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Index to: AMENDED COVENANTS & RESTRICTIONS

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**RESTATED AND AMENDED  
DECLARATION OF COVENANTS, CONDITIONS  
AND RESTRICTIONS FOR  
VAL D' SOL SUBDIVISION NOS. 1, 2, AND 3**

THIS DECLARATION is made on the 11<sup>th</sup> day of December, 2003 by the Val d' Sol Home Owners Association ("Association") and has been approved by the vote or written consent of more than 66 $\frac{2}{3}$ % of the Lot Owners of Val d' Sol Subdivision Nos. 1, 2 and 3, Blaine County, Idaho ("Lot Owners").

RECITALS

A. Association is the management entity of Val d' Sol Subdivision Nos. 1, 2 and 3, Blaine County, Idaho ("Val d' Sol").

B. Val d' Sol Subdivision No. 1 comprising Lots 1 through 4, was recorded as Instrument No. 126615, Val d' Sol Subdivision No. 2 comprising Lots 5 through 16, was recorded as Instrument No. 128410, and Val d' Sol Subdivision No. 3 comprising Lots 17 through 34, was recorded as Instrument No. 130249, records of Blaine County, Idaho.

C. The existing property restrictions affecting Val D' Sol ("Val d' Sol Restrictions") are as follows: 1) Declaration of Restrictions recorded as Instrument No. 125911; 2) Grant Deed Declaration of Restrictions recorded as Instrument No. 125912; 3) Grant Deed Declaration of Restrictions recorded as Instrument No. 129663; and, 4) Grant Deed Amendment recorded as Instrument No. 129872, Records of Blaine County, Idaho.

D. The Bylaws of Val d' Sol Home Owners Association was recorded as Instrument No. 128917, Records of Blaine County, Idaho.

E. The Association and Lot Owners intend that this Declaration restate, amend, replace, supercede and take the place of the foregoing Val d' Sol Restrictions and Bylaws.

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F. Association and Lot Owners intend that all Lot Owners of Val d' Sol shall be subject to this Declaration and shall be members of the Association.

G. By this Declaration, there is established a plan for the protection, maintenance, improvement, and sale of lots, and to enhance the value, desirability and attractiveness of lot ownership of Val d' Sol.

NOW, THEREFORE, Association and Lot Owners hereby declare that:

1. Declaration. This Declaration is hereby established upon Val d' Sol in furtherance of a general plan for improvement and sale of lots within Val d' Sol for the purpose of enhancing and perfecting the value of each lot therein, and for the benefit of each owner of a lot in Val d' Sol.

a) Lots within Val d' Sol shall be held, conveyed, encumbered, leased, occupied or otherwise used, improved or transferred, in whole or in part, subject to this Declaration and any supplemental declaration.

b) This Declaration and any supplemental declaration shall run with Val d' Sol and all lots located therein, and shall be binding upon and inure to the benefit of all parties having or hereafter acquiring any right, title or interest in Val d' Sol or any portion thereof.

2. Definitions.

a) Articles. The "Articles" means the Association's Articles of Incorporation and their amendments. A copy of the Articles is attached hereto as Exhibit A and made a part hereof.

b) Association Rules. The "Association Rules" means the rules and regulations regulating the use and enjoyment of the lots and Common Area adopted by the Board from time to time. The Association Rules in effect at the time of recording this Declaration, with Pool Rules and Parking Guidelines, are attached hereto as Exhibit B and made a part hereof.

c) Board. The "Board" means the Board of Directors of the Association.

d) Bylaws. The "Bylaws" means the Association's Bylaws and their amendments. A copy of the Bylaws is attached hereto as Exhibit C and made a part hereof.

e) Common Area. The "Common Area" means the entire project except all lots, as defined in this Declaration or as shown on the plat for Val d' Sol. The Common Area shall be owned by the Association for the common use and enjoyment of the lot owners.

f) Common Expenses. "Common Expenses" means all expenses incurred for the upkeep, maintenance, repair, replacement, management and operation of the Common Area and

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the upkeep, maintenance, repair, replacement, management and operation, foundations, exterior walls, roofs and crawl spaces of the Residences and exterior lot area and landscaping, including any reserve for maintenance and repairs, rebuilding and replacement of the Common Area and the exterior walls and roofs of Residences; the cost of the insurance permitted or required herein to be procured and maintained by the Association; the cost, upkeep, maintenance and replacement of landscaping, janitorial and similar services for the Common Area and exterior walls and roofs of Residences and exterior lot area; wages; accounting and legal fees; management fees; and any other expenses and liabilities incurred by the Association for the benefit of the lot owners under or by reason of this Declaration. The Association shall provide exterior maintenance upon each Residence as follows: paint, repair, replacement and care of roofs, gutters, downspouts, exterior building surfaces, and other exterior improvements, landscaping upkeep and maintenance. Such exterior maintenance shall not include glass surfaces. In the event that the need for maintenance or repair of a Residence or the improvements thereon or exterior lot area or landscaping is caused by the willful or negligent acts of its owner, or through the willful or negligent acts of the family, guests or invitees of the owner of the Residence needing such maintenance or repair, the cost of such exterior maintenance shall be added to and become part of the assessment of the lot to which such Residence is subject.

g) Residence. A "Residence" means the single family townhouse located on a lot shown and described on the Val d' Sol Subdivision Nos. 1, 2 and 3 plats.

h) Project. The "Project" means the Val d' Sol property as divided into lots or owned by the Association, including all Residences, structures and improvements on it, and all future structures and improvements, if any.

i) Owner. An "Owner" means each person or entity holding a record ownership interest in a lot, and contract purchasers under recorded contracts.

j) Lot Number. The "Lot Number" shall mean the particular lot designation on the Val d' Sol Subdivision Nos. 1, 2 and 3 plats, and shall also be part of the Residence legal description and street address. The schedule of Val d' Sol lot numbers is attached hereto as Exhibit D and made a part hereof.

3. Property Rights and Easements.

a) Ownership. Ownership of each lot within the Project shall include a membership in the Association, and any non-exclusive easement appurtenant to the lot over the Common Area as described in this Declaration.

b) Utility Easements. All lot owners shall have mutual reciprocal easements for existing water, cable tv, sewage, telephone, gas and electrical lines over, under and across their lot

for the repair, maintenance and replacement thereof subject to the restoration of the easement premises for any damage resulting from such repair or replacement.

c) Non-exclusive Easements. Every lot owner shall have a non-exclusive easement of use and enjoyment in, to and throughout the Common Area and for ingress, egress and support over and through the Common Area. Each such non-exclusive easement shall be appurtenant to and pass with title to every lot owner, subject to the following rights and restrictions.

1 The right of the Association to adopt and enforce Association rules in connection with the Project and Common Area.

2 The right of the Association to enter on the lots and Common Area and to maintain the Project and make repairs and remedy construction defects. In case of an emergency, such right of entry shall be immediate, whether the lot owner is present at the time or not.

d) Encroachments. If any portion of the Common Area encroaches on any lot, or if any portion of a lot or Residence encroaches on the Common Area, or if any portion of a lot or Residence encroaches on any other lot or Residence, regardless of the cause, a valid easement exists for such encroachment and for the maintenance of it so long as it remains and all lots and the Common Area are made subject to such easements.

e) Easements by Association. The Association shall have the authority and power to grant and convey to any third party utility easements and rights of way in, on, over or under the Common Area. However, no such easement can be granted if it would interfere with the use, occupancy or enjoyment by any owner of his or her Residence.

4. Use Restrictions.

a) Residential Use. The lots are restricted to residential use. No Residence shall be sold or leased, or held, used or maintained as a Time Share property. As used herein, "Time Share" means any right of exclusive ownership, use or occupancy of a Residence according to a fixed or floating time schedule on a periodic basis occurring annually or over a period of time in excess of two (2) years in duration, including without limitation, a vacation license, paid hotel reservation, club membership, limited or general partnership or vacation bond.

b) Maintenance. Each owner of a lot shall be responsible for maintaining his or her lot in a clean, sanitary, workable and attractive condition.

c) Offensive Conduct. No noxious or offensive activities shall be conducted within the Project. Nothing shall be done on or within the Project that may be or may become an

annoyance or nuisance to the residents of the Project, or that in any way interferes with the quiet enjoyment of the occupants of Residences.

d) Parking Restrictions. Unless otherwise permitted by the Board, no automobile shall be parked or left within the Project other than within an assigned parking space which shall be as near and convenient to said Residence as reasonably possible, together with the right of ingress and egress in and upon said parking area. No boat, trailer, recreation vehicle, or camper shall be parked or left overnight within the Project without the Association's consent. The Association may require removal of any inoperative vehicle, any unsightly vehicle, or any improperly parked or stored vehicle, and any other item or equipment improperly parked or stored on either the Common Area or a roadway located and situated in Val d' Sol. If the same are not removed after written notice, the Association may cause removal at the cost of the owner thereof.

e) External Fixtures. No television or radio poles, antenna, flag poles, clotheslines, or other external fixtures other than those originally installed or approved by the Board, shall be constructed, erected or maintained on or within the Project. A small satellite dish may be installed on the exterior of a Residence with the prior written consent of the Association regarding color and location.

f) Trash. Trash, garbage or other waste shall be kept only in sanitary containers. No owner shall permit or cause any trash or refuse to be kept on any portion of the Project other than receptacles customarily used for it, which shall be located only in places specifically designated for such purpose except on the scheduled day for trash pickup.

g) Indemnification. Each owner shall be liable to the Association and the remaining owners for any damage to the Common Area, exterior walls and roof of Residences that may be sustained by reason of the negligence of that owner, his or her tenants, guests or invitees, but only to the extent that any such damage is not covered by insurance. Each owner, by acceptance of his or her deed, agrees for themselves and their tenants, guests and invitees, to indemnify each and every other owner, and to hold him or her harmless from, and to defend him or her against, any claim of any person for personal injury or property damage occurring on the lot or within the Residence of that particular owner, unless the injury or damage occurred by reason of the negligence of any other owner or person temporarily visiting in said Residence or is fully covered by insurance.

h) Taxes. Each owner shall be obligated to pay any taxes or assessments assessed by the county assessor of Blaine County against his or her lot, Residence and personal property.

i) Interior. Each owner shall keep the interior of his or her Residence in a clean, sanitary and attractive condition and good state of repair.

j) Enforcement. The failure of any owner to comply with any provision of this Declaration, the Association Rules, or the Articles or Bylaws, shall give rise to a cause of action in the Association and any aggrieved owner for the recovery of damages or for injunctive relief, or both, as provided by paragraph 5(g).

k) Pets. Lot owners may have two (2) disciplined household pets for each Residence, subject to rules and regulations adopted by the Board of Directors of the Association. Such pets shall not be permitted to run at large on the Common Area, and the lot owner shall be required to clean up after their pet. The leash laws of Sun Valley shall be observed. Renters are not allowed to have dogs.

l) Signs. No sign or other advertising device of any nature sign shall be placed on any lot or Residence, provided, however, a standard "For Sale" sign may be placed in the window of any Residence.

m) Temporary Residence. No trailer, RV or motorhome shall be used as a residence on the Project at any time. All such vehicles, including boats and trailers may be stored temporarily (while owner is in occupancy of his or her Residence) only in the northern parking area of the Val d' Sol property.

