

MASTER DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
OF
GARLAND MEADOWS

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MARY GREEN, CLERK
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MPP

BLAINE CO. REQUEST
OF: Allen
Development LLC

392352

CC & R'S

THIS MASTER DECLARATION is made this 16th day of February, 1996, by ALLEN DEVELOPMENT L.L.C., an Idaho Limited Liability Company, (herein "Grantor"), by and through it's Managing Members Bruce Allen, Michael Kraynick and Dick Reid, and

("Individual Owners")

RECITALS:

A. Grantor and the Individual Owners are the owners of certain real property in the County of Blaine, State of Idaho, which is more particularly described in Exhibit "A" as the attached Plot design, and by this reference incorporated and made a part hereof, which described real property is hereinafter referred to as "Garland Meadows", which is a condominium development project pursuant to the Idaho Condominium Property Act.

B. It is the desire and intent of the Grantor and the Individual Owners to create a planned development community of 26 condominium units of two story, primarily for residential use, and that said project is subject to the provisions of the Condominium Property Act, Title 55, Chapter 15 of the Idaho Code. The covenants, conditions and restrictions established by this Master Declaration are intended to secure such objectives

DECLARATION

NOW, THEREFORE, Grantor and the Individual Owners hereby declare that Garland Meadows is and shall be held, conveyed, encumbered, leased and used subject to the following uniform covenants, conditions, restrictions, and equitable servitudes in furtherance of a plan for the subdivision, improvement and sale of Garland Meadows, and to enhance the value, desirability and attractiveness of such property. The restrictions set forth therein shall run with the real property included within Garland Meadows; shall be binding upon all persons having or acquiring any interest in such real property or any part thereof; shall inure to the benefit of every portion of such real property and any interest therein; and shall inure to the benefit of and be binding upon Grantor and the Individual Owners, their successors in interest, and may be enforced by Grantor, by any Owner or his successors in interest, or by the Master Association.

These Restrictions shall not be construed so as to unreasonably interfere with or prevent normal construction activities during the construction of Improvements by any Owner, (including Grantor), upon property now owned within Garland Meadows, provided that when completed such improvements will in all ways conform to these Restrictions. Specifically no such construction activities shall be deemed to constitute a nuisance or violation of these Restrictions by reason of noise, dust, presence of vehicles or construction machinery, erection of temporary structures, posting of signs or similar activities, provided that such construction is pursued to completion with reasonable diligence and conforms to usual construction practices in the area. In the event of any dispute, a temporary waiver of the applicable provision, including but not limited to any provision prohibiting temporary structures, may be granted by the Architectural Committee, provided that such waiver shall be only for the reasonable period of such construction. Such waiver may, but need not, be recorded or in recordable form.

Further, the Garland Meadows Restrictions shall not be construed as to prevent or limit Grantor's right to maintain model homes, construction, sales or leasing offices or similar facilities on any property in Garland Meadows owned by Grantor or on property the Owner of which consents to such use, nor Grantor's right to post signs incidental to construction, sales or leasing

Further, It is hereby declared that Garland meadows is a condominium project of 26 separate units as indicated in Exhibit "A" attached hereto, and the individual units are developed, sold and owned and maintained as condominium units and a condominium project within the meaning of the Condominium Property Act, Title 55, Chapter 15 of the Idaho Code.

ARTICLE I.

DEFINITIONS

Unless the context otherwise specifies or requires, the following words and phrases when used in the Garland Meadows Restrictions shall have the meanings hereinafter specified.

ARCHITECTURAL COMMITTEE shall mean the committee created pursuant to Article VIII hereof.

ARCHITECTURAL COMMITTEE RULES shall mean the rules adopted by the Architectural Committee pursuant to Section 8.03 hereof.

ARTICLES shall mean the Articles of Incorporation of the Master Association which have been filed in the office of the Secretary of State of the State of Idaho.

ASSESSMENTS shall mean assessments of the Master Association and includes both regular and special assessments.

BENEFICIARY shall mean a mortgagee under a mortgage or a beneficiary or holder under a deed of trust, as the case may be, and/or the assignees of such mortgagee, beneficiary or holder.

BOARD shall mean the Board of Directors of the Master Association.

BY-LAWS shall mean the By-Laws of the Master Association which have been or shall be adopted by the Board as such By-Laws may be amended from time to time.

COMMON AREA shall mean any portion of Garland Meadows designated as a Common Area on any recorded subdivision map together with all improvements thereto, i.e. the exterior walls, ceilings, floors, walkways, landscaping, (but not including the exterior windows or glass on the specifically numbered condominium units themselves) and any improvements made to or built upon the Common Area for the primary benefit of the Owners to be owned by the Association in which all such Owners shall be members entitling them to use of such Common Area, subject to the terms of this Declaration, to be maintained and owned by the master Association. It is understood that the Common Areas are owned by the owners of the condominium units as their interests are set forth in this declaration pursuant to Idaho Code Section 55-1505(1)(c) and as these percentages may be amended or changed in the future as future units are constructed and sold.

DEED OF TRUST shall mean a mortgage or a deed of trust, as the case may be.

GRANTOR shall mean Allen Development Company L.L.C., an Idaho Limited Liability Company, or any successor to all of the interest of such limited liability company.

IMPROVEMENT shall mean all structures and appurtenances thereto of every type and kind, including but not limited to buildings, outbuildings, garages, carports, roads, driveways, parking areas, fences, screening walls, retaining walls, stairs, decks, landscaping, hedges, windbreaks, plantings, planted trees and shrubs, poles, signs, exterior air conditioning and residences as defined in Section 4.02 of Article IV hereof.

LOT shall mean a portion of Garland Meadows which is a legally described parcel of real property, i.e. a specifically numbered condominium unit, and designated as a numbered unit or "lot", or designated as a building envelope or site on the final recorded subdivision plat of the condominium project and not otherwise designated as

Common Area. The physical boundaries of the unit are the interior surfaces of the perimeter walls, floors, ceilings windows and doors thereof and the unit includes both the portions of the building so described in the official plat thereof and the airspace so encompassed. The unit also includes all appliances therein, including but not limited to water heaters, heating systems, disposals, air conditioning units, washers and dryers, dishwashers, refrigerators, etc. whether or not supplied with the unit or purchased separately by the buyer of the unit, and also includes but is not limited to plumbing, pipes, sewer pipes, drain pipes, electrical wiring, boxes, disconnects, conduit, heating ducts, flues, chutes, and other utility installations exclusive to a separate unit and all outlets thereof.

MANAGER shall mean the person, firm or corporation employed by the Master Association pursuant to and limited by Article VI, Section 6.05E, and delegated the duties, powers or functions of the Association pursuant to said Section.

MASTER ASSOCIATION (hereinafter sometimes "Association"), shall mean the Garland Meadows Property Owner's Association, Inc., the non-profit Idaho corporation described in Article VI hereof, its successors and assigns.

MASTER DECLARATION (hereinafter sometimes "Declaration"), shall mean this instrument as it may be amended from time to time.

MEMBER shall mean any person who is a member of the Master Association pursuant to Section 6.02 hereof.

MORTGAGE shall mean any mortgage or deed of trust or other conveyance of a Lot or other portion of Garland Meadows to secure the performance of an obligation, which will be void and reconveyed upon the completion of such performance.

NOTICE AND HEARING shall mean thirty (30) days' written notice and a public hearing before the Board at which the Owner concerned shall have an opportunity to be heard in person or by counsel at Owner's expense.

OWNER shall mean (1) the person or persons or other legal entity or entities, including Grantor, holding an aggregate fee simple interest in a Lot, (2) the purchaser of a Lot under an executory contract of sale. For the purposes of Article IV only, unless the context otherwise requires, Owner shall also include the family, invitees, licensees and lessees of any Owner.

PERSON shall mean a natural individual or any other entity with the legal right to hold title to real property.

RECORD, RECORDED and RECORDATION shall mean, with respect to any document, the recordation of such document in the office of the County Recorder of the County of Blaine, State of Idaho (which may also be referred to herein as file or filed).

GARLAND MEADOWS shall mean all that certain real property identified and described in Exhibit "A" to this Master Declaration, as the same is now and as it may from time to time be developed and improved.

GARLAND MEADOWS MAINTENANCE FUND shall mean the fund created for the receipts and disbursements of the Master Association, pursuant to Section 9.01 hereof.

GARLAND MEADOWS RESTRICTIONS shall mean this Master Declaration, together with the Garland Meadows Rules from time to time in effect.

GARLAND MEADOWS RULES shall mean the rules adopted by the Board pursuant to Section 6.06 hereof, as they may be amended from time to time.

ARTICLE II

Development of Garland Meadows

2.01 Subdivision and Development by Grantor. Grantor intends to divide some or all of Garland Meadows and it is contemplated that said area will be developed pursuant to a master plan as a unified planned development community in which the development of, and restrictions upon, each portion thereof will benefit each other portion and the whole thereof. Grantor intends to cause to be designed and erected on Garland Meadows 28 condominium units, pursuant to the terms and provisions of that certain Development Agreement dated September 14, 1995, by and between Grantor and the City of Hailey, Idaho, a true and correct copy of which is attached hereto as Exhibit "B" and by this reference made a part hereof, and the Condominium Property Act, Title 55, Chapter 15 of the Idaho Code.

Thereafter, Grantor intends to lease or to sell and convey Lots so developed, subject to the Master Declaration and to convey to the Association all Common Areas for the use and benefit of Owners of Lots, subject to the terms and conditions of this Declaration and the terms of the Development Agreement.

ARTICLE III

All real property within Garland Meadows shall be held, used and enjoyed subject to the following limitations and restrictions;

3.01 Antennas. No exterior Radio or Television Antenna shall be erected or maintained in Garland Meadows.

3.02 Insurance Rates. Nothing shall be done or kept in Garland Meadows which will increase the rate of insurance on any Common Area without the approval of the Board, nor shall anything be done or kept in Garland Meadows which would result in the cancellation of insurance on any Common Area or which would be in violation of any law.

