

When Recorded, Return to:

Norton Ranch Homes, LLC
63026 NE Lower Meadow Drive, Ste. 230
Bend, Oregon 97701

**AMENDED AND RESTATED DECLARATION OF PROTECTIVE
COVENANTS, CONDITIONS AND RESTRICTIONS FOR NORTON RANCH**

THIS AMENDED AND RESTATED DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS AND RESTRICTIONS FOR NORTON RANCH (this "Restated Declaration"), made effective upon its recording in the Official Records of Gallatin County, Montana, is executed on the date hereinafter set forth by NORTON PROPERTIES, LLC, an Oregon limited liability company, and NORTON RANCH HOMES, LLC, an Oregon limited liability company (individually and collectively, the "Declarant").

WITNESSETH

WHEREAS, Declarant created a planned residential community known as *Norton Ranch* (the "Subdivision") by recording the following instruments:

- (a) The plat of *Norton East Ranch Subdivision Phase 1*, recorded on February 16, 2011, as Document Number 2382592 in the Official Records of Gallatin County, Montana; and
- (b) The Norton East Ranch Subdivision Phase 1 Declaration of Covenants and Restrictions, recorded on February 16, 2011, as Document Number 2382596 in the Official Records of Gallatin County, Montana (the "Original Declaration"); and

WHEREAS, Declarant desires to replace the Original Declaration with this Restated Declaration.

NOW, THEREFORE, Declarant hereby declares that the property described on attached **Exhibit A** (the "Property") shall be held, sold, hypothecated, and conveyed subject to the covenants, conditions, and restrictions declared below, which shall be deemed to be covenants running with the land and imposed on and intended to benefit and burden each lot and other portions of the Property in order to maintain within the Property a community of high standards. Such covenants shall be binding on all parties having any right, title or interest therein or any part thereof, their respective heirs, personal representatives, successors and assigns, and shall inure to the benefit of each owner thereof.

1 - Amended and Restated Declaration of Protective Covenants, Conditions and Restrictions for Norton Ranch

ARTICLE 1 - DEFINITIONS

1.1 “Additional Property”

“Additional Property” shall mean any additional property annexed to the Subdivision and made subject to the terms of this Restated Declaration.

1.2 “Alleys”

“Alleys” shall mean the streets within the Subdivision designed as “Alley” on the Plat.

1.3 “Annual Assessments”

“Annual Assessments” shall mean Base Assessments, Reserve Account Assessments, and any Specific Assessments which may be levied by the Association in each of its fiscal years pursuant to the terms of Article 3.

1.4 “ARC”

“ARC” shall mean the architectural review committee established pursuant to the terms of Section 7.1.

1.5 “Association”

“Association” shall mean the Norton Ranch Community Association, a Montana nonprofit corporation, established for the purposes set forth herein.

1.6 “Base Assessments”

“Base Assessments” shall mean the assessments imposed upon all Lots for services rendered or expenses incurred by the Association pursuant to the terms of Section 3.2.

1.7 “Board”

“Board” shall mean the Board of Directors of the Association.

1.8 “Builder”

“Builder” shall mean any individual or company who purchases one or more Lots for the purpose of constructing Units for resale to consumers in the ordinary course of its business.

1.9 “Bylaws”

“Bylaws” shall mean the Bylaws of the Association, as amended from time to time. A copy of the Bylaws is attached hereto as **Exhibit B**.

1.10 “City”

“City” shall mean the City of Bozeman, Montana.

1.11 “Common Areas”

“Common Areas” shall mean those portions of the Property owned or leased by the Association for the common use and benefit of the Owners. The “Common Areas” include those areas designated as “open space” on the Plat, but specifically excludes Lots. The initial Common Areas are described on attached **Exhibit C**.

1.12 “Common Maintenance Areas”

“Common Maintenance Areas” shall mean the Common Areas, and shall also mean any areas within public rights-of-way or located on adjacent property that the Association is required to maintain pursuant to the terms of this Restated Declaration, or which the Board deems necessary, desirable or appropriate for the Association to maintain for the common benefit of the Owners, including (but not limited to) the Parks.