5. Val d' Sol Owners Association.

a) Every lot owner shall be entitled and required to be a member of the Association. If title to a lot is held by more than one (1) person, the membership related to that lot shall be shared by all such persons in the same proportionate interest and by the same type of tenancy in which the title to the lot is held. An owner shall be entitled to one (1) membership for each lot owned by him or her. No person or entity other than an owner may be a member of the Association, and memberships of the Association may not be transferred except in connection with the transfer of a lot.

b) Powers. The Association shall have all the powers of a non-profit corporation organized under the general nonprofit corporation law of Idaho, subject only such limitations on the exercise of such powers as are set forth in the Articles, the Bylaws and this Declaration.

c) Voting Rights. Each lot owner shall be entitled to cast one (1) vote for each lot owned in Val d' Sol.

d) Control. The Association shall be responsible for the management and control of the Common Area and all improvements thereon, and the exterior walls and roofs of Residences, and exterior landscaping of all lots, and shall keep the same in good, clean, attractive and sanitary condition, order and repair. The Association shall maintain in a proper, good manner, all landscaping vegetation in the Project.

e) Easements. The Association shall have the right to grant easements for utility purposes over, upon and across, under or through any portion of the Common Area and each lot owner hereby irrevocably appoints the Association as attorney in fact for such purpose.

f) Management. The Association may obtain and pay for the services of any person or entity to manage its affairs or any part hereof, to the extent it deems advisable, as well as such other personnel as the Association shall determine to be necessary or desirable for the proper operation of the Project.

g) Rules and Regulations. The Association may make reasonable rules and regulations governing the use of the Common Area, lots and Residences, which rules and regulations shall be consistent with the rights and duties established in this Declaration. In addition to any other enforcement rights described in this Declaration and the Bylaws, or authorized by law and subject to any restrictions on the Association's enforcement rights, including any due process requirements imposed by this Declaration, the Bylaws, or the law, the Association may take any of the following actions against any person or entity whose act or failure to act violates or threatens to violate any of the provisions of this Declaration, the Articles, the Bylaws, Association rules and regulations, and Architectural policy, procedure, regulations, restrictions and indemnification: a) Impose monetary penalties, including late charges and interest; b) suspend voting rights in the Association; c) suspend use privileges for the Common Area; and, d) commence a legal action for damages, injunctive relief, or both. The determination whether to impose any of the foregoing sanctions shall be within the sole discretion of the Association. The prevailing party shall be entitled to recover costs and reasonable attorneys fees. The Association may take more than one of the foregoing enforcement actions against any one violation, provided that a suspension of use privileges shall not exceed thirty (30) days (unless suspension is for delinquent assessments) and a monetary penalty shall not exceed Five Hundred Dollars (\$500.00) (excluding late charges imposed for delinquent assessments) for any one violation. The Association, in its sole discretion, may resolve or settle any dispute, including any legal action, under such terms and conditions it considers appropriate. Amounts owing by owners may be collected by assessment as provided by this Declaration. An owner shall be given fifteen (15) days prior notice before the imposition of any penalty and the reasons for such action. The owner shall have the opportunity to be heard, orally or in writing by a majority of the Board of Directors not less than five (5) days before the imposition of the penalty. A copy of the rules as adopted, amended or repealed shall be mailed or otherwise delivered to each lot owner.

h) Implication. The Association may exercise any other right or privilege given to it by this Declaration or by law, and every other right or privilege reasonably to be implied from the existence of any right or privilege given to it herein or reasonably necessary to effectuate any such right or privilege.

i) Liability. No member of the Board, or of any committee of the Association, or any officer of the Association, or any manager, or any agent of the Association, shall be personally

liable to any owner, or to any other party, including the Association, for any damage, loss or prejudice suffered or claimed on account of any act, omission, error or negligence of any such person or entity, if such person or entity has, on the basis of such information as may be possessed by them, acted in good faith without willful or intentional misconduct.

6. Architectural Control.

a) Architectural Committee. The architectural committee shall be the Board of Directors of Val d' Sol, as constituted from time to time. The Board shall exercise its best judgment to see that all improvements, construction, landscaping, and alterations on the Project, conform and harmonize with the existing structures as to external design, materials, color and topography.

b) Approval. No improvements of any kind or any nature shall ever be altered, constructed, erected or permitted, nor shall any excavating, clearing or landscaping be done on any lot within the Project unless the complete architectural plans and specifications for such alteration, construction or erection and landscaping are approved by the Board prior to the commencement of such work. The Policy and Procedure for Building and /or Common Area Modification, Application for Building And/or Common Area Modification, Worker's Restrictions Regulations Policy and Val d' Sol Agreement of Indemnification are attached hereto as Exhibit E and made a part hereof. The Policy and Procedure, Application, Indemnification, Restrictions and Regulations may be amended or modified by Board resolution from time to time. The Board shall consider the materials to be used and the exterior colors, harmony of external design with existing structures within Val d' Sol. Complete architectural plans and specifications for proposed improvements shall be submitted to the Board in compliance with the Policy and Procedure for Building and/or Common Area Modification with completed Application for Building and/or Common Area Modification and Agreement of Indemnification. In the event the Board fails to take any action within ninety (90) days after Application and plans and specifications have been submitted, such plans and specifications shall be deemed to be approved subject to this Declaration and supplemental declarations. In the event the plans are rejected by the Board, the party submitting such plans may appeal the matter at the next annual or special meeting of the members of the Association, where an affirmative vote of at least three-quarters (3/4) of the members at the meeting shall be required to change the decision of the Board and approve the plans.

7. Assessments.

a) Owners Covenant to Pay. Each owner of any lot, by the acceptance of a deed therefor, whether or not it be so expressed in the deed, shall be deemed to covenant and agree with other lot owners in Val d' Sol and with the Association to pay to the Association periodic assessments made by the Association for maintenance and repair of the Common Area, landscaping and exterior walls and roofs of Residences, and special assessments for capital improvements and other matters.



b) Expenses. The total periodic assessment against all lots shall be based upon advanced estimates of cash requirements by the Association to provide for the payment of all estimated expenses growing out of or connected with the maintenance and operation of the Common Area, landscaping and exterior walls and roofs of Residences, which estimates may include, among other things, expenses of management, taxes and special assessments, premiums for all insurance which the Association is required or permitted to maintain pursuant hereto, landscaping and care of lots and grounds, repairs and maintenance, wages for Association employees, legal and accounting fees, garbage removal, any deficit remaining from a previous period, the creation of a reasonable contingency reserve, surplus and/or sinking funds, and any other expenses and liabilities which may be incurred by the Association for the benefit of the owners under or by reason of this Declaration.

c) Payment. The Association shall make periodic assessments, which assessments shall be annually, quarterly, or monthly, as the Association shall from time to time determine. Notice for payment of assessments shall be given to each owner, which notice shall specify the amount of the assessment and the date or dates of payment of the same. No payment shall be due less than thirty (30) days after said written notice has been given. Each periodic assessment shall bear interest at the Idaho legal rate of interest or such other interest rate as the Board may determine by resolution from time to time, after the assessment becomes due and payable, if not paid within thirty (30) days after such date. Failure of the Association to give notice of the assessment shall not affect the liability of the owner of any lot for such assessment, but the date when payment shall become due in such case shall be deferred to a date fifteen (15) days after such notice shall have been given.

8. Special Assessments. In addition to the annual assessments the Association may levy at any time, a special assessment payable over such a period as the Association may determine, for the purpose of defraying in whole or in part the cost of any construction or reconstruction, unexpected repair, or replacement of the Common Area or any part thereof, or exterior walls or roofs of Residences, or landscaping, or for any other expense incurred or to be incurred as provided in this Declaration. Any amounts assessed pursuant hereto shall be assessed to owners in the same manner as provided in Paragraph 7 (Assessments) hereinabove. Notice in writing of the amount of such special assessments and the time for payment thereof shall be given promptly to the owners, and no payment shall be due less than thirty (30) days after such notice shall have been given. A special assessment for capital improvements shall have the assent of two-thirds (2/3) of the lot owners who are voting in person or by proxy at a meeting duly called for this purpose. Both annual and special assessments shall be fixed at a uniform rate for all lots. The present capital plan continuing special assessments based on the July 2001 Capital Reserve Study have been approved and are excepted from the foregoing two-thirds (2/3) assent requirements.

9. Lien for Assessments. All sums assessed to any lot, together with interest thereon as provided herein, shall automatically create a lien on such lot in favor of the Association. Such a lien shall be superior to all other liens and encumbrances on such lot except only for:

a) Valid tax and special assessment liens on the lot in favor of any governmental assessing authority;

b) A lien for all sums unpaid on the first deed of trust or mortgage duly recorded in Blaine County, Idaho, including all unpaid obligatory advances to be made pursuant to such deed of trust and secured by the lien thereof in accordance with the terms of such instrument; and,

c) Labor and materialmen's liens to the extent required by law.

To foreclose a lien for sums assessed pursuant to this article, the Association may prepare a written notice of assessment, the date due, the amount remaining unpaid, the name of the record owner of the lot and a description of the lot. Such a notice shall be signed by the Association or its agent and may be recorded in the office of the county recorder. No notice of assessment shall be recorded until there is a delinquency in payment of the assessment. Such lien may be enforced by the sale of the lot by the Association after failure of the owner to pay such an assessment in accordance with its terms, such sale to be conducted in the manner provided by law in Idaho for the exercise of power of sale in deeds of trust or in any other manner permitted by law. In any such foreclosure, the owner shall be required to pay the costs and expenses of such proceeding, the costs and expenses of filing the notice of assessment and all reasonable attorney's fees. All such costs and expenses shall be secured by the lien being foreclosed. The owner shall also be required to pay to the Association any assessments against the lot which shall become due during the period of foreclosure. The Association shall have the right and power to bid at the foreclosure sale or other legal sale and to acquire, hold, convey, lease, rent, encumber, use and otherwise deal with the same as the owner thereof.