3.03 No Further Subdividing. No Common Area, or Lot may be further subdivided, nor may any easement or other interest therein less than the whole be conveyed by the Owner thereof (excluding Grantor), without the prior written approval of the Architectural Committee; provided, however, that nothing herein shall be deemed to prevent or require the approval of the Architectural Committee for the conveyance of a Lot to more than one person to be held by them as tenants in common, joint tenants, tenants by the entirety or as community property.

3.04 Signs. No sign of any kind shall be displayed to the public view without the approval of the Architectural Committee, except such signs as may be used by Grantor in connection with the development of Garland Meadows and sale of Lots and except such signs of customary and reasonable dimensions as set forth by the Committee as may be displayed on or from a Lot advertising the Lot for sale or lease. Any "for sale" or "for lease" signs not more than three (3) feet by two (2) feet, plain white with black block letters, shall not require Committee approval.

3.05 Animals. No animals of any kind shall be raised, bred or kept on any property within Garland Meadows except as permitted by the Association on the Common Areas and, except that dogs, cats or other household pets may be kept, provided that they are not kept, bred or maintained for any commercial purpose. Any owner may have either two dogs, two cats or one dog and one cat. Animals cannot be allowed to run at large.

3.06 Nuisances. No rubbish or debris of any kind shall be placed or permitted to accumulate upon any property within Garland Meadows and no odors shall be permitted to arise therefrom so as to render any such property or any portion thereof unsanitary, unsightly, offensive or detrimental to any other property in the vicinity thereof or to its occupants. No noise or other nuisance shall be permitted to exist or operate upon any such property so as to be offensive or detrimental to any other property in the vicinity thereof or to its occupants. Without limiting the generality of any of the foregoing provisions, no exterior speakers, horns, whistles, bells or other sound devices (other than security devices used exclusively for security purposes), shall be located, used or placed on any such property without the prior written approval of the Board. No repair work shall be performed on vehicles.

3.07 Repair of Buildings. No Improvement upon any property within Garland Meadows shall be permitted to fall into disrepair, and each such Improvement shall at all times be kept in good condition and repair and adequately painted or otherwise finished. All windows and glass, whether interior or exterior, shall be the responsibility of the Owner to keep in good repair. All interior plumbing and electrical wiring and equipment, appliances, water heaters and furnaces shall be the responsibility of the Owner to keep and maintain in good repair. The exterior walls, ceilings, floors, walkways, roofs, landscaping and any improvements in the Common area, shall be the responsibility of the Master Association to maintain and keep in good repair.

3.08 Improvements and Alterations. There shall be no excavation or construction or alteration which in any way alters the exterior appearance of any Improvement within Garland Meadows, nor removal of any Improvement in Garland Meadows, (other than repairs or rebuilding pursuant to Section 3.07 hereof), without the prior approval of the Architectural Committee pursuant to Article VIII hereof.

3.09 Violation of Garland Meadows Rules. There shall be no violation of the Garland Meadows Rules once adopted by the Board after Notice and Hearing. If any Owner, his family, or any licensee, lessee or invitee violates the Garland Meadows Rules, the Board may impose a special assessment upon such person of not more than Fifty Dollars, (\$50.00), for each violation and if such violation continues after such Owner is notified or such violation, up to Fifty Dollars, (\$50.00), for each week such violation continues, and/or may suspend the right of such person to use the Common Area, under such conditions as the Board may specify, for a period not to exceed thirty (30) days for each violation. Before invoking any such assessment or suspension, the Board shall give such person Notice and Hearing. Any assessment imposed hereunder which remains unpaid for a period of ten (10) days or more, shall become a lien upon the Owner's Lot upon its inclusion in a notice of assessment recorded pursuant to Article IX, Section 9.06 hereof. Such assessments or penalties shall not be imposed upon an Owner by reason of the acts of a lessee obtained through a commercial leasing agent arrangement and not personally known to such Owner.

3.10 Exemption of Grantor. Nothing in the Garland Meadows Restrictions shall limit the right of Grantor to complete excavation, grading and construction of Improvements to any property within Garland Meadows owned by Grantor, or to alter the foregoing or to construct such additional improvements as Grantor deems advisable in the course of development of Garland Meadows so long as any Lot in Garland Meadows remains unsold, or to use any structure in Garland Meadows as a model home or real estate sales or leasing office. The rights of Grantor hereunder and elsewhere in these Restrictions may be assigned by Grantor.

3.11 Drainage. There shall be no interference with the established drainage pattern over any property within Garland Meadows unless adequate provision is made for proper drainage and is approved by the Architectural Committee. For the purposes hereof, "established" drainage is defined as the drainage which exists at the time the overall grading of any Common Area or Lot as the case may be, is completed, or which is shown on any plans approved by the Architectural Committee.

3.13 No Hazardous Activities. No activities shall be conducted on any property nor 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 shall be discharged upon any property; and no open fires shall be lighted or permitted on any property except in a contained barbecue unit while attended and in use for cooking purposes or within a safe and well-designed interior fireplace or except such campfires or picnic fires in portions of the Common Area designated for such use by Grantor, or by the Master Association as to Common Area or except such controlled and attended fires required for clearing or maintenance of land and previously approved in writing by the Board.

3.14 Unightly Articles. No unsightly articles shall be permitted to remain so as to be visible from adjoining property. Without limiting the generality of the foregoing, trailers, mobile homes, trucks other than pickups, boats, tractors, vehicles other than automobiles, campers not on a truck, snowmobiles, snow removal equipment and garden or maintenance equipment shall be kept at all times, except when in actual use, in an enclosed structure or screened from view; refuse, garbage and trash shall be kept at all times in a covered, noiseless container and any such container shall be kept within an enclosed structure or appropriately screened from view; service areas, storage piles, compost piles and facilities for hanging, drying or airing clothing or household fabrics shall be appropriately screened from view, and no lumber, grass, - shrub or tree clippings or plant waste,, metals, bulk materials or scrap or refuse or trash

shall be kept, stored or allowed to accumulate on any property except within an enclosed structure or appropriately screened from view. Unlicensed and/or abandoned vehicles are prohibited.

3.15 No Temporary Structures. No tent or shack or other temporary buildings, improvement or structure shall be placed upon any property.

3.16 No Mining and Drilling. No property shall be used for the purpose of mining, quarrying, drilling, boring or exploring for or removing water, oil, gas or other hydrocarbons, minerals, rocks, stones, gravel or earth, except that Grantor or the Master Association may, by appropriate permit, grant, license or easement, allow the drilling of wells for the extraction of water.

3.17 Vehicles. The use of all vehicles, including but not limited to trucks, automobiles, bicycles, motorcycles and snowmobiles, shall be subject to the Garland Meadows Rules, which may prohibit or limit the use thereof within Garland Meadows, provide parking regulations or limitations, or adopt other rules regulating the same.

ARTICLE IV

Permitted Uses and Restrictions - Lots

4.01 Lots. All Lots shall be improved and used solely for residential use.

4.02 Improvements.

A. No Lot shall be improved except by as a dwelling or residence structure herein referred to as "residence" of an attached or townhouse type constructed in total conformance with the Grantor's specifications and design for the residences to be originally located on Lots, unless otherwise permitted by the Architectural Committee, and each designed to accommodate no more than a single family and its servants and occasional guests, plus a garage and such other Improvements as are necessary or customarily incident to a single-family residence. Each Owner shall have the exclusive right to paint, repaint, tile, wax, paper or otherwise maintain, refinish and decorate the interior portions of all improvements on such Owner's Lot.

4.03 Residential Use; Rentals. No residence shall be used for any purpose other than single-family residential purposes in accordance with the allowed purposes in the General Residential zone of the City of Hailey Zoning Ordinance and regulations made pursuant to the same. However, No gainful occupation, profession, trade or other non-residential use shall be conducted on any Lot, provided however, that nothing in this Declaration shall prevent the rental of property by the Owner thereof for residential purposes, on either a short or long term basis (however, overnight rentals are strictly excluded and prohibited), subject to all the provisions of the Garland Meadows Restrictions, which shall be deemed a Residential Use.

ARTICLE V

Permitted Uses and Restrictions - Common Area

5.01 Common Area. The permitted uses and restrictions for Common Area, and the restrictions governing the construction and alteration of improvements thereon, shall be as set forth in this Declaration, but subject to the terms and provisions of the Development Agreement in the form of Exhibit "C".

ARTICLE VI

Garland Meadows Property Owner's Association

6.01 Master Association. The Master Association is a non-profit Idaho Corporation charged with the duties and invested with the powers prescribed by law and set forth in the Articles, By-Laws, and this Master Declaration. Neither the Articles nor By-Laws shall, for any reason, be amended or otherwise changed or interpreted so as to be inconsistent with this Master Declaration.

6.02 Membership.

A. Qualifications. Each Owner (including Grantor) of a Lot by virtue of being such an Owner and for so long as he is such an Owner, shall be deemed a member of the Master Association.

B. Transfer of Membership. The Master Association membership of each Owner (including Grantor) shall be appurtenant to said Lot and shall not be transferred, pledged or alienated in any way except upon the transfer of title to said Lot and then only to the transferee of title to said Lot. Any attempt to make a prohibited transfer shall be void. Any transfer of title to said Lot shall operate automatically to transfer said membership to the new owner thereof.

6.03 Voting

A. Number of Votes. The Master Association shall have two classes of voting membership.

Class A. Class A members shall originally be all Owners with the exception of Grantor, and shall be entitled to one vote for each Lot owned. Grantor shall become a Class A member with regard to Lots owned by Grantor upon the conversion of Grantor's Class B membership to Class A membership as provided hereinbelow. The Owner of each Lot in Garland Meadows may, by notice to the Association, designate a person (who need not be an Owner) to exercise the vote for such Lot. Said designation shall be revocable at any time by notice to the Association by the Owner. Such powers of designation and revocation may be exercised by the guardian of an Owner's estate or by his conservator, or in the case of a minor having no guardian, by the parent entitled to his custody, or during the administration of an Owner's estate, by his executor or administrator where the latter's interest in said property is subject to administration in his estate.

Class B. The Class B member shall be Grantor. Upon the first sale of a Lot to an Owner, Grantor shall thereupon be entitled to two (2) votes for each Lot owned by Grantor. The Class B membership shall cease and be converted to Class A membership on the happening of any of the following events, whichever occurs earlier:

(1) When the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership, or

(2) Five (5) years from the first sale to an Owner of a Lot.

(3) Upon the sale by Grantor of sixty percent (60%) of all Lots proposed for Garland Meadows.

B. Joint Owner Disputes. The vote for each such Lot shall, if at all, be cast as a unit, and fractional votes shall not be allowed. In the event that joint Owners are unable to agree among themselves as to how their vote or votes shall be cast, they shall lose their right to vote on the matter in question. If any Owner casts a vote representing a certain Lot, it will thereafter be conclusively presumed for all purposes that he or they were acting with the authority and consent of all other Owners of the same Lot.

C. Meetings of Owners. There shall be a meeting of the Owners on the 30th day of December of each year at 4:00 o'clock a.m., at Garland Meadows, or at such other reasonable place or time, (not more than thirty (30) days before or after such date, as may be designated by notice of the Board given to the Owners not less than seven (7) nor more than sixty (60) days prior to the date fixed for said meeting. A Special meeting of the Owners may be called at any reasonable time and place by notice of the Board or by the Owners having one-fifth (1/5) of the total votes and delivered to all other Owners not less than fifteen (15) days prior to the date fixed for said meeting. The presence at any meeting in person or by proxy, of the Owners entitled to vote at least a majority of the total votes shall constitute a quorum. If any meeting cannot be held because a quorum is not present, the Owners present, either in person or by proxy, may, as otherwise provided by law, adjourn the meeting to a time not less than forty-eight (48) hours nor more than thirty (30) days from the time the original meeting was called, at which meeting the quorum requirement shall be the Owners entitled to vote at least twenty-five (25%) percent of the total votes.

Notice of such adjourned meeting shall be mailed to all Owners not less than forty-eight hours prior to the time set for such adjourned meeting. The President of the Association, or the vice president in his absence), shall act as chairman of all meetings of the Owners and the secretary of the Association (or an assistant secretary thereof in his absence), shall act as secretary of all such meetings. Except as otherwise provided herein, any action may be taken at any meeting of the Owners upon the affirmative vote of the Owners having a majority of the total votes present at such meeting in person or by proxy; provided, however, that the members of the Board shall be elected by cumulative voting as provided in Section 6.03D. At each annual meeting, the Board shall present a written statement of the Garland Meadows Maintenance Fund, itemizing receipts and disbursements for the preceding calendar year and the allocation thereof to each Owner. Within ten (10) days after the date set for each annual meeting, the assessment statement shall be delivered to the Owners not present at said meeting.

D. Cumulative Voting. In any election of the members of the Board, every Owner (including Grantor, entitled to vote at such an election shall have the right to cumulate his votes and give one candidate, or divide among any number of the candidates, a number of votes equal to the number of votes to which that Owner is entitled in voting upon other matters multiplied by the number of directors to be elected. The Candidates receiving the highest number of votes, up to the number of the Board members to be elected, shall be deemed elected

E. Transfer of Voting Right. 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 his right to, for the term of the lease or Deed of Trust, and any sale, transfer or conveyance of such Lot to a new Owner or Owners shall operate automatically to transfer the appurtenant vote to the new Owner, subject to any assignment of the right to vote to a lessee or Beneficiary as provided herein.

6.04 Duties of the Master Association. The Master Association shall have the obligation, subject to and in accordance with the Garland Meadows Restrictions, to perform each of the following duties for the benefit of the Owners of each Lot within Garland Meadows;

A. Common Area. To accept and exercise jurisdiction over all property, real and personal, conveyed to the Master Association by Grantor, including (1) Common Area, and (2) easements for operation and maintenance proposed for the Common Area.

B. Title to Property upon Dissolution. To convey, upon dissolution of the Master Association, the assets of the Master Association to an appropriate public agency or agencies to be used for purposes similar to those for which the Master Association was created, or to a nonprofit corporation, association, trust or other organization organized and operated for such similar purposes.

C. Operation of Common Areas. To operate and maintain, or provide for the operation and maintenance of (1) all Common Area which is to be conveyed to it by Grantor, (2) easements for operation and maintenance purposes, and to keep all Improvements of whatever kind and for whatever purposes from time to time located thereon in good order and repair. Until the sale by Grantor of sixty percent (60%) of the Lots proposed for Garland Meadows, the Grantor shall retain title to the Common Area, subject to any easements, and remain responsible for maintenance of the Common Area and provided, that, the expenses of such maintenance shall be paid by the Association from the Garland Meadows Maintenance Fund as hereinafter provided.

D. Payment of Taxes. To pay taxes, assessments and, special assessments based on an LID or otherwise which would be a lien upon the entire project or common areas, and for discharge by it of any lien or encumbrance levies against the entire project or common areas. Taxes and assessments may be contested or compromised by the Master Association; provided, however, that they are paid or a bond insuring the payment is posted prior to the sale or other disposition of any property to satisfy the payment of such taxes.

1. It is understood and acknowledged by the Association and the Owners that the determination of the amount of tax liability for a particular condominium unit is based upon the percentage ownership interest in the common area allocated to said specific condominium unit for purposes of tax assessment under Sections 15-1505(c), 15-1514 and 15-1515 Title 53 of the Idaho Code. Such percentage shall be fixed by taking the value of each unit in

relation to the value of the property as a whole. Said percentage so fixed shall be conclusive, subject only to clear and convincing proof of bad faith at the time of and in the making of such allocation or the last prior amendment thereof. However, Grantor retains the right to change the percentages for tax purposes for the common area as future phases and units are constructed and sold. Percentages for the first 13 units (Phase 1) are indicated in Exhibit "D". Percentages will change upon the platting of Phase 2 and again upon the platting of Phase 3.

E. Insurance. To obtain and maintain in force the following policies of insurance.

(1) Fire and extended coverage insurance on all Improvements under the control of the Master Association, the amount of such insurance to be not less than ninety percent (90%) of the aggregate full insurable value, meaning actual replacement value exclusive of the cost of excavations, foundations and footings. Such insurance shall insure the Association and its mortgagees, as their interests may appear. As to each such policy, which will not be voided or impaired thereby, the Association hereby waives and releases all claims against the Board, the Manager, the Grantor and agents and employees of each of the foregoing, with respect to any loss covered by such insurance, whether or not caused by negligence or breach of any agreement by said persons, but only to the extent that insurance proceeds are received in compensation for such loss.

(2) Bodily injury and property damage liability insurance, with limits of not less than \$1,000,000.00 combined single limit insuring against liability for bodily injury, death and property damage arising from the activities of the Master Association or with respect to property under its jurisdiction, including, if obtainable, a cross liability endorsement insuring each insured against liability to each other insured.

(3) Workmen's compensation insurance to the extent necessary to comply with any applicable laws.

(4) Such other insurance, including indemnity and other bonds, as the Board shall deem necessary or expedient to carry out the Master Association functions as set forth in the Garland Meadows Restrictions, the Articles and the By-Laws.

The liability insurance referred to above shall name as separately protected insured(s) Grantor, Grantor's project manager, the Master Association, the Board, the Architectural Committee, and their representatives, members and employees with respect to any liability arising out of the maintenance or use of the Common Area. Every policy of insurance obtained by the Master Association shall contain an express waiver, if available, of any and all rights of subrogation against Grantor, Grantor's project manager, the Board, the Architectural Committee, and their representatives, members and employees.

Said fire and liability insurance policies may be blanket policies covering the Common Area and property of Grantor, in which case the Association and Grantor shall each pay their proportionate shares of the premium. With respect to insurance proceeds from the Association Property only, the Association shall be deemed trustee of the interests of all Owners in any insurance proceeds paid to it under any such policies, and shall have full power to receive and to receipt for their interests in such proceeds and to deal therewith.

F. Rule Making. To make, establish, promulgate, amend and repeal the Garland Meadows Rules as provided in Section 6.05 hereof.

G. Architectural Committee. To appoint and remove members of the Architectural Committee as provided in Section 8.02 hereof, and to insure that at all reasonable times there is available a duly constituted and appointed Architectural Committee.

H. Enforcement of Restrictions and Rules. To perform such other acts, whether or not expressly authorized by the Garland Meadows Restrictions, as may be reasonably necessary to enforce any of the provisions of the Garland Meadows Restrictions and the Architectural Committee Rules.

I. Other. To carry out the duties of the Master Association set forth in the Garland Meadows Restrictions, the Articles and the By-Laws.

J. Audit. Any Owner may at any time and at his own expense cause an audit or inspection to be made of the books and records of the Manager or the Association by a certified public accountant; provided that such audit or inspection is made during normal working hours and without unnecessary interference with the operations of the Manager or the Association.

6.05 Powers and Authority of the Association. The Master Association shall have all of the powers of an Idaho nonprofit corporation, subject only to such limitations upon the exercise of such powers as are expressly set forth in the Articles, By-Laws or the Garland Meadows Restrictions. It shall have the power to do any and all lawful things which may be authorized, required or permitted to be done by the Master Association under and by virtue of the Restrictions, Articles and the By-Laws, and to do and perform any and all acts which may be necessary or proper for or incidental to the exercise of any of the express powers of the Master Association. The Association shall also have the power to:

A. Assessments. To levy assessments on the Owners of Lots within Garland Meadows, and to enforce payment of such assessments in accordance with the provisions of Article IX hereof.

B. Right of Entry and Enforcement. After twenty-four (24) hours' written notice, to enter, without being liable to any Owner, upon any Lot for the purpose of enforcing by peaceful means the Garland Meadows Restrictions, or for the purpose of maintaining or repairing any such area if for any reason whatsoever, the Owner thereof fails to maintain or repair any such area as required by said Restrictions and to assess the cost thereof against such Lot and to lien for and collect same as provided for other assessments herein. The Master Association shall also have the power and authority from time to time in its own name on its own behalf or on behalf of any Owner or Owners who consent thereto, to commence and maintain actions and suits to restrain and enjoin any breach or threatened breach of the Garland Meadows Restrictions and to enforce, by mandatory injunctions or otherwise all of the provisions of said Restrictions.

C. Easements and Rights-of-Way. To grant and convey to any person or entity easements, rights-of-way, parcels or strips of land, in, on, over or under any Common Area for the purpose of constructing, erecting, operating or maintaining thereon, therein and thereunder, (1) roads, streets, walks, driveways, parkways and park areas, (2) overhead or underground lines, cables, wires, conduits, or other devices for the transmission of electricity for lighting, heating, power, telephone and other purposes, (3) sewers, storm water drains and pipes, water systems, sprinkling systems, water, heating and gas lines or pipes, and (4) any similar public or quasi-public improvements or facilities.

D. Repair and Maintenance of Common Area and Exterior Maintenance. To paint, maintain, provide snow removal service for, and repair the Common Area. In addition to maintenance of the Common Area, the Association shall have primary responsibility to provide exterior maintenance on all improvements located on any Lot including painting and maintenance of all exterior surfaces, maintenance and replacement of roofs and maintenance of all trees, shrubs and landscaping located on all Lots. Notwithstanding the foregoing, each Owner shall have the right, at such Owner's sole expense, to perform such additional exterior maintenance of improvements or landscaping on such Owner's Lot as such Owner desires provided that any painting or other alteration of the exterior appearance of any improvement or appearance of any Lot shall require the prior approval of the Architectural Committee as provided in this Declaration. In the event the need for such exterior maintenance, repair or replacement by the Association is caused by the willful or negligent act of the Owner of a Lot, his family or invitees, the entire costs of such exterior maintenance shall be assessed to such Owner by the Association and collected as provided in this Declaration for all other assessments on Lots. All broken glass windows in improvements located on Lots shall be immediately replaced by and at the sole expense of Owners of such Lots.

E. Manager. To retain and pay for the services of a person or firm to manage the Common Area (the "Manager") to the extent deemed advisable by the Board, as well as such other personnel as the Board shall determine shall be necessary or proper for the operation of the Association Properties or the conduct of the business

of the Master Association, whether such personnel are employed directly by the Association or are furnished by the Manager. The Association and the Board may delegate any of their duties, powers or functions to the Manager, provided that any such delegation shall be revocable upon notice by the Association or Board. The Owners release the members of the Board from liability for any omission or improper exercise by the Manager of any such duty, power or function as delegated.

F. Legal and Accounting Services. To retain and pay for legal and accounting services necessary or proper in the operation of the Common Area, enforcement of the Garland Meadows Restrictions, or in performing any of the other duties or rights of the Master Association.

G. Common Area Services. To pay for water, sewer, garbage, electrical, telephone, gas, maintenance, snow removal and gardening service, and other necessary utility or other services for the Common Area.

H. Other Areas. To maintain (including snow removal) and repair slope easements, ponds, roads, roadways, roadway rights-of-way, parkways and highway median strips, entry details, guardhouses or other areas of Garland Meadows not maintained by governmental entities, to the extent deemed advisable by the Board, and at the Board's election, slope easements not a part of the Common Area.

I. Recreational Facilities. To maintain and repair, to the extent deemed advisable by the Board, any recreational facilities and all other improvements relating to such facilities.

J. Other Services and Properties. To obtain or pay for, as the case may be, any other property: services, taxes or assessments which the Association or the Board is required to secure or pay for pursuant to the terms of these Restrictions or the By-Laws, including security services for Restrictions or the By-Laws, including security services for the Common Area or for Garland Meadows generally, or which in its opinion shall be necessary or proper for the operation of the Association Property.

K. Construction on Common Area. Subject to the terms and provisions of any easements, the Association may, with the approval of the Architectural Committee, construct new Improvements or additions to the Common Area or demolish existing Improvements; provided that in the case of any Improvements, addition or demolition (other than maintenance or repairs to existing Improvements involving a total expenditure in excess of One Thousand, and No/100 Dollars (\$1,000.00), the vote of a majority of each class of Owners voting in person or by proxy at a regular or special meeting called for that purpose approving plans and a maximum total cost therefor shall first be obtained. The Association shall levy a special assessment on all Owners for the cost of such work.

6.06 Rules. The Board may adopt such rules as it deems proper for the use and occupancy of the Common Area. A copy of said Rules, as they may from time to time be adopted, amended or repealed, may, but need not, be mailed or otherwise delivered to each Owner, or recorded. Upon such mailing, delivery or recordation, said Rules shall have the same force and effect as if they were set forth in and were a part of the Garland Meadows Restrictions. In addition, as to any Owner having actual knowledge of any given Rules, such Rules shall have the same full force and effect and may be enforced against such Owner.

6.07 Liability of Board Members and Manager. Neither any member of the Board nor the Manager shall be personally liable to any Owner, or to any other party, for any damage, loss or prejudice suffered or claimed on account of any act or omission of the Master Association, the Board, the Manager or any other representatives or employees of the Master Association, or the Architectural Committee, provided that such Board member or the Manager has, upon the basis of such information as may be possessed by him, acted in good faith.

6.08 Amendment. The provisions of Sections 6.01, 6.02 and 6.03 hereof shall not be amended without the vote or written consent of the Owners of not less than eighty percent (80%) of the combined total number of Lots within Garland Meadows, plus, until sale of all Lots to be located in Garland Meadows, the written consent thereto of Grantor.

6.09 Taxes. Each Owner shall execute such instruments and take such action as may reasonably be specified by the Association to obtain separate real estate tax assessment and payment of and for each Lot. If any taxes or assessments may, in the opinion of the Association, nevertheless be a lien on more than one (1) Lot not under common ownership, or any part thereof, they may be paid by the Master Association, and each Owner shall be obligated to pay, or to reimburse the Master Association for, as the case may be, the taxes and assessments assessed by the County Assessor or other taxing authority against his own Lot and interest, if any, in the Association Properties.

ARTICLE VII

Common Area

7.01 Each Owner of a Lot, his family, licensees, invitees and lessees, or contract purchasers who reside on the property, shall be entitled to use the Common Area subject to:

- A. The provisions of the Articles of Incorporation, ByLaws, and Garland Meadows Restrictions. Each Owner agrees that in using the Common Area he will comply with the provisions of such Articles, By-Laws and Garland Meadows Restrictions, including the Garland Meadows Rules.
- B. The right of the Master Association to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Area.
- C. The right of the Master Association to suspend the rights to use of the Common Area by an Owner for any period during which any assessment against his Lot remains unpaid; and, after Notice and Hearing by the Board, for a period not to exceed thirty (30) days for any infraction of the Garland Meadows Restrictions.
- D. The right of the Master Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Board.
- E. The right of the Master Association to allow the general public, or certain portions thereof, to use any recreational facility situated upon the Common Area and, in the discretion of the Board, to charge admission fees therefor.
- F. Such Non-Exclusive easements, licenses or other contractual rights of other persons whether or not Owners or any of them to use the Common Area as may have been granted by the Master Association or prior owners of the Common Area.
- G. The right of Grantor and its agents and assigns to ingress and egress over, upon and across the Common Area incident to construction of improvements thereon or the Common Area and the right to store materials thereon during such construction.
- H. The terms and conditions of any easements.

7.02 Damages. Each Owner shall be liable to the Master Association for any damage to Common Area which may be sustained by reason of the negligence or willful misconduct of said Owner or of his family and guests both minor or adult. In the case of joint ownership of a Lot, the liability of such Owners shall be joint and several, except to the extent that the Master Association has previously contracted in writing with such joint owners to the contrary. The amount of such damage shall be an Assessment against the Lot and may be collected as provided herein for the collection of other Assessments.

7.03 Damage and Destruction. In the case of damage by fire or other casualty to the Common Area:

- A. Destruction - Insurance Proceeds. If insurance proceeds do not exceed the sum of Twenty-Five Thousand and No/100 Dollars, (\$25,000.00), and the cost of repairing or rebuilding does not exceed the amount of

available insurance proceeds by more than Five Thousand and No/100 Dollars, (\$5,000.00), such insurance proceeds shall be paid to the Master Association, which thereupon shall contract to repair or rebuild all the Common Area so damaged; and if the insurance proceeds are insufficient to pay all of the costs of repairing or rebuilding the damage, the Association shall levy a special assessment on all Owners to make good any deficiency

B. Reconstruction. If insurance proceeds exceed Twenty-Five Thousand and No/100 Dollars, (\$25,000.00), or the cost of repairing or rebuilding exceeds available insurance proceeds by more than Five Thousand and No/100 Dollars, (\$5,000.00), then:

(1) The insurance proceeds arising out of damages in each project affected shall be paid to such bank or other trust company as may be designated by the Board, to be held in separate trusts for the benefit of the Owners and their Beneficiaries, as their respective interest shall appear. The Association is authorized to enter, on behalf of the Owners, into an agreement with such insurance trustee relating to its powers, duties and compensation, on such terms as the Board may approve consistent herewith.

(2) The Association shall obtain firm bids from two (2), or more responsible contractors to rebuild any portions of the Common Area in accordance with the original plans and specifications with respect thereto and shall, as soon as possible thereafter, call a special meeting of the Owners to consider such bids. At such special meeting, the Owners may, by three-fourths (3/4) of the votes cast, elect to reject such bids and thus not to rebuild. Failure to thus reject such bids shall be deemed acceptance of such bids as may be selected by the Manager.

(3) If a bid is accepted the Association shall levy a special assessment or special assessments on the Owners to make up the deficiency between the total insurance proceeds and the contract price of repairing or rebuilding the damaged portions of the Common Area and such assessment or assessments and all insurance proceeds, whether or not subject to liens of Mortgagees, shall be paid to said insurance trustee to be used for such rebuilding. If two (2) or more assessments are levied, such assessments may be made due on such dates as the Association may designate over a period not to exceed twenty (20) years and the Association may borrow money to pay the aforesaid deficiency, and may secure such borrowing by an assignment of its right to collect such assessments, or by a pledge of any personal property held by it in trust for the Owners, or by both.

(4) If the Owners elect not to rebuild, the proceeds shall be retained by the Master Association for use in performing its functions under the Garland Meadows Restrictions.

ARTICLE VIII

Architectural and Environmental Control Committee

8.01 Members of Committee. The Architectural and Environmental Control Committee, sometimes referred to herein as "Architectural Committee" or "Committee", shall consist of five (5) members, unless there are not five individuals available among Grantor or Owners, then however many individuals exist among the Grantor or Owners. The following persons are hereby designated as the initial members of the Committee:

Bruce L. Allen, Michael J. Kraynick

Each of said persons shall hold office until such time as he has resigned or has been removed or his successor has been appointed, as provided herein. Members of the Committee may be removed at any time without cause

8.02 Grantor's Rights of Appointment. At any time that Grantor is the Owner of at least forty percent (40%) of the aggregate of Lots within Garland Meadows, Grantor shall have the right to appoint and remove all members of the Committee. At all other times, the Board shall have the right to appoint and remove all members of the Committee.

8.03 Review of Proposed Construction. The Committee shall consider and act upon any and all proposals or plans and specifications submitted for its approval pursuant to Article III, Sections 3.03, 3.04 and 3.08 hereof, and

perform such other duties as from time to time shall be assigned to it by the Board, including the inspection of construction in progress to assure its conformance with plans approved by the Committee. The Committee shall approve proposals or plans and specifications submitted for its approval only if it deems that the construction, alteration or additions contemplated thereby in the locations indicated will not be detrimental to the appearance of the surrounding area or Garland Meadows as a whole, and that the appearance of any structure affected thereby will be in harmony with the surrounding structures. The Committee may condition its approval of proposals or plans and specifications on such approval of proposals or plans and specifications on such changes therein as it deems appropriate, and may require submission of additional plans and specifications or other information prior to approving or disapproving material submitted. The Committee may also issue rules or guidelines setting forth procedures for the submission of plans for approval, requiring a fee of not to exceed One Hundred and No/100 Dollars, (\$100.00), to accompany each application for approval, or additional factors which it will take into consideration in reviewing submissions. The Committee may require such detail in plans and specifications submitted for its review as it deems proper, including without limitation, floor plans, site plans, drainage plans, elevation drawings and description or samples of exterior material and colors. Until receipt by the Committee of any required plans and specifications, the Committee may postpone review of any plan submitted for approval.

8.04 Meetings of the Committee. The Committee shall meet from time to time as necessary to perform its duties hereunder. The Committee may from time to time by resolution unanimously adopted in writing designate one of its members to take any action or perform any duties for and on behalf of the Committee, except the granting of variances pursuant to Section 8.09. In the absence of such designation, the vote of any three (3) members of the Committee, or the written consent of any three (3) members of the Committee taken without a meeting, shall constitute an act of the Committee.

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

8.06 Compensation of Members. The members of the Committee shall be entitled to reasonable compensation from the Association for services rendered, together with reimbursement for expenses incurred by them in the performance of their duties hereunder. Such compensation shall be determined by the Board and shall not exceed \$15.00 per hour. Said maximum compensation may be increased by the vote of a majority of the votes cast by Owners voting at any general or special meeting of the Master Association called for that purpose.

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

A. Upon the completion of any work for which approved plans are required under this Article VIII, the Owner shall give written notice of completion to the Architectural Committee.

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

C. If upon the expiration of thirty (30) days from the date of such notification the Owner shall have failed to remedy such non-compliance, the Architectural Committee shall notify the Board in writing of such failure. Upon Notice and Hearing, the Board shall determine whether there is a non-compliance and, if so, the nature thereof and the estimated cost of correcting or removing the same. If a noncompliance exists, the Owner shall remedy or remove the same within a period of not more than forty-five (45) days from the date of announcement of the Board ruling. If the Owner does not comply with the Board ruling within such period, the Board, at its option, may either remove the non-complying Improvement or remedy the non-compliance, and the Owner shall reimburse the Master Association, upon demand, for all expenses incurred in connection therewith. If such expenses are not promptly

repaid by the Owner to the Master Association, the Board shall levy an Assessment against such Owner for reimbursement pursuant to Article VI, Section 6.05 and Article IX hereof.

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

8.09 Variances. The Committee may authorize variances from compliance with any of the architectural provisions of this Declaration, including restrictions upon height, size, floor area or placement of structures, or similar restrictions, only when circumstances such as topography, natural obstructions, hardship, aesthetic or environmental consideration may require. No such variance may be granted until after thirty (30) days' notice to all Owners in Garland Meadows has been sent describing the variance sought and setting a hearing date at which time any Owner may appear before the Committee in person or by letter to object to the proposed variance. Such variances must be evidenced in writing, must be signed by at least three (3) members of the Committee, and shall become effective upon recordation in the Office of the County Recorder of Blaine County. If such variances are granted, no violation of the covenants, conditions and restrictions contained in this Declaration shall be deemed to have occurred with respect to the matter for which the variance was granted. The granting of such a variance shall not operate to waive any of the terms and provisions of this Declaration for any purpose except as to the particular property and particular provision hereof covered by the variance. Nothing in this section abrogates the authority vested in Blaine County Planning and Zoning Commission, the Blaine County Commissioners, City or Hailey Planning and Zoning Commission or the City of Hailey Council to grant or deny variances under the ordinances of Blaine County and/or the City of Hailey respectively.

ARTICLE IX.

Funds and Assessments

9.01 Garland Meadows Maintenance Fund. The Board shall establish a fund (the "Garland Meadows Maintenance Fund"), into which shall be deposited all moneys paid to the Master Association and from which disbursements shall be made in performing the functions of the Master Association under the Garland Meadows Restrictions. Funds of the Master Association must be used solely for the purposes related to those areas and Improvements owned by the Master Association or subject by this Declaration to maintenance and assessment including purposes related to the Sewer Facilities as provided in Section 6.04(E) hereof, or for purposes authorized by this Declaration as it may from time to time be amended.

9.02 Yearly Estimates of Assessments. At least thirty (30) days prior to the beginning of each fiscal year, the Board shall estimate the expenses to be incurred by the Master Association during such year in performing its functions under this Declaration (including a reasonable provision for contingencies and appropriate replacement reserves, less any expected income and any surplus from the prior year's fund). A sum sufficient to pay such estimated net charges will be assessed to all Owners of Lots in Garland Meadows with each Owner to be assessed in an equal amount. If said sum estimated proves inadequate for any reason, including non-payment of any Owner's Assessment, the Association may, at any time, levy a further Assessment which shall be assessed equally upon the Owner of each Lot. Grantor and the Individual Owners shall be subject to assessment for each Lot owned by them proposed for Garland Meadows commencing at the time a residence has been completed on such Lot and ready for occupancy, whether occupied or not.

9.03 Payment of Assessments. All Assessment shall be due and payable to the Master Association by the assessed Owners (including Grantor) during the fiscal year in equal monthly installments, on or before the first day of each month, or in such other manner as the Board may designate in its sole and absolute discretion.

9.04 Amendments. Amendments to this Article IX (but not including amendments to sections of other Articles which are referred to in this Article or which relate to this Article), shall only be effective upon written consent of seventy-five percent (75%) of the Owners in Garland Meadows.

9.05 Late Charges. If any assessment, whether regular or special, assessed to any Owner is not paid within thirty (30) days after it is due, the Owner may be required by the Board to pay a late charge of eight percent (8%) of the amount of the assessment or such other amount as the Board may designate from time to time as set forth in the Garland Meadows Rules.

9.06 Unpaid Assessments as Liens. The amount of any assessment, whether regular or special, assessed to any Owner and any late payment charge attributable thereto, plus interest on such assessment and charge at a rate of eight percent (8%) per annum simple interest (or such other rate as the Board may designate from time to time as set forth in the Garland Meadows Rules), and costs, including reasonable attorney's fees, shall become a lien upon such Lot upon recordation of a notice of assessment stating the amount of the claim of delinquency, the interest and costs which have accrued thereon, the legal description and street address of the Lot against which it has been assessed, and the name of the record Owner thereof. Such notice shall be signed and acknowledged by an officer of the Association. Upon recordation it shall create a lien upon the Lot described in the amount set forth. Such assessment lien shall be prior to any declaration of homestead recorded after the recording of this Master Declaration. The lien shall continue until fully paid or otherwise satisfied. When the lien has been fully paid or satisfied, a further notice releasing the lien shall be recorded. Such lien may be foreclosed in the same manner as is provided in the laws of the State of Idaho for foreclosure of liens on real property and as otherwise provided by law. A certificate executed and acknowledged by any two (2), members of the Board stating the indebtedness secured by the liens upon any Lot created hereunder shall be conclusive upon the Association and the Owners as to the amount of such indebtedness as of the date of the certificate, in favor of all persons who rely thereon in good faith, and such certificate shall be furnished to any Owner upon request at a reasonable fee, not to exceed Ten and No/100 Dollars (\$10.00).

9.07 Mortgage Protection. Notwithstanding all other provisions hereof, no lien created under this Article IX nor any breach of the Garland Meadows Restrictions, nor the enforcement of any provision hereof shall defeat or render invalid the rights of the Beneficiary under any recorded Deed of Trust upon a Lot made in good faith and for value, provided that after the foreclosure of any such Deed of Trust or conveyance of any Lot to such Beneficiary by deed in lieu of foreclosure, such Lot shall remain subject to the Garland Meadows Restrictions and the amount of all regular assessments and all special assessments to the extent they relate to expenses incurred subsequent to such foreclosure shall be assessed hereunder to the purchaser at such foreclosure sale.

9.08 Notice of Recording Mortgages. No amendment to this Article IX of this Master Declaration shall affect the rights of any Beneficiary who does not join in the execution thereof; provided that his mortgage is recorded prior to the recordation of such amendment.

9.09 Subordination. By subordination agreement executed by the Association, the benefits of Section 9.07 and 9.08 above may be extended to Beneficiaries not otherwise entitled thereto.

ARTICLE X

Restoration and Use of Common Structural Parts; Easements

10.01 Detached Residences. With respect only to detached single-family residences, (a residence with no common wall or common structural part with another dwelling), in the event any such detached single family residence is damaged or destroyed, the Owner of such residence shall within one hundred eighty (180) days from the date of such damage or destruction cause such residence to be promptly repaired or rebuilt in accordance with its original design and plan and with the approval of the Architectural Committee as set forth herein; or at the election of

the Owner of the residence, all debris shall be promptly removed, all excavations shall be filled and the ground shall be restored to its natural condition and shall be properly maintained free of weeds.

10.02 Party Walls. With respect to all residences having common (party) walls, Owners of residences having such common walls shall have equal right to use of such party wall, except that each shall have the exclusive right to the use of the interior surface of the wall on his side and to the extent not inconsistent with the provisions hereof the general rules of law applicable to party walls shall apply. Neither Owner shall use any portion of a party wall so as to interfere with the use and enjoyment of the other Owner. In the event that any portion of a party wall, except the interior surface of one side only, is damaged or injured from any cause other than the act of negligence of either party, it shall be rebuilt or repaired at their joint expense. If there be any other parts of a residence which are so constructed that they are shared by each such parts shall be used only in such a manner so as not to interfere with their use by the others. Any damage or injury to these common parts other than that caused by the act or negligence of one of the Owners shall be repaired at the joint expense of the Owners. The Owners of the party walls and common structural parts shall maintain them in good order and repair at all times. In the event of damage to a party wall or common structural part through the act of negligence of one of the Owners, such Owner shall be fully responsible alone for the expense of repair of such party wall or joint structural part. With respect to all residences or structures having a common wall or common structural part, in the event of damage or destruction thereto, such damage or destruction shall be repaired and such structure shall be rebuilt according to original plans and specifications within one hundred eighty (180) days from the date of such damage or destruction, except that with respect to any common wall or common structural part so damaged or destroyed, the provisions set forth hereinabove shall apply with respect to the cost of restoration thereof. However, if such damage exceeds fifty percent (50%) in value or in the event of total destruction if such damage or destruction shall occur more than thirty (30) years after construction and if all Owners affected by such damage or destruction shall agree, the residences need not be rebuilt but instead all debris shall be promptly removed, all excavations shall be filled and the ground shall be restored to its normal conditions and shall be properly maintained free of weeds.

10.03 Easements for Encroachments. If any portion of a party wall or other part of a building or structure now or hereafter constructed upon said property encroaches upon any part of the Common Areas or upon the Lot or Lots used or designated for use by another Owner, an easement for the encroachment and for the maintenance of same is granted and reserved and shall exist and be binding upon the Grantor and upon all present and future Owners of any part of said property for the benefit of the present and future Owners of such encroaching building or structure for the purpose of occupying and maintaining the same; in the event a structure becomes partially or totally destroyed or in need of repair or replacement, mutual and reciprocal easements are granted and reserved upon the Common Areas and in and upon each Lot for the benefit of the Association and the adjacent Owner or Owners to the extent reasonably necessary or advisable to make repairs and replacements and minor encroachments resulting from any such repairs and/or replacements and the maintenance thereof are hereby granted and reserved for the benefit of the present and future Owners thereof. In order to adequately serve each residence, Lot and the Common Area, utility facilities may be constructed and may encroach on Common Areas, Lots or residences. An easement for such encroachment and for the maintenance of the same shall and does exist. The easements for encroachment herein granted and reserved shall run with the Land.

10.04 Right of Access. Some of the Common Area and common structural parts are or may be located within a Lot or residence or may be conveniently accessible only through a residence. The Owners of other Lots or residences and the Association shall have the irrevocable right to have access to each Lot, residence or Common Area from time to time during such reasonable hours as may be necessary for the maintenance, repair or replacement of any Common Area or common structural part located therein or accessible therefrom or for the making of emergency repairs therein necessary to prevent damage to the Common Area, common structural part, residence or residences. Damage to the interior of any part of a residence resulting from such repair, maintenance or replacement within another residence shall be the responsibility of all Owners if the entry was to maintain Common Area; to the affected Owners if the entry was to maintain common structural parts or if such entry was to maintain property of another Owner such damage shall be the responsibility of such other Owner. In order to adequately maintain or repair the exterior surfaces of all residences to preserve the integrity of Garland Meadows as a whole the Association for the benefit of all Owners shall accomplish such maintenance and an easement for such maintenance and repair of such exterior surfaces shall and does exist.

ARTICLE XI

Miscellaneous

11.01 Term. The covenants, conditions and restrictions of this Master Declaration shall run until December 31, 2030, unless amended as herein provided. After December 31, 2045, such covenants, conditions and restrictions shall be automatically extended for successive periods of ten (10) years each, unless amended or extinguished by a written Instrument executed by at least three-fourths (3/4) of the Owners in Garland Meadows, and such written instrument is recorded with the Blaine County Recorder.

11.2 Amendment

A. By Grantor. Until sale by Grantor of ninety percent (90%) of all Lots proposed for Garland Meadows and except as provided in Section 2.03, Section 6.08 and Section 9.04, the provisions of this Declaration, including this Article, may be amended only by Grantor; provided, however, that no such amendment shall be effective without Notice and Hearing, and, if fifty-one percent (51%) of the Owners, (other than Grantor), by written notice delivered to the Board, object to any such proposed amendments within fifteen (15) days after such Hearing, such amendment shall not be effective. Any amendment hereunder shall be effective only upon recordation with the Blaine County Recorder of:

- (1) An instrument in writing signed and acknowledged by Grantor setting forth the amendment; and
- (2) An instrument in writing signed and acknowledged by the president and secretary of the Association certifying that, within fifteen (15) days after the required Hearing, the Board has not received written objections to such amendment by fifty-one percent (51%) of the Owners.

B. By Owners. After sale by Grantor of ninety percent (90%) of all Lots proposed for Garland Meadows, and except as provided in Section 2.03, Section 6.08 and Section 9.04, the provisions of this Declaration, including this Article, may be amended by an instrument in writing signed and acknowledged by the present and secretary of the Association certifying that such amendment has been approved by the vote or written consent of at least fifty-one percent (51%) of the Owners in Garland Meadows, and such an amendment shall be effective upon its recordation with the Blaine County Recorder.

C. Notwithstanding any other provision of this Declaration, no amendment of this Declaration shall operate to defeat and render invalid the rights of the Beneficiary under any recorded Deed of Trust upon a Lot made in good faith and for value, provided that after the foreclosure of any such Deed of Trust such Lot shall remain subject to this Declaration, as amended.

11.03 Notice. Any notice permitted or required to be delivered as provided herein shall be in writing and may be delivered either personally or by mail. If delivery is made by mail, it shall be deemed to have been delivered seventy-two (72) hours after a copy of same has been deposited in the United States mail, postage prepaid, addressed to any person at the address given by such person to the Association for the purpose of service of such notice, or to the residence of such person if no address has been given to the Association. Such address may be changed from time to time by notice in writing to the Association.

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

11.05 Enforcement and Non-Waiver

A. Right of Enforcement. Except as otherwise provided herein, any Owner of any Lot within Garland Meadows shall have the right to enforce any or all of the provisions of the Garland Meadows Restrictions upon any property within Garland Meadows and the Owners thereof.

B. Violations and Nuisance. Every act or omission whereby any provision of the Garland Meadows Restrictions is violated in whole or in part is hereby declared to be a nuisance and may be enjoined or abated, whether or not the relief sought is for negative or affirmative action by Grantor or the Master Association or any Owner or Owners of Lots within Garland Meadows.

However, any other provision to the contrary notwithstanding, only Grantor, the Master Association, the Board or the duly authorized agents of any of them, may enforce by self-help any of the provisions of the Garland Meadows Restrictions, and only if such self-help is preceded by reasonable notice to the Owner.

C. Violation of Law. Any violation of any state, municipal or local law, ordinance or regulation pertaining to the ownership, occupation or use of any property within Garland Meadows, is hereby declared to be a violation of the Garland Meadows Restrictions and subject to any or all of the enforcement procedures set forth in said Restrictions.

D. Remedies Cumulative. Each remedy provided by the Garland Meadows Restrictions is cumulative and not exclusive.

E. Non-Waiver. The failure to enforce any of the provisions of the Garland Meadows Restrictions at any time shall not constitute a waiver of the right thereafter to enforce any such provision or any other provisions of said Restrictions.

11.06 Construction.

A. Restrictions Construed Together. All of the provisions of the Garland Meadows Restrictions shall be liberally construed together to promote and effectuate the fundamental concepts of Garland Meadows as set forth in the preamble of this Master Declaration

B. Restrictions Severable. Notwithstanding the provisions of the foregoing Paragraph A, each of the provisions of the Garland Meadows Restrictions shall be deemed independent and severable, and the invalidity or partial invalidity of any provision or portion thereof shall not affect the validity or enforceability of any other provision.

