting of the Board or at any special meeting called for that purpose at which a quorum is represented. However, if the members shall amend any portion of the Declaration, the directors shall not thereafter amend the same in such manner as to defeat or impair the object of the members in taking such action. Any amendment to the Declaration approved by the Board shall have no material adverse effect upon any right of any Owner or member.

(b) **By Owners:** This Declaration may also be amended upon the Affirmative Vote of a Majority of the Classes, by the recording of a written instrument or instruments specifying the amendment or the repeal.

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.

(c) **Validity and Effective Date of Amendments:** Amendments to this Declaration shall become effective upon recordation in the land records of Valley County, Idaho, unless a later effective date is specified therein. Any procedural challenge to an amendment must be made within six months of its recordation or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of this Declaration.

If an Owner consents to any amendment to any of the Association Documents, it will be conclusively presumed that such Owner has the authority so 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. No amendment shall be contrary to the terms or conditions of any valid County, State, or Federal Permit applicable to the CUP; nor, shall any Amendment divest any Owner of any material and substantial vested property rights.

No amendment may remove, revoke, or modify any right or privilege of the Declarant without the written consent of the Declarant or the assignee of such right or privilege.

18.3 Effect of Provisions of Declaration: Each provision of this Declaration and the Bylaws, and an agreement, promise, covenant and undertaking to comply with each provision of this Declaration and the Bylaws, and any necessary exception or reservation or grant of title, estate, right or interest to effectuate any provision of this Declaration and the Bylaws: (a) shall be deemed incorporated in each deed or other instrument by which any right, title or interest in any real property within Jug Mountain Ranch is granted, devised or conveyed, whether or not set forth or referred to in such deed or other instrument; (b) shall, by virtue of acceptance of any right, title or interest in any real property within Jug Mountain Ranch by an Owner or the Ranch Association, be deemed accepted, ratified, adopted and declared as a personal covenant of such Owner or the Ranch Association, as the case may be, (c) shall, as a personal covenant, be binding on such Owner or the Ranch Association and such Owner's or the Ranch Association's respective heirs, personal representatives, successors and assigns; (d) shall, as a personal covenant of an Owner, be deemed a personal covenant to, with and for the benefit of Declarant and to, with and for the benefit of the Ranch Association but not to, with or for the benefit of any other Owner; shall, if a personal covenant of the Ranch Association, be deemed a personal covenant to, with and for the benefit of Declarant and to, with and for the benefit of each Owner; (f) shall be deemed a real covenant by Declarant, for itself, its successors and assigns, and also an equitable servitude, running, in each case, as a burden with and upon the title to each parcel of real property within Jug Mountain Ranch; (g) shall, as a real covenant and also as an equitable servitude, be deemed a covenant and servitude for the benefit of any real property now or hereafter owned by Declarant within Jug Mountain Ranch and for the benefit of any and all other real property within Jug Mountain Ranch; and (h) shall be deemed a covenant, obligation and restriction secured by a lien, binding, burdening and encumbering the title to each parcel of real property within Jug Mountain Ranch which lien with respect to any Unit shall be deemed a lien in favor of Declarant and the Ranch Association, jointly and severally, and, with respect to any real property owned by the Ranch Association, shall be deemed a lien in favor of Declarant.

18.4 Enforcement and Remedies:

(a) **In General:** Each provision of this Declaration with respect to the Ranch Association or property of the Ranch Association shall be enforceable by Declarant, or by any Owner who has made written demand on the Ranch Association to enforce such provision and 30 days have lapsed without appropriate action having been taken, by a proceeding for a prohibitive or mandatory injunction. In addition to any other remedy available at law or in any of the Association Documents, each provision of this Declaration with respect to an Owner or property of an Owner shall be enforceable by Declarant or the Ranch Association by a proceeding for a prohibitive or mandatory injunction and/or by a suit or action to recover damages, and/or, in the discretion of the Ranch Association, for so long as any Owner fails to comply with any such provisions, by exclusion of such Owner and such Owner's Lessees, Subowners and Guests from use of any Facility and from enjoyment of any Function. If court proceedings are instituted in connection with the rights of enforcement and remedies provided in this Declaration, the prevailing party shall be entitled to recover its costs and expenses in connection therewith, including reasonable attorneys' fees and injunction bond premiums.

(b) **Fines:** In addition to the provisions of Section 18.4(a), the Board shall be entitled to impose fines and penalties for violations of this Declaration in amounts to be provided in the Design and Development Guidelines and/or Rules and Regulations. Fines and penalties may be assessed only against a Member of the Ranch Association, and only if the violator is the Member or a member of the Member's family or a guest, invitee, lessee, contractor, subcontractor, employee or agent of the Member. Fines and

penalties may be increased in the case of a continuing violation, where the Member has failed to abate the violation within the time allowed therefore by the Board in written notice to the Member. In the case of a single incident, the fine or penalty may not be assessed unless the Member has received at least one prior written notice from the Board that the violation may subject the Member to fine(s). Fines and penalties imposed pursuant to this Section may be collected as an assessment as provided in the Bylaws and this Declaration. Non-payment of assessments shall not subject a Member to fines; rather, the remedy therefore shall be as provided in the Bylaws and as may otherwise be provided in this Declaration.

18.5 Protection of Encumbrancer: No violation or breach of, or failure to comply with, any provision of this Declaration and no action to enforce any such provision shall affect, defeat, render invalid or impair the lien of any mortgage, deed of trust or other lien on any property taken in good faith and for value and perfected by recording in the office of the Recorder of Valley County, Idaho, prior to the time of recording in said office of an instrument describing such property and listing the name or names of the Owner or Owners of fee simple title to the property and giving notice of such violation, breach or failure to comply, nor shall such violation, breach, failure to comply or action to enforce affect, defeat, render invalid or impair the title or interest of the holder of any such mortgage, deed of trust, or other lien or title or interest acquired by any purchaser upon foreclosure of any such mortgage, deed of trust or other lien or result in any liability, personal or otherwise, of any such holder or purchaser. Any such purchaser upon foreclosure shall, however, take subject to this Declaration with the exception that violations or breaches of, or failures to comply with, any provisions of this Declaration which occurred prior to the vesting of fee simple title in such purchaser shall not be deemed breaches or violations hereof or failures to comply herewith with respect to such purchaser, his heirs, personal representatives, successors or assigns.

18.6 Perpetuities: The covenants, conditions, restrictions, and other provisions of this Declaration and any other Association Document shall continue in full force and effect until the death of the last survivor of the now living grandchildren of Robert F. Kennedy, the former Attorney General of the United States of America, plus twenty-one years, unless this Declaration is sooner terminated pursuant to Section 18.1 above.

18.7 Limited Liability: Neither Declarant, the Ranch Association, the DRC, the Board nor any member, agent or employee of any of the same shall be liable to any party for any action or for any failure to act with respect to any matter if the action taken or failure to act was in good faith and without malice.

18.8 Use of Trademark: Each Owner by acceptance of a deed for his Unit, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to acknowledge that "Jug Mountain Ranch" is a service mark and trademark of Jug Mountain Ranch LLC or its licensees and to covenant that he shall not use the term "Jug Mountain Ranch" without the prior written permission of the Declarant or its licensees.

18.9 Successors and Assigns: Except as otherwise provided herein, this Declaration shall be binding upon and shall inure to the benefit of Declarant, the Ranch Association, and each Owner and their respective heirs, personal representatives, successors and assigns.

18.10 Severability: Invalidity or unenforceability of any provision of this Declaration in whole or in part shall not affect the validity or enforceability of any other provision or any valid and enforceable part of a provision of this Declaration.

18.11 Captions: The captions and headings in this instrument are for convenience only and shall not be considered in construing any provisions of this Declaration.

18.12 Construction: When necessary for proper construction, the masculine of any word used in this Declaration shall include the feminine or neuter gender, and the singular the plural, and vice versa.

18.13 No Waiver: Failure to enforce any provisions of the Association Documents shall not operate as a waiver of any such provision or of any other provision of the Association Documents.

18.14 Notice Of Sale Or Transfer Of Title: Any Owner desiring to sell or otherwise transfer title to his or her Unit shall give the Ranch Association at least seven days' prior written notice of the name and address of the purchaser or transferee, the date of such transfer of title, and such other information as the Ranch Association may reasonably require.

IN WITNESS WHEREOF Declarant has executed this Declaration the day and year first above written.

JUG MOUNTAIN RANCH LLC,
An Idaho limited liability company

By:

~~D. John Carey, Manager~~

STATE OF IDAHO,

)

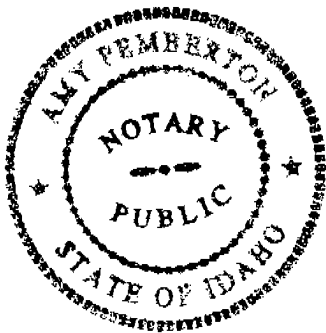
) ss.

County of Valley.

)

On this 14th day of APRIL, 2004, before me, ANN FOUBERTON, a Notary Public in and for said State, personally appeared **D. John Carey**, known or identified to me to be the Manager of **Jug Mountain Ranch LLC**, the limited liability company that executed the instrument or the person who executed the instrument on behalf of said limited liability company, and acknowledged to me that such company executed the same.

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



NOTARY PUBLIC FOR IDAHO

Residing at:

My Commission Expires: _____

**GENERAL DECLARATION FOR JUG MOUNTAIN RANCH
EXHIBIT A**

SECESH ENGINEERING, INC.

335 Deinhard Lane, Suite 1
P.O. Box 70
McCall, ID 83638
208-634-6336 • FAX 208-634-6322

**BOUNDARY DESCRIPTION
JUG MOUNTAIN RANCH, PHASE 1 STAGE 2**

A parcel of land situated in Sections 1 and 12, T.17N., R.3E., B.M., more particularly described as follows:

COMMENCING at the southwest corner of said Section 1; thence, along the line between said Sections 1 and 12,

- A.) S.89°59'30"E., 30.00 feet to a point on the east Right-of-Way line for Farm to Market Road, the **POINT OF BEGINNING**; thence along said Right-of-Way,
 - 1.) N.0°23'01"E., 75.00 feet; thence, departing said Right-of-Way,
 - 2.) S.89°59'30"E., 154.07 feet; thence,
 - 3.) S.45°00'00"E., 56.58 feet; thence,
 - 4.) S.89°59'30"E., 602.03 feet to a point on a tangent curve; thence,
 - 5.) along said curve to the left having a radius of 300.00 feet, an arc length of 471.28 feet, through a central angle of 90°00'30", and a chord bearing and distance of N.45°00'05"E., 424.30 feet; thence, tangent from said curve,
 - 6.) N.0°00'00"E., 1646.34 feet; thence,
 - 7.) S.89°50'09"E., 342.79 feet; thence,
 - 8.) N.8°09'20"W., 331.53 feet; thence,
 - 9.) N.0°08'11"E., 338.12 feet; thence,
 - 10.) N.89°59'16"E., 978.06 feet; thence,
 - 11.) S.21°43'30"E., 172.12 feet; thence,
 - 12.) S.32°35'28"E., 171.21 feet; thence,

- 13.) S.38°56'23"E., 705.39 feet; thence,
- 14.) S.90°00'00"E., 372.05 feet; thence,
- 15.) S.0°00'00"W., 471.61 feet; thence,
- 16.) N.90°00'00"W., 383.94 feet; thence,
- 17.) S.0°00'00"W., 70.00 feet; thence,
- 18.) N.90°00'00"W., 48.62 feet to a point on a tangent curve; thence,
- 19.) along said curve to the left having a radius of 50.00 feet, an arc length of 93.91 feet, through a central angle of 107°36'33", and a chord bearing and distance of S.36°11'43"W., 80.70 feet; thence, tangent from said curve,
- 20.) S. 17°36'33"E., 821.63 feet to a point on a tangent curve; thence,
- 21.) along said curve to the left having a radius of 330.00 feet, an arc length of 141.43 feet, through a central angle of 24°33'20", and a chord bearing and distance of S.29°53'13"E., 140.35 feet; thence, tangent from said curve,
- 22.) S.42°09'53"E., 154.91 feet to a point on a tangent curve; thence,
- 23.) along said curve to the right having a radius of 570.00 feet, an arc length of 171.26 feet, through a central angle of 17°12'53", and a chord bearing and distance of S.33°33'26"E., 170.62 feet; thence, tangent from said curve,
- 24.) S.24°57'00"E., 483.72 feet to a point on a tangent curve; thence,
- 25.) along said curve to the left having a radius of 465.00 feet, an arc length of 26.63 feet, through a central angle of 3°16'51", and a chord bearing and distance of S.26°35'25"E., 26.62 feet; thence,
- 26.) N.87°35'03"E., 234.32 feet; thence,
- 27.) S.24°51'36"E., 338.38 feet; thence,
- 28.) S.9°56'19"E., 223.92 feet; thence,
- 29.) S.27°27'16"E., 415.55 feet to a point on the south line of the north 1/2 of the northeast 1/4 of said Section 12; thence, along said 1/16 section line.
- 30.) N.89°57'30"W., 1465.44 feet to the C-N 1/16 corner of said Section 12, thence,

along the south line of the north 1/2 of the northwest 1/4 of said Section 12,

- 31.) N.89°57'51"W., 869.76 feet; thence, departing said 1/16 section line,
- 32.) N.0°02'09"E., 168.43 feet; thence,
- 33.) N.22°01'32"W., 372.23 feet; thence,
- 34.) N.13°01'55"W., 295.44 feet; thence,
- 35.) N.10°08'26"E., 302.78 feet; thence,
- 36.) N.21°00'04"W., 151.62 feet; thence,
- 37.) S.89°21'14"E., 287.62 feet to a point on a non-tangent curve; thence,
- 38.) along said curve to the left having a radius of 500.00 feet, an arc length of 131.54 feet, through a central angle of 15°04'25", and a chord bearing and distance of N.39°50'38"W., 131.16 feet; thence,
- 39.) N.47°22'51"W., 91.86 feet; thence,
- 40.) S.43°53'06"W., 70.02 feet to a point on a non-tangent curve; thence,
- 41.) along said curve to the left having a radius of 50.00 feet, an arc length of 67.90 feet, through a central angle of 77°48'07", and a chord bearing and distance of N.86°16'55"W., 62.80 feet to a point of reverse curvature: thence,
- 42.) along said curve to the right having a radius of 370.00 feet, an arc length of 227.25 feet, through a central angle of 35°11'28", and a chord bearing and distance of S.72°24'46"W., 223.70 feet; thence, tangent from said curve,
- 43.) N.89°59'30"W., 602.09 feet; thence,
- 44.) S.45°00'00"W., 56.56 feet; thence,
- 45.) N.89°59'30"W., 152.07 feet to a point on the east Right-of-Way line for Farm to Market Road; thence, along said Right-of-Way line,
- 46.) N.1°52'02"W., 75.04 feet; to the **POINT OF BEGINNING**.

CONTAINING 171.41 Acres, more or less.

SUBJECT TO all Covenants, Rights, Rights-of-Way, and Easements of Record.

283341

Instrument # 283341

VALLEY COUNTY, CASCADE, IDAHO

2004-05-24 03:41:16 No. of Pages: 9

Recorded for: STEVE M.

LELAND G. HEINRICH

Fee: 27.00

Ex-Officio Recorder Deputy

Index to: MISCELLANEOUS RECORD



**SUPPLEMENTAL DECLARATION
FOR
JUG MOUNTAIN RANCH
PHASE 1 STAGE 2**

Recorded
May 24, 2004

Prepared by:
Millemann, Pittenger, McMahan & Pemberton, LLP
706 North First Street
P.O. Box 1066
McCall, Idaho 83638

**SUPPLEMENTAL DECLARATION
FOR
JUG MOUNTAIN RANCH
PHASE 1 STAGE 2**

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**SUPPLEMENTAL DECLARATION
FOR
JUG MOUNTAIN RANCH
PHASE 1 STAGE 2**

This Supplemental Declaration is made this 4th day of April, 2004, by Jug Mountain Ranch LLC, an Idaho limited liability company.

ARTICLE 1. Introduction & Purpose

1.1 This Supplemental Declaration (a) is filed pursuant to Section 7.1 of the General Declaration for Jug Mountain Ranch (the "General Declaration") recorded May 24, 2004 as Instrument No. 283337 with the Valley County, Idaho Recorder, as may be amended; and, (b) affects only Phase 1 Stage 2 of Jug Mountain Ranch, according the recorded plat thereof and any amendments thereto (the "Affected Property").

1.2 The purposes of this Supplemental Declaration are to set forth additional covenants and conditions with respect to the use, density and design of improvements on the Affected Property, in order to preserve the natural beauty of Jug Mountain Ranch and its setting, to maintain Jug Mountain Ranch as a pleasant and desirable environment, to establish and preserve a harmonious design for the community, and to protect and promote the value of the Affected Property and Jug Mountain Ranch.

ARTICLE 2. Definitions

2.1 Lot: Each parcel of real property reflected on the Jug Mountain Ranch Planned Unit Development Phase 1 Stage 2 Plat as a Lot which may be independently owned and conveyed.

2.2 Affected Lots: Block 3, Lots 1 through 20; Block 2, Lots 21 through 44.

2.3 Phase 1 Stage 2 Plat: That certain plat recorded May 24, 2004 as Instrument No. 283337 with the Valley County, Idaho Recorder and entitled "Jug Mountain Ranch Planned Unit Development Phase 1 Stage 2", and as the same may be amended.

2.4 Supplemental Declaration: This Supplemental Declaration as may be amended and supplemented.

2.5 Living Unit: One or more rooms designed for or which may readily be occupied exclusively by one family or group of people living independently from any other family or group of people, and having not more than one Cooking Facility.

2.6 Single Family Structure: A building which contains one Living Unit.

2.7 Primary/Secondary Structure: A building which contains two Living Units, one being for Guests, which Living Units cannot be separately sold, rented or leased. The Secondary Unit must be attached to the Primary Unit.

2.8 Attached Garage: An Attached Garage is a garage which is attached directly to a Living Unit. A garage which is attached to a Living Unit by a breezeway or some other covered but unenclosed outdoor route shall be considered an Attached Garage. A Detached Garage, which may not contain a Living Unit, is a garage which is not attached.

2.9 Cooking Facility: Fixtures and equipment for food storage and preparation of meals, including at least a sink, oven and refrigerator.

2.10 Building Improvements: Any material improvement of any of the Affected Property including, but not limited to landscaping, site preparation, paving, fencing, building construction, exterior changes, or interior changes which change the use of interior space to an unauthorized use or which would change the number of Living Units.

2.11 Other: Other capitalized terms used herein shall have the meaning set forth in the General Declaration or in this Supplemental Declaration.

ARTICLE 3. Jug Mountain Ranch Association

3.1 Membership: Except as otherwise provided at Article 5, each Owner of an Affected Lot shall be a Class A Residential member of the Jug Mountain Ranch Association, pursuant to the Jug Mountain Ranch Association Articles of Incorporation and Bylaws.

ARTICLE 4. Neighborhood Designation

4.1 Designation: At Article 13 of the Bylaws, Declarant created the Residential Home Site Neighborhood. Each Owner of an Affected Lot shall be a member of the Residential Home Site Neighborhood.

4.2 Declarant's Right to Reallocate Units Among Neighborhoods: Declarant shall have the right to create additional Neighborhoods, add Units to each Neighborhood, and to reallocate Units within each Neighborhood, pursuant a Supplemental Declaration.

ARTICLE 5. Golf Course Use of Block 3, Lots 1 & 2

Block 3, Lots 1 and 2 are currently being utilized as part of the Golf Course, and are hereby designated as part of the Golf Course, until such use is terminated pursuant to a Supplemental Declaration. Until termination of such use, the following shall occur:

(a) Lots 1 and 2 may be utilized as a golf club house and parking lot, any Golf Course-related use, and any other recreational use that the owner of the Golf Course shall determine;

(b) Lots 1 and 2 shall not be considered Units which are associated with a Class A Membership, as described in Article 3, but shall instead be part of the Golf Course, which is related to the Class C membership.

(c) Lots 1 and 2 shall not be part of the Residential Home Site Neighborhood, as described in Article 4.

(d) Lots 1 and 2 shall not be subject to the Building Improvement or Use limitations of Articles 7 and 8.

Upon termination of use of Lots 1 and 2 as part of the Golf Course, all terms, conditions and restrictions related to Affected Lots in this Supplemental Declaration shall apply to Lots 1 and 2.

ARTICLE 6. Open Spaces, Easements, Roads and Utilities

6.1 Open Spaces: Pursuant to Article 5 of the General Declaration, Open Space Parcels depicted on the Phase 1 Stage 2 Plat are designated as follows:

(a) **Golf Course:** The following Lots, which are marked "Golf Course" on the Phase 1 Stage 2 Plat, are part of the Golf Course and are Private Open Space: Block 3, Lot 46; Block 2, Lots 50 and 52; and, Block 4, Lot 54.

(b) **Common Open Space Lot:** The following Lots, which are marked "Open Space" on the Phase 1 Stage 2 Plat, are Common Open Space: Block 5, Lot 48; Block 2, Lots 49, 51 and 53. Many of the Open Space Lots contain Wetlands, which are delineated on the Phase 1 Stage 2 Plat. These Wetlands are subject to regulation by the Army Corps of Engineers. Declarant reserves the right to expand these Wetlands, subject to review and approval from the Army Corps of Engineers. There are also "Golf Safety Zones" designated within the Open Space Lots, which are subject to use restrictions to be included in Rules and Regulations, due to the high likelihood of golf ball overflight in the area.

The above-described Open Space parcels shall be managed and used in accordance with the Phase 1 Stage 2 Plat and the General Declaration.

6.2 Easements:

(a) **Utility Easements:** Declarant reserves the right to construct utilities and irrigation facilities within any Utility Easement and within any Open Space Parcel which is depicted on the Phase 1 Stage 2 Plat, and to grant easements for the repair and maintenance of any such utility or irrigation facility. Additionally, snow may be placed within any Utility Easement abutting a road, for the placement of snow plowed, blown or otherwise cleared from driveways, roads, or Open Space. No Building Improvements shall be constructed within any Utility Easement other than utility or irrigation-related improvements, or as

may be permitted pursuant to the Design and Development Guidelines. All Utility Easements are reserved in perpetuity.

(b) **Trail Easements:** The Trail Easements depicted on the Phase 1 Stage 2 Plat shall be reserved for such recreational uses as the Declarant shall designate, in Declarant's sole discretion, including but not limited to the following uses: pedestrian, bicyclists, and skiers, and the use of motorized equipment to maintain and prepare trails for the same. Declarant shall also have the sole discretion to identify allowable users of the Trail Easements. Declarant reserves the right to modify the location of the trails, and shall have the sole discretion to vacate the Trail Easements.

(c) **Access Easement / Block 3 Lot 47:** The Access Easement depicted on Block 3 Lot 47 of the Phase 1 Stage 2 Plat is dedicated for the use and enjoyment of the members of the Jug Mountain Ranch Association. However, the Water System is subject to the regulation of the Idaho Department of Environmental Quality ("DEQ"), and access to Lot 47 is subject to the regulation of DEQ and such Rules and Regulations as may be promulgated by the Association in that regard.

(d) **Access Easement / Block 4 Lot 54:** The Access Easement depicted on Block 4 Lot 54 of the Phase 1 Stage 2 Plat is reserved for Declarant and Declarant's assigns, for utilities and for pedestrian and motorized ingress and egress to property owned by Declarant which is located East and North of the property platted in the Phase 1 Stage 2 Plat.

(d) **Pedestrian Access Easement / Block 4 Lot 54:** The Pedestrian Access Easement depicted on Block 4 Lot 54 of the Phase 1 Stage 2 Plat is reserved for Declarant and Declarant's assigns, for pedestrian ingress and egress to property owned by Declarant which is located East and North of the property platted in the Phase 1 Stage 2 Plat. Said use shall be limited to non-motorized use, including but not limited to walking, biking, and skiing, and the use of motorized equipment to maintain and prepare trails for the same.