A further notice stating the satisfaction and release of any such lien shall be executed by the Association and recorded with the county recorder upon payment of all sums secured by a lien which has been made subject of the recorded notice of assessment.

Unless sooner satisfied or released or the enforcement thereof initiated as provided in this section, any notice of assessment created pursuant to this section shall expire and be of no further force and effect, one (1) year from the date of recording of said notice of assessment; provided, however, that said notice of assessment may be extended by the Association for a period not to exceed one (1) additional year by a written extension signed by the Association or its agent and recorded in the office of the county recorder, prior to the expiration of the said first one (1) year period.

The amount of any periodic or special assessment against any lot shall be the personal obligation of the owner thereof to the Association. Suit to recover a money judgment for such personal obligation may be maintainable by the Association without foreclosure or waiver of the lien securing the same.

Upon payment of a reasonable fee, as the Board of Directors may determine by resolution from time to time, and upon written request of any owner or any deed of trust beneficiary

or mortgage holder or prospective purchaser, the Association shall issue a written statement setting forth the amount of unpaid assessments, the date that such assessment becomes or became due and credit for advance payments or prepaid items, which statement shall be conclusive upon the Association in favor of the persons who rely thereon in good faith.

Subject to the preceding paragraph, a purchaser of a lot shall be jointly and severally liable with the Seller for all unpaid assessments against the lot up to the time of the grant or conveyance, without prejudice to the purchaser's right to recover from the Seller the amount paid by the purchaser for such assessments.

10. Amendment

a) Vote/Consent. This Declaration, the Articles or the Bylaws, may be amended or revoked in any respect by a vote or written consent of the holders of not less than two-thirds (2/3) of the voting rights. Also, if mortgagee or other person, firm, agency or entity consent is required under this Declaration with respect to any amendment or revocation of any provision of this Declaration, no such amendment or revocation shall become effective unless such consent or approval is obtained.

b) Reliance. Any amendments made in accordance with the terms of this Declaration shall be presumed valid by anyone relying on them in good faith.

11. Insurance.

a) Types of Insurance. The Association shall obtain and keep in full force and effect at all times, the following insurance coverage provided by companies duly authorized to do business in Idaho. The provisions of this article shall not be construed to limit the power or authority of the Association to obtain and maintain insurance coverage in addition to any insurance coverage required hereunder in such amounts and in such forms as the Association may deem appropriate from time to time.

1 Casualty Insurance. The Association shall obtain insurance on the Project in such amounts as shall provide for full replacement thereof in the event of damage or destruction from the casualty against which such insurance is obtained, all in the manner in which a corporation owning similar multiple family residential buildings in the vicinity of the Project would, in the exercise of prudent business judgment, obtain such insurance. Such insurance shall include fire and extended coverage, vandalism and malicious mischief, and such other risks and hazards against which the Association shall deem it appropriate to provide insurance protection.

2 Public Liability and Property Damage Insurance. The Association shall purchase broad form comprehensive liability coverage with respect to the

Common Area in such amounts and in such forms as it deems advisable to provide adequate protection. Coverage shall include without limitation, liability for personal injuries, operation of automobiles on behalf of the Association, and activities in connection with the ownership, operation, maintenance and other use of the Project.

3 Workman's Compensation and Employer's Liability Insurance. The Association shall purchase workman's compensation and employer's liability insurance and all other similar insurance in respect of employees of the Association in the amounts and in the forms now or hereafter required by law.

4 Fidelity Insurance. The Association shall purchase, in such amounts and in such forms as it shall deem appropriate, coverage against dishonesty of employees, destruction or disappearance of money or securities, and forgery.

5 Directors and Officers Liability Insurance. The Association shall purchase in such amounts and in such form as it shall deem appropriate, coverage for all the directors, officers and committee members, for any and all errors and/or omissions that occur during their tenure in office and employment.

6 Other. The Association may obtain insurance against such other risk, of a similar or dissimilar nature, as it shall deem appropriate with respect to the Project, including any personal property of the Association located thereon.

b) Optional Insurance. The Association may in its discretion obtain casualty and public liability insurance coverage, in amounts it may select, with respect to an owner's activities on a lot or within each Residence and for activities of the owner, not acting by the Association, with respect to the Common Area.

c) Form. Casualty insurance shall be carried in a form or forms naming the Association as the insured as trustee for the owners, which policy or policies shall specify the interest of each owner, (owner's name and lot number), and which policy or policies shall provide a standard loss payable clause providing for payment of insurance proceeds to the Association as trustee for the owners as their interest may appear, and for the respective first mortgagees which from time to time shall give notice to the Association of such first mortgagees, such proceeds to be used in accordance with this Declaration. Each policy shall also provide that it cannot be canceled by either the insured or the insurance company until after thirty (30) days prior written notice is first given to each owner, to each first mortgagee, and to the Association. The Association shall furnish to each lot owner, a true copy of such policy, together with a certificate identifying the interest of the owner. All policies of insurance shall provide that the insurance thereunder shall be invalidated or suspended only in the respect to the interest of any particular owner guilty of breach of warranty, act, omission, negligence or guilty of non-compliance with any provision of such policy, including payment of the insurance premiums applicable to that owner's interest or who permits or fails to prevent the happening of any

event, whether occurring before or after a loss, which under the provisions of such policy would otherwise invalidate or suspend the entire policy. All policies of insurance shall provide further that the insurance under any such policy is to the interest of all other insured owners not guilty of any such act or omission, shall not be invalidated or suspended and shall remain in full force and effect.

Public liability and property damage insurance shall name the Association, the insured, as trustee for the owners, as their interest shall appear, and shall protect each owner against liability for acts of the Association in connection with the ownership, operation, maintenance or other use of the Project.

d) Insurance Proceeds. The Association shall receive the proceeds of any casualty insurance payments received under policies obtained and maintained pursuant to this article. The Association shall apportion the proceeds to the portions of the Project which have been damaged, and shall determine the amount of the proceeds attributable to damage to the Common Area. To the extent that reconstruction is required herein, the proceeds shall be used for such purpose. Each owner and each mortgagee shall be bound by the apportionments of damage and of the insurance proceeds made by the Association pursuant hereto.

e) Property Within a Unit. The Association, at its option, may purchase "All-In" or similar insurance covering fixtures, installations or additions that are within the unfinished interior surfaces of the perimeter walls, floors, and ceilings of individual Residences which are (1) original installations or, (2) have been replaced according to the original plan or, (3) have been installed by or at the expense of the Residence owners, if such insurance is available and if deemed appropriate by the Association. For purposes of this Section, fixtures, installations or additions include, but are not limited to, paint, wall coverings, paneling, tile or similar materials, carpeting, air conditioners, cabinets, cooking ranges and other built in kitchen equipment, clothes dryers and washers, electrical fixtures, dishwashers, fire extinguishing apparatus, plumbing fixtures and refrigerators.

f) Owner's Responsibility. Insurance coverage on the furnishings and property within each Residence, insurance coverage not included under the Association policies, and casualty and public insurance coverage within each Residence and for actions of the owner not acting by the Association with respect to the Common Area shall be the responsibility of the respective owners. If the Association does not or is unable to purchase "All-In" or similar insurance, each owner shall be responsible for insurance coverage for all property within the unfinished interior surfaces of the perimeter walls, floors, and ceilings of their residence. Insurance coverage against loss from theft on all personal property and insurance coverage on items of personal property placed in the Residence, shall be the responsibility of the respective owners.

g) Owner's Own Insurance. Notwithstanding the provisions herein, each owner may obtain insurance at his or her own expense providing coverage upon his or her lot and Residence, his or her personal property, for his or her personal liability, and covering such other risks as he or she may deem appropriate, but each policy shall provide that it does not diminish the

insurance carrier's coverage for liability arising under insurance policies which the Association obtains pursuant to this article. All such insurance of the owner's lot shall waive the insurance company's right of subrogation against the Association, and other owners, and the servants, agents, guests of any of them, if such insurance can be obtained with a waiver of such rights of subrogation.

h) Deductible. An owner shall be responsible to pay the deductible amount under the insurance policies the Association obtains pursuant to this article for liability and damages due to the acts or omissions of the owner, his or her guests, invitees, agents and tenants.

12. Party Walls. Residences are constructed with at least one (1) outside wall, with another outside wall of an adjoining Residence. These walls and roof structures situated on lot lines are hereby declared to be party walls between adjoining lot owners, and, to the extent not inconsistent with the provisions of this Declaration, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

a) Maintenance. The cost of maintaining each party wall shall be borne equally by the owners on either side of said wall.

b) Damage to Party Wall. In the event of damage or destruction of said party wall from any cause, other than the negligence of either lot owner, lot owners shall, at their joint expense, repair and rebuild said wall, and each party shall have the right to the full use of said wall so repaired or rebuilt. If either party's negligence shall cause damage to or destruction of said wall, such negligent party shall bear the entire cost of repair or reconstruction. If either party shall neglect or refuse to pay his or her share or all of such costs in the case of negligence, the other party may have the wall repaired and restored and shall be entitled to have a mechanic's lien on the lot of the party so failing to pay for the amount of such defaulting party's share of the repair or replacement costs.

c) Repair. Either party or the Association shall have the right to break through the party wall for the purpose of repairing or restoring utilities within the wall, subject to the obligation to restore the wall to its previous structural and aesthetic condition, at his or her or its own expense and the payment to the adjoining owner of any damages caused thereby.

d) Easement. Neither party shall alter or change said party walls in any manner, interior decoration excepted, and said party walls shall always remain in the same location as when erected, and each party to said common or division wall shall have a perpetual easement in that part of the premises of the other on which said party wall is located for party wall purposes.

e) Right to Contribution. The right of any owner to contribution from any other owner under this Paragraph 12 shall be appurtenant to the land and shall pass to such owner's successors in title.

f) Arbitration. In case of a dispute or disagreement regarding the party wall, that cannot be resolved by the parties, the disputed matter or matters shall be referred to three (3) disinterested parties, one (1) chosen by each side, and those two (2) to choose another. The decision in writing signed by any two (2) shall be final.

13. Term of Declaration. This Declaration shall run with the land and shall continue in full force and effect for a period of twenty (20) years from the date on which this Declaration is recorded. After that time, this Declaration and all covenants, conditions, restrictions and other provisions shall be automatically extended for successive ten (10) year periods, unless this Declaration is revoked by an instrument executed by seventy-five percent (75%) of the lot owners.

14. Destruction of Improvements.

a) Destruction: Proceeds Exceed Eighty-five Percent (85%) of Reconstruction Costs. If there is a total or partial destruction of the improvements in the Project, and if the available proceeds of the insurance carried are sufficient to cover more than eighty-five percent (85%) of the costs of repair and reconstruction, the improvements shall be promptly rebuilt unless, within ninety (90) days from the date of destruction, if at least seventy-five percent (75%) of the lot owners, in person or by proxy, at the duly constituted meeting, determine that such repair and reconstruction shall not take place. If repair and reconstruction is to take place, the Board of Directors shall be required to execute, acknowledge and record in the office of the Blaine County Recorder not later than one hundred twenty (120) days from the date of such destruction, a certificate declaring the intention of the lot owners to rebuild.

b) Destruction: Proceeds Less Than Eighty-Five Percent (85%) Of Reconstruction Costs. If the proceeds of insurance are less than eighty-five percent (85%) of the costs of repair and reconstruction, repair and reconstruction may nevertheless take place if, within ninety (90) days from the date of destruction, at least fifty-one percent (51%) of the total lot owners, in person or by proxy, at a duly constituted meeting, determine that such repair and reconstruction shall take place. If repair and reconstruction is to take place, the Board of Directors shall execute, acknowledge and record in the office of the Blaine County Recorder not later than one hundred twenty (120) days from the date of such destruction a certificate declaring the intention of the lot owners to rebuild.

c) Rebuilding Procedures. If the lot owners determine to rebuild, each owner shall be obligated to contribute his or her proportionate share of the cost of reconstruction or restoration over and above the available insurance proceeds. If any owner fails or refuses to pay his or her proportionate share, the Board of Directors may levy a special assessment against the lot of such owner which may be enforced under the lien provisions contained in this Declaration. If any owner disputes the amount of his or her proportionate liability under this section, such owner may contest the amount of his or her liability by submitting to the Board of Directors within ten (10) days after notice to the owner of his or her share of the liability, written objections supported by cost

estimates or other information that the owner deems to be material, and may request a hearing before the Board at which he or she may be represented by counsel. Following such hearing, the Board shall give written notice of its decision to all owners, including any recommendation that the adjustments be made with respect to the liability of any owners. If such adjustments are recommended, the notice shall schedule a special meeting of lot owners for the purpose of acting upon the Board's recommendation, including making further adjustments, if deemed by the lot owners to be necessary or appropriate. All adjustments shall be affirmed or modified by a majority of the lot owners. If no adjustments are recommended by the Board, the decision of the Board shall be final and binding on all owners, including any owner filing objections.

d) Rebuilding Contract. If the lot owners determine to rebuild, the Board or its authorized representative shall obtain bids from at least two (2) reputable contractors and shall award the repair and reconstruction work to the lowest bidder. The Board shall have the authority to enter into a written contract with the contractor for such repair and reconstruction, and the insurance proceeds held by the Association as trustee shall be disbursed to the contractor according to the terms of the contract. It shall be the obligation of the Board to take all steps necessary to assure the commencement and completion of authorized repair and reconstruction at the earliest possible date.

e) Rebuilding Not Authorized. If the lot owners determine not to rebuild, then, subject to the rights of mortgagees set forth in this Declaration, any insurance proceeds then available for such rebuilding shall be distributed to the owner of each lot in proportion to his or her interest in the Project. The Board shall have the duty, within one hundred twenty (120) days from the date of such destruction, to execute, acknowledge and record in the office of the Blaine County Recorder, a certificate declaring the intention of the lot owners not to rebuild.

f) Minor Repair and Reconstruction. The Board shall have the duty to repair and reconstruct improvements, without the consent of lot owners and irrespective of the amount of available insurance proceeds, in all cases of partial destruction when the estimated cost of repair and reconstruction does not exceed One Hundred Thousand Dollars (\$100,000.00). The Board is expressly empowered to levy a special assessment for the cost of repairing and reconstructing improvements to the extent insurance proceeds are unavailable.

15. Condemnation.

a) Sale by Consent. If an action for condemnation of all or a portion of the Project is proposed or threatened by any governmental agency having the right of eminent domain, then, on the written consent of seventy five percent (75%) of the owners and after written notice to all mortgagees, the Project, or a portion of it may be sold by the Board acting as irrevocable attorney in fact of all of the owners for a price deemed fair and equitable by the Board but in no event less than the aggregate unpaid balance of all mortgages encumbering lots in the Project if the Project is sold.



b) Distribution of Proceeds of Sale. On a sale occurring under this Article, the proceeds shall be distributed to the owner and the mortgagees of each lot as their respective interests appear.

c) Distribution of Condemnation Award. If the Project, or a portion of it, is not sold but is instead taken, the judgment of condemnation shall by its terms apportion the award among the owners and their respective mortgagees.

d) Partial Taking. In the event that less than the entire project is taken or condemned, or sold or otherwise disposed in lieu of or in avoidance thereof, the lot ownership hereunder shall not terminate. Each owner shall be entitled to a share of the condemnation award to be determined by the Association.

16. Sale of Entire Project.

a) Sale by Contract. If the Association determines that the entire Project should be sold for the reason the Project is uneconomic, or obsolete, or in the best interests of the lot owners, then, on the written consent of seventy five percent (75%) of the owners and after written notice to all mortgagees, the Project may be sold by the Board acting as irrevocable attorney in fact of all of the owners for a price deemed fair and equitable by the Board but in no event less than the aggregate unpaid balances of all mortgagees encumbering lots in the Project if the Project is sold.

b) Distribution of Proceeds of Sale. On a sale occurring under this article, the proceeds shall be distributed to the lot owners and mortgagees of each lot as their respective interests appear.

17. Protection of Mortgagees.

a) Mortgage Permitted. Any owner may encumber his or her lot with a mortgage.

b) Subordination. Any lien created or claimed under the provisions of this Declaration is expressly made subject and subordinate to the rights of any first mortgage that encumbers all or a portion of the Project, or any lot, made in good faith and for value, and no such lien shall in any way defeat, invalidate, or impair the obligation or priority of such mortgage unless the mortgagee expressly subordinates its interest, in writing, to such lien. If any lot is encumbered by a first mortgage made in good faith and for value, the foreclosure of any lien created by any provision set forth in this Declaration for assessments, or installments of assessments, shall not operate to affect or impair the lien of the mortgage. On foreclosure of the mortgage, the lien for assessments, or installments, that has accrued up to the time of foreclosure shall be subordinate to the lien of the mortgage. On taking title to the lot the foreclosure purchaser shall only be obligated

to pay assessments or other charges levied or assessed by the Association after the foreclosure purchaser acquired title to the lot.

c) Amendment. The prior written consent of fifty-one percent (51%) of the holders of all first mortgages (based upon one vote for each mortgage held) shall be required for any material amendment to this Declaration, to the Articles or to the Bylaws. As used in this paragraph, the term "any material amendment" is defined to mean amendments to provisions of this Declaration, to the Articles or to the Bylaws governing the following subjects:

- 1 The purpose for which the Project may be used;
- 2 Voting;
- 3 Assessments, collection of assessments, creating and subordination of assessment liens;
- 4 Casualty and liability insurance;
- 5 Any provision, which by its terms is specifically for the benefit of first mortgagees, or specifically confers rights on the first mortgagees.

18. General Provisions.

a) Headings. The headings use in this Declaration are for convenience only and are not to be used to interpret the meaning of any of the provisions of this Declaration.

b) Severability. The provisions of this Declaration shall be deemed independent and severable, and the invalidity or partial invalidity or unenforceability of any provisions or portions of it shall not invalidate any other provisions.

c) Cumulative Remedies. Each remedy provided for in this Declaration shall be cumulative and not exclusive. Failure to exercise any remedy provided for in this Declaration shall not, under any circumstances, be construed as a waiver thereof.

d) Violations as Nuisance. Every act or omission in violation of the provisions of this Declaration shall constitute a nuisance and, in addition to all other remedies herein set forth, may be abated or enjoined by any owner, any member of the Board, the manager, or the Association.

e) Access to Books. Any owner may, at any reasonable time and upon reasonable notice to the Board or manager at his or her own expense, cause an audit or inspection to be made of the books and financial records of the Association.

f) Liberal Construction. The provisions of this Declaration shall be liberally construed to effectuate its purpose. Failure to enforce any provision hereof shall not constitute a waiver of the right to enforce said provision thereafter.

g) Notification of Sale of Lot. Concurrently with the consummation of the sale of any lot under circumstances whereby the transferee becomes an owner thereof, or within ten (10) business days thereafter, the transferee shall notify the Board in writing of such sale. Such notification shall set forth the name of the transferee and his or her mortgagee and transferor, the common address of the lot purchased by the transferee, the transferee's and the mortgagee's mailing address, the date of sale, the amount of such mortgages and the recording formation pertinent to identify the same. Prior to the receipt of such notification, any and all communications required or permitted to be given by the Association, the Board or the manager shall be deemed to be duly made and given to the transferee if duly and timely made and given to said transferee's transferor. Mailing addresses may be changed at any time upon written notification to the Board. Notices shall be deemed received forty-eight (48) hours after mailing if mailed to the transferee, or to his transferor if the Board has received no notice of transfer as above provided, by certified mail, return receipt request, at the mailing address above specified. Notices shall also be deemed received twenty-four (24) hours after being sent by telegram or upon personal delivery to any occupant of a Residence unit over the age of eighteen (18) years.

h) Number; Gender. The singular shall include the plural and the plural the singular unless the context requires the contrary, and the masculine, feminine and neuter shall each include the masculine, feminine or neuter, as the contest requires.

i) Exhibits. All exhibits referred to are attached to this Declaration and incorporated by reference.

j) Easements Reserved and Granted. Any easements referred to in this Declaration shall be deemed reserved or granted, or both reserved and granted, by reference to this Declaration in a deed to any lot.

k) Binding Effect. This Declaration shall inure to the benefit of and be binding on the successors and assigns of the Declarant, and the heirs, personal representatives, grantees, tenants, successors and assigns of the owners.

IN WITNESS WHEREOF, the Association has executed this instrument effective on the day and year first above written.

VAL D' SOL HOME OWNERS ASSOCIATION

By: James E Hardin  
President

By: Terrence D Smith  
Secretary

CERTIFICATION

THE UNDERSIGNED president and secretary of Val d'Sol Home Owners Association, hereby certify that this Restated and Amended Declaration of Covenants, Conditions and Restrictions for Val d'Sol Subdivision Nos. 1, 2 and 3, has been approved by a vote or written consent of more than 66 % of the Val d'Sol Lot Owners pursuant to the terms and conditions of the governing document.

By: James E Hardin  
President

By: Terrence D Smith  
Secretary

ACKNOWLEDGMENT

STATE OF IDAHO )  
 ) ss.  
County of Blaine )

On this 11<sup>th</sup> day of December, 2003, before me, the undersigned, a Notary Public in and for said State, personally appeared JAMES E. WAGNER, known to me to be the President of Val d' Sol Home Owners Association, and the person whose name is subscribed to the within instrument and acknowledged to me that s/he executed the same of behalf of said corporation.

WITNESS my hand and seal the day and year in this certificate first above written.

(Seal) 

David R. Kassner  
Notary Public for \_\_\_\_\_  
Residing at Ketchum, ID 83340  
Comm. Exp. 07-19-06

STATE OF IDAHO )  
 ) ss.  
County of Blaine )

On this 11<sup>th</sup> day of December, 2003, before me, the undersigned, a Notary Public in and for said State, personally appeared TERRANCE G. DAVID, known to me to be the Secretary of Val d' Sol Home Owners Association, and the person whose name is subscribed to the within instrument and acknowledged to me that s/he executed the same of behalf of said corporation.

WITNESS my hand and seal the day and year in this certificate first above written.

(Seal) 

David R. Kassner  
Notary Public for \_\_\_\_\_  
Residing at Ketchum, ID 83340  
Comm. Exp. 07-19-06

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**Department of State.**

**CERTIFICATE OF INCORPORATION**

~~PETE T. CHARRUSA~~  
I. ARNOLD WILLIAMS, Secretary of State of the State of Idaho, and legal custodian of the corporation records of the State of Idaho do hereby certify that the original of the articles of incorporation of

**VAL d'SOL HOME OWNERS ASSOCIATION**

was filed in the office of the Secretary of State on the **Fourteenth** day of **November** A.D. One Thousand Nine Hundred **Sixty-Seven** and will be ~~duly~~ recorded on Film No. microfilm of Record of Domestic Corporations, of the State of Idaho, and that the said articles contain the statement of facts required by Section 30-103, Idaho Code.

I FURTHER CERTIFY, That the persons executing the articles and their associates and successors are hereby constituted a corporation, by the name hereinbefore stated, for **Perpetual Existence** from the date hereof, with its registered office in this State located at **Sun Valley, Idaho** in the County of **Blaine**

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the Great Seal of the State. Done at Boise City, the Capital of Idaho, this **14th** day of **November**

EXHIBIT "A"

ARTICLES OF NON-PROFIT COOPERATIVE ASSOCIATION

OF

VAL D' SOL HOME OWNERS ASSOCIATION

KNOW ALL MEN BY THESE PRESENTS:

That we G. A. KRIVOR, ROBERTA KRIVOR, JOHN S. DELONG  
and KATHRYN F. DELONG

all residents of the State of Idaho, each and all of whom are citizens of the United States and natural persons of full age, have this day voluntarily associated ourselves together for the purpose of forming a non-profit cooperative association under the laws of the State of Idaho and we do hereby certify and state:

1. That the name of said non-profit cooperative association is and shall be Val d' Sol Home Owners Association, a non-profit corporation.

2. That subject to dissolution in the manner provided by law, the life of this association shall be perpetual.

3. That the purposes for which this association is formed are as follows:

(a). To perpetually hold, maintain, own, improve and beautify, without profit to itself, such parks, streets, walk ways driveways, common roofs, common utilities, alleys, and other common areas as shall be established or laid out by the association or its members upon real property located in Sun Valley, Idaho, and known as Val d' Sol, for the perpetual use in common for all legal purposes for which said parks, streets, walkways, driveways, common roofs, common areas, and alleys may be used, by each and all of the owners of any lot, apartment or portion of the said property as the same shall be divided into lots, apart-

(b). To receive, acquire, hold, purchase, dispose of convey, mortgage and/or lease, real and personal property.

(c). To conduct business in this State and to enter into, make, perform and carry out contracts of every kind and for any lawful purpose, without limit as to amount, with any person, firm, association, partnership, corporation, municipality State or Government, or any subdivision, district or department thereof.

(d). To appoint such officers, employees and agents as the business of the association may require and to allow them compensation.

(e). To sue and be sued, appear, complain and defend in any court of law or equity, or before any board, commission, administrative body, or tribunal.

(f). To maintain the buildings erected upon the above described real property with respect to painting the exterior of said buildings; snow removal therefrom, maintaining utilities and common parking areas and roof repairs.

(g). To do any and all such other acts, things, business or businesses in any manner connected with are necessary incidental, convenient or auxilliary to any of the objects hereinabove enumerated, or to directly or indirectly promote the interests of the association in carrying on its purposes, or for the purpose of attaining or furthering any of its businesses.

(h). The several clauses contained in this statement of purposes shall be construed as both purposes and powers, and the statements contained in such clause shall in no way limit or restrict, by reference to, or inference from, the terms of any other clause, but shall be regarded as independent purposes and powers; and no recitation, expression, or declaration of specific or special powers or purposes herein enumerated shall be deemed



to be exclusive; but it is hereby expressly declared that all other lawful powers not inconsistent herewith are hereby included. Provided, however, that none of the powers or purposes listed herein shall be construed as allowing the association to operate for a pecuniary profit or to conduct business for the purpose, directly or indirectly, of fixing the price, or of regulating the production of any article of commerce or produce of the soil or of consumption by the people.

4. That the location and post office address of the registered offices of this association shall be the City of Sun Valley, County of Blaine, State of Idaho.

5. That the business of the association shall be managed by a Board of Directors composed of at least five certificate holders, the exact number to be determined from time to time by the members.

6. That this association shall issue no capital stock but will issue membership certificates. This association shall be authorized to issue \*\*50\*\* membership certificates which said certificates shall be assessable in a manner and by the method provided therefor in the By-Laws of this association. The names and post office addresses of each of the incorporators and the number of certificates held by each is as follows:

<u>NAME:</u>	<u>ADDRESS:</u>	<u>NO. OF CERTIFICATES:</u>
G. A. KRIVOR	Box 271, Sun Valley, Idaho	1
ROBERTA KRIVOR	Box 271, Sun Valley, Idaho	1
JOHN S. DELONG	Box 772, Sun Valley, Idaho	1
KATHRYN F. DELONG	Box 772, Sun Valley, Idaho	1

STATE OF IDAHO,                    )  
  )ss.  
County of Twin Falls.            )

On this 10th day of November, 1967, before me, the undersigned, a Notary Public for Idaho, personally appeared G. A. KRIVOR, ROBERTA KRIVOR, JOHN S. DELONG and KATHRYN F. DELONG, known to me to be the persons whose name is subscribed to the 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.

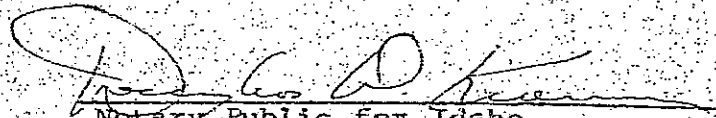
  
Notary Public for Idaho  
Residing at Twin Falls, Idaho

EXHIBIT "B"

VAL D' SOL HOMEOWNERS ASSOCIATION  
RULES AND REGULATIONS

A. GENERAL RULES FOR OWNERS

1. Keys. All owners must leave a key to their unit with the manager for emergency purposes.
2. Chimney Inspection. Annual fireplace and chimney inspection will be conducted and, based on the recommendations resulting from this inspection, chimneys in need of cleaning will be cleaned and the cost passed on to the respective lot owners.
3. Late Payment Fee. There is a late charge of Ten Dollars (\$10.00) for any lot owner failing to pay within thirty (30) days of the receipt of their notice of quarterly dues. If no payment has been made after ninety (90) days, then a lien will be filed against the owner's lot.

B. RULES OF CONDUCT FOR OWNERS, RENTERS AND GUESTS.

1. Vehicles. Except for purposes of loading or unloading, large vehicles (campers, trailers, motorhomes, etc.) are not permitted to park (unattended) in any place in the Common Area except in the northern parking area. All such vehicles, including boats, may be stored temporarily while owner is in occupancy of his lot. No trailer, RV or motorhome shall be used as a residence on the Project at any time. Entry of motorcycles or mopeds into any part of the entry road or Common Area for any purpose is not permitted at any time. Vehicles left unused in the common parking area for a period exceeding ten (10) days will be towed away at the owners expense.
2. Noise. All occupants of lots within the Project must maintain volume levels on all electronic equipment (televisions, radios, stereos, etc.) and of party noises so as not to disturb or annoy occupants of neighboring residences. This also includes yelling and screaming of children.
3. Unightly Materials. Hanging or draping of materials of any kind (towels, swim suits, clothing, laundry items, etc.) or storage of equipment (bicycles, boats, luggage, and other paraphernalia) on or over upper decks, railings, fences or other external areas of residences so as to be visible from street level or which result in an unsightly or cluttered appearance is prohibited. Equipment, such as chairs, tables, barbeques, etc., regularly on upper decks and flower boxes and contents (when properly maintained), decorative objects and hammocks (when in actual use) are permitted on upper deck areas, subject to such controls and limitations with respect to specific situations as the Board may from time to time determine to be necessary or advisable to prevent unsightly or unsafe conditions. If any lot owner shall violate the provisions of the Rule and shall fail or refuse to correct or discontinue such violation within a reasonable

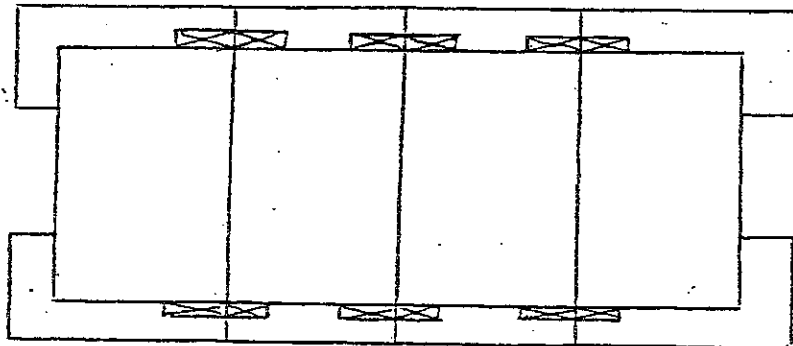
time after his or her receipt of written demand, given pursuant to authority of the Board Of Directors of the Association, that he or she do so, the Association shall have the right to cause the removal and storage of any such unsightly materials at the expense of the lot owner, in addition to the imposition of other penalties as provided by the Declaration.

4. Balcony Lighting Displays. Any lighting displays, other than Christmas lights, must be approved by the Board.

5. Signs or Advertising. No sign or advertising device of any nature shall be placed on any lot or residence.

6. Wood Storage. Overloading of second-floor deck areas with firewood could result in damage to the exterior of the building. Should this happen, the Association will negotiate repairs and assess the lot owner for the cost of same. A limited amount of wood is permitted on the upper decks, not to exceed one (1) row of logs neatly stacked four (4) feet long. Wood should be stacked against the inside wall. Additional supplies of wood must be stored below on the ground level decks. End residential units must stack firewood in the area next to the inside residences (see sketch).

Sketch showing permissible locations for wood storage on second floor decks



7. Pets. No residence shall be used to keep animals or birds, except domestic dogs, cats or other household pets, not to exceed a total of two (2) per residence. The leash laws of Sun Valley are to be observed. Renters are not allowed to have dogs.

Unattended roaming cats, dogs, or other animal pets of occupants within the common area is not permitted. Each pet owner shall be responsible for the prompt clean up and disposal of animal waste of his or her pet deposited in any part of the common area and each owner shall be responsible for controlling and curtailing any barking, yapping or other noise of his or her pet which may be disturbing or annoying to neighbors.

The Sun Valley Leash Law (Ordinance No. 114) applies and is enforceable with respect to all Val d' Sol lots. Among other things, the leash law provides: (i) that it is unlawful for any owner or person having control or custody of any animal to permit or allow it to be, or run at large, upon any public property, street, sidewalk, or other public place or unenclosed premises in the City; (ii) that the owner must control his or her dog or cat so as to prevent it from becoming a public nuisance in any manner; (iii) that it is unlawful for the owner or person having control or custody of any animal to permit it to trespass upon any private property without the consent of the owner or person in possession of such property unless it be in the charge of a person and controlled by a leash not exceeding ten (10) feet in length. Violation of the ordinance authorizes impoundment of the animal, requires payment of fees for boarding and otherwise caring for the animal during the period of impoundment and constitutes a misdemeanor punishable by fine not exceeding One Hundred Dollars (\$100.00) or ten (10) days imprisonment, or both.

The Association, as owner of the common areas, has consented to the presence of cats and dogs owned by occupants of residences in the common areas (fenced pool area excepted), provided, the animal is in the charge of a person and controlled by a leash not exceeding ten (10) feet in length, as permitted by the Ordinance. A copy of the Sun Valley Ordinance is available at the Manager's residence for examination.

8. Speed. The speed of vehicles on the entry road and on all paved surfaces within the common areas shall be reduced and maintained within reasonable limits, as circumstances and the safety of pedestrians shall require, and shall never exceed a speed of fifteen (15) miles per hour.

9. Fireworks. Igniting or discharging of fireworks of any kind in any common area or elsewhere within Val d' Sol is prohibited.

10. Trespass. Occupants of residences are respectfully requested not to cross over common property lines (whether or not fencing is in place thereon) between Val d' Sol properties and adjoining properties of the Catholic Church and U.S. Forest Service. Pedestrian traffic between such properties should be limited to entryways as established by owners so as to avoid damage to fencing, lawns, shrubs, sprinkler systems, etc.

11. Swimming Pool Rules and Risks. All owners who use the pool are responsible for the safety and security at the pool.

a) Pool Not Supervised. The Association does not provide supervision of swimming activities, by lifeguards or otherwise, and persons using the pool shall do so at their own risk.

b) Children. Presence of any child under the age of fourteen (14) years (or older if not a qualified swimmer) in the fenced area of the pool is not permitted unless attended and supervised by an adult who is personally responsible for his or her activities and safety.

c) Conduct at Pool. Romping, running, shoving, roughhousing, horse play and noisy conduct of any kind is not permitted at any time in or around the pool area.

d) Non-access to Pool in Winter. At any time after ice forms on the swimming pool surface, entry into the fenced area of the pool is not permitted, except for inspection and maintenance purposes by authorized persons.

e) Pets Banned. Pets shall not be permitted in the fenced area of the pool at any time.

f) Glassware. Use of glassware or other beverage which are breakable is not permitted within the fenced area of the pool.

g) Pool Hours. Use of the pool by children in the morning hours prior to 8:00 a.m. is not permitted. Use of the pool after 10:00 p.m. by anyone is not permitted. Use of the pool by adults after sun-up and prior to 8:00 a.m. is permitted provided such use is in a manner which does not disturb occupants of units surrounding the pool area.

h) Showers. All persons entering the pool must shower immediately prior to use.

i) Pool Guests. Use of the pool by persons not personally invited by a residence occupant is not permitted. Frequency of use of the pool by non-resident invitees of occupants should be maintained within reasonable limits and occupants are requested to cooperate so that objective may be achieved.

j) Umbrellas. Umbrellas should be collapsed after each use.

Each lot owner is authorized to request persons violating any of the rules to refrain therefrom and to report any refusals to comply to the President or to any member of the Board of Directors of the Association for appropriate action.

#### 12. Parking Guidelines.

a) Each unit is allowed to have two (2) vehicles parked in the main parking areas. A valid parking permit must be displayed on the rearview mirror. During busy periods the owner/tenant should park only one (1) vehicle in the main parking area. any overflow can be parked in the visitor's parking area.

b) All visitors should park in the visitor parking area.

c) All; vehicles parked anywhere at the Val d' Sol complex must be operational and capable of being moved. Parking areas are not for storing vehicles.

d) If you leave town for more than a few days, or are not using your vehicle, please park it in the visitor area.

e) When possible, avoid parking directly in front of gates or front doors.

f) Parking is prohibited in front of units \$17 - 24 as this is a designated fire lane and needs to be clear for emergency vehicles.

g) Do not park in front of the dumpsters.

h) In the winter months, be aware of when the snow plowers are working in and around the complex. During and after snow storms please move your cars so the snow can be promptly removed from the parking area.

i) Except for purposes of loading or unloading, large vehicles (campers, trailers, motorhomes, etc.) are not permitted to park (unattended) in any place in the Common Area. Entry of motorcycles or mopeds into any part of the entry road or common area for any purpose is not permitted at any time.

j) Vehicles left unused in the common parking area for a period exceeding ten (10) days will be towed away at the owner's expense.

k) If a vehicle is towed, the phone number for retrieval is on the signs at the entrance of the complex.

l) It is the owner's responsibility to assure that any tenants or guests are aware of these parking guidelines and are abiding by them.

DATED this 11<sup>th</sup> day of DECEMBER, 2003.

VAL D' SOL HOME OWNERS ASSOCIATIONS

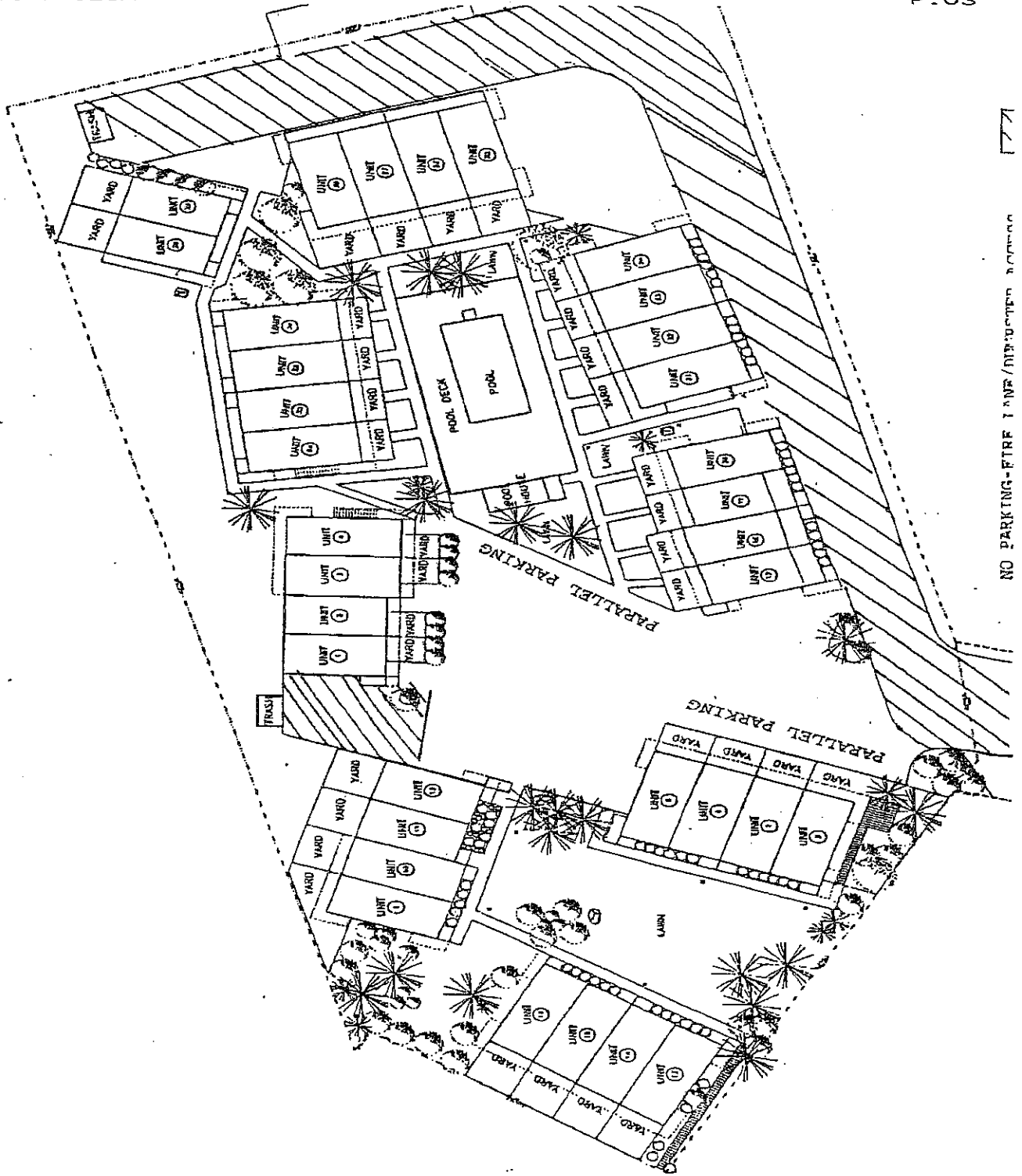
By: James E. Harder  
PRESIDENT

By: Leann D. Smith  
SECRETARY

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VAL D' SOL HOMEOWNERS ASSOCIATION  
RULES AND REGULATIONS

Page 5



NO PARKING-FIRE LANE/DRIVEWAY



EXHIBIT "C"

BY-LAWS  
OF  
VAL D' SOL HOMEOWNERS ASSOCIATION

ARTICLE I.

Section 1.01 Offices The principal office and place of business of the Association in the State of Idaho, is and shall be located in the City of Sun Valley, State of Idaho.

ARTICLE II.

Section 2.01 Board of Directors. The affairs of the Association shall be governed by a Board of Directors. The Board of Directors shall be composed of five (5) persons, all of whom shall be owners, or spouses of owners of lots, or in the case of partnership owners or mortgagees, shall be partners or employees of such partnership, or in the case of corporate owners or mortgagees, shall be officers, stockholders or employees of such corporations, or in the case of fiduciary owners or mortgagees, shall be fiduciaries or officers or employees of such fiduciaries.

Section 2.02 Powers and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things except those which by law or by the Declaration or by these By-Laws may not be delegated to the Board of Directors by the lot owners. Such powers and duties of the Board of Directors shall include, but shall not be limited to, the following:

- (a) Operation, care, upkeep and maintenance of the exterior of all residences and lot landscaping, and elements and areas common to all the lots;
- (b) Determination of common expenses required for the affairs of the Association, including, without limitation, the operation and maintenance of the common areas;
- (c) Collection of assessments from the lot owners;
- (d) Employment and dismissal of the personnel necessary for the maintenance and operation of the Association;
- (e) Adoption and amendment of rules and regulations covering the details of the operation and the use of the common property of the Association and the exterior of all residences;

(f) Opening of bank accounts on behalf of the Association and designating the signatory required therefore;

(g) Purchase and maintain insurance for the Association pursuant to the provisions of Article V, Section 2, hereof, and pursuant to the provisions of the Declaration;

Section 2.03 Managing Agent and Manager. The Board of Directors may employ for the Association a managing agent and/or a manager at a compensation established by the Board of Directors to perform such duties and services as the Board of Directors shall authorize. The Board of Directors may delegate to the manager or managing agent, all of the powers granted to the Board of Directors by these By-Laws other than the powers set forth in-subparagraphs (a), (e) and (f) of Article II, Section 2.02.

Section 2.04 Election and Term of Office. At the first annual meeting of the lot owners, the term of office of three (3) members of the Board of Directors shall be fixed at three (3) years, the term of office of one (1) member of the Board of Directors shall be fixed at two (2) years, and the term of office of one (1) member of the Board of Directors shall be fixed at one (1) year. At the expiration of the initial term of office of each respective member of the Board of Directors, his/her successor shall be elected to serve for a term of three (3) years. The members of the Board of Directors shall hold office until their respective successors shall have been elected by the lot owners.

Section 2.05 Removal by Members of the Board of Directors. At any regular or special meeting of the lot owners, any one or more of the members of the Board of Directors may be removed with or without cause by a majority of the lot owners, and the successor may then and there or thereafter be elected to fill the vacancy thus created. Any member of the Board of Directors after his/her removal has been proposed by the lot owners, shall be given an opportunity to be heard at the meeting.

Section 2.06 Vacancies. Vacancies in the Board of Directors caused by any reason other than the removal of a member thereof by a vote of the lot owners, shall be filled by a vote of the majority of the remaining members at a special meeting of the Board of Directors held for that purpose promptly after the occurrence of such vacancy, even though the members present at such meeting shall constitute less than a quorum, and each person so elected shall be a member of the Board of Directors for the remainder of the term unless removed or until a successor shall be elected at the next annual meeting of the lot owners.

Section 2.07 Organizational Meeting. The first meeting of the members of the Board of Directors following the annual meeting of the lot owners shall be within ten (10) days thereafter, at such time and place as shall be fixed by the lot owners at the meeting at which such Board of Directors shall have been elected, and no notice shall be necessary to the newly elected members of the Board of Directors in order to legally constitute such meeting, providing a majority of the whole Board of Directors shall be present thereat.

Section 2.08 Regular Meetings. The regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the members of the Board of Directors, but at least two (2) such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each member of the Board of Directors by mail, email or facsimile at least ten (10) business days prior to the day named for such meeting.

Section 2.09 Special Meetings. Special meetings of the Board of Directors may be called by the President on ten (10) business days' notice to each member of the Board of Directors, given by mail, email or facsimile, which notice shall state the time, place and purpose of the meeting. The special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of at least three (3) members of the Board of Directors.

Section 2.10 Waiver of Notice. Any member of the Board of Directors may, at any time, waive notice of any meeting of the Board of Directors in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member of the Board of Directors at any meeting of the Board shall constitute a waiver of notice by him or her of the time and place thereof. If all the members of the Board of Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 2.11 Quorum of Board of Directors. At all meetings of the Board of Directors, a majority of the members thereof shall constitute a quorum for the transaction of business, and the votes of a majority of the members of the Board of Directors present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors. If, at any meeting of the Board of Directors, there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time. That any such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called, may be transacted without further notice.

Section 2.12 Compensation. Compensation shall be paid to the Board of Directors in such amounts and in such sums, including expenses, as a majority of the Board of Directors shall agree.

### ARTICLE III.

Section 3.01 Membership. Each lot owner upon purchase of a lot, shall become a member of the Association. The membership may not be assigned, sold, transferred or in any other manner conveyed so that the transferee can by such transfer become a member of the Association without being a lot owner.

Section 3.02 Annual Meetings. Annual meetings of the lot owners shall be held upon the call of the Board of Directors of the Association, but in no event later than October 15, after the close of the fiscal year of the Association. At such meetings, the Board of Directors shall be elected by ballot of the lot owners in accordance with the requirements of Article II, Section 2.04

of these By-Laws. The lot owners may transact such other business at such meetings as may properly come before them.

Section 3.03 Place of Meetings. The meetings of the lot owners shall be held at the principal office of the Association or at such other suitable place convenient to the lot owners as may be designated by the Board of Directors.

Section 3.04 Special Meetings. It shall be the duty of the President to call a special meeting of the lot owners when so directed by resolution of the Board of Directors or upon a petition signed and presented to the Secretary by not less than twenty-five percent (25%) of the lot owners. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at the special meeting except as stated in the notice.

Section 3.05 Notice of Meeting. It shall be the duty of the Secretary to mail a notice of each annual or special meeting of the lot owners at least ten (10), but not more than twenty (20), days prior to such meeting, stating the purpose thereof as well as the time and place where it is to be held, to each lot owner of record, at the building or at such other address as such lot owner shall have designated by notice in writing to the Secretary. The mailing of a notice of meeting in the manner provided in this Section shall be considered service and notice.

Section 3.06 Adjournment of Meetings. If any meeting of lot owners cannot be held because a quorum is not present, a majority of the lot owners who are present at such meeting, either in person or by proxy, may adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called.

Section 3.07 Order of Business. The order of business at all meetings of the lot owners shall be as follows:

- (a) Roll call;
- (b) Proof of notice of meeting;
- (c) Reading of minutes of preceding meeting;
- (d) Report of officers;
- (e) Report of Board of Directors;
- (f) Reports of Committees;
- (g) Election of inspectors of election (when so required);
- (h) Election of Board of Directors (when so required);
- (i) Unfinished business;

(j) New business.

Section 3.08 Title of Membership. The title of membership in the Association may be taken in the name of an individual or in the names of two (2) or more persons, as tenants in common, or as joint tenants, or as tenants by the entirety, or in the name of a corporation, company or partnership, or in the name of a fiduciary. However, there shall be only one (1) membership for each lot in the Project and no individual, tenancy, corporation, company, partnership or fiduciary as above designated may hold more than one (1) membership unless more than one (1) lot is owned by that individual or entity.

Section 3.09 Voting. The owner or owners of each lot or some person designated by such owner or owners to act as proxy on his or her or their behalf and who need not be an owner, shall be entitled to cast one (1) vote per lot at all meetings of lot owners. Designation of such proxy shall be made in writing to the Secretary, and shall be revocable at any time by written notice to the Secretary by the owner or owners so designated. A fiduciary shall be the voting member with respect to any lot owned in a fiduciary capacity.

Section 3.10 Quorum. Except as otherwise provided in these By-Laws, the presence in person or by proxy of lot owners having one-third (1/3) of the total authorized votes of all lot owners shall constitute a quorum at all meetings of the lot owners.

Section 3.11 Majority Vote. The vote of a majority of the lot owners at a meeting at which a quorum shall be present shall be binding upon all lot owners for all purposes except wherein the declaration, or these By-Laws, a higher percentage vote is required.

ARTICLE IV.  
OFFICERS

Section 4.01 Designation. The principal officers of the Association shall be the President, Vice-President, Secretary and Treasurer, all of whom shall be elected by the Board of Directors. The Board of Directors may appoint an assistant Treasurer, and an assistant Secretary, and such other officers as in its judgment may be necessary. All officers shall be members of the Board of Directors.

Section 4.02 Election of Officers. The officers of the Association shall be elected annually by the Board of Directors at the organizational meeting of each new Board of Directors and shall hold office at the pleasure of the Board of Directors.

Section 4.03 Removal of Officers. Upon the affirmative vote of a majority of the Board of Directors, any officer may be removed, either with or without cause, and a successor may be elected at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors called for such purpose.

Section 4.04 President. The President shall be the chief executive officer of the Association. He or she shall preside at all meetings of the lot owners and of the Board of Directors. He or she shall have all of the general powers and duties which are incident to the

office of President of a general business corporation organized under the general business corporation law of the State of Idaho, including, but not limited to, the power to appoint committees among the lot owners from time to time as he or she may in his or her discretion decide as appropriate to assist in the conduct and affairs of the Association.

Section 4.05 Vice-President. The Vice-President shall take the place of the President and perform his or her duties whenever the President shall be absent or unable to act. If neither the President or the Vice-President is able to act, the Board of Directors shall appoint some other member of the Board of Directors to act in the place of the President, on an interim basis. The Vice-President shall also perform such other duties as from time to time may be imposed upon him or her by the Board of Directors or by the President.

Section 4.06 Secretary. The Secretary shall keep the minutes of all meetings of the lot owners and of the Board of Directors; he or she shall have charge of such books and papers as the Board of Directors may direct; and he or she shall, in general, perform all the duties incident to the office of Secretary of a general business corporation organized under the corporation laws of the State of Idaho.

Section 4.07 Treasurer. The Treasurer shall have the responsibility for Association funds and securities and shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements, and for the preparation of all required financial data. He or she shall be responsible for the deposit of all monies and other valuable effects in the name of the Association, the Board of Directors, or the managing agent, in such depository as may from time to time be designated by the Board of Directors, and he or she shall, in general, perform all the duties incident to the office of the Treasurer of a general business corporation organized under the corporation laws of the State of Idaho.

Section 4.08 Agreements, Contracts, Deeds, Checks, Etc. All agreements, contracts, deeds, checks, and other instruments of the Association shall be executed by any two (2) officers of the Association or by such other person or persons as may be designated by the Board of Directors.

Section 4.09 Compensation of Officers. No officer shall receive any compensation from the Association for acting as such.

#### ARTICLE V. OPERATION OF THE PROPERTIES

Section 5.01 Determination of Common Expenses and Fixing of Common Charges. The Board of Directors shall from time to time, and at least annually, prepare a budget for the Association, determining the amount of the common charge payable by the lot owners to meet the common expenses of the Association as provided by the Declaration, and allocate and assess such common charges among the lot owners equally on a pro rata basis. The common expenses shall include, among other things, the cost of premiums on all policies of insurance required to be or which have been obtained by the Board of Directors pursuant to the Declaration and the provisions of Section 5.02 of this Article V. Common expenses may also include such amounts

as the Board of Directors may deem proper for the operation and maintenance of the common property, exterior of all residences and lot landscaping, including, without limitations, an amount for working capital of the Association, for general operating reserve, for reserve fund for replacements, and to make up any deficit in the common expenses for any prior year. The common expenses shall also be used for the purposes set out in the Declaration. The Board of Directors shall advise all lot owners, promptly, in writing, the amount of common charges payable by each of them respectively as determined by the Board of Directors as aforesaid, and shall furnish copies of such budget on which such common charges are based, to all lot owners.

Section 5.02 Insurance. The Board of Directors shall be required to obtain and maintain to the extent obtainable, insurance upon the common area Residences and lots as provided by the Declaration. In addition, the Board of Directors shall be required to obtain and maintain worker's compensation insurance, if required, for any employees of the Association. Lot owners shall carry adequate fire, casualty and liability insurance upon the contents of their individual residences, which will include insurance on fixtures, improvements and alterations comprising a part of the building, refrigerators, air conditioners, cooking ranges, dishwashers, clothes washers and dryers, carpets, draperies and awnings. The liability of the insurance carriers issuing insurance obtained by the Board of Directors shall not be affected or diminished by the reason of any such additional insurance carried by the lot owners.

Section 5.03 Payment of the Common Charges. All lot owners shall be obligated to pay the common charges assessed by the Board of Directors pursuant to the provisions of Section 5.01 of this Article V and pursuant to the provisions of the Declaration at such time or times as the Board of Directors shall determine.

Section 5.04 Collection of Assessment. The Board of Directors shall assess common charges against the lot owners from time to time and at least annually and shall take prompt action to collect any common charge due from any lot owner which remains unpaid for more than thirty (30) days from the due date for payment thereof.

Section 5.05 Default in Payment of Assessments. In the event of default by a lot owner in payment to the Board of Directors of the assessments as determined by the Board of Directors, such lot owner shall be obligated to pay interest at the legal rate on such assessments from the due date thereof, together with all expenses, including reasonable attorneys' fees, incurred by the Board of Directors in any proceedings brought to collect such unpaid assessments. The Board of Directors shall have the right and duty to attempt to recover such assessment together with interest thereon, and the expenses of the proceedings, including reasonable attorneys' fees in any action to recover the same against such lot owners or by foreclosure of the lien on such lot.

Section 5.06 Lien. The Association shall have a lien on all lots for the amount of the unpaid assessments assessed against the lot owners.

Section 5.07 Foreclosure of Liens for Unpaid Assessments. In any action brought by the Board of Directors to foreclose a lien on a lot because of unpaid common charges, the lot owner shall be required to pay a reasonable rental for the use of his or her lot and the plaintiff in such foreclosure action shall be entitled to the appointment of a receiver to collect the same. A

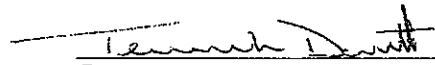
suit to recover a money judgment for unpaid assessments shall be maintainable without foreclosing or waiving a lien or curing the same.

Section 5.08 Statement of Common Charges. The Board of Directors shall promptly provide any lot owner so requesting the same in writing, with a written statement of all unpaid common charges due from such lot owner.

ARTICLE VI.  
AMENDMENT TO BY-LAWS

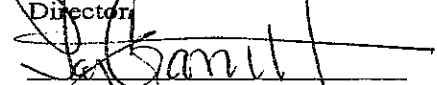
Section 6.01 Amendment to By-Laws. These By-Laws may be modified or amended by the vote of sixty-six and two-thirds percent (66 2/3%) in number of lot owners or by proxy vote requested by the Association at a meeting held for such purpose.

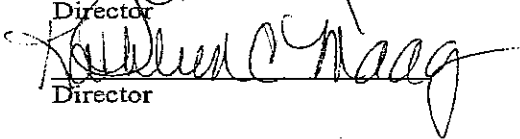
DATED this 11<sup>th</sup> day of DECEMBER, 2003

  
Secretary

APPROVED:

  
Director

  
Director

  
Director

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**EXHIBIT "D"**

**LOT NUMBERS - VAL D' SOL**

SUBDIVISION NO. 1:        LOTS 1 2, 3 and 4

SUBDIVISION NO. 2:        LOTS 5 , 6, 7, 8, 9, 10, 11, 12, 13, 14, 15 and 16

SUBDIVISION NO. 3:        LOTS 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30,  
31, 32, 33 and 34

EXHIBIT "E"

VAL D' SOL HOMEOWNERS ASSOCIATION

POLICY AND PROCEDURE  
FOR

BUILDING AND/OR COMMON AREA MODIFICATION

- A. The Board of Directors of the Val d' Sol Homeowners' Association shall act as the Architectural Review Committee. Any proposal to modify the existing Val D; Sol Structures or Common Area property must be submitted to the Board for their review and approval. The Board may appoint an Architectural Review Committee in an advisory capacity, however, the authority to approve/disapprove applications rests with the Board of Directors.

Note: Homeowners who make modifications to a structure or Common Area property without following this policy and procedure will be responsible for all Association administrative costs incurred, with a minimum charge of Twenty-five Dollars (\$25.00), when correcting the unauthorized modification.

- B. Any applications or proposals submitted for approval must be delivered to the Associations' Property Management office on behalf of the Board, and must contain the following items:
1. A letter requesting Board approval of proposed change(s). The letter should provide pertinent information to assist the Board in making a decision.
  2. A completed "Application for building and/or Common Area Modification.
  3. Six (6) sets/copies of architectural drawings or blueprints for proposed change(s). (One (1) for each Board member and one (1) for the Association's Property.
    - a) In case of items that will become a permanent fixture to the property, the drawings must include specific details and specifications.
    - b) The Board reserves the right to approve a standardized plan (including items ) and require requests to conform to the plan.
  4. A **notarized** "Agreement of Indemnification" from the applicant indemnifying the Val D Sol Homeowners' Association from any damages or injuries suffered as a result of the proposed modification.

VAL D' SOL HOMEOWNERS ASSOCIATION  
POLICY AND PROCEDURE FOR  
BUILDING AND/OR COMMON AREA MODIFICATION

- C. Upon written notification from the Board that the request has been approved, it will be the applicant's responsibility to comply with the following requirements:
1. Prior to the start of any work, copies of any required building permit(s) and a schedule of construction (including start and finish dates) must be submitted to the Association's Property Management office.
  2. The applicant will be responsible for distributing the "Worker's Restrictions/Regulations Policy" to all personnel working on the job.
  3. Prior to any work that may impact existing landscaped area or irrigation equipment, workers must give proper notice to the Association's landscape contractor. Applicant will be responsible for all costs incurred to repair or replace landscaping and irrigation equipment damaged during construction.
  4. Approved modifications must be started within six (6) months after approval or such approval will be automatically withdrawn and the applicant must then make reapplication to the Board for their approval.
  5. Following completion of the approved work, the applicant must furnish to the Board a letter stating that all work has been completed in accordance with the plans/specifications submitted and approved by the Val d' Sol Board of Directors.
- D. At a minimum, the following guidelines will be used by the Board of Directors in reaching a decision:
1. Modifications will not be allowed to encroach upon the privacy of any other unit.
  2. Modifications will not be allowed to block the view corridor of any other unit.
  3. Modifications will not be allowed to encroach onto any common area.
  4. Modifications must maintain a uniform look on the building exterior and throughout the entire complex by using the same materials and ornamentation of the existing building and by maintaining the scale and proportion of the standards/limitations established by the Association.
  5. Homeowners who may be impacted by a proposed modification will be contacted and allowed to comment in a timely manner.

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VAL D' SOL HOMEOWNERS ASSOCIATION  
POLICY AND PROCEDURE FOR  
BUILDING AND/OR COMMON AREA MODIFICATION

Page 2