1.13 “Conversion Date”

“Conversion Date” shall be the date upon which the Class B membership ceases to exist and is converted to Class A membership. Such date shall be the date which is the earlier of (i) the date at which seventy-five percent (75%) of the total Lots anticipated to be created within the Subdivision have been conveyed to Class A members; (ii) ten (10) years after conveyance of the first Lot to a Class A member; or (iii) upon written election of Declarant.

1.14 “Declarant”

“Declarant” shall mean Norton Properties, LLC, an Oregon limited liability company, and Norton Ranch Homes, LLC, an Oregon limited liability company, and their respective successors and assigns, who are designated as such in writing by the applicable Declarant, and who consent in writing to assume the duties and obligations of the Declarant with respect to the Lots acquired by such successor or assign.

1.15 “Design & Construction Guidelines”

“Design & Construction Guidelines” shall mean the design and construction guidelines adopted by the ARC or Declarant pursuant to Section 7.2, as amended or modified from time to time.

1.16 “Directors”

“Directors” shall mean the members of the Board.

1.17 “Future Development Lot”

“Future Development Lot” shall mean any Lot intended to be developed or further subdivided to accommodate additional housing products, including (but not limited to) single family, apartments, townhomes, condominiums and other housing types permitted by the City. The initial Future Development Lots are described on attached **Exhibit D**.

1.18 “Governing Documents”

“Governing Documents” shall mean this Restated Declaration and the Articles of Incorporation, Bylaws and Rules and Regulations of the Association, all as may be amended from time to time.

1.19 “Improvement”

“Improvement” shall mean every structure or improvement of any kind, including, but not limited to, a Unit, landscaping, patios, decks, fences and walls (including retaining walls), driveways, sidewalks, fixtures, storage shelters, pools, hot tubs, athletic facilities and other products of construction efforts (including exterior painting, alterations, and reconstruction).

1.20 “Lot”

“Lot” shall mean each plot of land indicated as such on the Plat. The term “Lot” specifically includes a Future Development Lot (unless otherwise indicated), but excludes Common Areas and Common Maintenance Areas.

1.21 “Mortgagee” and “First Mortgagee”

“Mortgagee” shall mean the holder of any recorded mortgage, or the party secured or beneficiary of any recorded deed of trust, encumbering one or more of the Lots. “First Mortgagee” shall mean a holder of a Mortgage with priority over all other Mortgages.

1.22 “Owner”

“Owner” shall mean Declarant and every record owner, whether one or more persons or entities, of fee simple title to any Lot, including contract sellers, but excluding those having an interest merely as security for the performance of an obligation.

1.23 “Parks”

“Parks” shall mean those tracts identified as “Parks” on the plat of *Norton East Ranch Subdivision Phase 1*, recorded on February 16, 2011, as Document Number 2382592 in the Official Records of Gallatin County, Montana. The Plat dedicates the Parks to the City, but the Association will maintain the Parks as Common Maintenance Areas.

1.24 “Plat”

“Plat” shall mean the plat of *Norton East Ranch Subdivision Phase 1*, recorded on February 16, 2011, as Document Number 2382592 in the Official Records of Gallatin County, Montana, and any additional plats that may be annexed to the Subdivision as Additional Property.

1.25 “Property”

“Property” shall mean the real property described on the attached **Exhibit A**, plus such Additional Property as may be made subject to this Restated Declaration, but excluding any real property removed from the jurisdiction of this Restated Declaration.

1.26 “Reserve Account Assessments”

“Reserve Account Assessments” shall mean assessments established pursuant to the terms of Section 3.3.

1.27 “Restated Declaration”

“Restated Declaration” shall mean this Amended and Restated Declaration of Protective Covenants, Conditions, and Restrictions for Norton Ranch, and any amendments or supplements thereto made in accordance with its terms.

1.28 “Rules and Regulations”

“Rules and Regulations” shall mean the rules and regulations adopted by the Association from time to time in accordance with Article XII of the Bylaws.

1.29 “Special Assessments”

“Special Assessments” shall mean any special charges established pursuant to the terms of Section 3.5.

1.30 “Specific Assessments”

“Specific Assessments” shall mean the charges imposed upon some, but less than, all Lots for services rendered or expenses incurred pursuant to Section 3.4.

1.31 “Subdivision”

“Subdivision” shall mean *Norton Ranch*, as the same may be modified, expanded or contracted pursuant to the terms of this Restated Declaration.

1.32 “Turnover Meeting”

“Turnover Meeting” shall mean the meeting of the Owners called to turn over control of the Association to the Class A members, as further described in the Bylaws.

1.33 “Unit”

“Unit” shall mean any attached or detached residential dwelling intended for occupancy by a single family, including (but not limited to) a detached single family home, an apartment located within a multifamily building, an attached townhouse and a condominium unit.

ARTICLE 2–ASSOCIATION

2.1 Membership. The Declarant and every other Owner of a Lot by virtue of ownership of such Lot shall be a member of the Association. Membership in the Association shall be appurtenant to and shall not be separated from ownership of any Lot. Transfer of ownership of a Lot shall automatically transfer membership in the Association. Without any other act or acknowledgment, Owners shall be governed and controlled by the Governing Documents. There shall be two (2) classes of membership in the Association, Class A membership and Class B membership, as described in Section 2.2.

2.2 Voting Rights. The Association shall have two (2) classes of voting membership:

2.2.1 Class A Membership.

Class A members shall be all Owners with the exception of Declarant, provided that Declarant shall become a Class A member from and after the Turnover Date. Each Class A member is entitled to the *greater* of (a) one (1) vote for each Lot owned or (b) one (1) vote for each Unit constructed on each Lot owned. When more than one (1) person holds an interest in any Lot, all such persons shall be members, but the vote for such Lot shall be exercised as they among themselves determine; provided, however, that the Owners of that Lot shall not cast more votes than the number of votes allocated to the Lot by the preceding sentence. If the co-Owners of a Lot cannot agree upon the vote for the Lots, then the vote of the Lot shall be disregarded in determining the particular matter at issue.

2.2.2 Class B Membership

The Class B member shall be Declarant, provided that the Class B membership shall terminate and become converted to Class A membership on the Conversion Date. The Class B member is entitled to the *greater* of (a) three (3) votes for each Lot owned or (b) three (3) votes for each Unit constructed on each Lot owned.

2.3 Suspension. All voting rights of an Owner shall be suspended during any period in which such Owner is delinquent in the payment of any assessment duly established pursuant

to Article 3 or is otherwise in default under the Governing Documents. The Board may also suspend an Owner's rights to use the Common Areas during such period of default.

ARTICLE 3—ASSOCIATION FINANCES

3.1 Budgeting.

3.1.1 At least sixty (60) days before the beginning of each fiscal year, the Board shall prepare a budget of the estimated expenses of the Association for the coming year. The estimated expenses in the budget of the Association shall include, in addition to operating reserves, a contribution to the Reserve Account determined in accordance with the terms of Section 3.3 below. The budget shall also reflect the sources and estimated amounts of funds to cover such expenses, which may include any surplus to be applied from prior years, any income expected from sources other than assessments levied against the Lots, and the amount estimated to be generated through the levy of assessments against Lots. Finally, the budget shall differentiate between expenses applicable to all Lots versus expenses applicable to some, but not all, Lots.

Estimated operating expenses and Reserve Account Assessments applicable to all Lots shall be allocated among such Lots as Base Assessments pursuant to Section 3.2 below, while estimated operating expenses and Reserve Account Assessments applicable to some, but not all Lots, shall be allocated among the affected Lots as Specific Assessments pursuant to Section 3.4 below.

3.1.2 Within thirty (30) days after adopting the annual budget, the Board shall set a date for a meeting of the Members to consider ratification of the budget and send notice of such meeting to the Members in accordance with Section 4.5 of the Bylaws. Unless the Owners holding a majority of the votes in the Association vote to reject the budget, the budget is ratified, whether or not a quorum is present at the meeting. If the Board fails to adopt a budget or if the Owners vote to reject the budget, then the last adopted and ratified budget for the Association shall continue in effect.

3.1.3 The Board may revise the budget and adjust the assessments levied pursuant thereto from time to time during the year, subject to the same notice and ratification procedures set forth above.

3.2 Base Assessments. Upon determining the total amount of income required to be generated through the levy of Base Assessments as provided in Section 3.1, the Association shall allocate such amount among the Lots subject to assessment (as determined under Section 3.7 below) based on the formula described in the following sentence. The share of Base Assessments to be assessed by the Association against each Lot subject to assessment shall be represented by a fraction, the numerator of which is the number of votes assigned to the particular Lot and the denominator of which is the total number of Class A votes assigned to all Lots subject to assessment. Such fraction shall be multiplied by the total dollar amount of the

Base Assessments in order to determine the dollar amount of the Base Assessment to be levied against each Lot subject to assessment.

Declarant may, but is not obligated to, reduce the Base Assessment for any fiscal year by payment of a subsidy, which may be either a contribution, an advance against future assessments due from Declarant (if any), or a loan, as determined by Declarant in its sole discretion. Any such subsidy shall be disclosed as a line item in the income portion of the budget. Payment of such subsidy in any year shall not obligate Declarant to continue payment of such subsidy in future years, unless otherwise provided in a written agreement between the Association and Declarant.

3.3 Replacement Reserve Assessments.

3.3.1 As a part of any Annual Assessment the Board shall obtain from Owners contributions for a reserve account (the “Reserve Account”) established for all items of property included within the Common Maintenance Areas which will normally require major maintenance, repair or replacement, in whole or in part, in more than one (1) and less than thirty (30) years, for exterior painting (if the Common Maintenance Areas includes exterior painted surfaces), and for other items, whether are not included within the definition of Common Maintenance Areas, if the Association has responsibility to maintain; provided, however, that the Reserve Account need not include items that could reasonably be funded from Base Assessments or Specific Assessments or other funds or accounts of the Association, or items for which the Owners (and not the Association) are responsible for maintenance, repair and replacement under the terms of the Governing Documents.

3.3.2 The Declarant shall conduct an initial reserve study (a “Reserve Study”) to determine the Reserve Account requirements. The Reserve Study shall include: (a) identification of all items for which reserves are or will be established; (b) include the estimated remaining useful life of each item as of the date of the Reserve Study; and (c) include for each item, as applicable, an estimated cost of maintenance, repair and replacement at the end of the item’s useful life. The Board shall thereafter periodically conduct a Reserve Study or review and update an existing Reserve Study to determine the Reserve Account requirements.

3.3.3 Contributions to the Reserve Account (“Reserve Account Assessments”) shall be in an amount (a) initially determined by Declarant based upon the results of the initial Reserve Study or other reliable information and (b) thereafter by the Board from time to time based on the results of the periodic Reserve Study (or review and update of an existing Reserve Study). Reserve Account Assessments shall be allocated to Lots in the same manner as Base Assessments under Section 3.2 and Specific Assessments under Section 3.4, as applicable, and shall be paid to the Association monthly, quarterly or annually as determined by the Board.

Reserve Account Assessments paid into the Reserve Account are the property of the Association and are not refundable to sellers or Owners of Lots. The Reserve Account must

be a separate account holding only Reserve Account Assessments and other funds intended to be used for the same purpose maintained at a federally insured bank or other depository institution with branches in Montana, and any funds in the Reserve Account may be expended only for the purposes for which the Reserve Account was established as described above.

3.3.4 After the Turnover Meeting, the Board may borrow funds from the Reserve Account to meet high seasonal demands on the Association's regular operating fund or to meet unexpected increases in expenses if the Board has adopted a resolution, which may be an annual continuing resolution, authorizing the borrowing of such funds. Not later than the adoption of the budget for the following year, the Board shall adopt by resolution a written payment plan providing for repayment of the borrowed funds within a reasonable period of time.

3.3.5 At any time after the second (2nd) year after the Turnover Meeting, future replacement reserve assessments for the Reserve Account may be increased or reduced by the vote of Owners of Lots representing seventy-five (75%) of the Owners.

3.3.6 Nothing in this Section 3.3 prohibits the prudent investment of Reserve Account funds, subject to any constraints imposed by the Board or the Governing Documents.

3.4 Specific Assessments. The Association shall have the authority to levy assessments to satisfy the expenses of undertaking a particular project or effort that benefit some, but less than all, of the Lots (such assessments, "Specific Assessments"). Specific Assessments shall be allocated equally against the Owners of those Lots that benefit from the project, effort or other specific undertaking by the Association, unless the Association (in its reasonable discretion) determines that another method of apportionment more accurately reflects the benefit received by such Owners (such as allocation to each Owner based on the number of votes entitled to be cast by that Owner).

3.5 Special Assessments. In addition to the Base Assessments authorized above, the Board may levy "Special Assessments" against an Owner or all Owners in the following manner for the following purposes:

- (a) To correct a deficit in the operating budget, by vote of a majority of the Board;
- (b) To collect additional amounts necessary to make repairs or renovations to the Common Areas or Common Maintenance Areas if sufficient funds are not available from the operating budget or Reserve Account, by vote of a majority of the Board; and
- (c) To make capital acquisitions, additions or improvements, by vote of Owners holding at least sixty percent (60%) of the voting rights of the Association.

Special Assessments shall be levied against all Lots subject to assessment in the same manner as Base Assessments under Section 3.2 and Specific Assessments under Section 3.4, as applicable.

3.6 Reimbursement Assessments. The Association shall have the authority to levy a reimbursement assessment (each, a “Reimbursement Assessment”) against any Owner and such Owner’s Lot if (a) a failure to comply with this Restated Declaration or the other Governing Documents has necessitated an expenditure of monies by the Association to effect compliance or resulted in the imposition of a fine or penalty against such Owner or such Owner’s Lot; or (b) corrective action of the Association has necessitated an expenditure of monies by the Association as a result of the willful or negligent actions or omissions of such Owner or such Owner’s family members, tenants, guests, contractors or invitees. A Reimbursement Assessment, together with interest, costs, and reasonable attorney’s fees, shall be due and payable to the Association when levied. A Reimbursement Assessment shall not be levied by the Association except on at least ten (10) days’ prior written notice to the Owner being assessed. If, within said ten (10) day period, the Owner makes a written request to the Board for a hearing, a hearing shall be held. On request for a hearing, the Board shall conduct the hearing not less than ten (10) nor more than thirty (30) days after the request by the Owner, and shall make its decision within thirty (30) days after the hearing is held. If a notice has been previously given, and the hearing has already been held or waived (in writing or by the Owner’s failure to appear) for the violation resulting in the Reimbursement Assessment, no additional notice and hearing is required before levying the Reimbursement Assessment.

3.7 Commencement of Assessments.

3.7.1 Base Assessments and Specific Assessments. Declarant shall pay all operating expenses of the Association until Declarant elects to assess the Lots for Base Assessments and Specific Assessments as provided herein. The date of commencement of Base Assessments and Specific Assessments on the Lots (excluding any Lots owned by Declarant or a Builder, which shall be exempt as provided below) shall be determined by Declarant; provided, however, in no event shall it commence later than the Turnover Meeting or if no Turnover Meeting is held, the date on which administration of the Association is turned over to the Class A members.

3.7.2 Reserve Account Assessments. Reserve Account Assessments commence on a Lot as of the date Declarant or a Builder conveys the Lot to an Owner other than Declarant or a Builder.

3.7.3 All Other Assessments. Special Assessments and Reimbursement Assessments shall commence on a Lot as of the date Declarant or a Builder conveys the Lot to an Owner other than Declarant or a Builder.

3.7.4 Exemption From Payment of Assessments. Any Lot owned by Declarant is exempt from the payment of Base Assessments, Specific Assessments, Reserve Account

Assessments, Special Assessments and Reimbursement Assessments. Any Lot owned by a Builder is exempt from the payment of Base Assessments, Specific Assessments, Reserve Account Assessments, Special Assessments and Reimbursement Assessments for a period of one (1) year after such Lot was conveyed by Declarant to the Builder; provided, however, that Declarant shall have the right, in its sole discretion, to extend a Builder's assessment exemption period for an additional year by sending written notice thereof to the Association.

3.8 Obligation for Assessments. Each Owner, by accepting a deed for his, her or their Lot, is deemed to covenant and agree to pay all assessments authorized in this Restated Declaration or other Governing Documents. All assessments, together with interest, fines and late charges as determined by Board resolution, and collection costs (including reasonable attorneys' fees), shall be the personal obligation of each Owner and a lien upon each Lot until paid in full. Upon transfer of title to a Lot, the grantee shall be jointly and severally liable for any assessments and other charges due at the time of conveyance. The Association may sue any person liable for unpaid assessments and other charges authorized hereunder without foreclosing or waiving the lien securing the same.

Failure of the Board to fix assessment amounts or rates or to deliver or mail each Owner an assessment notice shall not be deemed a waiver, modification or release of any Owner from the obligation to pay assessments. In such event, each Owner shall continue to pay Annual Assessments on the basis of the last year for which an assessment was made, if any, until a new budget becomes effective and a new assessment is levied pursuant thereto. Any such budget may include as an expense item any shortfall in amounts previously collected.

No Owner may exempt himself from liability for assessments by non-use of the Common Areas, abandonment of his or her Lot, or any other means. The obligation to pay assessments is a separate and independent covenant on the part of each Owner. No diminution or abatement of assessments or set-off shall be claimed or allowed for any alleged failure of the Association or Board to take some action or perform some function required of it, or for inconvenience or discomfort arising from the making of repairs or improvements, or from any other action it takes.

3.9 Lien for Assessments. The Association shall have a lien against each Lot to secure payment of delinquent assessments, as well as interest, fines and late charges as determined by Board resolution, and collection costs (including reasonable attorneys' fees). Such lien shall be superior to all other liens, except (a) liens for real estate taxes and assessments and other levies which by law would be superior; and (b) the lien of any recorded First Mortgage made in good faith and for value. Such lien, when delinquent, may be foreclosed in the same manner as a construction lien or as otherwise provided by applicable law after the Association records a notice of lien against the delinquent Lot in the Official Records of Gallatin County, Montana.

The Association may bid for the Lot at the foreclosure sale and acquire, hold, lease, mortgage and convey the Lot. While a Lot is owned by the Association following

foreclosure: (a) no right to vote shall be exercised on its behalf; (b) no assessments shall be levied on it; and (c) each other Lot shall be charged, in addition to usual assessments, its pro rata share of the assessments that would have been charged to such Lot had it not been acquired by the Association.

Sale or transfer of any Lot shall not affect the assessment lien or relieve such Lot from the lien for any subsequent assessments. However, the sale or transfer of any Lot pursuant to foreclosure of a First Mortgage or a deed in lieu of foreclosure for the benefit of any First Mortgagee shall extinguish the lien of such assessments on the Lot as to payments which became due prior to the sale or transfer. The unpaid assessments shall then become common expenses of all Owners, including the First Mortgagee and any purchaser at the foreclosure sale or from a First Mortgagee. No sale or transfer of any Lot pursuant to foreclosure of a First Mortgage or a deed in lieu of foreclosure for the benefit of any First Mortgagee shall relieve such Lot from liability as to any assessments thereafter becoming due or from the lien thereof. Notwithstanding the foregoing, no sale or transfer of any Lot pursuant to a mortgage foreclosure or a deed in lieu of foreclosure for the benefit of any First Mortgagee shall be deemed to extinguish any mortgage or lien which the Association has itself placed upon any property owned by the Association.

3.10 Interest; Late Fees; Fines. The Board, in its reasonable discretion, may from time to time adopt resolutions to set the rate of interest and to impose late fees and fines on delinquent assessments or for violations of the provisions of this Restated Declaration or other Governing Documents. The adoption of such impositions by the Board shall be communicated to all Owners in writing not less than thirty (30) days before the effective date by a notice mailed to the address of the Owners as contained in the records of the Association. Such impositions shall be considered assessments that are lienable and collectible in the same manner as any other assessments; provided, however, that fines (but not interest or late fees) for violation of this Restated Declaration or other Governing Documents may not be imposed against an Owner or such Owner's Lot until the Owner is given an opportunity for a hearing.

