

**MASTER DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
STRONG CREEK ESTATES**

The undersigned, Mill Harbor Development, LLC, an Idaho limited liability company doing business under the laws of the State of Idaho, (hereinafter referred to as “Declarant”), is the owner of the real property located in the City of East Hope, Bonner County Idaho, more particularly described on **Exhibit “A,”** attached hereto, which property is contiguous to property owned by a rail road, shown in exhibit B. Declarant hereby adopts the following Master Declaration of Covenants, Conditions and Restrictions for Strong Creek Estates, and any additions (yes) located at the Property, and declares that the following shall apply to the subject Property (including the rail road property) and to any interest in that Property. These Covenants, Conditions and Restrictions (“Declaration”) shall run with the land, and with each estate therein, and shall be binding upon all persons having or acquiring any right, title or interest in said real property or any Lot, parcel, Lot, or portion thereof; and shall inure to the benefit of and be binding upon Declarant, Declarant’s successors-in-interest, purchasers, assigns, heirs and any party having acquired any right, title or interest in or to any part of the subject Property until the Declaration is terminated.

**ARTICLE 1.
STATEMENT OF PURPOSE AND IMPOSITION OF COVENANTS**

1.1. **Purpose.** Declarant intends to ensure the attractiveness of the Property, including the residences and other improvements constructed on it; to prevent any future impairment of the Property and to protect and enhance the values and amenities of the Property; to provide for the operation, administration, use and maintenance of the Common Areas within the Property; to preserve, protect and enhance the values and amenities of the Property; to ensure the peaceful, quiet use and enjoyment of the Property; and to promote the health, safety and welfare of the owners of the Property.

1.2. **Additional Declarations.** Nothing contained in this Declaration is intended to prevent any subsequent Declarations of Covenants, Conditions, Restrictions and Easements or Condominiums which may be recorded upon all or any portion of the Property or its use.

THIS DOCUMENT DOES NOT AND CANNOT ALTER THE LAW OF THE GOVERNMENTAL AGENCIES HAVING JURISDICTION.

**ARTICLE 2.
DEFINITIONS**

The following terms, as used in this Declaration, are defined as follows:

2.1. **Articles or Articles of Incorporation.** The Articles of Incorporation of Strong Creek Estates Homeowner's Association, Inc., which have been filed with the Secretary of State of Idaho, as such Articles may be amended from time to time.

2.2. **Assessments.** Those payments required of Owners or Association Members, including Annual, Special, and Default Assessments levied pursuant to Article 11.

2.3. **Association.** Strong Creek Estates Homeowner's Association, Inc., an Idaho non-profit corporation, and any successor of that entity by whatever name.

2.4. **Strong Creek Estates.** The Planned Lot Development created by the Project, and any amendments or modifications thereto, by this Declaration, and any amendments hereto, consisting of the Property (including any after acquired rail road Property and all of the Improvements located on the Property).

2.5. **Strong Creek Estates Documents.** The basic documents creating and governing Strong Creek Estates including, but not limited to, the Project documents, this Declaration, the Articles of Incorporation and Bylaws, and any other procedures, rules, regulations or policies adopted under such documents by the Association, all as may be amended from time to time.

2.6. **Board or Board of Directors.** The Board of Directors of the Association.

2.7. **Building.** A building or other structure or improvement constructed on the Property.

2.8. **Bylaws.** The Bylaws of the Association, as such Bylaws may be amended from time to time.

2.9. **Commercial Purpose.** Any activity engaged in for profit or not for profit, which provides any goods or services to any third persons or entities.

2.10. **Commercial Lot.** Any building, or portion thereof, constructed within the Project which is used for a commercial purpose, as designated by Declarant or the Board, and as permitted by this Declaration and applicable law.

2.11. **Common Areas.** The real property or improvements thereon designated as open space or common area on the final plat filed for the Project, any other property not located within any platted Lot within the subject Property. Any property lying below elevation 2064, whether or not within a platted Lot.

2.12. **Common Expenses.** Common Expenses shall include the actual and estimated expenses incurred, or anticipated to be incurred by the Association for the general benefit of all Owners, or for specific Owners. Common Expenses shall include reasonable reserves as the Board may find necessary and appropriate for deferred maintenance, repairs, replacements and improvements in accordance with Strong Creek Estates Documents as well as: (i) premiums for insurance carried by the Association under Article 13; (ii) all expenses, costs and amounts of every kind and nature incurred by the Association in administering, servicing, conserving, managing, maintaining,

operating, repairing or replacing the Common Areas and any Improvements located on it; (iii) all expenses expressly declared to be Common Expenses by Strong Creek Estates Documents; (iv) all expenses in good faith determined to be Common Expenses by the Board of Directors; and (v) all expenses to be allocated among the Owners as provided in Article 12.

2.14. **Declarant**. Mill Harbor Development, LLC, an Idaho limited liability company, or its successors or assigns, including any Successor Declarant to the extent the rights of Declarant are assigned to the Successor Declarant, as provided in Section 2.36.

2.15. **Declaration**. This Master Declaration of Covenants, Conditions and Restrictions for Strong Creek Estates.

2.16. **Default Rate**. An annual rate of interest that is the lesser of (i) five points above the prime rate charged by the highest of the Association's current bank rates, and (ii) the maximum rate permitted by applicable law, if any.

2.18. **Director**. Member of the Board of Directors of the Association.

2.19. **Residence**. A single-family residence with or without an approved guest home.

2.21. **First Mortgage**. Any Mortgage which is not subject to any lien or encumbrance except liens for taxes or other liens that are given priority by statute.

2.22. **First Mortgagee**. The holder of record of a First Mortgage.

2.23. **Improvement(s)**. All Buildings, parking areas, loading areas, fences, walls, hedges, plantings, lighting, poles, driveways, gates, roads, docks, ponds, trails, gates, signs, changes in any exterior color or shade, excavation and all other site work, including without limitation, grading, road construction, utility improvements, removal of trees or plantings, and any new exterior construction or exterior improvement which may not be included in the foregoing. The term "Improvement(s)" does not include turf, shrub, or tree repair or replacement of a magnitude that does not change exterior colors or exterior appearances. The term "Improvement(s)" does include both original improvements and all later changes and improvements.

2.24. **Landscaping**. Grass, trees, shrubs, plants and any outside improvements, other than buildings.

2.25. **Lot**. A parcel of land designated as a Lot on any Recorded Plat of the Property, existing, or later recorded by Declarant, which Declarant makes subject to this Declaration together with any Improvements thereon.

2.26. **Maintenance Fund**. The fund created by assessments and fees levied pursuant to Article 12 below to provide the Board of Directors with the funds required to carry out its duties under this Declaration.

2.27. **Member**. Any person or entity holding membership in the Association.

2.28. **Mortgage.** Any mortgage, deed of trust, trust indenture, contract for deed, or other document which is recorded in the office of the Recorder of Bonner County, and, which encumbers any portion of the Property or interest therein as security for the payment of a debt or obligation.

2.29. **Mortgagee.** Any person named as a beneficiary or mortgagee under a Mortgage, or any successor to the interest of any such person under such Mortgage. In the case of a contract for deed, the seller shall be considered the “Mortgagee” for purposes of this Declaration.

2.30. **Owner.** The person or other legal entity, including Declarant, that holds fee simple title of record to any Lot, or if the Lot is subject to one or more contracts for deed, the buyer under the most recent contract for deed, provided, however, that if the seller under such contract notifies the Association in writing that the buyer under said contract is in default, then the seller under such contract shall be the Owner for purposes of this Declaration. The Association shall be entitled to rely on such notification without further inquiry. “Owner” does not mean or refer to any person or entity who holds such interest merely as security for the performance of a debt or other obligation, including a Mortgage, unless and until such person or entity has acquired fee simple title pursuant to foreclosure or other proceedings.

2.32. **Person.** Whether or not in capitalized form, Person means a natural person, a corporation, a partnership, a limited liability company, an association, a trust or any other entity or combination of the foregoing.

2.33. **Plat.** Any engineering survey or surveys of all or part of the Property (including Expansion Property), together with such other diagrammatic plans and information regarding the Property as may be required by applicable law, or created in the discretion of Declarant, as each such survey may be amended and supplemented from time to time, and all as recorded in the office of the Recorder of Bonner County, Idaho.

2.34. **Project.** The Planned Unit/Lot Development created pursuant to the Ordinances of the City of East Hope, , Idaho, this documents and all other project documents.

2.35. **Property.** Includes the property described on **Exhibit “A”** and initially subjected to this Declaration, and also refers to any rail road property Expansion Property that may be incorporated into the Project from time to time and made subject to this Declaration pursuant to the provisions of this Declaration.

ARTICLE 3 STRONG CREEK ESTATES HOMEOWNER’S ASSOCIATION, INC.

3.1. **Organization of Strong Creek Estates Homeowner’s Association, Inc.** Strong Creek Estates Homeowner’s Association, Inc. shall be initially organized by Declarant as an Idaho non-profit corporation under the provisions of the Idaho Code and shall be charged with the duties and invested with the powers prescribed by law and set forth in the Articles, Bylaws, and this Declaration. Neither the Articles or Bylaws shall

be amended or otherwise changed or interpreted so as to be inconsistent with this Declaration or with any Amendments thereto that Declarant might adopt pertaining to Strong Creek Estates.

3.2. **Board of Directors and Officers.** The Association will be responsible for the administration and operation of the Common Areas of the Property and enforcing the terms of this document and will exercise all powers, duties and authority of the Association.

3.3. **Appointment of Officers and Directors.** The Association shall have a shareholders meeting on the second Tuesday in March each year to vote to determine the Officers and Directors of the Association. Members may cast their vote by written document with notary acknowledgement. There shall be a president, treasurer and secretary, and three directors.

3.4. **Manager.** The Association may employ or contract for the services of a Manager to act for the Association and the Board and the Officers according to the powers and duties delegated to the Manager pursuant to the Bylaws or resolution of the Board. Neither the Board nor any officer of the Association will be liable for any omission or improper exercise by a Manager of any such duty, power, or function so delegated by written instrument executed by or on behalf of the Board. The Manager may be the Declarant or a person related to Declarant.

3.5. **Committees.** The Association may delegate any of its rights, duties or responsibilities to any committee or other entity that the Board may choose to form.

3.5.1. **Limitation.** Any delegation by the Board under this Section is subject to compliance with the Bylaws and the requirements that the Board, when so delegating, will not be relieved of its responsibilities under Strong Creek Estates Documents.

3.6 **Lease of Common Area.** The Association shall have the right to lease to a third party all the common area of the project for any sum the Association deems fair, provided, however, that any lease of the common area shall include a provision which requires the lessee to maintain the common area in any standard that the Association requires in its sole discretion, consistent with the purposes of this document.

ARTICLE 4. ASSOCIATION MEMBERSHIP

4.1. **Membership.** Every Owner, by virtue of being an Owner, and for so long as he is an Owner, will be a Member of the Association. Membership will be appurtenant to and may not be separated from ownership of any Lot. No Owner, whether one or more persons, will have more than one membership per Lot owned, but all of the persons owning each Lot will be entitled to rights of membership and of use and enjoyment appurtenant to such ownership.

4.2. **Classes of Membership.** The Association will have one class of Members and Owners of Lots shall be entitled to cast one (1) vote for each Lot owned.

4.3. **Voting Rights.** On matters requiring a vote of the Members, each Member will be entitled to vote based on the number of votes to which that Member is entitled based on such Member's membership class.

When more than one person holds an interest in any Lot, all such persons shall be Members but shall share the vote attributable to the Lot. Fractional votes, however, shall not be allowed. In the event that joint Owners are unable to agree among themselves as to how their vote 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 Lot from which the vote derived. The right to vote may not be severed or separated from the ownership of the Lot to which it is appurtenant, except that any Owner may give a revocable proxy.

4.4. **Transfer of Membership.** An Owner may not transfer, pledge, assign or alienate its membership in the Association in any way except upon the transfer of title to the respective Lot, and then only to the transferee of such title. If the transfer is pursuant to a contract for deed, Owner's membership shall transfer to the buyer under said contract.

4.5. **Notice of Membership.** Any person, on becoming a Member, will furnish the Secretary of the Association with a photocopy or certified copy of the recorded instrument or such other evidence as may be specified by the Board under the Bylaws, vesting the person with the interest required to make him a Member for each Lot owned.

4.6. **Owners' and Association's Addresses for Notices.** At the same time that the Member provides Notice of Membership as set forth in Section 4.5, the Member will provide the Association with the single name and address which shall be deemed the registered address for that Membership and for the Owners associated therewith. The registered address shall be the address to which any notices given pursuant to Strong Creek Estates Documents shall be sent. The Member will promptly update any changed information by providing a new written notice to the Association. The Association will keep and preserve the most recent written notice received by the Association with respect to each Member and shall be entitled to rely on such notice.

If no address is provided to the Association, or if all of the Owners cannot agree on a single address, then the address of the Lot will be deemed the registered address until another registered address is furnished as required under this Section 4.6.

All notices given under this Declaration will be sent by personal delivery, which will be effective upon receipt; by overnight courier service, which will be effective one business day following timely deposit with a courier service; or by regular, registered or certified mail, postage prepaid, which will be effective three days after deposit in the U.S. Mail.

All notices and demands intended to be served upon the Board of Directors will be sent to the address of the Association or such other address as the Board may designate from time to time by a notice delivered to all Owners in accordance with this Section.

ARTICLE 5.85-

POWERS AND DUTIES OF THE ASSOCIATION

5.1. **Powers.** The Association shall have all the powers permitted under the Idaho Non Profit Corporation Act as supplemented or limited by this Declaration, the Articles and the Bylaws. The Association shall have the power to engage in all lawful activities necessary, proper or incidental to carry out the purposes for which it is formed, so long as such activities are not inconsistent with the Act, this Declaration, the Articles or the Bylaws. The Association shall act through its Board or Manager.

5.1.1. Association Rules. The power to adopt, amend and repeal by majority vote of the Board such rules and regulations as the Association deems reasonable and necessary to accomplish the purposes for which the Association is formed, but may not further restrict the use and enjoyment of the Property. 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 this Declaration, or other Articles or Bylaws, the provisions of the Association Rules shall be deemed to be superseded by the provisions of this Declaration, the Articles or the Bylaws to the extent of any such inconsistency.

5.1.2. Emergency Powers. The power, exercised by the Association or by any person authorized by it, to enter upon any property 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.

5.1.3. Licenses, Easements and Rights-of-Way. The power to grant and convey to any party such licenses, easements and rights-of-way in, on or under the Property as may be necessary or appropriate to effectuate the purposes of this document and for the orderly maintenance, preservation and enjoyment of the Common Areas, and for the preservation of the health, safety, convenience and the welfare of the Owner, for the purpose of constructing, erecting, operating or maintaining:

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

5.1.3.2. Sewers, storm drains, underground irrigation pipes, 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; and

5.1.3.3. Mailboxes and sidewalk abutments around such mailboxes or any service facility, berm, fencing, gates, and landscaping abutting Common Areas, public and private streets or land conveyed for any public or quasi-public purpose including, but not limited to, bicycle pathways.

The right to grant such licenses, easements and rights-of-way are hereby expressly reserved to the Association.

5.2. **Implied Rights and Obligations.** The Association will perform all of the duties and obligations and may exercise all of the rights and privileges expressly set forth in the Strong Creek Estates Documents, together with every other duty, obligation, right or privilege, or reasonably necessary in conjunction with any other duty, right or privilege.

ARTICLE 6. COMMON AREAS

6.1. **Association's Responsibility for Common Areas.** The Association, subject to the rights and obligations of the Owners set forth in this Declaration, will be responsible for the management and control of the Common Areas set forth in the Project and will keep it in good, clean and attractive condition and repair consistent with the standards of the Project. The Association will be responsible for the management and control of any other Common Area within the Property.

6.2. **Conveyance by Declarant of Common Area.** On or before the date on which Declarant conveys any Lot to another Person, Declarant will convey to the Association, by written instrument recorded with the Recorder of Bonner County, Idaho, any designated Common Area shown on the final plat for the Project.

6.3. **Use of Common Areas.** Common Areas generally are designated by this Declaration for the common use, benefit and enjoyment of the Owners and their families, tenants, employees, guests and invitees, and such other persons as may be permitted to use the Common Areas of the Association.

6.4. **No Dedication to the Public.** Nothing in this Declaration or the other Strong Creek Estates Documents will be construed as a dedication to public use.

6.6. **Association's Agreements Regarding Common Areas.** The Association may grant easements, rights-of-way, leases, licenses and concessions through or over the Common Areas without the independent approval of the Owners provided doing so is consistent with the purposes of this document.

6.7. **Ownership of Personal Property and Real Property for Common Use.** The Association may acquire, hold and dispose of personal property and real property.

6.8 **Creation of Additional Entities.** The Association may create additional Idaho Non-Profit Corporations, or other governing entities, and charge the same with the responsibility of maintaining any Common Areas. The Association may contract with any entity to maintain the Common Areas under any terms the Association deems reasonable.

ARTICLE 7. PRIVATE ROADS AND DOCKS

7.1. **Roads.** The Association shall own and be responsible for maintaining all roads within the Property. Such maintenance will include repair and replacement of such roads, as well as periodic maintenance of the surface and regular snow, and ice removal. The Association shall be responsible for maintaining all roads with adequate snow removal to ensure safe, two-way circulation year-round.

7.3. **The Harbor Area** --The Association shall be responsible for overseeing the Harbor. The Harbor is for the use and enjoyment of the Owners consistent with the CC&Rs.

7.3.1. **Owner Dock/Boardwalk.** The Association shall own and provide a dock/boardwalk located within the Harbor for the use and enjoyment of the Association. The cost of said dock/boardwalk shall be shared equally between the Owners. The Boardwalk shall be referred to as an Owner Boardwalk. The Boardwalk will be controlled and permitted by the HOA. Owner of Lot 1 shall have a 5ft wide easement running north and south along the shoreline for the sole purpose of ingress and egress of accessing the Dock/Boardwalk.

7.3.1.1 **Construction of Private Docks.** All Owners have the right to install a private dock consistent with the laws of the State of Idaho including permits. Each dock shall be of a uniform construction and size subject to approval by the Architectural committee.

7.3.1.2 **Location of Private Docks.** Owner's Private Docks shall be located on the westerly outside of the jetty. This restriction shall not apply to Lot 1. All private dock locations must be approved by Architectural committee.

7.3.3 Use Restrictions

7.3.3.1 **Size of Boats.** No Owner may moor a boat whose length is in excess of thirty feet or whose height is more than eight feet above the water line without the majority consent of all Owners. Any object on a boat which extends more than eight feet above the water line shall be collapsed to below eight feet while the boat is in the

harbor. . Loud boats shall not operate within the Harbor between the hours of 10:00 p.m. and 8:00 a.m.

7.3.3.2 Personal Water Craft. Personal water craft shall be moored both at the bow and the stern directly to a dock and not at the end of the dock.

7.3.3.3 No Alterations. The maintenance of the Boardwalk shall be the responsibility of the Association and no Owner may perform any modification to any Boardwalk without the prior written consent of the Association.

7.3.3.4 Personal Property. No personal property may be left on any Boardwalk except as is usual and customary to the use of the area during the day. The Association may approve an architecturally consistent dock locker for the Boardwalk.

7.3.3.5 Harbor Restrictions. All boats shall proceed into and out of the Harbor in a manner to create as little wake as possible. Swimming and Fishing shall be allowed provided it does not interfere with the use of the Harbor.

7.3.3.6 Maintenance of Boats. All boats shall be kept and maintained in a neat and tidy fashion and so as to not allow the discharge of any hazardous materials. Except in an emergency, boats and personal water-craft shall not be fueled while in the Harbor. In the event the Association and an Owner disagree if this provision is being complied with, then the Owners or their agents of three local boat shops or marinas shall determine the matter by majority vote.

7.4. **The Rail Road Property**. The rail road property lying east of the present deeded access may be used by the Association for the construction of architecturally consistent storage buildings and for additional parking. Every Owner of a Lot has the right to construct such a building on that property recognizing that the rail-road lease is terminable on thirty days' notice by either party. Any such buildings shall be identical and laid out in a manner approved by the majority consent of all owners, which consent may not be withdrawn once given except by all. The majority of the members shall determine the location of owner storage buildings, bearing in mind the potential use of the rail road property by a third party hired by the Association to maintain the common areas to generate revenue from non-owner docks. This document does not restrict the use of the railroad property by Mill Harbor Properties, LLC, provided such use is consistent with the common scheme or plan of the project and can include commercial uses of the rail road property.

ARTICLE 8. BOOKS, RECORDS AND RESERVE ACCOUNTS

8.1. **Books and Records**. The Association will make available for inspection by Owners and Mortgagees, upon written request, within five (5) business days, during normal business hours or under other reasonable circumstances, current copies of Strong Creek Estates Documents, and the books, records and financial statements of the Association prepared pursuant to the Bylaws. The Association may charge a reasonable fee for copying such materials.

8.2. **Reserve Account.** The Association will establish and maintain an adequate reserve fund from Annual Assessments levied pursuant to Section 11.3 below for maintenance, repair or replacement of the Common Areas and Improvements located within the Common Areas that must be replaced on a periodic basis and for any other facilities made available to the Association that must be replaced on a periodic basis with contribution from the Association.

8.3. **Working Capital Account.** In order to provide the Association with adequate working capital funds, the Association will collect at the time of the close of escrow of each Lot an amount equal to three months' installments of the Annual Assessments at the rate in effect at the time of the close of such escrow. The Association will maintain such funds in a segregated account to meet unforeseen expenditures or to acquire additional equipment or services for the benefit of the Members. Payments to this fund from escrow closings are not and shall not be considered advance payments of Annual Assessments.

ARTICLE 9 ARCHITECTURAL COMMITTEE

9.1. **Creation.** Within thirty (30) days of the date on which the Declarant first conveys a Lot to an Owner, Declarant shall appoint three (3) individuals to serve on the Architectural Committee. Each Member shall hold office until such time as such member has resigned or has been removed, or such member's successor has been appointed, as provided herein. A member of the Architectural Committee need not be an Owner. Members of the Architectural Committee may be removed by the person or entity appointing them at any time without cause.

9.2. **Declarant's Right of Appointment.** At any time, and from time to time, prior to the termination of the Period of Declarant Control, Declarant shall have the exclusive right to appoint and remove all members of the Architectural Committee. At all other times, the Board shall have the right to appoint and remove all members of the Architectural Committee. If a vacancy on the Architectural Committee occurs and a permanent replacement has not yet been appointed, Declarant 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.

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 this Declaration, and perform such other duties as from time to time shall be assigned to it by the Board, including the inspection of construction in progress to assure its conformance with plans approved by the Architectural Committee. The Board shall have the power to determine by rule or other written designation consistent with this Declaration, which types of Improvements shall be submitted for Architectural Committee review and approval. The Architectural Committee shall have the power to hire a licensed architect, 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 Applicant to reimburse the 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 a licensed architect 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. If plans submitted are the same or substantially similar to plans previously approved by the Architectural Committee, fees may be reduced for such application approvals. 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 of such details, 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 therefore shall be transmitted by the Architectural Committee to the Applicant at the address set forth in the application for approval within twenty (20) days after filing all materials required by the Architectural Committee. Any materials submitted pursuant to this Article 10 shall be deemed approved unless written disapproval by the Architectural Committee shall have been mailed to the Applicant within twenty (20) days after the date of filing said materials with the Architectural Committee. The Architectural Committee shall approve proposals or plans and specifications submitted for its approval only if it deems that the construction, alterations or additions contemplated thereby in the locations indicated will not be detrimental to the habitat of the Common Areas, or appearance of the surrounding area of the Property as a whole, that the appearance of any structure affected thereby will be in harmony with the surrounding structures, and that the upkeep and maintenance thereof will not become a burden on the Association.

9.4. Review of Proposed Construction. 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 an 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 10.9. 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 10, 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 noncompliance 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 Board ruling within such period, the Board, at its option, may either remove the non-complying 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 this Declaration.

If for any reason the Architectural Committee fails to notify the Owner of any noncompliance with 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.** Neither the Architectural Committee nor any member thereof, nor its duly authorized Architectural Committee representative, shall be liable to the Association, or to any Owner or Declarant for any loss, damage, or injury arising out of or in any way connected with the performance of the Architectural Committee's duties hereunder, unless due to the willful misconduct or bad faith of the Architectural Committee. 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.

9.9. **Variances.** The Architectural Committee may authorize variances from compliance with any of the architectural provisions of this Declaration, including restrictions upon height, size, floor area, or placement of structures, or similar restrictions, 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, including without limitation manicured lawns, 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 Kootenai 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 any way the Owners obligation to comply with all governmental laws and regulations affecting such Owners use of the Building Lot, including but not limited to zoning ordinances or requirements imposed by any governmental or municipal authority.

9.10. **Declarant's Exemption.** Any and all Improvements constructed by Declarant on or to the Property are not subject to review and approval by the Architectural Committee.

ARTICLE 10. PROPERTY USE MAINTENANCE AND RESTRICTIONS

10.1. **General Restriction.** The Property will be used only for the purposes set forth in this Declaration, as permitted by the applicable ordinances of the City of East Hope, the laws of the State of Idaho and the Local State, and as set forth in Strong Creek Estates Documents or other specific recorded covenants affecting all or any part of the Property.

10.2. **Use of Lots.** Each Lot may be used only as a single-family residence and not for any commercial purposes. In the event of a conflict between any provision of the applicable subdivision ordinances and any provision of this Declaration, the more restrictive provision shall control. Leasing of a Lot shall not be considered a commercial purpose within the meaning of this subsection. Temporary structures including trailers and recreational vehicles are subject to prior approval by the Architectural committee subject to a three-year limitation.

10.3. **Motorized and Recreational Vehicles.** No motorized or recreational vehicles of any kind other than passenger automobiles or pickup or utility trucks with a capacity of one ton or less, may be parked, stored or in a manner kept or placed on any portion of the Property except in an enclosed garage. This restriction, however, will not be deemed to prohibit commercial and construction vehicles, in the ordinary course of business, from making deliveries or otherwise providing services to the Property or to Declarant or the other Owners. Only currently licensed vehicles shall be on the Property.

No snowmobiles or off-road vehicles will be allowed to operate anywhere in the Property, except for emergency purposes or in areas specifically designated for such purposes by the Board. Motorcycles may be used on roads in the Property only for transportation to and from a Lot and shall be operated in a quiet manner and in compliance with the rules of the road. All other starting and running of motorcycles on any of the Property shall be strictly prohibited.

10.4. **Parking.** No overnight on-street parking shall be allowed in the Project other than incident to short term visits from Owner guests.

10.5. **Automobile Repair, Abandoned, Inoperable, or Oversized Vehicles.** No work on automobiles or other vehicle repair will be performed in any visible or exposed portion of the Project except in emergencies. All repair work shall be done in Owner's garage or off the Property. No abandoned or inoperable vehicles of any kind will be stored or parked on or any portion of the Property, except as provided below. An "abandoned or inoperable vehicle" is defined as any vehicle that has not been driven under its own propulsion for a period of three weeks or longer; provided, however, this will not include vehicles parked by Owners while on vacation or residing away from Strong Creek Estates.

10.6. **Signs.** Signs of any kind, including but not limited to, Lots, construction/contractors signs, political signs, or the like are strictly prohibited and shall not be displayed from within any residence on any Lot so as to be visible from outside the residence. Signs will be allowed for marketing of properties.

10.7. **Animals and Pets.** All pets (animals, birds, reptiles or living creatures of any kind) are subject to the following restrictions.

10.7.1. Allowed Pets. Raising or housing of any animal on a commercial basis, including, without limitation, kenneling and breeding, is prohibited. No animals, livestock, or poultry of any kind will be kept on any portion of the Property, other than domestic household pets.

10.7.2. Limitation on Number of Pets. No more than two (2) domestic household pets are allowed per Lot.

10.7.3. Containment. Domestic household pets shall be kept within the perimeter of the Owner's Lot or Lot and shall not be permitted to run at large at any time. Pets that are leashed may not be left unattended. Underground electric fencing may be used. Pets shall be managed and controlled in such a way as to not become a nuisance due to excessive noise, odors or any other characteristics that may impair the enjoyment of the Property by other Owners.

10.7.4. Leashes. Pedestrians within the Property who are accompanied by dogs must have the dogs under the pedestrians' direct control by use of a leash not to exceed 10 feet in length and shall promptly remove any animal waste.

10.7.5. Right for Removal. The Association may at any time require the removal of any pet which it finds to be disturbing other Owners unreasonably, and may exercise this authority for specific pets even though other pets are permitted to remain.

10.7.6. Damage by Pets. Owners and their guests are responsible for any damage to the Common Areas, to other real or personal property, or to individuals within the Property caused by their pets.

10.7.7. Alterations to Common Areas. Nothing shall be altered or constructed in a Common Area to house or accommodate pets, without the prior written approval of the Association.

10.8. No Outside Clothesline. No laundry or wash will be dried or hung outside any Dwelling Lot.

10.9. Satellite or Antenna. No satellite or antennas shall be allowed unless first approved by the Architectural review committee.

10.10. Window Coverings. Windows shall not be covered with any reflective material, cardboard, or other similar material.

10.11. Noise. No use or discharge of any radio, loudspeaker, horn, whistle, bell, or other sound-producing device, so as to be audible to occupants of other Lots, except for security alarm device used exclusively for security purposes, will be permitted on any portion of the Property unless approved by Association.

10.12. Snow Clearance. Snow clearance and/or removal in the Common Areas is the responsibility of the Association and Owners shall not clear or remove snow from Owners' driveways or walkways onto Common Areas or roads within the Property.

10.13. **Association Landscape Maintenance.** Subject to the right of the Association to assess pursuant to Article 12, landscape maintenance, for all Common Areas, including but not limited to mowing of grass, weeding, removing debris, is the responsibility of the Association.

10.14. **Exterior Maintenance.** The Owner of a residence is responsible for the upkeep of the exterior of the residence. The exterior appearance of any structure of a residence, including but not limited to, landscaping, color, windows, decks/porches and the like, shall not be modified, or allowed to deteriorate to the point of changing the appearance of the exterior without the express written consent of the Association, the giving of which shall be at the sole discretion of the Association.

10.15. **Compliance with Laws.** Subject to the rights of reasonable contest, each Owner will comply with the provisions of all applicable laws, regulations, ordinances, and other governmental or quasi-governmental regulations with respect to all or any portion of the Property.

10.16. **Obstructions.** There will be no obstruction of any walkways or paths or interference with the free use of those walkways and paths except as may be reasonably required in connection with repairs. The Owners, their families, tenants, guests and invitees are granted nonexclusive easements to use the walkways and paths within the Property, subject to such rules as the Board may adopt from time to time.

10.17. **Camping, Picnicking, and Public Assembly.** No camping or picnicking will be allowed within the Property. Public assemblies, weddings, or other gatherings within the Property are prohibited without the unanimous written consent of all Owners which may be achieved by the mailing of a letter to the registered address of the Owner or Owners informing the Owner that a non-response is the same as an affirmative response or negative, as the case may be.

10.18. **Nuisance.** No obnoxious or offensive activity will be carried on within the Property, nor will anything be done or permitted which will constitute a public nuisance. No noise or other nuisance will be permitted to exist or operate upon the Property so as to be offensive or detrimental to any other part of the Property or its occupants.

10.19. **Rental and Leasing.** The Owner of a Lot will have the right to rent or lease the Lot, subject to the condition that all lease or rental agreements must be in writing.

10.19.1. The lease or rental agreement shall be specifically subject to Strong Creek Estates Documents, which shall be incorporated by reference therein, and any failure of a tenant to comply with Strong Creek Estates Documents will be a default under the lease or rental agreement.

10.19.2. The Owner shall be liable for any violation of Strong Creek Estates Documents committed by the Owner's tenant, without prejudice to the Owner's right to collect from tenant any sums paid by the Owner on behalf of the tenant.

10.19.3. The rental of a Lot shall terminate the Owners right to use any portion of the Property during the lease, unless the Owner has leased a Non-Owner dock from the Association.

10.20. **Enforcement.** The Association may take such actions as it deems advisable to enforce this Declaration, including, but not limited to, the ability to require compliance with this Declaration, or any other valid requirement of the Association. In addition, the Association will have a right of entry on any part of the Property for the purposes of enforcing this Article, and any costs incurred by the Association in connection with such enforcement which remain unpaid thirty (30) days after the Association has given notice of the cost to the Owner and otherwise complied with this Declaration will be subject to interest at the Default Rate from the date of the advance by the Association through the date of payment in full by the Owner, and will be treated as a Default Assessment enforceable as provided in Article 11.

ARTICLE 11. OWNERS' OBLIGATIONS FOR MAINTENANCE

11.1. **Owner's Negligence.** If the need for maintenance, repair or replacement of any portion of the Common Areas (including Improvements located on it) arises because of the negligent or willful act or omission of an Owner or his family member, guest, invitee or tenant, then the expenses incurred by the Association for the maintenance, repair or replacement will be a personal obligation of that Owner. If the Owner fails to repay the expenses incurred by the Association within thirty (30) days after the notice to the Owner of the amount owed, then those expenses will bear interest at the Default Rate from the date of the advance by the Association until payment by the responsible Owner in full, and all such expenses and interest will become a Default Assessment enforceable in accordance with Article 11.

ARTICLE 12. ASSESSMENTS

12.1. **Covenant to Pay and Personal Obligation for Assessments.** Each Owner, by accepting a deed for a Lot, is deemed to covenant to pay to the Association: (1) the Annual Assessments imposed by the Board of Directors as necessary to fund the Maintenance Fund and to generally carry out the functions of the Association, including, without limitation, the payment of Common Expenses; (2) Special Assessments for capital improvements and other purposes as stated in this Declaration; (3) Utility Assessments for any utility services provided by the Association; (4) Default Assessments which may be assessed against a Lot pursuant to Strong Creek Estates Documents for the Owner's failure to perform an obligation under Strong Creek Estates Documents or because the Association has incurred an expense on behalf of or caused by the Owner under Strong Creek Estates Documents; and (5) any other Assessments as the Board may impose from time to time. Owner further covenants to pay all utility fees and charges levied by Strong Creek Estates.

Each such Assessment, together with fines, interest, costs and reasonable attorneys' (and legal assistants') fees, will also be the personal and individual obligation

of the Owner as of the time the Assessment becomes due, and two or more Owners of a Lot will be jointly and severally liable for such obligations. No Owner may exempt himself from liability for any Assessment by abandonment of his Lot or by waiver of the use or enjoyment of the Common Areas. Suit to recover a money judgment for unpaid Assessments and related charges as listed above may be maintained without foreclosing or waiving the Assessment lien provided in this Declaration.

12.2. **Purpose of Assessments.** The Assessments levied by the Association will be used exclusively to promote the recreation, health, safety, and welfare of the Owners and occupants of the Project, and to affect the provisions of Strong Creek Estates Documents.

12.3. **Annual Assessments.**

12.3.1. **Calculation of Annual Assessments.** At least thirty (30) days before the beginning of each fiscal year, the Board shall prepare a budget of the estimated Common Expenses for the coming year, including any contributions to be made to a reserve fund. The budget shall also reflect the sources and estimated amounts for funds to cover such expenses, which may include any surplus to be applied from prior years, any income expected from sources other than assessments, and the amount to be generated through the levy of Annual Assessments and Special Assessments. In determining the Annual Assessment, the Board may consider any assessment income expected to be generated from any additional Lots reasonably anticipated becoming subject to assessment during the fiscal year.

The Board shall send a copy of the final budget, together with notice of the amount of the Annual Assessment to be levied pursuant to such budget, to each Owner at least thirty (30) days prior to the effective date of such budget.

The budget shall be determined by the Board of Directors annually in its sole discretion. If any Board fails for any reason to determine the budget for any year, then the budget most recently in effect shall continue in effect until a new budget is determined.

12.3.2. **Apportionment of Annual Assessments.** For Common Expenses which benefit all lots equally as determined by the Association in its sole discretion, each Owner will be responsible for that Owner's share of the Common Expenses, which will be divided equally among the existing Lots.

12.3.3. **Collection.** Annual Assessments or installments thereon shall be payable in advance and will be collected at such frequency as the Board may determine from time to time. The omission or failure of the Association to fix the Annual Assessments for any Assessment period will not be deemed a waiver, modification, or release of the Owners from their obligation to pay the same. The Association will have the right, but not the obligation, to prorate refunds of any Annual Assessment in excess of the actual expenses incurred in any fiscal year.

12.3.4. Date of Commencement of Annual Assessments. The Annual Assessments for each Lot will commence upon sale of the same to an Owner, a prorated basis for the year of sale, based on the number of months remaining in said year.

12.3.5. Capitalization of the Association. At closing on the acquisition of record title to a Lot from Declarant or any seller after Declarant, each Owner will contribute to the working capital and reserves of the Association an amount equal to three (3) months installments of the Annual Assessment determined by the Board of Directors for the Lot for the year in which the Owner acquired title. The Association will maintain the working capital funds in segregated accounts to meet unforeseen expenditures or to acquire additional equipment or services for the benefit of the Members. Such payments to this fund will not be considered advance payments of Annual Assessments.

12.4. **Special Assessments.**

12.4.1. Determination by Board. The Board of Directors may levy in any fiscal year one or more Special Assessments, applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, repair or replacement of a described capital improvement upon the Common Areas, including the necessary fixtures and personal property related thereto, or, after adopting and submitting a revised budget to the Association as may be required, to make up any shortfall in the current year's budget.

12.4.2. Apportionment and Collection of Special Assessments. The Board will apportion Special Assessments among the Lots and collect payment according to the same guidelines as set forth for Annual Assessments. Lots in a subsequently platted portion of the Expansion Property which is added to the Property shall not be subject to Special Assessments which preceded the recording of the new Plat, unless the Special Assessment is due in monthly or periodic installments in which case the Lots in the newly platted portion shall be subject to the Special Assessment only to the extent of the installments which become due after the recording of the Plat.

12.4.3. Notice. Notice of the amount and due dates for such Special Assessments must be sent to each Owner at least thirty (30) days prior to the due date if payable in a single payment, and at least thirty (30) days prior to the first due date if payable in periodic installments.

12.5. **Default Assessments.** All monetary fines, penalties, interest or other charges or fees (excluding Annual and Special Assessments) levied against an Owner pursuant to Strong Creek Estates Documents, or any expense of the Association which is the obligation of an Owner or which is incurred by the Association on behalf of the Owner pursuant to Strong Creek Estates Documents, and any expense (including without limitation attorneys' and legal assistants' fees) incurred by the Association as a result of the failure of an Owner to abide by Strong Creek Estates Documents, constitutes a Default Assessment, enforceable as provided in this Declaration below.

12.6. **General Remedies of Association for Nonpayment of Assessments.**

Any installment of an Annual Assessment or a Special Assessment that is not paid within thirty (30) days after its due date will be delinquent. In the event that an Annual or Special Assessment becomes delinquent, or in the event any Default Assessment is established under Strong Creek Estates Documents, the Association may take any or all of the following actions, in addition to any legal remedy provided at law or equity:

(a) Assess a late charge for each delinquency at uniform rates set by the Board of Directors from time to time;

(b) Charge interest from the date of delinquency at the Default Rate;

(c) Suspend the voting rights of the Owner during any period of delinquency;

(d) Accelerate all remaining Assessment installments for the fiscal year in question so that unpaid Assessments for the remainder of the fiscal year will be due and payable at once;

(e) Bring an action at law against any Owner personally obligated to pay the delinquent Assessment charges as may or may not be accelerated by the Board pursuant to 12.6 (d) above; or

(f) File a Notice of Lien with respect of the Lot and foreclose as set forth in more detail below.

12.7. **Assessment Lien.** Any Assessment chargeable to a Lot will constitute a consensual lien on the same, effective upon the date of the Assessment. To evidence the lien, the Association, as applicable, may, but will not be obligated to, prepare and record, at the office of the Bonner County Recorder a Notice of Lien with respect to the Lot, setting forth the name of the Owner, the legal description of the same, the name of the Association, as applicable, and the delinquent Assessment amounts then owing. Any such notice will be duly signed and acknowledged by an Officer or Director of the Association, as applicable, or by the Manager of such entity, and will be served upon the Owner of the Lot by personal service or by certified or registered mail to the last known address of the Owner or Owners of the Lot and any holder of a prior perfected security interest. Thirty (30) days following the mailing of such notice to the Owner, the Association, as applicable, may proceed to foreclose the lien in the manner provided under Idaho law. The Association, as applicable, will have the power and the right to bid on a Lot at foreclosure sale and to acquire, hold, lease, mortgage and convey any such Lot.

12.8. **Successor's Liability for Assessment.** All successors to the fee simple title of a Lot, except as provided in Section 11.10, will be jointly and severally liable with the prior Owner or Owners thereof for any and all unpaid Assessments, interest, late charges, costs, expenses, and attorneys' (and legal assistants') fees against such Lot without prejudice to any such successor's right to recover from any prior Owner any amounts paid by such successor. This liability of a successor will not be personal and will terminate upon termination of such successor's fee simple interest in the Lot. In

addition, such successor will be entitled to rely on the statement of status of Assessments by or on behalf of the Association under Section 11.12.

12.9. **Waiver of Homestead Exemption; Subordination of the Lien.** The Assessment liens will be superior to and prior to any homestead exemption provided now or in the future by the laws of the State of Idaho, and to all other liens and encumbrances except the following:

12.9.1. **Prior Liens.** Liens and encumbrances recorded before the date of recording this Declaration;

12.9.2. **Tax, Governmental and Statutory Lien.** Liens for real estate taxes and other governmental assessments or charges made superior by statute; and

12.9.3. **First Mortgage Liens.** The lien for all sums unpaid on a First Mortgage recorded before the date on which the Assessment sought to be enforced became delinquent, including any and all advances made by the First Mortgagee, even though some or all of such advances may have been made subsequent to the date of attachment of the Association's lien.

With respect to Section 12.9, any First Mortgagee who acquires title to a Lot by virtue of foreclosing the First Mortgage or by virtue of a deed or assignment in lieu of such a foreclosure, or any purchaser at a foreclosure sale of the First Mortgage, will take the Lot free of any claims for unpaid Assessments, interest, late charges, costs, expenses, and attorneys' (and legal assistants') fees against the Lot which accrue prior to the time such First Mortgagee or purchaser acquires title to the Lot.

All other persons who hold a lien or encumbrance of any type not described in Sections 12.9.1 through 12.9.3 will be deemed to consent to the subordination of such lien or encumbrance to the Association's current and future Assessment liens, interest, late charges, costs, expenses, and attorneys' (and legal assistants') fees, as provided in this Article, whether or not such consent is specifically set forth in the instrument creating any such lien or encumbrance.

12.10. **Reallocation of Assessments Secured by Extinguished Liens.** The sale or transfer of any Lot to enforce any of the liens to which the Assessment lien is subordinate will extinguish such Assessment lien as to installments that became due prior to such sale or transfer. The amount of such extinguished lien may be reallocated and assessed to all Lots as a Common Expense at the discretion of the Board of Directors. However, no such sale or transfer will relieve the purchaser or transferee of a Lot from liability for, or the Lot from the lien of, Assessments made after the sale or transfer.

12.11. **Exempt Property.** The following portions of the Property will be exempt from the Assessments, charges, and liens created under this Declaration:

12.11.1. All utility lines and easements; and

12.11.2. Common Areas.

12.12. **Statement of Status of Assessments.** The Association will furnish to an Owner or his designee or to any Mortgagee a statement setting forth the amount of unpaid Assessments then levied against the Lot in which the Owner, designee or Mortgagee has an interest. The Association will deliver the statement personally or by certified mail, first class postage prepaid, return receipt requested, to the inquiring party within fourteen (14) business days after the registered agent of the Association receives the request by personal delivery or by certified mail, first class postage prepaid, return receipt requested. The information contained in such statement, when signed by an Officer or Director of the Association or the Manager, will be conclusive upon the Association, the Board, and every Owner as to the person or persons to whom such statement is issued and who rely on it in good faith.

12.13. **Failure to Assess.** The omission or failure of the Board to fix the Assessment amounts or rates or to deliver or mail to each Owner an Assessment notice will not be deemed a waiver, modification, or release of any Owner from the obligation to pay Assessments. In such event, each Owner will continue to pay Annual Assessments on the same basis as for the last year for which an Assessment was made until a new Assessment is made, at which time any shortfalls in collections may be assessed retroactively by the Association.

ARTICLE 13. PROPERTY RIGHTS OF OWNERS

13.1. **Owners' Easements of Access and Enjoyment.** Every Owner has a perpetual, non-exclusive easement for access to and from his Lot and for the use and enjoyment of the Common Areas by all Owners of said Lot, their families, guests, invitees, tenants and employees. Said easement is appurtenant to and will pass with the title to said Lot, subject to the provisions set forth in this Article.

13.2. **Easements of Record and of Use.** The Property shall be subject to all easements of record or shown on any recorded Plat and to any other easements of record or of use as of the date of recordation of this Declaration.

13.3. **Emergency Access 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.

13.4. **Easements of Encroachment.** There shall be reciprocal appurtenant easements of encroachment and for maintenance and use of any permitted encroachment, between each Lot and any adjacent Common Area and between adjacent Lots or any Lot due to the unintentional placement or settling or shifting of the improvements constructed, reconstructed, or altered thereon (in accordance with the terms of these restrictions) to a distance of not more than three feet, as measured from any point on the common boundary along a line perpendicular to such boundary. However, in no event shall an easement for encroachment exist if such encroachment occurred due to willful and knowing conduct on the part of or with the knowledge and consent of, an Owner, occupant, or the Association.

13.5. **Easements for Utilities.** There are hereby reserved unto the Association access and maintenance easements upon, across, over, and under all of the Property to the extent reasonably necessary for the purpose of replacing, repairing and maintaining cable television systems, master television antenna systems, security and similar systems, roads, walkways, trails, drainage systems, street lights, hydrants, signage and all utilities, including but not limited to water, sewers, meter boxes, telephone, gas and electricity and for providing access to docks and for the purpose of installing any of the foregoing on property which Declarant owns or within easements designated for such purposes on recorded plats of the Property. The foregoing easements may traverse the private property of any Owner. Any damage to a Lot resulting from the exercise of an easement shall promptly be repaired by, and at the expense of, the Person exercising the easement. The exercise of an easement shall not unreasonably interfere with the use of any Lot and, except in an emergency, entry onto any Lot shall be made only after reasonable notice to the Owner of occupant.

Should any entity furnishing a service covered by the general easement herein provided request a specific easement by separate recordable document, the Board shall have the right to grant such easement over the Property without creating a conflict with the terms hereof. The easements provided for in this Article shall in no way adversely affect any other validly recorded easement on the Property.

The Board shall have, by a two-thirds (2/3) vote, the power to dedicate portions of the Common Areas to any local, state or federal governmental or quasi-governmental entity.

13.6. **Easements to Serve Expansion Property.** The Association hereby reserves for itself and its duly authorized agents, representatives, employees, designees, successors, assigns, licensees, and mortgagees an easement over the Common Areas for the purposes of enjoyment, use, access and development of such rail road Property as the Association may designate in the future. This easement includes, but is not limited to, a right of ingress and egress over the Common Areas for construction of roads and for connection and installation of utilities on such property. Declarant and its successors or assigns shall be responsible for any damage caused to the Common Areas as a result of vehicular traffic connected with development of such property.

1213.7. **Right of Entry.** The Association shall have the right, but not the obligation, to enter upon any Lot for emergency, security and safety reasons, or to perform any act in furtherance of its duties imposed by this Declaration, and to inspect for the purpose of ensuring compliance with the Strong Creek Estates documents which rights may be exercised by any member of the Board, the Association, or its Officers, agents, employees and managers and all policemen, firemen, ambulance personnel and similar emergency personnel in the performance of their duties. Except in an emergency situation, entry shall only be during reasonable hours and after notice to the Owner. This right of entry shall include the right of the Association to enter upon any Lot to cure any condition which may increase the possibility of a fire or other hazard in the event an Owner fails or refuses to cure the condition within a reasonable time after requested by the Board, but shall not

authorize entry into any Lot without permission of the Owner except by emergency personnel acting in their official capacities.

ARTICLE 14. INSURANCE AND FIDELITY BONDS

14.1. **Authority to Purchase.** All insurance policies relating to the Common Areas will be purchased by the Board of Directors or its duly authorized agent, on behalf of the Association. The Board of Directors, the Manager and Declarant will not be liable for failure to obtain any coverage required by this Article or for any loss or damage resulting from such failure if such failure is due to the unavailability of such coverage from reputable insurance companies, or if such coverage is available only at demonstrably unreasonable costs.

14.2. **General Insurance Provisions.** All such insurance coverage obtained by the Board of Directors will be governed by the following provisions:

14.2.1. As long as Declarant owns any Lot, Declarant will be named as an additional insured on all such policies in the same manner as any other Owner.

14.2.2. The deductible, if any, on any insurance policy purchased by the Board of Directors may be treated as a Common Expense payable from Annual Assessments or Special Assessments, allocable to all of the Lots or to only some of the Lots, if the claims for damages arise from the negligence of particular Owners, or if the repairs benefit only particular Owners. The deductible may also be paid from working capital reserves established by the Board of Directors. The Board of Directors shall, in its sole discretion, determine the treatment and allocation of any deductible.

14.3. **Physical Damage Insurance on Common Areas.** The Association will obtain insurance for Improvements within the Common Areas with such coverages, limits, deductibles and other terms and conditions as the Board may determine from time to time.

14.4. **Liability Insurance.** The Association will obtain a comprehensive policy of public liability insurance and property damage insurance with such coverages, limits, deductibles, and terms and conditions as the Board of Directors may from time to time determine. Such insurance shall provide coverage to each member of the Board of Directors, the Association, the Manager, and their respective employees, agents, and all persons acting as agents against any liability to the public or the Owners, their guests, invitees, tenants, agents, and employees arising in connection with the ownership, operation, maintenance, or use of the Common Areas, streets and roads within the Project and any other areas under the control of the Association. Declarant will be included in the coverage as an additional insured, but only for claims and liabilities arising in connection with the ownership, existence, use or management of the Common Areas.

The Board of Directors will review the coverage limits from time-to-time, but generally, the Board will carry such amounts of insurance usually required by private institutional mortgage lenders on projects similar to the Project, and in no event will such

coverage be less than \$1,000,000.00 for all claims for bodily injury or property damage arising out of one occurrence.

14.5. **Fidelity Insurance.** Fidelity bonds or insurance coverage will be maintained by the Association to protect against dishonest acts on the part of its Officers, Directors, trustees, and employees, and on the part of those who are responsible for handling the funds of or administered by the Association. In addition, if responsibility for handling funds is delegated to a Manager, such bonds or insurance coverage will be required for the Manager and its Officers, employees, and agents, as applicable. Such fidelity bonds or insurance coverage will name the Association as an obligee or insured and will be written in such amount as the Board may determine appropriate.

14.6. **Provisions Common to Physical Damage Insurance, Liability Insurance and Fidelity Insurance.** Any insurance coverage obtained by the Association under the preceding provisions of this Article will be subject to the following provisions and limitations:

14.6.1. **Named Insured:** The named insured under any such policies shall include the Association and Declarant, until all of the Lots in the Project have been conveyed by Declarant, then, only the Association.

14.6.2. **Owner as Insured:** Each Owner will be an insured person with respect to liability arising out of the Owner's interest in the Common Areas or membership in the Association.

14.6.3. **Authorized Representative:** The Association, or its authorized representative, is hereby appointed as attorney-in-fact for the Owners and will have exclusive authority to negotiate losses on Owners' behalf under such policies.

14.6.4. **Personal Liability Insurance of Officers and Directors.** To the extent obtainable at reasonable cost, appropriate Officers' and Directors' personal liability insurance will be obtained by the Association to protect the Officers and Directors from personal liability in relation to their duties and responsibilities in acting as such Officers and Directors on behalf of the Association.

14.6.5. **Workers' Compensation Insurance.** The Association will obtain workers' compensation or similar insurance with respect to its employees, if any, in the amounts and forms as may now or hereafter be required by law.

14.6.6. **Other Insurance.** The Association may obtain insurance against such other risks, of a similar or dissimilar nature, as it may deem appropriate with respect to the Association's responsibilities and duties.

14.6.7. **Insurance Obtained by Owners.** Each Owner shall obtain insurance for such Owner's benefit, at such Owner's expense, covering the Owner's Lot and Improvement, personal property and personal liability. However, no insurance coverage obtained by an Owner will operate to decrease the amount which the Board of Directors, on behalf of all Owners, may realize under any policy maintained by the Board, otherwise affect any insurance

coverage obtained by the Association or cause the diminution or termination of that coverage. Any such insurance obtained by an Owner will include a waiver of the particular insurance company's right to subrogation against the Board of Directors, the Association, the Manager, and other Owners. Owners shall take whatever reasonable steps are required by the Association in order to assure compliance with this provision and the Association shall have the right, but not the obligation to purchase an insurance policy which complies with this paragraph and assess the costs thereof against the non-complying Owner.

14.6.8. Indemnification by Owners. Each Owner shall indemnify and hold harmless the Association and its' Officers, Directors, Agents and Employees for injuries to person or property occurring on such Owner's Lot.

ARTICLE 15. ASSOCIATION AS ATTORNEY-IN-FACT

15.1. 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 Areas upon damage or destruction as provided in Article 16 or a complete or partial taking as provided in Article 17 below. Acceptance by any grantee of a deed or other instrument of conveyance from any Owner will constitute appointment of the Association as attorney-in-fact as provided in this Article. As attorney-in-fact, the Association will 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 that may be necessary or appropriate to exercise the powers granted to the Association as attorney-in-fact.

ARTICLE 16. DAMAGE OR DESTRUCTION

16.1. Damage or Destruction of Common Areas.

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

16.1.2. Repair and Reconstruction. As soon as practical after obtaining estimates, the Association will 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 will be necessary. Assessments of the Association will not be abated during the period of insurance adjustments and repair and reconstruction.

16.1.3. Funds for Repair and Reconstruction. The proceeds received by the Association from any hazard insurance will be used for the purpose of repair, replacement 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, pursuant to Section 11.4, levy, 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 levies may be made in like manner if the amounts collected prove insufficient to complete the repair and reconstruction. In the event the damage or destruction is the result of a negligent or intentional act of a Lot Owner or Owners, then the Association may assess the entire costs of repair or replacement against that Lot Owner or Owners.

16.1.4. Disbursement of Funds for Repair and Reconstruction. The insurance proceeds held by the Association and the amounts received from the Special Assessments provided for in Section 11.4 constitute a fund for the payment of the costs of repair and reconstruction after casualty. It will be deemed that the first money disbursed in payment for the costs of repair and reconstruction will 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 will be distributed to the Owners in proportion to the contributions each Owner made as a Special Assessment to the Association under Section 11, or, if no Special Assessments were made, then in proportionate shares on the basis of the allocation to the Owners of Common Expenses under Section 11, first to any First Mortgagee that has paid any such Assessment pursuant to Section 19 below, and then to the Owners, as their interests appear.

16.1.5. Decision Not to Rebuild. If six of the seven Owners agree in writing, not to repair and reconstruct damage to the Common Areas and no alternative Improvements are authorized, then and in that event the Property will be restored to its natural state and maintained as an undeveloped portion of the Common Areas by Association in a neat and attractive condition, and any remaining insurance proceeds will be deposited with collected sums pursuant to Section 11.3.5, subject to the rights of third parties as set forth herein.

16.2. Danger or Destruction Affecting Lots. In the event of damage or destruction to any Lot, the Owner thereof will promptly repair and restore the damaged Lot to its condition prior to such damage or destruction. If such repair or restoration is not commenced within one hundred and eighty (180) days from the date of such damage or destruction, or if repair and reconstruction is commenced and then abandoned for a period of more than ninety (90) days, then the Association may, after notice and hearing as provided in the Bylaws, impose a fine accruing at the rate of \$100.00 per day or such other rate imposed by the Board in compliance with the Bylaws, charged against the Owner of the Lot until repair and reconstruction is commenced, unless the Owner can prove to the satisfaction of the Association that such failure is due to circumstances beyond the Owner's control. Such fine will be a Default Assessment and lien against the Lot as provided in Section 11.5 above.

**ARTICLE 17.
CONDEMNATION**

17.1. **Rights of Owners.** Whenever all or part of the Common Areas are taken or conveyed in lieu of and under threat of condemnation by any authority having the power of condemnation or eminent domain, each Owner will be entitled to notice of the taking, but the Association will act as attorney-in-fact for all Owners in the proceedings incident to the condemnation proceeding, unless otherwise prohibited by law.

17.2. **Partial Condemnation; Distribution of Award; Reconstruction.** The award made for such taking will be payable to the Association as trustee for all Owners to be disbursed as follows:

If the taking involves a portion of the Common Areas on which Improvements have been constructed, then, unless, within sixty (60) days after such taking, six of the seven Owners so agree, the Association will restore or replace such Improvements so taken on the remaining land included in the Common Areas to the extent lands are available therefore, in accordance with plans approved by the Board of Directors. If such Improvements are to be repaired or restored, the provisions in Article 16 above regarding the disbursements of funds with respect to casualty damage or destruction that is to be repaired will apply. If the taking does not involve any Improvements on the Common Areas, 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 will be deposited with sums collected pursuant to Section 11.3.5, subject to the rights of third parties as set forth herein.

17.3. **Complete Condemnation.** If the entire Project is taken, condemned, sold, or otherwise disposed of in lieu of or in avoidance of condemnation, then the regime created by this Declaration will terminate, and the portion of the condemnation award attributable to the Common Areas will be distributed as provided in Section 17.2.

**ARTICLE 18.
MORTGAGEE PROTECTIONS**

18.1. **First Mortgagees' Rights.**

18.1.1. **Payment of Taxes and Insurance.** First Mortgagees, jointly or singly, may pay taxes or other charges which are in default and which may or have become a charge against any of the Common Areas or Improvements thereon, and may pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy, for the Common Areas.

18.1.2. **Cure of Delinquent Assessments.** A First Mortgagee will be entitled to cure any delinquency of the Owner of the Lot encumbered by the First Mortgagee in the payment of Assessments. In that event, the First Mortgagee will be entitled to obtain a release from any lien perfected by reason of such delinquency and to any funds paid by the Lot Owner to the Association that had prior been paid by the First Mortgagee.

18.2. **Title Taken by First Mortgagee.** Any First Mortgagee who obtains title to a Lot pursuant to the remedies provided in the First Mortgage, including foreclosure of the First Mortgage, will be liable for all Assessments which become due and payable on or after the date title to the Lot vests in the First Mortgagee under the statutes of Idaho governing foreclosures, whether judicial or nonjudicial. Except as otherwise provided by law, such First Mortgagee will not be liable for any unpaid dues and charges attributable to the Lot which were due and payable prior to the date such title vests in the First Mortgagee.

ARTICLE 19. ENFORCEMENT OF DECLARATION

19.1. **Violations Deemed a Nuisance.** Every violation of Strong Creek Estates Documents, including without limitation, this Declaration, is deemed to be a nuisance and is subject to all the remedies allowed at law or equity against any person responsible for such violation.

19.2. **Compliance.** Each Owner or other occupant of any part of the Property must comply with the provisions of this Declaration and Strong Creek Estates Documents as the same may be amended from time to time.

19.3. **Failure to Comply.** Failure to comply with Strong Creek Estates Documents will be grounds for an action to recover damages or for injunctive relief to cause any such violation to be remedied, or both. Reasonable notice and an opportunity for a hearing as provided in the Bylaws will be given to the delinquent party prior to commencing any legal proceedings, unless the violation threatens the health and/or safety of persons anywhere within the subject Property.

19.4. **Who May Enforce.** Any action to enforce Strong Creek Estates Documents may be brought by the Board, or the Manager in the name of the Association on behalf of the Owners. If, after a written request from an aggrieved Owner, none of the foregoing persons or entities commences an action to enforce Strong Creek Estates Documents, then the aggrieved Owner may bring such an action and shall be entitled to attorney's fees and costs if the Owner is the prevailing party as determined by the arbitrators. Nothing in this document shall be construed to limit the right of the Association to take judicial action in Courts of Law and Equity to enforce the terms of this document.

19.5. **Nonexclusive Remedies.** All the remedies set forth herein are cumulative and not exclusive.

19.6. **No Waiver.** The failure of the Board of Directors, the Manager, or any aggrieved Owner to enforce Strong Creek Estates Documents in any one or more instances will not be deemed a waiver of the right to do so for any subsequent violations or of the right to enforce any other part of Strong Creek Estates Documents at any future time.

19.7. **No Liability.** No member of the Board of Directors, the Manager or any Owner will be liable to any other Owner for the failure to enforce any of Strong Creek Estates Documents at any time.

19.8. **Recovery of Costs.** If legal assistance is obtained to enforce any of the provisions of Strong Creek Estates Documents, or in any legal proceeding (whether or not suit is brought) for damages or for the enforcement of Strong Creek Estates Documents or the restraint of violations of Strong Creek Estates Documents, the prevailing party will be entitled to recover all costs incurred by it in such action, including reasonable attorneys' fees and legal assistants' fees as may be incurred, or if suit is brought, as may be determined by the court. To the extent legal assistance is obtained, but no action is filed, the Association shall have the right to assess the violating Lot Owner for the reasonable attorneys' fees and costs incurred by the Association.

ARTICLE 20. RESOLUTION OF DISPUTES

20.1. **Hearing.** If any dispute or question arises between Members, or between Members and the Association, or relating to the interpretation, performance or nonperformance, violation, or enforcement of Strong Creek Estates Documents, such dispute or violation may be subject to a hearing and determination by the Board in accordance with the procedures set forth in the Bylaws.

20.2. **Arbitration.** All claims, disputes and other matters in question arising out of, or relating to this Declaration, which are not resolved in accordance with Section 21.1, or the breach of any provision of this Declaration shall be decided by binding arbitration in accordance with the Idaho Uniform Arbitration Act. This agreement to arbitrate shall be specifically enforceable under Idaho law. The arbitration shall be held in Coeur d'Alene, Idaho, unless the parties agree otherwise. In no event shall a demand for arbitration be made after the date when institution of legal or equitable proceedings based on such claim, dispute or other matters in question would be barred by the applicable statute of limitations. The award rendered by the arbitrators shall be final, and judgment may be entered upon it in accordance with applicable law in any court having jurisdiction. In the event that a claim is arbitrated under this Section, neither party shall have the right to participate in a class action, either as a class representative or a class member, act as a private attorney general or consolidate claims with claims of any other person.

20.2.1. **Selection of Arbitrators.** Each party shall select one arbitrator within ten (10) days of the receipt of demand for arbitration. Within twenty (20) days after the receipt of a demand for arbitration, the two (2) selected arbitrators shall jointly select a third arbitrator to participate in the arbitration. If either party fails to select an arbitrator within the ten (10) day period, or if the two (2) selected arbitrators fail to agree on a third arbitrator, a party may make immediate application to the District Court for the First Judicial District of the State of Idaho located in Bonner County for appointment of a second or third arbitrator, as the case may be.

ARTICLE 21.
DURATION OF THIS DECLARATION AND AMENDMENT

21.1. **Term.** This Declaration and any amendments or supplements herein remain in effect from the date of recordation until the 50th anniversary of the date this Declaration is first recorded in the office of the Recorder of Bonner County, Idaho. Thereafter this Declaration, as such may be amended from time to time, will be automatically extended for five successive periods of ten (10) years each, unless otherwise terminated or modified as provided below.

21.2. **Amendment.** This Declaration, or any provision of it, may be terminated, extended, modified or amended upon the affirmative vote of six of the seven Lot Owners.

21.3. **Effect of Amendments.** Amendments made pursuant to this Section will be appurtenant to each Lot governed by the amendment and shall inure to the benefit of and be binding upon all Owners, their families, tenants, guests, invitees and employees, and their respective heirs, successors, and assigns. Joinder of the First Mortgagees shall not be required in order to effect an amendment.

ARTICLE 22.
MISCELLANEOUS PROVISIONS

22.1. **Severability.** This Declaration, to the extent possible, will be construed or reformed so as to give validity to all of its provisions. Any provisions of this Declaration found to be invalid or unenforceable by a court of competent jurisdiction, will be ineffective to the extent of such invalidity or unenforceability without affecting the remainder of this Declaration, which shall continue in full force and effect the same as if the invalid or unenforceable provision had not been included in the first instance.

22.2 **Construction.** In interpreting words in this Declaration, unless the context otherwise provides or requires, the singular will include the plural, the plural will include the singular, and references to the masculine, the feminine or the neuter each include the other.

22.3. **Paragraph Headings.** Paragraph headings are included only for purposes of convenient reference, and shall not affect the meaning, interpretation, or construction of this Declaration.

22.4. **No Waiver.** No waiver by the Association or the Board shall be inferred from the failure of either, at any time or under any conditions, to give notice of default, or to exercise or delay in exercising any right or remedy hereunder. No waiver will be effective unless it is in writing and signed by the President or Vice President of the Board on behalf of the Association. The fact that a condition or provision of this Declaration may have been once waived does not preclude future enforcement of that condition or provision.

22.5. **Limitation of Liability.** Neither the Association nor any partner, Director, Officer, manager or member of either will be liable to any party for any action or for any failure to act with respect to any matter arising by, through or under Strong Creek Estates Documents if the action or failure to act was made in good faith. The Association will indemnify all of the Officers, Board Members, with respect to any act taken in their official capacity to the extent provided in this Declaration and by law and in the Articles of Incorporation and Bylaws.

22.6. **Conflicts Between Documents.** In case of conflict between this Declaration and the Articles of Incorporation or the Bylaws, this Declaration will control. In case of conflict between the Articles of Incorporation and the Bylaws, the Articles of Incorporation will control.

(Signature page follows)

DATED this _____ day of January , 2022.

DECLARANT

Mill Harbor Development, LLC
an Idaho limited liability company

By: _____
John R. Layman
Managing Member

Acknowledgement here.