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

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


IN WITNESS WHEREOF, Grantor, the initial members of the Board of Directors of the Homeowner's Association and the Individual Owners, if any at the time of signing, have executed this Master Declaration the day and year first above written

GRANTOR:

ALLEN DEVELOPMENT MEMBERS, an Idaho Limited Liability Company

By 
Bruce Allen, Managing Member, Assoc. Director

By 
Richard Reid, Managing Member, Assoc. Director

By: 
Michael J. Kraynick, Managing, Director

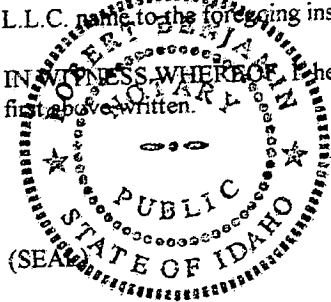
STATE OF IDAHO)

SS

COUNTY OF BLAINE)

On this 12 day of July, 1996, before me, the undersigned, a Notary Public in and for said State, personally appeared Bruce L. Allen, Michael Kraynick and Richard Reid, known to me to be the Members in the Limited Liability Company of Allen Development Co., and the Member or one of the Members who subscribed said L.L.C. name to the foregoing instrument, and acknowledged to me that they executed the same in said L.L.C. name.

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



Robert Benjamin
Notary Public for Idaho Residing at: Harlem
Commission exp.: 10-9-99

INDIVIDUAL OWNERS:

STATE OF IDAHO

SS

COUNTY OF BLAINE

On this _____ day of _____, 199____ before me, the undersigned, a Notary Public in and for said State, personally appeared _____,

known to me to be the persons whose names are subscribed to the within and foregoing instrument, and acknowledged to me that they 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.

(SEAL)

Notary Public for Idaho

Residing at: _____

Commission exp.: _____

EXHIBIT A

Legal Description:

Garland Meadows Subdivision (formerly East Hailey Meadows Subdivision) Lots 7,8,9,10,11,12,13 Block 2, City of Hailey, County of Blaine, State of Idaho as recorded in the Office of the Recorder, Blaine County, Idaho.

EXHIBIT B

The units making up Garland Meadows (condominium project) are as follows:

Building 1: Units A,B,C,D

Building 2: Units E,F,G,

Building 3: Units H,I,J

Building 4: Units K,L,M

Building 5: Units N,O,P

Building 6: Units Q,R,S

Building 7: Units T,U,V

Building 8: Units W,X,Y,Z

Unit A includes G1 (garage)

Unit B includes G2

Unit C includes G3

Unit D includes G4

Unit W includes G5

Unit X includes G6

Unit Y includes G7

Unit Z includes G8

as shown on the official plat of Garland Meadows as recorded in the Office of the recorder for Blaine County, Idaho.

EXHIBIT D

Percentage ownership of common area for tax assessment purposes pursuant to Idaho Code Section 55-1505(1)(c), 1514 and 1515:

<u>UNIT #</u>	<u>PERCENTAGE OWNERSHIP*</u>
A	7.8362%
B	7.5834%
C	7.5834%
D	7.8362%
E	7.8362%
F	7.3811%
G	7.8362%
H	7.8362%
I	7.3811%
J	7.8362%
K	7.8362%
L	7.3811%
M	7.8362%
TOTAL	100%

EXHIBIT C

DEVELOPMENT AGREEMENT

THIS AGREEMENT, entered into this ____ day of _____, 199____, by and between the CITY OF KETCHUM a municipal corporation, and ALLEN DEVELOPMENT L.L.C., an Idaho Limited Liability Company, developers of Garland Meadows, a subdivision (hereinafter referred to as "Allen").

RECITALS:

1. That the City of Hailey (hereinafter referred to as "City" or "the City") is a municipal corporation with the power to contract for the benefit of its citizens pursuant to Idaho Code Section 67-6511A authorizing development agreement by municipalities with developers.

2. That Allen is duly qualified to do business in the State of Idaho, and owns a tract of land inside the City limits, more particularly described in Exhibit A attached and incorporated hereto and made a part hereof by reference, (hereinafter referred to as "the Property"), within which is proposed Garland Meadows Subdivision, a development of 28 condominiums.

3. That the Property is presently subject to City land use ordinances and zoning regulations, and the subdivision regulations of the City pursuant to the laws of the State of Idaho. That prior to this Agreement the City has approved a 28 unit development for the Property in 1978. That the City desires to promote increased density where appropriate and desirable.

4. That the Property as of March 19, 1995 is zoned LR-1; that the City's Planning and Zoning Commission is presently considering a zoning change for the Property to Limited Business in order to allow Allen to sell individual units as condominiums.

5. That in order to insure the manner of development of the Property shall not become detrimental to the City of Hailey, it is necessary to enter an Agreement with regard to the phases of development, the proposed Covenants, Conditions and Restrictions of the Development, landscaping of the development during development phases and other factors which affect the general health, safety and welfare of the citizens of the City of Hailey and the future inhabitants of the Property.

NOW THEREFORE, in consideration of the mutually dependent promises, covenants and agreements contained herein, the parties hereto agree as follows:

1. The City hereby agrees to change the zoning of the Property to Limited Business in order to accommodate condominium ownership of individual units and legally adopt a

plat to allow for such ownership in accordance with and pursuant to City Zoning ordinances.

2. Allen agrees to develop the Property in the following manner:

Twenty Eight Units shall be built on the Property in accordance with a preliminary plat submitted by Allen to the City and incorporated herein by reference. Said units shall be constructed in accordance with the following schedule:

<u>Phase</u>	<u># Units</u>	<u>Location</u>
One	8	NW corner
Two	6	NE corner
Three	8	SW corner
Four	6	SE corner

Fifteen months shall be allotted to complete each phase. The phases may be completed in a shorter duration and the City hereby agrees to allow construction to continue unabated if construction of said phases turns out to be faster than anticipated, however, no phase can be commenced without the prior phase being completed in full unless approved in writing by the City.

2A. Performance of this Agreement by Allen and the City shall be extended for any delay in the performance thereof caused by but not limited to earthquake, flood, the elements, act of God, riots, strikes or lockouts, unforeseen financial disaster, difficulty, or hardship, death of a Key Member of Allen, or any other cause which is beyond the control of Developer and/or the City, and any delay in performance due to said cause shall not be deemed a breach or default in the performance of this Agreement, it being specifically understood that any time limitation contained herein shall be extended for the same period of time lost by causes hereinabove set forth. Notice will be given to the City in accordance with Paragraph 9. of this Agreement that there has been a delay pursuant to this Paragraph 2A. stating the nature of the cause of the delay and the expected length of the delay.

3. Allen will provide for Covenants, Conditions and Restrictions (hereinafter referred to as "CC&Rs") for the Property that will restrict use of the Property to residential only in accordance with the General Residential zoning restrictions of the City of Hailey Zoning Ordinance, and will govern the upkeep and maintenance of the Property. Said CC&Rs are attached hereto and are incorporated by reference herein.

4. Allen will provide landscaping for the Property as Phases are completed and where subsequent construction will not impact said landscaping and, shall make a special attempt to investigate and employ xerographic landscaping methods to reduce the unnecessary use of water and utilize native species and water conserving and non-water

landscaping designs and materials. Initially, any irrigation surface irrigation. As phases are completed, any irrigation that is necessary shall be converted to an automated underground system. All landscaping shall be in accordance with a landscaping and phasing plan submitted by Allen to the City.

5. It is understood by and between the parties hereto that in the event Allen materially breaches and of the terms or conditions of this Agreement, the City may, in its sole discretion, rescind the zoning of the Property and convert it back to LR-1, although the City is not required to do so.

6. Construction Drawings for the Property shall be submitted by Allen and approved by the City prior to issuance of a building permit for any structure within the Property.

7. WAIVER - No waiver by either party of a breach or default hereunder shall be deemed a waiver of a subsequent breach or default of a like or similar nature.

8. BINDING EFFECT - The covenants, terms and conditions herein contained shall apply to any bind the heir, assigns and legal representatives of the parties hereto and all covenants, terms and conditions of this Agreement are to be construed as conditions of this Agreement.

9. NOTICES - Whenever it shall be necessary for one party to give or present a bill to the other party as provided by the terms and conditions of this Agreement, or to provide the other party with notice under the terms and conditions of this Agreement, such notice or bill shall be sent certified mail to the City of Hailey at: _____ and to Allen at: _____.

10. MODIFICATION - This Agreement may not be modified except by writing signed by all parties to this Agreement.

11. SUCCESSORS AND ASSIGNS - This Agreement shall be binding upon the successors, heirs, executors, administrators and assigns of the respective parties.

12. ATTORNEYS FEES - In the event of any dispute between the parties hereto arising out of this Agreement, the prevailing party shall be entitled to all reasonable attorney's fees expended or incurred, whether or not litigation is commenced.

13. APPLICABLE LAW - This Agreement shall be construed in accordance with the Laws of the Great State of Idaho.

14. SEVERABILITY AND VALIDITY - In the event any provision of this Agreement or any part thereof shall be determined by any court of competent jurisdiction to be invalid,

void, or otherwise unenforceable, the remaining provisions hereunder, or parts thereof, shall remain in full force and effect, and shall in no way be affected, impaired, or invalidated thereby, it being agreed that such remaining provisions shall be construed in a manner most closely approximating the intentions of the parties with respect to the invalid, void or unenforceable provision or part thereof.

WHEREFORE, the abovementioned parties hereby set their hands to this Agreement on the day and date first abovementioned.

ALLEN DEVELOPMENT COMPANY L.L.C.

BY: Bruce Allen, Managing Member

THE CITY OF HAILEY

BY: Steve Kearns, Mayor

BY: Daryl James, City Administrator

BY: Carl Hjelm, Planner

STATE OF IDAHO)
 :
COUNTY OF BLAINE) ss

On this ____ day of _____, 199____, before me personally appeared:

known to me to be the persons who subscribed to the foregoing instrument and acknowledged to me they executed the same. In witness whereof, I have set my hand and affixed my seal the day and year in this certificate above written.

(Seal)

Notary residing:
Comm. exp.:

STATE OF IDAHO)
 : ss
COUNTY OF BLAINE)

On this ____ day of _____, 199 ____, before me personally appeared:

known to me to be the persons who subscribed to the foregoing instrument and acknowledged to me they executed the same. In witness whereof, I have set my hand and affixed my seal the day and year in this certificate above written.

