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RECORDED AT THE REQUEST OF

DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
EAGLE SPRINGS SUBDIVISION

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DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
EAGLE SPRINGS SUBDIVISION

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR Eagle Springs is made effective as of the 2nd day of October, 1995, by Deer Valley and Associates Limited Partnership, an Idaho limited partnership ("Grantor" and "Class B Member") and Coman Collections, Inc., an Idaho corporation ("Coman").

ARTICLE I: RECITALS

1.1 Property Covered. The property potentially subject to this Declaration of Covenants, Conditions and Restrictions for Eagle Springs (this "Declaration") is approximately 95 acres in the County of Ada, State of Idaho, which is more particularly described on Exhibit A attached hereto and made a part hereof. Grantor intends to develop the Property in multiple development phases. The initial development Phases of the Property made subject to this Declaration are more particularly described on Exhibit B, attached hereto and made a part hereof. Coman is the Owner of one (1) Building Lot and hereby joins with Grantor in executing this Declaration to ensure such Building Lot is subject to this Declaration.

1.2 Purpose of Declaration. Eagle Springs is a residential development, which Grantor currently intends to develop in accordance with existing development approvals obtained from Ada County and documented in Ada County file 94-06-PDR, or any other development plan(s) for which Grantor may from time to time obtain approval. The purpose of this Declaration is to set forth the basic restrictions, covenants, limitations, easements, conditions and equitable servitudes (collectively "Restrictions") that will apply to the entire development and use of all portions of the Property. The Restrictions are designed to protect, enhance and preserve the value, amenities, desirability, and attractiveness of the Property; to ensure a well-integrated, high quality development; and to guarantee adequate maintenance of the Common Area and the Improvements located on the Property. Eagle Springs is located south of, and adjacent to, a subdivision commonly known as Sage Acres, which separate subdivision is governed by separate restrictive covenants.

ARTICLE II: DECLARATION

Grantor and Coman hereby declare that the Property, and each lot, parcel or portion thereof, is and/or shall be held, sold, conveyed, encumbered, hypothecated, leased, used, occupied and improved subject to the following terms, covenants, conditions, easements and restrictions, all of which are declared and agreed to be in furtherance of a general plan for the protection, maintenance, subdivision, improvement and sale of the Property, and to enhance the value, desirability and attractiveness of the Property. The terms, covenants, conditions, easements and restrictions set forth herein: shall run with the land constituting the Property, and with each estate therein, and shall be binding upon all persons having or acquiring any right, title or interest in the Property or any lot, parcel or portion thereof; shall inure to the benefit of every lot, parcel or portion of the Property and any interest therein; and shall inure to the benefit of and be binding upon Grantor, Grantor's successors in interest and each grantee or Owner including, without limitation, Coman, and such grantee's or Owner's respective successors in interest, and may be enforced by Grantor, by any Owner or such Owner's successors in interest, or by the Association.

ARTICLE III: DEFINITIONS

3.1 "Architectural Committee" shall mean the Architectural Committee created by Grantor or the Association pursuant to Article IX hereof.

3.2 "Articles" shall mean the Articles of Incorporation of the Association or other organizational or charter documents of the Association.

3.3 "Assessments" shall mean those payments required of Owners and Association Members, including Regular, Special and Limited Assessments of any Association, as further defined in this Declaration.

3.4 "Association" shall mean the Eagle Springs Homeowners' Association, Inc.

3.5 "Association Rules" shall mean those rules and regulations promulgated by the Association governing conduct upon and use of the Property under the jurisdiction or control of the Association, the imposition of fines and forfeitures for violation of Association Rules and regulations, and procedural matters for use in the conduct of business of the Association.

3.6 "Board" shall mean the Board of Directors or other governing board or individual, if applicable, of the Association.

3.7 "Building Lot" shall mean a lot shown on the Plat upon which Improvements may be constructed. For voting and membership purposes herein, "Building Lot" shall mean each single-family residential Building Lot. Building Lot shall not include Common Area.

3.8 "Bylaws" shall mean the Bylaws of the Association.

3.9 "Common Area" shall mean any or all parcels of Common Area, and shall include, without limitation, all such parcels that are designated as common open space, common landscaped areas, and storm water drainage facilities. Common Area may include easement and/or license rights.

3.10 "Declaration" shall mean this Declaration as it may be amended and supplemented from time to time.

3.11 "Grantor" shall mean Deer Valley and Associates Limited Partnership, an Idaho limited partnership, or its successor in interest, or any person or entity to whom the rights under this Declaration are expressly transferred by Deer Valley and Associates Limited Partnership or its successor.

3.12 "Improvement" shall mean any structure, facility or system, or other improvement or object, whether permanent or temporary, which is erected, constructed or placed upon, under or in any portion of the Property, including, without limitation, residential structures, accessory buildings, fences, streets, drives, driveways, parking areas, sidewalks, bicycle paths, curbs, landscaping, walls, hedges, plantings, trees, living and/or dead vegetation, rocks, signs, lights, mail boxes, electrical lines, pipes, pumps, ditches, waterways, recreational facilities, grading, road construction, utility improvements, removal of trees and other vegetation, plantings, and landscaping, and any new exterior construction or exterior improvement which may not be included in the foregoing.

3.13 "Limited Assessment" shall mean a charge against a particular Owner and such Owner's Building Lot, directly attributable to the Owner, equal to the cost incurred by the Association in connection with corrective action performed pursuant to the provisions of this Declaration, including interest thereon as provided in this Declaration.

3.14 "Member" shall mean each person or entity holding a membership in the Association.

3.15 "Mortgage" shall mean any mortgage, deed of trust, or other document pledging any portion of the Property or interest therein as security for the payment of a debt or obligation.

3.16 "Owner" shall mean the record owner, whether one or more persons or entities, including Grantor, holding fee simple interest of record to a Building Lot which is a part of the Property, and buyers under

executory contracts of sale, but excluding those persons having such interest merely as security for the performance of an obligation, unless and until such person has acquired fee simple title pursuant to foreclosure or other proceedings.

3.17 "Person" shall mean any individual, partnership, corporation or other legal entity.

3.18 "Phase" shall mean a defined portion of the Property within which the contemplated development involves a common use or compatible uses, and which may have been designated a Phase by recorded Supplemental Declaration. Each Phase shall contain one or more Building Lots. Each Phase is legally described on Exhibit B.

3.19 "Plat" shall mean any subdivision plat covering any portion of the Property as recorded at the office of the County Recorder, Ada County, Idaho, as the same may be amended by duly recorded amendments thereof.

3.20 "Project Documents" shall mean the basic documents creating and governing the Property including, without limitation, this Declaration, Articles of Incorporation and Bylaws of the Association, the Association Rules, the Design Guidelines and any procedures, rules, regulations or policies adopted under such documents by an Association or the Architectural Committee.

3.21 "Property" shall mean those portions of the Property described herein, including, without limitation, each lot, parcel and portion thereof and interest therein, and all water rights associated with or appurtenant to such property.

3.22 "Regular Assessment" shall mean the portion of the cost of maintaining, improving, repairing, managing and operating the Common Area and all Improvements located thereon, and the other costs and expenses incurred to conduct the business and affairs of the Association which is levied against the property of and to be paid by each Owner to the Association pursuant to the terms hereof.

3.23 "Special Assessment" shall mean the portion of the costs of the capital improvements or replacements, equipment purchases and replacements or shortages in Regular Assessments which are authorized to be paid to the Association, pursuant to the provisions of this Declaration.

ARTICLE IV: GENERAL AND SPECIFIC RESTRICTIONS

4.1 Improvements - Generally. All Building Lots shall be used exclusively for residential purposes. No Building Lot shall be improved except with residential structures and accessory structures as permitted by the Architectural Committee and the same have been approved in writing. This Declaration is not intended to serve as authority for the Architectural Committee to control the interior layout or design of residential structures except to the extent incidentally necessitated by use, size and height restrictions. This Declaration is intended to serve as authority for the Architectural Committee to use its judgment to see that all Improvements conform and harmonize as to external design, quality and type of construction, architectural character, materials, color, location on the Property, height, grade and finished ground elevation, natural conditions, landscaping, and all other aesthetic considerations.

The Association, after reasonable notice to the offender and/or to the Owner, may remove any Improvement constructed, reconstructed, refinished, removed, added, altered or maintained in violation of this Declaration and the Owner of the Improvements shall immediately reimburse the Association for all expenses incurred with such removal. Each violation of this Declaration is hereby declared to be and to constitute a nuisance, and every public or private remedy allowed for such violation by law or equity against a Class A Member shall be applicable.

4.2 Structures - Generally. All structures are to be designed, constructed and used in such a manner as to promote compatibility between the types of use contemplated by this Declaration.

4.2.1 Use, Size and Height of Dwelling Structure. All Building Lots shall be used exclusively for single-family residential purposes. No Building Lot shall be improved except with a single-family dwelling unit or structure of frame, stone or brick construction, containing a minimum of three (3) bedrooms and two (2) bathrooms and two (2) car garage. No one (1) story single-family structure shall have a floor area of less than one thousand three hundred fifty (1,350) square feet, exclusive of garages, patios, breezeways, storage rooms, porches, and similar structures. No two (2) story single-family structure shall have a floor area of less than one thousand five hundred fifty (1,550) square feet, exclusive of garages, patios, breezeways, storage rooms, porches and similar structures. No single-family structure shall be higher than thirty-five (35) feet.

4.2.2 Accessory Structures. Detached structures shall be allowed if in conformity with the provisions of this Declaration, and as approved by the Architectural Committee, as provided more fully in Article IX below. There shall be no metal storage nor wood storage attachments to any dwelling unit except as approved by the Architectural Committee. Garages, storage sheds attached to the residential structure, and patio covers shall be constructed of, and roofed with, the same materials, and with similar colors and design, as the residential structure on the applicable Building Lot. Each dwelling unit shall have an attached or detached garage to house a minimum of three (3) standard-sized cars, and shall also have permanently maintained off-street parking for two (2) vehicles.

4.2.3 Exterior of Dwelling Structure. No change shall be made in the color of paint, stain, or other exterior finish to a dwelling unit of structure without prior written approval by the Architectural Committee. No fence shall be allowed except as approved by the Architectural Committee and in general conformance with the fence style depicted on Exhibit B, attached hereto and made a part hereof. The visual harmony and aesthetic appeal of the structures on the Building Lots being of mutual concern to all Owners and having a direct bearing on the value of Building Lots and Improvements thereon, the Architectural Committee shall have the right to control the texture, design and color scheme of the outside walls, fences, roofs and patio roofs of all structures erected upon Building Lots, and to require landscaping. No metal siding is permitted. No gravel roofs are permitted. Roofs shall be a minimum of 5 in 12 pitch with shake or tile and/or other materials as approved by the Architectural Committee.

4.2.4 Location on Building Lot. Unless otherwise specifically approved in writing by the Architectural Committee, all structures (exclusive of fences and similar structures) shall be placed within the following building setbacks for each Building Lot: front, twenty (20) feet; side, five (5) feet per story and twenty (20) feet adjacent to a street; rear, fifteen (15) feet. All utility facilities and/or systems used in connection with a Building Lot shall be placed underground. Each Owner shall place fencing (as approved by the Architectural Committee) subject to the following restrictions:

(a) Fence and walls shall not extend closer to any street than twenty feet (20') nor project beyond the setback of the principal building on the Building Lot. No fence higher than six feet (6') shall be allowed without the prior approval of Ada County (if required) and the Architectural Committee.

(b) All fences and walls shall be constructed and installed and maintained in good appearance and condition at the expense of the Owner of the Building Lot on which they are located and all damaged fencing and walls shall be repaired or replaced to original design, materials and color within a reasonable time after said damage occurs.

(c) No fence or wall shall interfere with the use and enjoyment of any easement shown on the Plat or described herein.

(d) No fence, wall, hedge, high planting, obstruction or barrier shall be allowed which would unreasonably interfere with the use and enjoyment of neighboring Building Lots and streets, and shall not be allowed if the same constitute an undesirable, noxious or nuisance effect upon neighboring Building Lots.

4.2.5 Completion of Construction. Once any Owner of a Building Lot shall have commenced the construction of a dwelling unit or structure, such construction shall be completed within nine (9) months thereafter. The term "commenced the construction" as used in this subparagraph 4.2.5 shall mean the start of actual physical construction activities upon such dwelling unit or structure upon such Building Lot.

4.3 Exterior Maintenance; Owner's Obligations. No Improvement shall be permitted to fall into disrepair, and each Improvement shall at all times be kept in good condition and repair. In the event that any Owner shall permit any Improvement, including trees and landscaping, which is the responsibility of such Owner to maintain, to fall into disrepair so as to create a dangerous, unsafe, unsightly or unattractive condition, or damages property or facilities on or adjoining their Building Lot which would otherwise be the Association's responsibility to maintain, the Board, upon thirty (30) days prior written notice to the Owner of such property, shall have the right to correct such condition, and to enter upon such Owner's Building Lot for the purpose of doing so; and such Owner shall promptly reimburse the Association for the cost thereof. Such cost shall be a Limited Assessment and shall create a lien enforceable in the same manner as other Assessments as set forth herein. The Owner of the offending property shall be personally liable, and such Owner's property may be subject to a mechanic's lien for all costs and expenses incurred by the Association in taking such corrective acts, plus all costs incurred in collecting the amounts due. Each Owner shall pay all amounts due for such work within ten (10) days after receipt of written demand therefor, or the amounts may, at the option of the Board, be added to the amounts payable by such Owner as Regular Assessments.

4.4 Landscaping. The Architectural Committee shall adopt and amend, from time to time, guidelines regulating landscaping permitted and required. In the event that any Owner shall fail to install and maintain landscaping in conformance with such guidelines, or shall allow such Owner's landscaping to deteriorate to a dangerous, unsafe, unsightly or unattractive condition, the Board, upon thirty (30) days' prior written notice to such Owner, shall have the right to correct such condition and to enter upon such Owner's property for the purpose of doing so, and such Owner shall promptly reimburse the Association for the cost thereof. Such cost shall be a Limited Assessment and shall create a lien enforceable in the same manner as other Assessments as set forth herein.

4.5 Nuisances. No rubbish or debris of any kind shall be placed or permitted to accumulate anywhere upon the Property, including the Common Area or vacant Building Lots, and no odor shall be permitted to arise therefrom so as to render the Property or any portion thereof unsanitary, unsightly, offensive or detrimental to the Property or to its occupants, or to any other property in the vicinity thereof or to its occupants. No business or home occupation, no noise, no exterior fires, no obstructions of pedestrian walkways, no unsightliness, or other nuisance shall be permitted to exist or operate upon any portion of the Property so as to be offensive or detrimental to the Property or to its occupants or to other property in the vicinity or to its occupants, as determined by the Board, in its reasonable judgment, or in violation of any state or local law or ordinance. Without limiting the generality of any of the foregoing, no whistles, bells or other sound devices (other than security devices used exclusively for security purposes which have been approved by the Association), flashing lights or search lights, shall be located, used or placed on the Property without the prior written approval of the Association. No unsightly articles shall be permitted to remain on any Building Lot so as to be visible from any other portion of the Property. Without limiting the generality of the foregoing, refuse, garbage, trash, equipment, gas canisters, propane gas tanks, heat pumps, compressors, containers, lumber, firewood, grass, shrub or tree clippings, plant ways, metals, bulk material, scrap shall be kept at all times in such containers and in areas approved by the Architectural Committee. No clothing or fabric shall be hung, dried or aired in such a way as to be visible to other property.

4.6 No Hazardous Activities. No activities shall be conducted on the Property, and no Improvements constructed on any property which are or might be unsafe or hazardous to any person or property.

4.7 No Mining or Drilling. No portion of the Property shall be used for the purpose of blasting, mining, quarrying, drilling, boring or exploring for or removing water, oil, gas or other hydrocarbons, minerals,

rocks, stones, sand, gravel or earth. This paragraph shall not prohibit exploratory drilling or coring which is necessary to construct Improvements.

4.8 Insurance Rates. Nothing shall be done or kept on any Building Lot which will increase the rate of insurance on any other portion of the Property without the approval of the Owner of such other portion, nor shall anything be done or kept on the Property or a Building Lot which would result in the cancellation of insurance on any property owned or managed by any such Association or which would be in violation of any law.

4.9 Vehicles. The use of all vehicles, including, without limitation, trucks, automobiles, bicycles, motorcycles, recreational vehicles, motor homes, motor coaches, campers, trailers, snowmobiles, aircraft, boats, shall be subject to the Declaration, which prohibits or limits the use thereof within the Property. No on-street parking shall be permitted except where expressly designated for parking use. This restriction, however, shall not be deemed to prohibit commercial and construction vehicles, in the ordinary course of business, from making deliveries or otherwise providing service to the Property or for construction of Improvements by Grantor or Owners; provided, however, that such use shall not unreasonably bother or constitute a nuisance to others as determined by the Board in its reasonable judgment. Vehicles parked shall not extend into any sidewalk or bicycle path or pedestrian path. No abandoned or inoperable, oversized, dilapidated or unrepaired and unsightly vehicles or similar equipment such as snow removal equipment, garden maintenance equipment and all other unsightly equipment and machinery shall be placed upon any portion of the Property including, without limitation, streets, parking areas and driveways, unless the same are enclosed by a structure concealing them from view in a manner approved by the Architectural Committee. To the extent possible, garage doors shall remain closed at all times. "Abandoned or inoperable vehicle" shall be defined as any vehicle which has not been driven under its own propulsion for a period of three (3) weeks or longer; provided, however, this shall not include vehicles parked by owners while on vacation. "Oversized" vehicles shall be defined as vehicles which are too high to clear the entrance to a residential garage.

4.10 Animals/Pets. No animals, birds, insects, pigeons, poultry or livestock shall be kept on the Property. This paragraph is not intended to prohibit the keeping of domesticated dogs, domesticated cats, and other household pets which do not unreasonably bother or constitute a nuisance to others as determined by the Board of the applicable Association, in its reasonable judgment, and are kept in compliance with the laws and ordinances of Ada County. Without limiting the generality of the foregoing, consistent and/or chronic barking by dogs shall be considered a nuisance. Each dog in Eagle Springs shall be subject to all "leash laws" of Ada County when such animal is off the premises of its owner.

4.11 No Temporary Structures. No house trailer, mobile home, tent (other than for short term individual use), shack or other temporary building, improvement or structure shall be placed upon any portion of the Property, except temporarily as may be required by construction activity undertaken on the Property.

4.12 Drainage. There shall be no interference with the established drainage pattern over any portion of the Property, unless an adequate alternative provision is made for proper drainage and is first approved in writing by the Architectural Committee. For the purposes hereof, "established" drainage is defined as the system of drainage, whether natural or otherwise, which exists at the time the overall grading of any portion of the Property is completed by Grantor, or that drainage which is shown on any plans approved by the Architectural Committee, which may include drainage from Common Area over any Building Lot in the Property.

4.13 Grading. The Owner of any Building Lot within the Property in which grading or other work has been performed pursuant to a grading plan approved under applicable provisions of Ada County Code or by the Architectural Committee, shall maintain and repair all graded surfaces and erosion prevention devices, retaining walls, drainage structures, means or devices which are not the responsibility of any public agency, and plantings and ground cover installed or completed thereon. Such requirements shall be subject to Regular, Special, and Limited Assessments provided for herein.

4.14 Water Supply Systems. No separate or individual water supply system, regardless of the proposed use of the water to be delivered by such system, shall be permitted on any Building Lot unless such system is designed, located, constructed and equipped in accordance with the requirements, standards and recommendations of the Architectural Committee, all governmental authorities having jurisdiction and any private water company operating on the Property.

4.15 Sewage Disposal Systems. No individual sewage disposal system shall be used on the Property. Each Owner shall connect the appropriate facilities on such Owner's Building Lot to the Eagle Sewer System and pay all charges assessed therefor.

4.16 Energy Devices, Outside. No energy production devices, including, without limitation, generators of any kind and solar energy devices, shall be constructed or maintained on any portion of the Property without the written approval of the Architectural Committee, except for heat pumps shown in plans approved by the Architectural Committee. This paragraph shall not apply to passive solar energy systems incorporated into the approved design of a residential structure.

4.17 Signs. No sign of any kind shall be displayed to the public view without the approval of the Architectural Committee except: (1) such signs as may be used by Grantor in connection with the development of the Property and sale of Building Lots; (2) such signs identifying Eagle Springs subdivision, or informational signs, of customary and reasonable dimensions as prescribed by the Architectural Committee; (3) one (1) sign of customary and reasonable dimensions as prescribed by the Architectural Committee as may be displayed by an Owner other than Grantor on or from a Building Lot advertising the residence for sale or lease; and (4) any sign required by the Ada County. A customary "for sale" or "for lease" sign not more than three (3) feet by two (2) feet shall not require Architectural Committee approval.

4.18 Antennae. No exterior radio antenna, television antenna, satellite dish antenna or other antenna of any type shall be erected or maintained on the Property unless it is located or screened in a manner acceptable to the Architectural Committee.

4.19 No Further Subdivision. No Building Lot may be further subdivided unless expressly approved by Grantor and Ada County.

4.20 Grantor Right of Development. Nothing contained herein shall limit the right of Grantor to subdivide or resubdivide any portion of the Property, to grant licenses, to reserve rights-of-way and easements to utility companies, public agencies or others, or to complete excavation, grading and construction of Improvements to and on any portion of the Property, or to alter the foregoing and its construction plans and designs, or to construct such additional Improvements as Grantor deems advisable in the course of development of the Property so long as any Building Lot in the Property remains unsold. Such right shall include, but shall not be limited to, erecting, constructing and maintaining on the Property such structures and displays as may be reasonably necessary for the conduct of Grantor's business of completing the work and disposing of the same by sales lease or otherwise. Grantor shall have the right at any time prior to acquisition of title to a Building Lot by a purchaser from Grantor to grant, establish and/or reserve on that Building Lot additional licenses, reservations and rights-of-way to Grantor, to utility companies, or to others as may from time to time be reasonably necessary to the proper development and disposal of the Property. Grantor may use any structures owned by Grantor on the Property as model home complexes or real estate sales or leasing offices. Grantor need not seek or obtain Association or Architectural Committee approval of any Improvement constructed or placed by Grantor on any portion of the Property owned by Grantor. The rights of Grantor hereunder may be assigned by Grantor to any successor in interest in connection with Grantor's interest in any portion of the Property, by an express written assignment recorded in the Office of the Ada County Recorder.

Grantor, in Grantor's sole discretion, and with the approval of Ada County, may amend and modify the development plans or schemes for the Property in existence prior to or following the effective date of this Declaration such development plans are subject to change at any time by Grantor, and impose no obligation on Grantor as to how the Property is to be developed or improved. By acceptance of a deed to any property in Eagle

Springs, each Owner of such property thereby acknowledges and agrees the development plans and schemes for the property may be amended, modified or changed in Grantor's sole discretion.

No provision of this Declaration shall be construed as to prevent or limit Grantor's right to complete development of the Property and to construct improvements thereon, nor Grantor's right to maintain model homes, construction, sales or leasing offices or similar facilities on any portion of the Property, including the Common Area or any public right-of-way, nor Grantor's right to post signs incidental to construction, sales or leasing. At all times, and under all circumstances, Grantor shall not be required to obtain any consent or approval from any Owner or Owners or the Association or Architectural Committee in order for Grantor to complete development of the Property and construct improvements thereon.

4.21 Compliance with Laws. Subject to the rights of reasonable contest, each Owner shall promptly comply with the provisions of all applicable laws, regulations, ordinances and other federal, state or local governmental or quasi-governmental regulations with respect to all or any portion of the Property.

ARTICLE V: EAGLE SPRINGS HOMEOWNERS' ASSOCIATION

5.1 Organization of Eagle Springs Homeowners' Association. Eagle Springs Homeowners' Association, Inc. (the "Association") shall be initially organized by Grantor as an Idaho non-profit corporation under the provisions of the Idaho Code relating to general non-profit corporations and shall be charged with the duties and invested with the powers prescribed by law and set forth in the Project Documents. Neither the Articles nor the Bylaws shall be amended or otherwise changed or interpreted so as to be inconsistent with this Declaration. Each Owner shall abide by and benefit from the provisions, covenants, conditions and restrictions contained in the Project Documents.

5.2 Membership. Each Owner, by virtue of being an Owner and for so long as such ownership is maintained, shall be a Member of the Association, and no Owner, except Grantor, shall have more than one membership in the Association. Memberships in the Association shall be appurtenant to the Building Lot owned by such Owner. The memberships in the Association shall not be transferred, pledged, assigned or alienated in any way except upon the transfer of Owner's title and then only to the transferee of such title. Any attempt to make a prohibited membership transfer shall be void and will not be reflected on the books of the Association.

5.3 Voting. Voting in the Association shall be carried out by Members who shall cast the votes attributable to the Building Lot which they own, or attributable to the Building Lots owned by Grantor. The number of votes any Member may cast on any issue is determined by the number of Building Lots which the Member, including Grantor, owns. When more than one person holds an interest in any Building Lot, all such persons shall be Members but shall share the one vote attributable to the Building Lot. For voting purposes, the Association shall have two (2) classes of Members as described below.

5.3.1 Class A Members. Owners other than Grantor shall be known as Class A Members. Each Class A Member shall be entitled to one vote for each Building Lot owned by such Class A Member on the day of a vote.

5.3.2 Class B Members. Grantor shall be known as the Class B Member, and shall be entitled to 1,470 votes (that is, 5 votes for each of the 294 approved Building Lots) less 5 votes for each Building Lot owned by someone other than Grantor. The Class B Member shall cease to be a voting Member in the Association on the earlier of: when the Class B Member holds fewer than 100 votes; or ten (10) years after the date of this Declaration is recorded in the official records of Ada County.

Fractional votes shall not be allowed. In the event that joint Owners are unable to agree among themselves as to how their vote or votes shall be cast, they shall lose their right to vote on the matter being put to a vote. When an Owner casts a vote, it will thereafter be presumed conclusively for all purposes that such Owner was acting with authority and consent of all joint Owners of the Building Lot(s) from which the vote derived. The right to vote may not be severed or separated from the ownership of the Building Lot to which it

is appurtenant, except that any Owner may give a revocable proxy, or may assign such Owner's right to vote to a lessee, mortgagee, beneficiary or contract purchaser of the Building Lot concerned, for the term of the lease, mortgage, deed of trust or contract. Any sale, transfer or conveyance of such Building Lot to a new Owner shall operate automatically to transfer the appurtenant voting right to the Owner, subject to any assignment of the right to vote to a lessee, mortgagee, or beneficiary as provided herein.

5.4 Meetings of Association. Each year the Association shall hold at least one meeting of the Members, according to the schedule for such meetings established by the Bylaws. Only Members shall be entitled to attend Association meetings, and all other persons may be excluded. When more than one person holds an interest in any Building Lot, all such persons shall be Members but only one Member with an interest in such Building Lot shall attend Association meetings. Notice for all Association meetings, regular or special, shall be given by regular mail to all Members, and any person in possession of a Building Lot, not less than ten (10) days nor more than thirty (30) days before the meeting and shall set forth the place, date and hour of the meeting and the nature of the business to be conducted. All meetings shall be held within the Property or as close thereto as practical at a reasonable place selected by the Board. The presence at any meeting in person of the Class B Member where there is such a Member, and of the Members representing Owners holding at least thirty percent (30%) of the total votes of all Members, shall constitute a quorum. If any meeting cannot be held because a quorum is not present, the Members present may adjourn the meeting to a time not less than ten (10) days nor more than thirty (30) days from the time the original meeting was scheduled, without notice other than announcement at the meeting. At such second meeting, the presence of the Class B Member, where there is such a Member, and of the Members holding at least ten percent (10%) of the total votes of all Members, shall constitute a quorum.

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

5.6 Power and Duties of the Association.

5.6.1 Powers. The Association shall have all the powers of a corporation organized under the general corporation laws of the State of Idaho subject only to such limitations upon the exercise of such powers as are expressly set forth in the Project Documents. The Association shall have the power to do any and all lawful things which may be authorized, required or permitted to be done by the Association under Idaho law, the Project Documents, and to do and perform any and all acts which may be necessary to, proper for, or incidental to the proper management and operation of the Common Area and the Declaration's other assets, and the performance of the other responsibilities herein assigned, including without limitation:

5.6.1.1 Assessments. The power to levy Assessments on any Owner or any portion of the Property and to force payment of such Assessments, all in accordance with the provisions of the Project Documents.

5.6.1.2 Right of Enforcement. The power and authority from time to time in its own name, on its own behalf, or on behalf of any Owner who consents thereto, to commence and maintain actions and suits to restrain and enjoin any breach or threatened breach of the Project Documents, and to enforce by injunction or otherwise, all provisions hereof.

5.6.1.3 Delegation of Powers. The authority to delegate its power and duties to committees, officers, employees, or to any person, firm or corporation to act as manager, and to contract for the maintenance, repair, replacement and operation of the Common Area. Neither the Association nor the members of its Board shall be liable for any omission or improper exercise by the manager of any such duty or power so delegated.

5.6.1.4 Association Rules. The power to adopt, amend and repeal by majority vote of the Board such rules and regulations as the Association deems reasonable. The Association may govern the use of the Common Area by the Owners, their families, invitees, licensees, lessees or contract purchasers, including, without limitation, the use of Common Area for organized recreational activities; provided, however, that the Association Rules shall apply equally to all Owners and shall not be inconsistent with the Project Documents. A copy of the Association Rules as they may from time to time be adopted, amended or repealed, shall be mailed or otherwise delivered to each Owner. Upon such mailing or delivery, the Association Rules shall have the same force and effect as if they were set forth in and were a part of this Declaration. In the event of any conflict between such Association Rules and any other provisions of the Project Documents, the provisions of the Association Rules shall be deemed to be superseded by the provisions of the Project Documents to the extent of any such inconsistency.

5.6.1.5 Emergency Powers. The power, exercised by the Association or by any person authorized by it, to enter upon any portion of the Property (but not inside any building constructed thereon) in the event of any emergency involving illness or potential danger to life or property or when necessary in connection with any maintenance or construction for which the Association is responsible. Such entry shall be made with as little inconvenience to the Owner as practicable, and any damage caused thereby shall be repaired by the Association.

5.6.1.6 Licenses, Easements and Rights-of-Way. The power to grant and convey to any third party such licenses, easements and rights-of-way in, on or under the Common Area as may be necessary or appropriate for the orderly maintenance, preservation and enjoyment of the Common Area, and for the preservation of the health, safety, convenience and the welfare of the Owners, for the purpose of constructing, erecting, operating or maintaining:

5.6.1.6.1 Undergrround lines, cables, wires, conduits or other devices for the transmission of electricity or electronic signals for lighting, heating, power, telephone, television or other purposes, and the above ground lighting stanchions, meters, and other facilities associated with the provisions of lighting and services.

5.6.1.6.2 Public sewers, storm drains, water drains and pipes, water supply systems, sprinkling systems, heating and gas lines or pipes, and any similar public or quasi-public improvements or facilities.

5.6.1.6.3 Mailboxes and sidewalk abutments around such mailboxes or any service facility, berm, fencing and landscaping abutting common areas, public and private streets or land conveyed for any public or quasi-public purpose including, without limitation, bicycle pathways.

The right to grant such licenses, easements and rights-of-way are hereby expressly reserved to the Association and may be granted at any time prior to twenty-one (21) years after the death of the issue of the individuals executing this Declaration on behalf of Grantor who are in being as of the date hereof.

5.6.2 Duties. In addition to duties necessary and proper to carry out the power delegated to the Association by the Project Documents, without limiting the generality thereof, the Association or its agent, if any, shall have the authority and the obligation to conduct all business affairs of the Association and to perform, without limitation, each of the following duties:

5.6.2.1 Operation and Maintenance of Common Area. Operate, maintain, and otherwise manage or provide for the operation, maintenance and management of the Common Area.

5.6.2.2 Reserve Account. Establish and fund a reserve account with a reputable banking institution or savings and loan association or title insurance company authorized to do business in the State of Idaho, which reserve account shall be dedicated to the costs of repair, replacement, maintenance and improvement of the Common Area.

5.6.2.3 Maintenance of Berms, Retaining Walls and Fences. Maintain, if any, and without limitation, the berms, retaining walls, fences and water amenities within and abutting Common Area.

5.6.2.4 Taxes and Assessments. Pay all real and personal property taxes and Assessments separately levied against the Common Area or against the Property, the Association and/or any other property owned by the Association. Such taxes and Assessments may be contested or compromised by the Association, provided, however, that such taxes and Assessments are paid or a bond insuring payment is posted prior to the sale or disposition of any property to satisfy the payment of such taxes and Assessments. In addition, the Association shall pay all other federal, state or local taxes, including income or corporate taxes levied against the Association, in the event that the Association is denied the status of a tax exempt corporation.

5.6.2.5 Water and Other Utilities. Acquire, provide and/or pay for water, sewer, garbage disposal, refuse and rubbish collection, electrical, telephone and gas and other necessary services for the Common Area, and to manage for the benefit of the Association all water rights and rights to receive water held by the Association, whether such rights are evidenced by license, permit, claim, stock ownership or otherwise.

5.6.2.6 Insurance. Obtain insurance from reputable insurance companies authorized to do business in the State of Idaho, and maintain in effect any insurance policy the Board deems necessary or advisable, and to the extent possible to obtain, including, without limitation the following policies of insurance:

5.6.2.6.1 Fire insurance including those risks embraced by coverage of the type known as the broad form "All Risk" or special extended coverage endorsement on a blanket agreed amount basis for the full insurable replacement value of all Improvements, equipment and fixtures located within the Common Area.

5.6.2.6.2 Comprehensive public liability insurance insuring the Board, the Association, Grantor, and the individual grantees, tenants, agents and employees, invitees and guests of each of the foregoing against any liability incident to the ownership and/or use of the Common Area. Limits of liability of such coverage shall be as follows: Not less than One Million Dollars (\$1,000,000) per person and One Million Dollars (\$1,000,000) per occurrence with respect to personal injury or death, and One Million Dollars (\$1,000,000) per occurrence with respect to property damage.

5.6.2.6.3 Full coverage directors' and officers' liability insurance with a limit of at least Two Hundred Fifty Thousand Dollars (\$250,000).

5.6.2.6.4 Such other insurance, including motor vehicle insurance and worker's compensation insurance, to the extent necessary to comply

with all applicable laws and indemnity, faithful performance, fidelity and other bonds as the Board shall deem necessary or required to carry out the Association functions or to insure the Association against any loss from malfeasance or dishonesty of any employee or other person charged with the management or possession of any Association funds or other property.

5.6.2.6.5 The Association shall be deemed trustee of the interests of all Owners in connection with any insurance proceeds paid to the Association under such policies, and shall have full power to receive such Owner's interests in such proceeds and to deal therewith.

5.6.2.6.6 Insurance premiums for the above insurance coverage shall be deemed a common expense to be included in the Regular Assessments levied by the Association.

5.6.2.6.7 Each Owner may obtain insurance at such Owner's own expense providing coverage upon such Owner's Building Lot, such Owner's personal property, for such Owner's personal liability, and covering such other risks as such Owner may deem appropriate, but each such policy shall provide that it does not diminish the insurance carrier's coverage for liability arising under insurance policies which the Association obtains pursuant to this article. All such insurance shall waive the insurance company's right of subrogation against the Association, the other Owners, and the servants, agents and guests of any of them, if such insurance can be obtained in the normal practice without additional premium charge for the waiver of rights of subrogation. Proceeds of such insurance claims shall be paid to the owner of the Building Lot and/or the mortgagee in connection with the Building Lot.

5.6.2.7 Rule Making. Make, establish, promulgate, amend and repeal such Association Rules as the Board shall deem advisable;

5.6.2.8 Newsletter. If it so elects, prepare and distribute a newsletter on matters of general interest to Association Members, the cost of which shall be included in Regular Assessments;

5.6.2.9 Architectural Committee. Appoint and remove members of the Architectural Committee, subject to the provisions of this Declaration; and

5.6.2.10 Enforcement of Restrictions and Rules. Perform such other acts, whether or not expressly authorized by this Declaration, as may be reasonably advisable or necessary to enforce any of the provisions of the Project Documents and any and all laws, ordinances, rules and regulations of Ada County. Also including, without limitation, the recordation of any claim of lien with the Ada County Recorder, as more fully provided herein.

5.7 Budgets and Financial Statements. Financial statements for the Association shall be prepared regularly and copies shall be distributed to each Member of the Association as follows:

5.7.1 Operating Statement. A pro forma operating statement or budget, for each fiscal year shall be distributed not less than sixty (60) days before the beginning of each fiscal year. The operating statement shall include a schedule of Assessments received and receivable, identified by the Building Lot number and the name of the person or entity assigned.

5.7.2 Balance Sheet. Within ninety (90) days after the close of each fiscal year, the Association shall cause to be prepared and delivered to each Owner, a balance sheet as of the last day

of the Association's fiscal year and annual operating statements reflecting the income and expenditures of the Association for its last fiscal year. Copies of the balance sheet and operating statement shall be distributed to each Member within ninety (90) days after the end of each fiscal year.

5.8 Manager. The Association may employ or contract for the services of a professional manager, provided that no such employment shall be by a contract having a term of more than one (1) year, and each such contract shall be subject to cancellation by the Association on a ninety (90) days or less prior notice without cause and without payment of a termination fee. The professional manager so employed or contracted with shall not have the authority to make expenditures chargeable against the Association except upon specific prior approval and direction by the Board. The Board shall not be liable for any omission or improper exercise by such a professional manager of any such duty, power or function so delegated by written instrument executed by or on behalf of the Board.

5.9 Personal Liability. No Member of the Board, or member of any committee of the Association, or any officer of the Association, or Grantor, or the manager, if any, 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 the account of any act, omission, error or negligence of the Association, the Board, the manager, if any, or any officer, committee, or other representative or employee of the Association, Grantor, or the Architectural Committee, provided that such person, upon the basis of such information as may be possessed by such person, has acted in good faith without willful or intentional misconduct.

ARTICLE VI: RIGHTS TO COMMON AREAS

6.1 Use of Common Area. Every Owner shall have a right to use each parcel of the Common Area, which right shall be appurtenant to and shall pass with the title to every Building Lot subject to the following provisions:

6.1.1 The right of the Association holding or controlling such Common Area to levy and increase Assessments.

6.1.2 The right of the Association to suspend the voting rights and rights to use of, or interest in, Common Area by an Owner for any period during which any Assessment or charge against such Owner's Building Lot remains unpaid; and for a period not to exceed sixty (60) days for any infraction of the Association Rules.

6.1.3 The right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority or utility for such purposes and subject to such conditions as may be permitted by the Articles, Bylaws and agreed to by the Members. No dedication or transfer of said Common Area shall be effective unless an instrument agreeing to such dedication or transfer signed by Members representing two-thirds (2/3) of each class of Members has been recorded.

6.1.4 The right of such Association to prohibit the construction of structures or Improvements on all Common Areas.

6.1.5 The right of the Association to suspend any Member's voting rights and/or right to use any of the recreational facilities owned by the Association, for any period during which any assessments against said Member's property remains unpaid, and for a period not to exceed thirty (30) days for each infraction of its published rules and regulations.

6.1.6 The right of the Association to limit the number of Members permitted to use the Common Area, or a portion thereof, at any one time.

6.1.7 The right of the Association to publish reasonable rules and regulations governing the use of the Common Area.

6.2 ACHD Maintenance. Notwithstanding the Association is obligated to maintain the Common Area and facilities contained therein, it is hereby provided that Ada County Highway District ("ACHD") may elect to maintain any part or facility of the Common Area should the Association fail to maintain the Common Area. In the event that ACHD determines, in its sole reasonable discretion, that the Association is not adequately maintaining the Common Area, ACHD shall, before undertaking maintenance of the Common Area, provide written notice of its intention to begin maintenance of the Common Area within a thirty (30) day period, within which time frame the Association may undertake to initiate and conclude all maintenance defects as identified by ACHD. In the event the Association shall fail to commence and conclude maintenance of the Common Area to the extent such items of specific maintenance are identified by ACHD within the prescribed thirty (30) days, then in such event, ACHD may begin to undertake maintenance of the Common Area.

ACHD is hereby granted an irrevocable license to enter upon any portion of the Common Area to perform inspection and maintenance. Should ACHD engage in maintenance of the Common Area after having provided notice to the Association and having provided the Association an opportunity to undertake such maintenance, ACHD shall be entitled to and empowered to file a ratable lien against all Building Lots in Eagle Springs with power of sale as to each and every Building Lot to secure payment of the costs in connection with such maintenance. This section shall not be amended without prior written approval from ACHD.

6.3 Designation of Common Area. Grantor shall designate and reserve Common Area in the Declaration and/or recorded Plats, deeds or other instruments and/or as otherwise provided herein.

6.4 Delegation of Right to Use. Any Owner may delegate, in accordance with the Bylaws, such Owner's right of enjoyment to the Common Area to the members of such Owner's family in residence, and such Owner's tenants or contract purchasers who reside on such Owner's Building Lot. Only Grantor or the Association shall have the right to delegate the right of enjoyment to the Common Area to the general public, and such delegation to the general public shall be for a fee set by Grantor or Association.

6.5 Damages. Each Owner shall be fully liable for any damage to any Common Area which may be sustained by reason of the negligence or willful misconduct of the Owner, such Owner's resident tenant or contract purchaser, or such Owner's family and guests, both minor and adult. In the case of joint ownership of a Building Lot the liability of such Owners shall be joint and several. The cost of correcting such damage shall be a Limited Assessment against the Building Lot and may be collected as provided herein for the collection of other Assessments.

ARTICLE VII: ASSESSMENTS

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

7.1.1 Assessment Constitutes Lien. Such Assessments and charges together with interest, costs and reasonable attorneys' fees which may be incurred in collecting the same, shall be a charge on the land and shall be a continuing lien upon the property against which each such Assessment or charge is made.

7.1.2 Assessment is Personal Obligation. Each such Assessment, together with interest, costs and reasonably attorneys' fees, shall also be the personal obligation of the Owner of such property beginning with the time when the Assessment falls due. The personal obligation for delinquent Assessments shall not pass to such Owner's successors in title unless expressly assumed by them but shall remain such Owner's personal obligation regardless of whether he remains an Owner.

7.2 Uniform Rate of Assessment. All Assessments, Regular and Special, shall be fixed at a uniform rate for each Building Lot.

7.3 Regular Assessments. All Owners are obligated to pay Regular Assessments to the treasurer of the Association on a schedule of payments established by the Board.

7.3.1 Purpose of Regular Assessments. The proceeds from Regular Assessments are to be used to pay for all costs and expenses incurred by the Association, including legal and attorneys fees and other professional fees, for the conduct of its affairs, including without limitation the costs and expenses of construction, improvement, protection, maintenance, repair, management and operation of the Common Areas, including all Improvements located on such areas owned and/or managed and maintained by such Association (the "Operating Expenses"), and an amount allocated to an adequate reserve fund to be used for repairs, replacement, maintenance and improvement of those elements of the Common Area, or other property of the Association that must be replaced and maintained on a regular basis (the "Repair Expenses"). The Operating Expenses and the Repair Expenses are collectively referred to herein as the "Expenses."

7.3.2 Computation of Regular Assessments. The Association shall compute the amount of its Expenses on an annual basis. The Board shall compute the amount of Regular Assessments owed beginning the first day of the third month following the month in which the closing of the first sale of a Building Lot occurs in the Property for the purposes of the Association's Regular Assessment ("Initiation Date"). Thereafter, the computation of Regular Assessments shall take place not less than thirty (30) nor more than sixty (60) days before the beginning of each fiscal year of the Association. The computation of the Regular Assessment for the period from the Initiation Date until the beginning of the next fiscal year shall be reduced by an amount which fairly reflects the fact that such period was less than one year.

7.3.3 Amounts Paid by Owners. The Board can require, in its discretion or as provided in the Project Documents, payment of Regular Assessments in monthly, quarterly, semi-annual or annual installments. The Regular Assessment to be paid by any particular Owner for any given fiscal year shall be computed by multiplying the Association's total advance estimate of Expenses by the fraction produced by dividing the Building Lots attributable to the Owner by the total number of Building Lots in the Property.

7.4 Special Assessments.

7.4.1 Purpose and Procedure. In the event that the Board of the Association shall determine that its respective Regular Assessment for a given calendar year is or will be inadequate to meet the Expenses of such Association for any reason, including, without limitation, costs of construction, reconstruction, unexpected repairs or replacement of Improvements upon the Common Area, attorney's fees and/or litigation costs, other professional fees, or for any other reason, the Board thereof shall determine the approximate amount necessary to defray such Expenses and levy a Special Assessment against the portions of the Property within its jurisdiction which shall be computed in the same manner as Regular Assessments. The Board shall, in its discretion, determine the schedule under which such Special Assessment will be paid.

7.4.2 Consistent Basis of Assessment. Every Special Assessment levied by and for the Association shall be levied and paid upon the same basis as that prescribed for the levying and payment of Regular Assessments for the Association.

7.5 Limited Assessments. Notwithstanding the above provisions with respect to Regular and Special Assessments, the Board may levy a Limited Assessment against a Member as a remedy to reimburse the Association for costs incurred in bringing the Member and/or such Member's Building Lot into compliance with the provisions of the governing instruments for Eagle Springs.

7.6 Assessment Period. Unless otherwise provided in the Project Documents, the Assessment period shall commence on January 1 of each year and terminate December 31 of the year in which the Initiation

Date occurs. The first Assessment shall be pro-rated according to the number of months remaining in the fiscal year and shall be payable in equal monthly installments.

7.7 Notice and Assessment Due Date. Ten (10) days prior written notice of Regular and Special Assessments shall be sent to the Owner of every Building Lot subject thereto, and to any person in possession of such Building Lot. The due dates for installment payment of Regular Assessments and Special Assessments shall be the first day of each month unless some other due date is established by the Board. Each monthly installment of the Regular Assessment or Special Assessment shall become delinquent if not paid within ten (10) days after the levy thereof. There may accrue, at the Board's uniform discretion, with each delinquent installment payment a late charge equal to ten percent (10%) of the delinquent installment. In addition, each installment payment which is delinquent for more than twenty (20) days may accrue, at the Board's uniform discretion, interest at eighteen percent (18%) per annum calculated the date of delinquency to and including the date full payment is received by the Association. The Association may bring an action against the delinquent Owner and may foreclose the lien against such Owner's Building Lot as more fully provided herein. Each Owner is personally liable for Assessments, together with all interest, costs and attorneys' fees, and no Owner may exempt such Owner from such liability by a waiver of the use and enjoyment of the Common Areas, or by lease or abandonment of such Owner's Building Lot.

7.8 Estoppel Certificate. The Association, upon at least twenty (20) days prior written request, shall execute, acknowledge and deliver to the party making such request, a statement in writing stating whether or not, to the knowledge of the Association, a particular Owner is in default under the provisions of this Declaration, and further stating the dates to which any Assessments have been paid by the Owner. Any such certificate delivered pursuant to this Article may be relied upon by any prospective purchaser or mortgagee of the Owner's Building Lot. Reliance on such Certificate may not extend to any default as to which the signor shall have had no actual knowledge.

7.9 Special Notice and Quorum Requirements: Notwithstanding anything to the contrary contained in the Project Documents, written notice of any meeting called for the purpose of levying a Special Assessment, or for the purpose of obtaining a membership vote in connection with an increase in the Regular Assessment, shall be sent to all Members of the Association and to any person in possession of a Building Lot in the applicable Phase, not less than fifteen (15) days nor more than thirty (30) days before such meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast sixty percent (60%) of the total votes of the Association shall constitute a quorum. If such quorum is not present, subsequent meetings may be called subject to the same notice requirement, and the required quorum at the subsequent meetings shall be fifty percent (50%) of the quorum required at the preceding meeting. No such subsequent meeting shall be held more than thirty (30) days following the preceding meeting.

ARTICLE VIII: ENFORCEMENT OF ASSESSMENTS; LIENS

8.1 Right to Enforce. The Association has the right to collect and enforce its Assessments pursuant to the provisions hereof. Each Owner of a Building Lot, upon becoming an Owner of such Building Lot shall be deemed to covenant and agree to pay each and every Assessment provided for in this Declaration and agrees to the enforcement of all Assessments in the manner herein specified. In the event an attorney or attorneys are employed for the collection of any Assessment, whether by suit or otherwise, or to enforce compliance with or specific performance of the terms and conditions of this Declaration, each Owner agrees to pay reasonable attorney's fees in addition to any other relief or remedy obtained against such Owner. The Board or its authorized representative may enforce the obligations of the Owners to pay such Assessments by commencement and maintenance of a suit at law or in equity, or the Board may exercise the power of foreclosure and sale pursuant to this Article to enforce the liens created hereby. A suit to recover a money judgment for an unpaid Assessment shall be maintainable without foreclosing or waiving the lien hereinafter provided.

8.2 Assessment Liens.

8.2.1 Creation. There is hereby created a claim of lien with power of sale on each and every Building Lot to secure payment of any and all Assessments levied against such Building Lot pursuant to this Declaration together with interest thereon at the maximum rate permitted by law and all costs of collection which may be paid or incurred by the Association making the Assessment in connection therewith, including reasonable attorneys' fees. All sums assessed in accordance with the provisions of this Declaration shall constitute a lien on such respective Building Lots upon recordation of a claim of lien with the Ada County Recorder. Such lien shall be prior and superior to all other liens or claims created subsequent to the recordation of the notice of delinquency and claim of lien except for tax liens for real property taxes on any Building Lot and Assessments on any Building Lot in favor of any municipal or other governmental assessing body which, by law, would be superior thereto.

8.2.2 Claim of Lien. Upon default of any Owner in the payment of any Regular, Special or Limited Assessment issued hereunder, the Association may cause to be recorded in the office of the Ada County Recorder a claim of lien. The claim of lien shall state the amount of such delinquent sums and other authorized charges (including the cost of recording such notice), a sufficient description of the Building Lot(s) against which the same have been assessed, and the name of the record Owner thereof. Each delinquency shall constitute a separate basis for a notice and claim of lien, but any number of defaults may be included within a single notice and claim of lien. Upon payment to the Association of such delinquent sums and charges in connection therewith or other satisfaction thereof, the Association shall cause to be recorded a further notice stating the satisfaction of relief of such delinquent sums and charges. The Association may demand and receive the cost of preparing and recording such release before recording the same.

8.3 Method of Foreclosure. Such lien may be foreclosed by appropriate action in court or by sale by the Association establishing the Assessment, its attorney or other person authorized to make the sale. Such sale shall be conducted in accordance with the provisions of the Idaho Code applicable to the exercise of powers of sale permitted by law. The Board is hereby authorized to appoint its attorney, any officer or director of the Association, or any title company authorized to do business in Idaho as trustee for the purpose of conducting such power of sale or foreclosure.

8.4 Required Notice. Notwithstanding anything contained in this Declaration to the contrary, no action may be brought to foreclose the lien created by recordation of the notice of delinquency and claim of lien, whether judicially, by power of sale or otherwise, until the expiration of thirty (30) days after a copy of such claim of lien has been deposited in the United States mail, certified or registered, postage prepaid, to the Owner of the Building Lot(s) described in such notice of delinquency and claim of lien, and to the person in possession of such Building Lot(s) and a copy thereof is recorded by the Association in the Office of the Ada County Recorder.

8.5 Subordination to Certain Trust Deeds. The lien for the Assessments provided for herein in connection with a given Building Lot shall not be subordinate to the lien of any deed of trust or mortgage except the lien of a first deed of trust or first mortgage given and made in good faith and for value that is of record as an encumbrance against such Building Lot prior to the recordation of a claim of lien for the Assessments. Except as expressly provided in this Article with respect to a first mortgagee who acquires title to a Building Lot, the sale or transfer of any Building Lot shall not affect the Assessment lien provided for herein, nor the creation thereof by the recordation of a claim of lien, on account of the Assessments becoming due whether before, on, or after the date of such sale or transfer, nor shall such sale or transfer diminish or defeat the personal obligation of any Owner for delinquent Assessments as provided for in this Declaration.

8.6 Rights of Mortgagees. Notwithstanding any other provision of this Declaration, no amendment of this Declaration shall operate to defeat the rights of the beneficiary under any deed of trust or a mortgage under any mortgage upon a Building Lot made in good faith and for value, and recorded prior to the recordation of such amendment, provided that after the foreclosure of any such deed of trust such Building Lot shall remain subject to this Declaration as amended.

ARTICLE IX: ARCHITECTURAL COMMITTEE

9.1 General. Improvements on the Property shall be made in conformity with the Eagle Springs design guidelines (the "Design Guidelines") and the Project Documents. No Improvements on any portion of the Property shall be constructed, placed or removed, except those of Grantor, without Architectural Committee approval as provided by the Design Guidelines and the Project Documents. The Design Guidelines are designed to protect the special qualities of Eagle Springs, and to encourage creative design, by providing general architectural, design and construction guidelines (including Building Envelope guidelines), landscape guidelines (including a description of existing, natural conditions, and vegetation), submittal and review procedures, and fees and charges for review. This Declaration is intended to serve as authority for the Architectural Committee to use its judgment to see that all Improvements conform and harmonize as to external design, quality and type of construction, architectural character, materials, color, location on the Building Envelope, height, grade and finish ground elevation, natural conditions, landscaping and all aesthetic considerations as set forth in the Project Documents. The content of the Design Guidelines may be modified and amended from time to time as provided in the Design Guidelines.

9.2 Creation; Grantor's Right of Appointment. Within thirty (30) days of the date on which Grantor first conveys a Building Lot to an Owner, Grantor shall appoint three (3) individuals to serve on the Eagle Springs architectural committee (the "Architectural Committee"). Thereafter, at any time, and from time to time, until such time as the Class B Membership is terminated, Grantor shall have the exclusive right, in Grantor's sole discretion, to appoint, remove and replace all members of the Architectural Committee. At all other times, the Board of the Association shall have the right to appoint, remove and replace all members of the Architectural Committee. If a vacancy on the Architectural Committee occurs and a permanent replacement has not yet been appointed, Grantor or the Board, as the case may be, may appoint an acting member to serve for a specified temporary period not to exceed one (1) year. A member of the Architectural Committee need not be an Owner. Members of the Architectural Committee may be removed by the person appointing them at any time without cause. The Architectural Committee shall review, study, and either approve or reject the proposed Improvements on the Property, all in compliance with the Project Documents. The actions of the Architectural Committee in the exercise of its discretion by its approval or disapproval of the proposed Improvements on the Property, or with respect to any other matter before it, shall be conclusive and binding on all interested parties.

9.3 Review of Proposed Construction. The Architectural Committee shall consider and act upon any and all proposals or plans and specifications submitted for its approval pursuant to the Project Documents and shall inspect construction in progress to assure its conformance with plans approved by the Architectural Committee. The Architectural Committee shall have the power to hire an architect, licensed with the State of Idaho, to assist the Architectural Committee in its review of proposals or plans and specifications submitted to the Architectural Committee.

9.3.1 Conditions on Approval. The Architectural Committee may condition its approval of proposals or plans and specifications upon such changes therein as it deems appropriate, and/or upon the agreement of the Owner submitting the same ("Applicant") to grant appropriate easements to an Association for the maintenance thereof, and/or upon the agreement of the Applicant to reimburse an Association for the cost of maintenance, and may require submission of additional plans and specifications or other information before approving or disapproving material submitted.

9.3.2 Architectural Committee Rules and Fees. The Architectural Committee also may establish rules and/or guidelines setting forth procedures for and the required content of the applications and plans submitted for approval. Such rules may require a fee to accompany each application for approvals or additional factors which it will take into consideration in reviewing submissions. The Architectural Committee shall determine the amount of such fee in a reasonable manner. Such fees shall be used to defray the costs and expenses of the Architectural Committee, including the cost and expense of hiring an architect licensed by the State of Idaho, as provided above, or for such other purposes as established by the Board, and such fee shall be refundable to the extent not expended for the purposes herein stated.

Such rules and guidelines may establish, without limitation, specific rules and regulations regarding design and style elements, landscaping and fences and other structures such as animal enclosures as well as special architectural guidelines applicable to Building Lots located adjacent to public and/or private open space.

9.3.3 Detailed Plans. The Architectural Committee may require such detail in plans and specifications submitted for its review as it deems proper, including, without limitation, floor plans, site plans, landscape plans, drainage plans, elevation drawings and descriptions or samples of exterior material and colors. Until receipt by the Architectural Committee of any required plans and specifications, the Architectural Committee may postpone review of any plan submitted for approval.

9.3.4 Architectural Committee Decisions. Decisions of the Architectural Committee and the reasons therefor shall be transmitted by the Architectural Committee to the Applicant at the address set forth in the application for approval within thirty (30) days after filing all materials required by the Architectural Committee. Any materials submitted pursuant to this Article XI shall be deemed approved unless written disapproval by the Architectural Committee shall have been mailed to the Applicant within thirty (30) days after the date of filing said materials with the Architectural Committee.

9.4 Meetings of the Architectural Committee. The Architectural Committee shall meet from time to time as necessary to perform its duties hereunder. The Architectural Committee may from time to time by resolution unanimously adopted in writing, designate a Architectural Committee representative (who may, but need not be one of its members) to take any action or perform any duties for and on behalf of the Architectural Committee, except the granting of variances pursuant to paragraph 9.9. In the absence of such designation, the vote of any two (2) members of the Architectural Committee, or the written consent of any two (2) members of the Architectural Committee taken without a meeting, shall constitute an act of the Architectural Committee.

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

9.6 Compensation of Members. The members of the Architectural Committee shall receive no compensation for services rendered, other than reimbursement for expenses incurred by them in the performance of their duties hereunder and except as otherwise agreed by the Board.

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

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

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

9.7.3 If upon the expiration of thirty (30) days from the date of such notification, or any longer time the Architectural Committee determines to be reasonable, the Owner shall have failed to remedy such noncompliance, the Architectural Committee shall notify the Board in writing of such failure. Upon notice and hearing, as provided in the Bylaws, the Board shall determine whether there is a noncompliance and, if so, the nature thereof and the estimated cost of correcting or removing the same. If a noncompliance exists, the Owner shall remedy or remove the same within a period of not

more than forty-five (45) days from the date of the announcement of the Board ruling unless the Board specifies a longer time as reasonable. If the Owner does not comply with the Board ruling within such period, the Board, at its option, may either remove the noncomplying improvement or remedy the noncompliance, and the Owner shall reimburse the Association, upon demand, for all expenses incurred in connection therewith. If such expenses are not promptly repaid by the Owner to the Association, the Board shall levy a Limited Assessment against such Owner for reimbursement pursuant to the Project.

9.7.4 If for any reason the Architectural Committee fails to notify the Owner of any noncompliance within sixty (60) days after receipt of the written notice of completion from the Owner, the work shall be deemed to be in accordance with the approved plans.

9.8 Non-Liability of Architectural Committee Members: Approval by the Architectural Committee does not necessarily assure approval of the Improvements by any appropriate governmental or quasi-governmental agency, board or commission. The Architectural Committee shall review and approve or disapprove all plans submitted to it for any proposed improvement, alteration or addition, solely on the basis of aesthetic considerations and the overall benefit or detriment which would result to the immediate vicinity and to the Property generally. The Architectural Committee shall take into consideration the aesthetic aspects of the architectural designs, placement of building, landscaping, color schemes, exterior finishes and materials and similar features, but shall not be responsible for reviewing, nor shall its approval of any plan or design be deemed approval of any plan or design from the standpoint of structural safety or conformance with building or other codes. Notwithstanding that the Architectural Committee has approved Improvements, plans and specifications, neither the Architectural Committee nor any of its members shall be responsible or liable to the Association or to any person, Owner, or Grantor with respect to any loss, liability, claim or expenses which may arise by reason of such approval of the Improvements, unless due to the willful misconduct or bad faith of the Architectural Committee. Neither the Board, Architectural Committee or any agent thereof nor Grantor or any of its partners, employees, agents or consultants shall be responsible in any way for any defects in any plans or specifications submitted, revised or approved in accordance with the provisions of the Design Guidelines or this Declaration, nor for any structural or other defects in any work done according to such plans and specifications. In any and all events, the Architectural Committee shall be defended and indemnified and held harmless by the Association in any such suit or proceeding which may arise by reason of the Architectural Committee's decision. The Association, however, shall not be obligated to defend, indemnify and hold harmless each member of the Architectural Committee to the extent any such member of the Architectural Committee shall be adjudged to be liable for negligence or misconduct in the performance of such member's duty as a member of the Architectural Committee, unless and then only to the extent that the court in which such action or suit may be brought shall determine that, despite the adjudication of liability, but in view of all circumstances of the case, such member is fairly and reasonably entitled to indemnification and defense for such expense if such court shall deem proper.

9.9 Variances. The Architectural Committee may authorize variances from compliance with any of the architectural provisions of the Project Documents, including restrictions upon height, size, floor area or placement of structures, or similar restrictions, when circumstances such as topography, natural obstructions, hardship, aesthetic or environmental considerations may require. However no variances will be granted for construction of structures or Improvements, in the Common Areas. Such variances must be evidenced in writing, must be signed by at least two (2) members of the Architectural Committee, and shall become effective upon recordation in the office of the County Recorder of Ada County. If such variances are granted, no violation of the covenants, conditions or restrictions contained in this Declaration shall be deemed to have occurred with respect to the matter for which the variance was granted. The granting of such a variance shall not operate to waive any of the terms and provisions of this Declaration for any purpose except as to the particular Building Lot and particular provision hereof covered by the variance, nor shall it affect in any way the Owner's obligation to comply with all governmental laws and regulations affecting such Owner's use of the Building Lot, including but not limited to zoning ordinances or requirements imposed by any governmental or municipal authority.

ARTICLE X: EASEMENTS

10.1 Owners: Easements of Enjoyment. Every Owner shall have a nonexclusive easement for the use and enjoyment of the Common Area which shall be appurtenant to and shall pass with the title to every Building Lot, subject to the easements set forth in this Declaration, as supplemented and amended from time to time.

10.2 Delegation of Use. Any Owner may delegate, in accordance with the Articles, Bylaws, this Declaration and the Rules and Regulations, such Owner's right of enjoyment in the Common Area, to such Owner's tenants, employees, family, guests or invitees.

10.3 Recorded Easements. The Property, and all portions thereof, shall be subject to all easements shown on any recorded Plat affecting the Property, or any portion thereof, and to any other easements of record prior or of use as of the date of recordation of the Declaration, as supplemented and amended from time to time.

10.4 Easements of Encroachment. There shall be reciprocal appurtenant easements of encroachment as between each Building Lot and such portion or portions of the Common Area adjacent thereto, or as between adjacent Building Lots, due to the unwillful placement or settling or shifting of the Improvements including, without limitation, structures, walkways, bike paths, sidewalks and driveways constructed, reconstructed or altered thereon in accordance with the terms of this Declaration. Easements of encroachment shall be valid only so long as they exist, and the rights and obligations of Owners shall not be altered in any way because of encroachments, settling or shifting of the Improvements; provided, however, that in no event shall a valid easement for encroachment occur due to the willful act or acts of an Owner. In the event a structure on any Building Lot is partially or totally destroyed; and then repaired or rebuilt, the Owners of each Building Lot agree that minor encroachments within and over adjoining Building Lots that existed prior to the encroachment may be reconstructed pursuant to the easement granted by this paragraph.

10.5 Easements of Access. Grantor expressly reserves for the benefit of all the Property reciprocal easements of access, ingress and egress for all Owners to and from their respective Building Lots for installation and repair of utility services, for drainage of water over, across and upon adjacent Building Lots and Common Areas resulting from the normal use of adjoining Building Lots or Common Areas, and for necessary maintenance and repair of any Improvement including, without limitation, fencing, retaining walls, lighting facilities, mailboxes and sidewalk abutments, trees and landscaping. Such easements may be used by Grantor, and by all Owners, their guests, tenants and invitees, residing on or temporarily visiting the Property, for pedestrian walkways, vehicular access and such other purposes reasonably necessary for the use and enjoyment of a Building Lot or Common Area.

10.6 Drainage and Utility Easements. Notwithstanding anything expressly or impliedly contained herein to the contrary, this Declaration shall be subject to all easements heretofore or hereafter granted by Grantor for the installation and maintenance of utilities and drainage facilities that are required for the development of the Property. In addition, Grantor hereby reserves for the benefit of the Association the right to grant additional easements and rights-of-way over the Property to utility companies and public agencies as necessary or expedient for the proper development of the Property until close of escrow for the sale of the last Building Lot in the Property to a purchaser.

10.6.1 Improvement of Drainage and Utility Easement Areas. The Owners of Building Lots are hereby restricted and enjoined from constructing or altering any Improvements upon any drainage or utility easement areas as shown on the Plat or otherwise designated in any recorded document which would interfere with or prevent the easement from being used for such purpose; provided, however that the Owner of such Building Lots, and Grantor, Association or designated entity with regard to the landscaping easement described in this Article, shall be entitled to install and maintain landscaping on such easement areas, subject to approval by the Architectural Committee, so long as the same would not interfere with or prevent the easement areas from being used for their intended purposes; provided further, that any damage sustained to Improvements on the easement areas as a result of legitimate use

of the easement area shall be the sole and exclusive obligation of the Owner of the Building Lot whose Improvements were so damaged.

10.7 Rights and Duties Concerning Utility Easements. The rights and duties of the Owners of the Building Lots within the Property with respect to utilities shall be governed by the following:

10.7.1 Wherever utility house connections are installed within the Property, which connections or any portions thereof lie in or upon Building Lots owned by an Owner other than the Owner of the Building Lot served by the connections, the Owner of the Building Lot served by the connections shall have the right, and is hereby granted an easement to the full extent necessary therefor, to enter upon any Building Lot or to have their agent enter upon any Building Lot within the Property in or upon which said connections or any portion thereof lie, to repair, replace and generally maintain the connections as and when it may be necessary.

10.7.2 Whenever utility house connections are installed within the Property, which connections serve more than one Building Lot the Owner of each Building Lot served by the connections shall be entitled to full use and enjoyment of such portions of said connections as service such Owner's Building Lot.

10.8 Driveway Easements. Whenever a driveway is installed within the Property which in whole or in part lies upon a Building Lot owned by an Owner other than the Owner of the Building Lot served, or installed to serve more than one Building Lot, the Owner of each Building Lot served or to be served by such driveway shall be entitled to full use and enjoyment of such other Building Lot as required to service such Owner's Building Lot or to repair, replace or maintain such driveway.

10.9 Disputes as to Sharing of Costs. In the event of a dispute between Owners with respect to the repair or rebuilding of utility connections or driveways, or with respect to the sharing of the cost therefor, upon written request of one of such Owners addressed to the applicable Association, the matter shall be submitted to the Board which shall decide the dispute and, if appropriate, make an appropriate Assessment against any or all of the Owners involved on behalf of the prevailing Owner(s), which Assessment shall be collected and enforced in the manner provided by this Declaration for Limited Assessments.

10.10 Grantor's Rights Incident to Construction. Grantor, for itself and its successors and assigns, hereby retains a right and easement of ingress and egress over, in, upon, under, and across the Common Area and the right to store materials thereon and to make such other use thereof as may be reasonably necessary or incident to the construction of the Improvements on the Property owned by Grantor; provided, however, that no such rights shall be exercised by Grantor in such a way as to unreasonably interfere with the occupancy, use, enjoyment, or access to an Owner's Building Lot by that Owner or such Owner's family, tenants, employees, guests, or invitees.

10.11 Easements Deemed Created. All conveyances of Building Lots made after the date of the recording of the Declaration, as amended and supplemented from time to time whether by Grantor or otherwise, shall be construed to grant and reserve the easements contained in this Article, even though no specific reference to such easements or to this Article appears in the instrument for such conveyance.

10.12 Emergency Easement. A general easement is hereby granted to all police, sheriff, fire protection, ambulance, and all other similar emergency agencies or persons to enter upon all streets and upon the Property in the proper performance of their duties.

10.13 Maintenance Easement. An easement is hereby reserved to Grantor, and granted to the Association, and any member of the Board or manager, if any, and their respective officers, agents, employees, and assigns, upon, across, over, in, and under the Building Lots a right to make such use of the Building Lots as may be necessary or appropriate to make emergency repairs or to perform the duties and functions which the Association is obligated or permitted to perform pursuant to the Project Documents, including the right to enter

upon any Building Lot for the purpose of performing maintenance to the landscaping or the exterior of Improvements to such Building Lot as required by the Project Documents.

ARTICLE XI: DAMAGE OR DESTRUCTION

11.1 Association as Attorney in Fact. Each and every Owner hereby irrevocably constitutes and appoints the Association as such Owner's true and lawful attorney-in-fact in such Owner's name, place, and stead for the purpose of dealing with the Improvements on the Common Area upon damage or destruction as provided in this Article or a complete or partial taking as provided in the next Article below. Acceptance by any grantee of a deed or other instrument of conveyance from Grantor or from any Owner shall constitute appointment of the attorney-in-fact as herein provided. As attorney-in-fact, the Association shall have full and complete authorization, right, and power to make, execute, and deliver any contract, assignment, deed, waiver, or other instrument with respect to the interest of any Owner which may be necessary or appropriate to exercise the powers granted herein to the Association as attorney-in-fact.

11.2 Estimate of Damages or Destruction. As soon as practical after an event causing damage to or destruction to any part of the Common Area, the Association shall, unless such damage or destruction shall be minor, obtain an estimate or estimates that it deems reliable and complete of the costs of repair and reconstruction of that part of the Common Area so damaged or destroyed. "Repair and reconstruction" as used in this Article shall mean restoring the damaged or destroyed Improvements to substantially the same condition in which they existed prior to the damage or destruction.

11.3 Repair and Reconstruction. As soon as practical after obtaining estimates, the Association shall diligently pursue to completion the repair and reconstruction of the damaged or destroyed Improvements. As attorney-in-fact for the Owners, the Association may take any and all necessary or appropriate action to effect repair and reconstruction, and no consent or other action by any Owner shall be necessary. Assessments of the Association shall not be abated during any period of insurance adjustments and repair and reconstruction.

11.4 Funds for Repair and Reconstruction. The proceeds received by the Association from any hazard insurance shall be used for the purpose of repair and reconstruction. If the proceeds of the insurance are insufficient to pay the estimated or actual cost of such repair and reconstruction, the Association may assess and collect in advance from all Owners a Special Assessment sufficient to provide funds to pay such estimated or actual costs of repair and reconstruction. Further assessments may be made in like manner if the amounts collected prove insufficient to complete such repair and reconstruction.

11.5 Disbursement of Funds for Repair and Reconstruction. The insurance proceeds held by the Association and the amounts received from the Special Assessments constitute a fund for the payment of the costs of repair and reconstruction after casualty. It shall be deemed that the first money disbursed in payment for the costs of repair and reconstruction shall be made from insurance proceeds, and the balance from the Special Assessments. If there is a balance remaining after payment of all costs of such repair and reconstruction, such balance shall be distributed to the Owners in proportion to the contributions each Owner made as a Special Assessment to the Association under this Article or, if no Special Assessments were made, then in equal shares per Building Lot, first to the mortgagees of a first mortgage and then to the Owners, as their interests appear.

11.6 Decision Not to Rebuild. If Owners representing at least sixty seven percent (67%) of the total allocated votes in the Association and sixty seven percent (67%) of the mortgagees of a first mortgage (based upon one vote for each mortgage owned) of the Building Lots agree in writing not to repair and reconstruct and no alternative improvements are authorized, then and in that event the damaged Common Area shall be restored to its natural state and maintained as an undeveloped portion of the Common Area by the Association in a neat and attractive condition, and any remaining insurance proceeds shall be distributed in equal shares per Building Lot, first to the mortgagees of a first mortgage and then to the Owners, as their interests appear.

ARTICLE XII: CONDEMNATION

12.1 Rights of Owners. Whenever all or any part of the Common Area shall be taken or conveyed in lieu of and under threat of condemnation by the Board acting as attorney-in-fact for all owners under instructions from any authority having the power of condemnation or eminent domain, each Owner shall be entitled to notice of the taking, but the Association shall act as attorney-in-fact for all Owners in the proceedings incident to the condemnation proceeding, unless otherwise prohibited by law.

12.2 Condemnation; Distribution of Award; Reconstruction. The award made for such partial or complete taking shall be payable to the Association as trustee for all Owners to be disbursed as follows: If the taking involves a portion of the Common Area on which Improvements have been constructed, then, unless within sixty (60) days after such taking Grantor and Owners representing at least sixty-seven percent (67%) of the Class A Members shall otherwise agree, the Association shall restore or replace such Improvements so taken on the remaining land included in the Common Area to the extent lands are available therefor, in accordance with plans approved by the Board and the Architectural Committee. If such Improvements are to be repaired or restored, the provisions in the Article immediately above regarding the disbursement of funds in respect to casualty damage or destruction which is to be repaired shall apply. If the taking does not involve any Improvements on the Common Area, or if there is a decision made not to repair or restore, or if there are net funds remaining after any such restoration or replacement is completed, then such award or net funds shall be distributed in equal shares per Building Lot, first to the mortgagees of any first mortgage and then to the Owners, as their interests appear.

ARTICLE XIII: WATER SYSTEMS

13.1 Domestic Water System. Each Building Lot shall have access to a Domestic Water System, to be constructed by Grantor and to be operated by Eagle Water Company (subject to the transfer of the ownership of such Domestic Water System as hereinafter provided). Said Domestic Water System shall consist of pumps, regulators, pipes and other delivery system equipment; and shall provide water for culinary and other ordinary domestic household use. Grantor shall establish reasonable charges for water use from the Domestic Water System, which charges shall be separate and distinct from any assessment, but shall be a lien on any Building Lot just as an Assessment, as provided further herein. Any Owner's use of water from the Domestic Water System shall constitute an agreement to pay the charges for such use. Should any Owner fail to pay the charges for such Owner's water use from the Domestic Water System, the Association and/or Grantor shall, after reasonable notice, be entitled to discontinue water service as provided by Idaho State laws. Grantor shall have the right to expand the Domestic Water System to other real property, whether such real property is subject to this Declaration, and to collect "hook-up" or user fees from those users of the Domestic Water System other than the Owners of the Building Lots. Such "hook-up" or user fees shall be used, in part, to partially reimburse Grantor for the purchase, construction and development costs in connection with the Domestic Water System equipment, improvements and administration.

13.2 Limitations on Use of Domestic Water System. No Owner, nor any other person claiming right under any Owner, shall cause or allow to be caused, any connection between the Domestic Water System and any non-potable water system or source.

13.3 Transfer. Notwithstanding any other provision of this Declaration, Grantor shall have the right to transfer, sell or convey the Domestic Water System, either as the Domestic Water System serves the Property and/or as it serves additional real property, for and on behalf of the Grantor, to the Association or to a water company licensed and regulated by the Idaho Public Utilities Commission, conditioned only upon reasonable assurances that the Domestic Water System will be operated in a manner that will provide potable water service to Owners on a continuing basis with quality of service equal to or better than previously provided. For purposes of this Article, Grantor is hereby appointed and made attorney-in-fact for the Association, with full power of attorney to consummate any such transfer of the Domestic Water System.

ARTICLE XIV: RESOLUTION OF DISPUTES

If any dispute or question arises between Members or between Members and the Association or the Architectural Committee relating to the interpretation, performance or nonperformance, violation, or enforcement of the Project Documents, such dispute or violation may be subject to a hearing and determination by the Board.

ARTICLE XV: MISCELLANEOUS

15.1 Term. The easements created hereunder shall be perpetual, subject only to extinguishment by the holders of such easements as provided by law. The covenants, conditions, restrictions and equitable servitudes of this Declaration shall run until December 31, 2015, unless amended as herein provided. After December 31, 2015, such covenants, conditions and restrictions shall be automatically extended for successive periods of ten (10) years each, unless amended or extinguished by a written instrument executed by Members holding at least three-fourths (3/4) of the voting power of the Association and such written instrument is recorded with the Ada County Recorder.

15.2 Amendment.

15.2.1 By Grantor. Except as provided in paragraph 15.3 below, until the recordation of the first deed to a Building Lot in the Property, the provisions of this Declaration may be amended, modified, clarified, supplemented, added to (collectively, "amendment") or terminated by Grantor by recordation of a written instrument setting forth such amendment or termination. Any amendment affecting only a particular Phase may be made by Grantor by an amendment to this Declaration at any time up to the recordation of the first deed to a Building Lot in such Phase.

15.2.2 By Owners. Except where a greater percentage is required by express provision in this Declaration, the provisions of this Declaration, other than this Article, any amendment shall be by an instrument in writing signed and acknowledged by the president and secretary of the Association certifying and attesting that such amendment has been approved by the vote or written consent of Owners representing more than sixty-six percent (66%) of the votes in the Association, and such amendment shall be effective upon its recordation with the Ada County Recorder. Any amendment to this Article shall require the vote or written consent of Members holding eighty percent (80%) of the voting power of the Association.

15.2.3 Effect of Amendment. Any amendment of this Declaration approved in the manner specified above shall be binding on and effective as to all Owners and their respective properties notwithstanding that such Owners may not have voted for or consented to such amendment. Such amendments may add to and increase the covenants, conditions, restrictions and easements applicable to the Property but shall not prohibit or unreasonably interfere with the allowed uses of such Owner's property which existed prior to the said amendment.

15.3 Mortgage Protection. Notwithstanding any other provision of this Declaration, no amendment of this Declaration shall operate to defeat or render invalid the rights of the beneficiary under any first mortgage or deed of trust upon a Building Lot made in good faith and for value, and recorded prior to the recordation of such amendment, provided that after foreclosure of any such first mortgage or deed of trust such Building Lot shall remain subject to this Declaration, as amended.

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

to the address of such person as contained in the Ada County tax assessor's rolls. Such address may be changed from time to time by notice in writing to the Association, as provided in this paragraph 15.4.

15.5 Enforcement and Non-Waiver.

15.5.1 Right of Enforcement. Except as otherwise provided herein, any Owner of any Building Lot shall have the right to enforce any or all of the provisions hereof against any property within the Property and against the Owners thereof.

15.5.2 Violations and Nuisances. The failure of any Owner of a Building Lot to comply with any provision hereof, or with any provision of the Project Documents, is hereby declared a nuisance and will give rise to a cause of action in Grantor, the Association or any Owner of Building Lot(s) within the Property for recovery of damages or for negative or affirmative injunctive relief or both. However, any other provision to the contrary notwithstanding, only Grantor, the Association, the Board, or a duly authorized agent of any of them, may enforce by self-help any of the provisions hereof, and then only if such self-help is preceded by reasonable notice to the Owner.

15.5.3 Violation of Law. Any violation of any state, municipal or local law, ordinance or regulation pertaining to the ownership, occupation or use of any property within the Property is hereby declared to be a violation of this Declaration and subject to any or all of the enforcement procedures set forth in this Declaration and any or all enforcement procedures in law and equity.

15.5.4 Remedies Cumulative. Each remedy provided herein is cumulative and not exclusive.

15.5.5 Non-Waiver. The failure to enforce any of the provisions herein at any time shall not constitute a waiver of the right to enforce any such provision.

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

15.6.1 Restrictions Construed Together. All of the provisions hereof shall be liberally construed together to promote and effectuate the fundamental concepts of the development of the Property as set forth in the recitals of this Declaration.

15.6.2 Restrictions Severable. Notwithstanding the provisions of the foregoing paragraph 15.6.1, each of the provisions of this Declaration shall be deemed independent and severable, and the invalidity or partial invalidity of any provision or portion thereof shall not affect the validity or enforceability of any other provision herein.

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

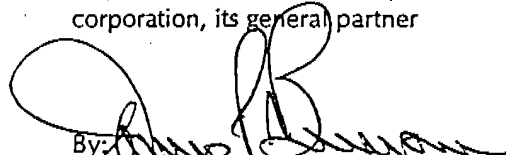
15.6.4 Captions. All captions and titles used in this Declaration are intended solely for convenience of reference and shall not affect that which is set forth in any of the provisions hereof.

15.7 Successors and Assigns. All references herein to Grantor, Owners, the Association or person shall be construed to include all successors, assigns, partners and authorized agents of such Grantor, Owners, Association or person.

IN WITNESS WHEREOF, the parties hereto have set their hands this ____ day of October, 1995.

DEER VALLEY AND ASSOCIATES
LIMITED PARTNERSHIP,
an Idaho limited partnership

BY: BRENSON CORPORATION, an Idaho
corporation, its general partner

By: 
James P. Brennan, President

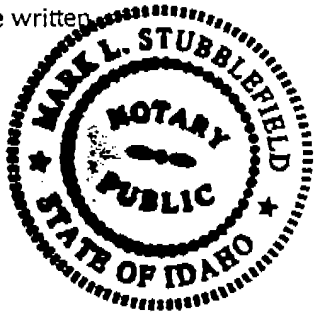
COMAN COLLECTIONS, INC.,
an Idaho corporation


By: 
Greg Coman, President

STATE OF IDAHO)
) ss.
County of Ada)

On this 5 day of OCTOBER, 1995, before me, the undersigned, a Notary Public in and for said State, personally appeared JAMES P. BRENNAN, known or identified to me to be the President of BRENSON CORPORATION, the General Partner of DEER VALLEY AND ASSOCIATES LIMITED PARTNERSHIP, the partnership that executed the instrument or the person who executed the instrument on behalf of said partnership, and acknowledged to me that such partnership executed the same.

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




Notary Public for STATE OF IDAHO
Residing at MERIDIAN - ADA COUNTY
My commission expires: 10-4-99

STATE OF IDAHO)
) ss.
County of Ada)

On this 10 day of October, 1995, before me, the undersigned, a Notary Public in and for said State, personally appeared GREG COMAN, known or identified to me to be the President of COMAN COLLECTIONS, INC., the corporation that executed the instrument or the person who executed the instrument on behalf of said corporation, and acknowledged to me that such corporation executed the same.

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

KATHY COONTZ
★ NOTARY PUBLIC ★
STATE OF IDAHO

My Commission Expires 8-15-97.
Residing at: Boise, ID

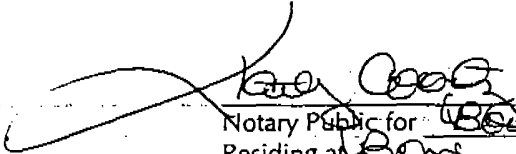

Notary Public for Boise
Residing at Boise
My commission expires: 8-15-97



EXHIBIT A

290 North Maple Grove Road Boise, ID 83704 (208) 378-6380 FAX (208) 378-0025

PROJECT: 111061
DATE: JULY 8, 1994
REVISED: OCTOBER 19, 1994

DESCRIPTION FOR BRENSON SUBDIVISION
A PORTION OF THE WEST HALF
SECTION 11
TOWNSHIP 4 NORTH, RANGE 1 EAST, BOISE MERIDIAN
ADA COUNTY, IDAHO

A parcel of land being a portion of the West half of Section 11, Township 4 North, Range 1 East, Boise Meridian, Ada County, Idaho and more particularly described as follows;

Beginning at a Brass cap marking the Southwest corner of the West half of Section 11, Township 4 North, Range 1 East, Boise Meridian, Ada County, Idaho;

thence along the Westerly boundary of said West half of Section 11; North $01^{\circ}17'43''$ East 2,636.51 feet to a Brass cap marking the Southwest corner of the Northwest Quarter of Section 11;

thence leaving said Westerly boundary and along the Southerly boundary of said Northwest Quarter, South $88^{\circ}42'29''$ East 80.00 feet to a iron pin marking the Easterly right-of-way of State Highway 55, also said iron pin being the REAL POINT OF BEGINNING;

thence leaving said Southerly boundary and along said Right-of-way South $01^{\circ}17'43''$ West 474.69 feet (formerly South $0^{\circ}19'00''$ West) to an iron pin;

thence leaving said right-of-way South $88^{\circ}44'08''$ East 867.17 feet (formerly East) to an iron pin;

thence along the Westerly boundary of Dry Creek Cemetery, R.O.S. No. 2600, North $01^{\circ}04'51''$ East 459.21 feet (formerly North $0^{\circ}05'00''$ East 452.73 feet) to an iron pin;

thence leaving said Westerly boundary and along the Northerly boundary of said R.O.S. No. 2600, which is also the Southerly boundary of R.O.S. No. 2263, South $89^{\circ}01'42''$ East 1609.72 feet (formerly East 1610.02 feet) to an iron pin;

thence leaving said Northerly boundary, North $0^{\circ}39'15''$ East 1204.66 feet (formerly North $0^{\circ}17'27''$ West 1204.44 feet) to an iron pin marking the Southeasterly corner of Sage Acres Ranchettes Subdivision as filed for record in the office of the Ada County Recorder, Boise, Idaho, in Book 17 of Plats at pages 1093 and 1094;

thence along the Southerly boundary of said Sage Acres Ranchettes Subdivision the following courses and distances;

thence South $87^{\circ}28'17''$ West 494.78 feet (formerly South $86^{\circ}30'00''$ West) to an iron pin;

thence South $27^{\circ}46'12''$ West 107.00 feet (formerly South $26^{\circ}47'55''$ West) to an iron pin;

thence South 45°43'17" West 168.00 feet (formerly South 44°45'00" West) to an iron pin;

thence North 44°21'43" West 275.00 feet (formerly North 45°20' 00" West) to an iron pin marking a point of curve;

thence along a non-tangent curve to the left 39.19 feet, said curve having a central angle of 3°28'53", a radius of 645.00 feet, tangents of 19.60 feet, and a long chord of 39.19 feet bearing South 43°53'51" West to an iron pin marking a point of ending of curve;

thence North 47°50'36" West 50.00 feet (formerly North 48°48'58" West) to an iron pin;

thence North 40°37'01" West 661.54 feet (formerly North 41°45'00" West) to an iron pin;

thence South 83°12'18" West 120.33 feet (formerly South 82°14'19" West) to an iron pin;

thence North 06°47'42" West 75.00 feet (formerly North 07°45'41" West) to an iron pin;

thence South 83°12'18" West 290.00 feet (formerly South 82°14'19" West) to an iron pin;

thence South 06°47'42" East 46.00 feet (formerly South 07°45'41" East) to an iron pin;

thence South 83°12'18" West 320.00 feet (formerly South 82°14'19" West) to an iron pin;

thence leaving said Southerly boundary and along the Westerly boundary of said Sage Acres Ranchettes, North 06°47'42" West 982.72 feet (formerly North 07°54'41" West) to an iron pin on the Southerly right-of-way of Prairie Road;

thence leaving said Westerly boundary and along said Southerly right-of-way North 88°58'02" West 237.11 feet (formerly 236.29 feet) to an iron pin on the Easterly right-of-way of State Highway 55;

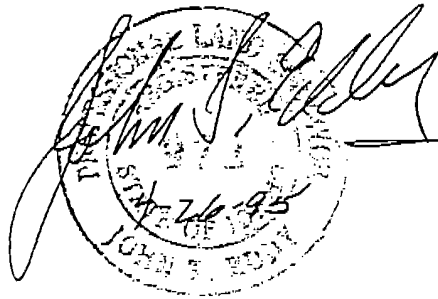
thence leaving said Southerly right-of-way and along said Easterly right-of-way South 01°13'57" West 2536.07 feet (formerly South 0°19' West) to the point of beginning, comprising 95.29 acres, more or less.

SUBJECT TO:

-All existing easements and road rights-of-way of record or appearing on the above-described parcel of land.

Prepared by:

PACIFIC LAND SURVEYORS



JTE:EDM

John T. (Tom) Eddy, P.L.S.

EXHIBIT B

LEGAL DESCRIPTION OF PHASES ONE AND TWO OF THE PROPERTY

A portion of the W 1/2, Section 11, T. 4 N., R. 1 E., B.M. Ada County, Idaho, as depicted on that certain plat of subdivision known as Brenson Subdivision recorded as Instrument No. 95018423, in the records of Ada County, Idaho; and

A portion of the NW 1/4, Section 11, T. 4 N., R. 1 E., B.M. Ada County, Idaho, as depicted on that certain plat of subdivision known as Brenson Subdivision No. 2 recorded as Instrument No. 95029539, in the records of Ada County, Idaho, EXCEPT Lot 8, Block 9 of Brenson Subdivision No. 2.