(e) **Ditch Easements:** The Ditch Easements depicted on the Phase 1 Stage 2 Plat are reserved for the downstream water users.

(f) **Drainage Easement:** The Drainage Easement depicted on the Phase 1 Stage 2 Plat on Block 2, Lots 26, 27, 28, 29 and 30 is reserved for the Ranch Association, for drainage through the aforementioned parcels. There shall be no improvements constructed in the Drainage Easement, except as follows: (1) Driveways shall be allowed across the Drainage Easement, however a culvert must be used to allow for the continued, unrestricted drainage in the Drainage Easement, the design of which shall be reviewed and approved by the DRC; and, other improvements may be made if the DRC determines, in its discretion, that the proposed improvement allows for the continued, unrestricted drainage in the Drainage Easement; and, (2) Owners may propose to the DRC that the Drainage Easement as it passes through their lot be relocated in order to place an improvement in the Drainage Easement; in such case the Owner must submit an engineered proposal to relocate the Drainage Easement in such a manner as to allow for the continued, unrestricted drainage in generally the same manner as if the Easement were not relocated, and which does not negatively affect the drainage or a Drainage Easement on any neighboring property; and, in the event that such relocation is approved by the DRC, the Board shall review and confirm the relocation in its discretion; and, any approval shall be granted in a document which includes a depiction of the relocated Drainage Easement, and which must be signed by the President and Secretary of the Board, and recorded with the Valley County Recorder.

6.3 Roads: Pursuant to that certain Owner's Declaration of Roads For Jug Mountain Ranch, Phase 1 Stage 2 ("Declaration of Private Roads"), recorded with the Valley County Recorder, with the exception of Ashton Lane, which is public, all roads which are depicted on the Phase 1 Stage 2 Plat (including, but not limited to, those roads which are labeled as "Drive", "Place", or "Court") are private roads and shall permanently remain private roads. Said private roads are hereby irrevocably dedicated for the nonexclusive use and enjoyment of the members of the Ranch Association, together with their guests, invitees, and assigns, subject to the terms, conditions, and reserved Declarant's rights contained in the General Declaration and this Supplemental Declaration, which shall in no event divest the members' right of use as aforesaid. As provided in the General Declaration and the Declaration of Private Roads, the Ranch Association shall be responsible for the maintenance and repair of the above-described private roads.

6.4 Utilities: The Water System and Sewer System described in the General Declaration will be installed for use by all members in the Phase 1 Stage 2 Property. Block 2, Lot 45 is reserved for a lift station, which

is part of the Sewer System, and shall be transferred to the Ranch Association pursuant to the terms of Section 14.1 of the General Declaration. Block 3, Lot 47 is reserved for a well, which is part of the Water System, and shall be transferred to the Ranch Association pursuant to the terms of Section 14.2 of the General Declaration.

ARTICLE 7. Limitation of Building Improvements

7.1 Affected Lots: These Lots may not contain any Building Improvements except:

- (a) A Single Family Structure or a Primary/Secondary Structure; and,
- (b) A garage of a size and at a location approved in writing by the DRC, which may be attached or detached; and,
- (c) Such fences, walls, driveways and parking areas as may be approved in writing by the DRC; and,
- (d) Landscaping improvements approved in writing by the DRC; and,
- (e) Such other improvements as may be approved in writing by the DRC.

Maximum and minimum square footages are defined in the Design and Development Guidelines.

ARTICLE 8. Use of Platted Lots

8.1 Single Family Residential Use: The Affected Lots shall be used only for single family residential purposes with customary accessory uses, except as permitted under Section 8.4. Customary accessory uses shall include but not be limited to long or short term rentals to persons who use such improvements for residential or lodging purposes, as restricted by the terms of Section 7.17 of the General Declaration.

8.2 No Further Division: No Owner of any Affected Lot may apply to Valley County, Idaho, or any governmental jurisdiction to further divide any Affected Lot, except that Declarant may further divide an Affected Lot, or adjust lot lines between Affected Lots, prior to sale of such Affected Lot(s), as approved by Valley County.

8.3 Condominiums: No Owner of any Affected Lot shall dedicate or submit such Owners' Lot to a condominium form of ownership.

8.4 Home Office: An Affected Lot may also be used for a Home Office, only if the Ranch Association has issued a written permit for such activity. The Ranch Association may refuse to issue a permit in its sole and absolute discretion, if, in the Ranch Association's reasonable judgment, such activity would:

- (a) create additional vehicular traffic to or from such Lot;
- (b) employ persons at such lot other than those residing at such Lot;
- (c) require storage of any significant materials, machinery, inventory or other items on such Lot;
- (d) require processing of materials into finished products or the assembly of parts produced off site;
- (e) require additional parking at such lot, whether for customers, delivery or otherwise;
- (f) be incompatible with the quiet enjoyment of the surrounding Lots by such Lots' Owners; or,
- (g) otherwise violate the provisions of Article 7 or 8 of the General Declaration.

Any such permit shall be issued for such period and upon such terms as the Ranch Association, in its sole discretion, deems reasonable.

ARTICLE 9. Future Development of Block 4

Declarant reserves the right to further develop Block 4, and further divide Block 4, Lots 54 and 55, for any and all uses and densities permissible under the CUP, including but not limited to Golf Course, Utility and Open Space. Nothing contained herein shall limit the right of Declarant to obtain final plat approval for such uses, or to excavate, grade and construct improvements to and on any portion of Block 4, in furtherance of the terms of the CUP and other applicable Permits. Declarant need not seek or obtain approval from any Owners of Affected Lots for any such improvements. All Owners of Affected Lots consent to such future development and waive any claim that such development is incompatible with or otherwise diminishes the value of their Unit or Jug Mountain Ranch, or that any views enjoyed by any Unit are a property right thereof.

ARTICLE 10. Building Guidelines

10.1 All Building Improvements on any Affected Lot must be built strictly in accordance with the provisions of the Design and Development Guidelines.

10.2 By acquiring any interest in an Affected Lot, the Owner of such Lot consents to and accepts the authority of the Design Review Committee to review and approve the plans and specifications for any Building Improvements on such Lot in accordance with the Design and Development Guidelines in effect from time to time. In particular, such Owner recognizes that certain of the judgments which will be made by the DRC are subjective in nature, and such Owner agrees not to contest such subjective judgments unless they are made in bad faith or in an arbitrary and capricious manner.

ARTICLE 11. Miscellaneous

11.1 Duration of Supplemental Declaration: This Supplemental Declaration shall run with and bind the Affected Property, and shall inure to the benefit of and shall be enforceable by the Ranch Association or any Owner of an Affected Lot, their respective legal representatives, heirs, successors, and assigns, for a term of 50 years from the date this Supplemental Declaration is recorded. After such time, this Supplemental Declaration shall be automatically extended for successive periods of 10 years, unless an instrument in writing, signed by the Declarant and the Ranch Association upon the affirmative vote of the Class E Declarant Member, the Ranch Association Board, and 90% of the Owners of the Affected Lots, has been recorded within the year preceding each extension, agreeing to terminate this Supplemental Declaration, in which case this Supplemental Declaration shall be terminated as specified therein.

11.2 Amendment:

(a) **By the Board:** Except as limited or committed to action by the members, either by the Articles, the Bylaws, the Declaration or this Supplemental Declaration, the Board shall have the power to amend this Supplemental Declaration at any regular meeting of the Board or at any special meeting called for that purpose at which a quorum is represented. However, if the members shall amend any portion of this Supplemental Declaration, the directors shall not thereafter amend the same in such manner as to defeat or impair the object of the members in taking such action. Any amendment to the Declaration approved by the Board shall have no material adverse effect upon any right of any Owner or member.

(b) **By Owners:** Thereafter and otherwise, this Supplemental Declaration may be amended upon the affirmative vote of 75% of the Owners of the Affected Lots and the approval of Declarant and the Ranch Association, by the recording of a written instrument or instruments specifying the amendment or the repeal, executed by the Declarant and the Ranch Association.

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.

(c) **Validity and Effective Date of Amendments:** Amendments to this Supplemental Declaration shall become effective upon recordation in the land records of Valley County, Idaho, unless a later effective date is specified therein. Any procedural challenge to an amendment must be made within six months of its recordation or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of this Supplemental Declaration.

If an Owner consents to any amendment to this Supplemental Declaration or the Residential Association Articles of Incorporation or Bylaws, it will be conclusively presumed that such Owner has the authority to so consent, and no contrary provision in any Mortgage or contract between the Owner and a third party will affect the validity of such amendment. No amendment shall be contrary to the terms or conditions of any valid County, State, or Federal Permit applicable to the PUD; nor, shall any Amendment divest any Owner of any material and substantial vested property rights.

No amendment may remove, revoke, or modify any right or privilege of the Declarant without the written consent of the Declarant or the assignee of such right or privilege.

11.3 Effect of Provisions of Supplemental Declaration: Each provision of this Supplemental Declaration, and a promise, covenant and undertaking to comply with each such provision: (a) shall be deemed incorporated in each deed or other instrument by which any right, title or interest in any real property within the Affected Property is granted, devised or conveyed, whether or not set forth or referred to in such deed or other

instrument; (b) shall, by virtue of acceptance of any right, title or interest in any real property within the Affected Property by an Owner or the Ranch Association, be deemed accepted, ratified, adopted and declared as a personal covenant of such Owner or the Ranch Association, as the case may be; (c) shall, as a personal covenant, be binding on such Owner or the Ranch Association and such Owner's or the Ranch Association's respective heirs, personal representatives, successors and assigns; (d) shall, as a personal covenant of an Owner, shall be deemed a personal covenant to, with and for the benefit of Declarant and to, with and for the benefit of the Ranch Association but not to, with or for the benefit of any other Owner; (e) shall, if a personal covenant of the Ranch Association, be deemed a personal covenant to, with and for the benefit of Declarant and to, with and for the benefit of each Owner; (f) shall be deemed a real covenant by Declarant, for itself, its successors and assigns, and also an equitable servitude, running, in each case, as a burden with and upon the title to each parcel of real property within the Affected property; (g) shall, as a real covenant and also as an equitable servitude, be deemed a covenant and servitude for the benefit of any real property now or hereafter owned by Declarant within the Affected property and for the benefit of any and all other real property within Jug Mountain Ranch; and (h) shall be deemed a covenant, obligation and restriction secured by a lien, binding, burdening and encumbering the title to each parcel of real property within the Affected Property which lien with respect to any Unit shall be deemed a lien in favor of Declarant and the Ranch Association, jointly and severally, and, with respect to any real property owned by the Ranch Association, shall be deemed a lien in favor of Declarant.

11.4 Enforcement and Remedies: Each provision of this Supplemental Declaration with respect to an Owner or property of an Owner shall be enforceable by Declarant or the Ranch Association as provided in Section 18.4 of the General Declaration.

11.5 Protection of Encumbrancer: No violation or breach of, or failure to comply with, any provision of this Supplemental Declaration and no action to enforce any such provision shall affect, defeat, render invalid or impair the lien of any mortgage, deed of trust or other lien on any property taken in good faith and for value and perfected by recording in the office of the Recorder of Valley County, Idaho, prior to the time of recording in said office of an instrument describing such property and listing the name or names of the Owner or Owners of fee simple title to the property and giving notice of such violation, breach or failure to comply, nor shall such violation, breach, failure to comply or action to enforce affect, defeat, render invalid or impair the title or interest of the holder of any such mortgage, deed of trust, or other lien or title or interest acquired by any purchaser upon foreclosure of any such mortgage, deed of trust or other lien or result in any liability, personal or otherwise, of any such holder or purchaser. Any such purchaser upon foreclosure shall, however, take subject to this Supplemental Declaration with the exception that violations or breaches of, or failures to comply with, any provisions of this Supplemental Declaration which occurred prior to the vesting of fee simple title in such purchaser shall not be deemed breaches or violations hereof or failures to comply herewith with respect to such purchaser, his heirs, personal representatives, successors or assigns.

11.6 Perpetuities: The covenants, conditions, restrictions, and other provisions of this Declaration and any other Association Document shall continue in full force and effect until the death of the survivor of the now living grandchildren of Robert F. Kennedy, the former Attorney General of the United States of America, plus twenty-one years, unless this Declaration is sooner terminated pursuant to Section 11.1 above.

11.7 Limited Liability: Neither Declarant, the Ranch Association, the DRC, the Board of Directors of the Ranch Association, nor any member, agent or employee of any of the same shall be liable to any party for any action or for any failure to act with respect to any matter if the action taken or failure to act was in good faith and without malice.

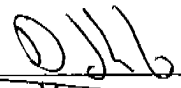
11.8 Successors and Assigns: Except as otherwise provided herein, this Supplemental Declaration shall be binding upon and shall inure to the benefit of Declarant, the Ranch Association, and each Owner of an Affected Lot and their respective heirs, personal representatives, successors and assigns.

11.9 Severability: Invalidity or unenforceability of any provision of this Supplemental Declaration in whole or in part shall not affect the validity or enforceability of any other provision or any valid and enforceable part of a provision of this Supplemental Declaration.

11.10 No Waiver: Failure to enforce any provisions of this Supplemental Declaration shall not operate as a waiver of any such provision or of any other provision of this Supplemental Declaration.

IN WITNESS WHEREOF Declarant has executed this Supplemental Declaration the day and year first above written.

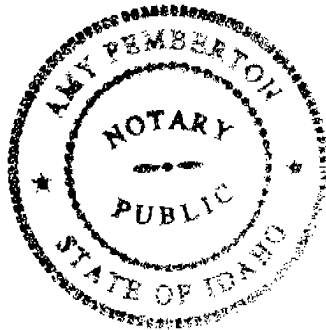
JUG MOUNTAIN RANCH LLC,
An Idaho limited liability company

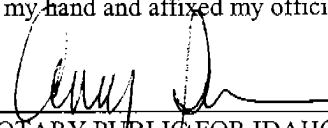
By: 
D. John Carey, Manager

STATE OF IDAHO,)
) ss.
County of Valley.)

On this 14th day of April, 2004, before me, Amy Pemberton, a Notary Public in and for said State, personally appeared **D. John Carey**, known or identified to me to be the Manager of **Jug Mountain Ranch LLC**, the limited liability company that executed the instrument or the person who executed the instrument on behalf of said limited liability company, and acknowledged to me that such company executed the same.

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




NOTARY PUBLIC FOR IDAHO
Residing at: MCCALL, ID
My Commission Expires: 5/9/2007

Instrument # 313721

VALLEY COUNTY, CASCADE, IDAHO

2006-09-26

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LELAND G. HEINRICH

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JUG MOUNTAIN RANCH

MCCALL, IDAHO

AMENDED AND RESTATED
GENERAL DECLARATION
FOR
JUG MOUNTAIN RANCH

Recording Requested By and When Recorded Return To:

Millemann, Pittenger, McMahan & Pemberton, LLP

706 North First Street

P.O. Box 1066

McCall, Idaho 83638

**AMENDED AND RESTATED
GENERAL DECLARATION
FOR
JUG MOUNTAIN RANCH**

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**AMENDED AND RESTATED
GENERAL DECLARATION
FOR
JUG MOUNTAIN RANCH**

This General Declaration ("this Declaration") is made this 22nd day of September, 2006, by Jug Mountain Ranch LLC, an Idaho limited liability company.

ARTICLE 1. Declaration / Purposes

1.1 General Purposes

(a) The Declarant, owns the real property hereinafter defined as Jug Mountain Ranch and intends to develop said property as a residential community and a self-contained, village-like area designed to contain facilities and provide services, including lodging, food and beverage services, shops and merchandising areas, and entertainment and recreation opportunities, for all persons residing, visiting or doing business within Jug Mountain Ranch.

(b) Jug Mountain Ranch Association, an Idaho nonprofit corporation, has been formed, to perform certain functions and to hold and manage certain property for the common benefit of some or all Owners or Lessees within Jug Mountain Ranch. This Declaration defines certain rights and obligations of Owners and Lessees within Jug Mountain Ranch with respect to the Ranch Association and with respect to Functions undertaken and Association Facilities held by the Ranch Association.

(c) By this Declaration, Declarant also intends to establish a means to provide for and maintain the area within Jug Mountain Ranch as a pleasant and desirable environment for all persons residing, visiting or doing business therein.

1.2 Declaration: To further the general purposes herein expressed, The Declarant, for itself, its successors and assigns, hereby declares that all real property hereinafter defined as Jug Mountain Ranch, including any property added to Jug Mountain Ranch as hereinafter provided, shall, at all times, be owned, held, used and occupied subject to the provisions of this Declaration and to the covenants, conditions and restrictions herein contained. Declarant, for each Unit it owns, and each Owner, by acceptance of a deed or other conveyance of title to a Unit, and each Village Lessee, by acceptance of a lease or other rental agreement to a Village Unit, HEREBY COVENANTS, PROMISES, AND AGREES to be bound by and to comply in all respects with all provisions of this Declaration, and all applicable Supplemental Declarations, the Articles and Bylaws of the Ranch Association, all applicable sub-association articles and bylaws, the Design and Development Guidelines, and all Rules and Regulations promulgated pursuant to any of the above.

1.3 Board Approval: This Amended and Restated General Declaration was approved by the Board of Directors of the Jug Mountain Ranch Association at a properly noticed meeting conducted on July 17, 2006.

ARTICLE 2. Certain Definitions

2.1 Affirmative Vote Of A Majority Of The Classes: The Affirmative Vote of a Majority of the Classes shall be achieved on any particular matter if (and only if) (a) a majority of the Class C, D and E members vote in favor of such matter; and, (b) at least 51% of the votes of the Class A Members and 51% of the votes of the Class B Members are cast in favor of such matter. For the purpose of determining the vote of a class, the votes of a majority of the members of such class present at a meeting at which a quorum is established, in person or by proxy and entitled to vote on such matter shall be deemed the vote of such class. Notwithstanding the foregoing, in the event that there are no Class B members, or no Class C, D or E member, due to the fact that they do not yet exist or upon their effective resignation, the favorable vote of such member(s) shall not be considered in determining a majority. Notwithstanding any other provision to the contrary in the Association Documents, this definition may not be amended without an Affirmative Vote Of A Majority Of The Classes as defined herein.

2.2 Articles: The Articles of Incorporation for Jug Mountain Ranch Association, Inc.

2.3 Association Documents: The various operative documents of the Jug Mountain Ranch Association, including: (a) the Articles of Incorporation for Jug Mountain Ranch Association; (b) the Bylaws for Jug Mountain Ranch Association; (c) this Declaration; (d) the Design and Development Guidelines; (e) all Rules and Regulations promulgated by the Board; (f) the Articles of Incorporation and Bylaws for any other Association which

is created within Jug Mountain Ranch; (g) all Supplemental Declarations recorded by Declarant; and, (h) all amendments and supplements to any of the aforementioned documents.

2.4 Association Facilities: All property owned or leased by the Ranch Association or otherwise held or used by the Ranch Association, or under the Ranch Association's management or control by, through or under contractual arrangements, licenses or other arrangements, including Property Furnished by Declarant, real property or interests therein, improvements on real property, and personal property and equipment.

2.5 Benefited Units: The Board shall have the discretion to designate groups of Units which have like interests or needs, which Units may already be grouped as a Neighborhood, or may be some other grouping of Units with like interests or needs, for the following purposes: construction, assessment and budgeting for Local Improvement Assessments, as defined at Section 9.3 of the Bylaws; determination, assessment and budgeting for Local Maintenance Assessments, as defined at Section 9.3 of the Bylaws; and/or, any other benefit, service or obligation related to certain Units which are not already grouped as a Neighborhood. The Board may make such designation either of their own volition or in their discretion at the request of Members.

2.6 Board: The Board of Directors for Jug Mountain Ranch Association, Inc.

2.7 Bylaws: The Bylaws for Jug Mountain Ranch Association, Inc.

2.8 Common Open Space: Open Space which is declared to be Common Open Space in a Supplemental Declaration. Common Open Space is further described at Section 5.1 as Open Space in which Members of the Association enjoy common, non-exclusive rights of use.

2.9 Conversion Date: That date upon which certificates of occupancy have been issued for 90 percent of the dwelling units authorized to be constructed in Jug Mountain Ranch under the PUD, or such earlier date as is selected by Declarant.

2.10 County: Valley County, Idaho.

2.11 CUP or Jug Mountain Ranch CUP: Valley County Conditional Use Permit No. 99-12, Jug Mountain Ranch – Phase I, Stage 1, PUD 97-1 Jug Mountain Ranch Planned Unit Development; and, Valley County Conditional Use Permit No. 01-05, Jug Mountain Ranch – Phase I, Stage 2, PUD 97-1 Jug Mountain Ranch Planned Unit Development; together with any additional Condition Use Permit granted by Valley County which applies to the Property; and, as all of said conditional use permits may be amended. The CUP shall be deemed to include and incorporate the following: the PUD; any and all applications for the above conditional use permits or the PUD; all conditions of approval of any Jug Mountain Ranch conditional use permit or the PUD imposed by Valley County; the terms of any agreements entered into by The Declarant and Valley County related to the above conditional use permits or the PUD; and, the terms and conditions of all permits or licenses issued by Valley County, the State of Idaho, the United States of America, or any department or agency thereof, related to the above conditional use permits or the PUD.

2.12 Declarant: Jug Mountain Ranch LLC, an Idaho limited liability company, and any party which (a) acquires from Declarant all or substantially all of its property at Jug Mountain Ranch and (b) is designated by a written instrument as a successor or assignee of Declarant under this Declaration. Such instrument may specify the extent and portion of the rights or interests as a Declarant which are being assigned, in which case Jug Mountain Ranch LLC shall retain all other rights as Declarant.

2.13 Declaration: This Declaration and all Amendments or Supplements hereto, hereafter recorded in the real property records of Valley County, Idaho.

2.14 Default Rate: Any delinquent assessment, charge, fine, penalty or other amount payable pursuant to the terms of the Association Documents shall bear interest at the greater of eighteen percent (18%) per annum, or six (6) points above the prime rate of Wells Fargo Bank, NA or any other national banking association with offices in Boise, Idaho.

2.15 Design and Development Guidelines: The Jug Mountain Ranch Design and Development Guidelines, as further described in Article 8 herein and as may be amended from time to time.

2.16 Design Review Committee: Design Review Committee ("DRC") shall mean the Design Review Committee established pursuant to Article 8 herein.

2.17 Exclusive Open Space: Open Space which is declared to be Exclusive Open Space in a Supplemental Declaration. Exclusive Open Space is further described at Section 5.2.

2.18 Function: Any activity, function or service required under this Declaration to be undertaken or performed by the Ranch Association as well as any activity, function or service otherwise undertaken or performed by the Ranch Association.

2.19 Golf Course: Any golf course located within Jug Mountain Ranch, as well as all ancillary facilities, including but not limited to an 18 hole golf course as well as any additional golf course, golf practice facilities including a driving range and putting green, club house, maintenance facilities, any additional related and supporting facilities, structures and improvements operated in connection with such golf course. All real property to be part of the Golf Course shall be designated as "Golf Course" on a recorded Plat, or shall be designated as such in a Supplemental Declaration.

2.20 Guest: Any customer, agent, employee, guest or invitee of an Owner, Lessee, Subowner or any Priority Member, and any person or persons, entity or entities who have any right, title or interest in a Unit which is not the fee simple title to the Unit (including a lessee or Subowner other than a Lessee) and any customer, agent, employee, guest or invitee of such person or persons, entity or entities.

2.21 Jug Mountain Ranch: All of the real property in Valley County, Idaho, within the boundaries set forth in the legal description attached hereto as **Exhibit A** as well as all real property which becomes part of Jug Mountain Ranch as provided in Article 10 herein. Any property removed from Jug Mountain Ranch as provided in Article 10 herein shall no longer be part of Jug Mountain Ranch. Any real property included in the definition of Jug Mountain Ranch pursuant to this Section which is hereafter incorporated as or becomes a part of a municipal corporation may be excluded from and be deemed outside of Jug Mountain Ranch by the action of the Board and the written consent of Declarant, upon the recording in the office of the Recorder of Valley County, Idaho, of a written instrument signed by Declarant and the Ranch Association containing a legal description of the real property to be excluded and declaring that said real property shall be deemed to be outside Jug Mountain Ranch.

2.22 Land Use Plan: The Proposed Master Land Use Plan approved as part of the PUD, as may be amended. Uses delineated on the Land Use Plan include Single Family Residential; Single Family / Townhome Residential; Multi-use / Mixed Residential; and Recreation / Open Space. Single family residential uses are also allowed in the Single Family / Townhome Residential, Multi-use / Mixed Residential areas. Townhomes are also allowed in the Multi-use / Mixed Residential areas.

2.23 Lessee: The person or persons, entity or entities who are the lessees under a ground lease of any part or all of a Unit or the lessees of any space within a building on any Unit. All such leased property is hereinafter referred to as the **Leased Premises**. The term Lessee shall include Declarant to the extent it is a Lessee as defined above, and shall include a sublessee to the extent he becomes a Lessee pursuant to Section 16.8 of this Declaration, but it shall not include the Ranch Association or any governmental entity, taxing district or utility provider.

2.24 Member: A Person entitled to membership in the Ranch Association, as described at Section 3.1 of the Bylaws.

2.25 Neighborhood: A group of Units designated as a separate Neighborhood in a Supplemental Declaration by the Declarant for purposes of electing Directors to the Ranch Association Board, and, in some instances, to interface with the Ranch Association with regard to proposed services, maintenance, improvements or other issues uniquely affecting the Neighborhood, and/or for purposes of sharing Exclusive Open Spaces and/or receiving other benefits or services and/or with separate interests or needs, as further described at Article 13 of the Bylaws. The Declarant shall assign all Units to a Neighborhood in a Supplemental Declaration, and shall have the right to add Units to each Neighborhood, and to reallocate Units within each Neighborhood pursuant a Supplemental Declaration.

2.26 Open Space: Property within the CUP, devoid of buildings or structures, except where necessary for utilities or for the provision of recreation or fish and wildlife habitat improvements, and except as otherwise permitted in Exclusive Open Spaces at Section 5.2. Open Space shall be designated as such on each Final Plat for the CUP. The "Open Space" designation, as defined herein, shall bind the use of the subject property, whether it is owned by the Ranch Association or by a private person or entity.

2.27 Owner: The person or persons, entity or entities who own of record, according to the real property records of Valley County, Idaho, fee simple title to a Unit, and any other Property within Jug Mountain Ranch, including but not limited the Golf Course. Each Owner shall also be the holder or holders of a particular Regular or

Priority Membership in the Ranch Association, as set forth below, which is appurtenant to ownership of such Unit or other real property.

2.28 Person: A natural person, a corporation, a partnership, a trustee, or any other legal entity.

2.29 Private Amenities: Certain real property and any facilities, structures and improvements located thereon which are privately owned and operated by Persons other than the Ranch Association for recreational and related purposes, on a use fee basis or otherwise, and shall include, without limitation, the Golf Course. Private Amenities are further described at Section 5.3. NO PERSON SHALL POSSESS ANY RIGHT TO ENTER ONTO OR USE PRIVATE AMENITIES BY VIRTUE OF OWNERSHIP OR OCCUPANCY OF A UNIT OR MEMBERSHIP IN THE RANCH ASSOCIATION.

2.30 Private Open Space: Open Space which is declared to be Private Open Space either in a Final Plat or in a Supplemental Declaration. Private Open Space shall be the private property of its Owner, and shall be maintained by its Owner. Access to and use of Private Open Space is strictly subject to the rules and procedures of the Owner of the Private Open Space, and no Person gains any right to enter onto such Private Open Space by virtue of membership in the Ranch Association or ownership or occupancy of a Unit.

2.31 Property: Any and all real property which is now or may hereafter be included within Jug Mountain Ranch, including public or private streets, roads and any public or private easements or rights-of-ways and including any and all improvements on any of the foregoing.

2.32 Property Furnished by Declarant: Any real property, any improvement or portion of any improvement on real property and any personal property or equipment with respect to which Declarant grants, assigns or conveys to the Ranch Association title, interests in, or rights of use, or with respect to which Declarant permits use by the Ranch Association or some or all Owners, Lessees, Guests or Subowners and any replacement of or substitute for any of the foregoing. Property Furnished by Declarant may include, but is not limited to, the access roads or roads serving Jug Mountain Ranch; open space or unimproved areas within Jug Mountain Ranch, walks, drives, malls, commons, bike paths, stairs, landscaping, trees, shrubs, ponds, seating benches, aesthetic structures, lighting, walk coverings and other open space improvements; parking areas or structures or facilities; tennis courts, game courts, other recreational facilities, conference facilities, cars and trucks or snow removal, maintenance or other equipment, and office space and office furnishings, furniture or fixtures. The Ranch Association shall be obligated to, and shall accept the title to, interests in, or rights of use with respect to any Property Furnished by Declarant which may be assigned, granted, or conveyed to the Ranch Association by Declarant, subject to such reservations, restrictions and conditions as Declarant may reasonably request.

2.33 PUD or Jug Mountain Ranch PUD: Concept approval, for PUD 97-1 Jug Mountain Ranch Planned Unit Development, as granted by the Valley County Planning and Zoning Commission and the Valley County Board of Commissioners on September 4, 1998, and as may be amended.

2.34 Residential Unit: Any Unit for which the use is restricted to single family residential or multi-family residential in a Supplemental Declaration. A Residential Unit shall not include rooms or units within a lodge or hotel.

2.35 Ranch Association: Jug Mountain Ranch Association, Inc., an Idaho nonprofit corporation, formed and incorporated to be and constituting the Ranch Association to which reference is made in this Declaration and to further the common interests of all Owners or Lessees or of particular classes of Owners or Lessees of Units within Jug Mountain Ranch.

2.36 Sewer System: The Jug Mountain Ranch central sewer system described at Section 14.1 below.

2.37 Subowner: Any person or persons, entity or entities who occupy or use a Unit or portion thereof pursuant to a license, concession agreement or other arrangement with an Owner or Lessee or who have any right, title or interest in a Unit, including a mortgagee or beneficiary, as the case may be, under a mortgage or deed of trust encumbering a Unit.

2.38 Unit: Each parcel of real property within Jug Mountain Ranch, as reflected on a recorded Final Plat for such parcel, whether improved or unimproved, which may be independently owned and conveyed and which is intended for development, use, or occupancy. The term shall refer to the land, as well as any structures and improvements thereon. Notwithstanding the foregoing, the following shall not be considered a Unit: Common Open Spaces; Exclusive Open Spaces; Private Open Spaces, exclusive of any parcel which would otherwise be associated with a Class A Residential Membership or a Class B Village Membership; the Golf Course; common property of

any Association; property dedicated to the public; or, a parcel of property owned, held or used in its entirety by the Ranch Association, or by any governmental entity, or for or in connection with the distribution of electricity, gas, water, sewer, telephone, television or other utility service or for access to any property within or without Jug Mountain Ranch. In the case of a parcel of vacant land or land on which improvements are under construction, and for which a Final Plat has been recorded with Valley County for a condominium or for multi-family housing, the parcel shall be deemed to contain the number of Units designated for such parcel on the Final Plat.

2.39 Village: That portion of Jug Mountain Ranch which is delineated in a Final Plat for the CUP, or in any Supplemental Declaration, as "the Village".

2.40 Water System: The Jug Mountain Ranch central water system described at Section 14.2 below.

ARTICLE 3. Jug Mountain Ranch Association

3.1 Organization: The Jug Mountain Ranch Association, Inc. (the "Ranch Association") shall be initially organized by Declarant as an Idaho, non-profit corporation. The Ranch Association is charged with the duties and vested with the powers prescribed by law and as set forth in the Ranch Association Articles of Incorporation and Bylaws, and this Declaration.

3.2 Membership: The following shall be Members of the Ranch Association: (1) each Owner of a Unit within Jug Mountain Ranch; (2) each Lessee with an interest in a Leased Premises which carries a Class B Village Membership; (3) Jug Mountain Ranch LLC (the Class C-Golf Member and the Class D-Declarant Member); and, (4) up to four Declarant-Assignees. Said Members shall be allocated among five classes of membership, as defined and described in the Bylaws, and which are made up of two classes of regular membership and three classes of priority membership. The two classes of regular membership are as follows: (1) Class A-Residential; and, (2) Class B-Village. The three classes of priority membership are as follows: (1) Class C-Golf; (2) Class D-Declarant; and, (3) Class E-Declarant-Assignee. The details with regard to the members of each Class, together with voting rights and the appointment of directors, are all defined and described in the Bylaws. Diagram 3.1 illustrates the Ranch Association membership classes, as more fully and completely described in Section 3.1 of the Bylaws.

Jug Mountain Ranch Association	
Membership Classes	
Class	Summary of Members
Class A Residential	Owners of Single Family and Multi-Family Units outside the Village
Class B Village	Owners & Lessees of Units within the Village
Class C Golf	Owner of the Golf Course
Class D Declarant	Declarant
Class E Declarant-Assignee	To be Assigned by Declarant

Diagram 3.1

3.3 Compliance with Association Documents: All members shall comply with the terms and conditions of all Association Documents, as well as all Rules and Regulations which may be enacted by the Board pursuant to the Association Documents.

ARTICLE 4. Assessments And Other Amounts

4.1 Obligation for Assessments and Other Amounts: Declarant for each Unit it owns hereby covenants; each Owner, by acceptance of a deed for his Unit, whether or not it shall be so expressed in any such deed or other conveyance; and, each Village Lessee, by acceptance of a Lease to a Village Unit, shall be conclusively deemed to have covenanted and agreed to pay to the Ranch Association the Common, Civic and Special Assessments and charges, fines, penalties or other amounts, to be levied, fixed, established and collected as set forth in this Declaration and the Articles, Bylaws and rules and regulations of the Ranch Association as from time to time are in force and effect. The Declarant's obligations hereunder may be satisfied in the form of cash or by "in kind" contributions of services or materials, or by a combination of these.

4.2 Purpose of Assessments and Other Amounts: The assessments levied and any charge, fine, penalty or other amount collected by the Ranch Association shall be used exclusively to pay expenses that the Ranch Association may incur in performing any actions or functions permitted or required under this Declaration, or its

Articles or Bylaws as from time to time are in force and effect, including the funding of Reserve and Contingency Accounts.

4.3 Time for Payments: The amount of any assessment, charge for interest or otherwise, fine, penalty or other amount payable by any Owner or with respect to such Owner's Lessees, Subowners, Guests or Unit shall become due and payable as specified in the Articles or Bylaws. In addition, the Bylaws may authorize the Ranch Association, during the period of any delinquency, to suspend an Owner or Lessee's voting privileges or any other privileges stemming from membership in the Ranch Association.

4.4 Lien for Assessments and Other Amounts: In addition to any other remedies specified herein or in the Bylaws, or allowed by law, the Ranch Association shall have a lien against each Unit to secure payment of any assessment, charge, fine, penalty or other amount due and owing to the Ranch Association, as provided in the Bylaws.

4.5 Liability of Owners, Purchasers and Encumbrances: The amount of any assessment, charge, fine or penalty payable by any Owner or Lessee, or with respect to such Owners, Lessees, Subowners, Guests or Unit shall also be a joint and several personal obligation to the Ranch Association of such Owner and/or Lessee and such Owner's and/or Lessee's, heirs, personal representatives, successors and assigns. A party acquiring fee simple title to a Unit, or a leasehold interest in a Village Unit Lease, shall be jointly and severally liable with the former Owner or Lessee of the Unit for all such amounts which had accrued and were payable at the time of the acquisition of fee simple title to the Unit by such party, without prejudice to such party's right to recover any of said amounts from the former Owner or Lessee. Each such amount, together with interest thereon at the Default Rate and reasonable attorney's fees and costs, may be recovered by suit for a money judgment by the Ranch Association without foreclosing or waiving any lien securing the same. Notwithstanding the foregoing, the holder of a mortgage, deed of trust or other lien on a Unit shall not be liable for any such assessment, charge, fine or penalty and the lien for any such assessments, charges, fines or penalties shall be junior to any first lien on a Unit taken in good faith and for value and perfected by recording in the office of the Recorder of Valley County, Idaho, prior to the time a notice of failure to pay any such amount is recorded in said office, describing the Unit and naming the Owner of the Unit.

ARTICLE 5. Property Rights

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

- (a) The Association Documents and any other applicable covenants;
- (b) Any restrictions or limitations contained in any deed conveying such property to the Ranch Association;
- (c) The right of the Board to adopt rules regulating the use and enjoyment of the Common Open Space, including rules restricting use of any recreational facilities which may be located within the Common Open Space to occupants of Units and their guests and rules limiting the number of guests who may use the Common Open Space;
- (d) The right of the Board to suspend the right of an Owner to use any Common Open Space or any recreational facilities located within the Common Open Space (i) for any period during which any charge against such Owner's Unit 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 Declaration, any applicable Supplemental Declaration, the Bylaws, or rules of the Ranch Association, after notice and a hearing as provided in the Bylaws;
- (e) The right of the Ranch Association, acting through the Board, to dedicate or transfer all or any part of the Common Open Space pursuant to the terms of this Declaration;
- (f) The right of the Board, or the operator of a Private Amenity, to impose membership requirements and/or charge membership, admission or other fees for the use of any recreational facility which may be situated upon the Common Open Space and to allow the use thereof by non owners;
- (g) The right of the Board to permit use of any Common Open Space, or any recreational facilities which may be situated on the Common Open Space, by persons other than Owners, their families, lessees and guests with or without payment of use fees;

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

(i) The right of Declarant to place utilities within any Open Space, and the right to grant easements for the maintenance and repair of such utilities; and,

(j) The right of the Declarant to convert Open Space to single family residential use, provided: any such conversion will be subject to necessary approvals from Valley County, and any other required regulatory entities, will maintain the overall density limits established in the CUP, and will maintain the material balance between open space and developed property within the CUP.

Any Owner may extend his or her right of use and enjoyment to the members of his or her family, lessees, and social invitees, subject to reasonable Board regulation. An Owner who leases his or her Unit shall be deemed to have assigned all such rights to the lessee of such Unit, unless provided to the contrary in the Lease.

5.2 Exclusive Open Space: Certain portions of the Open Space may be designated as Exclusive Open Space and reserved for the exclusive use or primary benefit of Owners, occupants and invitees of Units within a particular Neighborhood or Neighborhoods, or other group of Benefited Units. All costs associated with maintenance, repair, replacement, and insurance of Exclusive Open Spaces shall be assessed as a Local Maintenance Assessment pursuant to the Bylaws.

Declarant may construct any improvement, utilities, or fixtures within an Exclusive Open Space that Declarant, in Declarant's discretion, determines will benefit the Owners of Units assigned the exclusive use of such Exclusive Open Space; and, may grant easements for the maintenance and repair of the same. Additionally, the Owners of Units assigned the exclusive use of such Exclusive Open Space may propose to the DRC any improvement to such Exclusive Open Space that they feel will benefit such Owners, pursuant to Section 9.3(b) of the Bylaws.

Initially, the Declarant shall designate any Exclusive Open Space as such and shall assign the exclusive use thereof in a Supplemental Declaration; provided, any such assignment shall not preclude the Declarant from later assigning use of the same Exclusive Open Space to additional Units and/or Neighborhoods, so long as the Declarant has a right to subject additional property to this Declaration pursuant to Section 10.1. Thereafter, a portion of the Open Space may be assigned as Exclusive Open Space of a particular Neighborhood and Exclusive Open Space may be reassigned by the Ranch Association with the vote of two-thirds (2/3) of the Members within the Neighborhood(s) or Benefited Units to and/or from which the Exclusive Open Spaces are to be assigned. Prior to the Conversion Date, any such assignment or reassignment shall also require the Declarant's consent.

The Ranch Association may, upon approval of a majority of the members of the Neighborhood to which certain Exclusive Open Spaces are assigned, permit Owners of Units in other Neighborhood(s) to use all or a portion of such Exclusive Open Spaces on such terms as are deemed reasonable by the Board.

5.3 Private Amenities: ACCESS TO AND USE OF THE PRIVATE AMENITIES IS STRICTLY SUBJECT TO THE RULES AND PROCEDURES OF THE RESPECTIVE OWNERS OR OPERATORS OF THE PRIVATE AMENITIES, AND NO PERSON GAINS ANY RIGHT TO ENTER OR TO USE THOSE AMENITIES BY VIRTUE OF MEMBERSHIP IN THE RANCH ASSOCIATION OR OWNERSHIP OR OCCUPANCY OF A UNIT. PRIVATE AMENITIES WITHIN JUG MOUNTAIN RANCH SHALL INCLUDE, BUT NOT BE LIMITED TO, THE GOLF COURSE.

Any private amenity may be managed or operated by a club, on such terms and conditions as are mutually agreeable to the owner of the amenity and such club. In the event that the Golf Course becomes a private club, all Owners shall be given the right to become a member of such club, at the price and terms determined by such club.

All Persons, including all Owners, are hereby advised that, no representations or warranties, either written or oral, have been or are made by the Declarant or any other Person with regard to the nature or size of improvements to, or the continuing ownership or operation of the Private Amenities, including but not limited to golf amenities, except as may be provided in the Property Report for the Jug Mountain Ranch or in a Purchase And Sale Agreement for the purchase of a Unit. No purported representation or warranty, written or oral, in conflict with this Section shall be effective without an amendment to this Declaration, or a Supplemental Declaration, executed or joined into by the Declarant and/or the owner(s) of the Private Amenity(ies) which are the subject thereof.

The ownership or operational duties as to the Private Amenities may change at any time and from time to time by virtue of, but without limitation, (a) the sale to or assumption of operations by an independent entity, (b)

creation of a non-equity club membership, whereby ownership of the Private Amenity is not vested in the club members, (c) creation of an "equity" club membership structure or similar arrangement whereby the members of a Private Amenity or an entity owned or controlled thereby become the owner(s) and/or operator(s) of the Private Amenity, or (d) the conveyance of a Private Amenity to one or more affiliates, shareholders, employees, or independent contractors of the Declarant. Any such change shall be subject to the restriction in this section above requiring that all Owners shall be given the right to become a member of any club resulting from any privatization of the Golf Course. No consent of the Ranch Association, any Neighborhood, or any Owner shall be required to effectuate such a transfer or conversion.

The Owner of the Private Amenity and its employees, agents, contractors and designees, and the persons permitted by the Owner of the Private Amenity to use the Private Amenity (regardless of whether such persons are Owners hereunder) and their guests shall at all times have a right and non-exclusive easement of access and use over all roadways located within Jug Mountain Ranch reasonably necessary to travel to and from the entrances to Jug Mountain Ranch from and to the Private Amenity, and, further, over those portions of Jug Mountain Ranch (whether Open Space or otherwise) reasonably necessary to the use, operation, maintenance, repair and replacement of the Private Amenity.

Rights to use the Private Amenities will be granted only to such persons, and on such terms and conditions, as may be determined by their respective owners. Such owners shall have the right, from time to time in their sole and absolute discretion and without notice, to amend or waive the terms and conditions of use of their respective Private Amenities and to terminate use rights altogether.

5.4 Unplatted Land in the PUD: Owners shall have no entitlement to use of any land that is included in the PUD, but which is not yet final platted (hereafter "Unplatted Land"). Access to and use of the Unplatted Land is completely at the discretion of Declarant, and subject to any rules and regulations Declarant may place on such use. No person gains any right to enter or use the Unplatted Land by virtue of membership in the Ranch Association or ownership or occupancy of a Unit. In the event that Declarant does permit such use, such use shall be completely at the risk of the user; and, the user shall be conclusively deemed to have waived as to the Jug Mountain Ranch LLC, together with its members, and to have agreed to hold such entity and persons harmless regarding any injuries, damages or liability of any kind whatsoever which might result from the use of such Unplatted Land. The following additional provisions shall apply to the Unplatted Lands:

(a) **Declarant Exempt from Warning.** Declarant owes no duty of care to keep the Unplatted Lands safe for entry by others for recreational purposes, or to give any warning of a dangerous condition, use, structure, or activity on such premises to persons entering for such purposes. Neither the installation of a sign or other form of warning of a dangerous condition, use, structure, or activity, nor any modification made for the purpose of improving the safety of others, nor the failure to maintain or keep in place any sign, other form of warning, or modification made to improve safety, shall create liability on the part of Declarant where there is no other basis for such liability.

(b) **Declarant Assumes No Liability.** Declarant does not, with regard to individuals who are either directly or indirectly invited or permitted to use the Unplatted Land for no charge for recreational purposes, thereby:

- (i) Extend any assurance that the Unplatted Lands are safe for any purpose; or,
- (ii) Assume responsibility for or incur liability for any injury to person or property.

(c) **Declarant Not Required to Keep Unplatted Lands Safe.** Nothing in this section shall be construed to:

- (i) Create a duty of care or ground of liability for injury to persons or property; or,
- (ii) Relieve any person using the Unplatted Land for recreational purposes from any obligation which they may have in the absence of this section to exercise care in their use of such land and in their activities thereon, or from legal consequences or failure to employ such care.

(d) **User Liable for Damages.** Any person using the Unplatted Land for recreational purposes, with or without permission, shall be liable for any damage to property, livestock or crops which they may cause while on said property.

ARTICLE 6. Certain Obligations And Rights Of Jug Mountain Ranch Association

6.1 Property Maintenance Function:

(a) Association Facilities. The Ranch Association shall provide for the care, operation, management, maintenance, repair and replacement of all Association Facilities, including but not limited to Common Open Spaces, Exclusive Open Spaces, streets and roads. Said obligation shall include, without limitation, removal of snow from and application of sand and salt to parking areas, roads, walks, drives, malls, stairs and other similar facilities as necessary for their customary use and enjoyment; maintenance and care of all open space or unimproved areas included in the Association Facilities and of plants, trees and shrubs in such open space or unimproved areas, maintenance of lighting provided for parking areas, roads, walks, drives, malls, stairs, and other similar facilities. Said obligations may also include maintenance of roads, walks, drives and loading areas which are not Association Facilities as may be necessary or desirable for access to the boundary of or full utilization of any Unit or any improvements within Jug Mountain Ranch.

(b) Association Facilities Owned in Conjunction With Declarant. Unless otherwise agreed in writing, the Ranch Association shall be obligated to and shall provide for the care, operation, management, maintenance and repair of any Association Facilities consisting of only a portion of, or defined space within, a building or other improvement owned by Declarant and shall be obligated to and shall bear and pay to Declarant a proportionate share of Declarant's costs and expenses relating to such building or improvement as a whole, including without limitation, maintenance, taxes and assessments, insurance and depreciation. The proportionate share of the Ranch Association's costs and expenses relating to such building or improvement as a whole shall be determined by Declarant based on the actual amounts of such costs and expenses relating to such building or improvement as a whole multiplied by the ratio with a numerator which is the number of square feet of floor area of such defined space within the building or improvement and a denominator which is the number of square feet of floor area of the entire building or improvement.

(c) Association Facilities Used by Declarant. If, with respect to any Association Facilities, Declarant reserves the right to use all or part of such Association Facilities for part of the time or the right to permit third parties to use all or part of such Association Facilities for part of the time and Declarant actually exercises such reserved right, Declarant shall pay to the Ranch Association the fair rental value of the use of such Association Facilities by Declarant or such third party, as determined by Declarant, based on the particular type of use, the portion of such Association Facilities used and the time or periods of such use, or based on the actual rental payments, income or fees received by Declarant from any third party for such use, whichever is greater; provided, however, the payment by Declarant shall not exceed the costs and expenses of the Ranch Association with respect to such Association Facilities including, without limitation, maintenance, taxes and assessments, insurance and depreciation. Declarant shall have the obligation, or shall impose on any such third party the obligation to restore any such Association Facilities to a clean and orderly condition after each use.

(d) Exterior Maintenance of Certain Neighborhood Improvements. The Declarant may, in a Supplemental Declaration, provide that the exterior of certain privately owned improvements be maintained by the Ranch Association. For example exterior building maintenance for certain Condominium products. The expense for such maintenance shall be assessed pursuant to the Bylaws as a Local Maintenance Assessment.

6.2 Operation Function: The Ranch Association may do all things that are not prohibited by applicable laws or ordinances which may be reasonably necessary or desirable to keep and maintain Jug Mountain Ranch as a safe, attractive and desirable community.

6.3 Public Health and Safety Function: The Ranch Association may provide public health and safety services within Jug Mountain Ranch, including but not limited to, providing health care services and facilities, security services and systems, fire protection facilities, and a fire water system which may include periodic fire prevention inspections and equipment certifications.

6.4 Parking Function: The Ranch Association may construct, purchase, lease, care for, operate, manage, maintain, repair or replace parking areas to accommodate Owners, Lessees, Guests and Subowners, including, but not limited to, signs, landscaping and other similar Facilities appurtenant to said parking areas and the removal of snow from and the cleaning of any of said parking areas. To the extent practicable, the Ranch

Association shall maintain such parking areas so as to meet any requirements imposed on the Ranch Association or on Declarant with respect to Jug Mountain Ranch by the any federal, state or local governmental agency.

6.5 Vehicular Access Limitation Function: The Ranch Association shall provide control over vehicular access to Jug Mountain Ranch in accordance with all requirements with respect to Jug Mountain Ranch imposed on the Ranch Association or on Declarant or otherwise by any other governmental entity or which it deems necessary of desirable for the health, safety or welfare of persons within Jug Mountain Ranch. Said obligation may include, without limitation, constructing, operating and maintaining access road control gates, restricting non-commercial vehicular traffic within Jug Mountain Ranch except for Owners, Lessees or Guests who have overnight accommodations at Jug Mountain Ranch and who obtain parking spaces within Jug Mountain Ranch, and restricting commercial vehicular traffic within Jug Mountain Ranch. All Owners and Lessees may be required to keep the Ranch Association completely informed of all persons who have overnight accommodations at such Owner's or Lessee's property in order to enforce its rules and regulations appropriately.

6.6 Recreation Function: The Ranch Association may provide a year-round recreational program of suitable variety and such miscellaneous equipment as may be necessary therefore, including, but not limited to, informing visitors of recreation available and stimulating their participation therein; conducting, operating, managing and maintaining programs for children, including but not limited to, daycare facilities and such miscellaneous equipment as may be appropriate for use in connection therewith; conducting, caring for, operating, managing, maintaining, repairing and replacing within Jug Mountain Ranch swimming pools, ice rinks, sauna or steam baths, golf courses, horseback riding stables, tennis courts, game courts, game areas and other recreational amenities, and such miscellaneous equipment as may be appropriate for use in connection therewith; and removing snow from and cleaning such facilities as necessary to permit their full use and enjoyment.

6.7 Utility Function: The Ranch Association shall operate, maintain, repair and replace the Water System and Sewer System, as described at Article 14, and pursuant to Rules and Regulations, or shall contract with Declarant for the same. Declarant reserves the right to contract with an independent provider to obtain this service.

6.8 Trash Collection and Disposal Function: The Ranch Association may provide for the collection, removal and disposal of all trash, garbage and other solid waste in Jug Mountain Ranch, through any program offered therefore by or through Valley County, including but not limited to, the construction, operation and maintenance of a central waste disposal facility, and the possible production and sale of any energy generated in connection therewith. The Ranch Association shall have the power to adopt, amend and enforce rules and regulations applicable within Jug Mountain Ranch to provide for the orderly collection and disposal of such trash, garbage and other solid waste.

6.9 Recycling Function: The Ranch Association may establish a recycling program and recycling center within the Jug Mountain Ranch, through or in addition to any program offered therefore by or through Valley County. In such event, all occupants of Units shall support such program by recycling, to the extent reasonably practical, all materials which the Ranch Association's recycling program or center is set up to accommodate.

6.10 Animal Control Function: The Ranch Association may provide for regulations, facilities, manpower and funds to enforce animal and reptile control and for the orderly dispensing of stray animals and reptiles; or, to exclude animals and reptiles from Jug Mountain Ranch, in which case it may provide reasonable kennel facilities for the keeping and care of Owners' Lessees' and Guests' animals.

6.11 Environmental Monitoring Function: The Ranch Association may monitor air and water quality in Jug Mountain Ranch to determine trends, to detect violations of state pollution laws and may control and enforce fireplace construction and utilization pursuant to regulations promulgated by the Ranch Association from time to time.

6.12 Exterior Maintenance for Compliance Function:

(a) If any Owner fails to maintain his Unit or improvements on such Unit or fails to perform any acts of maintenance or repair required under this Declaration or the Design and Development Guidelines, the Ranch Association may provide exterior maintenance and repair upon such Unit and improvements thereon, in response to a request from the DRC, pursuant to the provisions of Section 8.7, or, on its own volition, after 30 days prior written notice to the Owners and, if applicable, the Lessees of the Unit. In addition, the Ranch Association may, without notice, make such emergency repairs and maintenance as may in its judgment be necessary for the safety of any person or to prevent damage to any other property. The cost of such exterior maintenance and repair shall be assessed against the Owner of such Unit as a

Compliance Assessment; shall be a lien and obligation of the Owner pursuant to Section 4.4 herein; shall be a joint and several liability of the Owners of the Unit; and, shall become due and payable in all respects as set forth in Section 4.3 herein. For the purpose of performing the exterior maintenance authorized by this Section 6.12, the Ranch Association, through its duly authorized agents or employees, shall have the right, after reasonable notice to any Owner, to enter upon such Unit during reasonable hours on any day except Saturday or Sunday. The Ranch Association or its designee is hereby granted an irrevocable license over all property in Jug Mountain Ranch to inspect (in a reasonable manner) property within Jug Mountain Ranch in order to determine whether any maintenance or repair is necessary under this Section 6.12.

(b) Neither Declarant, the Ranch Association, nor any of their respective directors, officers, agents or employees shall be liable for any incidental or consequential damages for failure to inspect any Unit or improvements or portion thereof or to repair or maintain the same. Declarant, the Ranch Association or any other person, firm or corporation undertaking such repairs or maintenance shall not be liable for any personal injury or other incidental or consequential damages occasioned by any act or omission in the repair or maintenance of any Unit, improvements or portion thereof.

6.13 Other Functions: The Ranch Association may undertake and perform other Functions as it deems reasonable or necessary to carry out the provisions of this Declaration, including without limitation, providing the following services for some or all Owners or Lessees; a cooperative purchasing service, a telephone answering service, warehousing and delivery, a central laundry, property management services, employee training, a central communications operation which may include a central dispatch system, a data information center and central monitoring of fire safety and property security.

6.14 Insurance: The Ranch Association shall obtain in its name and keep in full force and effect at all times at least the following insurance coverage: (a) casualty insurance with respect to all insurable Association Facilities, insuring such Association Facilities for the full replacement value thereof, and including coverage for fire and extended coverage, vandalism and malicious mischief; and (b) broad form comprehensive liability coverage, covering both public liability and automobile liability, with limits in amounts reasonably necessary to insure against foreseeable liability. All insurance may contain such deductible provisions as good business practice may dictate. All insurance shall name Declarant as an additional insured and shall, to the extent reasonably possible, cover each Owner and Lessee without each Owner and Lessee being specifically named. The Ranch Association shall provide to Declarant, upon request, certificates evidencing such insurance and copies of the insurance policies.

6.15 Indemnification: The Ranch Association shall be obligated to and shall indemnify Declarant and hold it harmless from all liability, loss, cost, damage and expense, including attorneys' fees, arising with respect to any operations of the Ranch Association or any Association Facilities or Functions.

6.16 Right to Make Rules and Regulations: The Ranch Association shall be authorized to and shall have the power to adopt, amend and enforce rules and regulations applicable within Jug Mountain Ranch with respect to any Facility or Function, and to implement the provisions of this Declaration, the Articles or Bylaws, including but not limited to, rules and regulations to prevent or reduce fire hazard; to prevent disorder and disturbances of the peace; to regulate pedestrian and vehicular traffic; to regulate animals; to regulate the budgeting and assessment procedures according to the Association Documents; to regulate signs; to regulate use of any and all Association Facilities to assure fullest enjoyment of use by the persons entitled to enjoy and use the same; to promote the general health, safety and welfare of persons within Jug Mountain Ranch; and to protect and preserve property and property rights. All rules and regulations adopted by the Ranch Association shall be uniformly applied, except such rules may differentiate between reasonable categories of Units, Owners, Lessees, Subowners or Guests. The Ranch Association may provide for enforcement of any such rules and regulations through reasonable and uniformly applied fines and penalties, through exclusion of violators from Association Facilities or from enjoyment of any Functions, or otherwise. Each Owner, Lessee, Subowner and Guest shall be obligated to and shall comply with and abide by such rules and regulations and pay such fines or penalties upon failure to comply with or abide by such rules and regulations and such unpaid fines and penalties shall be enforceable in accordance with Section 4.4.

In the promulgation of such Rules and Regulations, the Ranch Association shall have broad discretion and shall endeavor to maintain a community standard consistent with the intents and purposes of the Association Documents, without being limited to the literal language thereof. In the event of any challenge to any such Rule or Regulation, the Rule or Regulation shall be upheld unless it is found by clear and convincing evidence to be: (i) in express violation of the Association Documents or the Jug Mountain Ranch CUP; (ii) in express violation of an applicable federal, state, county or district statute, ordinance or regulation; or, (iii) arbitrary, capricious, unreasonable and oppressive.

6.17 Right to Establish 'No-Burn' Policies: Assuming the availability of locally reliable air quality monitoring data, the Ranch Association, through its Board, may establish enforceable "no-burn" Rules for Jug Mountain Ranch. Such Rules shall be adopted by the Board and shall also require the written approval of the Class D Declarant Member. The Declarant shall have the right to unilaterally promulgate such Rules at any time prior to the Conversion Date.

6.18 Charges for Use of Association Facilities: The Ranch Association may establish charges for use of Association Facilities to assist in offsetting the costs and expenses of the Ranch Association, including depreciation and capital expenses. All charges established under this Section 6.18 shall be reasonable and shall be uniformly applied, except such charges may differentiate between reasonable categories of Units, Owners, Lessees, Subowners or Guests. Each Owner, Lessee, Subowner and Guest shall be obligated to and shall pay any such charges for use.

6.19 Charges for Functions: The Ranch Association may establish charges for providing any service as required or permitted by any Function on a regular or irregular basis to an Owner, Lessee, Subowner or Guest to assist the Ranch Association in offsetting the costs and expenses of the Ranch Association, including depreciation and capital expenses. All charges established under this Section 6.19 shall be reasonable and shall be uniformly applied, except such charges may differentiate between reasonable categories of Units, Owners, Lessees, Subowners or Guests. Each Owner, Lessee, Subowner and Guest shall be obligated to and shall pay any such charges for such services.

6.20 Taxes: The Ranch Association shall pay all ad valorem real estate taxes, special improvement and other assessments (ordinary and extraordinary), ad valorem personal property taxes, and all other taxes, duties, charges, fees and payments required to be made to any governmental or public authority which shall be imposed, assessed or levied upon, or arise in connection with any Association Facilities or Functions.

6.21 Right to Dispose of Association Facilities: Subject to the provisions of this Declaration requiring the consent of Declarant with respect to Property Furnished by Declarant, the Ranch Association shall have full power and authority to sell, lease, grant rights in, transfer, encumber, abandon or dispose of any Association Facilities.

6.24 Governmental Successor: Any Facility and any Function may be turned over to a governmental entity which is willing to accept and assume the same upon such terms and conditions as the Ranch Association shall deem to be appropriate.

6.25 Implied Rights of the Ranch Association: The Ranch Association shall have and may exercise any right or privilege given to it expressly in this Declaration or, except to the extent limited by the terms and provisions of this Declaration, given to it by law and shall have and may exercise every other right of privilege or power and authority necessary or desirable to fulfill its obligations under this Declaration, including the right to engage labor and acquire use of or purchase property, equipment or facilities; employ personnel; obtain and pay for legal, accounting and other professional services; maintain accounts and reserve accounts; enter into contracts and subcontracts; and, to perform any Function by, through or under contractual arrangements, licenses, or other arrangements with any governmental or private entity as may be necessary or desirable.

ARTICLE 7. Restrictions Applicable To Jug Mountain Ranch

7.1 Land Use Restrictions: In addition to the restrictions found in this Article 7, all of any portion of the Property to be sold or leased by Declarant may be further restricted in its use, density or design according to one or more Supplemental Declarations for Jug Mountain Ranch recorded with the Valley County Recorder, prior to the time Declarant transfers or conveys any such Property to the Ranch Association or to any third party, and by the promulgation of Rules by the Ranch Association.

7.2 Occupancy Limitations: No portion of any Property shall be used as a residence or for living or sleeping purposes other than a room designed for living or sleeping in a completed structure for which a certificate of Occupancy has been issued. No room in any structure shall be used for living or sleeping purposes by more persons than it was designed to accommodate comfortably. Except as expressly permitted in writing by the DRC, no trailers or temporary structures shall be permitted on any Property.

7.3 Maintenance of Property: All Property, including all improvements on any Property, shall be kept and maintained by the Owner thereof in a clean, safe, attractive and sightly condition and in good repair.

7.4 Trash Collection: The Board shall promulgate Rules and Regulations requiring the Owner or Lessee of each Unit to either contract directly with a trash collection company for the year-round removal of trash for the Unit, or to participate in a trash collection system developed by the Association, as provided at Section 6.8. Trash removal requirements during the period of construction of any improvements shall be governed by the Design and Development Guidelines. The Association shall participate in such collection program as may be offered by Valley County.

7.5 No Noxious or Offensive Activity: No noxious or offensive activity shall be carried on upon any Property nor shall anything be done or placed on any Property which is or may become a nuisance or cause any significant embarrassment, disturbance or annoyance to others.

7.6 No Hazardous Activities: No activities shall be conducted on any Property and no improvements constructed on any Property which are or might be unsafe or hazardous to any person or Property. Without limiting the generality of the foregoing, no firearms, bows and arrows, or paintball guns shall be discharged upon any Property, and no open fires shall be lighted or permitted on any Property except as follows: (a) in a contained barbecue unit while attended and in use for cooking purposes or within a safe and well-designed fireplace; (b) campfires at picnic fires on Property designated for such use by Declarant or by the Ranch Association; (c) controlled and attended fires authorized in writing by Declarant or the Ranch Association and required for clearing or maintenance of land; and, (d) such other exceptions or restrictions as may be implemented pursuant to the Design and Development Guidelines or other rules or regulations. Notwithstanding the foregoing, any restriction on burning put in place from time to time by any governmental agency shall be strictly adhered to; and, the Board may create such additional Rules and Regulations with regard to burning or other hazardous activities as it deems appropriate.

7.7 No Unsightliness: No unsightliness shall be permitted on any Property. Without limiting the generality of the foregoing: (a) All unsightly structures, facilities, equipment, objects and conditions shall be enclosed within an approved structure; (b) trailers, mobile homes, trucks (including pickups), boats, tractors, all vehicles (including automobiles), campers not on a truck, snow removal equipment and garden or maintenance equipment shall be kept in an enclosed structure at all times, except when in actual use; provided that such equipment may be parked on parking lots or other areas specifically designated by the DRC for such equipment, and automobiles may be parked in a driveway for not longer than a 72 hour period, and limited on-street parking may be allowed by the Board pursuant Rules and Regulations; (c) Refuse, garbage and trash shall be kept in a covered container at all times and any such container shall be kept within an enclosed structure; (d) Service areas and facilities for hanging, drying or airing clothing or fabrics shall be kept within an enclosed structure; (e) Pipes for water, gas, sewer, drainage or other purposes; wires, poles, antennas and other facilities for the transmission or reception of audio or visual signals or electricity; utility meters or other utility facilities; gas, oil, water or other tanks; and, sewage disposal systems or devices shall be kept and maintained within an enclosed structure or below the surface of the ground; and (f) No lumber, grass, shrub or tree clippings or plant waste, compost, metals, bulk materials or scrap or refuse or trash or unused items of any kind shall be kept, stored or allowed to accumulate on any Property. All enclosed structures shall comply with the rules and regulations of the DRC as in effect from time to time. The DRC shall have the power to grant a variance from the provisions of this Section 7.7 from time to time as it deems necessary or desirable.

7.8 Restriction on Recreational Vehicles: No ATV, motorcycle or other motorized recreational vehicle shall be operated within Jug Mountain Ranch except for ingress and egress, or as may be otherwise specifically permitted by Rules and Regulations of the Ranch Association. Snowmobiles are not permitted to be operated within Jug Mountain Ranch, for purposes of ingress and egress or otherwise. Golf carts may be operated and driven from a residence to the Golf Club House, subject to any Rules and Regulations adopted by the Board in this regard.

7.9 Fire Protection: The following shall be applied within the CUP with regard to fire protection and shall be enforced by the DRC: such portions of the International Urban-Wildlands Interface Fire Code as the Ranch Association determines are applicable to Jug Mountain Ranch; or, such other alternate methods or materials as may be listed by the DRC in the Design and Development Guidelines, or as may be proposed by an Owner and approved

by the DRC, to provide protection comparable to the International Urban-Wildlands Interface Fire Code. The Board shall have the authority to create a separate Fire Wise Committee to act as a subcommittee of the DRC, for the purpose of adopting and enforcing such fire protection measures.

7.10 No Wells: No water wells, other than those maintained by Declarant or Declarant's assigns, shall be permitted on any Property without the prior written approval of the Ranch Association. All Owners shall be obligated to obtain water for all purposes from the Jug Mountain Ranch central water system, unless approved otherwise in writing by the Ranch Association.

7.11 No Drainfields or Septic Tanks: No individual drainfields or septic tanks will be permitted on any Property, except as may be used by Declarant on a temporary basis pursuant to a permit from Central District Health. All Owners shall be obligated to exclusively utilize the Jug Mountain Ranch central sewer system, unless approved otherwise in writing by the Ranch Association.

7.12 Gates: The Ranch Association shall have no obligation to provide any gate within Jug Mountain Ranch, but may, in its discretion, approve the construction of gates as provided herein. Neighborhoods, groups of Neighborhoods and/or groups of Benefited Unit owners may request the installation of a gate at a location which benefits such group, pursuant to the requirements for Local Improvements in the Bylaws at Section 9.3(b). There shall be no gates for a single Unit, except as otherwise provided in the Design and Development Guidelines. The owner(s) of any Private Amenity may also request the installation of a gate, and gates may be used in conjunction with utilities, which gates may be locked in the discretion of the Board. The design and location of any gate shall be subject to the provisions of the Design and Development Guidelines, and any additional rules and regulations established in that regard. The Ranch Association shall require compliance with all emergency service providers' requirements related to gates, including but not limited to requirements related to locks and emergency access. A key or code shall be provided to the Board and to Owners of all Units and Private Amenities which must pass through any approved gate to reach such Unit or Private Amenity.

7.13 Condominium Ownership: Prior to the recording in the real property records of Valley County, Idaho of an instrument submitting any portion of the Property to condominium ownership, the Owner of such property shall submit to the Design Review Committee for its review and approval, copies of the proposed condominium declaration, articles of incorporation and bylaws of the condominium owners association. On or before 20 days after the submittal of such documents to the Design Review Committee, the Design Review Committee shall approve or disapprove the documents by written notice to such owner of such approval or disapproval. If such documents are disapproved by the Design Review Committee, the Design Review Committee shall set forth the specific reasons for such disapproval. If notice of approval or disapproval is not given by the Design Review Committee on or before such 20-day period, such documents shall be deemed to be approved. The approval or disapproval of the Design Review Committee under this Section shall be based on the purposes and provisions of the Association Documents and/or the Jug Mountain Ranch CUP.

7.14 Timeshares:

(a) Except as otherwise approved in writing by Declarant (or the Board after the Conversion Date), which approval can be withheld for any reason, no Unit or Private Amenity, whether leased or owned, shall be used:

(i) for the operation of a timesharing, fraction-sharing, interval ownership or similar program whereby the right to exclusive use of the Unit or Private Amenity rotates among participants in the program on a fixed or floating time schedule over a period of years; or,

(ii) for the operation of a reservation or time-use system among co-Owners of a Unit or Private Amenity, regardless of whether or not any co-Owner may later opt out of such system and regardless of whether the reservation or time-use system is recorded or unrecorded, fixed or floating, if one or more of the following conditions exist:

A. such system is adopted, imposed or managed by a party other than the co-Owners themselves, or,

B. the ownership interest in such Unit or Private Amenity is publicly marketed for sale subject to such system, or,

C. the co-Owners are or were required as a condition of purchase of the ownership interest in such Unit or Private Amenity to subject the interest to a pre-determined reservation or time-use system among co-Owners; or,

(iii) in the marketing, offering or selling of any club membership interest, limited liability company interest, limited partnership interest, program interest or other interest whereby the interest-holder acquires a right to participate in a reservation or time-use system among the interest-holders, or among the interest-holders and others, involving the Unit or Private Amenity, or involving the Unit or Private Amenity and other alternate or substitute properties, regardless of whether such interest is equity or non-equity, regardless of whether or not any interest-holder may later opt out of such system and regardless of whether the reservation or time-use system is recorded or unrecorded, fixed or floating (such interest referred to herein as an "Interest"), if one or more of the following conditions exist:

A. such system is adopted, imposed or managed by a party other than the Interest-holders themselves, or,

B. the Interest is publicly marketed for sale, or,

C. the Interest-holders are or were required as a condition of purchase of the Interest to be subject to a pre-determined reservation or time-use system among Interest-holders, or among Interest-holders and others;

(all of the foregoing uses, systems or programs are collectively referred to as a "Timeshare Program").

(b) Mere co-ownership of a Unit or Private Amenity, ownership of a Unit or Private Amenity by an entity, or leasing of a Unit or Private Amenity shall not create a Timeshare Program unless it meets any of the conditions described above in this Section 7.14. The definition of Timeshare Program expressly excludes (i) the voluntary inclusion of a Unit or Private Amenity in a rental pool program, whether managed by the Owner or a party other than the Owner; and, (ii) any activities, programs, or offerings of the Ranch Association.

7.15 Animals: No animals, of any kind, except for household pets, (it is specifically noted that horses, cattle, pigs, llamas, sheep, and comparable sized animals, livestock, poultry, reptiles and wild animals are not to be considered household pets) shall be raised, bred, or kept on any portion of the property. Household pets may be kept for personal or non-commercial recreational purposes only if the presence of such pets does not constitute a nuisance. Pets must be kept within the boundaries of the Unit unless accompanied by and under the positive control of the Owner. Consistent and/or chronic barking by dogs, or threatening or aggressive behavior by an animal, shall be considered a nuisance. The Board may create such additional Rules and Regulations with regard to animals as it deems appropriate, including but not limited to the number of animals that may be in a Unit at any one time, and the disallowance of pets in certain portions of Jug Mountain Ranch. No animals are allowed on the Golf Course, unless specifically authorized by the owner of the Golf Course.

7.16 Signage: All signage, including but not limited to "for sale" signs, and signs placed on property during construction, shall be subject to the terms and conditions of the Design and Development Guidelines.

7.17 Rental of Residential Units: Vacation and long term rental of Residential Units is permissible, subject to Rules and Regulations that may be promulgated by the Board, which may restrict and even eliminate such rental in the Board's sole discretion.

7.18 Additional Restrictions: Upon such conditions as are deemed necessary by the DRC to maintain compliance with the intents and purposes of the Association Documents, the Jug Mountain Ranch CUP, additional restrictions on the use of Property within Jug Mountain Ranch shall be provided in Supplemental Declarations, the Design and Development Guidelines and/or Rules and Regulations promulgated by the Board.

7.19 Compliance With Law: No Property shall be used, occupied, altered, charged, improved or repaired except in compliance with all present and future laws, rules, requirements, orders, directions, ordinances and regulations of the United States of America, State of Idaho, County of Valley, and all other municipal,

governmental or lawful authority whatsoever, affecting Jug Mountain Ranch or the improvements thereon or any part thereof.

