

CONDOMINIUM

DECLARATION

FOR

AURORA SKY CONDOMINIUMS

CONDOMINIUM DECLARATION

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AURORA SKY CONDOMINIUMS

THIS CONDOMINIUM DECLARATION FOR AURORA SKY CONDOMINIUMS (the "Declaration") is made effective as of _____, by AuroreSky Investments, LLC an Idaho limited liability company (the "Declarant or Grantor").

ARTICLE 1 RECITALS

Section 1.1 Property Covered. The property subject to this Declaration is the real property legally described in Exhibit A, attached hereto and made a part hereof (the "Property"). Declarant may record, at its sole discretion, supplemental declarations which modify this Declaration and the real property covered hereby.

Section 1.2 Commercial Development Aurora Sky Subdivision is a commercial subdivision which Declarant intends to develop in accordance with existing zoning ordinances and development approvals obtained by Declarant from the City of Boise City. The Property will be developed for professional business office uses.

Section 1.3 Purpose of Declaration. The purpose of this Declaration is to set forth the restrictions, covenants, limitations, easements, conditions and equitable servitudes (collectively "Restrictions") that apply to the Property and the use of any and all portions of the Property. The Restrictions are designed to preserve the Property's value, desirability and attractiveness, to ensure a well integrated, high-quality development, and to guarantee adequate maintenance of the Common Area, and the Improvements located thereon in a cost effective and administratively efficient manner. Declarant intends to provide for condominium ownership of the Property pursuant to the Condominium Property Act of the State of Idaho. This Condominium Project will provide a means for ownership in fee simple of separate interests in units and for co-ownership with others, as tenants in common, of common areas as these terms are defined.

ARTICLE 2 DECLARATION

Declarant hereby declares that the Property, and each lot, parcel or portion thereof, is and/or shall be held, sold, conveyed, encumbered, hypothecated, leased, used, occupied and improved subject to the following terms, covenants, conditions, easements and restrictions, all of which are declared and agreed to be in furtherance of a general plan for the protection, maintenance, subdivision, improvement and sale of the Property, and to enhance the value, desirability and attractiveness of the Property. The terms, covenants, conditions, easements and restrictions set forth herein shall run with the land constituting the Property, and with each estate therein, and shall be binding upon all persons having or acquiring any right, title or interest in the Property or any lot, parcel or portion thereof; shall inure to the benefit of every lot, parcel or portion of the Property and any interest therein; and shall inure to the benefit of and be binding upon Declarant, Declarant's successors in interest and each Grantee or Owner and such Grantee's or

Owner's respective successors in interest, and may be enforced by Declarant, by any Owner or such Owner's successors in interest, or by the Association as hereinafter described.

Notwithstanding the foregoing, no provision of this Declaration shall be construed as to prevent or limit Declarant's right to complete development of the Property and to construct Improvements thereon, nor Declarant's right to maintain model, construction, sales or leasing offices or similar facilities (temporary or otherwise) on any portion of the Property, including the Common Area or any public right-of-way, nor Declarant's right to post signs incidental to construction, sales or leasing, nor Declarant's right to modify plans for the Property.

ARTICLE 3 DEFINITIONS

Section 3.1 "Articles" means the Articles of Incorporation of the Association or other organizational or charter documents of the Association, as the same may be amended or revised from time to time.

Section 3.2 "Assessments" means those payments required of Owners, including Regular, Special and Limited Assessments. The Association shall have the right to require assessments from its Members.

Section 3.3 "Association" means the AURORA SKY CONDOMINIUM ASSOCIATION, INC., an Idaho nonprofit corporation, its successors and assigns.

Section 3.4 "Board" or "Board of Directors" means the Board of Directors or other governing board or individual, if applicable, of the Association.

Section 3.5 "Bylaws" means the Bylaws of the Association, as the same may be adopted, amended, or revised from time to time.

Section 3.6 "Common Area" means (i) any or all parcels of real property, easements and license rights, co-owned as tenants in common, by the Owners of separate fee simple interests, including personal property or improvements located thereon, including, without limitation, all such parcels that are designated on a Plat or otherwise by Declarant as streets, drives, parking areas, common open space, common landscaped areas, storage facilities and other amenities and facilities, and (ii) all portions of any Lot except for the footprint of any occupied structure and appurtenant personality constructed or placed on the Lot for the exclusive use or possession of the Owner of said Lot; provided that the occupied structure was constructed in accordance with the provisions of this Declaration. Common Area may be established from time to time by Declarant on any portion of the Property by describing such area on a recorded Plat, by granting or reserving it in a deed or other instrument, or by designating it as such in this Declaration. In addition, the Association, for the benefit of the Owners, may acquire any Common Area it deems necessary and/or beneficial to the Property. Common Area may include easement and/or license rights.

Section 3.7 "Declarant" means AuroreSky Investments, LLC, an Idaho limited liability company, or its successors in interest, or any Person to whom the rights under this Declaration are expressly transferred, in whole or in part, other than a transfer to individual Owners, by AuroreSky Investments, LLC or its successors.

Section 3.8 "Declaration" means this Condominium Declaration for Aurora Sky Condominiums, as it may be amended or supplemented from time to time.

Section 3.9 "Improvement" means any structure, facility or system, or other improvement or object, whether permanent or temporary, which is erected, constructed, placed upon or allowed on, under or over any portion of the Property, including, without limitation, commercial structures, fences, streets, drives, parking areas, sidewalks, curbs, landscaping, walls, hedges, plantings, trees, rocks, signs, lights, mail boxes, electrical lines, pipes, pumps, grading, road construction or utility improvements. Improvements include both original improvements existing on the Property on the date hereof and all later changes and Improvements.

Section 3.10 "Limited Assessment" means a charge against a particular Owner and such Owner's Lot directly attributable to the Owner, equal to the cost incurred by the Association in connection with corrective action or maintenance, repair, replacement, and operation activities performed pursuant to the provisions of this Declaration, including without limitation, damages to or maintenance, repair, replacement, and operation activities performed for any Common Area or the failure of an Owner to keep the Owner's Lot in proper repair, and including interest thereon as provided in this Declaration.

Section 3.11 "Lot" means a lot within the Property as specified or shown on any Plat and/or by this Declaration, upon which Improvements may be constructed. For voting, membership and Assessment purposes herein, "Lot" shall not include any lot designated as Common Area.

Section 3.12 "Member" means each Owner holding a membership in the Association, including Declarant.

Section 3.13 "Mortgage" means any mortgage, deed of trust, or other security instrument by which a Lot or any part thereof is encumbered.

Section 3.14 "Mortgagee" means any person, bank, savings and loan association, established mortgage company, or other entity chartered under federal or state laws, or any successor to the interest of such, named as Mortgagee, beneficiary, or creditor under any Mortgage, as Mortgage is defined in the immediately preceding Section.

Section 3.15 "Owner" or "Lot Owner" means the record owner, whether one or more Persons, including Declarant, holding fee simple interest of record to a Lot which is a part of the Property, and buyers under executory contracts of sale, but excluding those Persons having such interest merely as security for the performance of an obligation, unless and until such Person has acquired fee simple title pursuant to foreclosure or other proceedings. If Ownership of a Lot is held by one or more persons or entities, the multiple Owners of that Lot shall be deemed a single Owner for purposes of voting in meetings of the Association.

Section 3.16 "Person" means any individual, partnership, corporation, trust, estate or other legal entity, including Declarant.

Section 3.17 "Plat" means any subdivision plat covering any portion of the Property, including without limitation, the Aurora Sky Condominiums plat, as recorded in the Ada County Recorder's Office as the same may be amended by duly recorded amendments thereof.

Section 3.18 "Pressurized Irrigation Water Supply System" shall mean all real property and improvements thereon and all pumps, pipes and any other conveyancing apparatus and all easement rights for the installation and maintenance of the system by which pressurized irrigation water is delivered to the Common Area for the purpose of providing an irrigation water supply.

Section 3.19 "Property" means the property described on exhibit A.

Section 3.20 "Regular Assessment" means the portion of the cost of maintaining, improving, repairing, managing and operating the Common Area, including all improvements thereon, and the other costs and expenses incurred to conduct the business and affairs of the Association which is levied against the Lot of each Owner by the Association pursuant to the terms of this Declaration.

Section 3.21 "Special Assessment" means that portion of the capital improvements or replacements, equipment purchases and replacements or shortages in Regular Assessments which are authorized to be paid to the Association pursuant to the provisions of this Declaration.

Section 3.22 "Unit" means the separate interest in a Condominium, as bounded by the surfaces of the perimeter walls, ceilings, windows and doors thereof, together with all fixtures and improvements therein contained.

ARTICLE 4 NATURE AND INCIDENTS OF CONDOMINIUM OWNERSHIP

Section 4.1 Estates of an Owner. The Project is hereby divided into Condominiums, each consisting of a separate interest in a Unit and an undivided 1/6th interest in common in the Common Area. The percentage of ownership interest in the Common Area which is to be allocated to each Unit for purposes of tax assessment under Section 55-1514 of the Idaho Code and for purposes of liability as provided by Section 55-1515 of such Code is 16 and 2/3 percent.

Section 4.2 Easements of Use and Enjoyment. Notwithstanding the above, every Owner shall also have a nonexclusive easement for the use and enjoyment of the Common Area which shall be appurtenant to and shall pass with the title to every Lot, subject to the Restrictions set forth in this Declaration, as supplemented from time to time. No access, ingress or egress easements over the Common Area granted under this Declaration shall be terminated without the express consent of the City of Boise City.

Section 4.3 Delegation of Use. Any Owner may delegate, in accordance with the Declaration, such Owner's right of enjoyment in the Common Area, to such Owner's tenants, employees, family, guests or invitees.

Section 4.4 Recorded Easements. The Property, and all portions thereof, shall be subject to all easements shown on any recorded Plat affecting the Property, or any portion thereof, and to any other easements of record or of use.

Section 4.5 Easements of Encroachment. There shall be reciprocal appurtenant easements of encroachment as between each Lot and such portion or portions of the Common Area adjacent thereto or as between adjacent Lots due to the unwillful placement or settling or shifting of the improvements, including, without limitation, structures, walkways, and sidewalks constructed, reconstructed or altered thereon in accordance with the terms of this Declaration. Easements of

encroachment shall be valid only so long as the encroachments exist, and the rights and obligations of Owners shall not be altered in any way because of encroachments, settling or shifting of the improvements; provided, however, that in no event shall a valid easement for encroachment occur due to the willful act or acts of an Owner. In the event a structure on any Lot is partially or totally destroyed, and then repaired or rebuilt, the Owners of each Lot agree that minor encroachments over adjoining Lots that existed prior to the encroachment may be reconstructed pursuant to the easement granted by this Section.

Section 4.6 Partition not Permitted. The Common Area shall be owned in common by all Owners of Condominiums, and no Owner may bring any action for partition thereof.

Section 4.7 Taxes and Assessments. Each Owner shall execute such instrument and take such actions as may reasonably be specified by the Association to obtain separate real property tax assessments of the interest of each Owner in each Condominium. If any taxes or special district or other assessments may, in the opinion of the Association, nevertheless, be a lien on the Project or any part thereof, the Association shall pay the same and assess the same to the Owner or Owners responsible therefore. Each Owner shall pay the taxes or assessments assessed against his Condominium, or interest therein, or his interest in the Common Area, or any part of any or all of the foregoing. Each Owner shall pay taxes, rates, impositions and assessments levied against the Project or any part of the Common Area in proportion to his interest in the Common Area, such payment to be made to the Association at least thirty (30) days prior to the delinquency of such tax or assessment, or may be paid on a monthly basis if prescribed by the Association. Each such unpaid tax or assessment shall bear interest at the rate of twelve percent (12%) per annum from and after the time the same becomes payable by each Owner and shall be secured by the line created by this Declaration.

Section 4.8 Easements of Access. Declarant expressly reserves for the benefit of all the Property reciprocal easements of ingress and egress for all Owners to and from their respective Lots for installation and repair of utility services, for drainage of water over, across and upon adjacent Lots and Common Areas resulting from the normal use of adjoining Lots or Common Areas, and for necessary maintenance and repair of any Improvement including, without limitation, fencing, retaining walls, lighting facilities, mailboxes and sidewalk abutments, trees and landscaping. Such easements may be used by Declarant, and by all Owners, their guests, tenants and invitees, residing on or temporarily visiting the Property, for pedestrian walkways, vehicular access and such other purposes reasonably necessary for the use and enjoyment of a Lot or Common Area. All Owners shall have an easement over the Common Area for access, ingress, egress and parking. Such easements may be used by Declarant and all Owners, their guests, tenants and invitees, while occupying a Lot or temporarily visiting the Property, for pedestrian or vehicular access and such other purposes reasonably necessary for the use and enjoyment of a Lot. No access, ingress or egress easements over the Common Area granted under this Declaration shall be terminated without the express consent of the City of Boise City.

Section 4.9 Easements for Utilities. All Owners shall have an easement over the Common Area for access, ingress and egress to and from their respective Lots for installation and repair of utility services and for the drainage of water over, across and upon the Common Area resulting from the normal use of adjoining Lots or Common Areas, and for necessary maintenance and repair of any improvement including fencing, retaining walls, lighting facilities, mailboxes and sidewalk abutments, trees, landscaping, and irrigation systems. Notwithstanding anything

expressly or implied contained herein to the contrary, this Declaration shall be subject to all easements heretofore or hereafter granted by Declarant for the installation and maintenance of utilities and drainage facilities that are required for the development of the Property, including without limitation, any irrigation system. In addition, Declarant hereby reserves for the benefit of the Association the right to grant additional easements and rights-of-way over the Property, as appropriate, to utility companies and public agencies as necessary or expedient for the proper development of the Property until close of escrow for the sale of the last Lot to a purchaser.

Section 4.10 Association's Right to Use of Common Areas. The Association shall have a nonexclusive easement to make such use of the Common Area as may be necessary or appropriate to perform the duties and functions which it is obligated or permitted to perform pursuant to this Declaration.

Section 4.11 Declarant's Right Incident to Construction. Declarant, and persons it shall select, shall have the right to ingress and egress over, upon and across the Common Area, the right to store materials thereon and to make such other use thereof as may be reasonably necessary incident to the complete development of the Project.

ARTICLE 5 PRESSURIZED IRRIGATION WATER SUPPLY SYSTEM

Section 5.1 Pressurized Irrigation Water Supply System. Each Lot shall have access to a Pressurized Irrigation Water Supply System to be constructed by Declarant and owned and operated by the Association. All Owners to which the system has been extended shall be required to pay the assessment therefor, regardless of actual use or non-use of water from the irrigation system.

Section 5.2 Operation. The Pressurized Irrigation Water Supply System shall be operated in accordance with the laws of the State of Idaho and all rules and regulations as may be promulgated from time to time by the Association and any governmental entity having jurisdiction thereof. The right to receive water from the Pressurized Irrigation Water Supply System is, in any event, subject to availability of water. The Association shall regulate the use of water to conserve its availability for Lots. The Association shall have no liability for any temporary interruptions in water supply service so long as necessary repairs are made in a reasonably prompt manner. The Association shall be permitted to enter into a contract with a qualified water system management and maintenance entity for the management and maintenance of the Pressurized Irrigation Water Supply System.

Section 5.3 Easement for Irrigation Water Supply System. The Declarant and the Association shall have a permanent easement for the construction, maintenance and repair of the Pressurized Irrigation Water Supply System and related pumps, pipes, and any other conveyancing apparatus in the public utility and drainage easements as depicted on the Plat, together with the right to ingress to and egress from the easement premises over and across the privately owned property of Owners to perform maintenance upon the pump, pipes and other conveyancing apparatus comprising the Pressurized irrigation Water Supply System together with all rights necessary for the full and complete use, occupation and enjoyment of the easements hereby reserved, and all rights and privileges incident thereto, including the right from time to time to cut, trim and remove trees, brush, overhanging branches and other obstructions which may injure or interfere with the use, occupation or enjoyment of the reserved easement.

ARTICLE 6 GOVERNANCE AND ADMINISTRATION: THE ASSOCIATION.

Section 6.1 Organization of Association. The Association shall be initially organized by Declarant as a nonprofit corporation under the applicable provisions of Idaho law and shall be charged with the duties and invested with the powers prescribed by law and set forth herein. The Association is hereby designated to be the "Management Body" as provided in Section 55-1503 and 55-1506 of the Idaho Code and shall administer the Project in accordance with the Condominium Property Act of such Code, the Articles of Incorporation and Bylaws of the Association and the provisions of this Declaration. Declarant may, in its discretion, grant to the Association a revocable, non-exclusive license to use the name "Aurora Sky." Neither the Articles nor the Bylaws shall be amended or otherwise changed or interpreted so as to be inconsistent with this Declaration. The Association shall not be dissolved without the express consent of the City of Boise City. Each Owner shall abide by and benefit from the provisions, covenants, conditions and restrictions contained herein.

Section 6.2 Purpose. The purpose of the Association shall be:

6.2.1 To care for and maintain all improvements in the Common Area; including, without limitation, all streets, sidewalks, parking lots, landscaping and other improvements;

6.2.2 To aid and cooperate with the Owners in the enforcement of all conditions, covenants and restrictions on or appurtenant to their property;

6.2.3 Exercise any and all power that may be delegated to it from time to time by the Owners; and

6.2.4 The Association shall not engage in politics or pursue any political purpose.

Section 6.3 Membership. Each Owner, by virtue of being an Owner and for so long as such ownership is maintained, shall be a member of the Association. Membership in the Association shall be appurtenant to, and may not be separated from ownership of the Lot. The memberships in the Association shall not be transferred, pledged, assigned or alienated in any way except upon the transfer of Owner's title to a Lot and then only to the transferee of such title. Any attempt to make a prohibited membership transfer shall be void and will not be reflected on the books of the Association.

Section 6.4 Membership Voting. The Association will have two (2) classes of memberships:

6.4.1 Class A Members. Owners other than Declarant shall be known as Class A Members. Each Class A Member shall be entitled to one vote for each Lot when more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any Lot. Fractional votes shall not be allowed. The vote applicable to any said Lot being sold under contract of purchase shall be exercised by the contract seller, unless the contract expressly provides otherwise.

6.4.2 Class B Member. Declarant shall be known as the Class B Member, and shall be entitled to five (5) votes for each Lot owned. The Class B Member shall cease to be a

voting Member in the Association when all of Declarant's Lots have been sold or on January 1, 2010, whichever occurs first.

Section 6.5 Association Meetings,

6.5.1 Place of Meetings. Meetings of the Association shall be held at such place within the State of Idaho as the Board may specify in the notice, except as herein otherwise specified.

6.5.2 Annual Meetings. At least one (1) annual meeting of the Association (the "Annual Meeting") shall be held at such time and place as the Board shall determine.

6.5.3 Special Meetings. Special meetings of the Association may be called at any time by written notice signed by a majority of the Board, or by Owners holding twenty-five percent (25%) of the total votes, delivered not less than ten (10) days prior to the date fixed for said special meetings. Such meetings shall be held at such place as the Board may specify and the notice thereof shall state the date, time and matters to be considered.

6.5.4 Notice of Meeting. A written notice of each Owners' meeting stating the place, day and hour of the meeting, and in case of a special meeting, the purpose or purposes of the meeting shall be given by the Secretary of the Association, or upon the Secretary's failure to call immediately, by the person or persons authorized to request the call of the meeting, to each owner of record entitled to Vote at the meeting. This notice shall be sent at least ten (10) days before the date named for the meeting (unless a greater period of notice is required by law in a particular case) to each Owner by United States Mail or in lieu thereof by personal delivery to each Owner, which personal delivery may be proved by affidavit.

6.5.5 Quorum. An Association meeting, duly called, can be organized for the transaction of business whenever a quorum is present. The presence, in person or by proxy, of Members holding a majority of the voting power of the Association shall constitute of quorum. The Owners present at a duly organized meeting can continue to do business until adjournment, notwithstanding the withdrawal of enough Owners to have less than a quorum. If a meeting cannot be organized because a quorum has not attended, those present may adjourn the meeting to such time and place as they may determine, but in case of any meeting called for election of a Board, those who attend the second of such adjourned meetings, although less than a quorum as fixed in this Section, shall nevertheless constitute a quorum for the purpose of electing a Board.

6.5.6 Voting. When a quorum is present at any meeting, the vote of Members holding a majority (50% plus one vote) or more of the voting power present in person or represented by proxy, shall decide any question of business brought before such meeting, including the election of the Board, unless the questions is one upon which, by express provision of Idaho law, or of the Declaration, a different vote is required, in which case such express provision shall govern and control the decision of such question. All votes may be cast either in person or by proxy. All proxies shall be in writing, and in the case of proxies for the Annual Meeting, they shall be delivered to the Secretary at least ten (10) days prior to said Annual Meeting. Proxies for special Owners' meetings must be of record with the Secretary at least two (2) days prior to said special meeting.

6.5.7 Waiver of Notice. Any Owner may at any time waive any notice required to be given under this Declaration, or by statute or otherwise. The presence of an Owner in person at any meeting of the Owners shall be deemed such waiver.

6.5.8 Informal Action by Owners. Any action that may be taken at a meeting of the Owners may be taken without a meeting if a consent in writing setting forth the action shall be signed by all of the Owners entitled to vote on the action and shall be filed with the Secretary of the Association. This consent shall have the same effect as unanimous vote at a meeting of Owners.

Section 6.6 Board.

6.6.1 Number and Qualifications. The Association's affairs shall be governed by a Board composed of not less than three (3) persons, subject to approval by Declarant. Declarant's approval of all Board decisions shall be waived when Declarant resigns or no longer owns any Lots. All Board Members must be an Owner of a Lot or a representative of an entity owning a Lot.

6.6.2 Election and Terms of Office. At the Annual Meeting of the Association, the Owners shall elect the directors, who shall be elected to serve for a term of one (1) year. Each director shall hold office until his successor has been elected and met with the other members of the Board. Directors need not be an Owner or a representative of an entity owning a Lot.

6.6.3 Vacancies. Vacancies on the Board caused by any reason whatsoever shall be filled by a vote of a majority of the remaining Board Members thereof even though they may consist of less than a quorum and each person so elected shall be a member of the Board until his successor is elected by the Association at the next Annual Meeting.

6.6.4 Regular Meetings. A regular annual meeting of the Board (the "Annual Board Meeting") shall be held immediately after the adjournment of each Annual Meeting of the Association. Regular meetings, other than the Annual Board Meetings, shall or may be held at regular intervals at such places and at such times as the President or the Board may from time to time designate.

6.6.5 Special Meetings. Special meetings of the Board shall be held whenever called by the President, the Vice-President, or by two (2) or more members of the Board. By unanimous consent of the Board special meetings may be held without call or notice at any time or place.

6.6.6 Compensation. Members of the Board, as such, shall not receive any stated salary or compensation; provided that nothing herein contained shall be construed to preclude any member of the Board from serving in any other capacity and receiving compensation therefor, i.e., the Secretary for the Association may be compensated and a director may act as such Secretary.

6.6.7 Waiver of Notice. Before or at any meeting of the Board, any member thereof may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member of the Board at any meeting thereof shall be a waiver of notice by him of the time and place thereof.

6.6.8 Adjournments. The Board may adjourn any meeting from day to day or for such other time as may be prudent or necessary, provided that no meeting may be adjourned for longer than thirty (30) days.

6.6.9 Indemnifications. The Board may require that all officers and employees of the Board handling or responsible for funds provide adequate fidelity bonds. The premium on such fidelity bonds shall be a common expense payable by the Association.

Section 6.7 Powers. The property and business of the Association shall be managed, operated, and maintained by the Board, subject to approval of Declarant on any and all matters. Declarant's approval on all Board decisions shall be waived when Declarant resigns or no longer owns any Lots. Subject to Declarant's approval, the Board may exercise all such powers of the Association and do all such lawful acts and things as are provided for by this Declaration, or by operational rules of regulations as may be adopted from time to time. These powers shall specifically include, but not be limited to the following:

6.7.1 To determine and levy assessments to cover the cost of common expenses.

6.7.2 To collect, use and expend the assessments collected to maintain, care for and preserve the Common Areas, including the private street and/or parking area, access to each of the Lots, and water and sewer main lines servicing the Property and/or Lots.

6.7.3 To enter upon the Lots in connection with the maintenance, care and preservation of the Common Areas.

6.7.4 To open bank accounts on behalf of the Association and to designate the signatories to such bank accounts.

6.7.5 To insure and keep insured the Common Area in accordance herewith.

6.7.6 To collect delinquent assessments by suit or otherwise, to abate nuisances and to join or seek damages from the Owners of the property for violations of any rules and regulations so adopted by the Board.

6.7.7 To purchase any Lot at a foreclosure sale on behalf of all the Owners.

6.7.8 To make reasonable rules and regulations and to amend the same from time to time, and such rules and regulations and amendments shall be binding upon the Owners when the Board has approved them in writing. A copy of such rules and all amendments shall be provided to each Owner.

6.7.9 To employ workmen, janitors and gardeners and to purchase supplies and equipment, to enter into contracts, and generally to have the power of management in connection with the matters hereinabove set forth.

6.7.10 To bring a defend actions by or against more than one Owner and pertinent to the operation of the Association.

6.7.11 To acquire Lots in foreclosure or as a result of abandonment and to take any and all steps necessary to repair or renovate any Lot so acquired and to vote as an Owner, offer such Lot for sale or lease or take any other steps regarding such Lot as shall be deemed property by the Board.

6.7.12 To maintain, repair, manage, construct, reconstruct and perform all other acts necessary and/or pertaining to the Common Areas.

6.7.13 To be indemnified and held harmless by the Association against all costs, expenses and liabilities whatsoever, including without limitation, attorney's fees reasonably incurred in connection with any proceeding because of membership therein. Said expenses shall be a common expense and be limited to the extent such liability, damage, or injury is covered by any type of insurance.

6.7.14 To maintain, repair, care for and preserve the exterior of buildings, improvements and landscaping on the Common Area.

6.7.15 To collect, use and expend the assessments collected to maintain, care for and preserve the Common Area.

6.7.16 To enter into and upon the Lots in connection with the maintenance, care and preservation of the Property.

6.7.17 To assure all Lots are insured for protection of all other Owners.

Section 6.8 Committees. The Board may designate one or more committees, each of such committees to consist of at least one (1) director, which may exercise the powers of the Board in the management of the business and affairs of the Association. The Board may expressly delegate the authority to execute all documents to complete and confirm any business or affairs so delegated to the committee. Committees established by resolution of the Board shall keep regular minutes of their proceedings and shall report the same to the Board as required.

Section 6.9 Obligations and Duties,

6.9.1 Recordation Requirements. The Board shall record in the office of the Ada County Recorder all instruments affecting the Property or in which any Owner waives any right under the provisions of the Act, all amendments to this Declaration or to any of the foregoing documents.

6.9.2 Repair and Maintenance. The Board shall have the obligation, authority and duty to employ and compensate personnel necessary for the operation, repair and maintenance of the Common Area (including, but not limited to landscape maintenance, snow removal, parking lot and street maintenance); to employ and compensate necessary legal and accounting services; and to purchase materials and supplies for the operation, maintenance, repair and/or replacement of any part of the Common Area. Any such agreement shall be terminable for cause upon thirty (30) days written notice and the terms thereof shall not exceed one year, renewable by agreement of the parties for successive one year periods.

6.9.3 Taxes or Special Assessments. The Board shall pay all taxes and special Assessments which would be a lien upon the entire Property and shall obtain a discharge of any lien or encumbrance levied against the entire Property or Common Areas.

6.9.4 Payment of Expenses. The Board shall make all expenditures authorized in the Annual Budget. Prior to submitting the first Annual Budget to the Association, the Declarant is authorized to make reasonable and necessary expenditures on behalf of the Association. All payment vouchers shall be approved by the President, and after such approval, shall be paid by the Board. Further, it shall be the duty of the Board to bill, collect, and receipt the collection of all monthly assessments and to enforce the collection thereof. Upon ten (10) days notice to the Board and upon payment of a reasonable fee therefore, the Board shall furnish to any Owner a statement of his account setting forth of any unpaid assessment or other charges due and owing from such Owner, The Board shall have the affirmative obligation to enforce all provisions of this Declaration and shall retain the services of an attorney when necessary to do so.

6.9.5 Notices. The Board shall attend all meetings of the Association, unless excused by the President, and shall notify all Members of the Association of all regulations as may be adopted and promulgated by the Board or Association by delivering a copy of said regulations to each Member. Any holder on a Lot will, upon request, be entitled to written notice of all meetings of the Association and be permitted to designate a representative to attend all such meetings.

6.9.6 Liability of the Board and Owners. Any contract, agreement or commitment made by the Board shall state that it is made by the Board as agent for the Association and that no member of the Board nor individual Owner shall be liable under such contract, agreement or commitment. The Board shall have no liability to the Owners in the management of the Association except for willful misconduct or bad faith.

6.9.7 Retention of Declarant for Administrative Assistance. The Board may reimburse the Declarant for expenses incurred by the Declarant for administrative assistance provided to the Board (i.e., secretarial services, postage, photocopies, etc.); provided that such reimbursement shall be no more than One Hundred Dollars (\$100.00) per year.

Section 6.10 Officers.

6.10.1 Designation and Election. The principal officers of the Board shall be a President, a Vice-President, a Secretary, and a Treasurer, all of whom shall be elected by the Board.

6.10.2 President. The President shall be the chief executive officer of the Board, and shall exercise general supervision over the Association's property and affairs. The President shall sign on behalf of the Association and shall do and perform all acts and things that the Board may require of him or her. He or she shall preside at all meetings of the Association and the Board. He or she shall have all of the general powers and duties which are normally vested in the office of the president of a corporation including but not limited to, the power to appoint committees from among the Members from time to time as he may in his or her discretion decide as appropriate to assist in the management of the Property.

6.10.3 Vice-President. The Vice-President shall take the place of the President and

perform his or her duties whenever the President shall be absent or unable to act. If neither the President nor the Vice-President is able to act, the Board shall appoint some other Member thereof to do so on an interim basis. The Vice-President shall also perform such other duties as shall from time to time be prescribed by the Board.

6.10.4 Secretary. The Secretary shall keep the minutes of all meetings of the Board and of the Association; he or she shall have charge of the books and papers as the Board may direct and he shall in general, perform all the duties incident to the office of Secretary.

6.10.5 Treasurer. The Treasurer shall have the responsibility for the funds and securities of the Board and shall be responsible for keeping full and accurate accounts of all receipts and all disbursements in books belonging to the Board. He or she shall be responsible for keeping full and accurate accounts of all receipts and all disbursements in books belonging to the board. He or she shall be responsible for the deposit of all monies and all other valuable effects in the name, and to the credit of, the Board in such depositories as may be from time to time designated by the Board.

6.10.6 Other Officers. The Board may appoint such other officers, in addition to the officers herein above expressly named, as it shall deem necessary who shall have authority to perform such duties as may be prescribed from time to time by the Board.

6.10.7 Removal of Officers and Agents. All officers and agents shall be subject to removal, with or without cause, at any time by the affirmative vote of the majority of the then members of the Board.

6.10.8 Compensation. No compensation shall be paid to the officers for their services as officers unless otherwise authorized by a resolution of the Board.

Section 6.11 Accounting.

6.11.1 Books and Accounts. The books and accounts of the Association shall be kept under the direction of the Treasurer and in accordance with reasonable standards of accounting procedures.

6.11.2 Report. At the close of each accounting year, the books and records of the Property shall be reviewed by a person or firm approved by the Association. A report of such review shall be prepared and submitted to the Owners at or before the Annual Meeting of the Association.

6.11.3 Inspection of Books. Financial reports, such as are required to be furnished, shall be available at the principal office of the Board for inspection at reasonable times by any Owner. Any mortgage holder of a first mortgage on a Lot in the Property will, upon request, be entitled to inspect the books and records of the Property during normal business hours and receive an annual audited financial statement of the Association within ninety (90) days following the end of any fiscal year.

ARTICLE 7 ASSESSMENTS

Section 7.1 Creation of Lien and Personal Obligation of Assessments. Each Owner of any Lot, by acceptance of a deed therefor (whether or not it shall be so expressed in such deed), is deemed to covenant and agree to pay to the Association:

7.1.1 Regular annual or other regular periodic assessments or charges;

7.1.2 Limited Assessments, and

7.1.3 Special Assessments for capital improvements, such assessments to be fixed, established and collected from time to time as hereinafter provided.

The regular, limited, and special assessments, together with interest, costs of collection and reasonable attorneys' fees shall be a charge on the Lot and shall be a continuing lien upon the Lot against which such assessment is made. Each such assessment, together with interest, costs of collection and reasonable attorneys' fees, shall also be the personal obligation of the Owner of such Lot at the time when the assessment fell due.

Section 7.2 Limited Assessments. The Association may levy a Limited Assessment against a particular Owner and such Owner's Lot in an amount equal to the cost incurred by the Association in connection with corrective action or maintenance, repair replacement, and operation activities performed pursuant to the provisions of this Declaration that is directly attributable to the Owner, including without limitation, damages to or maintenance, repair, replacement, and operation activities performed for any Common Area or the failure of an Owner to keep the Owner's Lot in proper repair, and including interest thereon.

Section 7.3 Special Assessments for Capital Improvements. In addition to the regular assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement for the Common Area, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of members who are voting in person or by proxy at a meeting duly called for this purpose. Any such special assessment shall be payable over such a period as the Board shall determine. "Improvements" as used in this Section shall be limited to include only capital expenditures exceeding the sum of FIVE THOUSAND AND NO/100 DOLLARS (\$5,000.00). Expenses less than said amount are deemed to be normal repairs and not within the provisions of this Section.

Section 7.4 Exempt Property. The following Property shall be exempt from the assessments created herein:

7.4.1 All property expressly dedicated to and accepted by a local public authority;

7.4.2 All Lots owned by the Association;

7.4.3 All Lots owned by Dedarant, until transferred or leased to an Owner or occupant; and

7.4.4 All Lots designated as Common Area.

Section 7.5 Annual Budget The Board shall, from time to time, but at least each fiscal year, fix and determine the budget representing the sum(s) necessary and adequate for the continued operation, management, maintenance, repair, insurance, liabilities, renovations, legal and accounting fees, any necessary reserve funds, and other common expenses of the Association for the next fiscal year and shall send a copy of the budget and any supplement thereto to every Owner. The budget shall then be presented at a meeting of the Association at least one (1) month before the commencement of the budgeted-for year. Unless disapproved by a two-thirds (2/3) Vote of all the Owners at such meeting, said budget shall become the annual budget for the upcoming fiscal year (the "Annual Budget").

Section 7.6 Assessed to Owners. All portions of the Annual Budget shall be assessed to the Owners (except the Declarant) in proportion to the number of Lots owned. The assessment as determined and prorated to the Owners shall be payable by such Owners in either (i) one (1) annual payment due on January 2nd of each year or (ii) In equal monthly installments, at the Board's discretion. The Owners shall pay the assessments when due without any deduction on account of any set-off or claim which the Owner may claim to have against the Association.

Section 7.7 Adjustments. The Board may at any time, up to the close of the budget year, increase or decrease the amount previously fixed as the Annual Budget and adjust the monthly installments assessed against each Owner accordingly.

Section 7.8 Costs of Collection. Each Owner shall pay and all assessments when due. Any part or all of an assessment not paid within ten (10) days of its due date shall bear interest thereon at TWELVE PERCENT (12%) per annum until paid. All costs of collection, including reasonable attorney's fees, costs of suit, and costs of establishing a lien, or of foreclosure of said lien, shall be payable by the said Owner.

Section 7.9 Collection by Lien and Foreclosure. The amount of any such unpaid assessments and costs of collection shall be secured by the Board by the filing of a lien upon the Lot assessed with the Ada County Recorder's Office. Said lien shall state; (a) the amount of such assessment; (b) all incurred or anticipated collection costs; (c) description of the Lot charged; and (d) Owner of said Lot.

Section 7.10 Statement of Common Charges. Upon the written request of any Owner or Mortgagee of any Lot herein, the Board shall promptly furnish a written statement of the unpaid charges due from such Owner. Any Mortgagee may pay any amount shown and thereby shall have a lien on such Lot for the amounts paid.

Section 7.11 No Exclusions. No Owner shall be exempt from liability for contribution toward the common expenses by waiver of the use or enjoyment of any of the Common Areas, or by abandonment of his Lot. The Owners shall not by act or omission seek to abandon the status of the Property except as provided hereinafter or as allowed by the law.

Section 7.12 Reserve Fund Upon Transfer. If an Owner transfers his Lot to another, his interest in any reserve fund or funds shall be deemed to also have been transferred to the new Owner as an appurtenance to the transferred Lot. The Declarant shall not be required to contribute

to the reserve funds for an unimproved Lot or the common expense therefor until the individual Lot is sold unless the Lot is rented. An Owner of a Lot, other than Declarants, shall be required to contribute to the reserve funds or the common expense from date of transfer of the Lot thereto.

Section 7.13 Buyer Liable. The Buyer of a Lot shall be jointly and severally liable with the Seller for all unpaid assessments owed by the Seller for assessments by the Seller for assessments by the Board against the Seller for his share of the common expenses assessed and due at the time of the conveyance, but such liability shall be without prejudice to the Buyer's rights to recover from the Seller the amounts paid by the Buyer therefor.

Section 7.14 Priorities. If a Mortgagee or other purchaser obtains title by reason of a foreclosure of a Mortgagee encumbering a Lot, such purchaser, his successor or assigns, shall not be liable for any assessment by the Board, the notice of lien for which was filed of record in the Ada County Recorder's Office subsequent to date when such Mortgage was filed in that office. It is understood, however, that the above shall not be construed to prevent the Board from filing and claiming liens to secure the payment of such assessments and from foreclosure on such liens as provided by law, but such assessment lien shall be subordinate to such prior recorded Mortgage.

Section 7.15 Assignment of Rents. If any Owner who is renting his Lot shall default for a period of one (1) month in the payment of any assessments, the Board may, at its option, and for so long as such default shall continue, demand and receive from any tenants thereof any portion of the rent due or becoming due, and to the extent such rent is paid to the Association such Tenant shall be discharged of liability to the Owner.

ARTICLE 8 RULES AND REGULATIONS OF THE USES OF LOTS AND COMMON AREA

Section 8.1 Administrative Rules and Regulations. Subject to the approval of Declarant (until resignation or until Declarant no longer owns any Lots), the Board shall have the power to adopt and establish by resolution, such building, management, use, and operational rules, as it may deem necessary for the maintenance, operation, management, occupation, and control of the Property. The Board may adopt the initial regulations governing the use of the Property by the Owners without giving notice to the Owners; however, subsequent regulations shall be adopted only after due notice of the proposed regulation or regulations are given to the Owners, and the Owners are given an opportunity to present arguments for or against such regulations. Such regulations shall not be inconsistent with the provisions of this Agreement, but may otherwise deal with any matters of a general concern to all Owners. When an amendment, alteration, or replica of a regulation is furnished in writing to the Owners, it shall become effective.

Section 8.2 Obligation of Owners to Comply. All Owners shall comply with all provisions of this Declaration and the administrative rules and regulations pertaining to the Property and shall require such compliance from their children, tenants, guests, employees and any other person whom they invite upon the Property. All agreements, decisions and determinations lawfully made by the Board shall be deemed to be binding on all Owners and shall inure to their benefit. Each Owner; any group of Owners, or the Board shall have standing authority unless otherwise provided, to enforce by any legal means, including suit for specific performance, injunctive relief or damages, the provisions of this Declaration and any duly adopted decisions or resolutions of the Association or Board.

Section 8.3 Owner's Obligation to Maintain and Repair. Each Owner, at his expense, shall keep his Lot (exclusive of Common Area) in good order, condition and repair and in a clean and sanitary condition, and shall do all redecorating and painting which may at any time be necessary to maintain the good appearance of his Lot. Owner shall repair all injury or damages to the Property caused by the deliberate, negligent or careless action or inaction of such Owner, his or her agents, employees, guests, and/or invitees and all such repairs, redecorating and painting shall be of a quality and kind equal to the original work.

Section 8.4 Neglect. No Lot or Common Area or portions thereof shall be neglected or permitted to fall into an unsightly, displeasing or unattractive state, or permitted to be overgrown with weeds or strewn with rubbish. The Association shall have the power and shall be authorized at its discretion and at the request of any other Owner in such properties, to remove or to take any other action upon premises to remove rubbish, garbage, overgrown weeds or such other unsightliness without responsibility or liability to the complaining Owners, and at the expense of the failing or neglecting Owners.

Section 8.5 Garbage and Refuse Disposal. No Lot, Common Area, or portion thereof, included within these properties shall be used or maintained as a dumping ground for rubbish. Trash, garbage and other waste materials shall be deposited only in sanitary containers meeting the requirements of the sanitation ordinance of the City of Boise City, and the regulations of the State of Idaho health authorities. Such containers shall not be stored or kept within view from of the parking area of the Common Area. The Board may place additional restrictions on the placement of such containers. No machinery, appliances or unsightly materials will be used or stored in or around any Lot.

Section 8.6 Temporary Structures. No structure of a temporary character, trailer, basement, shack, garage, barn or other outbuilding shall be used on any Lot at any time as a residence whether temporarily or permanently.

Section 8.7 Leasing of Lots. The Owners of the respective Lots shall have absolute right to lease any occupied structure (or part thereof) within the Lot for a term of not shorter than six (6) months. However, any such lease shall be subject to the covenants and conditions of this Declaration and any rules and regulations made by the Association. Any breach of these covenants and conditions or of these rules and regulations shall constitute a default under the lease. The Owners hereby grant the Association the right to terminate the tenancy of any tenant violating the provisions of this Declaration.

Section 8.8 No Nuisance. No use or practice shall be permitted on the Property that is a source of annoyance to the residents or that interferes with the peaceful possession and proper use of the Property by its Owners. All parts of the Property shall be kept in a clean and sanitary condition, and no rubbish, refuse, or garbage shall be allowed to accumulate nor any fire hazard to exist. No Owner shall permit any use of his Lot or of the Common Areas that will increase the rate of insurance upon the Property. No immoral, improper, offensive, or unlawful use shall be made of any part of the Property. Without limiting the generality of any of the foregoing provisions, no external speakers, horns, whistles, bells, or other sound devices, except used exclusively for security purposes, shall be located, used or placed upon any Lot or Common Area.

Section 8.9 Signs. Owners may advertise a Lot for sale by displaying a single, neat and

reasonably sized sign on their Lot, Declarant will provide space for identifying the Owner of each Lot at the entrance monument sign. The Owners of each Lot will be responsible for providing individual lettering in the space provided, which shall be subject to approval by the Board. No other attached or detached signs shall be displayed from any Lot without the prior written approval of the Board, which will review all such requests on an individual basis.

Section 8.10 Parking. Any area for parking and any driveways shall not be used for purposes other than parking operating useable automobiles or pickups. Parking of campers, boats, trailers, and any vehicles larger than a pickup truck may only be parked in areas so designated by the Board. All parking in the Common Area shall be on a first come, first serve basis. No reserved parking shall be permitted.

Section 8.11 No Partition. A Lot shall not be partitioned as between persons having an interest therein, but if grounds for such partition exist at law or in equity, the Lot shall be sold as a Lot and the proceeds divided in accordance with law.

ARTICLE 9 PROJECT BUILDER / ARCHITECTURAL CONTROL

Section 9.1 Project Design/Builder. The initial occupied structure to be constructed on each Lot by or on behalf of the Owner of the Lot shall be designed and constructed by Complete Property Management, Inc., an Idaho Corporation, or such other design/builder designated by the Declarant (the "Project Builder"). The Declarant may, in writing, waive the requirements of this Section for any Owner or Lot.

Section 9.2 Architectural Control. Subject to the provisions of Section 9.3.1, no Improvement or landscaping shall be commenced, built, constructed, placed, or maintained upon any Lot, nor shall any exterior addition, change or alteration of any existing improvements be made, until the plans and specifications showing the nature, kind, shape, configuration, height, materials, location and such other detail as the Board may require, shall have been submitted to and approved in writing by the Board as to the harmony of the external design and location in relation to surrounding structures and topography and as to conformity with requirements of this Declaration. In the event the Board fails to approve, disapprove, or specify the deficiency in such plans, specifications and location within thirty (30) days after submission to the Board in such form as they may require, it shall be deemed approved, upon proof of the date of submission to the Board.

9.2.1 Discretion of the Board. The Board shall have the right to refuse to approve any design, plan or color for improvements, construction or alterations which, in its opinion, are not suitable or desirable for any reason, aesthetic or otherwise. In so passing on such design, the Board shall have the privilege in the exercise of its discretion to take into consideration the suitability of the proposed structure or alteration, the materials of which it is to be built, and the exterior color scheme in relation to the site upon which it is proposed to be erected. The Board may also consider whether the design of the proposed structure or alteration is in harmony with the surroundings, the effect of the structure or alteration when viewed from the adjacent or neighboring property, and any and all other factors which, in the Board's opinion, shall affect the desirability of such proposed improvement, structure or alteration. Actual construction shall comply with the plans and specifications approved.

9.2.2 Rules. The Board is hereby authorized to adopt rules and regulations to govern its procedures and the requirements for making submissions and obtaining approval as the Board deems appropriate and in keeping with the spirit of due process of law. The Board is further hereby empowered to adopt such rules and regulations as it shall deem appropriate, consistent with the provisions of this Declaration, pertaining to matters of design, materials, colors, and aesthetic interests. Any such rules and regulations may be amended from time to time, in the sole discretion of the Board. The failure of the Board to adopt any such rules and regulations shall not form the basis for an attack upon the exercise of Board's discretion, it being the intent of this Declaration to provide the Board with as broad discretion as is permissible under the law.

9.2.3 Fees. The Board may establish, by its adopted rules, a fee schedule for an architectural review fee to be paid by each Owner submitting plans and specifications for approval. No submission for approval will be considered complete until such fee has been paid. Such fee shall not exceed such reasonable amount as may be required to reimburse the Board for the costs of professional review of submittals and the services of a consultant to administer the matter to its completion, including inspections which may be required.

9.2.4 Waivers. The approval of any plans, drawings or specifications for any structure, improvement, or alteration, or for any matter requiring the approval of the Board, shall not be deemed a waiver of any right to withhold approval of any similar plan, drawing, specifications, or matters subsequently submitted for approval.

9.2.5 Non-Liability of Board Members. Neither the Board nor any member thereof, nor its duly authorized Board representative, nor the Declarant, shall be liable to any Association, or to any Owner or Grantee for any loss, damage or injury arising out of or in any way connected with the performance of the Board's duties hereunder, unless due to the willful misconduct or bad faith of the Board. The Board 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 Board 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.

Section 9.3 Improvements by the Declarant or Project Builder.

9.3.1 Exemption from Architectural Control. Any Improvement or landscaping commenced, built, constructed, placed, or maintained on the Property or any Lot by the Declarant or the Project Builder shall be exempt for the requirements of Section 9.2.

9.3.2 Declarant's Limited Warranty for Common Area Improvements. The Declarant shall warrant that each Improvement commenced, built, constructed or placed in the Common Area by or on behalf of the Declarant shall be free from defects in the original materials and workmanship, as hereinafter defined, for one (1) full year from the date said Improvement was substantially complete (the "Limited Warranty"). Defective materials and/or workmanship shall be materials or workmanship not substantially in accordance with the construction standards commonly used in the industry. The Declarant shall have the right to determine that materials and

methods to be used in making repairs under the Limited Warranty and to determine whether an Improvement should be repaired or replaced. This Limited Warranty is the only warranty to be provided by the Declarant and shall be in lieu of all other warranties by the Declarant, express or implied. The Limited Warranty does not include remedies for damage to the Improvements caused by normal wear and tear during normal usage, use for a purpose for which the Improvements were not intended, improper or insufficient maintenance, modifications performed by others, or abuse. The Declarant shall assign all manufacturer's warranties related to the Common Area Improvements to the Association.

9.3.3 Construction Activities by Declarant. The Declarant and Project Builder shall have the right to use the Common Area (including, but not limited to, the parking areas) for construction staging and construction activities. The Declarant and Project Builder shall have the right to restrict the Owner's access to or use of any Common Area so used when necessary, in their opinion, for safety, security or convenience. The Owners understand and agree that the Declarant and Project Builder will conduct construction activities on the Property during normal business hours and the Owners waive any claim of nuisance or disruption from such activities.

ARTICLE 10 INSURANCE

Section 10.1 Types of Insurance. The Association may obtain and keep in full force and effect at all times the following insurance coverage provided by companies duly authorized to do business in Idaho. The provisions of this Article shall not be construed to limit the power or authority of the Association to obtain and maintain insurance coverage in addition to any insurance coverage required hereunder in such amounts and in such forms as the Association may deem appropriate from time to time. The Association may secure and maintain at all times the following insurance and bond coverage:

10.1.1 A multi-peril-type policy covering any Association owned property providing as a minimum fire and extended coverage and all other coverage in the kinds and amounts commonly required by private institutional mortgage investors for projects similar in construction, location and use on a replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value (based upon replacement cost).

10.1.2 The Association must, if available at a reasonable cost, have a comprehensive policy of public liability insurance covering all of the Association owned facilities in an amount not less than One Million Dollars (\$1,000,000). Such insurance policy shall contain a severability of interest endorsement which shall preclude the insurer from denying the claim of a Owner because of negligent acts of the Association or other Owners. The scope of coverage must include all other coverage in the kinds and amounts required by private institutional mortgage investors for projects similar in construction, location and use.

10.1.3 The Association may obtain liability insurance affording coverage for the acts, errors and omissions of its directors and officers, including members of any committees as may be appointed from time to time by the Board in such amount as may be reasonable in the premises.

Section 10.2 Insurance Provisions. The following additional provisions shall apply with respect to all insurance policies obtained by the Association:

10.2.1 Insurance secured and maintained by the Association shall not be brought into contribution with insurance held by the individual Owners or their mortgages.

10.2.2 Each policy of insurance obtained by the Association shall, if possible, provide a waiver of the insurer's subrogation rights with respect to the Association, its officers, the Owners and their respective servants, agents and guests; that it cannot be canceled, suspended or invalidated due to the conduct of any agent, officer or employee of the Association without a prior written demand that the defect be cured; that any other insurance clause therein shall not apply with respect to insurance held individually by the Owners.

10.2.3 All policies shall be written by a company licensed to write insurance in the State of Idaho.

10.2.4 All policies shall name the Declarant as a named insured.

Section 10.3 Workers' Compensation Insurance. The Association shall purchase workmen's compensation and employer's liability insurance and all other similar insurance with respect to employees of the Association in the amounts and in the forms now or hereafter required by law.

Section 10.4 Additional Insurance. The Association may obtain bonds and insurance against such other risks, of a similar or dissimilar nature, as it shall deem appropriate with respect to the protection of the Property, including any personal property of the Association located thereon, its directors, officers, agents, employees and Association funds.

ARTICLE 11 DAMAGE OR DESTRUCTION

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

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

Section 11.3 Repair and Reconstruction. As soon as practical after obtaining estimates, the Association shall diligently pursue to completion the repair and reconstruction of the damaged

or destroyed Improvements. As attorney-in-fact for the Owners, the Association may take any and all necessary or appropriate action to effect repair and reconstruction, and no consent or other action by any Owner shall be necessary. Assessments of the Association shall not be abated during any period of insurance adjustments and repair and reconstruction.

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

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

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

Section 11.7 Damage or Destruction Affecting Lots. In the event of damage or destruction to any improvements owned by any Owner, the Owner thereof shall promptly repair and restore the damaged improvements to their condition prior to such damage or destruction. If such repair or restoration is not commenced within one hundred eighty (180) days from the date of such damage or destruction, or if repair and reconstruction is commenced but then abandoned for a period of more than ninety (90) days, then the Association may impose a fine of not less than fifty dollars (\$50) per day on the Owner of the Lot until repair and reconstruction is commenced, unless the Owner can prove to the reasonable satisfaction of the Association that such failure is due to circumstances beyond the Owner's control.

ARTICLE 12 CONDEMNATION

Section 12.1 Rights of Owners. Whenever all or any part of the Common Area shall be taken or conveyed in lieu of and under threat of condemnation by the Board acting as attorney-in-fact for all owners under instructions from any authority having the power of condemnation or

eminent domain, each Owner shall be entitled to notice of the taking, but the Association shall act as attorney-in-fact for all Owners in the proceedings incident to the condemnation proceeding, unless otherwise prohibited by law.

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

ARTICLE 13 AMENDMENT

Section 13.1 By the Association. Except where a greater percentage is required by express provision in this Declaration, the provisions of this Declaration may be amended, modified, clarified, supplemented, added to (collectively, "amendment") by an instrument in writing signed and acknowledged by the President and Secretary of the Association certifying and attesting that such amendment has been approved by the vote or written consent of Owners representing a majority of the voting power of the Association, and such amendment shall be effective upon its recordation with the Ada County Recorder. Notwithstanding the foregoing, any amendment to this Article 13 shall require the vote or written consent of Members holding sixty-six and two-thirds percent (66 2/3%) of the voting power of the Association. No amendment shall modify or diminish the rights of the Declarant hereunder without the Declarant's written consent.

Section 13.2 Effect of Amendment. Any amendment of this Declaration approved in the manner specified above shall be binding on and effective as to all Owners and their respective properties notwithstanding that such Owners may not have voted for or consented to such amendment. Such amendments may add to and increase the covenants, conditions, restrictions and easements applicable to the Property but shall not prohibit or unreasonably interfere with the allowed uses of such Owner's property which existed prior to the said amendment.

Section 13.3 Mortgage Protection. Notwithstanding any other provision of this Declaration, no amendment of this Declaration shall operate to defeat or render invalid the rights of the beneficiary under any first deed of trust upon a Lot made in good faith and for value, and recorded prior to the recordation of such amendment, provided that after foreclosure of any such first deed of trust such Lot shall remain subject to this Declaration, as amended.

ARTICLE 14 MISCELLANEOUS

Section 14.1 Term. The easements created hereunder shall be perpetual, subject only to

extinguishment by the holders of such easements as provided by law. The covenants, conditions, restrictions and equitable servitudes of this Declaration shall run until December 31, 2025, unless amended as herein provided. After December 31, 2025, such covenants, conditions and restrictions shall be automatically extended for successive periods of ten (10) years each, unless amended or extinguished by a written instrument executed by Members holding at least three-fourths (3/4) of the voting power of the Association and such written instrument is recorded with the Ada County Recorder. Further provided that the Association shall not be dissolved without the prior approval of the City of Boise City and Ada County Highway District, such consent not to be unreasonably withheld provided that a responsible successor organization shall agree to perform those maintenance responsibilities arising from applicable city and county governmental requirements.

Section 14.2 Notices. Any notices permitted or required to be delivered as provided herein shall be in writing and may be delivered either personally or by mail. If delivery is made by mail, it shall be deemed to have been delivered seventy-two (72) hours after the same has been deposited in the United States mail, postage prepaid, addressed to any person at the address given by such person to the Association for the purpose of service of such notice, or to the residence of such person if no address has been given to the Association. Such address may be changed from time to time by notice in writing to the Association, as provided in this Section.

Section 14.3 Enforcement and Non-Waiver.

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

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

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

Section 14.4 Remedies Cumulative. Each remedy provided herein is cumulative and not exclusive.

Section 14.5 Non-Waiver. The failure to enforce any of the provisions herein at any time shall not constitute a waiver of the right to enforce any such provision.

Section 14.6 Interpretation. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development and operation of the Property. This Declaration shall be construed and governed under the laws of the State of Idaho.

Section 14.7 Restrictions Construed Together. All of the provisions hereof shall be liberally construed together to promote and effectuate the fundamental concepts of the development of the Property as set forth in the recitals of this Declaration.

Section 14.8 Restrictions Severable. Notwithstanding the provisions of the foregoing Section, each of the provisions of this Declaration shall be deemed independent and severable, and the invalidity or partial invalidity of any provision or portion thereof shall not affect the validity or enforceability of any other provision herein.

Section 14.9 Singular Includes Plural. Unless the context requires a contrary construction, the singular shall include the plural and the plural the singular; and the masculine, feminine or neuter shall each including the masculine, feminine and neuter.

Section 14.10 Captions. All captions and titles used in this Declaration are intended solely for convenience of reference and shall not affect that which is set forth in any of the provisions hereof.

Section 14.11 Successors and Assigns. All references herein to Declarant, Grantor, Owners, the Association or person shall be construed to include all successors, assigns, partners and authorized agents of such Declarant, Owners, Association or person.

Section 14.12 Declarant's Discretion. Any time this document calls for the exercise of discretion by the Declarant, Declarant shall not be required to act reasonably in the exercise of such discretion.

Section 14.13 Written Approval Required. In each instance where the approval of Declarant, the Association, the Architectural Committee or any governmental or other authority is required herein, "approval" shall mean the prior written approval of such person or entity.

[end of text]

IN WITNESS WHEREOF, the Declarant has caused its name to be hereunto subscribed and its corporate seal affixed as of the date first set forth above.

“Declarant/Grantor” AURORESKY INVESTMENTS, LLC,
an Idaho limited liability company

By: _____
Tricia Callies, Manager

STATE OF IDAHO)
)ss.
County of Ada)

On this ____ day of _____, 2005, before me, the undersigned, a Notary Public in and for the State of Idaho, personally appeared Tricia Callies, known or identified to me to be a Manager of AURORESKY INVESTMENTS, LLC, an Idaho limited liability company, and acknowledged to me that she executed the within instrument in such limited liability company’s name.

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

Notary Public for the State of Idaho
Residing at _____, Idaho
My Commission expires: _____

EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY