

**DECLARATION OF COVENANTS, CONDITIONS,
RESTRICTIONS and BYLAWS
OF
SOLID ROCK ESTATES HOMEOWNERS' ASSOCIATION, INC.**

This Declaration of Covenants, Conditions, Restrictions, and Bylaws of Solid Rock Estates Homeowners' Association, Inc. ("Declaration") is made this ____ day of _____, 2003.

**ARTICLE I
Property**

The real property which is and shall be held, conveyed, transferred and sold subject to the covenants, conditions, and restrictions of this Declaration is located in the County of Sanders, State of Montana, and is more particularly described as follows:

Solid Rock Estates Phase I, a planned unit development in the South half (S½) of Section 6, Township 21 North, Range 29 West, M.P.M., City of Thompson Falls, Sanders County, Montana, according to the map or plat thereof on file and of record in the County of Sanders, State of Montana.

TOGETHER WITH such additional contiguous properties as Declarant now owns or may acquire and develop.

**ARTICLE II
Definitions**

"Declarant" shall mean Solid Rock Properties, LLC, and its successors and assigns, provided that any such assignment must be contained in a separate document and must expressly refer to an assignment of the rights of Declarant under this Declaration in order for the assignee to become the Declarant hereunder.

"Association" means Solid Rock Estates Homeowners' Association, Inc., a Montana non-profit corporation, its successors and assigns.

"Property" or "Properties" shall mean that certain real property described in Article I, above.

"Lot" shall mean any lot shown on the plat of Solid Rock Estates, according to the map or plat thereof on file and of record in the records of Sanders County, Montana.

"Board of Directors" shall mean the board of directors of Solid Rock Estates Homeowners' Association, Inc.

"Owner" shall mean the record Owner of fee simple title to any Lot, except that in the case of a sale of a Lot by contract for deed, the contract buyer shall be considered the "Owner" and the contract seller shall be considered a mortgagee.

ARTICLE III **Declaration**

Section 1. Declaration. The real property described in Article 1, above, is hereby subjected to the covenants, conditions and restrictions of this Declaration. The Declarant, being the Owner of all of the Property and having established a general plan for the improvement and development of the Property, does hereby establish the covenants, conditions, and restrictions upon which and subject to which all Lots within the Property shall be improved or sold and conveyed, and does hereby declare that the Property is and shall be held, transferred, sold and conveyed subject to the covenants, conditions, and restrictions set forth herein, all of which shall run with the land and be binding upon and for the benefit of the Declarant and all successors in interest of the Declarant.

Section 2. Purpose. The purpose of this Declaration is to insure the best use and the most appropriate development and improvement of each Lot; to protect the Owners against such improper use of surrounding Lots as will depreciate the value of their Lot; to preserve so far as is practicable the natural beauty of the Property; to prevent the construction of inappropriate structures; to insure the highest and best development of the Property; to encourage and secure the erection of attractive homes thereon with appropriate locations; to secure and maintain adequate setbacks and adequate free space between structures; and in general to provide adequately for a high quality of improvements on the Property and thereby to enhance the values of improvements made by Owners.

ARTICLE IV **Covenants**

Section 1. Use. The Property may be used only for single-family residential purposes. There shall be no commercial use on the Property. Home office, investment activities, or related uses which do not result in increased vehicular traffic shall not be considered commercial use. Ownership of a Lot by a corporation or other business entity shall not be considered commercial use. A business entity may allow its employees, directors, shareholders, partners or members to occupy a house constructed on the Lot on a temporary basis and may conduct occasional meetings or retreats at the house, and such uses shall be considered within the permitted uses under this Declaration. An office with paved parking may be constructed on the Property, at the discretion of the Declarant, to be used for managing development, conducting Lot sales and the affairs of the Association.

Section 2. No Subdivision of Lots. No Lot shall be further subdivided in any manner. A change in boundary lines between adjacent Owners shall not be considered a subdivision. Two or more contiguous Lots may be combined to form a smaller number of Lots. The combining of Lots will not eliminate the assessment for the Lot being combined with another.

Section 3. Structures. There shall be no more than one single family residence and a two-car attached garage constructed on each Lot. Garage doors are not to exceed 10' in height.

Section 4. Setbacks. For all structures in Solid Rock Estates according to the map or plat thereof on file and of record in the County of Sanders, State of Montana, there shall be no structures constructed within fifteen (15) feet of any of the property side or back lot boundary lines. No structures shall be constructed within twenty-five (25) feet of the front road. (However, variances as to set backs may be granted by the Architectural Review Committee at their sole discretion). The Declarant may, from time to time, provide for additional setback requirements for particular lots to help ensure adequate corridors protecting some of the more outstanding views within the property. For Lots owned by Declarant, additional setback requirements may be added, modified or terminated by recording an Addendum to this Declaration, signed by Declarant, and upon such recording, the Addendum shall become a part of this Declaration. For Lots not owned by Declarant, any additional setback requirements shall also require the written consent of the Owner(s) of the Lot.

Section 5. Dwelling Size. No dwelling shall be permitted on any Lot, the living area of which, exclusive of decks, porches, balconies and garages, is less than one thousand four hundred (1,400) square feet. Special attention shall be given to maintain the views of other lots in the general area. No portion of any building shall be more than twenty-five (25) feet above the main level subfloor.

Section 6. Dwelling Construction. All dwellings shall be constructed on the Lot, and no trailer homes, mobile homes, and modular homes, of any kind or type shall be placed on a Lot. The location of all dwelling construction is subject to Article VI, Section 2. The Architectural Review Committee discourages, whenever possible, the construction on ridges or extensive overhangs of steeply sloped terrain. Special attention shall be given to maintain the views of other lots in the general area. No used buildings may be moved onto any Lot; however, used brick, beams and the like may be incorporated into a structure with the approval of the Architectural Review Committee. All construction, once begun, shall be completed and building debris shall be removed within twelve (12) months after the start of construction. The dwelling shall not be occupied until such time as the above work is completed and all building debris is removed. If construction activity on any Lot should cause damage to the roads or improvements, the cost or repair shall be solely borne by the Owner of said Lot. All construction shall comply with the Uniform Fire Code and Uniform Building Code.

Section 7. Exterior Finish. No structure on any Lot shall be of log construction, have exterior siding which is vinyl or metal, silver or metallic colored, reflective or log, however log accents are acceptable. The exterior of any buildings shall be constructed to blend with the

existing natural environment. All siding shall be finished with earth tone semi-transparent coatings. Only Class A or B roofing materials, as rated by the National Fire Protection Association, shall be allowed on all structures.

Section 8. Condition and Reconstruction. Each structure, once constructed on a Lot, shall be kept in the same condition as at the time of its initial construction, excepting normal wear and tear. All structures shall be preserved and of pleasant appearance by maintaining paint, stain or sealer as needed. If any structure is damaged in any way, the Owner shall exercise due diligence to rebuild, repair or restore the structure to its appearance and condition prior to the casualty. Reconstruction shall be completed within nine (9) months of the casualty.

Section 9. No Temporary Structures. No structure of a temporary character, trailer, basement, tent, garage, barn, or other outbuilding shall be used on any Lot at any time as a residence, either temporarily or permanently. Provided, however, during construction of a dwelling, construction trailers may be used for purposes of construction.

Section 10. Outbuildings. No outbuildings shall be allowed to be constructed on the premises.

Section 11. Utilities. All utilities shall be placed underground.

Section 12. Antennas, Poles, and Other Structures. No antenna (including but not limited to satellite dish receivers), clotheslines, poles or other structures shall be erected unless approved by the Architectural Committee.

Section 13. House Numbers. Owners shall maintain house numbers either on the house itself or at the driveway entrance. All house numbers shall be visible from the driveway entrance. The Association may provide uniform address signage, and if it elects to do so, Owners shall permit such signage to be placed on their Lots.

Section 14. Fences. No fences may be constructed on any Lots, except such fences on the exterior boundaries of the project as the Board of Directors and the Architectural Review Committee may deem advisable.

Section 15. Vehicles. All vehicles shall be parked in the garages, driveways, or designated parking areas, and no vehicle shall be parked on the roads shown on the plat of the property. No inoperable vehicles shall be stored on any Lot for a period exceeding 30 days. Recreational equipment (including RV's) may be kept on a Lot but shall be stored within the garage. The Association may promulgate rules and regulations for monitoring or restricting the use of motorcycles, motorbikes, snowmobiles, all-terrain vehicles and similar motorized vehicles within the property.

Section 16. Animals. The only animals which shall be kept on a Lot are dogs, cats and other small pets, which may be raised, bred, and which shall be confined to the house, except

when on a leash. Commercial production of such animals or other commercial use or boarding of animals shall not be permitted. Occasional sales or showing of animals shall not be considered commercial production or use. Animals shall be restricted to their Owner's residence and not be allowed to roam free. When out of their Owner's residence, all pets shall be kept on leashes at all times. All dog feces shall be cleaned up and removed without delay.

Section 17. Nuisances. No noxious or offensive activities shall be carried on upon any building site nor shall anything be done which may be or may become a nuisance to a neighbor or the neighborhood. By way of illustration, and not of limitation, the discharge of firearms, the driving of snowmobiles or motorcycles on the Lots shall constitute a nuisance within the meaning hereof and may be expressly prohibited; provided, however, driving motorcycles or snowmobiles to or from the Lots is allowed.

Section 18. Garbage and Refuse Disposal. No Lot shall be used or maintained as a dumping ground for rubbish, trash, garbage or waste. All rubbish, trash, garbage and waste shall be kept in garbage receptacles. All garbage receptacles and the areas in the vicinity of the receptacles shall be kept in clean and sanitary condition. Garbage receptacles shall be kept in the garage except on collection days.

Section 19. Signs. No signs shall be placed on any Lot except address signage, name plates and one unlighted sign not exceeding ten (10) square feet in surface area advertising the sale of a Lot and such signs used by a builder to advertise the property during construction.

Section 20. Drainage Control. Reasonable precaution shall be taken during construction and thereafter, to prevent erosion and drainage problems. All disturbed soil areas shall be re-vegetated within a reasonable time in such a fashion as to minimize erosion. Driveways shall be constructed so as not to interfere with drainage and shall include culverts of appropriate size to prevent obstruction of water flow. During construction, measures must be taken to accommodate any changes in the flow of water, from or through the Lot and onto adjacent Lots.

Section 21. Driveways and Cul-de-sacs. No driveway shall exceed a ten percent (10%) grade. Cul-de-sacs shall be kept unobstructed at all times.

Section 22. Timber. No timber, shall be cut or sold from a Lot on a commercial basis although with prior Architectural Review Committee approval, timber and foliage may be cut and portions of the Lot cleared for improvement to the property for residential, construction, views, sound forest husbandry, and recreational purposes.

Section 23. Landscaped Areas. All common areas landscaped with native plantings, which native landscaping was furnished by the Declarant, its successors or assigns, or by the Association, shall be maintained by the Association and shall include planting, bedding, lighting and irrigation.

Section 24. Landscaping of Lots. Areas disturbed during construction shall be restored to natural appearance, with native species, with the exception of seeding and planting a lawn. The Guidelines of the Architectural Committee shall list recommended vegetation suitable to this goal. Time period for restoration of the surface shall be established by the Architectural Review Committee. Native vegetation is encouraged. Maintenance of the lots is the responsibility of the lot owners, however, in the event that maintenance is not performed, the HOA will have the right to hire maintenance and place a lien against the lot.

Section 25. Public Access Area. The public access trails may be used for pedestrian purposes, but not for any form of bicycle or motorized travel. Non-Lot Owners may use the trails, but must have off-site vehicle parking, unless they have permission of an owner to park in a driveway.

Section 26. Common Area. All improvements on the common area shall not be disturbed. Lot Owners whose Lots have trails or other improvements that encroach on their Lots shall not cause said trails or improvements to be disturbed.

ARTICLE V **Homeowners' Association**

Section 1. Name. Declarant has caused a Montana non-profit corporation to be formed to act as the Homeowners' Association for the property. The name of the corporation is "Solid Rock Estates Homeowners' Association, Inc." hereinafter referred to as the "Association."

Section 2. Address. The initial offices of the Association shall be located at 349 Whitepine Creek Road, Trout Creek, Montana 59874.

Section 3. Membership. All Lot Owners shall be members of and constitute the Association. The Owner of any Lot shall automatically become a member of the Association and shall remain a member thereof until such time as the ownership of such Lot ceases for any reason, at which time the corresponding membership in the Association shall automatically cease. The seller under a contract for deed shall not be considered the Owner of the Lot for the purposes of the Association and these Covenants. The purchaser under a contract for deed shall be considered the Owner of the Lot for the purposes of the Association and these Covenants. No person who holds an interest in a Lot solely as security for the performance of an obligation shall be considered the Owner of the Lot. The Declarant shall be considered the Owner with respect to all Lots owned by the Declarant.

Section 4. Voting. Voting shall be done on a Lot by Lot basis. Each Lot shall have one vote. Votes may be cast in person or by proxy by the respective Owners as shown in the record of Ownership of the Association. An executor, administrator, guardian or trustee may vote for any Lot owned or controlled by him in such capacity, whether or not the same shall have been transferred to his name in the Association's record of Ownership, provided that he shall first present evidence satisfactory to the Secretary or presiding officer that he owns or controls such

Lot in such capacity. The vote for any Lot owned of record by two or more persons may be exercised by any one of them present, and in case of protest, each co-tenant shall be entitled to only a share of such vote in proportion to his or her share of Ownership in such Lot. The Declarant shall be the voting Owner with respect to any Lot owned by him.

Section 5. Transfer of Voting Rights. The authority given by any Owner to another person to represent him at meetings of the Association shall be in writing, signed by such Owner and filed with the Secretary, and unless limited by its terms shall continue until revoked in writing filed with the Secretary or by the death or incapacity of such Owner. Voting rights transferred or pledged by mortgage, deed of trust or agreement of sale of any Lot or interest therein, a true copy of which is filed with the Board through the Secretary, shall be exercised only by the person designated in such instrument until the written release or other termination thereof is filed with the Board in like manner.

Section 6. Annual Meeting of Members. There shall be an annual meeting of voting members of the Association. The annual meeting shall take place on the date and at the time and place set by the Board of Directors. Written notice of the annual meeting shall be mailed to each Owner by regular mail at his or her last known address at least twenty (20) days before the meeting.

Section 7. Special Meeting of Members. Special meetings may be called any time for the purpose of considering matters which require the approval of members. Such a special meeting shall be called by written notice mailed at least ten (10) days prior to the date of such meeting to all voting Owners. Such special meetings may be initiated by a majority of the Board of Directors or by the Owners of ten (10) of the Lots. Such notice shall specify the date, time and place of the meeting as well as all matters to be considered.

Section 8. Quorum for Meeting of Members. The presence at any meeting in person or by proxy of Owners of fifty-one percent (51%) of the Lots shall constitute a quorum. Unless otherwise expressly provided herein, any action may be taken at any meeting of the voting Owners upon the affirmative vote of the voting Owners having a majority of the total votes present at the meeting.

Section 9. Board of Directors. The business and property of the Association shall be managed by a Board of Directors. The Board of Directors (or officers or other agents designated by the Board of Directors) shall exercise all powers to act on behalf of the Association, except such powers as are specifically reserved to the Owners in this Declaration or under applicable law. The Board of Directors shall consist of at least three (3) Directors, but no more than seven (7). The Board of Directors may set the number of directors from time to time within these limits. Until such time as ten (10) improved Lots have been sold by the Declarant, the Declarant shall be permitted to appoint, remove, and otherwise name the members of the Board of Directors.

Section 10. Initial Directors and Election. Within ninety (90) days after the sale and closing of ten (10) improved Lots, the Declarant shall call and chair a special meeting of the

members. Written notice of said special meeting shall be given to all voting members at least ten (10) days prior to the meeting. At such special meeting, the first Board of Directors shall be elected as follows: One Director shall be elected for a term of three (3) years; one Director shall be elected for a term of two (2) years; and one Director shall be elected for a term of one (1) year. Thereafter, each Director shall be elected for a term of three (3) years, with the term of one Director to expire each year. Directors may be, but need not be, an Owner of a Lot. Prior to the election of the first Board of Directors, the Declarant and/or its designees shall exercise all the powers of the Board of Directors.

Section 11. Regular Meeting of Board. Regular meetings of the Board of Directors shall be held as may be determined by the Board of Directors.

Section 12. Special Meeting of Board. Special meetings of the Board of Directors may be called by the Chairperson, or in his or her absence by the Vice-Chairperson. By unanimous consent of the Directors, a special meeting may be held without notice at any time or place.

Section 13. Notice of Board Meetings. Notice of all regular and special meetings (except those held by unanimous consent) shall be mailed to each Director by the Secretary at least five (5) days prior to the time fixed for the meeting. Such notice shall specify the time and place of meeting, and in the case of special meetings shall state the purpose or purposes thereof. Before or at any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting.

Section 14. Quorum for Board Meetings. A quorum for the transaction of business at any regular or special meeting of the Directors shall consist of a majority of the members of the Board.

Section 15. Election of Officers. The Directors shall elect the officers of the Association at the Directors' meeting following each annual meeting of the members of the Association. Officers may be, but need not be, Owners or members of the Board of Directors. An officer may be removed at any time by a two-thirds (2/3) vote of the full Board of Directors of the Association.

Section 16. Vacancy on Board. Any vacancy or vacancies on the Board of Directors may be filled by the remaining Directors at any special or regular Directors' meeting. Death, incapacity, or resignation of any Director shall cause his office to become vacant.

Section 17. Authority of Board. The Board of Directors shall have the responsibility for, and authority to do all things as may be deemed by the Board to be in the best interests of the Association and the Owners, including but not limited to:

- (a) The maintenance, upkeep and repair of common areas and improvements located thereon, and of the roadways serving the Property, including snow removal, except that driveways serving privately owned Lots shall be the responsibility of the Owners of the Lots.

- (b) Setting and collecting from the Lot Owners their shares of the common expenses, fees and assessments. Note: Charges may be made against the Association and Owners for water and sewer services by the City of Thompson Falls including costs of operation, maintenance, depreciation, repair and replacement of facilities.
- (c) Obtaining such liability and/or casualty insurance with such coverages and limits as the Board may deem appropriate.
- (d) Negotiating and entering into on behalf of the Association any agreements it deems necessary for the best interests of the Association, including any easements or agreements with other persons or entities for maintenance, repair and use of the roadways serving the Property.
- (e) Native landscaping of intersections, roads, Lots or other common areas as the Association may from time to time select to be landscaped.
- (f) Adopting rules, from time to time, to regulate the use of the roads, common areas, amenities and Lots within the Property for the common good of the Association and Owners of the Property, and amending or terminating such rules. The Owners agree to abide by such rules and regulations as they may be in force from time to time.

Section 18. Removal of Director(s). At a meeting of the members called expressly for that purpose, one or more Directors, or the entire Board of Directors, may be removed, with or without cause, by a vote of the Owners of two-thirds of the Lots; provided, however, that no such removal shall take place until 90 percent of the Lots have been sold by Declarant.

Section 19. Officers. The officers of the Association shall be a President (also referred to as Chairperson), a Vice-President (also referred to as Vice-Chairperson), and a Secretary/Treasurer, each of whom shall be elected for a term of one year and shall hold office until their successors are duly elected and qualified. The Board may appoint such committees and committee chairpersons as appears necessary in its judgment.

Section 20. President and Vice President. The President shall preside at all Directors' and members' meetings, shall have general supervision over the affairs of the Association, and shall perform all such other duties as are incident to the office. In case of the absence or disability of the President, his or her duties shall be performed by the Vice President.

Section 21. Secretary/Treasurer. The Secretary/Treasurer shall issue notices of all Directors' and members' meetings and shall attend and keep the minutes of the same, shall have charge of all Association books and records and papers, shall have custody of all money of the Association, and shall perform all other duties as are incident to this office.

ARTICLE VI
Architectural Review

Section 1. Committee. The Architectural Review Committee shall consist of Declarant or a person or persons designated by Declarant until such time as ten (10) improved Lots have been sold by Declarant with the additional requirement that upon the sale and closing of ten (10) improved Lots, there shall be at least one lot owner as a member of the committee. Thereafter, the Architectural Review Committee shall consist of those persons who shall be appointed by the Board of Directors of the Association. The members of the Committee may be, but need not be, Owners or members of the Board of Directors. Declarant hereby appoints Paul W. Chambers, Bonnie B. Chambers and Luke E. Chambers as members of the initial Architectural Review Committee.

Section 2. Architectural Review. No residence or attached garage of any kind shall be commenced, erected or maintained upon the Properties, nor shall any addition to or change or alteration therein be made, nor shall any of the native vegetative growth be destroyed or removed until the plans and specifications showing the nature, kind, shape, height, materials and location of the same with respect to Lot boundaries, together with the proposed construction schedule, shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography and native vegetation by the Architectural Review Committee. The plans and specifications should be in sufficient detail to show the nature, kind, shape, dimensions, height, materials and location of the proposed structure, including proposed landscaping and any exterior lighting plans.

Section 3. Approval. Approval or disapproval by the Architectural Review Committee shall be in writing which shall occur within thirty (30) days after said plans and specifications have been submitted to it. All improvements, construction, reconstructions, alterations, remodeling, or any activity requiring the approval of said Committee must be completed in substantial compliance with the plans and specifications initially approved by the Committee.

Section 4. Continuing Responsibility. The Architectural Review Committee shall have a role in the approval or disapproval of proposed changes from the original design and continuing construction, including without limitation, exterior remodeling, changes of color and exterior lighting. No such changes or additions will be permitted unless approved by the Architectural Review Committee, which may, in its discretion, waive the requirement that drawings and specifications be submitted for such changes.

Section 5. Committee Enforcement. The Architectural Review Committee may notify any Owner violating any restrictive covenant specifying the failure and demanding that it be remedied within a period of thirty (30) days. If the Owner fails or refuses to remedy the violation, the Committee, at the Lot Owner's expense, shall correct the deficiency set forth in the notice. If the Lot Owner fails to reimburse the Committee thirty (30) days after mailing a statement for correcting the deficiencies, the Committee, through the Association, may assess a lien in accordance with Article IX herein, or institute a civil action to collect such sum of money together

with court costs and reasonable attorney fees. No entry upon a Lot by the Committee, or its agent, for purposes of enforcing these covenants shall be deemed a civil or criminal trespass.

Section 6. Guidelines. The Architectural Review Committee may, from time to time prepare guidelines for proposed improvements; however, the Committee may grant exceptions to such guidelines, in its discretion.

Section 7. Review Fee. The Board of Directors may establish a reasonable review fee to provide funds for employing an architect or other professional consultants to the Committee.

Section 8. Review. The Owner of any Lot shall do no site work or otherwise disturb or alter the topography of the land on the Lot nor shall any of the native vegetative growth be destroyed or removed until the plans and specifications showing the nature, kind, shape, grade, elevations, materials and location of the same and of any proposed buildings or other improvements with respect to Lot boundaries, together with the proposed construction schedule, shall have been submitted to and approved in writing as to harmony of design and location in relation to surrounding structures and topography and native vegetation by the Architectural Review Committee. The Owner shall submit such detailed plans, specifications and information as may be requested by the Architectural Review Committee to permit evaluation of the proposed activity. The 30-day period for review of the proposed activity shall commence to run when the requested information is received by the Architectural Review Committee.

ARTICLE VII

Roads

Section 1. Easement. Each Owner shall have and is hereby granted an easement for ingress, egress, and utilities over and across the 40-foot private road and utility easements shown on the plat of Solid Rock Estates, according to the map or plat thereof on file and of record in the records of Sanders County, Montana (the "Roads"). Declarant hereby reserves the right to use the roads, utilities, and common areas for the benefit of adjacent properties that may be developed in the future.

Section 2. Maintenance. The Roads are private and shall be controlled and maintained, including snow removal, by the Association. The Association may grant further easements over and across the Roads and otherwise deal with the Roads in any manner deemed by the Association to be in the best interests of the Owners, including closing them to vehicular access by the public. All or any part of the Roads may be dedicated or transferred to any public authority by the Association.

Section 3. Utilities. Declarant hereby reserves and retains the right to use all Roads and a utility corridor 30 feet in width (15 feet of either side) on common lot lines and 15 feet on exterior lot lines as shown on the plat of Solid Rock Estates for the purpose of locating, installing, erecting, constructing, maintaining, or using facilities for electric, telephone, cable television, gas, water, sewer, and any other utilities, and Declarant may cause easements to be granted to

providers of utilities over, under and across such Roads. Each Owner shall be responsible for the costs of extending utilities from the Roads shown on the plat of Solid Rock Estates to structures located on the Lot, including but not limited to the cost of the low pressure grinder system to connect to the City of Thompson Falls sewer system. Upon the sale of a lot, the Declarant is entitled to reimbursement and hereby retains a lien on each lot for his costs incurred for the extension of such utilities from the road to the lot, (said improvements were heretofore installed by the Declarant to prevent future disruption of roads and landscaping.

Section 4. Native Landscaping. The Association hereby reserves and retains the right to install, construct, and maintain landscaping within the Roads and intersections shown on the plat of Solid Rock Estates.

Section 5. Driveways. All driveways of single family dwellings shall be paved with either asphalt or concrete. Any other form of paving must be approved by the Architectural Review Committee.

Section 6. Trails Easements. Declarant hereby reserves and retains for the benefit of the Association Lot owners and the public an easement for all trails depicted on Attached Exhibit A.

ARTICLE VIII

Finances

Section 1. Assessments. The Owner of any Lot, by acceptance of the deed therefore whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association annual assessments and special assessments to be established and collected as hereinafter provided. Assessments shall be made the same for each Lot. The annual and special assessments, together with interest, costs, and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the Lots against which each such assessment is made. The assessments shall also be the personal obligation of the Owner(s) of the Lot at the time the assessments were due.

The assessments levied by the Association shall be used exclusively to promote the health, safety, and welfare of the residents of the Properties, including but not limited to the improvement and maintenance of the Roads, Common Areas and other amenities. The Board of Directors shall fix the amount of the annual assessment and any special assessments against each Lot. So long as the Declarant is the Owner of any Lot, the annual assessment may not be increased without the consent of the Declarant and no special assessments shall be made without the consent of the Declarant. Written notice of the assessments shall be sent to every Owner. The assessments shall be due and payable within 30 days of the date of the notice. No Owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Roads, Common Areas, or other amenities or by abandonment of his Lot.

Section 2. Basis of Annual Assessments. Not less than forty-five (45) days nor more than sixty (60) days prior to the beginning of each calendar year, the board shall adopt a budget. The

budget shall include estimated amounts required to be paid by the Association for maintenance, reserves, and other responsibilities of the Association with respect to the development as well as dues and assessments owing by members. The amounts so budgeted under the Association shall be assessed equally to the members, including Declarant owned lots.

Section 3. Budgets and Financial Statements. The Board shall cause to be maintained a full set of books and records consistent with generally accepted accounting principles. Financial and related information shall be annually prepared and distributed by the Association to all members of the Association.

Section 4. Default. Any assessment not paid within thirty (30) days shall be considered a default. In the event of default by any Owner in paying any assessment, the Board shall have the right to assess a late charge. Furthermore, when an Owner is in default, such Owner shall be obligated to pay interest at the rate of twelve percent (12%) per annum on such delinquent assessments from the due date thereof, together with all expenses, including a reasonable attorney's fee, incurred by the Board of Directors to collect such unpaid assessments. The Board of Directors shall have the right to make reasonable attempts to recover such expenses, together with interest thereon and the expenses of the proceeding, including attorneys fees, in an action brought against such Owner personally or by foreclosure of the lien of the assessment. The Board of Directors, acting on behalf of the Association, shall have the power to purchase the Lot at the foreclosure sale and, to acquire, hold, lease, mortgage, vote the votes appurtenant to, convey, or otherwise deal with the Lot. A suit to recover a money judgment for unpaid assessments shall be maintainable without foreclosing or waiving the lien securing the unpaid assessments.

Section 5. Statement of Assessments. The Board of Directors shall promptly provide any Owner who makes a request in writing with a written statement of his or her unpaid assessments.

Section 6. Deposit of Funds. The funds of the Association shall be deposited in such financial institutions as the Directors shall designate, and shall be withdrawn only upon the check or order of an officer of the Association duly authorized by the Board of Directors.

Section 7. Borrowing. The Board of Directors shall have the authority to borrow money to meet any deficiency in the payment of assessments or to meet any emergency that may arise in the management of the Property.

Section 8. Fiscal Year. The Fiscal year of the Association shall be the calendar year.

ARTICLE IX

Term and Amendment

Section 1. Term. This Declaration shall be binding for a term of twenty (20) years from the date of this Declaration and shall be extended for successive ten (10) year terms unless there shall be recorded an instrument signed by the Owners of seventy-five percent (75%) of the Lots agreeing to terminate or amend this Declaration in whole or in part.

Section 2. Amendment. No amendment of this Declaration shall be effective unless approved by the Owners of seventy-five percent (75%) of the Lots; provided, however, that so long as the Declarant is the Owner of any Lot, no amendment to this Declaration shall be effective without the prior consent of the Declarant. The amendment and a certification of the President and Secretary that the amendment was approved by the requisite number of Owners shall be recorded in the records of the Clerk and Recorder of Sanders County, Montana. The Covenants (Article IV) may not be amended or repealed without the prior written consent of the Thompson Falls City Council.

Section 3. Procedure for Amendment. An amendment may be proposed by the Board of Directors or by written petition of the Owners of thirty percent (30%) or more of the Lots. A copy of the proposed amendment shall be voted upon by Owners at an election to be set by the Board of Directors. The election may be conducted by mail, at a regular or special meeting of the Owners, or by such other means as the Board may choose.

ARTICLE X **Miscellaneous**

Section 1. Enforcement. The Declarant, Board of Directors, or the Architectural Review Committee, acting for the Association, or any Owner shall have the right to enforce by any proceeding at law or in equity all restrictions, covenants, conditions, reservations, liens, and charges now or hereafter imposed by the provisions of this Declaration, including the right to take corrective action in order to comply with the provisions of this Declaration and seek reimbursement from the Owner for the costs of such corrective action. Failure to enforce any covenant or restriction herein contained in any one or more instances shall in no event be deemed a waiver of the right to do so thereafter. Declarant shall have no liability for any failure to enforce any covenant or restriction.

Section 2. Variances. The Declarant, Board of Directors, or the Architectural Review Committee may grant a variance for any of the Covenants, Conditions or Restrictions recited herein.

Section 3. Severability. Invalidation of any one of these covenants, restrictions or provisions by judgment or court order shall in no way affect any of the other covenants, restrictions or provisions, all of which shall remain in full force and effect.

Section 4. Attorney's Fees. In the event of a dispute under this Declaration, the prevailing party shall be entitled to his or her costs and reasonable attorney's fees.

Section 5. Construction and Binding Effect. These covenants shall be construed pursuant to the laws of the State of Montana and shall be binding upon the heirs, successors and assigns of the parties hereto. The Declarant may transfer its rights under this Declaration by conveying all Lots not previously sold to a new owner, and in such conveyance stating that all rights as

Solid Rode Est.
amended #5268 1/8/04

5853

253257

I received and filed
this instrument for record on the 19th
day of NOVEMBER 20 03
at 1110 o'clock P m
Pal Ingraham
Sanders County Clerk and Recorder
By: [Signature]
Deputy
Fee: 500