7.20 General Use Guidelines And Restrictions: The following guidelines and restrictions are applicable to all Property within Jug Mountain Ranch:

- All terms and conditions of the Jug Mountain Ranch CUP;
- All terms and conditions of the Association Documents;
- All Notes contained on any final plat, and all terms and conditions of Supplemental Declarations imposed pursuant to final plat approval (these restrictions apply only to that portion of the CUP to which each final plat applies);
- All terms and conditions imposed by any state or federal agency, including but not limited to the Army Corps of Engineers, the Idaho Department of Water Resources, and the Idaho Department of Environmental Quality.

ARTICLE 8. Design Review

8.1 Purpose: In order to preserve the natural beauty of Jug Mountain Ranch and its setting, to maintain Jug Mountain Ranch as a pleasant and desirable environment, to establish and preserve a harmonious design for the community, and to protect and promote the value of property, exterior design, landscaping and use of all new development and additions, changes or alterations to existing use, landscaping and exterior design and development shall be subject to design review.

8.2 Objectives: Design review shall be directed towards attaining the following objectives for Jug Mountain Ranch:

- (1) Preventing excessive or unsightly grading, indiscriminate earthmoving or clearing of property, removal of trees and vegetation which could cause disruption of natural watercourses or scar natural landforms;
- (2) Ensuring that the location and configuration of structures are visually harmonious with the terrain and vegetation of the Unit and with surrounding Units and structures;
- (3) Ensuring that the architectural design of structures and their materials and colors are visually harmonious with Jug Mountain Ranch's over-all appearance, history and cultural heritage, with surrounding development, with natural landforms and native vegetation, and with development plans, zoning requirements and other restrictions officially approved by Declarant, the Ranch Association or any government or public authority, if any, for the areas in which the structures are proposed to be located;
- (4) Ensuring that plans for the landscaping of open spaces provide visually pleasing settings for structures on such Units and on adjoining and nearby Units and blend harmoniously with the natural landscape;
- (5) Ensuring that any development, structure, building or landscaping complies with the provisions of this Declaration, including but not limited to, those provisions set forth in Article 7, and all applicable provisions of the other Association Documents; and,
- (6) Ensuring that building design and construction techniques respond to energy consumption and environmental quality considerations such as heat loss, air emissions, and run-off water quality.

8.3 Design Review Committee:

(a) The Ranch Association shall establish the Design Review Committee ("DRC") which shall consist of three to five members appointed by the Board. The members need not be Owners or Lessees of Units. The regular term of office for each member shall be one year, coinciding with the fiscal year of the Ranch Association or such other annual time period as the Board may determine. Any such member may be removed with or without cause by the Board at any time by written notice to such appointee. A successor or successors appointed to fill such vacancy shall serve the remainder of the term of the former member.

(b) The DRC shall operate in accordance with its own rules of procedure. Said rules shall be filed with the Ranch Association and maintained in the records of the Ranch Association and shall be available to members of the Ranch Association.

(c) The DRC is hereby authorized to retain the services of one or more consulting architects, landscape architects, urban designers, engineers, building contractors, consultants, inspectors and such other staff or consultants who shall be reasonably necessary to advise and assist the DRC in performing the design review functions prescribed in this Article 8. Such consultants may be retained to advise the DRC on a single project, on a number of projects, or on a continuing basis.

8.4 DRC Approval and Control:

(a) Neither the Ranch Association nor any Owner, Lessee, Subowner or any agent or contractor of the foregoing, but excluding the Declarant, shall perform any of the following without prior approval by the DRC of the plans and specifications for the project and the construction procedures to be used to insure compliance with Article 7: grading, clearing, or other ground disturbance; landscaping; construction of a building, fence, deck, patio, or other structure; erection of a sign; installation of exterior lighting; cutting, grubbing or removal of trees or vegetation; modification, change or alteration of the exterior of any existing structure, including staining or painting if a color materially different from the existing color; paving; the construction or exterior alteration of any improvements to any Unit or other property or building or structure thereon; or the change of the use of any Unit or other property or building or structure thereon. Alterations or remodeling which are completely within a building or structure and which do not change the exterior appearance and are not visible from the outside of the structure may be undertaken without DRC approval, provided such alterations or remodeling do not change the use of, or the number of dwelling units (as such term is defined in the CUP), or amount of commercial space in, the building or structure. All actions taken by the DRC shall be in accordance with Design and Development Guidelines established by the DRC which shall be published as set forth in Section 8.5 and shall be in accordance with the purposes and intents of the Association Documents. Such Design and Development Guidelines may be amended from time to time pursuant to Section 8.6 below. In the case of any challenge to a decision of the DRC, the decision shall be upheld unless the Board finds by clear and convincing evidence the decision to be: (i) in express violation of the Association Documents or the Jug Mountain Ranch CUP; (ii) in express violation of an applicable federal, state, county or district statute, ordinance or regulation; or, (iii) arbitrary, capricious, unreasonable and oppressive. The DRC or its designated representative may inspect any approved project to the extent required to insure that the Construction or work on such project complies with any and all approved plans and construction procedures as well as any conditions of approval proposed by the DRC. The DRC or its designated representatives may enter upon any Property at any reasonable time or times to inspect the progress, work status, or completion of any project. In addition to the remedies described in Section 18.4, the DRC may withdraw approval of any project thereby stopping all activity at such project, as provided in the Design and Development Guidelines.

(b) Any material to be submitted or notice to be given to the DRC shall be submitted at the offices of the DRC in Jug Mountain Ranch, unless the DRC's address is changed by notice to the members of the Ranch Association.

(c) All actions requiring approval of the Ranch Association pursuant to the provisions of Articles 7 or 8 shall be deemed approved if such approval is obtained in writing from the DRC.

8.5 Design And Development Guidelines: The DRC, the Declarant, and/or the Ranch Association (as provided below) shall promulgate and publish rules and regulations that shall state the general design theme of all projects in Jug Mountain Ranch, specific design requirements, and the general construction procedures that will or will not be allowed in Jug Mountain Ranch. The DRC, the Declarant, and/or the Ranch Association (as provided below) shall also promulgate and publish rules and regulations that shall set forth the procedures to be followed and material which must be provided by any member of the Ranch Association or such member's authorized agents in order to obtain review of proposed construction by the DRC. The Design and Development Guidelines may contain general provisions applicable to all of Jug Mountain Ranch, as well as specific provisions which vary from one portion of the Jug Mountain Ranch to another depending upon the location, unique characteristics, and intended use.

8.6 Amendment of Design And Development Guidelines: The Design and Development Guidelines may be amended as follows: the DRC may propose amendments to the Board, or the Board may adopt amendments

of their own volition; and, until such time as the Declarant is no longer a member of any Class of the Jug Mountain Ranch Association, the amendment must be approved in writing by the Declarant.

Any amendments to the Design and Development Guidelines shall apply to construction and modification of structures and improvements commenced after the date of such amendment only and shall not apply to require modifications to or removal of Structures previously approved once the approved construction or modification has commenced; provided, the construction or modification has proceeded in accordance with the plans and specification therefore, as approved.

The DRC shall make the Design and Development Guidelines available to Owners and Builders who seek to engage in development or construction within Jug Mountain Ranch, and all such Persons shall conduct their activities in accordance with such Design and Development Guidelines. THE BURDEN SHALL BE ON THE OWNER AND THE BUILDER TO ENSURE THAT THEY HAVE THE MOST CURRENT DESIGN AND DEVELOPMENT GUIDELINES.

8.7 Exterior Maintenance: Pursuant to the provisions of Section 6.12, the DRC may, by vote of a majority of the members present at any meeting, after 30 days notice to the Owner and, if applicable, the Lessee of the Unit, request that the Ranch Association provide exterior maintenance and repair upon any Unit.

8.8 Review Fee: The DRC may set a review fee schedule sufficient to cover all or part of the cost of DRC time, consultant's fees, and incidental expenses. Applicants for design review may be required to deposit with the DRC a fee which the DRC deems sufficient to cover the costs of design review from which the actual costs shall be deducted when determined and the balance returned to the applicant following completion of the design review procedure.

8.9 Enforcement of Restrictions: The Board shall be responsible for the enforcement of the restrictions set forth in Article 7 of this Declaration, the Design and Development Guidelines and restrictions set forth in any Supplemental Declaration recorded in the records of the County; and, in the event that the DRC is unable through the process and procedures provided in the Design and Development Guidelines to secure compliance, then the DRC shall refer the matter to the Board. This provision shall not limit the right of Declarant or the Ranch Association to act under Section 18.4. Subsequent to the completion of construction or action subject to review under Section 8.4, the Ranch Association shall have primary responsibility to enforce such restrictions.

8.10 Lapse of Design Review Approval: Approval of the design of a project shall lapse and become void eighteen months following the date of final approval of the project, unless prior to the expiration of one year, a building permit is issued and construction is commenced and diligently pursued toward completion. An Owner may request an extension prior to expiration of the eighteen month period by filing a written request therefore with the DRC, which request shall be reasonably granted; however, the DRC may grant such an extension subject to reasonable restrictions or conditions.

8.11 Assignment of Function: Any function to be performed by the DRC pursuant to Article 7 or Article 8 may be assigned to the Ranch Association in whole or in part at any time or from time to time at the sole discretion of the Ranch Association.

8.12 Liability: Neither Declarant, the Ranch Association nor the DRC nor any of their respective officers, directors, employees or agents shall be responsible or liable to any person for any defects in any plans or specifications submitted, revised or approved under this Article 8 nor for any defects in construction performed pursuant to such plans and specifications. Approval of plans and specifications under this Article 8 shall not relieve the Owner or Lessee of strict compliance with applicable governmental laws or regulations.

ARTICLE 9. Easements

9.1 Easements Of Encroachment: There shall be reciprocal appurtenant easements of encroachment, and for maintenance and use of any permitted encroachment, between each Unit and adjacent Open Space and between adjacent Units due to the unintentional placement or settling or shifting of the improvements constructed, reconstructed, or altered thereon (in accordance with the terms of these restrictions) to a distance of not more than three feet, as measured from any point on the common boundary along a line perpendicular to such boundary. However, in no event shall an easement for encroachment exist if such encroachment occurred due to willful and knowing conduct on the part of, or with the knowledge and consent of, an Owner, occupant, or the Ranch Association.

9.2 Easements For Utilities, Etc.: There are hereby reserved unto Declarant, so long as the Declarant owns any property subject to this Declaration, the Ranch Association, and the designees of each (which may include, without limitation, the County and any utility) access and maintenance easements upon, across, over, and under all of Jug Mountain Ranch to the extent reasonably necessary for the purpose of constructing, replacing, repairing, and maintaining: cable television systems, master television antenna systems, security and similar systems, communications systems, roads, walkways, bicycle pathways, underground parking facilities, trails, ponds, wetlands, drainage systems, surface water management facilities, street lights, signage, and all utilities, including, but not limited to, water, sewers, meter boxes, telephone, and electricity, and for the purpose of installing any of the foregoing on property which it owns or within easements designated for such purposes on recorded plats of Jug Mountain Ranch. This easement shall not entitle the holders to construct or install any of the foregoing systems, facilities, or utilities over, under or through any existing dwelling on a Unit, and any damage to a Unit resulting from the exercise of this easement shall promptly be repaired by, and at the expense of, the Person exercising the easement. The exercise of this easement shall not unreasonably interfere with the use of any Unit and, except in an emergency, entry onto any Unit shall be made only after reasonable notice to the Owner or occupant.

9.3 Easements For Collection Of Storm Water Runoff And Flood Water: The Declarant reserves for itself, and its successors, assigns, and designees the nonexclusive right and easement, but not the obligation, to enter upon any property to (a) install, keep, maintain, and replace irrigation ditches, equipment or systems; (b) construct, maintain, and repair any structure designed to divert, collect or retain water; and (c) remove trash and other debris. The Declarant's rights and easements provided in this Section shall be transferred to the Ranch Association at such time as the Declarant shall cease to own any property subject to the Declaration, or such earlier time as Declarant may elect, in its sole discretion, to transfer such rights by a written instrument. The Declarant, the Ranch Association, and their designees shall have an access easement over and across any of Jug Mountain Ranch abutting or containing any portion of any water course, stream, wetlands or area covered by a conservation easement, to the extent reasonably necessary to exercise their rights under this Section.

9.4 Easements To Serve Additional Property: The Declarant hereby reserves for itself and its duly authorized agents, representatives, employees, successors, assigns, licensees, and mortgagees, an easement over any Open Spaces or any roads, streets or drives depicted on any Plat of any portion of the Property, for the purposes of access to adjoining property which may now or later be owned by Declarant. This easement includes, but is not limited to, a right of ingress and egress over the Open Space for construction of roads and for connecting and installing utilities on such property. Declarant agrees that it and its successors or assigns shall be responsible for any damage caused to the Open Space as a result of vehicular traffic connected with development of such property. Declarant further agrees that if the easement is exercised for permanent access to such property and such property or any portion thereof is not made subject to this Declaration, the Declarant, its successors or assigns shall enter into a reasonable agreement with the Ranch Association to share the cost of maintenance of any access roadway serving such property.

9.5 Easements Of Golf Course:

(a) Golf Balls. Every Unit and all Open Spaces adjoining the Golf Course are burdened with an easement permitting golf balls unintentionally to come upon such Open Space, Units or common property and for golfers at reasonable times and in a reasonable manner to come upon the Open Space, or a Unit to retrieve errant golf balls; provided, however, if any Unit is fenced or walled, the golfer shall seek the Owner's permission before entry. All Owners, by acceptance and delivery of a deed to a Unit, assume all risks associated with errant golf balls, and all Owners agree and covenant not to make any claim or institute any action whatsoever against the Declarant, the Owner of the Golf Course, the Ranch Association, the Golf Course designer or Builder, or an individual golfer, arising or resulting from any errant golf balls, any damages that may be caused thereby, or for negligent design of the Golf Course or siting of the Unit.

(b) Golf Ball Retrieval. The owner of the Golf Course, its respective successors and assigns, shall have a perpetual, exclusive easement of access within Jug Mountain Ranch for the purpose of retrieving golf balls from bodies of water within the Open Spaces lying reasonably within range of golf balls hit from the Golf Course; and, a perpetual, nonexclusive easement of access within Jug Mountain Ranch for the purpose of retrieving golf balls from other Open Spaces.

(c) Water Overspray. Open Spaces and Units immediately adjacent to the Golf Course are hereby burdened with a non-exclusive easement in favor of the Golf Course for overspray of water, including grey water, from any irrigation system serving the Golf Course. Under no circumstances shall the Ranch Association or the

owner of the Golf Course be held liable for any damage or injury resulting from such overspray or the exercise of this easement.

(d) **Rights of Access and Parking.** The owner, lessee and/or manager of the Golf Course and its employees, agents, contractors and designees, and the persons permitted by the owner of the Golf Course to use the Golf Course (regardless of whether such persons are Owners hereunder) and their guests shall at all times have a right and non-exclusive easement of access and use over all roadways, whether by automobile, golf cart or other means, located within Jug Mountain Ranch reasonably necessary to travel to and from the entrances to Jug Mountain Ranch from and to the Golf Course, respectively, and, further, over those portions of Jug Mountain Ranch (whether Open Space or otherwise) reasonably necessary to the use, operation, maintenance, repair and replacement of the Golf Course. Without limiting the generality of the foregoing, persons who are permitted use of the Golf Course and permitted members of the public shall have the right to park their vehicles along the roadways located within Jug Mountain Ranch at reasonable times before, during, and after golf tournaments and other similar functions held by or at the Golf Course, if adequate parking in Jug Mountain Ranch parking facilities is not available.

(e) **Maintenance.** A non-exclusive easement is hereby reserved to the owner of the Golf Course, its successors and assigns, its employees, invitees and agents upon, over, in and across such roadways and Open Spaces as necessary for the transport and storage of equipment, chemicals and other items and to do all other things reasonably necessary for the operation of the Golf Course.

(f) **Operation.** The owner of the Golf Course, its respective successors and assigns, shall have the right to operate a golf course. The operation and maintenance of the Golf Course, as the same may be expanded in the future, may cause impacts from light, noise, irrigation, maintenance, use of fertilizers, herbicides and/or pesticides, or otherwise. All Owners shall purchase their Unit with this knowledge, and shall be deemed to have accepted, approved, and waived any and all claims regarding such noise and light impacts upon their purchase of a Unit. An easement for all such impacts from the Golf Course shall be deemed incorporated in each deed or other instrument by which any right, title or interest in any real property within Jug Mountain Ranch is granted, devised or conveyed, whether or not set forth or referred to in such deed or other instrument.

(g) **Irrigation Easement.** Declarant reserves an easement in all roads, Utility Easements, Common Open Space and the Golf Course to install, maintain, repair and replace irrigation facilities for the benefit of the Golf Course, and to grant easements for the maintenance, repair and replacement of such facilities.

9.6 Easements Of Village: The owners and lessees of Units in the Village, their respective successors and assigns, shall have the right to operate their businesses according to the Association Documents and any additional declarations or regulations applicable to such Unit. The operation of such businesses, however, may cause impacts on adjoining and neighboring Units, including but not limited to light, noise and traffic impacts. All Owners shall purchase their Unit with this knowledge, and shall be deemed to have accepted, approved, and waived any and all claims regarding such impacts upon their purchase of a Unit. An easement for all noise, light, traffic and other impacts from the Village shall be deemed incorporated in each deed or other instrument by which any right, title or interest in any real property within Jug Mountain Ranch is granted, devised or conveyed, whether or not set forth or referred to in such deed or other instrument.

9.7 Easements For Cross-Drainage: Every Unit and the Open Space shall be burdened with easements for natural drainage of storm water runoff from other portions of Jug Mountain Ranch; provided, no Person shall alter the natural drainage on any Unit so as to materially increase the drainage of storm water onto adjacent portions of Jug Mountain Ranch without the consent of the Owner of the affected property and Declarant, for so long as Declarant owns property in the CUP, and, thereafter, from the Board. Notwithstanding the foregoing, Declarant shall have the right to modify drainage patterns.

9.8 Easements For Maintenance, Emergency, And Enforcement: Declarant grants to the Ranch Association easements over Jug Mountain Ranch as necessary to enable the Ranch Association to fulfill its maintenance responsibilities under Article 6. The Ranch Association shall also have the right, but not the obligation, to enter upon any Unit for emergency, security, and safety reasons, to perform maintenance and to inspect for the purpose of ensuring compliance with and enforce the Association Documents, after prior written notice to the Owner(s) and, as applicable, the Lessee(s) of the Unit. 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 reasonable notice to the Owner. This right of entry shall include the right of the Ranch Association to enter upon any Unit to cure any

condition which may increase the possibility of a fire or other hazard in the event an Owner fails or refuses to cure the condition within a reasonable time after requested by the Board, but shall not authorize entry into any single family detached dwelling without permission of the Owner, except by emergency personnel acting in their official capacities.

9.9 Conservation Easements: Declarant shall have the right to grant conservation easements to a conservation trust or similar nonprofit entity over and across Open Spaces and Open Space for so long as Declarant is a Class F Member.

9.10 Compliance With Wetlands Permit: All Owners purchase their Units with the knowledge that the CUP contains jurisdictional wetlands, which are governed by the terms of Jug Mountain Ranch's Wetlands Permit(s), and the terms and conditions associated therewith. By purchasing their Units, Owners agree to comply with and be bound by the terms and conditions of the Permits.

9.11 View Impairment: Neither the Declarant or the Ranch Association guarantees nor represents that any view over and across any Open Space or any Unit from adjacent Units will be preserved without impairment. Neither the Declarant, the Ranch Association, nor the Owner of a Unit shall have an obligation to prune or thin trees or other landscaping. In addition, the Declarant, the Ranch Association, or an Owner may add trees and other landscaping, and construct improvements, all subject to the Design and Development Guidelines and the approval of the DRC. Any such improvements may diminish or obstruct any view from the Units and any express or implied easements for view purposes or for the passage of light and air are hereby expressly disclaimed.

ARTICLE 10. Annexation And Withdrawal Of Property

10.1 Annexation Without Approval Of Membership: Declarant may unilaterally annex to Jug Mountain Ranch and, thereby, subject the following to the provisions of this Declaration: any other real property which is owned by Declarant or in which Declarant has an equitable interest and which adjoins or is within 2 miles of Jug Mountain Ranch. Declarant may transfer or assign this right to annex property, provided that the assignee is the owner of property adjacent to Jug Mountain Ranch, and provided that such transfer is memorialized in a written, recorded instrument executed by Declarant. Nothing in this Declaration shall be construed to require the Declarant or any successor to annex or develop any additional property in any manner whatsoever.

Such annexation shall be accomplished by recording a Supplemental Declaration with the Office of Recorder of the County, describing the property to be annexed and specifically subjecting it to the terms of this Declaration. Such Supplemental Declaration shall not require the consent of any Member other than the Class D Declarant. Any such annexation shall be effective upon the recording of such Supplemental Declaration unless otherwise provided therein.

10.2 Annexation With Approval Of Membership: The Ranch Association may subject any real property other than that provided for at Section 10.1 to the provisions of this Declaration with the consent of the owner of such property and the Affirmative Vote of a Majority of the Classes.

Such annexation shall be accomplished by recording a Supplemental Declaration with the Office of Recorder of the County, describing the property to be annexed and specifically subjecting it to the terms of this Declaration. Any such Supplemental Declaration shall be signed by the President and the Secretary of the Ranch Association, and by the owner of the annexed property. Any such annexation shall be effective upon recording unless otherwise provided therein.

10.3 Withdrawal: The Declarant reserves the right to amend this Declaration, until the Conversion Date, without prior notice and without the consent of any Person, for the purpose of removing property then owned by the Declarant, from the coverage of this Declaration, to the extent originally included in error or as a result of any changes in the Declarant's plans for Jug Mountain Ranch, provided such withdrawal is not materially contrary to the overall, uniform scheme of development for Jug Mountain Ranch, or the terms of the CUP.

10.4 Additional Covenants And Easements: Declarant may unilaterally subject any portion of the property subject to this Declaration initially or by Supplemental Declaration to additional covenants and easements. Such additional covenants and easements shall be set forth in a Supplemental Declaration recorded either concurrent with or after the annexation of the subject property; and, shall require the written consent of 2/3 of the Owner(s) of such property, if owned by other than the Declarant or the Ranch Association, provided: such additional covenants shall not be materially inconsistent with or establish lesser standards than this Declaration, or any Supplemental Declaration covering such property or any Design and Development Guidelines or procedures which apply to such property.

10.5 Amendment: This Article shall not be amended without the prior written consent of Declarant prior to the Conversion Date.

ARTICLE 11. Declarant's Development Rights, Special Rights And Reservations

11.1 Declarant's Rights And Reservations: In addition to those easements and rights reserved by Declarant in Article 9 above, and as otherwise provided in this Declaration, Declarant shall have, retain and reserve certain rights as hereinafter set forth with respect to the Ranch Association and Jug Mountain Ranch. The rights and reservations reserved above and hereinafter set forth shall be deemed accepted and reserved in each conveyance of any Unit or other property within Jug Mountain Ranch by Declarant, whether or not specifically stated therein, and in each deed or other instrument by which any property within Jug Mountain Ranch is conveyed by Declarant. The rights, reservations and easements reserved above and hereinafter set forth shall be prior and superior to any other provisions of the Ranch Association Documents and may not, without Declarant's written consent, be modified, amended or rescinded or affected by any amendment of the Association Documents. Declarant's consent to any one such amendment shall not be construed as a consent to any other amendment.

11.2 Declarant's Future Development Rights: Declarant, and Declarant's assigns, shall have the following development rights, which rights shall not require the consent of Owners before Declarant's exercise of such rights:

(a) Declarant may further develop Jug Mountain Ranch; and, may further divide any Unit or adjust lot lines between Units prior to sale of such Unit(s), subject to approval from the County. As noted elsewhere herein, such development and subdivision may deviate from the CUP and the PUD, including but not limited to increasing the number of Units approved in the PUD, provided that such deviation is approved by Valley County and any other regulatory entity with jurisdiction.

(b) Until the Conversion Date, the Declarant may designate and transfer ownership of sites within Jug Mountain Ranch for fire, police, utility facilities, public schools and parks, and other public facilities. The sites may include Open Spaces.

(c) Declarant or Declarant's assigns may add or annex any real property pursuant to the terms of Article 10. Such annexation(s) and associated Supplemental Declaration(s) may alter the rights and responsibilities of the Ranch Association and Owners in the following ways:

(i) Additional owners may be added to the Ranch Association, thereby diluting the relative effect of an Owner's vote;

(ii) Additional Open Spaces and amenities may be created and may be either conveyed, leased or made available to the Ranch Association, in which case the Ranch Association may incur expenses related to upkeep, improvement and/or maintenance;

(iii) Additional users may be added to the Water System and to the Sewer System, in which case the Ranch Association may incur additional expenses related thereto; and,

(iv) The Ranch Association may incur other expenses as a result of such annexation.

(d) Until the Conversion Date, Declarant, or Declarant's designee or permittee shall have the right to store construction materials and maintain construction offices within Open Spaces; and, shall have the right to locate and operate sales offices within Open Spaces and on unsold properties.

(e) Until the Conversion Date, Declarant shall have the right to extend roads and rights of way through Jug Mountain Ranch to other property, as provided at Section 9.4.

(f) Until the Conversion Date, Declarant or Declarant's designee shall have the right to install utilities and utility related equipment and fixtures within any Open Space, and to grant easements for the maintenance and repair of the same.

(g) Until the Conversion Date, Declarant or Declarant's designee shall have the right to grant a right of use of the Water System and/or the Sewer System to owners of property outside the Property ("Outside User"), subject to the following conditions:

(i) Either Declarant or the Outside User shall be obligated to pay for any and all costs of installation and use by the Outside User; and,

(ii) Such use of the Water System and/or Sewer System shall not in any way hinder the use of the Water System and Sewer System by Members, or reduce the capacity beyond that necessary to service Members; and,

(iii) The Outside User shall be obligated to pay monthly usage charges, and shall be subject to the same Rules and Regulations for the Water System and Sewer System that Members are subject to; and,

(iv) Declarant shall record a notice with the Valley County, Idaho Recorder confirming the legal description of the property that has been granted use of the Water System and/or Sewer System, and exactly what use has been granted; and,

(v) Declarant shall have the right to charge the Outside User a fee in addition to that charged by the Association for use of the Water System and Sewer System.

11.3 Successor Declarant: For purposes of the rights, reservations and easements reserved and created in favor of Declarant herein, Declarant shall have the option of notifying the Ranch Association in writing of an assignee or successor who will hold and exercise Declarant's aforesaid rights and whom the Ranch Association shall notify as required by this Declaration, the successor or assignee must own at least one Unit in Jug Mountain Ranch. The special rights and obligations of the Declarant set forth in this Declaration or the Bylaws may be transferred to other Persons in whole or in part, provided that the transfer shall not reduce an obligation nor enlarge a right beyond that contained in this Declaration or the Bylaws. Absent such transfer, Jug Mountain Ranch LLC shall retain the Declarant rights described herein until the Conversion Date.

In the event that Jug Mountain Ranch LLC is dissolved prior to the Conversion Date, and fails to notify the Ranch Association of a successor for these purposes, then the person(s) holding a majority interest in Jug Mountain Ranch LLC at the time of its dissolution shall be deemed the successor to Declarant for these purposes.

11.4 Future Development: Each purchaser of a Unit in Jug Mountain Ranch and their heirs and assigns, acknowledges that, as provided in Section 11.2, Declarant or Declarant's successors intend to fully develop Jug Mountain Ranch, and may develop real property which adjoins Jug Mountain Ranch. Such development may involve any uses or densities allowed by the CUP, as modified. All Owners consent to such future development and waive any claim that such development is incompatible with or otherwise diminishes the value of Jug Mountain Ranch or any Unit therein, or that any views enjoyed by any Unit are a property right thereof.

11.5 Exemption Of Declarant: Nothing contained herein shall limit the right of Declarant to excavate, grade and construct improvements to and on any portion of Jug Mountain Ranch owned by Declarant, in furtherance of the terms of the CUP and other applicable Permits. Declarant need not seek or obtain Board or DRC approval of any such improvements constructed or placed by Declarant on any portion of Jug Mountain Ranch owned by Declarant or an affiliate of Declarant. The rights of Declarant hereunder may be assigned by Declarant to any successor in interest in connection with Declarant's interest in any portion of Jug Mountain Ranch by an express written assignment.

11.6 Exclusive Rights To Use Name Of Development: No person shall use the name "Jug Mountain Ranch" or any derivative of such name or in logo or depiction in any printed or promotional material without Declarant's prior written consent. However, Owners may use the name "Jug Mountain Ranch" in printed or promotional matter where such term is used solely to specify that the particular property is located within Jug Mountain Ranch and the Ranch Association shall be entitled to use the words "Jug Mountain Ranch" in its name.

11.7 Declarant's Approval: None of the rights, reservations, or easements granted to or reserved by Declarant herein may ever be modified or amended without the prior written consent of Declarant or Declarant's successor, which consent may be withheld by Declarant for any reason whatsoever. Additionally, until the Conversion Date, the Ranch Association shall not, without first obtaining the prior written consent of the Declarant, which consent shall not be unreasonably withheld: make any amendment or repeal of any other provision of this Declaration (i.e. a provision not involving any of the rights, reservations or easements granted to or reserved by Declarant); make any amendment to any other Association Documents; make any amendment to the Development and Design Guidelines; make any new declaration or guidelines or similar instrument; or promulgate, change or repeal any rules of the Ranch Association. Any attempt to do so without such consent shall result in such instrument being void and of no force and effect unless subsequently approved in writing by the Declarant. Declarant may extinguish any of the aforesaid rights by giving written notice thereof to the Ranch Association.

11.8 Rights To Storm Water Runoff And Water Conservation And Reclamation Programs: The Declarant hereby reserves for itself and its designees all rights to ground water, surface water, and storm water runoff within Jug Mountain Ranch and each Owner agrees, by acceptance of a deed to a Unit, that the Declarant shall retain all such rights, except as otherwise provided in this Section 11.8. No Person other than the Declarant and its designees shall claim, capture or collect rainwater, ground water, surface water or storm water runoff within Jug Mountain Ranch without prior written permission of the Declarant or its designee. The Declarant or its designee may establish programs for reclamation of storm water runoff and wastewater for appropriate uses within or outside Jug Mountain Ranch and may require Owners and occupants of Units to participate in such programs to the extent reasonably practical. No owner or occupant of a Unit shall have any right to be compensated for water claimed or reclaimed from Units. The Board shall also have the right to establish restrictions on or prohibit outside use of potable water within Jug Mountain Ranch.

ARTICLE 12. Golf Course

12.1 Ownership And Operation Of the Golf Course: Declarant has constructed certain golf amenities, as part of Declarant's contractual commitments to Purchasers of Jug Mountain Ranch Units. All Persons, including all Owners, are hereby advised that no representations or warranties have been or are made by the Declarant or any other Person with regard to the perpetual existence, ownership or operation of the Golf Course; and, no purported representation or warranty in such regard, either written or oral, shall ever be effective without an amendment to this Declaration executed or joined into by the Declarant. All or part of the Golf Course is or will be Private Open Space. The Golf Course is not Common Open Space. The Golf Course is private property owned and operated by the Declarant or its assigns and administered according to policies, rules and regulations adopted by the Declarant or its assigns from time to time. Additional facilities which are part of the Golf Course may be owned by Declarant, or some other Person. These facilities shall be developed and provided at the discretion of the Declarant. The Declarant shall have the exclusive right to determine from time to time, in its sole discretion and without notice or approval of any change, how and by whom these facilities shall be used, if at all. By way of example, but not limitation, the Declarant or its assigns, shall have the sole right to approve Golf Course users and determine eligibility for Golf Course use, to reserve use rights, to terminate any or all Golf Course use rights, to change, eliminate or cease operation of any or all of the facilities, to transfer any or all of the Golf Course or the operation thereof to anyone (including without limitation a member-owned or equity club) and on any terms, to limit the availability of such use privileges, and to require the payment of a purchase price, membership contribution, initiation fee, membership deposit, dues, use charges and other charges for use privileges. Subject to requirement that all Owners shall have the opportunity to join any club that may be created.

12.2 Right To Use: Ownership of a Unit or any other portion of Jug Mountain Ranch or membership in the Ranch Association does not give any vested right or easement, prescriptive or otherwise, to use the Golf Course, and does not grant any ownership or membership interest therein. Rights to use the Golf Course will be granted only to such persons, and on such terms and conditions, as may be determined from time to time by the owner of the Golf Course or its assigns.

12.3 View Impairment: Neither the Declarant, the Ranch Association nor the owner or operator of the Golf Course guarantees or represents that any view over and across the Golf Course from adjacent Units will be preserved without impairment. The owner of the Golf Course shall have no obligation to prune or thin trees or other landscaping, and shall have the right, in its sole and absolute discretion, to add trees and other landscaping to the Golf Course from time to time. In addition, the owner of the Golf Course may, in its sole and absolute discretion, change the location, configuration, size and elevation of the tees, bunkers, fairways and greens on the Golf Course from time to time. Any such additions or changes to the Golf Course may diminish or obstruct any view from the Units and any express or implied easements for view purposes or for the passage of light and air are hereby expressly disclaimed.

12.4 Assumption of Risk and Indemnification. Each Owner by its purchase of a Unit in the vicinity of the Golf Course hereby expressly assumes and accepts the impacts of the Golf Course on such Owner's quiet enjoyment of his Unit, and the further risk of property damage or personal injury resulting from the maintenance and operation of the Golf Course, including, without limitation: (a) noise from maintenance equipment, it being specifically understood that such maintenance typically takes place around sunrise or sunset, (b) noise caused by golfers, (c) use of pesticides, herbicides and fertilizers, (d) view restrictions caused by maturation of trees and shrubbery, (e) reduction in privacy caused by golf traffic on the golf course or the removal or pruning of shrubbery or trees on the golf course, (f) design of the golf course, (g) errant golf balls, and/or (h) golf irrigation overspray. Each Owner further agrees that neither Declarant, the Ranch Association, nor any of Declarant's affiliates or agents

nor any other entity owning or managing the golf course shall be liable to any Owner or any other person claiming any loss of damage, including, without limitation, indirect, special or consequential loss or damage arising from personal injury, destruction of property, trespass, loss of enjoyment or any other alleged wrong or entitlement to remedy based upon, due to, arising from or otherwise related to the proximity of an Owner's Unit to the Golf Course, including, without limitation, any claim arising in whole or in part from the negligence of Declarant, the Ranch Association or any other entity owning or managing the golf course. Each Owner hereby agrees to indemnify and hold harmless Declarant, the Ranch Association, and any other entity owning or managing the golf course against any and all claims by an Owner's visitors, tenants and others upon such Owner's Unit.

12.5 Jurisdiction And Cooperation: It is Declarant's intention that the Ranch Association and the owner of the Golf Course shall cooperate to the maximum extent possible in the operation of Jug Mountain Ranch and the Golf Course. The Ranch Association shall have no power to promulgate Rules and Regulations affecting activities on or use of the Golf Course without the prior written consent of the owner of the Golf Course.

12.6 Limitations On Amendments: In recognition of the fact that the provisions of this Article are for the benefit of owner of the Golf Course, no amendment to this Article, and no amendment in derogation of any rights reserved or granted to the owner of the Golf Course by other provisions of this Declaration, may be made without the written approval of the owner of the Golf Course. The foregoing shall not apply, however, to amendments made by the Declarant.

ARTICLE 13. Roads

All streets, roads and drives within the CUP shall be private unless dedicated to the County or other governmental entity, in whole or in part, by a written declaration by Declarant and accepted by the County or other governmental entity. Neither Valley County nor any other governmental entity shall have responsibility for the maintenance, repair or upkeep of any of such roads unless, and to the extent, such responsibility is accepted in writing in whole or in part by the County or other governmental entity. Declarant shall complete the construction of such roads to the standards depicted in the documents submitted to and approved by Valley County. The said roads shall be transferred by Declarant to the Ranch Association after completion. Thereafter, the Ranch Association shall be solely responsible for the maintenance, repair and upkeep of such roads, which shall be part of its Property Maintenance Function. All such roads shall be dedicated to the use of the Ranch Association, the Owners, their guests and invitees. Declarant shall reserve rights in such roads, as part of the conveyance, and as necessary to implement the CUP, and as are provided for hereinabove.

ARTICLE 14. Sewer and Water

14.1 Central Sewer System: Jug Mountain Ranch will be serviced by a central sewer system, as described in documents submitted to and approved by Valley County and the Idaho Department of Health and Welfare, Division of Environmental Quality ("DEQ"). Declarant shall complete the sewer system and will obtain all necessary permits therefore, pursuant to the aforesaid documents and applicable State law and regulations. The system shall be constructed in phases. The Association shall be responsible for the cost of operation, maintenance, repair and replacement of the system, as completed. Ownership of the system shall be transferred from Declarant to the Association no later than the Conversion Date.

14.2 Central Water System:

(a) Jug Mountain Ranch will be serviced by a central water system, as described in documents submitted to and approved by Valley County, the Idaho Department of Health and Welfare, Division of Environmental Quality ("DEQ"). Declarant shall complete the water system and will obtain all necessary permits therefore, pursuant to the aforesaid documents and applicable State law and regulations. The system shall be constructed in phases. The Association shall be responsible for the cost of operation, maintenance, repair and replacement of the system, as completed. Ownership of the system shall be transferred from Declarant to the Association no later than the Conversion Date.

(b) Declarant holds Idaho Department of Water Resources Water Right No. 65-13930, which is intended to provide the potable water for the central water system. Declarant shall transfer the said water right to the Association when ownership of the Water System is transferred from Declarant to the Association. At such time, the Association is advised to contact the Idaho Department of Water Resources, Western Regional Office, to apply for an Assignment of Permit. Transfer of all or part of said water right shall not prohibit Declarant from adding additional users to the system as Jug Mountain Ranch is developed. Declarant shall maintain all right, title and interest in and to any and all other water rights

associated with the Jug Mountain Ranch Property, unless transferred in writing by Declarant, including but not limited to all surface water rights, and those intended to provide irrigation water for the Golf Course.

(c) Additional Rules and Regulations shall be promulgated which further regulate the use of the Water System by members, and the transfer of the Water System to the Association, and which detail maintenance, repair and replacement requirements.

ARTICLE 15. Neighboring Public Property

A significant amount of the real property which surrounds Jug Mountain Ranch is public property. The State of Idaho owns real property which is located East of Jug Mountain Ranch. All Owners shall take title to their property with the knowledge that such property is public property, and waive any claims against Declarant with regard to the State's regulation of such property, and any uses occurring on such property, including but not limited to use by trucks, vehicles, snowmobiles, ATVs and motorcycles.

ARTICLE 16. Certain Rights Of Declarant, Owners And Lessees

16.1 Reserved Rights with Respect to Property Furnished by Declarant: Whether or not expressed at the time, all Property Furnished by Declarant shall be deemed accepted by the Ranch Association and shall at all times remain subject to: existing or future easements for utilities, including gas, electricity, water, sewer, telephone, television or other utility services, and for intercommunication, alarm or other similar systems; existing easements for parking purposes; existing easements for the Golf Course; existing easements for ingress, egress and access for the benefit of other property in the vicinity of Jug Mountain Ranch, and easements as provided in Section 16.3.

16.2 No Sale or Abandonment of Property Furnished by Declarant: No Property Furnished by Declarant may be sold, conveyed, encumbered, leased, transferred, abandoned or otherwise disposed of without the prior written consent of Declarant. No improvements which may be included in Property Furnished by Declarant may be destroyed, permitted to deteriorate or waste, or disposed of by the Ranch Association without the prior written consent of Declarant.

16.3 Easements of Owners with Respect to Association Facilities: Each Owner, Owner's Lessees, Subowners and Guests shall have a non-exclusive easement over, upon, across and with respect to any Association Facilities as appropriate and necessary for: access, ingress and egress to the Unit of such Owner, Lessee, Subowner or Guest; encroachment by improvements caused by the settling, rising or shifting of earth; and horizontal and lateral support of improvements; subject, however, in the case of easements for access, ingress and egress, to such reasonable and uniformly applied rules and regulations as the Ranch Association may impose to assure reasonable use and enjoyment of Association Facilities by all persons entitled to such use and enjoyment.

16.4 Owner's Enjoyment of Functions and Association Facilities: Each Owner, Lessee, Subowner and Guest shall be entitled to use and enjoy any Association Facilities suitable for general use or the services provided by any Functions, subject to such reasonable rules and regulations which the Ranch Association may adopt and subject to such reasonable and uniformly applied charges which the Ranch Association may impose to offset costs and expenses, depreciation and capital expenses, subject to the provisions of this Declaration and subject to the following specific limitations. Such rules and regulations and charges may differentiate between different categories of Owners, Lessees, Subowners or Guests as established by the Board from time to time; however, the rules, regulations and charges must be uniformly applied within such categories. There shall be no obstruction of any Association Facilities nor shall anything be stored in or on any part of any Association Facilities without the prior written consent of the Ranch Association. Nothing shall be altered on, constructed in or removed from any Association Facilities except with the prior written consent of the Ranch Association. Nothing shall be done or kept on or in any Association Facilities which would result in the cancellation of the insurance or any part thereof which the Ranch Association is required to maintain pursuant hereto or increase the rate of the insurance or any part thereof over what the Ranch Association, but for such activity, would pay, without the prior written consent of the Ranch Association. Nothing shall be done or kept on or in such Association Facilities which would be in violation of any statute, rule, ordinance, regulation, permit or other requirement of any governmental body. No damage to, or waste of Association Facilities shall be committed, and each Owner shall indemnify and hold the Ranch Association and the other Owners harmless against all loss resulting from any such damage or waste caused by such Owner or such Owner's Lessees, Subowners or Guests. No noxious, destructive or offensive activity shall be carried on with respect to any Association Facilities nor shall anything be done therein or thereon which may be or become a nuisance to any other Owner or to any Lessee, Subowner or Guest.

16.5 Owner's Rights and Obligations Appurtenant: All rights, easements and obligations of an Owner under this Declaration and all rights of an Owner with respect to membership in the Ranch Association under this Declaration are hereby declared to be and shall be appurtenant to the title to the Unit owned by such Owner and may not, except as provided in Section 16.6 herein and Section 3.1 of the Bylaws, be transferred, conveyed, devised, bequeathed, encumbered or otherwise disposed of separate or apart from fee simple title to such Owner's Unit. Every transfer, conveyance, grant, devise, bequest, encumbrance or other disposition of a Unit shall be deemed to constitute a conveyance, grant, devise, bequest, encumbrance or transfer or disposition of such rights and obligations.

16.6 Assignment of Rights or Obligations to a Subowner: An Owner may assign or delegate to a Subowner all (but not less than all) of his rights under this Declaration as an owner or as a member of the Ranch Association and may enter into an arrangement with such Subowner under which the subowner shall agree to assume all of such Owner's obligations hereunder as an Owner or member of the Ranch Association. The Ranch Association shall recognize any such assignment or delegation of rights or arrangements for assumption of obligations, provided that, to be effective with respect to the Ranch Association, Declarant or any other Owner, the assignment or delegation of rights or arrangement for assumption of obligations shall be in writing, shall be in terms deemed satisfactorily specific by the Ranch Association, and a copy thereof shall be filed with and approved by the Ranch Association. Notwithstanding the foregoing, no Owner shall be permitted to relieve himself of the ultimate responsibility for fulfillment of all obligations hereunder of an Owner arising during the period he is an Owner.

16.7 Lessee's Rights and Obligations Appurtenant: All rights, easements and obligations of a Lessee under this Declaration and all rights of a Lessee with respect to a membership in the Ranch Association under this Declaration are hereby declared to be and shall be appurtenant to the lease to the Leased Premises leased by such Lessee, and may not, except as provided in Section 16.8, be transferred, conveyed, devised, bequeathed, encumbered or otherwise disposed of separately or apart from the lease to the Leased Premises. Every transfer, conveyance, grant, devise, bequest, encumbrance or other disposition of a Leased Premises shall be deemed to constitute a conveyance, grant, devise, bequest, encumbrance or transfer or disposition of such rights and obligations.

16.8 Transfer of Rights or Obligations to a Sublessee: A Lessee, upon subleasing his entire Leased Premises, shall automatically be deemed to have given up all of his rights and obligations as a Lessee and as a member of the Ranch Association during the term of such sublease, and the sublessee shall automatically be deemed a Lessee and a member of the Ranch Association upon commencing to own and operate a business on the Leased Premises. If a Lessee subleases only a portion of his Leased Premises, the Lessee shall automatically be deemed to have given up all rights and obligations as a Lessee and as a member of the Ranch Association as to such subleased portion and such sublessee shall automatically be deemed a Lessee and a member of the Ranch Association upon commencing to own and operate a business upon his subleased portion of the Leased Premises. Such sublessor shall maintain his rights and obligations as a Lessee and as a member of the Ranch Association with respect to any retained portion of the Leased Premises. Notwithstanding the foregoing, no sublessor shall be permitted to relieve himself of the ultimate responsibility for fulfillment of all obligations hereunder as a Lessee arising during the period he is a Lessee.

ARTICLE 17. Dispute Resolution and Limitation on Litigation

17.1 Agreement to Encourage Resolution of Disputes Without Litigation.

(a) Declarant, the Ranch Association and its officers, directors, all Classes of Members, and any Person not otherwise subject to this Declaration who agrees to submit to this Article (collectively, "Bound Parties"), agree that it is in the best interest of all concerned to encourage the amicable resolution of disputes involving Jug Mountain Ranch without the emotional and financial costs of litigation. Accordingly, each Bound Party agrees not to file suit in any court with respect to a Claim described in subsection (b) unless and until it has first submitted such Claim to the alternative dispute resolution procedures set forth in Section 17.2 in a good faith effort to resolve such Claim.

(b) As used in this Article, the term "Claim" shall refer to any claim, tort claim, grievance or dispute arising out of or relating to:

- (i) the interpretation, application or enforcement of the Association Documents;
- (ii) the rights, obligations, and duties of any Bound Party under the Association Documents; or,
- (iii) the decisions of the DRC;

(c) The following shall not be considered "Claims" unless all parties to the matter otherwise agree to submit the matter to the procedures set forth in Section 17.2:

- (i) any suit by the Association to collect Assessments or other amounts due from any Owner;
- (ii) any suit by the Association to obtain a temporary restraining order and such ancillary relief as the court may deem necessary in order to maintain the status quo and preserve the Ranch Association's ability to enforce the provisions of Design and Development Guidelines, or any of the Association Documents;
- (iii) any suit between Owners, which does not include Declarant or the Ranch Association as a party, if such suit asserts a Claim which would constitute a cause of action independent of the Association Documents;
- (iv) any suit in which any indispensable party is not a Bound Party;
- (v) any suit as to which any applicable statute of limitations would expire within 180 days of giving the Notice required by Section 17.2(a), unless the party or parties against whom the Claim is made agree to toll the statute of limitations as to such Claim for such period as may reasonably be necessary to comply with this Article; and,
- (vi) any suit by the Association to enjoin a continuing violation of or to enforce the provisions of the Design and Development Guidelines or any other Association Document.

17.2 Dispute Resolution Procedures:

(a) Notice. The Bound Party asserting a Claim ("Claimant") against another Bound Party ("Respondent") shall give written notice to each Respondent and to the Board stating plainly and concisely:

- (i) the nature of the Claim, including the person involved and the Respondent's role in the Claim;
- (ii) the legal basis of the Claim (i.e. the specific authority out of which the Claim arises);
- (iii) the Claimant's proposed resolution or remedy; and,
- (iv) the Claimant's desire to meet with the Respondent to discuss in good faith ways to resolve the Claim.

(b) Negotiation. The Claimant and Respondent 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 Notice, the Board may appoint a representative to assist the parties in negotiating a resolution of the Claim.

(c) Mediation. If the parties have not resolved the Claim through negotiation within 30 days after the date of the Notice (or within such other time period as the parties may mutually agree upon), the Claimant shall have 45 additional days to submit the Claim to mediation with an entity designated by the Ranch Association (if the Ranch Association is not a party to the Claim) or to a mutually acceptable individual providing dispute resolution services in Idaho.

If the Claimant does not submit the Claim to mediation within such time, or does not appear for the mediation when scheduled, the Claimant shall be deemed to have waived the Claim, and the Respondent shall be relieved of any and all liability to the Claimant (but not third parties) on account of such Claim.

If the Parties do not settle the Claim in mediation, the mediator shall issue a notice of termination of the mediation proceedings indicating that the parties are at an impasse and the date that mediation was terminated. The Claimant shall thereafter be entitled to file suit.

Each party shall bear its own costs of the mediation, including attorney's fees, and each Party shall share equally all fees charged by the mediator.

(d) **Settlement.** Any settlement of the Claim through negotiation or mediation shall be documented in writing and signed by the parties. If any party thereafter fails to abide by the terms of such agreement, the any other party may file suit or initiate administrative proceedings to enforce such agreement without the need to again comply with the procedures set for this in this Section. In such event the party taking action to enforce the agreement or award shall, upon prevailing, be entitled to recover for the non-complying party (or if more than one non-complying party, from all such parties) all costs incurred in enforcing such agreement or award, including, without limitation, attorneys' fees and court costs.

ARTICLE 18. Miscellaneous

18.1 Duration of Declaration: This Declaration shall run with and bind all property within Jug Mountain Ranch, and shall inure to the benefit of and shall be enforceable by the Ranch Association or any Owner, their respective legal representatives, heirs, successors, and assigns, for a term of 50 years from the date this Declaration is recorded. After such time, this Declaration shall be automatically extended for successive periods of 10 years, unless an instrument in writing, signed by the Declarant, the Golf Priority Member, any Declarant-Assignee Priority Member and the Ranch Association, upon the affirmative vote of said Class C, D and E Members, and 90% of the Class A Members and 90% of the Class B Members, is recorded, agreeing to terminate this Declaration, in which case this Declaration shall be terminated as specified therein.

18.2 Amendment:

(a) **By the Board:** Except as limited or committed to action by the members, either by the Articles, the Bylaws, or this Declaration, the Board shall have the power to amend the Declaration at any regular meeting of the Board or at any special meeting called for that purpose at which a quorum is represented. However, if the members shall amend any portion of the Declaration, the directors shall not thereafter amend the same in such manner as to defeat or impair the object of the members in taking such action. Any amendment to the Declaration approved by the Board shall have no material adverse effect upon any right of any Owner or member.

(b) **By Owners:** This Declaration may also be amended upon the Affirmative Vote of a Majority of the Classes, by the recording of a written instrument or instruments specifying the amendment or the repeal.

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.

(c) **Validity and Effective Date of Amendments:** Amendments to this Declaration shall become effective upon recordation in the land records of Valley County, Idaho, unless a later effective date is specified therein. Any procedural challenge to an amendment must be made within six months of its recordation or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of this Declaration.

If an Owner consents to any amendment to any of the Association Documents, it will be conclusively presumed that such Owner has the authority so 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. No amendment shall be contrary to the terms or conditions of any valid County, State, or Federal Permit applicable to the CUP; nor, shall any Amendment divest any Owner of any material and substantial vested property rights.

No amendment may remove, revoke, or modify any right or privilege of the Declarant without the written consent of the Declarant or the assignee of such right or privilege.

18.3 Effect of Provisions of Declaration: Each provision of this Declaration and the Bylaws, and an agreement, promise, covenant and undertaking to comply with each provision of this Declaration and the Bylaws, and any necessary exception or reservation or grant of title, estate, right or interest to effectuate any provision of this Declaration and the Bylaws: (a) shall be deemed incorporated in each deed or other instrument by which any right, title or interest in any real property within Jug Mountain Ranch is granted, devised or conveyed, whether or not set forth or referred to in such deed or other instrument; (b) shall, by virtue of acceptance of any right, title or interest in any real property within Jug Mountain Ranch by an Owner or the Ranch Association, be deemed accepted, ratified, adopted and declared as a personal covenant of such Owner or the Ranch Association, as the case may be, (c) shall, as a personal covenant, be binding on such Owner or the Ranch Association and such Owner's or the Ranch Association's respective heirs, personal representatives, successors and assigns; (d) shall, as a personal covenant of

an Owner, be deemed a personal covenant to, with and for the benefit of Declarant and to, with and for the benefit of the Ranch Association but not to, with or for the benefit of any other Owner; shall, if a personal covenant of the Ranch Association, be deemed a personal covenant to, with and for the benefit of Declarant and to, with and for the benefit of each Owner; (f) shall be deemed a real covenant by Declarant, for itself, its successors and assigns, and also an equitable servitude, running, in each case, as a burden with and upon the title to each parcel of real property within Jug Mountain Ranch; (g) shall, as a real covenant and also as an equitable servitude, be deemed a covenant and servitude for the benefit of any real property now or hereafter owned by Declarant within Jug Mountain Ranch and for the benefit of any and all other real property within Jug Mountain Ranch; and (h) shall be deemed a covenant, obligation and restriction secured by a lien, binding, burdening and encumbering the title to each parcel of real property within Jug Mountain Ranch which lien with respect to any Unit shall be deemed a lien in favor of Declarant and the Ranch Association, jointly and severally, and, with respect to any real property owned by the Ranch Association, shall be deemed a lien in favor of Declarant.

18.4 Enforcement and Remedies:

(a) **In General:** Each provision of this Declaration with respect to the Ranch Association or property of the Ranch Association shall be enforceable by Declarant, or by any Owner who has made written demand on the Ranch Association to enforce such provision and 30 days have lapsed without appropriate action having been taken, by a proceeding for a prohibitive or mandatory injunction. In addition to any other remedy available at law or in any of the Association Documents, each provision of this Declaration with respect to an Owner or property of an Owner shall be enforceable by Declarant or the Ranch Association by a proceeding for a prohibitive or mandatory injunction and/or by a suit or action to recover damages, and/or, in the discretion of the Ranch Association, for so long as any Owner fails to comply with any such provisions, by exclusion of such Owner and such Owner's Lessees, Subowners and Guests from use of any Facility and from enjoyment of any Function. If court proceedings are instituted in connection with the rights of enforcement and remedies provided in this Declaration, the prevailing party shall be entitled to recover its costs and expenses in connection therewith, including reasonable attorneys' fees and injunction bond premiums.

(b) **Fines:** In addition to the provisions of Section 18.4(a), the Board shall be entitled to impose fines and penalties for violations of this Declaration in amounts to be provided in the Design and Development Guidelines and/or Rules and Regulations. Fines and penalties may be assessed only against a Member of the Ranch Association, and only if the violator is the Member or a member of the Member's family or a guest, invitee, lessee, contractor, subcontractor, employee or agent of the Member. Fines and penalties may be increased in the case of a continuing violation, where the Member has failed to abate the violation within the time allowed therefore by the Board in written notice to the Member. In the case of a single incident, the fine or penalty may not be assessed unless the Member has received at least one prior written notice from the Board that the violation may subject the Member to fine(s). Fines and penalties imposed pursuant to this Section may be collected as an assessment as provided in the Bylaws and this Declaration. Non-payment of assessments shall not subject a Member to fines; rather, the remedy therefore shall be as provided in the Bylaws and as may otherwise be provided in this Declaration.

18.5 Protection of Encumbrancer: No violation or breach of, or failure to comply with, any provision of this Declaration and no action to enforce any such provision shall affect, defeat, render invalid or impair the lien of any mortgage, deed of trust or other lien on any property taken in good faith and for value and perfected by recording in the office of the Recorder of Valley County, Idaho, prior to the time of recording in said office of an instrument describing such property and listing the name or names of the Owner or Owners of fee simple title to the property and giving notice of such violation, breach or failure to comply, nor shall such violation, breach, failure to comply or action to enforce affect, defeat, render invalid or impair the title or interest of the holder of any such mortgage, deed of trust, or other lien or title or interest acquired by any purchaser upon foreclosure of any such mortgage, deed of trust or other lien or result in any liability, personal or otherwise, of any such holder or purchaser. Any such purchaser upon foreclosure shall, however, take subject to this Declaration with the exception that violations or breaches of, or failures to comply with, any provisions of this Declaration which occurred prior to the vesting of fee simple title in such purchaser shall not be deemed breaches or violations hereof or failures to comply herewith with respect to such purchaser, his heirs, personal representatives, successors or assigns.

18.6 Perpetuities: The covenants, conditions, restrictions, and other provisions of this Declaration and any other Association Document shall continue in full force and effect until the death of the last survivor of the now

living grandchildren of Robert F. Kennedy, the former Attorney General of the United States of America, plus twenty-one years, unless this Declaration is sooner terminated pursuant to Section 18.1 above.

18.7 Limited Liability: Neither Declarant, the Ranch Association, the DRC, the Board nor any member, agent or employee of any of the same shall be liable to any party for any action or for any failure to act with respect to any matter if the action taken or failure to act was in good faith and without malice.

18.8 Use of Trademark: Each Owner by acceptance of a deed for his Unit, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to acknowledge that "Jug Mountain Ranch" is a service mark and trademark of Jug Mountain Ranch LLC or its licensees and to covenant that he shall not use the term "Jug Mountain Ranch" without the prior written permission of the Declarant or its licensees.

18.9 Successors and Assigns: Except as otherwise provided herein, this Declaration shall be binding upon and shall inure to the benefit of Declarant, the Ranch Association, and each Owner and their respective heirs, personal representatives, successors and assigns.

18.10 Severability: Invalidity or unenforceability of any provision of this Declaration in whole or in part shall not affect the validity or enforceability of any other provision or any valid and enforceable part of a provision of this Declaration.

18.11 Captions: The captions and headings in this instrument are for convenience only and shall not be considered in construing any provisions of this Declaration.

18.12 Construction: When necessary for proper construction, the masculine of any word used in this Declaration shall include the feminine or neuter gender, and the singular the plural, and vice versa.

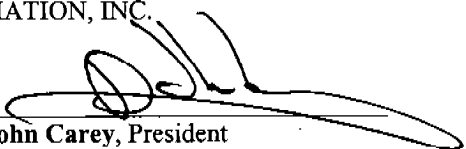
18.13 No Waiver: Failure to enforce any provisions of the Association Documents shall not operate as a waiver of any such provision or of any other provision of the Association Documents.

18.14 Notice Of Sale Or Transfer Of Title: Any Owner desiring to sell or otherwise transfer title to his or her Unit shall give the Ranch Association at least seven days' prior written notice of the name and address of the purchaser or transferee, the date of such transfer of title, and such other information as the Ranch Association may reasonably require.

CERTIFICATION

This is to certify that the foregoing Amended and Restated General Declaration for Jug Mountain Ranch has been duly adopted by the Board of Directors at a meeting held on July 17, 2006, that the same shall be effective as of the date of recordation with the Valley County, Idaho Recorder, and that it shall replace and supersede the General Declaration for Jug Mountain Ranch recorded with the Valley County, Idaho Recorder on May 24, 2004 as Instrument No. 283340.

JUG MOUNTAIN RANCH
ASSOCIATION, INC.

By: 

D. John Carey, President

IN WITNESS WHEREOF Declarant hereby consents to this Amended and Restated General Declaration for Jug Mountain Ranch effective on the date set forth above, pursuant to Section 11.7 of the General Declaration for Jug Mountain Ranch recorded with the Valley County, Idaho Recorder on May 24, 2004 as Instrument No. 283340.

JUG MOUNTAIN RANCH LLC,
An Idaho limited liability company

By: _____

D. John Carey, Manager

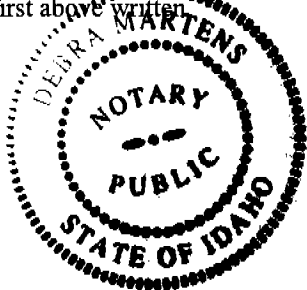
STATE OF IDAHO,)

) ss.

County of Valley.)

On this 22nd day of Sept., 2006, before me, Debra Martens a Notary Public in and for said State, personally appeared **D. John Carey**, known or identified to me to be the President of **Jug Mountain Ranch Association, Inc.**, the corporation that executed the instrument or the person who executed the instrument on behalf of said corporation, and acknowledged to me that such corporation executed the same.

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



Debra Martens
NOTARY PUBLIC FOR IDAHO

Residing at: McCall, Id

My Commission Expires: 6/17/2008

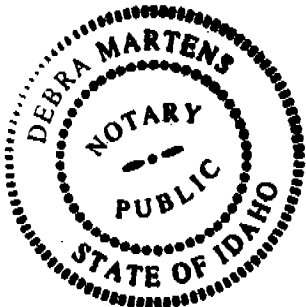
STATE OF IDAHO,)

) ss.

County of Valley.)

On this 22nd day of Sept, 2006, before me, Debra Martens a Notary Public in and for said State, personally appeared **D. John Carey**, known or identified to me to be the Manager of **Jug Mountain Ranch LLC**, the limited liability company that executed the instrument or the person who executed the instrument on behalf of said limited liability company, and acknowledged to me that such company executed the same.

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



Debra Martens
NOTARY PUBLIC FOR IDAHO

Residing at: McCall, Id

My Commission Expires: 6/17/2008

EXHIBIT A
JUG MOUNTAIN RANCH

1. That certain real property platted as Jug Mountain Ranch Planned Unit Development Phase 1 Stage 1, recorded with the Valley County, Idaho Recorder on November 30, 2004 as Instrument No. 289988; and,
2. That certain real property platted as Jug Mountain Ranch Planned Unit Development Phase 1 Stage 2, recorded with the Valley County, Idaho Recorder on May 24, 2004 as Instrument No. 283337; and,
3. That certain real property platted as Jug Mountain Ranch Planned Unit Development Phase 2, recorded with the Valley County, Idaho Recorder on May 4, 2006 as Instrument No. 308497.

**AMENDMENT TO
SUPPLEMENTAL DECLARATION
FOR
JUG MOUNTAIN RANCH
PHASE 1 STAGE 2**

This Amendment to Supplemental Declaration ("**Amendment**") is made by Jug Mountain Ranch Association, Inc., an Idaho nonprofit corporation, to the Supplemental Declaration for Jug Mountain Phase 1 Stage 2 which was recorded with the Valley County, Idaho Recorder on May 24, 2004 as Instrument No. 283341 ("**Original Supplemental Declaration**").

The purpose of the following amendment is to modify the classification of Lots 1 and 2, Block 3, Jug Mountain Ranch Planned Unit Development Phase 1 Stage 2 ("**Lots 1 and 2**"), from Golf Course use to Residential.

The Original Supplemental Declaration is amended as follows:

1. The use of Lots 1 and 2 as part of the Golf Course is hereby terminated.
2. Lots 1 and 2 shall be considered Units which are associated with a Class A Membership.
3. Section 3.1 shall be deleted in its entirety and replaced with the following:
3.1 Membership: Each Owner of an Affected Lot shall be a Class A Residential member of the Jug Mountain Ranch Association, pursuant to the Jug Mountain Ranch Association Articles of Incorporation and Bylaws.
4. Article 5, regarding Golf Course Use of Block 3, Lots 1 & 2, shall be deleted in its entirety.
5. Except as modified herein, the terms and conditions set forth in the Original Supplemental Declaration shall remain in full force and effect.

This Amendment is made pursuant to Section 11.2(a) of the Original Supplemental Declaration, and was approved at a meeting of the Board of Directors of the Jug Mountain Ranch Association, Inc. held February 6, 2017 at which a quorum was present. The Amendment was approved by a vote of UNANIMOUS.

IN WITNESS WHEREOF, the Bylaws are hereby amended as aforesaid, effective as of the date signed by all parties below.

JUG MOUNTAIN RANCH ASSOCIATION, INC.

By: 
David John Carey II, President

Date: 2-6-17

IN WITNESS WHEREOF, the Declarant hereby consents to this Amendment pursuant to Section 11.7 of the Amended and Restated General Declaration for Jug Mountain Ranch recorded with the Valley County, Idaho Recorder as Instrument No. 313721.

JUG MOUNTAIN RANCH LLC, an Idaho limited liability company

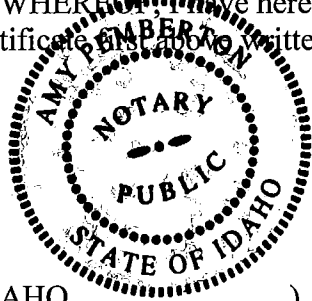
By: [Signature]
David John Carey II, Manager

Date: 2-6-17

STATE OF IDAHO,)
) ss.
County of Valley.)

On this 6th day of FEBRUARY, 2017, before me, AMY PEMBERTON, a Notary Public in and for said State, personally appeared **David John Carey II**, known or identified to me to be the President of **Jug Mountain Ranch Association, Inc.**, the corporation that executed or the person who executed the aforesaid document on behalf of said corporation, and acknowledged to me that the said corporation did execute the same.

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



[Signature]
NOTARY PUBLIC FOR IDAHO
My Commission Expires: 5/9/2021

STATE OF IDAHO,)
) ss.
County of Valley.)

On this 16th day of FEBRUARY, 2017, before me, AMY PEMBERTON, a Notary Public in and for said State, personally appeared **David John Carey II**, known or identified to me to be the Manager of **Jug Mountain Ranch LLC**, the limited liability company that executed the instrument or the person who executed the instrument on behalf of said limited liability company, and acknowledged to me that such company executed the same.

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



[Signature]
NOTARY PUBLIC FOR IDAHO
My Commission Expires: 5/9/2021

289990

Instrument # 289990

VALLEY COUNTY, CASCADE, IDAHO

2004-11-30

11:51:42 No. of Pages: 9

Recorded for : SECESH ENG

LELAND G. HEINRICH

Ex-Officio Recorder Deputy

Index to: RESTRICTIVE COVENANT

Fee: 27.00



JUG MOUNTAIN RANCH

MCCALL, IDAHO

**SUPPLEMENTAL DECLARATION
FOR
JUG MOUNTAIN RANCH
PHASE 1 STAGE 1**

Recording Requested By and When Recorded Return to:

Millemann, Pittenger, McMahan & Pemberton, LLP

706 North First Street

P.O. Box 1066

McCall, Idaho 83638

**SUPPLEMENTAL DECLARATION
FOR
JUG MOUNTAIN RANCH
PHASE 1 STAGE 1**

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**SUPPLEMENTAL DECLARATION
FOR
JUG MOUNTAIN RANCH
PHASE 1 STAGE 1**

This Supplemental Declaration is made this _____ day of _____, 2004, by Jug Mountain Ranch LLC, an Idaho limited liability company.

ARTICLE 1. Introduction & Purpose

1.1 This Supplemental Declaration (a) is filed pursuant to Section 7.1 of the General Declaration for Jug Mountain Ranch (the "General Declaration") recorded May 24, 2004 as Instrument No. 283340 with the Valley County, Idaho Recorder, as may be amended; and, (b) affects only Phase 1 Stage 1 of Jug Mountain Ranch, according to the recorded plat thereof, which is defined and described at Section 2.3 below, and any amendments thereto (the "Affected Property").

1.2 The purposes of this Supplemental Declaration are to annex the Affected Property into Jug Mountain Ranch, to set forth additional covenants and conditions with respect to the use, density and design of improvements on the Affected Property, in order to preserve the natural beauty of Jug Mountain Ranch and its setting, to maintain Jug Mountain Ranch as a pleasant and desirable environment, to establish and preserve a harmonious design for the community, and to protect and promote the value of the Affected Property and Jug Mountain Ranch.

ARTICLE 2. Definitions

2.1 Lot: Each parcel of real property reflected on the Phase 1 Stage 1 Plat as a Lot which may be independently owned and conveyed.

2.2 Affected Lots: Block 1, Lots 56 through 88; and, Block 2, Lots 45, 45A, and 46 through 55.

2.3 Phase 1 Stage 1 Plat: That certain plat recorded November 30 2004 as Instrument No. 289988 with the Valley County, Idaho Recorder and entitled "Jug Mountain Ranch Planned Unit Development Phase 1 Stage 1", and as the same may be amended.

2.4 Supplemental Declaration: This Supplemental Declaration as may be amended and supplemented.

2.5 The Lake: The term "the Lake" as used herein shall refer to Jussila Bow Reservoir.

2.6 The Lakeside Boundary Line: The term "the Lakeside Boundary Line" as used herein shall refer to the boundary line adjacent to the Lake for those Lots and Common Open Spaces which are located adjacent to the Lake.

2.7 Living Unit: One or more rooms designed for or which may readily be occupied exclusively by one family or group of people living independently from any other family or group of people, and having not more than one Cooking Facility.

2.8 Single Family Structure: A building which contains one Living Unit.

2.9 Primary/Secondary Structure: A building which contains two Living Units, one being for Guests, which Living Units cannot be separately sold, rented or leased. The Secondary Unit must be attached to the Primary Unit.

2.10 Attached Garage: An Attached Garage is a garage which is attached directly to a Living Unit. A garage which is attached to a Living Unit by a breezeway or some other covered but unenclosed outdoor route shall be considered an Attached Garage. A Detached Garage, which may not contain a Living Unit, is a garage which is not attached.

2.11 Cooking Facility: Fixtures and equipment for food storage and preparation of meals, including at least a sink, oven and refrigerator.

2.12 Building Improvements: Any material improvement of any of the Affected Property including, but not limited to landscaping, site preparation, paving, fencing, building construction, exterior changes, or interior changes which change the use of interior space to an unauthorized use or which would change the number of Living Units.

2.13 Other: Other capitalized terms used herein shall have the meaning set forth in the General Declaration or in this Supplemental Declaration.

ARTICLE 3. Annexation of Phase 1 Stage 1 Into Jug Mountain Ranch

3.1 Annexation: Declarant hereby annexes the Affected Property into Jug Mountain Ranch pursuant to Section 10.1 of the General Declaration.

3.2 Incorporation and Adoption of General Declaration: All covenants, restrictions and provisions of the General Declaration are hereby incorporated by reference, adopted, and declared to be applicable to and binding upon the Affected Property.

ARTICLE 4. Jug Mountain Ranch Association and Neighborhood Designation

4.1 Ranch Association Membership: Except as otherwise provided at Article 5, each Owner of an Affected Lot shall be a Class A Residential member of the Jug Mountain Ranch Association, pursuant to the Jug Mountain Ranch Association Articles of Incorporation and Bylaws.

4.2 Neighborhood Designation: At Article 13 of the Bylaws, Declarant created the Residential Home Site Neighborhood. Each Owner of an Affected Lot shall be a member of the Residential Home Site Neighborhood.

4.3 Declarant's Right to Reallocate Units Among Neighborhoods: Declarant shall have the right to create additional Neighborhoods, add Units to each Neighborhood, and to reallocate Units within each Neighborhood, pursuant a Supplemental Declaration.

ARTICLE 5. Open Spaces

5.1 Designation of Open Spaces: Pursuant to Article 5 of the General Declaration, Open Space Parcels depicted on the Phase 1 Stage 1 Plat are designated as follows:

(a) **Golf Course:** The following Lots, which are marked "Golf Course" on the Phase 1 Stage 1 Plat, are part of the Golf Course and are Private Open Space: Block 1, Lots 89, 100 and 101.

(b) **Common Open Space Lot:** The following Lots, which are marked "Open Space" on the Phase 1 Stage 1 Plat, are Common Open Space: Block 1, Lots 90, 91, 92, 94 and 95; and, Block 2, Lots 97 and 98. Many of the Open Space Lots contain Wetlands, which are delineated on the Phase 1 Stage 1 Plat. These Wetlands are subject to regulation by the Army Corps of Engineers. Declarant reserves the right to expand these Wetlands, subject to review and approval from the Army Corps of Engineers.

(c) **Private Open Space Lot:** The following Lot, which is marked "Private Open Space" on the Phase 1 Stage 1 Plat, is Private Open Space: Block 1, Lot 93. Section 5.3 below describes covenants and conditions related to this Private Open Space lot, which is also known as Jussila Bow Reservoir.

The above-described Open Space parcels shall be managed and used in accordance with the Phase 1 Stage 1 Plat and the General Declaration.

5.2 Trails in Open Spaces: Declarant shall have the right to construct trails in any Golf Course, Open Space or Private Open Space Lot, to be used for such recreational uses as the Declarant shall designate, in Declarant's sole discretion, including but not limited to the following uses: pedestrian, bicyclists, and skiers, and the use of motorized equipment to maintain and prepare trails for the same. Declarant shall also have the sole discretion to identify allowable users of such trails. Declarant reserves the right to modify the location of any trails, and shall have the sole discretion to vacate or terminate the use or right of use of such trails.

5.3 Private Open Space – Jussila Bow Reservoir: Following are additional covenants and conditions related to the Block 1, Lot 93 Private Open Space ("Jussila Bow Private Open Space"):

(a) Declarant is currently the owner of the Jussila Bow Private Open Space. Declarant shall transfer the Jussila Bow Private Open Space to the Ranch Association, or to the Owner of the Golf Course, on or before the Conversion Date, together with the water rights associated with the Lake.

(b) Docks shall be permitted on Lots located adjacent to the Lake, upon approval by the DRC. Docks shall extend into the Lake no more than 25 feet, and shall be no more than a total of 300 square feet in size beyond the Lakeside Boundary Line. There shall be no vertical improvements on a dock beyond the Lakeside Boundary Line, such as gazebos or benches. Benches and flower pots shall be

allowed, upon approval by the DRC, on any decking or portion of a dock which is located on a Lot and not beyond the Lakeside Boundary Line.

(c) No Owner of a Lot adjacent to the Lake shall be allowed to make any improvements other than docks as described at Section 5.3(b), or place any fill, in the Jussila Bow Private Open Space without the prior written consent of the owner of the Jussila Bow Private Open Space, which consent can be refused for any reason.

(d) Only landscaping, inground patios, and other low lying improvements may be constructed within the Shoreline Maintenance Easement described at Section 6.4 below, upon approval of the DRC. Any improvements on a Lot which are located within the Shoreline Maintenance Easement which are damaged as the result of maintenance of the Jussila Bow Reservoir shall not be the liability of the owner of the Jussila Bow Private Open Space, but shall instead be the liability of the Owner of the Lot and/or damaged improvements.

(e) Use of the Lake:

- (i) There shall be no motorized use of any kind on the Lake, except as may be necessary for the Owner of the Lake for maintenance and repairs.
- (ii) Owners of Lots adjacent to the Lake and their guests may use non-motorized boats on the Lake during hours when the golf course is not open for play, to include row boats, kayaks, and canoes. Boats shall not be allowed for use by those who do not own a Lot adjacent to the Lake.
- (iii) All Owners and their guests may use flyfishing tubes in the Lake during hours when the golf course is not open for play.
- (iv) The entire Lake is in a golf hazard area. Therefore, there shall be no use of any flotation device or boat during the hours that the golf course is open for play. The Ranch Association, the Owner of the Jussila Bow Private Open Space, and/or Declarant shall have the authority to promulgate additional rules with regard to use of the Lake.
- (v) Any use of the Lake by any Owner or guest shall be completely at the risk of such Owner or guest; and, all Owners and guests shall be conclusively deemed to have waived in perpetuity any claims of any kind whatsoever, whether for property damage, personal injury, death or otherwise, against Jug Mountain Ranch LLC, the owner or operator of the Golf Course, the Jug Mountain Ranch Association, or any agent, employee, member, officer or director of any of the above-named stemming from or relating in any way to such Owner's or guest's use of the Lake or a dock located thereon.

(f) Maintenance and Upkeep of the Lake: The cost of maintenance and repairs to the Lake shall be shared as follows: The Owner of the Golf Course shall pay one half (½) the cost; the Owners of Lots adjacent to the Lake shall pay one fourth (¼) the cost; and, all Owners in the Ranch Association shall pay one fourth (¼) the cost. Such cost shall be assessed as a Local Maintenance Assessment pursuant to Section 9.3(c) of the Bylaws. "Maintenance and repairs" as used in this Section shall include all work reasonably necessary to maintain the Lake and its spillway in its current condition and in compliance with all applicable laws and regulations.

(g) Jug Mountain Ranch LLC, the current owner of the Jussila Bow Private Open Space, hereby covenants and agrees to make its best efforts to provide sufficient water to maintain the Lake at full pool, year round, subject to the availability of water to Jug Mountain Ranch LLC. Sufficient water rights are currently held by Jug Mountain Ranch LLC to comply with this covenant in normal water years. This obligation shall be transferred to the transferee of the Jussila Bow Open Space and associated water right at such time as they are transferred pursuant to Section 5.3(a) above.

(h) Declarant hereby grants to the owner of the Golf Course an easement over the Jussila Bow Private Open Space, as an Open Space which is subject to all easements described at Section 9.5 of the General Declaration.

5.4 Open Space – Block 1, Lot 91 Lakeside Common Area: Following are additional covenants and conditions related to the Block 1, Lot 91 Common Open Space ("Lakeside Common Area");

(a) Declarant or the Ranch Association may construct a dock, which may extend into the Lake no more than 25 feet, and shall be no more than a total of 450 square feet in size beyond the Lakeside Boundary Line. There shall be no vertical improvements on a dock beyond the Lakeside Boundary Line, such as gazebos or benches. Benches and flower pots shall be allowed, upon approval by the DRC, on any decking or portion of a dock which is located on the Lakeside Common Area and not beyond the Lakeside Boundary Line.

(b) Declarant or the Ranch Association may construct picnic facilities on the Lakeside Common Area.

(c) There shall be no loud or boisterous activity on the Lakeside Common Area.

(d) The Ranch Association shall have the right to promulgate additional rules regarding the use of the Lakeside Common Area.

5.5 Open Space – Block 1, Lot 90 Golfside Common Area: Following are additional covenants and conditions related to the Block 1, Lot 90 Common Open Space (“Golfside Common Area”):

(a) Declarant or the Ranch Association may construct picnic facilities on the Golfside Common Area.

(c) There shall be no loud or boisterous activity on the Golfside Common Area.

(d) The Ranch Association shall have the right to promulgate additional rules regarding the use of the Golfside Common Area.

ARTICLE 6. Easements

6.1 Utility Easements: Declarant reserves the right to construct utilities and irrigation facilities within any Utility Easement, any road right of way, and any Open Space Parcel which is depicted on the Phase 1 Stage 1 Plat, and to grant easements for the repair and maintenance of any such utility or irrigation facility. Additionally, snow may be placed within any Utility Easement abutting a road, for the placement of snow plowed, blown or otherwise cleared from driveways, roads, or Open Space. No Building Improvements shall be constructed within any Utility Easement other than utility or irrigation-related improvements, or as may be permitted pursuant to the Design and Development Guidelines. All Utility Easements are reserved in perpetuity.

6.2 Drainage Easement: The Drainage Easement depicted on the Phase 1 Stage 1 Plat on Block 2, Lots 50 and 51 is reserved for the Ranch Association, for drainage through the aforementioned parcels. There shall be no improvements constructed in the Drainage Easement.

6.3 Driveway Easements:

(a) Following are the driveway easements shown on the Phase 1 Stage 1 Plat:

(i) Block 2, Lots 45, 48, 45A, 46 and 47. Owners of all such Lots shall have the right to use this Driveway Easement, including the Owners of Lots 45 and 48 which front the road. In the event that the Owners of Lots 45 and 48 utilize the Driveway Easement to access their lots, they shall share in the cost of maintenance and repair of the Driveway Easement as provided in this Section 6.3 below; and, if they access their Lot directly from the adjoining road, they shall not share in the cost of maintenance and repair.

(ii) Block 2, Lots 52, 55, 53 and 54. Owners of all such Lots shall have the right to use this Driveway Easement, including the Owners of Lots 52 and 55 which front the road. In the event that the Owners of Lots 52 and 55 utilize the Driveway Easement to access their lots, they shall share in the cost of maintenance and repair of the Driveway Easement as provided in this Section 6.3 below; and, if they access their Lot directly from the adjoining road, they shall not share in the cost of maintenance and repair.

(iii) Block 1, across Lot 75. The owner of Lot 75, upon which the easement exists, and the owners of Lots 76 and Lot 74 shall have the right to use this Driveway Easement. In the event that the Owner of Lot 74 utilizes the Driveway Easement to access Lot 74, such Owner shall share in the cost of maintenance and repair of the Driveway Easement as provided in this Section 6.3 below; and, if the Owner of Lot 74 accesses their Lot directly from the adjoining road, they shall not share in the cost of maintenance and repair.

(b) All Driveway Easements shall be paved by the Declarant at or before the time that an occupancy permit is granted for any Lot with use of the Driveway Easement.

(c) Users of Driveway Easements must maintain them at their own expense, in good condition. All Users of a Driveway Easement shall share equally in the cost of maintenance of a Driveway Easement, beginning with that date upon which a Building Permit is issued for the construction of a home on a Lot. Therefore, no contribution shall be required from any Owner who has not yet obtained a Building Permit.

(d) Any damage to a Driveway Easement incurred due to construction shall be repaired at the expense of the Owner doing the construction.

(e) Users of a Driveway Easement who are unable to obtain reimbursement for expenses of maintenance from another user of the Driveway Easement shall have the right to request that the Ranch Association assess a Compliance Assessment against the nonpaying Owner, which the Ranch Association shall assess in its discretion.

6.4 Shoreline Maintenance Easement: The Owner of the Jussila Bow Private Open Space, or its assigns, shall have the right to maintain the shoreline of Jussila Bow Reservoir. No improvements shall be constructed within the Shoreline Maintenance Easement, as shown on the Phase 1 Stage 1 Plat, except as permitted pursuant to Section 5.3 above. Motorized equipment may be utilized to the extent necessary to properly maintain the Shoreline Maintenance Easement, in the discretion of the owner of the Jussila Bow Private Open Space. Any improvements on a Lot which are located within the Shoreline Maintenance Easement which are damaged as the result of maintenance of the Jussila Bow Reservoir shall not be the liability of the owner of the Jussila Bow Private Open Space, but shall instead be the liability of the Owner of the Lot and/or damaged improvements.

6.5 Golf Easement: The Owner of the Golf Course shall have an easement to use the Golf Easement shown on the Phase 1 Stage 1 Plat for any use reasonably related to Golf. Said Golf Easement crosses the Jussila Bow Private Open Space (Block 1, Lot 93) and the Block 1, Lot 95 Common Open Space. Improvements within the Golf Easement shall be maintained by the Owner of the Golf Course.

ARTICLE 7. Roads and Utilities

7.1 Roads: Pursuant to that certain Owner's Declaration of Roads For Jug Mountain Ranch, Phase 1 Stage 1 ("Declaration of Private Roads"), recorded with the Valley County Recorder, with the exception of Ashton Lane, which is public, all roads which are depicted on the Phase 1 Stage 1 Plat (including, but not limited to, those roads which are labeled as "Drive", "Place", or "Court") are private roads and shall permanently remain private roads. Said private roads are hereby irrevocably dedicated for the nonexclusive use and enjoyment of the members of the Ranch Association, together with their guests, invitees, and assigns, subject to the terms, conditions, and reserved Declarant's rights contained in the General Declaration and this Supplemental Declaration, which shall in no event divest the members' right of use as aforesaid. As provided in the General Declaration and the Declaration of Private Roads, the Ranch Association shall be responsible for the maintenance and repair of the above-described private roads.

7.2 Utilities: The Water System and Sewer System described in the General Declaration will be installed for use by all members in the Phase 1 Stage 1 Property, and will be completed prior to the closing of each Lot sale. Block 1, Lot 99 is reserved for a lift station, which is part of the Sewer System, and shall be transferred to the Ranch Association pursuant to the terms of Section 14.1 of the General Declaration. Block 1, Lot 96 is reserved for a well, which is part of the Water System, and shall be transferred to the Ranch Association pursuant to the terms of Section 14.2 of the General Declaration.

ARTICLE 8. Limitation of Building Improvements

8.1 Affected Lots: Affected Lots may not contain any Building Improvements except:

- (a) A Single Family Structure or a Primary/Secondary Structure; and,
- (b) A garage of a size and at a location approved in writing by the DRC, which may be attached or detached; and,
- (c) Such fences, walls, driveways and parking areas as may be approved in writing by the DRC; and,
- (d) Landscaping improvements approved in writing by the DRC; and,

- (e) Such other improvements as may be approved in writing by the DRC.

Maximum and minimum square footages are defined in the Design and Development Guidelines.

ARTICLE 9. Use of Platted Lots

9.1 Single Family Residential Use: The Affected Lots shall be used only for single family residential purposes with customary accessory uses, except as permitted under Section 9.4. Customary accessory uses shall include but not be limited to long or short term rentals to persons who use such improvements for residential or lodging purposes, as restricted by the terms of Section 6.17 of the General Declaration.

9.2 No Further Division: No Owner of any Affected Lot may apply to Valley County, Idaho, or any governmental jurisdiction to further divide any Affected Lot, except that Declarant may further divide an Affected Lot, or adjust lot lines between Affected Lots, prior to sale of such Affected Lot(s), as approved by Valley County.

9.3 Condominiums: No Owner of any Affected Lot shall dedicate or submit such Owners' Lot to a condominium form of ownership.

9.4 Home Office: An Affected Lot may also be used for a Home Office, only if the Ranch Association has issued a written permit for such activity. The Ranch Association may refuse to issue a permit in its sole and absolute discretion, if, in the Ranch Association's reasonable judgment, such activity would:

- (a) create additional vehicular traffic to or from such Lot;
- (b) employ persons at such lot other than those residing at such Lot;
- (c) require storage of any significant materials, machinery, inventory or other items on such Lot;
- (d) require processing of materials into finished products or the assembly of parts produced off site;
- (e) require additional parking at such lot, whether for customers, delivery or otherwise;
- (f) be incompatible with the quiet enjoyment of the surrounding Lots by such Lots' Owners; or,
- (g) otherwise violate the provisions of Article 7 or 8 of the General Declaration.

Any such permit shall be issued for such period and upon such terms as the Ranch Association, in its sole discretion, deems reasonable.

ARTICLE 10. Building Guidelines

10.1 All Building Improvements on any Affected Lot must be built strictly in accordance with the provisions of the Design and Development Guidelines.

10.2 By acquiring any interest in an Affected Lot, the Owner of such Lot consents to and accepts the authority of the Design Review Committee to review and approve the plans and specifications for any Building Improvements on such Lot in accordance with the Design and Development Guidelines in effect from time to time. In particular, such Owner recognizes that certain of the judgments which will be made by the DRC are subjective in nature, and such Owner agrees not to contest such subjective judgments unless they are made in bad faith or in an arbitrary and capricious manner.

ARTICLE 11. Miscellaneous

11.1 Duration of Supplemental Declaration: This Supplemental Declaration shall run with and bind the Affected Property, and shall inure to the benefit of and shall be enforceable by the Ranch Association or any Owner of an Affected Lot, their respective legal representatives, heirs, successors, and assigns, for a term of 50 years from the date this Supplemental Declaration is recorded. After such time, this Supplemental Declaration shall be automatically extended for successive periods of 10 years, unless an instrument in writing, signed by the Declarant and the Ranch Association upon the affirmative vote of the Class E Declarant Member, the Ranch Association Board, and 90% of the Owners of the Affected Lots, has been recorded within the year preceding each extension, agreeing to terminate this Supplemental Declaration, in which case this Supplemental Declaration shall be terminated as specified therein.

11.2 Amendment:

- (a) **By the Board:** Except as limited or committed to action by the members, either by the Articles, the Bylaws, the Declaration or this Supplemental Declaration, the Board shall have the power to

amend this Supplemental Declaration at any regular meeting of the Board or at any special meeting called for that purpose at which a quorum is represented. However, if the members shall amend any portion of this Supplemental Declaration, the directors shall not thereafter amend the same in such manner as to defeat or impair the object of the members in taking such action. Any amendment to the Declaration approved by the Board shall have no material adverse effect upon any right of any Owner or member.

(b) **By Owners:** Thereafter and otherwise, this Supplemental Declaration may be amended upon the affirmative vote of 75% of the Owners of the Affected Lots and the approval of Declarant and the Ranch Association, by the recording of a written instrument or instruments specifying the amendment or the repeal, executed by the Declarant and the Ranch Association.

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.

(c) **Validity and Effective Date of Amendments:** Amendments to this Supplemental Declaration shall become effective upon recordation in the land records of Valley County, Idaho, unless a later effective date is specified therein. Any procedural challenge to an amendment must be made within six months of its recordation or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of this Supplemental Declaration.

If an Owner consents to any amendment to this Supplemental Declaration or the Residential Association Articles of Incorporation or Bylaws, it will be conclusively presumed that such Owner has the authority to so consent, and no contrary provision in any Mortgage or contract between the Owner and a third party will affect the validity of such amendment. No amendment shall be contrary to the terms or conditions of any valid County, State, or Federal Permit applicable to the PUD; nor, shall any Amendment divest any Owner of any material and substantial vested property rights.

No amendment may remove, revoke, or modify any right or privilege of the Declarant without the written consent of the Declarant or the assignee of such right or privilege.

11.3 Effect of Provisions of Supplemental Declaration: Each provision of this Supplemental Declaration, and a promise, covenant and undertaking to comply with each such provision: (a) shall be deemed incorporated in each deed or other instrument by which any right, title or interest in any real property within the Affected Property is granted, devised or conveyed, whether or not set forth or referred to in such deed or other instrument; (b) shall, by virtue of acceptance of any right, title or interest in any real property within the Affected Property by an Owner or the Ranch Association, be deemed accepted, ratified, adopted and declared as a personal covenant of such Owner or the Ranch Association, as the case may be; (c) shall, as a personal covenant, be binding on such Owner or the Ranch Association and such Owner's or the Ranch Association's respective heirs, personal representatives, successors and assigns; (d) shall, as a personal covenant of an Owner, shall be deemed a personal covenant to, with and for the benefit of Declarant and to, with and for the benefit of the Ranch Association but not to, with or for the benefit of any other Owner; (e) shall, if a personal covenant of the Ranch Association, be deemed a personal covenant to, with and for the benefit of Declarant and to, with and for the benefit of each Owner; (f) shall be deemed a real covenant by Declarant, for itself, its successors and assigns, and also an equitable servitude, running, in each case, as a burden with and upon the title to each parcel of real property within the Affected property; (g) shall, as a real covenant and also as an equitable servitude, be deemed a covenant and servitude for the benefit of any real property now or hereafter owned by Declarant within the Affected property and for the benefit of any and all other real property within Jug Mountain Ranch; and (h) shall be deemed a covenant, obligation and restriction secured by a lien, binding, burdening and encumbering the title to each parcel of real property within the Affected Property which lien with respect to any Unit shall be deemed a lien in favor of Declarant and the Ranch Association, jointly and severally, and, with respect to any real property owned by the Ranch Association, shall be deemed a lien in favor of Declarant.

11.4 Enforcement and Remedies: Each provision of this Supplemental Declaration with respect to an Owner or property of an Owner shall be enforceable by Declarant or the Ranch Association as provided in Section 18.4 of the General Declaration.

11.5 Protection of Encumbrancer: No violation or breach of, or failure to comply with, any provision of this Supplemental Declaration and no action to enforce any such provision shall affect, defeat, render invalid or impair the lien of any mortgage, deed of trust or other lien on any property taken in good faith and for value and perfected by recording in the office of the Recorder of Valley County, Idaho, prior to the time of recording in said

office of an instrument describing such property and listing the name or names of the Owner or Owners of fee simple title to the property and giving notice of such violation, breach or failure to comply, nor shall such violation, breach, failure to comply or action to enforce affect, defeat, render invalid or impair the title or interest of the holder of any such mortgage, deed of trust, or other lien or title or interest acquired by any purchaser upon foreclosure of any such mortgage, deed of trust or other lien or result in any liability, personal or otherwise, of any such holder or purchaser. Any such purchaser upon foreclosure shall, however, take subject to this Supplemental Declaration with the exception that violations or breaches of, or failures to comply with, any provisions of this Supplemental Declaration which occurred prior to the vesting of fee simple title in such purchaser shall not be deemed breaches or violations hereof or failures to comply herewith with respect to such purchaser, his heirs, personal representatives, successors or assigns.

11.6 Limited Liability: Neither Declarant, the Ranch Association, the DRC, the Board of Directors of the Ranch Association, nor any member, agent or employee of any of the same shall be liable to any party for any action or for any failure to act with respect to any matter if the action taken or failure to act was in good faith and without malice.

11.7 Successors and Assigns: Except as otherwise provided herein, this Supplemental Declaration shall be binding upon and shall inure to the benefit of Declarant, the Ranch Association, and each Owner of an Affected Lot and their respective heirs, personal representatives, successors and assigns.

11.8 Severability: Invalidity or unenforceability of any provision of this Supplemental Declaration in whole or in part shall not affect the validity or enforceability of any other provision or any valid and enforceable part of a provision of this Supplemental Declaration.

11.9 No Waiver: Failure to enforce any provisions of this Supplemental Declaration shall not operate as a waiver of any such provision or of any other provision of this Supplemental Declaration.

IN WITNESS WHEREOF Declarant has executed this Supplemental Declaration the day and year first above written.

JUG MOUNTAIN RANCH LLC,
An Idaho limited liability company

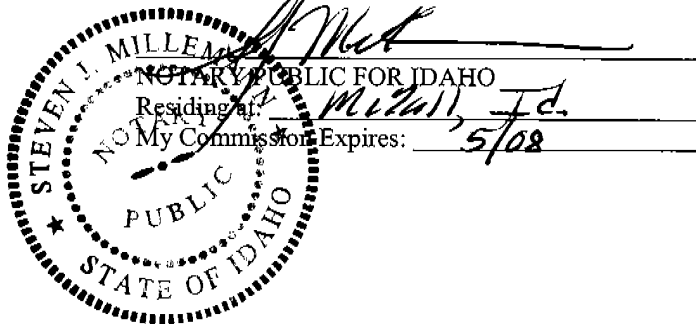
By: _____

D. John Carey, Manager

STATE OF IDAHO,)
) ss.
County of Valley.)

On this 25th day of October, 2004, before me, STEVEN J. MILLEMAN, a Notary Public in and for said State, personally appeared **D. John Carey**, known or identified to me to be the Manager of **Jug Mountain Ranch LLC**, the limited liability company that executed the instrument or the person who executed the instrument on behalf of said limited liability company, and acknowledged to me that such company executed the same.

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



NOTICE
With Regard to Application of Real Estate Transfer Assessment to
Transfers of Real Property within
Jug Mountain Ranch Planned Unit Development

Transfers of real property within Jug Mountain Ranch Planned Unit Development are subject to a Real Estate Transfer Assessment, pursuant to Section 9.3(d) of the Bylaws of Jug Mountain Ranch Association, Inc., recorded with the Valley County, Idaho Recorder on May 24, 2004 as Instrument No. 283343. Payment of this assessment may be enforced in any manner provided at law or in equity, including but not limited to by law suit and/or by a lien on the transferred property, pursuant to Section 8.5 of the above-referenced Bylaws. To determine the amount of the assessment, please contact the Jug Mountain Ranch Association, Inc., whose current address is P.O. Box 2332, McCall, Idaho 83638, and current phone number is (208) 634-5074.

DATED this 25th day of OCTOBER, 2004.

JUG MOUNTAIN RANCH LLC,
An Idaho limited liability company

By: _____

D. John Carey, Manager

STATE OF IDAHO,)

) ss.

County of Valley.)

On this 25th day of OCTOBER, 2004, before me, STEVEN J. MILLEMAN a Notary Public in and for said State, personally appeared **D. John Carey**, known or identified to me to be the Manager of **Jug Mountain Ranch LLC**, the limited liability company that executed the instrument or the person who executed the instrument on behalf of said limited liability company, and acknowledged to me that such company executed the same.

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

