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WHEN RECORDED MAIL TO:

KNEELAND, KORB, COLLIER & LEGG
Post Office Box 249
Ketchum, ID 83340
KKL&C File No. 5856

385156
ORIGINAL
BLAINE CO. REQUEST
OF: SAWTOOTH TITL

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(Space above line for Recorder's Use

Mary Green
MARY GREEN, CLERK

DECLARATION OF COVENANTS, CONDITIONS

FEES \$ 126⁰⁰

AND RESTRICTIONS FOR

WESTWOOD TOWNHOMES

THIS DECLARATION is made on the 12th day of December,
1995, by Daniel C. Hurlbutt, Jr., and Barbara S. Hurlbutt, husband
and wife, as Trustees of the Daniel C. Hurlbutt, Jr., and Barbara
S. Hurlbutt Family Trust dated November 26, 1990, as to an
undivided $\frac{1}{2}$ interest, and Roger S. Bergdahl and Susan S. Bergdahl,
husband and wife, as to undivided $\frac{1}{2}$ interest, of 191 8th Street,
Unit D, Ketchum, Idaho 83340 ("Declarant").

RECITALS

1. Declarant is the owner of certain real property in Blaine
County, Idaho, more particularly described in Exhibit A attached
hereto and by this reference made a part hereof. Declarant has, or
intends to, improve the real property by constructing **townhome**
family dwellings in phases on the real property.

2. Declarant intends that all subplot owners of Westwood
Townhomes shall be subject to this Declaration and shall be members
of the Association created hereby.

3. By this Declaration, Declarant intends to establish a plan
of townhome ownership and to provide for the annexation of
additional real property to the project.

NOW, THEREFORE, Declarant hereby declares that:

1. Declaration. This Declaration is hereby established upon
Westwood Townhomes in furtherance of a general plan for improvement
and sale of **townhome sublots** within the property for the purpose of
enhancing and perfecting the value of each townhome subplot therein,
and for the benefit of each owner of a townhome subplot in Westwood
Townhomes.

(a) Townhome sublots within Westwood Townhomes shall be
held, conveyed, encumbered, leased, occupied or otherwise used,

DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS

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 the real property and all townhome sublots 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 Westwood Townhomes or any portion thereof.

2. Annexation.

Eliminate

(a) Westwood Townhome Sublots may be annexed in phases to the real property described in Exhibit A and made subject to this Declaration at the time of written election of the Declarant made at any time, and from time to time, within ten (10) years following the recording of the plat for Westwood Townhomes, Phase I Subdivision with the Blaine County Recorder. Such election shall be made by the recording of a supplement to this Declaration (the "Supplement"). The Supplement shall describe the Westwood Townhomes to be annexed, shall state that it is being effected pursuant to the terms of this Declaration for the purpose of annexing the townhome sublots described in the Supplement to the Declaration. Any Supplement recorded in accordance with the terms of this section shall be conclusive in favor of all persons who relied on it in good faith. Upon recording the Supplement in accordance with the provisions of this Declaration, the townhome sublots described in the supplement shall be part of Westwood Townhomes and subject to the provisions of this Declaration, and to the rights and powers of the Association and the Bylaws, and thereafter all of the owners of townhome sublots shall automatically be members of the Association, with voting rights commencing on the date regular assessments commence. Declarant, in such Supplement, shall expressly reserve for the benefit of all townhome sublots that may from time to time be covered by this Declaration, reciprocal easements of use, enjoyment, access, ingress and egress. Such easements may be used by Declarant, its successors, purchasers, and all owners of townhome sublots, their guests, tenants and invitees, for sidewalks, walkways, vehicular access, and such other purposes reasonably necessary to the use and enjoyment of all townhome sublots.

Call

(b) Declarant expressly reserves the development rights to own and construct future townhome sublots in phases on reserved areas as shown on the plat for Westwood Townhomes Phase I Subdivision.

3. 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 B and made a part hereof.

(b) Association Rules. The "Association Rules" means the rules and regulations regulating the use and enjoyment of the common area adopted by the Board from time to time.

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

(e) 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.

(f) Common Area. The "Common Area" means the entire project except all townhome sublots, as defined in this Declaration or as shown on the plat for Westwood Townhome Phase I Subdivision. The common area shall be owned by the Association for the common use and enjoyment of the townhome subplot owners at the time of the conveyance of the first townhome subplot subject to reserved areas for future townhome sublots as shown on the plat for Westwood Townhome Phase I Subdivision.

(g) Common Expenses. "Common Expenses" means all expenses incurred for the upkeep, maintenance, repair, replacement, management and operation of the common area and the exterior walls and roofs of the townhome units and landscaping on townhome sublots, including any reserve for maintenance and repairs, reinstatement, rebuilding and replacement of the common area, and the exterior walls and roofs of townhome sublots; the cost of the insurance permitted or required herein to be procured and maintained by the Association together with related expenses; the cost of landscaping, irrigation, janitorial and similar services for the common area; the cost of trash removal, cable TV, and snow removal; the cost of common area spa repair and maintenance and utility charges; wages; accounting and legal fees; management fees; and any other expenses and liabilities incurred by the Association for the benefit of the owners under or by reason of the Declaration. The Association shall provide exterior maintenance upon each townhome unit as follows: paint, repair, replacement and care of roofs, gutters, downspouts, exterior building surfaces, and other exterior improvements. Such exterior maintenance shall not include glass surfaces. In the event that the need for maintenance or repair of a townhome unit or the improvements thereon 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 townhome subplot needing such maintenance or repair, the cost of such exterior maintenance shall be added to and become part of the assessment to which such townhome subplot is subject.

(h) Limited Common Area. "Limited Common Area" means that common area designated by the Association as provided herein for the exclusive use by owners of particular Townhome sublots.

(i) Project. The "Project" means the real property as divided, or to be divided, into townhome sublots or reserved areas for future townhome sublots and common area owned by the Association, including all structures and improvements on it, all future structures and improvements, if any, and any additional real property annexed at this Declaration.

(j) Owner. An "Owner" means each person or entity holding a record ownership interest in a townhome subplot, including Declarant, and contract purchasers under recorded contracts.

(k) Townhome Sublot Number. The "Townhome Sublot Number" shall mean the particular subplot designation on the plat of Westwood Townhomes, and shall also be part of the sublots legal description and street address. The schedule of townhome subplot numbers is attached hereto as Exhibit D and made a part hereof.

(l) Townhome Sublot. A "Townhome Sublot" means an estate in real property with a fee interest in a townhome subplot shown and described on the plat for Westwood Townhomes.

(m) Townhouse Unit. A "Townhome Unit" means the family dwelling constructed on the Townhome Sublot.

4. Property Rights and Easements.

(a) Ownership. Ownership of each townhome subplot within the project shall include a membership in the Association, and any non-exclusive easement appurtenant to the townhome subplot over the common area as described in this Declaration.

(b) Utility Easements. All townhome subplot owners shall have mutual reciprocal easements for existing water, cable tv, sewage, telephone and electrical lines over, under and across their townhome sublots 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 townhome subplot 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 townhome subplot, subject to the following rights and restrictions.

(1) The right of the Association to adopt and enforce Association rules.

(2) The right of Declarant to enter on the project and to make repairs and remedy construction defects.

(3) The right of Declarant and its agents and contractors to enter on the project and to construct future townhome sublots on reserved areas as shown on the plat for Westwood Townhomes Phase I Subdivision.

(d) Access Easement. All townhome subplot owners shall have access over and across Townhome Sublots as reflected on the subdivision plat for Westwood Townhomes Phase I Subdivision, City of Ketchum, Blaine County, Idaho.

(e) Encroachments. If any portion of the common area encroaches on any subplot or unit, or if any portion of a subplot or unit encroaches on the common area, or if any portion of a subplot or unit encroaches on any other subplot or unit, regardless of the cause, a valid easement exists for such encroachment and for the maintenance of it so long as it remains and all sublots and units and the common area are made subject to such easements.

(f) Easements by Association. The Declarant and the Association shall have the authority and power to grant and convey to any third party 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 the owner's subplot or unit.

5. Use Restrictions.

(a) Residential Use. The townhome sublots are restricted to residential use. ~~No rental for non-residents or approval of BOB.~~

(b) Maintenance. All owners of a townhome subplot shall be responsible for maintaining their subplot 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 sublots.

(d) Parking Restrictions. Unless otherwise permitted by the Board, no automobile shall be parked or left within the project other than within a townhome subplot garage or assigned parking space which shall be as near and convenient to said townhome subplot 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. 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 the roadway located and situated in Westwood Townhomes. 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, satellite dishes, antenna, flag poles, clotheslines, or other external fixtures other than those originally installed by Declarant or approved by the Board, shall be constructed, erected or maintained on or within the project.

(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 refuse except on the scheduled day for trash pickup.

(g) Indemnification. Each owner shall be liable to the remaining owners for any damage to the common area, exterior walls and roof that may be sustained by reason of the negligence of that owner, his tenants, guests or invitees, but only to the extent that any such damage is not covered by insurance. Owners, by acceptance of their deeds, agree for themselves and their tenants, guests and invitees, to indemnify each and every other owner, and to hold them harmless from, and to defend them against, any claim of any person for personal injury or property damage occurring within the subplot 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 subplot or is fully covered by insurance.

(h) Taxes. All owners shall be obligated to pay any taxes or assessments assessed by the county assessor of Blaine County against their townhome subplot and personal property.

(i) Interior. All owners shall keep the interior of their townhome subplot 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, 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.

(k) Pets. Sublot owners may have two (2) disciplined household pets for each townhome subplot, 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 subplot owner shall be required to clean up after their pet.

6. Westwood Owners Association.

(a) Every townhome subplot owner shall be entitled and required to be a member of the Association. If title to a subplot is held by more than one (1) person, the membership related to that subplot 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 townhome subplot is held. An owner shall be entitled to one (1) membership for each subplot owned. 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 townhome subplot.

(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. The Association shall have two (2) classes of voting membership: Class A: Class A members are all owners, with the exception of Declarant; provided, however, that Declarant shall become a Class A member when its Class B membership ceases as provided hereinbelow. Each owner of a townhome subplot is a Class A member entitled to cast one (1) vote for each townhome subplot owned in Westwood Townhomes. Class B: Class B members shall be the Declarant, who shall be entitled 51% of the votes of the Association during construction of townhome sublots and future townhome sublots on reserved areas as shown on the plat for Westwood Townhomes Phase I Subdivision.

(d) Common Area Conveyance. Upon recording this Declaration with the Blaine County Recorder, Declarant shall convey the common area as shown on the plat for Westwood Townhomes by grant deed to the Association subject to Declarants development rights to construct and own future townhome sublots on reserved areas as shown on the plat for Westwood Townhome Phase I Subdivision. The common area shall be unencumbered except for easements, restriction and reservations as provided in this Declaration and shown on the plat for Westwood Townhomes.

(e) Control. The Association shall be responsible for the management and control of the common area and all improvements thereon, the landscaping on sublots and the exterior unit walls and roofs, and shall keep the same in good, clean, attractive and sanitary condition, order and repair. The Association shall maintain in a proper, first class manner, all landscaping vegetation constituting part of the common area and sublots.

(f) Limited Common Area. The Declarant and the Association shall have the right to designate parts of the common area as

Limited Common Area for the exclusive use by Owners of particular Townhome Sublots subject to rules and conditions adopted by the Association in its discretion. Improvements to the Limited Common Area are subject to the approval of the Association. The Owners shall keep the Limited Common Area designated for use in connection with their Townhome Sublot in a clean and attractive condition. The owners shall be responsible to maintain and repair the Limited Common Area together with the improvements, landscaping and vegetation thereon.

Access (g) Easements. The Declarant and 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 subplot owner hereby irrevocably appoints the Declarant and the Association as attorney in fact for such purpose.

(h) Management. The Association may obtain and pay for the services of any person or entity to manage its affairs or any part thereof, 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.

(i) Rules and Regulations. The Association may make reasonable rules and regulations governing the use of the common area, which rules and regulations shall be consistent with the rights and duties established in this Declaration. The Association may suspend any subplot owner's voting rights in the Association during any period or periods during which such owner fails to comply with such rules and regulations or any other obligations of such owner under this Declaration, provided, however, such suspension may not exceed sixty (60) days for any one infraction. The Association may also take judicial action against any owner to enforce compliance with such rules, regulations or other obligations, or to obtain damages for non-compliance, all to the extent permitted by law.

(j) 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.

(k) Exterior and Roof. The repair and maintenance of the exterior and roof of the townhome sublots shall be the responsibility and sole obligation of the Association and subject to assessment.

(l) Personal Liability. No member of the Board, or of any committee of the Association, or any officer of the Association, or any manager, or Declarant, or any agent of Declarant, 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 him or it, acted in good faith without willful or intentional misconduct.

(n) Common Area Interest. Each townhome subplot owner shall have an interest in the common area for assessment and other purposes herein expressed as a percentage which shall be determined by ~~dividing the number one (1) by the total number of townhome sublots as composed from time to time.~~ The common area interest for townhome subplot owners in Westwood Townhomes is reflected on Exhibit "D" attached hereto.

7. Architectural Control.

(a) Architectural Committee. The architectural committee shall be the Board of Directors of Westwood Townhomes, as constituted from time to time. The Board shall exercise its best judgment to see that all improvements, construction, landscaping, and alterations on the property within Westwood Townhomes after development and completion by the Declarant, conform and harmonize with the existing structures as to external design, materials, color and topography.

(b) Approval. After completion of the Westwood Townhomes by the Declarant, 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 property 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 Board shall consider the materials to be used on the exterior features of said proposed improvements, including the exterior colors, harmony of external design with existing structures within Westwood Townhomes. Complete architectural plans and specifications for proposed improvements shall be submitted to the Board. In the event the Board fails to take any action within ninety (90) days after submission of the architectural plans and specifications, then all of such submitted architectural 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.

(c) Garages. The use of the garage of each townhome subplot is restricted to motor vehicle parking, storage, laundry facilities

and workshop area. Garages shall not be modified or used for habitation as a living or sleeping area or business purposes.

8. Assessments.

(a) Owners Covenant to Pay. Each owner of any townhome subplot, 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 townhome subplot owners in Westwood Townhomes and with the Association to pay to the Association periodic assessments made by the Association for maintenance of the common area, landscaping on sublots, exteriors of the townhome sublots and special assessments for capital improvements and other matters. The Declarant shall not be assessed periodic or special assessments on sublots under construction until such sublots are completed and occupied.

(b) Expenses. The total periodic assessment against all townhome sublots shall be based upon advanced estimates of cash requirements by the Association to provide for the payment of all 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, 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 grounds including sublots, 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 fifteen (15) days after said written notice has been given. Each periodic assessment shall bear interest at the Idaho judgment 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 subplot 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.

*Board
to fix
interest
rate by
Resolution*

*Collections 15 days after
Notice of assessment -
interest*

9. 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 subplot landscaping or any part thereof, or exterior walls or roof of the townhome sublots, 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 8 (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 fifteen (15) days after such notice shall have been given. A special assessment for capital improvements shall have the assent of three quarters (3/4) of the votes of each class of members 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 townhome sublots.

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

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

(b) A lien for all sums unpaid on the first deed of trust or mortgage or on any deed of trust or mortgage to Declarant, 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 subplot and a description of the subplot. 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 townhome subplot 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 townhome subplot 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 one (1) year period 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 townhome subplot 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 of Westwood Townhomes, 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, if the assessment and the date that such assessment becomes or became due, credit for advance payments or prepaid items, which statement shall be conclusive upon the Association in favor of the persons who relay thereon in good faith.

Subject to the preceding paragraph, a purchaser of a townhome subplot shall be jointly and severally liable with the Seller for all unpaid assessments against the townhome subplot 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.

11. Amendment.

(a) Before Close of First Sale. Before the close of the first sale of a townhome subplot in the project to a purchaser other than Declarant, this Declaration and any amendments to it may be amended in any respect or revoked by the execution by Declarant and any mortgagee of record of an instrument amending or revoking the Declaration.

(b) After Close of First Sale. After the close of the first sale of a townhome subplot in the project to a purchaser other than Declarant, 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 a majority of the voting rights. Also, if the consent or approval of a mortgagee or other person, firm, agency or entity 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.

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

12. Insurance.

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

(1) Casualty Insurance. The Association shall obtain insurance on all townhome sublots 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. Such insurance shall include fire and extended coverage, vandalism, and malicious mischief. No person other than the Association or the owner shall have the right to place hazard or liability insurance for that townhome subplot.

(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 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) 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 within each individual townhome subplot 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 townhome subplot owner as insured, which policy or policies shall specify the interest of each owner, (owner's name, subplot number, the pertinent undivided interest in the common area), and which policy or policies shall provide a standard loss payable clause providing for payment of insurance proceeds 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 townhome owner, and to the Declarant, 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 may 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, including townhome owners of sublots 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.

(e) Owner's Own Insurance. Notwithstanding the provisions herein, each owner may obtain insurance at his own expense providing coverage upon his townhome subplot, his personal property, (contents insurance) for his personal liability, and covering such other risks as he may deem appropriate, but each policy shall provide that it does not diminish the insurance carrier's coverage for liability arising under this section. All such insurance of the owner's subplot 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.

13. Party Walls. Westwood Townhomes are constructed with at least one (1) outside wall separated by a one inch (1") air space, with another outside wall of an adjoining townhome subplot. These walls and roof structures situated on subplot lot lines are hereby declared to be party walls between adjoining townhome sublots, 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 townhome subplot owner or their tenants or guests, then the townhome subplot 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 our 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 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 townhome subplot 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 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 party 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 14 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.

14. Term of Declaration. This Declaration shall run with the land and shall continue in full force and effect for a period of fifty (50) years from the date on which this Declaration is executed. 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 owners and their respective institutional first mortgagees of not less than seventy-five percent (75%) interest in the common area in the project and recorded in the office of the Blaine County Recorder. 2045

15. 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, owners then holding at least fifty-one percent (51%) of the total voting power of each class of owners present and entitled to vote, 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 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 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, owners then holding at least seventy-five percent (75%) of the total voting power of each class of owners present and entitled to vote, 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 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 owners to rebuild.

(c) Rebuilding Procedures. If the owners determine to rebuild, owners shall be obligated to contribute their proportionate share of the cost of reconstruction or restoration over and above the available insurance proceeds. If any owner fails or refuses to pay their proportionate share, the Board may levy a special assessment against the townhome subplot of such owner which may be enforced under the lien provisions contained in this Declaration. If any owner disputes the amount of their proportionate liability under this section, such owner may contest the amount of their liability by submitting to the Board within ten (10) days after notice to the owner of their 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 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 owners for the purpose of acting upon the Board's recommendation, including making further adjustments, if deemed by the owners to be necessary or appropriate. All adjustments shall be affirmed or modified by a majority of the

total voting power of each class of 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 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 responsible 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 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 owners in proportion to their 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 owners not to rebuild.

(f) Minor Repair and Reconstruction. The Board shall have the duty to repair and reconstruct improvements, without the consent of 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 Ten Thousand Dollars (\$10,000.00). 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.

16. Condemnation.

(a) Sale by Unanimous 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 unanimous written consent of all 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 townhome sublots 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 townhome subplot 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 townhome subplot ownership hereunder shall not terminate. Each owner shall be entitled to a share of the condemnation award to be determined by the Association.

17. Protection of Mortgagees.

(a) Mortgage Permitted. Owners may encumber their townhome sublots 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 townhome subplot, 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 his interest, in writing, to such lien. If any townhome subplot 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, with the foreclosure purchaser taking title to the installments, that has accrued up to the time of the foreclosure sale. On taking title to the townhome subplot 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 townhome subplot. The subsequently levied assessments provided all owners, including the foreclosure purchaser and their successors and assigns are required to pay their proportionate share as provided in this section.

(c) Amendment. The prior written consent of sixty-two and one-half percent (62½%) 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 By-Laws. 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 By-Laws 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) Any provision, which by its terms is specifically for the benefit of first mortgagees, or specifically confers rights on the first mortgagees.

(d) Right to Examine Books and Records. First mortgagees can examine the books and records of the Association or the townhome project and can require the submission of financial data concerning the Association or the townhome project, including annual audit reports and operating statements as furnished to the owners.

(e) Distribution of Insurance and Condemnation Proceeds. No owner, or any other party, shall have priority over any right of first mortgagees of townhome sublots pursuant to their mortgages in case of a distribution to owners of insurance proceeds or condemnation awards for losses to or a taking of sublots or common area. Any provision to the contrary in this Declaration or in the By-Laws or other documents relating to the project is to such extent void. All applicable fire and all physical loss or extended coverage insurance policies shall contain loss payable clauses acceptable to the affected first mortgagees naming the mortgagees, as their interests may appear.

(f) Foreclosure. If any townhome subplot is encumbered by a 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 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, with the foreclosure purchaser taking title to the townhome subplot free of the lien for assessments, or installments, that has accrued up to the time of the foreclosure sale. On taking title to the townhome subplot, 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 townhome subplot. The subsequently levied assessments or other charges may include previously unpaid assessments provided all owners, including the foreclosure

purchaser, and his successors and assigns are required to pay their proportionate share as provided in this paragraph.

18. General Provisions.

(a) Headings. The headings used 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. Owners may, at any reasonable time and upon reasonable notice to the Board or manager at their 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 Townhome Sublot. Concurrently with the consummation of the sale of any townhome sublot 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, the mortgagee and the transferor, the common address of the townhome sublot 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 information 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 townhome subplot 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 context 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 townhome subplot.

(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.

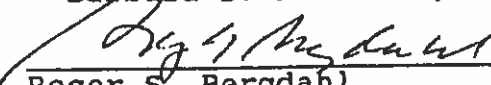
IN WITNESS WHEREOF, the Declarant has executed this instrument on this 12th day of December, 1995.

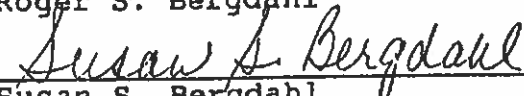
DECLARANT:

⁵²
~~1098~~
The Daniel C. Hurlbutt, Jr.,
and Barbara S. Hurlbutt Family
Trust dated November 26, 1990,

BY  Trustee
Daniel C. Hurlbutt, Jr., Trustee

BY  Trustee
Barbara S. Hurlbutt, Trustee


Roger S. Bergdahl


Susan S. Bergdahl

STATE OF IDAHO)

County of Madras Falls)

SS.

On this 11th day of _____, 1995, before me, the undersigned, a Notary Public in and for said State, personally appeared Daniel C. Hurlbutt, Jr., and Barbara S. Hurlbutt, husband and wife, as Trustees of the Daniel C. Hurlbutt, Jr., and Barbara S. Hurlbutt Family Trust dated November 26, 1990, and known to me to be the persons whose names are subscribed to the within instrument and acknowledged to me that they subscribed the same on behalf of said trust.

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

[Signature]
NOTARY PUBLIC for Idaho
Residing at Madras Falls
Commission Expires 10/21/98

(seal)

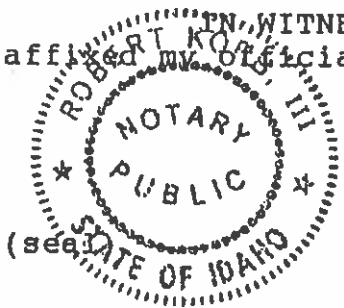
STATE OF IDAHO)

County of Blaine)

SS.

On this 12th day of December, 1995, before me, the undersigned, a Notary Public in and for said State, personally appeared Roger S. Bergdahl and Susan S. Bergdahl, husband and wife, known to me to be the persons whose names are subscribed to the within instrument and acknowledged to me that they subscribed the same.

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



Robert K. [Signature]
NOTARY PUBLIC for Idaho
Residing at P.O. Box 249, Ketchum
Commission Expires 3-29-97

DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS

EXHIBIT A

Westwood Townhomes Phase I Subdivision, City of Ketchum,
Blaine County, Idaho.

AMENDMENTS TO THE DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS
FOR WESTWOOD TOWNHOMES (385156)

Amendment 1: As moved and passed by the Board of Directors on 3/22/2001:

RECITALS: Declarant declares that

5. Use Restrictions

(a) Residential Use. The townhome sublots/units are restricted to residential use. No rental of units is permitted without the approval of the Board of Directors.

Amendment 2: As moved and passed by the Board of Directors on 1/6/2004:

RECITALS: Declarant declares that

5. Use Restrictions

(d) Parking Restrictions. Unless otherwise authorized by the Board the following restrictions apply. No automobile belonging to an owner or long-term (more than 10 day stay) guest shall be parked or left within the project other than inside a townhouse subplot/unit garage. The parking space common area roadway adjacent to the boiler system may be used for parking by short-term (ten day or less stay) guests only; however no townhome owner (including guests) may utilize more than one of the two common area parking spaces at any given time. Short-term guests may utilize the space immediately in front of their garage door for single automobile parking provided the automobile does not obstruct or inconvenience the passage in or out of any other garage or townhouse entrance way within the project. No long-term parking shall be permitted on the project roadway by owners or guests. No boat, trailer, recreation vehicle or camper shall be parked or left overnight within the project. The Association may require removal of any inoperative vehicle, any unsightly vehicle, any vehicle which stains the roadway within the project or any improperly parked or stored vehicle, and any other item or equipment improperly parked or stored on either the common area or the roadway located and situated in Westwood Townhomes. If the same are not removed immediately after written notice is issued, the Association may cause removal at the cost of the owner thereof. The Board, at its discretion, may prohibit a specific owner's (and owner's guests) use of the common parking spaces for violations of these rules.

IN WITNESS WHEREOF, the Declarant has executed this instrument on this 28th day of January, 2010.

DECLARANT:

Board of Trustees, Westwood Townhomes

BY Peter B Mansfield
Peter B. Mansfield, President

BY Louis F Francisco
Louis F. Francisco, Vice President

BY John B Heinrich
John B. Heinrich, Secretary

Instrument # 574680

BLAINE, IDAHO

1-20-2010 02:36:19 No. of Pages: 4

Recorded for: WESTWOOD TOWNHOMES ASSOC

JOLYNN DRAGE Fee: 12.00

Ex-Officio Recorder Deputy

Index to AMENDED COVENANTS & RESTRICTIONS

415

State of Idaho }
 }ss.
County of Blaine }

On this 28th day of January in the year 2010, before me, the undersigned, personally appeared **Peter B. Mansfield**, known or identified to me to be the president, and **Louis F. Francisco**, known or identified to me to be the vice-president, and **John B. Heinrich**, known or identified to me to be the secretary, of the corporation that executed the instrument or the person who executed the instrument on behalf of said corporation, and acknowledged to me that such corporation executed the same.

WITNESS my hand and official seal.



Notary Public
Commission Expires:

5-19-2010
Mtn. Home, Id



Mar 30 8 44 AM '95
SECRETARY OF STATE
STATE OF IDAHO

EXHIBIT B
ARTICLES OF INCORPORATION
OF
WESTWOOD TOWNHOMES, INC.

Dec 5 2 02 PM '95
SECRETARY OF STATE
STATE OF IDAHO

IDAHO SECRETARY OF STATE
DATE 12/05/1995 0900 19305
CK # 192 CUST# 8804
INC NONP
30.00= 30.00

#1 C

The undersigned, acting as incorporator of a corporation under the Idaho Nonprofit Corporation Act, adopts the following Articles of Incorporation.

ARTICLE I

The name of the corporation is Westwood Townhomes, Inc, hereinafter called "Association".

ARTICLE II

The location and principal office of the Association is 191 8th Street, Unit D, Ketchum, Idaho 83340, and the post office address is P.O. Box 2131, Ketchum, Idaho 83340. The registered agent of the Association is Roger S. Bergdahl.

ARTICLE III

The incorporator and his address are as follows:

Roger S. Bergdahl, P.O. Box 2131, Ketchum, Idaho 83340

ARTICLE IV

PURPOSE AND POWERS OF THE ASSOCIATION

This Association does not contemplate pecuniary gain or profit to the members thereof, and the specific purposes for which it is formed are to provide for the maintenance, preservation and architectural control of the exterior and roofs of townhouse units and common area within that certain tract of property known as Westwood Townhouses, Blaine County, Idaho, and to promote the

health, safety and welfare of the occupants within the above described property and any additions thereto as may hereafter be brought within the jurisdiction of this Association for this purpose to:

(a) Exercise all of the powers and privileges and to perform all of the duties and obligations of the Association as set forth in that certain Declaration of Covenants, Conditions and Restrictions of Westood Townhomes, and any supplemental Declaration, hereinafter called the "Declaration", applicable to the property and recorded or to be recorded in the Office of the Blaine County Recorder and as the same may be amended from time to time as therein provided, said Declaration being incorporated herein as if set forth at length;

(b) Fix, levy, collect and enforce payment by any lawful means, all charges or assessments pursuant to the terms of the Declaration; to pay all expenses in connection therewith and all office and other expenses incident to the conduct of the business of the Association, including all licenses, taxes or governmental charges levied or imposed against the property of the Association;

(c) Acquire (by gift, purchase or otherwise), own, held, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Association;

(d) Borrow money and with the assent of two-thirds (2/3) of members, mortgage, pledge, deed in trust, or hypothecate any or all

of its real or personal property as security for money borrowed or debts incurred;

(e) Dedicate, sell or transfer all or any part of the common area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless an instrument has been signed by three-fourths (3/4) of the members agreeing to such dedication, sale or transfer;

(f) Participate in mergers and consolidations with other non-profit corporations organized for the same purposes or annex additional property and common area; and

(g) Have and to exercise any and all powers, rights and privileges which a corporation organized under the Non-profit Corporation Law of the State of Idaho by law may now or hereafter have or exercise.

Under no circumstances shall the income of the Association be distributed to the members, directors and officers. The assets of the Association after all creditors have been paid shall be distributed prorata to its members on dissolution.

ARTICLE V

MEMBERSHIP

Every person or entity who is a record owner of a fee interest in any townhome unit which is subject by the Declaration to assessment by the Association, including contract sellers who retain fee title, shall be a member of the Association. The foregoing is not intended to include persons or entities who hold

an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any townhome unit which is subject to assessment by the Association.

ARTICLE VI

VOTING RIGHTS

The members of the Association shall have the voting rights as set forth in the Bylaws of the Association.

ARTICLE VII

BOARD OF DIRECTORS

The affairs of the Association shall be managed by a Board of three (3) Directors. The number of Directors may be changed by amendment of the Bylaws of the Association. The Bylaws may be changed by amendment to provide that the Directors must be members of the Association.

The initial Directors of the Association and their addresses are as follows: Roger S. Bergdahl, P.O. Box 2131, Ketchum, Idaho 83340; Susan S. Bergdahl, P.O. Box 2131, Ketchum, Idaho 83340; Daniel C. Hurlbutt, Jr., 644 Concordia Circle, Twin Falls, Idaho 83301.

ARTICLE VIII

DISSOLUTION

The Association may be dissolved as provided by law.

ARTICLE IX

DURATION

The Association shall exist perpetually.

ARTICLE X

AMENDMENTS

Amendments of these Articles shall require the assent of three-quarter (3/4) of the Association members.

ARTICLE XI

LIABILITY

The personal liability of a director to the Association or its members for monetary damages for breach of fiduciary duty as a director is eliminated except as follows:

1. For any breach of the director's duty of loyalty to the Association or its members.
2. From acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law.
3. Provided for under Section 30-1-48, Idaho Code, as may be amended or renumbered from time to time.
4. For any transaction from which the director derived an improper personal benefit.

IN WITNESS WHEREOF, for the purpose of forming this corporation under the laws of the State of Idaho, the undersigned, constituting the incorporators of this Association, has executed these Articles of Incorporation this 28th day of November 1995.



Roger S. Bergdahl

ACKNOWLEDGEMENT

STATE OF IDAHO)
) ss.
County of Blaine)

On this 28th day of November, 1995, before me, a Notary Public in and for said State, personally appeared Roger S. Bergdahl, known to me to be the person whose name is subscribed to the within instrument, and acknowledged to me that he executed the same.

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

(seal)

Barbara A. Mollinax
Notary Public for Idaho
Residence: Hailey, Idaho
Commission expires: 9/13/2001

ccndbak\west.13