

**DECLARATION ESTABLISHING COVENANTS  
CONDITIONS AND RESTRICTIONS  
FOR DEER VALLEY FARM**

This Declaration is made this 28<sup>th</sup> day of March 2003, by Mid Valley Ventures, LLC (hereafter referred to as "Declarant"), with reference to the following facts:

**RECITALS**

A. The Declarant is the owner of all that real property described in Section 1.09 with the exception of Lot 3 of the Deer Valley Farm Subdivision; and

B. The Declarant proposes to develop said real property in accordance with the maps and plans approved under the zoning and subdivision ordinances and regulations of County of Blaine and the State of Idaho; and

C. The Owner of Lot 3 of Deer Valley Farm Subdivision wishes to be included in said development, to be treated as an owner with respect to the subdivision, and that Lot 3 of the Deer Valley Farm Subdivision be encumbered by this Declaration; and

D. The subdivision map was filed in the office of the Recorder of the County of Blaine, State of Idaho as Instrument Number 481398.

NOW THEREFORE, it is hereby declared that the Lots shown on the said subdivision map are held and shall be conveyed subject to the following covenants, conditions and restrictions:

**ARTICLE I**

**DEFINITIONS**

1.01 "Association" shall mean Deer Valley Farm Homeowners' Association, Inc., a nonprofit corporation organized under the laws of the State of Idaho and composed of the owners of the Lots as may be annexed hereto in accordance with the provisions of this declaration.

1.02 "Building Envelope" shall refer to the designated area in each Lot shown on the subdivision map.

1.03 "Common Area" shall refer to all area, including easements, shown on the Plat herein referred to or shown on a recorded instrument as Common Area and such additional area as may be annexed hereto in accordance with the provisions of this declaration.

more adjoining Lots which are under the same ownership may be combined and developed as a single Lot. Setback lines along the common boundary line of the combined parcels may be removed, subject to appropriate county approvals, with the written consent of the Committee, if the Committee finds and determines that any improvements to be constructed within these setback lines will not cause unreasonable diminution of the view from any other Lot or otherwise adversely impact other Owners. In such cases, the Committee shall designate a new building envelope appropriate for the combined Lots. If setback lines are removed or easements changed along the common boundary lines of combined Lots, the combined Lots shall be deemed one Lot and may not thereafter be split and developed as two Lots but shall be developed as, and remain, a single Lot. Notwithstanding the foregoing, combined Lots shall be calculated as the original number of Lots for the purposes of sharing common expenses and voting on Association matters. All structures must be erected within the designated Building Envelope.

(d) All Lots shall be maintained by the Owner thereof, both prior to and after construction of improvements thereon, in an attractive manner, free of trash and other unsightly material. All improvements to any Lot shall at all times be kept in good condition and repair and adequately painted or otherwise finished by the owner thereof, and no improvement shall be entitled to fall into disrepair. All landscaping shall be maintained in a neat, trim and orderly fashion.

(e) New landscaping and plantings shall accommodate existing vegetation wherever possible by allowing native material to co-exist within and around new plantings. Owners are encouraged to consider the arid environment of the Wood River Valley and any limitations on water usage in landscape design. The Design Review Committee may compile a list of environmentally compatible trees and shrubs for use in landscape design.

(f) No trailer or garage shall be used as a temporary or permanent residence nor shall any residential structure be moved onto said subdivision from any other location. When the erection of any structure is approved, the work thereon must be prosecuted diligently, and said structure, including all landscaping pursuant to an approved landscaping plan, must be completed within eighteen (18) months, unless an extension is granted by the Committee upon a showing of good cause. In the event of construction of an accessory dwelling on a Lot prior to construction of a primary dwelling, construction of a primary dwelling must commence within thirty-six (36) months of completion of the accessory dwelling.

(g) No cesspool, septic tank or other sewage disposal system or device shall be installed, maintained or used upon any Lot without the approval of the South Central health District and any other public agencies having jurisdiction thereover.

(h) Any improvements (including bridges and culverts) that traverse a drainage channel must be designed in consultation with the Blaine County Engineer so as to minimally restrict the flow of that channel during high water. Wherever possible, drainage channels are not to be changed or culverted, and they are to be kept as clear and free flowing as possible.

(i) Pursuant to plat note number 9, no perimeter fencing shall be allowed. All fencing must be post and rail, with a maximum height of forty-two (42) inches and the minimum

(s) No horses or other farm animals or livestock may be kept on any Lot. Dogs, when outside, must be at all times in an enclosed yard, kennel, leashed, or under the Owner's supervision. Any household pet will be subject to expulsion from the Property upon complaint of three (3) or more Association members, and upon a finding by the Board of Directors of the Association that said animal has created a nuisance.

(t) All utilities upon any Lot for the transmission of utilities, telephone service, the reception or audio or visual signals (with the exception of satellite dishes with a diameter of less than thirty (30) inches) or electricity, and all pipes for water, gas, sewer, drainage, or other utility purposes, shall be installed and maintained below the surface of the ground.

(u) No activities shall be conducted on any Lot and no improvements constructed thereon which are or might be unsafe or hazardous to any person or property. Without limiting the generality of the foregoing, no firearms shall be discharged upon any Lot. No open fires shall be lighted or permitted on any Lot, except while under the direct supervision, control and surveillance of the Lot owner; provided, however, burning trash, garbage and other refuse is prohibited.

### ARTICLE III.

#### TITLE TO COMMON AREA

3.01 The title and fee to all lands platted as roads as shown on the Plat shall be transferred to the Association after the sale of sixty per cent (60%) of the Lots, and the Association shall thereafter be responsible for the maintenance and repair of said roads. The title and fee to other Common Area shall be transferred to the Association upon recording of the final Plat and creation of the Association.

3.02 All operational, maintenance and improvement expenses connected with the Common Area shall be shared on an equal basis by the members of the Association. Each Lot owner's share of Common Area expenses shall be computed by the total number of Lots in the subdivision, divided by the number of Lots owned by the Owner. Lots combined pursuant to Section 2.01(c) shall be calculated using the number of Lots prior to any combination. Notwithstanding the foregoing, the Developer shall install, at its own expense, an appropriate refuse and yard waste receptacle within the Common Area.

3.03 The Association may create reasonable rules and regulations relating to the use of the Common Area by Owners.

3.04 A fire suppression water system shall be installed by Declarant for the benefit of the Owners as part of the Water System defined in Section 6.02. The Developer shall be responsible for the maintenance and repair of the fire suppression water system for a period of ten (10) years from the recording date of the Plat or until such time as each of the numbered Lots in the Subdivision has been sold, whichever occurs first, after which time the Association shall be solely responsible for such maintenance and repair. Subject to the obligations of the Developer set forth above, the expense of maintaining and repairing the Water System shall be shared equally by the members of the Association.

Committee in writing of the general nature of the proposed change; shall, if requested by the Committee, meet with a member or members of the Committee to discuss the proposed change; shall read or become familiar with any guides or guidelines which may have been prepared or formulated by the Committee; and shall, if requested by the Committee, furnish the Committee with preliminary plans and specifications for comment and review.