(Seal)

Notary residing:
Comm. exp.:

STATE OF IDAHO)
 : ss
COUNTY OF BLAINE)

On this ____ day of _____, 199 ____, before me personally appeared:

known to me to be the persons who subscribed to the foregoing instrument and acknowledged to me they executed the same. In witness whereof, I have set my hand and affixed my seal the day and year in this certificate above written.

(Seal)

Notary residing:
Comm. exp.:

STATE OF IDAHO)
 : ss
COUNTY OF BLAINE)

On this ____ day of _____, 199 ____, before me personally appeared:

known to me to be the persons who subscribed to the foregoing instrument and acknowledged to me they executed the same. In witness whereof, I have set my hand and affixed my seal the day and year in this certificate above written.

(Seal)

Notary residing:
Comm. exp.:

ADDENDUM TO THE DEVELOPMENT AGREEMENT

THIS AGREEMENT, entered into this ____ day of _____, 1996, by and between the CITY OF HAILEY a municipal corporation, and ALLEN DEVELOPMENT L.L.C., an Idaho Limited Liability Company, developers of Garland Meadows, a subdivision (hereinafter referred to as "Allen").

RECITALS:

1. That both the City and Allen acknowledge the need for an Addendum to the original Development Agreement.
2. That the City of Hailey (hereinafter referred to as "City" or "the City") is a municipal corporation with the power to contract for the benefit of its citizens pursuant to Idaho Code Section 67-6511A authorizing development agreement by municipalities with developers.
3. That Allen is duly qualified to do business in the State of Idaho and is the developer of a condominium project approved by the City of Hailey and hereinafter referred to as "the Property" which is proposed Garland Meadows Subdivision, a development of 26 condominiums.
4. That the Property is presently subject to City land use ordinances and zoning regulations, and the subdivision regulations of the City pursuant to the laws of the State of Idaho. That prior to this Agreement the City and Allen have entered into a Development Agreement, on the 14th day of September, 1995, which contains certain terms and conditions governing the development of the Property..
5. That the Property is presently being developed pursuant to said Development Agreement; that Phase One of the project was commenced first and has been constructed but has yet to receive approval of the final plat; that certain changes have occurred in Phase One causing non-compliance with the original Development Agreement and requiring an amended sight plan and architectural plans; that certain other revisions to the sight plan is required and certain changes have occurred regarding the phasing of the construction of the project that both Allen and the City desire addressed in an addendum to the original Development Agreement.
6. That the City Council and the Mayor have authorized the change in phasing on June 10th, 1996 at a meeting of the City Council and that in order to address the changes that have occurred in the phasing of the project the City and Allen have determined it is necessary to replace Paragraph 1 of the original Development Agreement and substitute it in whole with Paragraph 1 of this Agreement as appearing hereunder.

7. That other changes required to be addressed are as follows:

- i. Alterations in the schedule of construction of the improvements associated with the phases caused by the change in the construction phasing schedule;
- ii. Deletion of the requirement to install a fire hydrant at the corner of Maple and 4th pending relocation of the Hydrant in the middle of the project presently located in front of Building #3.
- iii. Submission of an amended sight plan indicating changes in locations of buildings, footprints, deletions in construction, and any other alterations from the original previously submitted sight and architectural plans in order to bring the sight plan into compliance with the Development Agreement and this Addendum;
- iv. Submission of Landscaping plans for the common-area-cum-recreation area in the center of the development.

8. That in order to insure the manner of development of the Property shall not become detrimental to the City of Hailey, it is necessary to enter an Addendum to the Development Agreement with regard to the changes as abovementioned and other factors which affect the general health, safety and welfare of the citizens of the City of Hailey and the future inhabitants of the Property.

NOW THEREFORE, in consideration of the mutually dependent promises, covenants and agreements contained in the original Development Agreement to which this Addendum shall be attached and incorporated into, the parties hereto agree as follows:

1. The City hereby agree to allow Allen to develop the Property in the following manner:

Twenty Six Units shall be built on the Property in accordance with the original Development Agreement and an amended sight plan submitted by Allen to the City and incorporated herein by reference. Said units shall be constructed in accordance with the following schedule*:

<u>Phase^ # Units</u>	<u>Location</u>	<u>Building No.'s^</u>	<u>Order</u>	<u>Completion</u>
One 13	North side	1,2,3,4	First	Oct.31, 1996
Two 6	SE corner	5,6	Second	Oct 31, 1997
Three 7	SE corner	7,8	Last	June30, 1998

*Please Note: The numbers of the phases have been changed from the original Development Agreement and in both the site plan and Architectural plans. The Phasing in this Addendum now governs the Agreement and this Paragraph completely replaces Paragraph 1 of the original Development Agreement

^See also: Site plan

Phase One includes building #1, #2, #3 and #4, the common and parking areas associated with those buildings, the development of a pathway from building #1 to Maple Street and, the access between Phase One and Phase Three. Phase One shall also include the development of the northern one half of the common useable open space at the center of the development, including the installation of the planned building (Gazebo) within the common, useable, central open area.

Phase Two shall include buildings #5 and #6 and their common and parking areas, completion of the common, useable, open space at the center of the development adjacent to Phase Two and, the parking area on the south side of Phase Two including paving, drainage, curb and gutter. Phase Three shall include buildings #7 and #8, and their common and parking areas, the paving of the access between Phases Two and Three, the development with asphalt paving, drainage, curb and gutter, of the parking area within the former Cedar Street right of way, and the development of a pathway from that parking area to Building #4, and the completion of the common, useable open space at the center of the development adjacent to Phase Three and any remaining landscaping. All improvements shall be consistent with the amended sight plan and amended architectural plans as and when approved by the City and incorporated herein by reference.

Phases may be completed sooner than the above listed deadlines and the City hereby agrees to allow construction to continue unabated if construction of said phases turns out to be faster than at first anticipated. However, no construction may be commenced on Phase Two and Three, with the exception of foundations for the buildings within those phases, without the substantial completion, including the approval and recordation of the plat for Phases One and, the asphalt paving associated with Phases One. However, the above requirement may be waived, in writing, by a letter from the Mayor with the authorization of the Council.

2. It is intended that an amended sight plan, amended architectural plans and, landscape design, will be submitted, for their approval by the City, along with this Addendum and are incorporated herein by reference.

3. The original Development Agreement shall be amended by merger in full and incorporation of every provision of this Addendum, provided that, if any provision of this Addendum is inconsistent with the terms and conditions of said Development Agreement, the provisions of this Addendum shall supersede the inconsistent provisions of the Development Agreement.

4. WAIVER - No waiver by either party of a breach or default hereunder shall be deemed a waiver of a subsequent breach or default of a like or similar nature.

5. BINDING EFFECT - The covenants, terms and conditions herein contained shall apply to any bind the heir, assigns and legal representatives of the parties hereto and all covenants, terms and conditions of this Addendum are to be construed as conditions of this Addendum and the Development Agreement to which it is attached and incorporated into.

6. MODIFICATION - This Addendum may not be modified except by writing signed by all parties to this Addendum.

7. SUCCESSORS AND ASSIGNS - This Addendum shall be binding upon the successors, heirs, executors, administrators and assigns of the respective parties.

8. ATTORNEYS FEES - In the event of any dispute between the parties hereto arising out of this Addendum, the prevailing party shall be entitled to all reasonable attorney's fees expended or incurred, whether or not litigation is commenced.

9. APPLICABLE LAW - This Addendum shall be construed in accordance with the Laws of the Great State of Idaho.

10. SEVERABILITY AND VALIDITY - In the event any provision of this Addendum or any part thereof shall be determined by any court of competent jurisdiction to be invalid, void, or otherwise unenforceable, the remaining provisions hereunder, or parts thereof, shall remain in full force and effect, and shall in no way be affected, impaired, or invalidated thereby, it being agreed that such remaining provisions shall be construed in a manner most closely approximating the intentions of the parties with respect to the invalid, void or unenforceable provision or part thereof.

WHEREFORE, the abovementioned parties hereby set their hands to this Addendum on the day and date first abovementioned.

ALLEN DEVELOPMENT COMPANY L.L.C.

CITY OF HAILEY

BY: Bruce Allen, Managing Member

BY: Steve Kearns, Mayor

BY: Daryl James, City Administrator

BY: Carl Hjelm, Planner

STATE OF IDAHO)
 : ss
COUNTY OF BLAINE)

On this ____ day of _____, 199 ____, before me personally appeared:

known to me to be the persons who subscribed to the foregoing instrument and acknowledged to me they executed the same. In witness whereof, I have set my hand and affixed my seal the day and year in this certificate above written.

(Seal)

Notary residing:
Comm. exp.:

STATE OF IDAHO)
 : ss
COUNTY OF BLAINE)

On this ____ day of _____, 199 ____, before me personally appeared:

known to me to be the persons who subscribed to the foregoing instrument and acknowledged to me they executed the same. In witness whereof, I have set my hand and affixed my seal the day and year in this certificate above written.

(Seal)

Notary residing:
Comm. exp.:

STATE OF IDAHO)
 : ss
COUNTY OF BLAINE)

On this ____ day of _____, 199 ____, before me personally appeared:

known to me to be the persons who subscribed to the foregoing instrument and acknowledged to me they executed the same. In witness whereof, I have set my hand and affixed my seal the day and year in this certificate above written.

(Seal)

Notary residing:
Comm. exp.:

ADDENDUM - 5

STATE OF IDAHO)
 : ss
COUNTY OF BLAINE)

On this ____ day of _____, 199 ___, before me personally appeared:

known to me to be the persons who subscribed to the foregoing instrument and acknowledged to me they executed the same. In witness whereof, I have set my hand and affixed my seal the day and year in this certificate above written.

(Seal)

Notary residing:
Comm. exp.: