

STATE OF MONTANA COUNTY OF RAVALLI 428940
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**DECLARATION OF PROTECTIVE COVENANTS,
CONDITIONS, RESTRICTIONS, AND EASEMENTS
FOR STOCK FARM**

Ret: Stock Farm, PO Box 1888, Hamilton, MT 59840

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**DECLARATION OF PROTECTIVE COVENANTS,
CONDITIONS, RESTRICTIONS, AND EASEMENTS FOR
FOR STOCK FARM**

THIS DECLARATION is made this _____ day of December, 1997, by STOCK FARM LLC, a Montana limited liability company ("Declarant").

RECITALS

Declarant makes this Declaration based upon the following facts and intentions:

A. Declarant is the owner of the real property located in Ravalli County, Montana, described in Exhibit "A", which is attached and incorporated herein by this reference (the "Property"),

B. Declarant plans to subdivide and develop the Property for residential homesites and an equestrian center and related appurtenances (the "Project"), and impose thereon beneficial protective covenants under a general plan of improvement for the benefit of such real property, every part thereof and interest therein.

NOW, THEREFORE, Declarant hereby declares that the Property shall be held, sold, conveyed, encumbered, used, occupied, and improved subject to the following easements, restrictions, covenants, liens, and conditions, all of which are in furtherance of a uniform plan of development, improvement, and sale of said real property and are established for the purpose of enhancing the value, desirability, and attractiveness of the real property and every part thereof. The easements, restrictions, covenants, liens, and conditions hereof shall run with the Property subject to this Declaration and shall be binding on and enforceable by all parties having or acquiring any possessory right, title, or interest in the described properties or any part thereof, and shall be for the benefit of each owner of any portion thereof and inure to the benefit of and be binding upon each heir, successor, or assignee in interest of such owners.

SECTION I
DEFINITIONS

1.1 **Association.** The Stock Farm Homeowners Association, Inc., a Montana non-profit corporation, its successors and assigns.

1.2 **Cabin Sites.** Lots C1 through C30, which will range in size from fifty-six hundredths (0.56) of an acre to one and four tenths (1.40) acres.

1.3 **Common Area.** All real property shown on any recorded plat of the premises in which the Association owns an interest for the common use and enjoyment of all of the Members. Said interest or interests may include, without limitation: estates in fee, estates for a term of years, or easements. The definition shall not include (1) any platted lot unless an easement for common area has been recorded over said Lot thereof and (2) any property which has been dedicated to and accepted by any public authority or body which has assumed the obligation to maintain the same. The Horse Ranch is part of the Common Area.

1.4 **Golf Course.** A parcel of land within the Property, which is privately owned by the Stock Farm Club, a Montana non-profit corporation (the "Golf Club") its successors, successors-in-title or assigns, and related and supporting facilities and improvements operated in connection with such golf course.

1.5 **High Prairie Ranches.** Lots two (2) through six (6), which will range in size from four and three hundredths (4.03) acres to eleven and eleven hundredths (11.11) acres.

1.6 **Horse Ranch.** The equestrian facility located on the Common Area, which includes barns, paddocks, stalls, arena, caretaker house, and all related and supporting facilities and improvements operated in connection with such facility.

1.7 **Immediate Family.** Husband, wife, son, daughter, father or mother, or brothers or sisters of the foregoing.

1.8 **Lot.** Shall mean and refer to one or more of the separately designated and legally described freehold estates shown, numbered and designated on the recorded plat of Stock Farm, and recorded in the office of the Clerk and Recorder of Ravalli County, Montana.

1.9 **Management Agreement.** An agreement between the Golf Club and the Association for the use of their respective facilities and for the use occupancy and rental of the cabins on the Cabin Sites.

1.10 **Member.** Any person or entity holding membership in the Association pursuant to its Articles of Incorporation and its Bylaws.

1.11 **Mountain Homesites.** Lots thirty-one (31) through ninety-five (95), which will range in size from one and twenty-nine hundredths (1.29) acres to ten and ninety-six hundredths (10.96) acres.

1.12 **Owner.** The record Owner (including without limitation the Declarant), whether one or more persons or entities, of the fee simple title to any Lot or parcel of property except that (1) where a Lot or parcel of Property has been sold by Declarant on an installment sale basis pursuant to a security instrument, the buyer thereunder (provided he is not in default under said security instrument), and not the Declarant or Grantor, shall be deemed to be the Owner, and (2) the term Owner shall not mean or refer to a mortgagee unless and until such mortgagee has acquired title pursuant to foreclosure or any proceeding in lieu of foreclosure.

1.13 **Ranch Estates.** Lots one (1) and seven (7) through thirty (30), which will range in size from four and five tenths (4.5) acres to thirty-seven and twenty-seven hundredths (37.27) acres.

1.14 **Structure.** Any construction erected or placed upon any Lot, including, but not limited to, pools, tennis courts, parts of and additions to buildings, walls, fences and other enclosures, television and other antennas, walks, and driveways.

SECTION II MEMBERSHIP & VOTING

2.1 **Function of Association.** The Association shall be the entity responsible for management, maintenance, operation, and control of the Common Areas within the Property. The Association shall be the primary entity responsible for enforcement of this Declaration and such reasonable rules regulating use of the Property as the Board of Directors may adopt. The Association shall also be responsible for administering and enforcing the architectural standards and controls set forth in this Declaration and in the Development Guidelines. The Association shall perform its functions in accordance with this Declaration, the Bylaws and Articles of the Association and Montana law.

2.2 **Membership.** Every Owner shall be a Member of the Association. Membership in the Association shall be appurtenant to, and may not be separated from, the ownership of any Lot or parcel of property subject to assessment. Declarant shall be a Member of the Association so long as it has any voting right under this Article.

2.3 **Voting Rights.** The Association shall have two (2) classes of voting Memberships, which shall vote on all matters as a single class unless expressly provided to the contrary in this Declaration. The classes shall be as follows:

(a) **Class "A".** Class "A" Members shall be all those Members as hereinbefore defined, except the Declarant. Class "A" Members shall be entitled to one (1) vote

for each Lot in which they hold the interest required for membership. When more than one (1) person or entity is the Owner of a Lot, the vote for such Lot shall be exercised as such persons among themselves determine, but in no event shall more than one (1) Class "A" vote be cast with respect to any Lot. If the common or joint Owners do not unanimously agree on how to cast their vote, the Association, at its option, may refuse to recognize such vote.

(b) **Class "B"**. The Declarant shall be the Class "B" Member. The Declarant shall be entitled to three (3) votes for each Lot in which it holds the interest required for membership.

(c) **Single Class**. The distinction between classes of Membership shall terminate on the happening of the following event:

(i) When the total outstanding votes in Class "A" Membership equals the total outstanding votes in Class "B" Membership.

(ii) When such distinction of classes shall terminate, all Members shall be entitled to one (1) vote for each Lot in which they hold the interest required for Membership. When more than one (1) person holds such interest in any Lot, the vote for such Lot shall be exercised as such persons among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot.

2.4 **Proxies**. At any meeting of the Members, a Member entitled to vote may vote by proxy executed in writing by the Member. No proxy shall be valid after eleven (11) months from the date of its execution. A proxy may be canceled by notice executed by the Member with like formality and directed to the Secretary. Proxies shall not be binding on purchasers of property from the grantor of the proxy.

SECTION III **ASSESSMENTS**

3.1 **Creation of the Lien and Personal Obligation of Assessments**. Each Owner of any Lot (including Declarant), by acceptance of a deed therefor, is hereby deemed to covenant and agree to pay to the Association:

(a) annual assessments or charges; and

(b) special assessments for capital improvements. Such assessments are to be established and collected as hereinafter provided. The annual and special assessments,

together with interest, costs, and reasonable attorney's fees, shall be a charge on each Lot and shall be a continuing lien upon the Lot against which such assessment is made until paid. Each such assessment, together with interest, costs, and reasonable attorney's fees, shall be the personal obligation of the person or persons who were the Owner of such property at the time when the assessment fell due.

3.2 **Purpose of Assessments.** The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the residents on the Property including, but not limited to, repair, improvement, and maintenance of a common irrigation system, fences, gates, roads, pathways, Ranch Manager's complex, Horse Ranch, gazebo, and other improvements to the Common Area, and expenses of enforcing the terms of this Declaration against violators. All invoices shall be generally itemized, and funds collected for particular assessments, dues, and/or service charges shall be disbursed only in payment for expenses of such systems. Until the distinction between classes of Membership has terminated, assessments may not be levied for the initial development, original construction, installation of infrastructure, original capital improvements, or other original construction costs unless approved by the majority of outstanding Class "A" votes.

3.3 **Time of Assessments.** The Association shall make no annual assessments until after December 31, 1998. The amount of the annual assessments shall be fixed by the Board of Directors of the Association after due consideration of current maintenance costs and future anticipated needs of the Association, including reserves.

3.4 **Special Assessments for Capital Improvements.** In addition to the annual assessments authorized above, the Board of Directors may levy, in any assessment year, a special assessment applicable to that year only for the purposes of defraying, in whole or in part, the cost of any construction, reconstruction, repair, or replacement of capital improvements for the benefit of the Lots or the Property, including fixtures and personal property related thereto.

3.5 **Specific Assessments.** The Board of Directors shall have the power to levy specific assessments against a particular Lot or Lots constituting less than all Lots within the Property, as follows:

(a) To cover the costs, including overhead and administrative costs, of providing benefits, items, or services to the Lot or occupants thereof upon request from the Owner pursuant to a menu of special services which the Board of Directors may from time to time authorize to be offered to Owners (which might include, without limitation, landscape maintenance, handyman service, pool cleaning, pest control, etc.), which assessments may be levied in advance of the provisions of the requested benefit, item, or service as a deposit against charges to be incurred by the Owner; and

(b) To cover costs incurred in bringing the Lot into compliance with the terms of this Declaration, any applicable Supplemental Declaration, the Bylaws or rules, or costs incurred as a consequence of the conduct of the Owner or occupants of the Lot, their licensees, invitees, or guests; provided, the Board of Directors shall give the Lot Owner prior written notice and an opportunity for a hearing before levying in specific assessment under this subsection (b).

3.6 **Notice and Quorum for Any Action Authorized Under Sections III, 3 and 4.** Written notice of taking any actions authorized under Section III, 3 or 4 shall be sent to all Members then entitled to voting rights not less than thirty (30) days nor more than sixty (60) days prior to the beginning of the fiscal year for which it is to be effective. Such assessment shall become effective unless disapproved at a meeting by voting Members representing at least seventy-five (75) percent of the total Class "A" votes in the Association and seventy-five (75) percent of the total number of voting Members, and by the Class "B" Member, if such exists. There shall be no obligation to call a meeting for the purpose of considering the assessment except on petition of the voting Members as provided for special meetings in the Bylaws, which petition must be presented to the Board of Directors within ten (10) days after delivery of the notice of assessment.

3.7 **Uniform Rate of Assessment.** Both annual and special assessments for Members must be fixed at a uniform rate for all Lots or parcels of property and may be collected on a monthly, quarterly, or annual basis at the discretion of the Board of Directors.

3.8 **Date of Commencement of Annual Assessments; Due Dates.** The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment. Written notice of the annual assessment shall be sent to every Owner or Member subject thereof. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid.

3.9 **Effect of Nonpayment of Assessments; Remedies of the Association.** Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at a rate of ten (10) percent per annum and said assessment together with interest thereon, shall become a continuing lien on the Lot which shall run with the land. The Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the Lot. As a part of any such proceeding, the Association shall be entitled to reimbursement of all costs of collection, including court costs and attorney fees. No Owner may waive or otherwise escape liability for the assessments provided for herein by abandonment of the Owner's Lot, or conveyance or transfer of title to the Lot. In addition to all other remedies for nonpayment of assessments, the Association may suspend, as to the Lots and/or Owners in question, all services

or use of Association-managed facilities, for which assessments are levied. Prompt restoration of such privileges shall resume upon full payment of the delinquent payments, interest, and collection costs.

3.10 **Subordination of the Lien to Mortgages.** The lien of the assessments provided for herein shall be subordinate to the lien of any bona fide agreement for deed from Declarant to the Lot Owner and any first mortgage made in good faith and for value. However, the sale or transfer of any Lot pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which become due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

3.11 **Exempt Property.** The Common Area shall be exempt from payment of assessments.

SECTION IV **RIGHTS AND OBLIGATIONS OF THE ASSOCIATION**

4.1 **Common Area.** The Association, subject to the rights of the Owners set forth in this Declaration, shall manage and control the Common Area and all improvements therein (including, without limitation, furnishings, equipment, and common landscaped areas), and shall keep it in good, clean, attractive, and sanitary condition, order, and repair consistent with this Declaration.

4.2 **Personal Property and Real Property for Common Use.** The Association may acquire, hold, and dispose of tangible and intangible personal property and real property. Declarant may convey to the Association improved or unimproved real estate located within the properties described in Exhibit "A", personal property and leasehold, and other property interests. Such property shall be accepted by the Association and thereafter shall be maintained as Common Area by the Association at its expense for the benefit of its Members, subject to any restrictions set forth in the deed. The Declarant shall convey the initial Common Area to the Association prior to the conveyance of a Lot to any person.

4.3 **Rules.** The Association, through its Board of Directors, may make and enforce reasonable rules and guidelines governing the use of the Property, in addition to further defining or limiting, and, where specifically authorized hereunder, creating exceptions to those covenants and restrictions set forth in this Declaration. Such rules shall be binding upon all Owners, occupants, invitees, and licensees until and unless repealed or modified in a regular or

special meeting by the vote of voting Members representing two-thirds (2/3) of the total Class "A" votes in the Association and by the Class "B" Member, so long as such membership exists.

4.4 **Enforcement.** The Association may impose sanctions for violations of this Declaration, the Bylaws, or rules and guidelines in accordance with procedures set forth in the Bylaws, including reasonable monetary fines and suspension of the right to vote and to use any recreational facilities within the Common Areas. In addition, in accordance with the Bylaws, the Association may exercise self-help to cure violations, and may suspend any services it provides to the Lot of any Owner who is more than thirty (30) days delinquent in paying any assessment or other charge due to the Association. The Board of Directors may seek relief in any court for violations or to abate nuisances. The Association, by contract or other agreement, may enforce county and city ordinances, if applicable, and permit Ravalli County to enforce applicable ordinances on the Property for the benefit of the Association and its Members.

4.5 **Implied Rights; Board Authority.** The Association may exercise any other right or privilege given to it expressly by this Declaration or the Bylaws, or reasonably implied from, or reasonably necessary to, effectuate any such right or privilege. Except as otherwise specifically provided in this Declaration, the Bylaws, Articles, or by law, all rights and powers of the Association may be exercised by the Board of Directors without a vote of the Membership.

4.6 **Indemnification.** The Association shall indemnify every officer, director, and committee member against all expenses, including counsel fees, reasonably incurred in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the then Board of Directors) to which he or she may be a party by reason of being or having been an officer, director, or committee member.

The officers, directors, and committee members shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct, or bad faith. The officers and directors shall have no personal liability with respect to any contract or other commitment made or action taken in good faith on behalf of the Association (except to the extent that such officers or directors may also be Members of the Association). The Association shall indemnify and forever hold each such officer, director, and committee member harmless from any and all liability to others on account of any such contract, commitment, or action. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any present or former officer, director, or committee member may be entitled. The Association shall, as a common expense, maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such insurance is reasonably available.

4.7 **Dedication of Common Area.** The Association may dedicate portions of the Common Area to Ravalli County, Montana or to any other local, state, or federal governmental entity, subject to such approval as may be required by Section 14.2 of this Declaration.

SECTION V **MAINTENANCE**

5.1 **Association's Responsibility.** The Association shall maintain and keep in good repair the Common Area, which shall include, but need not be limited to:

(a) All landscaping and other flora, parks, signage, structures, and improvements, including any private streets, and bike, equestrian and pedestrian pathways/trails, situated upon the Common Area;

(b) Landscaping, sidewalks, street lights, and signage within public rights-of-way within or abutting the Property;

(c) Such portions of any additional property included within any Common Area as may be dictated by this Declaration, any Supplemental Declaration, or any contract or agreement for maintenance thereof entered into by the Association; and

(d) Any property and facilities owned by the Declarant and made available, on a temporary or permanent basis, for the primary use and enjoyment of the Association and its Members, such property and facilities to be identified by written notice from the Declarant to the Association and to remain a part of the Common Area and be maintained by the Association until such time as Declarant revokes such privilege of use and enjoyment by written notice to the Association.

The Association shall maintain the facilities and equipment within the Common Area in continuous operation, except for reasonable periods as necessary to perform required maintenance or repairs, unless voting Members representing seventy-five (75) percent of the Class "A" votes and the Class "B" Member agree in writing to discontinue such operation. Except as otherwise specifically provided herein, all costs associated with maintenance, repair, and replacement of the Common Area shall be allocated among all Lots in the manner of, and as a part of, the annual assessment, without prejudice to the right of the Association to seek reimbursement from the Owner(s) of, or other persons responsible for, certain portions of the Common Areas pursuant to this Declaration, other recorded covenants, or agreements with the Owner(s) thereof.

5.2 **Owner's Responsibility.** Each Owner shall maintain his or her Lot and all structures, parking areas, and other improvements on the Lot in a clean, safe, attractive and

slightly condition and in good repair, unless such maintenance responsibility is otherwise assumed by, or assigned to, the Association pursuant to any Supplemental Declaration or other declaration of covenants applicable to such Lot. In addition to any other enforcement rights, if an Owner fails properly to perform his or her maintenance responsibility, the Association may perform such maintenance responsibilities and assess all costs incurred by the Association against the Lot and the Owner in accordance with Section 3.5. The Association shall afford the Owner reasonable notice and an opportunity to cure the problem prior to entry, except when entry is required due to an emergency situation.

SECTION VI **INSURANCE AND CASUALTY LOSSES**

The Association, acting through its Board of Directors or its duly authorized agent, shall obtain blanket all-risk property insurance, if reasonably available, for all insurable improvements on the Common Area and on other portions of the Common Area to the extent that it has assumed responsibility for maintenance, repair and/or replacement in the event of a loss. The Association shall have the authority to and interest in insuring any privately or publicly owned property for which the Association has maintenance or repair responsibility. Such property shall include, by way of illustration and not limitation, any insurable improvements on or related to parks, rights-of-way, medians, easements, and walkways which the Association is obligated to maintain. If blanket all-risk coverage is not generally available at reasonable cost, then the Association shall obtain fire and extended coverage, including coverage for vandalism and malicious mischief. The face amount of the policy shall be sufficient to cover the full replacement cost of the insured property. The cost of such insurance shall be allocated among all Lots subject to assessment as part of the annual assessment.

The Association also shall obtain a public liability policy on the Common Area, insuring the Association and its Members for damage or injury caused by the negligence of the Association or any of its members, employees, agents, or contractors while acting on its behalf. If generally available at reasonable cost, the public liability policy shall have at least a one million dollar (\$1,000,000) combined single limit as respects bodily injury and property damage and at least a three million dollar (\$3,000,000) limit per occurrence and in the aggregate.

SECTION VII **USE GUIDELINES AND RESTRICTIONS**

7.1 **Plan of Development; Applicability; Effect.** Declarant has created Stock Farm as a residential and recreational development and, in furtherance of its and every other

Owner's interests, has established a general plan of development for Stock Farm. The Property is subject to land development, architectural, and design guidelines as set forth in Section IX. The Property is subject to guidelines and restrictions governing land use, individual conduct, and uses of or actions upon the Property as provided in this Section VII. This Declaration and resolutions the Board of Directors or the voting Members may adopt and establish affirmative and negative covenants, easements, and restrictions (the Use Guidelines and Restrictions) for the Property.

All provisions of this Declaration and of any Association rules shall also apply to all occupants, tenants, guests, and invitees of any Lot. Any lease on any Lot shall provide that the lessee and all occupants of the leased Lot shall be bound by the terms of this Declaration, the Bylaws, and the rules of the Association.

Declarant promulgates Stock Farm's general plan of development in order to protect all Owners' quality of life and collective interests, the aesthetics and environment within the Property, and the vitality of and sense of community within Stock Farm, all of which are subject to the Board of Directors' and the voting Members' ability to respond to changes in circumstances, conditions, needs, and desires within the community.

The Property shall be used only for residential, recreational, and related purposes (which may include, without limitation, offices for any Ranch Manager retained by the Association or business offices for the Declarant or the Association consistent with this Declaration and any Supplemental Declaration). Any Supplemental Declaration or additional covenants imposed on the Property may impose stricter standards than those contained in this Section and the Association shall have standing and the power to enforce such standards.

Declarant has prepared initial Use Guidelines and Restrictions which contain general provisions applicable to all of the Property, as well as specific provisions which may vary within the Property depending upon the location, characteristics, and intended use. Such initial Use Guidelines and Restrictions are set forth in this Section VII and in the Guidelines for the Wildlife, the Horse Ranch, and the Log Cabins. Based upon these Use Guidelines and Restrictions, the Board of Directors shall adopt the initial rules at its initial organizational meeting.

7.2 **Board Power.** Subject to the terms of this Section VII and to its duty of care and undivided loyalty to the Association and its Members, the Board of Directors shall implement and manage the Use Guidelines and Restrictions through rules which adopt, modify, cancel, limit, create exceptions to, or expand the Use Guidelines and Restrictions. Prior to any such action, the Board of Directors shall conspicuously publish notice of the proposal at least five (5) business days prior to the Board of Directors meeting at which such action is to be considered. Voting

Members shall have a reasonable opportunity to be heard at a Board of Directors meeting prior to action being taken.

The Board of Directors shall send a copy of any proposed new rule or amendment to each Owner at least thirty (30) days prior to its effective date. The rule shall become effective unless disapproved at a meeting by voting Members representing at least two-thirds (2/3) of the total Class "A" votes and by the Class "B" Member, if any.

The Board of Directors shall have no obligation to call a meeting of the voting Members to consider disapproval except upon petition of the voting Members as required for special meetings in the Bylaws.

The Board of Directors shall have all powers necessary and proper, subject to its exercise of sound business judgment and reasonableness, to effect the powers contained in this Section 7.2.

The Board shall provide, without cost, a copy of the Use Guidelines and Restrictions and rules then in effect to any requesting Member or mortgagee.

7.3 **Members' Power.** The voting Members, at a meeting duly called for such purpose as provided in Bylaws, may adopt, repeal, modify, limit, and expand Use Guidelines and Restrictions and implementing rules by a vote of two-thirds (2/3) of the total Class "A" votes and the approval of the Class "B" Member, if any.

7.4 **Owners' Acknowledgment.** All Owners are subject to the Use Guidelines and Restrictions and are given notice that (a) their ability to use their privately owned property is limited thereby, and (b) the Board of Directors and/or the voting Members may add, delete, modify, create exceptions to, or amend the Use Guidelines and Restrictions in accordance with Sections 7.2 and 7.3.

Each Owner by acceptance of a deed acknowledges and agrees that the use and enjoyment and marketability of his or her property can be affected by this provision and that the Use Guidelines and Restrictions and implementing rules may change from time to time.

7.5 **Initial Use Guidelines and Restrictions.** The following activities are prohibited within the Property unless expressly authorized by, and then subject to such conditions as may be imposed by, the Board of Directors.

(a) **Business and Industries.** No Lot or building or improvement erected thereon--with the exception of those buildings in the Horse Ranch--shall at any time be used for the purpose of conducting any industry, trade, profession, manufacturing, or business of

any description, or for hospitals, duplexes, apartment houses, or any other multiple dwelling houses, except that nothing herein shall preclude an Owner from maintaining and operating an in-home occupation out of the residence for example, but not limited to, computer business, sales, or professional business as long as visitor or client parking is not required. This restriction shall not apply to any activity conducted by the Declarant with respect to its development and sale of the Lots and the Golf Course, including the operation of a timeshare or rental program on the Cabin Sites and/or the construction and operation of a residential lodging facility on Lots in proximity to the Clubhouse at the Golf Club.

(b) **Vehicle Parking.** Improvements on each Lot shall provide for off-street parking and no motor vehicles, trailers, etc. shall be placed or parked so as to impede or obstruct the pedestrians, vehicular traffic, view sheds, or the environmental quality along any road easement within the Property. Parking on driveways shall be limited to no more than ten (10) consecutive days without a pause of forty-eight (48) hours. Recreational or similar vehicles shall be stored in such a way that cannot be seen from adjacent Lots or streets. No heavy equipment shall be kept on the Property, except during periods of construction activity thereon, unless the equipment are kept in an enclosed building. No vehicle may be parked along any road easement, in any given two (2) -mile stretch of road easement for more than twenty-four (24) hours with forty-eight (48) hours between parking periods.

(c) **Sign Control.** No signs, real estate signage, billboards, posters, or other advertising devices of any kind or character may be erected or displayed upon any of the Lots or the Common Areas except for Declarant's subdivision promotion signs, and property addresses and mail box with name identification.

(d) **Fencing.** Fences must be well constructed, neat in appearance, and meet all requirements of Montana law. All perimeter fencing shall be of treated posts, five (5) inches minimum in diameter, with five (5) barbed or barbless wires, and spaced no more than twelve (12) feet between posts, with appropriate wire spacing. All privacy fencing around the homes shall be constructed in accordance with the design of the home and shall be pre-approved by the Design Review Committee (DRC) and be no more than fifty-four (54) inches in height on the back and sides and no more than four (4) feet in height in the front of the house. Wire mesh or a similar material to contain small animals must be attractively incorporated with the privacy fence. It is the intent of this provision to assure aesthetically pleasing fences in harmony with the surrounding environment and that do not obstruct view sheds. Fencing on Mountain Homesites shall be limited to the designated "building envelopes," and no perimeter lot line fences shall be allowed. No solid wood fences shall be allowed. No fencing shall be allowed on the Cabin Sites.

(e) **Temporary Structures.** No structure of a temporary character, including but not limited to trailers, mobile homes (single wide or double wide), set together or expanding trailer houses, modular homes, tents, shacks, barns, or outbuildings other than as

described in the Development Guidelines, shall be constructed, placed or occupied on any Lot at any time as a residence. Residential structures shall not be occupied until the exterior is completed and the water supply and sewer systems are completed with the written approval of the local health authority. Construction trailers will be considered on a case-by-case basis by the DRC and/or the Board of Directors.

(f) **Trash and Debris.** No uncovered trash, debris, or organic and inorganic wastes shall be permitted to accumulate so as to offend the senses on any Lot or Common Area or in any easement adjacent thereto, but shall be promptly and efficiently disposed. No dump ground or burial pit shall be used on any part of the Property.

No lumber, metals, bulk materials, refuse, or trash shall be kept, stored, or allowed to accumulate on any Lot, except building materials during the course of construction, or materials or substances used in reasonable agricultural activities and kept in a reasonable and orderly manner. No machinery or equipment shall be placed or operated upon any Lot except such machinery as is used in the maintenance of a private residence or in agricultural or personal farming operations and provided that such machinery is enclosed by an enclosure which precludes visibility of such machinery or equipment from the streets or neighboring properties. At no time shall abandoned equipment or machinery, junk vehicles, or other trash or debris of any description be allowed to accumulate including compost and/or manure piles.

(g) **Excavations.** Mining, quarrying, oil drilling, or excavation developments of any kind shall not be allowed on any Lot except for such excavation as may be necessary in connection with the construction or placement of improvements thereon in accordance with this Declaration.

(h) **Septic Systems.** No cesspool, septic tank, or other sewage disposal system or device shall be installed, maintained, or used upon a Lot without prior approval of the Ravalli County Sanitarian or any other governmental bodies having jurisdiction.

(i) **Noxious Weeds.** No noxious weeds shall be allowed to accumulate on any Lot.

(j) **Noxious Activities.** No noxious or offensive activity shall be carried on upon any Lot, nor shall anything be done or placed on any Lot which is or may become a nuisance or cause embarrassment, disturbance, or annoyance to others. Only normal family living shall be allowed, and communal living in any form or to any extent is expressly forbidden.

(k) **Hazardous Activities.** No activities shall be conducted on any Lot and no improvements constructed thereon which are or might be unsafe or hazardous to any

person or property. Without limiting the generality of the foregoing, no firearms shall be discharged upon any Lot, except in cases of self defense of personal property, animals, or family or in conjunction with normal ranching and farming operation.

(l) **Safety or Security Lighting.** No light shall be emitted from any Lot which is unreasonably bright. No dusk-to-dawn security/mercury lights will be allowed.

(m) **Unreasonable Sounds and Odors.** No sound shall be emitted from any Lot which is unreasonably loud or annoying. No odor shall be emitted from any Lot which is noxious or offensive to others.

(n) **Snowmobiles and Off-Road Vehicles.** No snowmobiles, motor bikes, or other off-road vehicles may be used on the Property, except as required to access or exit the site.

(o) **Subdividing of Lots.** No Lot, or other property area created under any Supplemental Declaration, may be divided or subdivided or a fractional portion thereof sold or conveyed so as to be held in divided ownership.

(p) **Adjoining Lot Ownership.** Two (2) or more adjoining Lots, or other parcels of property of the same land classification which are under the same ownership may be combined and developed as one parcel. A new building envelope for the combined Lots may be designated with the written consent of the Design Review Committee, and required governmental agency, if the Design Review Committee finds and determines that any improvements to the structures within these setback lines will not cause unreasonable diminution of the view from other property. If setback lines are removed or easements changed along the common boundary lines of combined parcels, the combined parcels shall be deemed one parcel and may not thereafter be split and developed as two parcels. However, the combined Lots shall still be considered to be separate Lots for purposes of voting and assessments.

(q) **Farm Animals.** There may be no more than five (5) farm animals per Lot on Lots one (1) and seven (7) through thirty (30) swine and goats prohibited), plus one (1) additional farm animal per three (3) acres up to thirty-five (35) acres. No swine or goats are allowed and no farm animals are allowed on any of the other Lots without permission of the Board of Directors. This restriction may be further limited on a lot-by-lot basis if it is determined by the Board of Directors that overgrazing has or will become a problem.

(r) **Household Pets.** Household pets such as dogs and cats are restricted to their Owner's property and will be subject to expulsion from the Property upon complaints by two (2) or more Owners, and upon a finding by the Board of Directors (or an

individual or committee designated for such purpose by the Board of Directors) that said animal creates a continuing nuisance, i.e. roaming, barking, etc.

(s) **Utility Lines.** All utilities upon any Lot for the transmission of utilities, telephone service, the reception of audio or visual signals or electricity, and all pipes for water, gas, sewer, drainage, or other purposes, shall be installed and maintained below the surface of the ground. Satellite T.V. dishes are acceptable if properly screened; size, location, and color must be approved by the Design Review Committee.

(t) **Landscaping.** Landscaping shall be confined to the "building envelopes" of all Lots. On the Ranch Houses and High Prairie Ranches (Lots one [1] through thirty [30]), the balance of the Lots shall be utilized for agricultural or viewing purposes. On the Mountain Homesites (Lots thirty-one [31] through ninety-five [95]), and Cabin Sites (Lots C1 through C30), the remainder of the Lots shall remain in their natural state. No trees on any Lot or in the Common Area may be removed or trimmed or modified without the written consent of the Design Review Committee; nor may any trees be added without the same consent. The intent of this provision is to ensure proper preservation of a precious resource and maintenance of a given view shed.

(u) **Irrigation of Lot.** Irrigation must be done on the Ranch and High Prairie Estates (Lots one [1] through thirty [30]), so that a green appearance is maintained throughout this portion of the Project. Should any such Lot Owner fail to adequately irrigate the Lot, the Association has the right to hire someone to irrigate said Lot, the cost of which shall be borne by said Owner.

Irrigation of Mountain Homesites (Lots thirty-one [31] through ninety-five [95]), and Cabin Sites (Lots C1 through C30) shall be limited to landscaped areas within the designated "building envelopes."

(v) **Christmas Lights and Similar Lighting Decoration.** Lighting decoration is permitted on any Lot for a period limited to December 1 through January 3. Lighting decoration is prohibited outside of these dates. Excessive or unsightly lighting decoration, as defined by the Board of Directors on a case-by-case basis, is prohibited.

7.6 **Structures and Improvements.** No improvements (including clearing, grading, and planting) shall be commenced and no structure shall be placed, installed or erected on any Lot or any Common Area, unless it meets the following minimum standards and complies with the Development Guidelines adapted by the Declarant and as amended by the Board of Directors.

Except as expressly permitted by the Board of Directors, none of the Lots may be used or improved for other than private residential purposes, and no more than one (1) single-family dwelling and garage housing a maximum of three (3) motor vehicles, and usual and necessary out buildings where permitted shall be erected, placed or maintained on any Lots. All newly constructed single family dwellings shall have a minimum floor area, exclusive of basements, open porches, or garages, as follows:

- (a) Cabin Sites, Lot numbers C1 through C30, shall have a minimum floor area, exclusive of basements, open porches, or garages of one thousand two hundred (1,200) square feet.
- (b) The remaining Lots shall have a minimum floor area, exclusive of basements, open porches, or garages, of two thousand five hundred (2,500) square feet.
- (c) No residential structures over the maximum height from existing natural grade of thirty (30) feet shall be allowed without prior written approval of the Board of Directors and the Design Review Committee. Any such approval shall take into consideration the site location of the proposed structure, aesthetics, and compliance with covenants. The above does not include reasonably-sized chimneys, weather vanes, etc.
- (d) There shall be no more than: zero (0) out-buildings on Lots thirty-one (31) through ninety-five (95), Lots two (2) through six (6), and Lots C1 - C30; and three (3) on Lots one (1) and seven (7) through thirty (30). Each such outbuilding shall conform in appearance with the dwelling house on such Lot. All dwelling houses, garages, out-buildings, and other structures are subject to approval of the Design Review Committee. No building shall be constructed outside of the designated building envelope as determined by the Board of Directors or the DRC and no outbuilding shall exceed a height of twenty-six (26) feet from existing natural grade; unless otherwise approved by the Board of Directors and the DRC. All structures shall be completed within one (1) year from start of construction. Agricultural and out-buildings shall be located to the rear of sites only in locations approved by the Board of Directors and the DRC.
- (e) Building materials on new construction shall be indigenous to the area and shall be compatible with other housing in the Project or intended for the Project. Use of metal siding is prohibited. Use of metal roofing is also prohibited on any structure, except for certain agricultural buildings designated by the Board of Directors, and Common Area buildings such as the Horse Ranch, unless approval is obtained from of the Board of Directors and the DRC.

7.7 **Cabins and Rental Program.** The cabins on the Cabin Sites will be subject to a Rental Agreement with the Golf Club for its Members and their guests in accordance with the terms of a Rental Agreement between the Golf Club and the Association. In the event that cabin rental availability is insufficient to meet the needs of the Golf Course, individual property Owners may contract with the operators of the Golf Club to rent their residence. Otherwise, the rental of residences within the Property shall not be permitted without the approval of the Board of Directors.

SECTION VIII
GOLF COURSE

8.1 **Ownership and Operation of Golf Course.** All persons, including all Owners, are hereby advised that no representations or warranties have been or are made by the Declarant or any other person with regard to the continuing existence, ownership or operation of the Golf Course, if any, and no purported representation or warranty in such regard, either written or oral, shall ever be effective without an amendment to this Declaration executed or joined into by the Declarant. Further, the ownership and/or operation of the Golf Course, if any, may change at any time and from time to time by virtue of, but without limitation, (a) the sale to or assumption of operations of the Golf Course by an independent entity or entities; (b) the creation or conversion of the ownership and/or operating structure of the Golf Course to an "equity" club or similar arrangement whereby the Golf Course or the rights to operate it are transferred to an entity which is owned or controlled by its members; or (c) the transfer of ownership or control of the Golf Course to one or more affiliates, shareholders, employees, or independent contractors of the Declarant. No consent of the Association or any Owner shall be required to effectuate such transfer or conversion.

8.2 **Right to Use.** Neither membership in the Association nor ownership or occupancy of a Lot shall confer any ownership interest in or right to use the Golf Course. Rights to use the Golf Course will be granted only to such persons, and on such terms and conditions, as may be determined from time to time by the owner of the Golf Course. The owner of the Golf Course shall have the right, from time to time in its sole and absolute discretion and without notice, to amend or waive the terms and conditions of the use of the Golf Course, including, without limitation, eligibility for and duration of use rights, categories of use and extent of use privileges, use by the public and number of users, and shall also have the right to reserve use rights and to terminate use rights altogether, subject to the provisions of any outstanding membership documents.

8.3 **View Impairment.** Neither the Declarant, the Association, nor the owner or operator of the Golf Course guarantees or represents that any view over and across the Golf

Course from adjacent Lots will be preserved without impairment. The owner of the Golf Course, if any, shall have no obligation to prune or thin trees or other landscaping, and shall have the right, in its sole and absolute discretion, to add trees and other landscaping to the Golf Course from time to time. In addition, the owner of the Golf Course may, in its sole and absolute discretion, change the location, configuration, size, and elevation of the tees, bunkers, fairways, and greens on the Golf Course from time to time. Any such additions or changes to the Golf Course may diminish or obstruct any view from the Lots and any express or implied easements for view purposes or for the passage of light and air are hereby expressly disclaimed.

8.4 **Limitations on Amendments.** In recognition of the fact that the provisions of this Section are for the benefit of the owner of the Golf Course, no amendment to this Section, and no amendment in derogation of any rights reserved or granted to the owner of the Golf Course by other provisions of this Declaration, may be made without the written approval of the owner of the Golf Course. The foregoing shall not apply, however, to amendments made by the Declarant.

8.5 **Jurisdiction and Cooperation.** It is the Declarant's intention that the Association and the owner of the Golf Course shall cooperate to the maximum extent possible in the operation of the Property and the Golf Course. The Association and the Golf Course may (but are not required) to enter into agreements from time to time concerning the joint use of facilities owned by one or the other on such written terms and for such consideration as the Board of Directors and the owner of the Golf Course may agree. The Association shall have no power to promulgate rules and regulations affecting activities on or use of the Golf Course.

SECTION IX DESIGN REVIEW COMMITTEE

9.1 **Design Review Committee.** The Design Review Committee shall be appointed by the Board of Directors. The DRC shall be comprised of odd numbers in total (three [3] or five [5] or seven [7]) and shall consist of at least three (3) and no more than seven (7) Members as determined by the Board of Directors.

9.2 **Review.** The DRC shall review all structures, for aesthetics, location on Lot, and compliance with covenants and be responsible for the administration of the Development Guidelines. The Board of Directors may establish and charge reasonable fees for review of applications hereunder and may require such fees to be paid in full prior to review.

9.3 **Purpose and Intent of Committee.** The purpose of the DRC is not to be intentionally restrictive, but to uphold the aesthetic and environmental integrity of the Project. The DRC's intent is to aid the land Owners in the following areas:

- (a) Secure the most desirable structure location on each Lot to take advantage of the surrounding views while securing views and privacy from adjacent neighbors.
- (b) Provide continuity between residence and supporting out buildings.
- (c) Provide down-the-road harmony between and among all residences while allowing for individuality.
- (d) Assist in avoiding sub-standard construction which could be aesthetically displeasing, generate costly corrective measures, as well as influence future resale options.

9.4 **Guidelines and Procedures.** The Declarant shall prepare the initial design and development guidelines and application and review procedures (the "Development Guidelines") which shall apply to all construction activities within the Property. The Development Guidelines may contain general provisions applicable to all of the Property, as well as specific provisions which vary among Lots or from one portion of the Property to another depending upon the location, unique characteristics, and intended use.

The DRC shall adopt such Development Guidelines at its initial organizational meeting and thereafter shall have sole and full authority to amend them. Any amendments to the Development Guidelines shall apply to construction and modifications commenced after the date of such amendment only and shall not apply to require modifications to or removal of structures previously approved once the approved construction or modification has commenced.

The DRC shall make the Development Guidelines available to Owners and builders who seek to engage in development or construction within the Property and all such persons shall conduct their activities in accordance with such Development Guidelines. In the Declarant's discretion, such Development Guidelines may be recorded in the land records of Ravalli County, Montana, in which event the recorded version, as it may unilaterally be amended from time to time, shall control in the event of any dispute as to which version of the Development Guidelines was in effect at any particular time.

9.5 **Submission of Plans and Specifications.** No construction or improvements shall be commenced, erected, placed, or maintained on any Lot, nor shall any exterior addition, change, or alteration be made thereto, until the plans and specifications (Plans) showing site

layout, structural design, exterior elevations, exterior materials and colors, signs, landscaping, drainage, lighting, irrigation, utility facilities layout, and screening therefor shall have been submitted to and approved in writing by the DRC. The Development Guidelines shall set forth the procedure for submission of the Plans.

In reviewing each submission, the DRC may consider visual and environmental impact, ecological compatibility, natural platforms and finish grade elevation, harmony of external design with surrounding structures and environment, and location in relation to surrounding structures and plant life. The committee may require relocation of native plants within the construction site as a condition of approval of any submission.

The DRC shall, within forty-five (45) days after receipt of each submission of the Plans, advise the party submitting the same, in writing, at an address specified by such party at the time of submission, of (i) the approval of Plans, or (ii) the segments or features of the Plans which are deemed by such committee to be inconsistent or not in conformity with this Declaration and/or the Development Guidelines, the reasons for such finding, and suggestions for the curing of such objections. In the event the committee fails to advise the submitting party by written notice within the time set forth above of either the approval or disapproval of the Plans, approval shall be deemed to have been given. Notice shall be deemed to have been given at the time the envelope containing such notice, properly addressed, and postage prepaid, is deposited with the U.S. Postal Service, registered or certified mail, return receipt requested. Personal delivery of such written notice shall, however, be sufficient and shall be deemed to have been given at the time of delivery.

If construction does not commence on a project for which Plans have been approved within twelve (12) months of such approval, such approval shall be deemed withdrawn, and it shall be necessary for the Owner to resubmit the Plans to the Declarant for reconsideration.

9.6 **No Waiver of Future Approvals.** Each Owner acknowledges that the members of the DRC will change from time to time and that interpretation, application, and enforcement of the Development Guidelines may vary accordingly. Approval of proposals, plans and specifications, or drawings for any work done or proposed, or in connection with any other matter requiring approval, shall not be deemed to constitute a waiver of the right to withhold approval as to any similar proposals, plans and specifications, drawings, or other matters subsequently or additionally submitted for approval.

9.7 **Variance.** The DRC may authorize variances from compliance with any of its guidelines and procedures when circumstances such as topography, natural obstructions, hardship, or aesthetic or environmental considerations require, but only in accordance with duly adopted rules and regulations. Such variances may only be granted, however, when unique circumstances

dictate and no variance shall (a) be effective unless in writing; (b) be contrary to this Declaration; or (c) stop the DRC from denying a variance in other circumstances. For purposes of this Section, the inability to obtain approval of any governmental agency, the issuance of any permit, the cost of compliance, or the terms of any financing shall not be considered a hardship warranting a variance.

9.8 **Limitation of Liability.** Review and approval of any application pursuant to this Section IX is made on the basis of aesthetic consideration only and the DRC shall not bear any responsibility for ensuring the structural integrity or soundness of approved construction or modifications, nor for ensuring compliance with building codes and other governmental requirements. Neither the Declarant, the Association, the Board of Directors, any committee, or member of any of the foregoing shall be held liable for any injury, damages, or loss arising out of the manner or quality of approved construction on any Lot.

9.9 **Enforcement.** Any structure or improvement placed or made in violation of this Section IX shall be deemed to be nonconforming. Upon written request from the Board of Directors or the Declarant, Owners shall, at their own cost and expense, remove such structure or improvement and restore the land to substantially the same condition as existed prior to the nonconforming work. Should an Owner fail to remove and restore as required, the Board of Directors or its designees shall have the right to enter the property, remove the violation, and restore the property to substantially the same condition as previously existed. All costs, together with the interest at the maximum rate then allowed by law, may be assessed against the benefitted Lot and collected as a Specific Assessment.

Any contractor, subcontractor, agent, employee, or other invitee of an Owner who fails to comply with the terms and provisions of this Section and the Development Guidelines may be excluded by the Board of Directors from the Property. In such event, neither the Association, its officers, or directors shall be held liable to any person for exercising the rights granted by this paragraph.

In addition to the foregoing, the Association shall have the authority and standing to pursue all legal and equitable remedies available to enforce the provisions of this Section IX and the decisions of the DRC.

SECTION X **WATER RIGHTS AND IRRIGATION**

10.1 All water rights to and membership in the Bitter Root Irrigation District (the "Irrigation District") is hereby transferred to the Association. Water from the Gird Creek (Daly) Hi-Line Ditch is hereby transferred as follows:

- and
- (a) 60 inches are transferred to the Golf Club for use on the golf course;
 - (b) 385 inches are transferred to the Association to be used as follows:
 - (i) 37 inches to Lots 1 through 8 at the rate of 0.40 inches per acre;
 - (ii) 133 inches to Lots 9 through 30 and to the 17.68 acres of Common Area west of Lots 9, 18 and 19 at the rate of 0.37 inches per acre; and
 - (iii) 215 inches for the irrigation of Common Area "A".

10.2 There shall be an express easement across each and every Lot for the placement, maintenance, removal and replacement, repair, or operation of the irrigation system.

10.3 All Owners shall pool the use of their irrigation water to obtain the most beneficial use of said water for the Association, in any given area, subject to the rules and regulations of the Irrigation District and all rules promulgated by the Association.

10.4 The times and frequency of such irrigation by Owners shall be established by the Association and each Owner agrees to abide by these rules.

10.5 Every Owner shall timely pay for any irrigation charges or assessments made by the Association.

SECTION XI **ROAD MAINTENANCE AGREEMENT**

11.1 The Property shall be subject to a road maintenance agreement between the Association and the Declarant.

11.2 All roads and streets within the Project shall be subject to this road maintenance agreement.

11.3 Any decision to undertake maintenance or repairs of less than ten thousand dollars (\$10,000.00) shall be left with the Board of Directors. Any amount greater than the ten thousand dollars (\$10,000.00) shall be approved by a vote of the Members.

SECTION XII
PARTITION, ANNEXATION AND, WITHDRAWAL OF PROPERTY

12.1 **No Partition.** Except as permitted in this Declaration, there shall be no judicial partition of the Common Area. No person shall seek any judicial partition unless the Property or such portion thereof has been removed from the provisions of this Declaration. This Section XII shall not prohibit the Board of Directors from acquiring and disposing of tangible personal property nor from acquiring and disposing of real property which may or may not be subject to this Declaration.

12.2 **Annexation Without Approval of Membership.** Until ten (10) years after the recording of this Declaration, Declarant may unilaterally subject to the provisions of this Declaration all or portions of real property, located within two (2) miles of any existing boundary of the Property. Declarant may transfer or assign this right to annex Property, provided that such transfer is memorialized in a written, recorded instrument executed by Declarant. Nothing in this Declaration shall be construed to require the Declarant or any successor to annex or develop any property in any manner whatsoever.

Such annexation shall be accomplished by filing a Supplemental Declaration in the land records of Ravalli County, Montana describing the property to be annexed and specifically subjecting it to the terms of this Declaration. Such Supplemental Declaration shall not require the consent of voting Members, but shall require the consent of the owner of such property, if other than Declarant. Any such annexation shall be effective upon the filing of such Supplemental Declaration unless otherwise provided therein.

12.3 **Annexation With Approval of Membership.** The Association may subject real property to the provisions of this Declaration with the consent of the owner of such property, the affirmative vote of Voting Members representing a majority of the Class "A" votes of the Association represented at a meeting duly called for such purpose, and the consent of the Declarant so long as Declarant owns property subject to this Declaration or which may become subject to this Declaration in accordance with Section 12.2.

Such annexation shall be accomplished by filing a Supplemental Declaration in the land records of Ravalli County, Montana describing the property to be annexed and specifically subjecting it to the terms of this Declaration. Any such Supplemental Declaration shall be signed by the President and the Secretary of the Association, and by the owner of the annexed property. Any such annexation shall be effective upon the filing of such Supplemental Declaration unless otherwise provided therein.

12.4 **Withdrawal of Property.** The Declarant reserves the right to amend this Declaration so long as it has a right to annex additional property pursuant to this Section XII, without prior notice and without the consent of any person, for the purpose of removing property then owned by the Declarant, its affiliates, or the Association from the coverage of this Declaration, to the extent originally included in error or as a result of any changes in the Declarant's plans for the Property, provided such withdrawal is not unequivocally contrary to the overall, uniform scheme of development for the Property.

12.5 **Additional Covenants and Easements.** The Declarant may unilaterally subject any portion of the property submitted to the Declaration initially or by Supplemental Declaration to additional covenants and easements, including road easements and covenants, obligating the Association to maintain and insure such property on behalf of the Owners and obligating such Owners to pay the costs incurred by the Association through assessments. Such additional covenants and easements shall be set forth in a Supplemental Declaration filed either concurrent with or after the annexation of the subject property, and shall require the written consent of the owner(s) of such property, if other than the Declarant.

12.6 **Amendment.** This Section shall not be amended without the prior written consent of Declarant so long as the Declarant owns any of the Lots.

SECTION XIII **EASEMENTS**

13.1 **Easements of Encroachment.** There shall be reciprocal appurtenant easements of encroachment, and for maintenance and use of any permitted encroachment, between each Lot and any adjacent Common Area.

13.2 **Easements for Utilities, Etc.** There are hereby reserved unto Declarant, so long as the Declarant owns any property described on Exhibit A of this Declaration, the Association, and the designees of each (which may include, without limitation, Ravalli County, Montana and any utility) access and maintenance easements upon, across, over, and under all of the Property to the extent reasonably necessary for the purpose of replacing, repairing, and maintaining cable television systems, master television antenna systems, security and similar systems, roads, walkways, bicycle pathways, trails, ponds, wetlands, drainage systems, street lights, signage, and all utilities, including, but not limited to, water, sewers, meter boxes, telephone, gas, and electricity, and for the purpose of installing any of the foregoing on property which it owns or within easements designated for such purposes on recorded plats of the Property. This easement shall not entitle the holders to construct or install any of the foregoing systems, facilities, or utilities over, under, or through any dwelling on a Lot, and any damage to a

structure or improvement resulting from the exercise of this easement shall promptly be repaired by, and at the expense of, the person exercising the easement. The exercise of this easement shall not unreasonably interfere with the use of any Lot and, except in an emergency, entry onto any Lot shall be made only after reasonable notice to the Owner or occupant.

Declarant specifically grants to the local water supplier, electric company, and natural gas supplier easements across the Property for ingress, egress, installation, reading, replacing, repairing, and maintaining utility meters and boxes. However, the exercise of this easement shall not extend to permitting entry into the dwelling on any Lot, nor shall any utilities be installed or relocated on the Property, except as approved by the Board of Directors or Declarant.

13.3 Easements for Golf Course.

(a) Every Lot and the Common Area are burdened with an easement permitting golf balls unintentionally to come upon such Common Area, or Lots, and for golfers at reasonable times and in a reasonable manner to come upon the Common Area, or the exterior portions of a Lot to retrieve errant golf balls; provided, however, if any Lot is fenced or walled, the golfer shall seek the Owner's permission before entry. The existence of this easement shall not relieve golfers of liability for damage caused by errant golf balls. Under no circumstances shall any of the following persons be held liable for any damage or injury resulting from errant golf balls or the exercise of this easement: the Declarant; the Association or its Members (in their capacity as such); the Golf Club and its successors; successors-in-title to the Golf Course, or assigns; any successor Declarant; any builder or contractor (in their capacities as such); any officer, director or partner of any of the foregoing, or any officer or director of any partner.

(b) The owner of the Golf Course, its respective agents, successors, and assigns, shall at all times have a right and non-exclusive easement of access and use over those portions of the Common Area reasonably necessary to the operation, maintenance, repair, and replacement of the Golf Course.

(c) The Lots and Common Area immediately adjacent to the Golf Course are hereby burdened with a non-exclusive easement in favor of the Golf Course for overspray of water from any irrigation system serving the Golf Course. Under no circumstances shall the Association or the owners of the Golf Course be held liable for any damage or injury resulting from such overspray or the exercise of this easement.

(d) The owner of the Golf Course, its respective successors and assigns, shall have a perpetual, exclusive easement of access over the Property for the purpose of

retrieving golf balls from bodies of water within the Common Area lying reasonably within range of golf balls hit from the Golf Course.

13.4 **Easements for Cross-Drainage.** Every Lot and the Common Area shall be burdened with easements for natural drainage of storm water runoff from other portions of the Property; provided, no person shall alter the natural drainage on any Lot so as to materially increase the drainage of storm water onto adjacent portions of the Property without the consent of the Owner of the affected property.

13.5 **Right of Entry.** The Association shall have the right, but not the obligation, to enter upon any Lot for emergency, security, and safety reasons, to perform maintenance pursuant to Section V hereof, and to inspect for the purpose of ensuring compliance with this Declaration, any Supplemental Declaration, Bylaws, and rules, which right may be exercised by any member of the Board of Directors, the Association, officers, agents, employees, and managers, and all policemen, firemen, ambulance personnel, and similar emergency personnel in the performance of their duties. Except in an emergency situation, entry shall only be during reasonable hours and after notice to the Owner. This right of entry shall include the right of the Association to enter upon any Lot to cure any condition which may increase the possibility of a fire or other hazard in the event an Owner fails or refuses to cure the condition within a reasonable time after requested by the Board of Directors, but shall not authorize entry into any single-family, detached dwelling without permission of the Owner, except by emergency personnel acting in their official capacities.

SECTION XIV **MORTGAGEE PROVISIONS**

The following provisions are for the benefit of holders, insurers, and guarantors of first mortgages on Lots in the Property. The provisions of this Section XIV apply to both this Declaration and to the Bylaws, notwithstanding any other provisions contained therein.

14.1 **Notices of Action.** An institutional holder, insurer, or guarantor of a first mortgage who provides written request to the Association (such request to state the name and address of such holder, insurer, or guarantor and the street address of the Lot to which its mortgage relates, thereby becoming an Eligible Holder), will be entitled to timely written notice of:

(a) Any condemnation loss or any casualty loss which affects a material portion of the Property or which affects any Lot on which there is a first mortgage held, insured, or guaranteed by such Eligible Holder;

(b) Any delinquency in the payment of assessments or charges owed by a Lot subject to the mortgage of such Eligible Holder, where such delinquency has continued for a period of sixty (60) days, or any other violation of the Declaration or Bylaws relating to such Lot or the Owner or occupant which is not cured within sixty (60) days. Notwithstanding this provision, any holder of a first mortgage is entitled to written notice upon request from the Association of any default in the performance by an Owner of a Lot of any obligation under the Declaration or Bylaws which is not cured within sixty (60) days;

(c) Any lapse, cancellation, or material modification of any insurance policy maintained by the Association; or

(d) Any proposed action which would require the consent of a specified percentage of Eligible Holders.

14.2 **Special FHLMC Provision.** So long as required by the Federal Home Loan Mortgage Corporation, the following provisions apply in addition to and not in lieu of the foregoing. Unless at least sixty-seven (67) percent of the first mortgagees or voting Members representing at least sixty-seven (67) percent of the total Association vote entitled to cast consent, the Association shall not:

(a) By act or omission seek to abandon, partition, subdivide, encumber, sell, or transfer all or any portion of the real property comprising the Common Area which the Association owns, directly or indirectly (the granting of easements for public utilities or other similar purposes consistent with the intended use of the Common Area shall not be deemed a transfer within the meaning of this subsection);

(b) Change the method of determining the obligations, assessments, dues, or other charges which may be levied against an Owner of a Lot;

(c) By act or omission change, waive, or abandon any scheme of regulations or enforcement pertaining to architectural design, exterior appearance, or maintenance of Lots and the Common Area, provided that the issuance and amendment of architectural standards, procedures, rules and regulations, or use restrictions shall not constitute a change, waiver, or abandonment within the meaning of this provision;

(d) Fail to maintain insurance, as required by this Declaration; or

(e) Use hazard insurance proceeds for any Common Area losses for other than the repair, replacement, or reconstruction of such property.

First mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against the Common Area and may pay overdue premiums on casualty insurance policies or secure new casualty insurance coverage upon the lapse of an Association policy, and first mortgagees making such payments shall be entitled to immediate reimbursement from the Association.

14.3 **Other Provisions for First Lien Holders.** To the extent possible under Montana law:

(a) Any restoration or repair of the Property after a partial condemnation or damage due to an insurable hazard shall be performed substantially in accordance with this Declaration and the original plans and specifications unless the approval is obtained of the Eligible Holders of first mortgages on Lots to which at least fifty-one (51) percent of the votes of Lots subject to mortgages held by such Eligible Holders are allocated.

(b) Any election to terminate the Association after substantial destruction or a substantial taking in condemnation shall require the approval of the Eligible Holders of first mortgages on Lots to which at least fifty-one (51) percent of the votes of Lots subject to mortgages held by such Eligible Holders are allocated.

14.4 **Amendments to Documents.** The following provisions do not apply to amendments to the constituent documents or termination of the Association made as a result of destruction, damage, or condemnation pursuant to Section 14.3(a) and (b).

(a) The consent of voting Members representing at least sixty-seven (67) percent of the Class "A" votes and of the Declarant, so long as it owns any land subject to this Declaration, and the approval of the Eligible Holders of first mortgages on Lots to which at least sixty-seven (67) percent of the votes of Lots subject to a mortgage appertain, shall be required to terminate the Association.

(b) The consent of voting Members representing at least sixty-seven (67) percent of the Class "A" votes and of the Declarant, so long as it owns any land subject to this Declaration, and the approval of Eligible Holders of first mortgages on Lots to which at least fifty-one (51) percent of the votes of Lots subject to a mortgage appertain, shall be required materially to amend any provisions of the Declaration, Bylaws, or Articles of Incorporation, or to add any material provisions thereto which establish, provide for, govern, or regulate any of the following:

(i) Voting;

- liens;
- Common Area;
- (ii) Assessments, assessment liens, or subordination of such
 - (iii) Reserves for maintenance, repair, and replacement of the
 - (iv) Insurance or fidelity bonds;
 - (v) Rights to use the Common Area;
 - (vi) Responsibility for maintenance and repair of the Property;
 - (vii) Expansion or contraction of the Property or the addition, annexation, or withdrawal of property to or from the Association;
 - (viii) Boundaries of any Lot;
 - (ix) Leasing of any residences or other improvements on the Lots, except pursuant to a rental program with the Golf Club;
 - (x) Imposition of any right of first refusal or similar restriction of the right of any Owner to sell, transfer, or otherwise convey his or her Lot;
 - (xi) Establishment of self-management by the Association where professional management has been required by an Eligible Holder; or
 - (xii) Any provisions included in the Declaration, Bylaws, or Articles of Incorporation which are for the express benefit of holders, guarantors, or insurers of first mortgages on Lots.

14.5 **No Priority.** No provision of this Declaration or the Bylaws gives or shall be construed as giving any Owner or other party priority over any rights of the first mortgagee of any Lot in the case of distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of the Common Areas.

14.6 **Notice to Association.** Upon request, each Owner shall be obligated to furnish to the Association the name and address of the holder of any mortgage encumbering such Owner's Lot.

14.7 **Amendment by Board.** Should the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation subsequently delete any of its respective requirements which necessitate the provisions of this Section or make any such requirements less stringent, the Board of Directors, without approval of the Owners, may record an amendment to this Section to reflect such changes.

14.8 **Applicability of Section XIV.** Nothing contained in this Section shall be construed to reduce the percentage vote that must otherwise be obtained under the Declaration, Bylaws, or Montana law for any of the acts set out in this Section.

14.9 **Failure of Mortgagee to Respond.** Any mortgagee who receives a written request from the Board of Directors to respond to or consent to any action shall be deemed to have approved such action if the Association does not receive a written response from the mortgagee within thirty (30) days of the date of the Association's request, provided such request is delivered to the mortgagee by certified or registered mail, return receipt requested.

SECTION XV **DECLARANT'S RIGHTS**

Any or all of the special rights and obligations of the Declarant set forth in this Declaration or the Bylaws may be transferred to other persons, provided that the transfer shall not reduce an obligation nor enlarge a right beyond that contained in this Declaration or the Bylaws. No such transfer shall be effective unless it is in a written instrument signed by the Declarant and duly recorded in the land records of Ravalli County, Montana.

So long as construction and initial sales of Lots shall continue, the Declarant and builders authorized by Declarant may maintain and carry on upon portions of the Common Areas such facilities and activities as, in the sole opinion of the Declarant, may be reasonably required, convenient, or incidental to the construction or sale of such Lots, including, but not limited to, business offices, signs, model units, and sales offices. The Declarant and authorized builders shall have easements for access to and use of such facilities.

No person shall record any declaration of covenants, conditions and restrictions, or declaration of condominium or similar instrument affecting any portion of the Property without Declarant's review and written consent. Any attempted recordation without such consent shall result in such instrument being void and of no force and effect unless subsequently approved by recorded consent signed by the Declarant.

This Section may not be amended without the written consent of the Declarant. The rights contained in this Section shall terminate upon the earlier of (a) forty (40) years from the date this Declaration is recorded, or (b) upon recording by Declarant of a written statement that all sales activity has ceased.

Declarant may grant covenants in perpetuity (or of a limited duration) that include the right to use the Common Areas (including the Horse Ranch) to the Golf Club and its Members.

SECTION XVI **DISPUTE, RESOLUTION, AND LIMITATION ON LITIGATION**

16.1 Agreement to Avoid Costs of Litigation and to Limit Right to Litigate

Disputes. The Association, Declarant, all persons subject to this Declaration, and any person not otherwise subject to this Declaration who agrees to submit to this Section (collectively, "Bound Parties") agree to encourage the amicable resolution of disputes involving the Property, and to avoid the emotional and financial costs of litigation if at all possible. Accordingly, each Bound Party covenants and agrees that all claims, grievances, or disputes between such Bound Party and any other Bound Party involving the Property, including, without limitation, claims, grievances, or disputes arising out of or relating to the interpretation, application, or enforcement of this Declaration, the Bylaws, the Association rules, or the Articles of Incorporation (collectively "Claim"), except for those Claims authorized in Section 16.2, shall be subject to the procedures set forth in Section 16.3.

16.2 **Exempt Claims.** The following Claims ("Exempt Claims") shall be exempt from provisions of Section 16.3:

- (a) Any suit by the Association against any Bound Party to enforce the provisions of Section III;
- (b) Any suit by the Association to obtain a temporary restraining order (or equivalent emergency equitable relief) and such other ancillary relief as the court may deem necessary in order to maintain the status quo and preserve the Association's ability to enforce the provisions of Section VII and Section IX;
- (c) Any suit between Owners (other than the Declarant) seeking redress on the basis of a Claim which would constitute a cause of action under the law of the State of Montana in the absence of a claim based on the Declaration, Bylaws, Articles or rules of the Association, if the amount in controversy exceeds five thousand dollars (\$5,000.00). Any Bound

Party having an Exempt Claim may submit it to the alternative dispute resolution procedures set forth in Section 16.3, but there shall be no obligation to do so.

16.3 **Mandatory Procedures for All Other Claims.** Any Bound Party having a Claim ("Claimant") against any other Bound Party ("Respondent"), other than a Claim exempted from this provision by Section 16.2, shall not file suit in any court or initiate any proceeding before any administrative tribunal seeking redress or resolution of such Claim until it has complied with the following procedures:

(a) **Notice.** The Claimant shall notify each Respondent in writing of the Claim (the "Notice"), stating plainly and concisely:

(i) The nature of the Claim, including date, time, location, persons involved, Respondent's role in the Claim, and the provisions of this Declaration, the Bylaws, the Guidelines and Rules, the Articles of Incorporation or other authority out of which the Claim arises;

(ii) The basis of the Claim (i.e., the provision of the Declaration, Bylaws, rules or Articles triggered by the Claim);

(iii) What Claimant wants Respondent to do or not do to resolve the Claim; and

(iv) That Claimant wishes to resolve the Claim by mutual agreement with Respondent, and is willing to meet in person with Respondent at a mutually agreeable time and place to discuss in good faith ways to resolve the Claim.

(b) **Negotiation.**

(i) Each Claimant and Respondent (the "Parties") shall make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation.

(ii) Upon receipt of a written request from any Party, accompanied by a copy of the Notice, the Board of Directors may appoint a representative to assist the Parties in resolving the dispute by negotiation, if in its discretion it believes its efforts will be beneficial to the Parties and to the welfare of the community.

(c) **Mediation.**

(i) If the Parties do not resolve the Claim through negotiation within thirty (30) days of the date of the Notice (or without such other period as may be agreed upon by the Parties) ("Termination of Negotiations"), Claimant shall have thirty (30) additional days within which to submit the Claim to mediation under the auspices of such independent agency providing mediation services upon which the Parties may mutually agree.

(ii) If Claimant does not submit the Claim to mediation within 30 days after Termination of Negotiations, Claimant shall be deemed to have waived the Claim, and Respondent shall be released and discharged from any and all liability to Claimant on account of such Claim; provided, nothing herein shall release or discharge Respondent from any liability to persons not a Party to the foregoing proceedings.

(d) **Final and Binding Arbitration.**

(i) If the Parties do not resolve the Claim through mediation, the Claimant shall have thirty (30) days following termination (as determined by the mediator) of mediation proceedings ("Termination of Mediation") to submit the Claim to arbitration in accordance with the Commercial Rules of Arbitration of the American Arbitration Association or the Claim shall be deemed abandoned, and Respondent shall be released and discharged from any and all liability to Claimant arising out of such Claim; provided, nothing herein shall release or discharge Respondent from any liability to persons not a Party to the foregoing proceedings.

(ii) This subsection (d) is an agreement of the Bound Parties to arbitrate all Claims except Exempt Claims and is specifically enforceable under the applicable arbitration law of the State of Montana. The arbitration award (the "Award") shall be final and binding, and judgment may be entered upon it in any court of competent jurisdiction to the fullest extent permitted under the laws of the State of Montana.

16.4 **Allocation of Costs Resolving Claims.**

(a) Each Party shall bear all of its own costs incurred prior to and during the proceedings described in Section 16.3 (a), (b), and (c), including the fees of its attorney or other representative. Each Party shall share equally all charges rendered by the mediator(s) pursuant to Section 16.3(c).

(b) Each Party shall bear all of its own costs (including the fees of its attorney or other representative) incurred after the Termination of Mediation under Section 16.3(c) and shall share equally in the costs of conducting the arbitration proceeding (collectively,

"Post Mediation Costs"), except as otherwise provided in this subsection; provided, however, if the Claim is rejected in whole or in part, the Claimant shall pay all Post Mediation costs, including the costs incurred by Respondent.

16.5 **Enforcement of Resolution.** If the Parties agree to resolve any Claim through negotiation or mediation in accordance with Section 16.3 and any Party thereafter fails to abide by the terms of such Agreement, or if the Parties agree to accept the Award following arbitration and any Party thereafter fails to comply with such Award, then any other Party may file suit or initiate administrative proceedings to enforce such Agreement or Award without the need to again comply with the procedures set forth in Section 16.3. In such event, the Party taking action to enforce the Agreement or Award shall be entitled to recover from the non-complying Party (or if more than one non-complying Party, from any or all such Parties) all costs incurred in enforcing such agreement or Award, including, without limitation, attorneys' fees and court costs.

SECTION XVII GENERAL PROVISIONS

17.1 **Term.** This Declaration shall run with and bind the Property, and shall inure to the benefit of and shall be enforceable by the Association or any Owner, their respective legal representatives, heirs, successors, and assigns, for a term of forty (40) years from the date this Declaration is recorded. After such time, this Declaration shall be automatically extended for successive periods of ten (10) years, unless an instrument in writing, signed by a majority of the then Owners, has been recorded within the year preceding each extension, agreeing to amend, in whole or in part, or terminate this Declaration, in which case this Declaration shall be amended or terminated as specified therein.

17.2 **Amendment.**

(a) **By Declarant.** Until the termination of the distinction between classes of Membership, Declarant may unilaterally amend this Declaration for any purpose. Thereafter, the Declarant may unilaterally amend this Declaration if such amendment is (i) necessary to bring any provision into compliance with any applicable governmental statutes, rule, regulation, or judicial determination; (ii) necessary to enable any reputable title insurance company to issue title insurance coverage on the Lots; or (iii) required by mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to enable it to make, purchase, insure, or guarantee mortgage loans on the Lots; or (iv) otherwise necessary to satisfy the requirements of any governmental agency. However, any such amendment shall not adversely affect the title to any Lot unless the Owner shall consent thereto in writing. So long as the Declarant still owns property described in Exhibit "A" for

development as part of the Property, it may unilaterally amend this Declaration for any other purpose, provided the amendment has no material adverse effect upon any right of any Owner.

(b) **By Owners.** Thereafter and otherwise, this Declaration may be amended only by the affirmative vote or written consent, or any combination thereof, of voting Members representing seventy-five (75) percent of the total Class "A" votes in the Association, including seventy-five (75) percent of the Class "A" votes held by members other than the Declarant.

Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

(c) **Validity and Effective Date of Amendments.** Amendments to this Declaration shall become effective upon recordation in the land records of Ravalli County, Montana, unless a later effective date is specified therein. Any procedural challenge to an amendment must be made within six (6) months of its recordation or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of this Declaration.

If an Owner consents to any amendment to this Declaration or the Bylaws, it will be conclusively presumed that such Owner has the authority to so consent, and no contrary provisions in any Mortgage or contract between the Owner and a third party will affect the validity of such amendment.

Notwithstanding anything to the contrary in Section 17.2, no part of the covenants that address subdivision of parcels or provide for increased density may be amended or modified for a period of not less than 20 years. This provision does not prohibit subdivision exemptions, such as a boundary relocation, which would decrease the overall density and reduce the number of lots. After 20 years, these sections of the covenants may be amended or modified only by a majority vote of 75% of the Owners within the subdivision.

No amendment may remove, revoke, or modify any right or privilege of the Declarant without the written consent of the Declarant or the assignee of such right or privilege.

17.3 **Severability.** Invalidation of any provision of this Declaration, in whole or in part, or any application of a provision of this Declaration by judgment or court order shall in no way affect other provisions or applications.

17.4 **Perpetuities.** If any of the covenants, conditions, restrictions, or other provisions of this Declaration shall be unlawful, void, or voidable for violation of the rule against perpetuities, then such provisions shall continue only until twenty-one (21) years after the death of the last survivor of the now-living descendants of Charles R. Schwab.

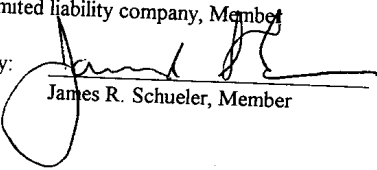
17.5 **Litigation.** No judicial or administrative proceeding shall be commenced or prosecuted by the Association unless approved by a vote of seventy-five (75) percent of the voting Members. This Section shall not apply, however, to (a) actions brought by the Association to enforce the provisions of this Declaration (including, without limitation, the foreclosure of liens); (b) the imposition and collection of assessments as provided in Section III; (c) proceedings involving challenges to *ad valorem* taxation; or (d) counterclaims brought by the Association in proceedings instituted against it. This Section shall not be amended unless such amendment is approved by the percentage of votes, and pursuant to the same procedures, necessary to institute proceedings as provided above. This provision shall apply in addition to the provisions of Section VII, if applicable.

17.6 **Compliance.** Every Owner and occupant of any Lot shall comply with this Declaration, the Bylaws, and the rules of the Association. Failure to comply shall be grounds for an action to recover sums due, for damages or injunctive relief, or for any other remedy available at law or in equity, by the Association or, in a proper case, by any aggrieved Lot Owner(s).

17.7 **Notice of Sale or Transfer of Title.** Any Owner desiring to sell or otherwise transfer title to his or her Lot shall give the Board of Directors at least seven (7) days' prior written notice of the name and address of the purchaser or transferee, the date of such transfer of title, and such other information as the Board of Directors may reasonably require. The transferor shall continue to be jointly and severally responsible with the transferee for all obligations of the Owner of the Lot, including assessment obligations, until the date upon which such notice is received by the Board, notwithstanding the transfer of title.

IN WITNESS WHEREOF, the undersigned being the Declarant herein, has executed this Declaration this 16th day of December, 1997.

STOCK FARM LLC
By DIAMOND BAR S LAND LLC, a Montana
limited liability company, Member

By: 
James R. Schueler, Member

STATE OF MONTANA)
) ss.
County of Ravalli)

On this 16th day of December, 1997, before me, the undersigned, a Notary Public for the State of Montana, personally appeared James R. Schueler, known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notarial Seal the day and year first above written.



Gail Clark
Notary Public for the State of Montana

Residing at Hamilton

My commission expires 9/1/00

BY: *Lisa Bennett*

AFTER RECORDING RETURN TO:

Stock Farm LLC
P.O. Box 1888
Hamilton, MT 59840

**AMENDMENT TO DECLARATION OF PROTECTIVE COVENANTS,
CONDITIONS, RESTRICTIONS, AND EASEMENTS FOR
THE STOCK FARM**

THIS DECLARATION is made this 21st day of December, 2007, by STOCK FARM, LLC, a Montana limited liability company ("Declarant").

RECITALS

Declarant makes this Declaration based upon the following facts and intentions:

A. Declarant subdivided certain real property located in Ravalli County, Montana, commonly known as the Stock Farm for residential home sites, an equestrian center and related appurtenances (the "Stock Farm"), and imposed thereon beneficial protective covenants under a general plan of improvement for the benefit of such real property, every part thereof and interest therein;

B. A Declaration of Protective Covenants, Conditions, and Restrictions and Easements for the Stock Farm was recorded on December 31, 1997 in the official records of Ravalli County in Book 224 Deeds, page 60 (the "Declaration");

605, Document # 428948 p10

C. The distinction between classes of Membership in the Stock Farm has not terminated and Declarant may unilaterally amend the Declaration for any purpose.

D. Declarant wishes to amend the Declaration to permit the subdivision of property that may become subject to the Declaration.

NOW, THEREFORE, Declarant hereby amends the Declaration as follows:

1. **SUBDIVIDING OF LOTS.** Subsection (o) of Section 5 of Article VII of the Declaration is hereby amended to add the following sentence:

“Notwithstanding the foregoing, property made subject to this Declaration by a Supplemental Declaration may be subdivided by the Declarant, provided that this right to subdivide such property only applies to the Declarant and shall terminate as to any portion or individual Lot upon the sale or other transfer of such property by the Declarant.”

2. **CONTINUING EFFECT.** Except as modified by the Amendment, all of the other provisions of the Declaration shall remain in full force and effect.

IN WITNESS WHEREOF, the undersigned being the Declarant herein, has executed this Declaration this 21st day of December, 2007.

STOCK FARM LLC
By DIAMOND BAR S LAND COMPANY, LLC, a
Montana limited liability company, Member

By: _____
James R. Schueler, Member

STATE OF MONTANA)
) ss.
County of Ravalli)

On this 24 day of December, 2007, before me, the undersigned, a Notary Public for the State of Montana, personally appeared James R. Schueler*, known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same. *James R. Schueler, Member, Diamond Bar S Land Company LLC, Member, Stock Farm LLC
IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notarial Seal the day and year first above written.

Gail Clark
Gail Clark,
Notary Public for the State of Montana
Residing at Hamilton, Montana
My commission expires on September 1, 2008



Lisa Bennett

AFTER RECORDING RETURN TO:

Stock Farm LLC
P.O. Box 1888
Hamilton, MT 59840

**SUPPLEMENTAL DECLARATION OF PROTECTIVE COVENANTS,
CONDITIONS, RESTRICTIONS, AND EASEMENTS FOR
THE STOCK FARM**

THIS SUPPLEMENTAL DECLARATION is made this 24th day of December, 2007, by STOCK FARM LLC, a Montana limited liability company ("Declarant").

RECITALS

Declarant makes this Declaration based upon the following facts and intentions:

A. Declarant subdivided certain real property located in Ravalli County, Montana, commonly known as the Stock Farm for residential home sites, an equestrian center and related appurtenances (the "Stock Farm"), and imposed thereon beneficial protective covenants under a general plan of improvement for the benefit of such real property, every part thereof and interest therein;

B. A Declaration of Protective Covenants, Conditions, and Restrictions and Easements for the Stock Farm was recorded on December 31, 1997 in the official records of Ravalli County in Book 224 Deeds, page 60 (the "Declaration"); *as amended in Doc# 598438 605, Document # 428940 p05*

C. Declarant is the owner of certain other real property located in Ravalli County, Montana, described in Exhibit "A", which is attached and incorporated herein by this reference (the "Contiguous Property");

D. The Contiguous Property is located within two miles of an existing boundary of the Stock Farm: and

E. Declarant wishes to subject the Contiguous Property to the provisions of the Declaration;

NOW, THEREFORE, Declarant hereby declares as follows:

1. **CONTIGUOUS PROPERTY.** The Contiguous Property consists of three platted tracts totaling approximately 120 acres. The tracts are shown on Exhibit B. The tracts may be subdivided into additional tracts, each of which shall be considered to be a Ranch Estate and a separate Lot for purposes of voting and assessments. Each Lot will be a member of the Stock Farm Homeowners Association and shall be entitled to use the Common Areas and enjoy all of the other benefits of such membership. The building envelopes for each Lot are subject to the approval by the Design Review Committee or the Board of Directors of the Stock Farm Homeowners Association.

2. **SUBJECT TO DECLARATION.** The Contiguous Property shall be held, sold, conveyed, encumbered, used, occupied, and improved subject to the easements, restrictions, covenants, liens, and conditions set forth in the Declaration. The easements, restrictions, covenants, liens, and conditions hereof shall run with the Contiguous Property and shall be binding on and enforceable by all parties having or acquiring any possessory right, title, or interest in the described properties or any part thereof, and shall be for the benefit of each owner of any portion thereof and inure to the benefit of and be binding upon each heir, successor, or assignee in interest of such owners.

3. **ACCESS AND UTILITIES.** The Contiguous Property may be accessed from the roads of the Stock Farm and may become a part of the water, sewer, and other utility systems that serve the Stock Farm.

IN WITNESS WHEREOF, the undersigned being the Declarant herein, has executed this Declaration this 24th day of December, 2007.

STOCK FARM LLC
By DIAMOND BAR S LAND COMPANY, LLC, a
Montana limited liability company, Member

By: [Signature]
James R. Schueler, Member

STATE OF MONTANA)
) ss.
County of Ravalli)

On this 24 day of December, 2007, before me, the undersigned, a Notary Public for the State of Montana, personally appeared James R. Schueler*, known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notarial Seal the day and year first above written. *Member, Diamond Bar S Land Company LLC, Member, Stock Farm LLC

[Signature]
Gail Clark, Notary Public for the State of Montana
Residing at Hamilton, Montana
My commission expires on September 1, 2008

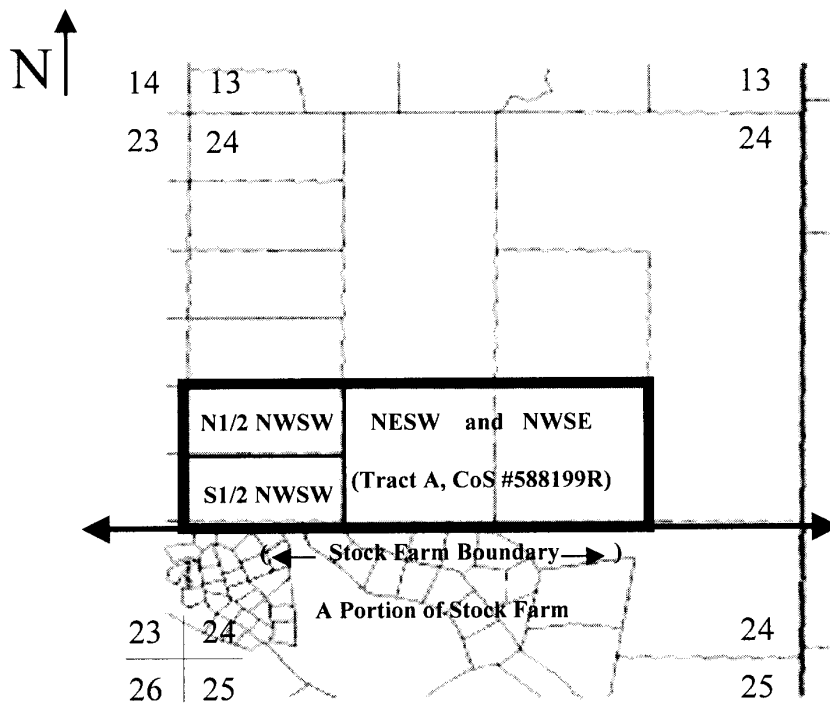


EXHIBIT A
THE PROPERTY

The Property lies entirely in Section 24, Township 6 North, Range 20 West of the Principal Montana Meridian in Ravalli County, Montana; encompasses approximately one-hundred-twenty (120) acres; and consists of the following parcels:

the North Half of the Northwest Southwest;
the South Half of the Northwest Southwest;
and
the Northeast Southwest and the Northwest Southeast, which two together are more specifically described as Tract A, Certificate of Survey 588199R.

The map below is provided to indicate location only and does not seek to describe the exact dimensions of the above parcels.



Lisa L Barrett

**AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS,
RESTRICTIONS AND EASEMENTS**

for
STOCK FARM HOMEOWNERS ASSOCIATION, INC.

THIS AMENDED DECLARATION is made this 14th day of September, 2010 by STOCK FARM HOMEOWNERS ASSOCIATION, INC., a Montana Limited Liability Company ("Declarant"), and hereby agrees to amend the Covenants, Conditions, Restrictions and Easements for Stock Farm, specifically as follows:

**I.
Real Property**

The Declaration of Covenants, Restrictions and Easements for Stock Farm Homeowners Association, Inc., are recorded in Book 224, Deeds beginning at page 605, Document No. 428940, records of Ravalli County (hereinafter "Stock Farm Covenants") relate to the following described real property located in Ravalli county, State of Montana:

See Exhibit "A"

**II.
Amendment to Covenants**

Section 11.3 presents that "Any decision to undertake maintenance or repairs of less than ten thousand dollars (\$10,000.00) shall be left with the Board of Directors. Any amount greater than the ten thousand dollars (\$10,000.00) shall be approved by a vote of the Members."

The Members of the Stock Farm Homeowners Association, Inc. approved a change to Section 11.3 of the Covenants on September 14, 2010. The amendment provides as follows:

11.3. Any decision to undertake maintenance or repairs of less than fifty thousand dollars (\$50,000.00) annually shall be left with the Board of Directors. Any amount greater than the fifty thousand dollars (\$50,000.00) annually shall be approved by a vote of the Members.

**II.
Notice of Amendment**

To facilitate the recording of the Amendment, the Officers who have executed this document hereby provide that Charles Oliver, as President of the Stock Farm Homeowners Association, has the right to execute and record this document in the records of Ravalli County, State of Montana.

*Return To: Datsopoulos & Associates
201 W Main, Central Square Bldg
Missoula MT 59802*

**STOCK FARM HOMEOWNERS
ASSOCIATION, INC.**

By: Charles R. Oliver
Its: PRESIDENT SFC HOA

State of Montana)
 : ss.
County of Ravalli)

Signed or acknowledged before me on June 15, 2011, by Charlie Oliver as the President of STOCK FARM HOMEOWNERS ASSOCIATION, INC., a Montana Corporation.



MARGARET BUCHANAN
NOTARY PUBLIC - MONTANA
Residing at Hamilton, Montana
My Comm. Expires Oct. 15, 2012

Margaret Buchanan
Notary Public for the State of Montana
Printed Name: Margaret Buchanan
Residing at: Hamilton, MT
My Commission Expires: 10/15/2012

Lot and the Owner in accordance with Section 3.5. The Association shall afford the Owner reasonable notice and an opportunity to cure the problem prior to entry, except when entry is required due to an emergency situation.

The Members of the Stock Farm Homeowners Association, Inc. approved a change to Section 5.2 of the Stock Farm Covenants in September 2011. The amendment adds the following language:

Each owner shall also implement a wildlife fire plan for the purpose of removing fuels which contribute to fire spread and high flame lengths, thereby reducing the risk of structure fires.

Effective October 13, 2015, Section 5.2 of the Stock Farm Covenants are amended to read as follows:

- 5.2 **Owner's Responsibility.** Each Owner shall maintain his or her Lot and all structures, parking area, and other improvements on the Lot in a clean, safe, attractive and slightly condition and in good repair, unless such maintenance responsibility is otherwise assumed by, or assigned to, the Association pursuant to any Supplemental Declaration or other declaration of covenants applicable to such Lot. Each owner shall also implement a wildlife fire plan for the purpose of removing fuels which contribute to fire spread and high flame lengths, thereby reducing the risk of structure fires. In addition to any other enforcement rights, if an Owner fails properly to perform his or her maintenance responsibility, the Association may perform such maintenance responsibilities and assess all costs incurred by the Associations against the Lot and the Owner in accordance with Section 3.5. The Association shall afford the Owner reasonable notice and an opportunity to cure the problem prior to entry, except when entry is required due to an emergency situation.

II. Notice of Amendment

To facilitate the recording of the Amendment, the Officers who have executed this document hereby provide that Charles Oliver, as President of the Stock Farm Homeowners Association, has the right to execute and record this document in the records of Ravalli County, State of Montana.

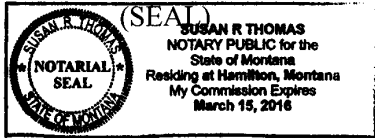


**STOCK FARM HOMEOWNERS
ASSOCIATION, INC.**

By: Mary F. Fox
Its: Board President

State of Montana)
 : ss.
County of Ravalli)

Signed or acknowledged before me on OCTOBER 13, 2015, by Mary Fox as the President of STOCK FARM HOMEOWNERS ASSOCIATION, INC., a Montana Corporation.



Susan R. Thomas
Notary Public for the State of Montana
Printed Name: SUSAN R. THOMAS
Residing at: HAMILTON, MONTANA
My Commission Expires: MARCH 15, 2016



Exhibit A

TOWNSHIP 6 NORTH, RANGE 20 WEST, PM.M., Ravalli County, Montana

Section 22: S 1/2 SE 1/2

Section 23: S 1/2 S 1/2

Section 24: S 1/2 S 1/2

Section 25: All Fractional, excepting and reserving unto the grantor a tract of land thirty (30) feet in width along the complete south boundary of Section 25.

Section 26: All Fractional

Section 27: E 1/2, excepting and reserving C. O. S. No. 2598

TOWNSHIP 6 NORTH, RANGE 19 WEST, PM.M., Ravalli County, Montana

Section 30: All Fractional, excepting the NE 1/4 NE 1/4