4.06 After the nature and scope of a proposed change in the existing state of the Property is determined and prior to the commencement of work to accomplish such change:

(a) With respect to all changes other than buildings and structures, the Committee may, in its discretion, authorize the proposed change without obtaining additional information, or may require the Owner to furnish the Committee with three (3) copies of a complete and full description of the proposed change in writing and with drawings, drawn to such scale as may be reasonably required by the Committee, showing all boundaries, showing existing and proposed contour lines and elevations at reasonably detailed intervals, showing all existing and proposed improvements, showing the existing and proposed drainage pattern, showing the existing and proposed utility and sanitation facilities, showing the existing or proposed substantial trees and shrubs. There shall also be furnished to the Committee any and all further information with respect to the existing state of the Lot which the Committee may reasonably require, to permit it to make an informed decision on whether or not to grant approval of the change. Approvals of changes pursuant to this section must be made in writing by at least one (1) member of the Committee. Notwithstanding the foregoing, Committee approval shall not be required for the planting or removal of insubstantial trees and shrubs.

(b) With respect to all buildings and other structures, and other changes for which the Committee, in its discretion, deems necessary, the Committee shall require, in addition to descriptions required in Section 4.06(a), submission in duplicate, of floor plans, elevation drawings from four (4) sides, all drawn to such scale as may be reasonably required by the Committee; descriptions of exterior materials and colors and, if deemed appropriate by the Committee, samples of the same; final construction specifications; and a landscaping plan showing existing and proposed substantial trees and shrubs. Where buildings or structures or other improvements which reasonably require plans and specifications are proposed to be constructed or built, a reasonable fee, as shall be determined from time to time by the Association, shall be paid to the Association to cover costs and expenses of review. Prior to giving approval to a proposed change in the existing state of a Lot, at least one (1) member of the Committee shall physically inspect the Lot. No proposed building or structure shall be deemed to have been approved by the Committee unless its approval is in writing executed by at least two (2) members of the Committee; provided, that approval shall be deemed given if the Committee fails to approve or disapprove of a proposed change or to make additional requirements or request additional information within twenty-one (21) days after a full and complete description of the proposed change and all additional instruments, documents and plans have been furnished in writing to the Committee with a written and specific request for approval.

4.07 After approval by the Committee of any proposed change in the existing state of the Property, the proposed change shall be accomplished as promptly and diligently as possible and in complete conformity with the description of the proposed change and any plans and specifications provided to the Committee. Failure to accomplish the change strictly in

Class B. The Class B members shall be the Declarant and shall be entitled to three (3) votes for each Lot owned. Class B membership shall cease and be converted to Class A membership on the occurrence of the later of any of the following events:

(a) when the total votes outstanding in the Class A membership in the Association equal the total votes outstanding in the Class B membership in said Association;

(b) the fourth anniversary of the recording of this declaration.

5.06 All elections shall be by secret ballot. Cumulative voting procedures shall be prescribed at all elections at which more than one position on the governing body is to be filled.

5.07 So long as there are two classes of membership, one (1) director shall be elected solely by the votes of the Class A members.

5.08 Regular meetings of the Directors shall be held quarterly or as deemed appropriate by the Association.

5.09 Any vote may be cast by an Owner in person or by proxy. All proxies shall be in writing, dated and signed by the Owners and filed with the Board of Directors before commencement of any meeting. No proxy shall extend beyond the specific meeting for which it was executed, and every proxy shall automatically cease upon sale by the Owners of his or their Lot or upon death or incapacity of the member executing the proxy statement.

5.10 Where the vote or written assent of the membership is required for any action contemplated herein, such action shall require the prescribed percentage of each class of voters during the time there are two classes of membership.

#### ARTICLE VI

#### COMMON WATER RIGHTS

6.01 Declarant shall transfer all water rights for irrigation and fire suppression to the Association, who shall hold such rights for the benefit of the Owners.

6.02 Declarant shall construct and install a common system of nonpotable water to be used for fire suppression and irrigation purposes (the "Water System"). Title in fee to the Water System, including all equipment and pipelines associated therewith, shall be vested in the Association, who, subject to the obligations of the Developer set forth in Section 3.04, shall be responsible for keeping the Water System in good and clean condition and keeping facilities in good repair and operating condition.

6.03 The Board shall be authorized to limit water allocated for irrigation and reallocate such water to fire suppression should it, in its sole discretion, deem such reallocation to be appropriate and in the best interests of the Association.

6.04 Owners shall comply with Idaho law with respect to use of commonly held water rights in conjunction with privately held domestic water rights.

relationship of the member to such person. The rights and privileges of such person are subject to suspension the same as members of the Association, as provided in paragraph (a) of Section 1 of this Article.

#### ARTICLE VIII.

#### CREATION OF ASSESSMENT LIENS

8.01 The Declarant, for each Lot owned within the Property hereby covenants, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the respective Association:

(a) Annual assessments or charges; and (b) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs, and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment became due. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

8.02 The assessment levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the Owners and for the improvement and maintenance of the Common Area owned by the Association and including, but not limited to, the payment of taxes and insurance for the common properties, and repair, replacement and additions hereto and for the cost of labor, equipment, materials, management and supervision of the Common Area.

8.03 In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement to be performed on the Lots or Common Area or of a capital improvement upon the Association's Common Area, including fixtures and personal property related thereto and for the purpose of performing any unanticipated maintenance, provided that any such assessment in excess of five percent (5%) of the annual budgeted expense of the Association shall have the assent of fifty-one percent (51%) of the votes of all of the Class A members and fifty-one (51%) of all the Class B members, if any, of the Association. Such votes shall be cast in person or by proxy at a meeting duly called for this purpose as provided in Section 8.04 next following.

8.04 Written notice of any meeting of the members of the Association shall be sent to all members at their address shown in the books of the Association, by regular mail, not less than ten (10) days nor more than thirty (30) days in advance of the meeting and shall describe the nature of the business to be conducted. The presence at any meeting of the members or of proxies entitled to cast twenty-five percent (25%) of all of the votes of each class of membership shall constitute a quorum. If the required quorum is not present or represented at any meeting, the members entitled to vote thereat shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or represented. Such adjournment shall be for not less than five (5) days and not more

8.11 In addition to the remedies stated above, the Association upon violation or breach of any covenant, restriction or condition contained in this declaration, may enter upon any Lot where such violation or breach exists and may abate or remove the thing or condition causing the violation or breach or may otherwise cure the violation or breach. The costs incurred shall be billed to and paid by the Owner of the Lot. If the Owner of any Lot fails, after demand, to pay such costs then the Association shall have a lien, from and after the time a notice of such failure to pay is recorded in the records of Blaine County, Idaho, against the Lot of such Owner or Owners for the amount due and not paid, plus interest from the date of demand for payment at the statutory rate, plus all costs and expenses of collecting the unpaid amount, including reasonable attorneys' fees.

#### ARTICLE IX.

#### DAMAGE OR DESTRUCTION OF COMMON AREA IMPROVEMENTS

In the event of damage to or destruction of the property of the Association, or any part thereof, the Association shall repair or replace the same from the insurance proceeds payable to it by reason of such damage or destruction. If any such damage or destruction was insured against and the insurance proceeds are insufficient to cover the cost of repair or replacement of the property damaged or destroyed, the Association may make a special assessment in accordance with the provisions of this declaration, to cover the additional cost of the repair or replacement not covered by the insurance proceeds. Such special assessment is not in addition to any other regular assessments made against Owners and is subject to the rules herein relating to Special Assessments. If any damage or destruction is caused by a casualty not insured against, then the repair or reconstruction shall be accomplished in the manner provided by a written agreement approved by the Owners representing more than fifty percent (50%) of all the Lots after the plans for any repairs or reconstruction have been approved by the Association.

#### ARTICLE X.

#### LENDER'S REGULATIONS

In order that residential dwelling units erected on the Property may qualify for existing subsidized lending programs, it is declared that the following rights exist in favor of any first mortgagee, notwithstanding contrary or conflicting provisions contained herein.

10.01 The first mortgagee of any dwelling unit may, by written notice to the Association, request written notice of any default by the mortgagor of such dwelling unit in the performance of such mortgagor's obligations under this declaration within thirty (30) days. Such request shall state the name and mailing address of the mortgagee, and the official records book and page number, file number or other reference identifying such recording, and the Lot number encumbered by said mortgage, and a reference to this declaration. Each notice of default given pursuant to such request may be sent by regular mail, postage prepaid, addressed to the mortgagee at the address stated in such request. Following the elapse of two (2) years from the date of receipt of the written request last given by any mortgagee pursuant to this Article, the Association shall have no further duty to notify such mortgagee if mortgagor defaults.

## ARTICLE XI

### ENFORCEMENT OF COMMON AREA COMPLETION BONDS

Should the improvements in any portion of the Common Area serving the subdivision not be completed within two years after recordation of this declaration, and should the Declarant post a bond, letter of credit, or other guarantees to secure performance of its commitment to complete said improvements for the purpose of securing final plat approval (the "Bond"), then the following actions shall be taken by the Association:

11.01 The governing body of the Association shall consider and vote on the question of action by the Association to enforce the obligations under the Bond with respect to any improvement for which a Notice of Completion has not been filed within sixty (60) days after the completion date specified for that improvement. If the Association has given an extension in writing for the completion of any Common Area improvement, the governing body shall consider and vote on the aforesaid question if a Notice of Completion has not been filed within thirty (30) days after the expiration of the extension.

11.02 A special meeting of members may be called for the purpose of voting to override a decision by the governing body not to initiate action to enforce the obligations under the Bond or on the failure of the governing body to consider and vote on the question. The meeting shall be required to be held not less than fifteen (15) days nor more than thirty (30) days after receipt by the governing body of a petition for such a meeting signed by members representing ten percent (10%) of the total voting power of the Association, other than the Declarant.

11.03 A vote of a majority of the voting power of the Association residing in members other than the Declarant to take action to enforce the obligations under the Bond shall be deemed to be the decision of the Association and the governing body shall thereafter implement this decision by initiating and pursuing appropriate action in the name of the Association.

## ARTICLE XII

### ANNEXATION

12.01 "Right to Annex" Declarant shall have the right to annex to the real property initially encumbered by this Declaration and thereby bring within the scheme of this Declaration and subject to the jurisdiction of the Association additional portions of the project property. Annexation of additional portions of the property may be accomplished in stages.

12.02 "Procedure for Annexation" Any annexation shall be made by recordation of a supplemental declaration covering the real property to be annexed. The supplemental declaration shall describe the real property to be annexed and state that annexation is being made pursuant to this declaration for the purpose of extending the jurisdiction of the Association to cover the phase of the project being annexed. The supplemental declaration may contain such complimentary additions and modifications to the terms of this declaration as may be necessary or desirable to reflect the different character, if any, of the phase being annexed and as are not inconsistent with the general scheme of this declaration. Annexation shall be effective upon recordation of the supplemental declaration and thereupon the real property described therein

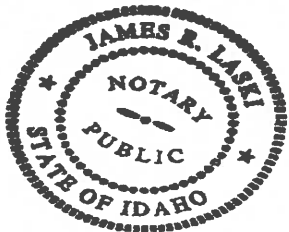


Owner of Lot 3, Deer Valley Farm Subdivision

By: Joan M. Cameron  
Name: Joan M. Cameron

STATE OF IDAHO )  
 ) ss.  
County of Blaine )

On this 26<sup>th</sup> day of March, in the year of 2003, before me, a Notary Public in and for said State, personally appeared Charles W. Holt, President of Holt & Company, Inc., known or identified to me to be a Member of Mid Valley Ventures, a limited liability company, the member who subscribed said limited liability company name to the foregoing instrument, and acknowledged to me that he executed the same in said limited liability company name.



James R. Lasey  
Notary Public for Idaho  
Residing at Blaine County, Idaho  
My Commission expires: 03/08/05

STATE OF NEVADA )  
 ) ss.  
County of CLARK )

On this 28 day of March, in the year of 2003, before me, a Notary Public in and for said State, personally appeared Joan M. Cameron, known or identified to me to be the person whose name is subscribed to the within instrument, and acknowledged to me that she executed the same.



James Fernandez  
Notary Public for  
Residing at 5. VALLE VERDE DR # 235  
My Commission expires 1/4/5

DEER VALLEY FARM DECLARATION ESTABLISHING  
COVENANTS, CONDITIONS AND RESTRICTIONS - 17

**DECLARATION ESTABLISHING COVENANTS  
CONDITIONS AND RESTRICTIONS  
FOR DEER VALLEY FARM**

This Declaration is made this 28<sup>th</sup> day of March 2003, by Mid Valley Ventures, LLC (hereafter referred to as "Declarant"), with reference to the following facts:

**RECITALS**

A. The Declarant is the owner of all that real property described in Section 1.09 with the exception of Lot 3 of the Deer Valley Farm Subdivision; and

B. The Declarant proposes to develop said real property in accordance with the maps and plans approved under the zoning and subdivision ordinances and regulations of County of Blaine and the State of Idaho; and

C. The Owner of Lot 3 of Deer Valley Farm Subdivision wishes to be included in said development, to be treated as an owner with respect to the subdivision, and that Lot 3 of the Deer Valley Farm Subdivision be encumbered by this Declaration; and

D. The subdivision map was filed in the office of the Recorder of the County of Blaine, State of Idaho as Instrument Number 481398.

NOW THEREFORE, it is hereby declared that the Lots shown on the said subdivision map are held and shall be conveyed subject to the following covenants, conditions and restrictions:

**ARTICLE I**

**DEFINITIONS**

1.01 "Association" shall mean Deer Valley Farm Homeowners' Association, Inc., a nonprofit corporation organized under the laws of the State of Idaho and composed of the owners of the Lots as may be annexed hereto in accordance with the provisions of this declaration.

1.02 "Building Envelope" shall refer to the designated area in each Lot shown on the subdivision map.

1.03 "Common Area" shall refer to all area, including easements, shown on the Plat herein referred to or shown on a recorded instrument as Common Area and such additional area as may be annexed hereto in accordance with the provisions of this declaration.

1.04 "Declarant" shall mean the Mid Valley Ventures, LLC, an Idaho limited liability company.

1.05 "Committee" shall mean the Design Review Committee established under Article IV hereof.

1.06 "Lot" shall mean the numbered Lots shown on the subdivision map, whether improved or unimproved, and Lot 3, Deer Valley Farm Subdivision.

1.07 "Owner" shall mean and refer to the record owner, including the Declarant, whether one or more persons, of the fee simple title of any of the numbered Lots above described and includes contract buyers but excludes those having such interest merely as security for the performance of an obligation.

1.08 "Plat" shall mean the Plat for DEER VALLEY FARM SUBDIVISION, NO. 2, as recorded in the Office of the Recorder of Blaine County, Idaho.

1.09 "Property" shall mean all of the land described in Exhibit A attached hereto and any property which may hereafter be subject to this declaration by execution and recordation of a supplemental declaration, as hereinafter provided. Parcels C and D, as depicted on the Plat, are not included in the Property.

1.10 "Supplemental Declaration" means a supplemental declaration of covenants, conditions and restrictions which shall be recorded for the purposes of annexing additional property to Phase I, such property to be subject to the scheme of covenants, conditions and restrictions contained in this declaration.

## ARTICLE II

### USE REGULATIONS AND RESTRICTIONS

2.01 (a) No use whatsoever shall be made of any Lot except its use and improvement for a single family private residence. Lots owned by Declarant or its nominee may be used as construction offices or for the purpose of selling the Lots.

(b) With the exception of the residence presently located on Deer Valley Farm Subdivision Lot 3, the floor area of any primary dwelling located on any Lot, exclusive of decks, open porches, carports and garages, shall be not less than two thousand four hundred (2,400) square feet. The total floor area of living space on any Lot, inclusive of a primary dwelling and any accessory dwelling, shall not exceed six thousand (6,000) square feet. No building shall be constructed outside the Building Envelope for the Lot as depicted on the Plat.

(c) No more than one single family dwelling shall be erected or maintained on any one Lot together with no more than one detached outbuilding per Lot, which may contain an accessory dwelling for guests (subject to applicable zoning regulations). An outbuilding containing an accessory dwelling must be situated within the Building Envelope as part of a comprehensive Lot development plan which includes a primary dwelling and which is approved by the Committee. No Lot shall be further subdivided. Notwithstanding the foregoing, two or

more adjoining Lots which are under the same ownership may be combined and developed as a single Lot. Setback lines along the common boundary line of the combined parcels may be removed, subject to appropriate county approvals, with the written consent of the Committee, if the Committee finds and determines that any improvements to be constructed within these setback lines will not cause unreasonable diminution of the view from any other Lot or otherwise adversely impact other Owners. In such cases, the Committee shall designate a new building envelope appropriate for the combined Lots. If setback lines are removed or easements changed along the common boundary lines of combined Lots, the combined Lots shall be deemed one Lot and may not thereafter be split and developed as two Lots but shall be developed as, and remain, a single Lot. Notwithstanding the foregoing, combined Lots shall be calculated as the original number of Lots for the purposes of sharing common expenses and voting on Association matters. All structures must be erected within the designated Building Envelope.

(d) All Lots shall be maintained by the Owner thereof, both prior to and after construction of improvements thereon, in an attractive manner, free of trash and other unsightly material. All improvements to any Lot shall at all times be kept in good condition and repair and adequately painted or otherwise finished by the owner thereof, and no improvement shall be entitled to fall into disrepair. All landscaping shall be maintained in a neat, trim and orderly fashion.

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(f) No trailer or garage shall be used as a temporary or permanent residence nor shall any residential structure be moved onto said subdivision from any other location. When the erection of any structure is approved, the work thereon must be prosecuted diligently, and said structure, including all landscaping pursuant to an approved landscaping plan, must be completed within eighteen (18) months, unless an extension is granted by the Committee upon a showing of good cause. In the event of construction of an accessory dwelling on a Lot prior to construction of a primary dwelling, construction of a primary dwelling must commence within thirty-six (36) months of completion of the accessory dwelling.

(g) No cesspool, septic tank or other sewage disposal system or device shall be installed, maintained or used upon any Lot without the approval of the South Central health District and any other public agencies having jurisdiction thereover.

(h) Any improvements (including bridges and culverts) that traverse a drainage channel must be designed in consultation with the Blaine County Engineer so as to minimally restrict the flow of that channel during high water. Wherever possible, drainage channels are not to be changed or culverted, and they are to be kept as clear and free flowing as possible.

(i) Pursuant to plat note number 9, no perimeter fencing shall be allowed. All fencing must be post and rail, with a maximum height of forty-two (42) inches and the minimum

height of the lowest rail no less than sixteen (16) inches and comply with all requirements of the State of Idaho Department of Fish and Game.

(j) No trailer, boat or camper shall be kept on a lot except within an enclosed building or screened from public view from outside the lot. Appropriate materials for screening include evergreen type trees and shrubs, or fencing approved by the Committee.

(k) With the exception of standard size "For Sale" or "For Rent" signs (which shall not be larger than 20" by 26"), no sign of any kind shall be displayed to the public view on any Lot except as permitted by the Committee.

(l) Should delivery conditions or regulations dictate that there be free standing newspaper receptacles or mail boxes, the type of box and/or cluster arrangement shall be determined and/or approved by the Committee and rules for maintenance established by the Association.

(m) No Lot shall be used or maintained as a dumping ground for rubbish, machinery, equipment or motor vehicles. Trash, garbage or other waste shall not be kept except in sanitary containers. All trash cans, garbage containers or other equipment for temporary storage and disposal of such material shall be kept in a clean and sanitary condition and shall not be exposed to public view.

(n) No trees, hedges or shrub plantings shall be permitted within the road right of way, unless the foliage line is maintained at a sufficient height or density to prevent obstruction of sight-lines.

(o) No noxious or offensive activity shall be carried on upon any Lot, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood. All Lots and improvements thereon shall be kept and maintained by the Owner thereof in a clean, safe, attractive and sightly condition and repair.

(p) Easements for installation and maintenance of utilities are reserved as shown on the recorded plat. Within these easements, no structure, planting or other material shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities, or which may change the direction or flow of drainage channels in the easements, or which may obstruct or retard the flow of water through drainage channels in the easements. The easement area of each Lot and all improvements in it shall be maintained continuously by the Owner of the Lot, except for those improvements for which a public authority or utility company is responsible.

(q) No vehicle repairs shall be permitted on any streets or driveways, except minor emergency repairs.

(r) No commercial or industrial trucks (with the exception of standard pickups or vans), trailers or vehicles shall be stored on any Lot or on any of the streets fronting on any Lot except within the garage or in conjunction with construction of any improvements on such Lot.

(s) No horses or other farm animals or livestock may be kept on any Lot. Dogs, when outside, must be at all times in an enclosed yard, kennel, leashed, or under the Owner's supervision. Any household pet will be subject to expulsion from the Property upon complaint of three (3) or more Association members, and upon a finding by the Board of Directors of the Association that said animal has created a nuisance.

(t) All utilities upon any Lot for the transmission of utilities, telephone service, the reception or audio or visual signals (with the exception of satellite dishes with a diameter of less than thirty (30) inches) or electricity, and all pipes for water, gas, sewer, drainage, or other utility purposes, shall be installed and maintained below the surface of the ground.

(u) No activities shall be conducted on any Lot and no improvements constructed thereon which are or might be unsafe or hazardous to any person or property. Without limiting the generality of the foregoing, no firearms shall be discharged upon any Lot. No open fires shall be lighted or permitted on any Lot, except while under the direct supervision, control and surveillance of the Lot owner; provided, however, burning trash, garbage and other refuse is prohibited.

### ARTICLE III.

#### TITLE TO COMMON AREA

3.01 The title and fee to all lands platted as roads as shown on the Plat shall be transferred to the Association after the sale of sixty per cent (60%) of the Lots, and the Association shall thereafter be responsible for the maintenance and repair of said roads. The title and fee to other Common Area shall be transferred to the Association upon recording of the final Plat and creation of the Association.

3.02 All operational, maintenance and improvement expenses connected with the Common Area shall be shared on an equal basis by the members of the Association. Each Lot owner's share of Common Area expenses shall be computed by the total number of Lots in the subdivision, divided by the number of Lots owned by the Owner. Lots combined pursuant to Section 2.01(c) shall be calculated using the number of Lots prior to any combination. Notwithstanding the foregoing, the Developer shall install, at its own expense, an appropriate refuse and yard waste receptacle within the Common Area.

3.03 The Association may create reasonable rules and regulations relating to the use of the Common Area by Owners.

3.04 A fire suppression water system shall be installed by Declarant for the benefit of the Owners as part of the Water System defined in Section 6.02. The Developer shall be responsible for the maintenance and repair of the fire suppression water system for a period of ten (10) years from the recording date of the Plat or until such time as each of the numbered Lots in the Subdivision has been sold, whichever occurs first, after which time the Association shall be solely responsible for such maintenance and repair. Subject to the obligations of the Developer set forth above, the expense of maintaining and repairing the Water System shall be shared equally by the members of the Association.

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3.05 Declarant has granted an easement over and across Lot 7A of Little Acres Subdivision for pedestrian ingress and egress. The maintenance of said easement area shall be the responsibility of the Association.

3.06 Portions of the Common Area on Parcel B are encumbered by an easement in favor of Parcel C, which contains a community housing unit, for septic drainfield purposes, and by Plat note #24 which provides that one-half acre of Parcel B be counted toward the effective size of Parcel C.

#### ARTICLE IV.

##### DESIGN CONTROL

4.01 The Design Review Committee shall be composed of three (3) persons as may be appointed by the Association. A majority of the Committee may designate a representative to act for it. In the event of death or resignation of any member of the Committee, the remaining members shall have full authority to designate a successor.

4.02 The vote or written consent of any two members shall constitute action of the Committee. The Committee shall report in writing all approvals and disapprovals of changes in the existing state of the Property to the Association.

4.03 No changes in the existing state of any of the Property shall be made or permitted without the prior written approval of the Committee. Changes in the existing state of the Property shall include without limitation, fences, the construction of any building, structure or other improvement, including utility facilities; the excavation, filling or similar disturbance of the surface of the land including, without limitation, change of grade, stream bed, ground level or drainage pattern, the clearing, marring, defacing or damaging of significant trees, shrubs, or other growing things; the landscaping texture or exterior appearance of any previously approved change in the existing state of the Property. Notwithstanding the foregoing, approval of the Committee shall not relieve an Owner of its obligation to obtain appropriate approvals from local, state and/or federal agencies with respect to the proposed change if required.

4.04 The Committee shall have complete discretion to approve or disapprove any change in the existing state of the Property and shall exercise such discretion with the following objectives in mind: to carry out the general purposes expressed in this declaration; to prevent violation of any specific provision of this declaration or any supplemental declaration; to prevent any change which would be unsafe or hazardous to any persons or property; to minimize obstruction or diminution of the view of others; to preserve visual continuity of the area and to prevent a marked or unnecessary transition between improved and unimproved areas and any sharp definition of boundaries of property ownership; to assure that any change will be of good and attractive design and in harmony with the natural setting of the area and will serve to preserve and enhance existing features of natural beauty; to assure that material and workmanship for all improvements are of high quality comparable to other improvements in the area; and to minimize maintenance and assure a better appearing area under all conditions.

4.05 Prior to expenditures of any substantial time or funds in the planning of any proposed change in the existing state of the Property, the Owner of a Lot shall advise the Design

Committee in writing of the general nature of the proposed change; shall, if requested by the Committee, meet with a member or members of the Committee to discuss the proposed change; shall read or become familiar with any guides or guidelines which may have been prepared or formulated by the Committee; and shall, if requested by the Committee, furnish the Committee with preliminary plans and specifications for comment and review.

4.06 After the nature and scope of a proposed change in the existing state of the Property is determined and prior to the commencement of work to accomplish such change:

(a) With respect to all changes other than buildings and structures, the Committee may, in its discretion, authorize the proposed change without obtaining additional information, or may require the Owner to furnish the Committee with three (3) copies of a complete and full description of the proposed change in writing and with drawings, drawn to such scale as may be reasonably required by the Committee, showing all boundaries, showing existing and proposed contour lines and elevations at reasonably detailed intervals, showing all existing and proposed improvements, showing the existing and proposed drainage pattern, showing the existing and proposed utility and sanitation facilities, showing the existing or proposed substantial trees and shrubs. There shall also be furnished to the Committee any and all further information with respect to the existing state of the Lot which the Committee may reasonably require, to permit it to make an informed decision on whether or not to grant approval of the change. Approvals of changes pursuant to this section must be made in writing by at least one (1) member of the Committee. Notwithstanding the foregoing, Committee approval shall not be required for the planting or removal of insubstantial trees and shrubs.

(b) With respect to all buildings and other structures, and other changes for which the Committee, in its discretion, deems necessary, the Committee shall require, in addition to descriptions required in Section 4.06(a), submission in duplicate, of floor plans, elevation drawings from four (4) sides, all drawn to such scale as may be reasonably required by the Committee; descriptions of exterior materials and colors and, if deemed appropriate by the Committee, samples of the same; final construction specifications; and a landscaping plan showing existing and proposed substantial trees and shrubs. Where buildings or structures or other improvements which reasonably require plans and specifications are proposed to be constructed or built, a reasonable fee, as shall be determined from time to time by the Association, shall be paid to the Association to cover costs and expenses of review. Prior to giving approval to a proposed change in the existing state of a Lot, at least one (1) member of the Committee shall physically inspect the Lot. No proposed building or structure shall be deemed to have been approved by the Committee unless its approval is in writing executed by at least two (2) members of the Committee; provided, that approval shall be deemed given if the Committee fails to approve or disapprove of a proposed change or to make additional requirements or request additional information within twenty-one (21) days after a full and complete description of the proposed change and all additional instruments, documents and plans have been furnished in writing to the Committee with a written and specific request for approval.

4.07 After approval by the Committee of any proposed change in the existing state of the Property, the proposed change shall be accomplished as promptly and diligently as possible and in complete conformity with the description of the proposed change and any plans and specifications provided to the Committee. Failure to accomplish the change strictly in



accordance with the description thereof and plans and specifications therefor within eighteen (18) months of the date of Committee approval, unless an extension is granted by the Committee upon a showing of good cause, shall operate to automatically revoke the approval of the proposed change, and, upon demand by the Committee, the Lot shall be restored as nearly as possible to its state existing prior to any work in connection with the proposed change. The Committee and its duly appointed agents may enter upon any Lot at any reasonable time or times to inspect the progress or status of any changes in the existing state of a Lot being made or which may have been made. The Committee shall have the right and authority to record a notice to show that any particular change in the existing state of a Lot has not been approved or that any approval given has been automatically revoked.

#### ARTICLE V.

##### ESTABLISHMENT AND ORGANIZATION OF ASSOCIATION

5.01 The Deer Valley Farm Homeowners' Association, Inc., shall be incorporated as an Idaho not for profit corporation. The purposes and powers of the Association and the rights and obligations inherent in membership are set forth in its Articles of Incorporation, and the provisions of this Declaration with respect thereto are for general descriptive purposes only. The Association is and shall be obligated (a) to accept title to and maintain Common Areas, (b) to take whatever steps are reasonable and necessary to provide for fire protection for all property included in this Declaration, and (c) to assure the functions and obligations imposed on it or contemplated for it under this Declaration and any similar functions and obligations under any supplemental declaration with respect to property now or hereafter subject to the declaration.

5.02 The Association shall be governed by a Board composed of three (3) Directors, all of whom shall be elected at the first annual meeting.

5.03 Regular meetings of the Association will be held at the time and in the place prescribed by the By-Laws of the Association. The first annual meeting shall be held within ninety (90) days after the closing of the sale of the Lot representing the fifty-first (51st) percentile interest of the Lots described herein but in no event later than six (6) months after sale of the first lot.

5.04 Each Owner of each Lot is subject to assessment by the Association and shall be a member of the Association. Said membership shall be appurtenant to and shall not be severed from the Lot.

5.05 The Association shall have two classes of voting membership:

Class A. Class A members shall be all Owners with the exception of the Declarant and shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any Lot.

Class B. The Class B members shall be the Declarant and shall be entitled to three (3) votes for each Lot owned. Class B membership shall cease and be converted to Class A membership on the occurrence of the later of any of the following events:

(a) when the total votes outstanding in the Class A membership in the Association equal the total votes outstanding in the Class B membership in said Association;

(b) the fourth anniversary of the recording of this declaration.

5.06 All elections shall be by secret ballot. Cumulative voting procedures shall be prescribed at all elections at which more than one position on the governing body is to be filled.

5.07 So long as there are two classes of membership, one (1) director shall be elected solely by the votes of the Class A members.

5.08 Regular meetings of the Directors shall be held quarterly or as deemed appropriate by the Association.

5.09 Any vote may be cast by an Owner in person or by proxy. All proxies shall be in writing, dated and signed by the Owners and filed with the Board of Directors before commencement of any meeting. No proxy shall extend beyond the specific meeting for which it was executed, and every proxy shall automatically cease upon sale by the Owners of his or their Lot or upon death or incapacity of the member executing the proxy statement.

5.10 Where the vote or written assent of the membership is required for any action contemplated herein, such action shall require the prescribed percentage of each class of voters during the time there are two classes of membership.

#### ARTICLE VI.

#### COMMON WATER RIGHTS

6.01 Declarant shall transfer all water rights for irrigation and fire suppression to the Association, who shall hold such rights for the benefit of the Owners.

6.02 Declarant shall construct and install a common system of nonpotable water to be used for fire suppression and irrigation purposes (the "Water System"). Title in fee to the Water System, including all equipment and pipelines associated therewith, shall be vested in the Association, who, subject to the obligations of the Developer set forth in Section 3.04, shall be responsible for keeping the Water System in good and clean condition and keeping facilities in good repair and operating condition.

6.03 The Board shall be authorized to limit water allocated for irrigation and reallocate such water to fire suppression should it, in its sole discretion, deem such reallocation to be appropriate and in the best interests of the Association.

6.04 Owners shall comply with Idaho law with respect to use of commonly held water rights in conjunction with privately held domestic water rights.

6.05 A primary component of the Water System is the Irrigation/Fire Suppression Storage Pond ("Pond") which is located on Parcel E. The Association or the Developer, as the case may be, and their necessary agents, shall be entitled to access to the Pond over and across the easements contained on Lot 5 as is reasonably necessary to comply with their maintenance obligations. Such access shall be conducted in a manner such as to minimize the impact on the quiet enjoyment of the residents of Lot 5. Except as is set forth herein, Members of the Association shall not be entitled to access to the Pond.

6.06 Each Owner and Parcel B shall be entitled to a pro rata share of the water available after the Association meets its obligation to maintain adequate levels for fire protection in the Pond. Notwithstanding the foregoing, the Water System maintained by the Association will irrigate portions of Lots 1, 2, 3, 4, 5, 6, 7, 10, and 11 and Parcel B. Water delivered to a Lot through the common irrigation system shall be offset from that Lot Owner's share of the available water.

## ARTICLE VII.

### PROPERTY RIGHTS AND RIGHTS OF ENJOYMENT

7.01 Each Member of the Association shall have the right of enjoyment of the Common Area including the easements and the facilities located thereon which are appurtenant to the member's Lot, subject to the following conditions:

(a) The right of the Association, as provided in its ByLaws to suspend the rights and privileges, including voting rights of any member for any period during which an assessment (to which his interest is subject) remains unpaid and for a period not to exceed thirty (30) days for each infraction of its published rules and regulations and for the right to impose monetary penalties for violation of such rules and regulations after hearing by the Board of Directors of the Association. Any Owner shall be given ten (10) days notice of any such hearing by mail to his address as it appears on the books of the Association.

(b) The right of the Association to charge reasonable fees for the use of any facility, belonging to the Association.

(c) The right of the Association, in accordance with its Articles and ByLaws, to borrow money for the purpose of improving the Common Area and facilities.

7.02 The Association shall have the obligation at its expense to maintain in a clean and orderly manner and in a good state of repair its Common Area and all improvements located thereon and to operate in a competent and efficient manner, all facilities located in its Common Area; and in the event of damage or destruction to the improvements, to repair and restore promptly after such damage or destruction occurs, all improvements thereon.

7.03 Any member may delegate his rights of enjoyment in the Common Area and in the privileges of the Association to the members of his family who reside upon a Lot, to any of his tenants who reside thereon under a leasehold interest for a term of one month or more, and to his guests; subject, however, to the ByLaws, rules, regulation and limitations of the Association. Such member shall notify the Secretary in writing of the name of such person and of the

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relationship of the member to such person. The rights and privileges of such person are subject to suspension the same as members of the Association, as provided in paragraph (a) of Section 1 of this Article.

## ARTICLE VIII.

### CREATION OF ASSESSMENT LIENS

8.01 The Declarant, for each Lot owned within the Property hereby covenants, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the respective Association:

(a) Annual assessments or charges; and (b) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs, and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment became due. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

8.02 The assessment levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the Owners and for the improvement and maintenance of the Common Area owned by the Association and including, but not limited to, the payment of taxes and insurance for the common properties, and repair, replacement and additions hereto and for the cost of labor, equipment, materials, management and supervision of the Common Area.

8.03 In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement to be performed on the Lots or Common Area or of a capital improvement upon the Association's Common Area, including fixtures and personal property related thereto and for the purpose of performing any unanticipated maintenance, provided that any such assessment in excess of five percent (5%) of the annual budgeted expense of the Association shall have the assent of fifty-one percent (51%) of the votes of all of the Class A members and fifty-one (51%) of all the Class B members, if any, of the Association. Such votes shall be cast in person or by proxy at a meeting duly called for this purpose as provided in Section 8.04 next following.

8.04 Written notice of any meeting of the members of the Association shall be sent to all members at their address shown in the books of the Association, by regular mail, not less than ten (10) days nor more than thirty (30) days in advance of the meeting and shall describe the nature of the business to be conducted. The presence at any meeting of the members or of proxies entitled to cast twenty-five percent (25%) of all of the votes of each class of membership shall constitute a quorum. If the required quorum is not present or represented at any meeting, the members entitled to vote thereat shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or represented. Such adjournment shall be for not less than five (5) days and not more

than thirty (30) days from the original meeting date. In the absence of a quorum, no other business may be conducted at any such meeting.

8.05 Annual and special assessments shall be fixed on a pro rata basis for each Lot and shall be collected by the Association on a quarterly basis. The directors of the Association shall estimate the charges required to be paid by the Association during the calendar year. The total annual assessments against all Owners shall be based upon advance estimates of cash requirements. Owners shall not be entitled to take offsets from assessment amounts for any reason.

8.06 The annual assessments provided for herein shall commence on the first day of the month following the closing of the first sale of a Lot to a purchaser.

8.07 Without written consent or a majority vote by the members of the Association residing in members, the annual assessment may not be increased more than twenty percent (20%) over that of the last preceding annual assessment.

8.08 In addition to the foregoing, each Owner, including the Declarant, shall pay a "Transfer Assessment" in the amount of one half of one percent (1/2%) of the gross sales price of any Lot (including any improvements on such Lot) to the Association upon the sale of any Lot. All amounts collected as Transfer Assessments shall be maintained in a separate account and applied by the Association Board toward common capital expenditures, including, but not limited to maintenance of private roads within the subdivision and the Water System. The Association Board shall maintain an annual budget for all such capital expenditures and shall account for all Transfer Assessments received and paid out separately from all other assessments and in a manner so as not to disrupt the Association's non-profit status.

8.09 Any assessment not paid within thirty (30) days after the due date, shall bear interest from the due date at the maximum rate allowed by law. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the Lot. No Owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Common Area or abandonment of his Lot. Each of the Owners do hereby grant and appoint the Board of Directors as trustee to enforce such lien and to foreclose such lien by private power of sale, and the authority and power to sell the Lot of such defaulting Owner, or any part thereof, to satisfy said lien, for lawful money of the United States to the highest bidder. Such lien and the right to foreclose the same shall be in addition to and not in substitution for all other rights and remedies which the Owner and the Board of Directors may have to enforce the provisions hereof.

8.10 The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage or deed of trust. The sale or transfer of any Lot shall not affect any assessment lien. However, the sale of any Lot pursuant to a mortgage or deed of trust foreclosure shall extinguish the lien of such assessments as to payments which become due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessment thereafter becoming due or from the lien thereof.

8.11 In addition to the remedies stated above, the Association upon violation or breach of any covenant, restriction or condition contained in this declaration, may enter upon any Lot where such violation or breach exists and may abate or remove the thing or condition causing the violation or breach or may otherwise cure the violation or breach. The costs incurred shall be billed to and paid by the Owner of the Lot. If the Owner of any Lot fails, after demand, to pay such costs then the Association shall have a lien, from and after the time a notice of such failure to pay is recorded in the records of Blaine County, Idaho, against the Lot of such Owner or Owners for the amount due and not paid, plus interest from the date of demand for payment at the statutory rate, plus all costs and expenses of collecting the unpaid amount, including reasonable attorneys' fees.

#### ARTICLE IX.

##### DAMAGE OR DESTRUCTION OF COMMON AREA IMPROVEMENTS

In the event of damage to or destruction of the property of the Association, or any part thereof, the Association shall repair or replace the same from the insurance proceeds payable to it by reason of such damage or destruction. If any such damage or destruction was insured against and the insurance proceeds are insufficient to cover the cost of repair or replacement of the property damaged or destroyed, the Association may make a special assessment in accordance with the provisions of this declaration, to cover the additional cost of the repair or replacement not covered by the insurance proceeds. Such special assessment is not in addition to any other regular assessments made against Owners and is subject to the rules herein relating to Special Assessments. If any damage or destruction is caused by a casualty not insured against, then the repair or reconstruction shall be accomplished in the manner provided by a written agreement approved by the Owners representing more than fifty percent (50%) of all the Lots after the plans for any repairs or reconstruction have been approved by the Association.

#### ARTICLE X.

##### LENDER'S REGULATIONS

In order that residential dwelling units erected on the Property may qualify for existing subsidized lending programs, it is declared that the following rights exist in favor of any first mortgagee, notwithstanding contrary or conflicting provisions contained herein.

10.01 The first mortgagee of any dwelling unit may, by written notice to the Association, request written notice of any default by the mortgagor of such dwelling unit in the performance of such mortgagor's obligations under this declaration within thirty (30) days. Such request shall state the name and mailing address of the mortgagee, and the official records book and page number, file number or other reference identifying such recording, and the Lot number encumbered by said mortgage, and a reference to this declaration. Each notice of default given pursuant to such request may be sent by regular mail, postage prepaid, addressed to the mortgagee at the address stated in such request. Following the elapse of two (2) years from the date of receipt of the written request last given by any mortgagee pursuant to this Article, the Association shall have no further duty to notify such mortgagee if mortgagor defaults.

10.02 Any first mortgagee who comes into possession of a dwelling unit pursuant to the remedies provided for in the mortgage, or foreclosure of the mortgage, shall be exempt from an existing right of first refusal of any party as to the purchase of such dwelling unit from the mortgagee thereof.

10.03 Unless at least seventy-five percent (75%) of the first mortgagees (based upon one (1) vote for each mortgage) of dwelling units within the subdivision have given their prior written approval, the Association shall not be entitled to:

(1) By act or omission seek to abandon, partition, subdivide, encumber, sell or transfer real estate or improvements thereon which are owned, directly or indirectly, by the Association for the benefit of the dwelling units in the subdivision. (The granting of easements for public utilities or for other public purposes consistent with the intended use of such subdivision shall not be deemed a transfer within the meaning of this clause);

(2) Change the method of determining the obligations, assessments, dues or other charges which may be levied against an Owner;

(3) By act or omission change, waive or abandon any scheme or regulation, or enforcements thereof, pertaining to the architectural; design or the exterior appearance of dwelling units, the maintenance of party walls, or common fences and driveways, or the upkeep of walls and plantings in the subdivision;

(4) Fail to maintain fire and extended coverage on insurable Common Area on a current replacement cost basis in an amount of not less than one hundred percent (100%) of the insurable value (based on current replacement cost);

(5) Use hazard insurance proceeds for losses to any Common Area for other than the repair, replacement or reconstruction of such improvements;

10.04 First mortgagees shall have the right to examine the books and records of the Association, upon reasonable advance request in writing.

10.05 First mortgagees of dwelling units in the subdivision, may jointly or singly, pay taxes which are in default and which may or have become a charge against Common Area and may pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on lapse of a policy, for such property and first mortgagees making such payments shall be owed immediate reimbursement therefor from the Association.

10.06 Nothing herein or in the Articles of Incorporation of the Association, or in any other instrument relating to the Property, gives any Owner of any Lot or other party priority over any rights of first mortgagees pursuant to their mortgages, in the case of distribution to such Owners of insurance proceeds or condemnation awards for losses to or a taking of common property in the subject subdivision.

10.07 The terms "mortgage", "mortgagor" and "mortgagee" as used in this Article shall include respectively, a deed of trust and the trustor and beneficiary thereunder.

## ARTICLE XI

### ENFORCEMENT OF COMMON AREA COMPLETION BONDS

Should the improvements in any portion of the Common Area serving the subdivision not be completed within two years after recordation of this declaration, and should the Declarant post a bond, letter of credit, or other guarantees to secure performance of its commitment to complete said improvements for the purpose of securing final plat approval (the "Bond"), then the following actions shall be taken by the Association:

11.01 The governing body of the Association shall consider and vote on the question of action by the Association to enforce the obligations under the Bond with respect to any improvement for which a Notice of Completion has not been filed within sixty (60) days after the completion date specified for that improvement. If the Association has given an extension in writing for the completion of any Common Area improvement, the governing body shall consider and vote on the aforesaid question if a Notice of Completion has not been filed within thirty (30) days after the expiration of the extension.

11.02 A special meeting of members may be called for the purpose of voting to override a decision by the governing body not to initiate action to enforce the obligations under the Bond or on the failure of the governing body to consider and vote on the question. The meeting shall be required to be held not less than fifteen (15) days nor more than thirty (30) days after receipt by the governing body of a petition for such a meeting signed by members representing ten percent (10%) of the total voting power of the Association, other than the Declarant.

11.03 A vote of a majority of the voting power of the Association residing in members other than the Declarant to take action to enforce the obligations under the Bond shall be deemed to be the decision of the Association and the governing body shall thereafter implement this decision by initiating and pursuing appropriate action in the name of the Association.

## ARTICLE XII

### ANNEXATION

12.01 "Right to Annex" Declarant shall have the right to annex to the real property initially encumbered by this Declaration and thereby bring within the scheme of this Declaration and subject to the jurisdiction of the Association additional portions of the project property. Annexation of additional portions of the property may be accomplished in stages.

12.02 "Procedure for Annexation" Any annexation shall be made by recordation of a supplemental declaration covering the real property to be annexed. The supplemental declaration shall describe the real property to be annexed and state that annexation is being made pursuant to this declaration for the purpose of extending the jurisdiction of the Association to cover the phase of the project being annexed. The supplemental declaration may contain such complimentary additions and modifications to the terms of this declaration as may be necessary or desirable to reflect the different character, if any, of the phase being annexed and as are not inconsistent with the general scheme of this declaration. Annexation shall be effective upon recordation of the supplemental declaration and thereupon the real property described therein

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shall be subject to all of the provisions of this declaration, to the extent made applicable by the supplemental declaration, and to the jurisdiction of the Association pursuant to the terms of this declaration, the Articles and Bylaws.

12.03 "Annexed Property" Each owner of a lot in an annexed phase automatically shall be a member of the Association and such owners and annexed real property shall be subject to assessment by the Association for the benefit of the project or any part thereof. The Association shall have the duties, responsibilities and powers set forth in this declaration, the articles and bylaws with respect to annexed real property. Except as may otherwise be expressly provided in this declaration or any supplemental declaration, the project shall be managed and governed by the Association as an entirety. Assessments collected from owners in the project may be expended by the Association anywhere in the project without regard to the particular phase, area or subdivision from which such assessments came. All owners shall have ingress and egress to and from all the common area throughout the project and any phase thereof and shall have use and enjoyment of any recreational facilities and other amenities contained within the common area throughout the project, provided that any such use shall be subject to the provisions of this declaration, any supplemental declaration, the bylaws and the rules and regulations.

#### ARTICLE XIII.

#### MISCELLANEOUS PROVISIONS

13.01 The provisions hereof may be amended by a vote or the written consent of sixty-six and 67/100ths percent (66.67%) or more of each class of members. Irrespective of the provisions of this Article, the percentage of voting power to amend a specific clause herein shall prevail with relation to that specific Article.

13.02 In the event of any inconsistency between applicable law and any of these covenants or restrictions the applicable law shall govern. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no ways affect any other provisions which shall remain in full force and effect.

DATED this 20<sup>th</sup> day of March, 2003.

Mid Valley Ventures, LLC, an  
Idaho limited liability company



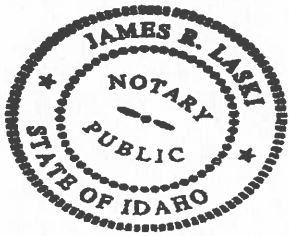
By: Holt & Company, Inc., Member  
By: Charles W. Holt, President

Owner of Lot 3, Deer Valley Farm Subdivision

By: Joan M. Cameron  
Name: Joan M. Cameron

STATE OF IDAHO )  
 ) ss.  
County of Blaine )

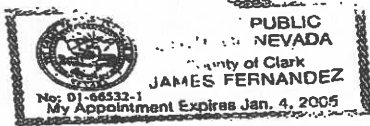
On this 26<sup>th</sup> day of March, in the year of 2003, before me, a Notary Public in and for said State, personally appeared Charles W. Holt, President of Holt & Company, Inc., known or identified to me to be a Member of Mid Valley Ventures, a limited liability company, the member who subscribed said limited liability company name to the foregoing instrument, and acknowledged to me that he executed the same in said limited liability company name.



James R. Laski  
Notary Public for Idaho  
Residing at Blaine County, Idaho  
My Commission expires: 03/08/05

STATE OF NEVADA )  
 ) ss.  
County of CLACK )

On this 28 day of March, in the year of 2003, before me, a Notary Public in and for said State, personally appeared Joan M. Cameron, known or identified to me to be the person whose name is subscribed to the within instrument, and acknowledged to me that she executed the same.



James Fernandez  
Notary Public for \_\_\_\_\_  
Residing at 5 S. Valley View Dr. #235  
My Commission expires 1/4/5

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**EXHIBIT - A**

**Legal Description of the "Property"**

A parcel of land located within Section 29, T.3N., R.18E, B.M., Blaine County, Idaho, more particularly described as follows:

Lot 2A and Lot 3, Block 1, Deer Valley Farm Subdivision, recorded as Instrument No. 567588 in the official records of Blaine County, Idaho.

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