3.11 Acceleration of Assessments. If an Owner is delinquent in payment of any assessment or installment on any assessment, the Association, on not less than ten (10) days' written notice to the Owner, may accelerate the due date of the full annual assessment for that fiscal year and all future installments of any Special Assessments.

3.12 Certificate of Payment. The Association shall provide, within ten (10) business days of receipt of a written request from an Owner, a certificate signed by an officer of the Association setting forth (i) the amount of assessments due from the Owner and unpaid at the time the request is received, including Annual Assessments and all other assessments authorized in this Restated Declaration, late fees, interest, fines and other charges, (ii) the percentage rate at which interest accrues on assessments that are not paid when due, and (iii) the percentage rate used to calculate the charges for late payments; provided, however, that the Association is not required to comply with the foregoing if the Association has commenced litigation by filing a complaint against an Owner and the litigation is pending when the certificate would otherwise be

due. A properly executed certificate of the Association shall be binding upon the Association as of the date of its issuance as to the status of assessments on a Lot.

3.13 Reallocation Upon Annexation of Additional Property. When Additional Property is annexed to the Subdivision pursuant to Sections 13.1 or 13.2, the Association shall, within sixty (60) days after the annexation, recompute the budget for the Association based on the additional Lots, Common Areas and Common Maintenance Areas and recompute all applicable assessments for each Lot. Newly annexed Lots shall be subject to assessment from the time of annexation of the Lots to the Subdivision, unless a later date is provided elsewhere in this Article 3 (e.g., Lots owned by Declarant or a Builder, which are generally exempt from assessments). The Association shall send notice of any applicable assessment to the Owners of newly annexed Lots not later than sixty (60) days after the annexation or with the next occurring Annual Assessment, whichever is sooner. Assessments shall be due and payable on or before a date set forth in the notice, which shall be not less than thirty (30) days after the date the notice is mailed to the new Owners or at such other time or times as the Association may specify in the notice in accordance with this Restated Declaration or the Bylaws. If Additional Property is annexed to the Subdivision during the Association's fiscal year, the Association shall send notice of the recomputed assessment and any additional assessments owed to the Owners of the Lots which were within the Subdivision prior to the annexation, and the Association shall collect such recomputed additional assessments from such Owners. Notice of the adjustment in the assessments shall be sent to such Owners not later than sixty (60) days after the annexation or with the next occurring Annual Assessment, whichever is sooner. To the extent that any adjustment results in a credit with respect to assessments payable by an Owner, such credit shall be applied toward the next occurring payment or payments of the applicable assessment.

3.14 Reallocation Upon Removal of a Portion of the Property. When part of the Property is removed from the Subdivision pursuant to Section 13.3, the Association shall, within sixty (60) days after the removal, recompute the budget for the Association based on the removal of the applicable Lots, Common Areas and Common Maintenance Areas and recompute all applicable assessments for each of the remaining Lots. The Association shall then send notice of the recomputed assessment and any additional assessments owed to the Owners of Lots which remain in the Subdivision after the removal not later than sixty (60) days after the removal or with the next occurring Annual Assessment, whichever is sooner, and the Association shall collect such recomputed additional assessments from the remaining Owners. To the extent that any adjustment results in a credit with respect to assessments payable by an Owner of a Lot which remains in the Subdivision after the removal, such credit shall be applied toward the next occurring payment or payments of the applicable assessment. Lots removed from the Subdivision shall no longer be subject to assessment as of the effective date of the removal; provided, however, that the lien for any assessments due prior to the date of such removal (if any) shall remain a lien on the Lots removed from the Subdivision until paid in full.

3.15 No Reimbursement to Declarant. The proceeds of any assessments shall not be used to reimburse Declarant for any capital expenditures incurred in construction or other improvements of Common Areas or Common Maintenance Areas, nor for the operation or

maintenance of such facilities incurred before conveyance of such common facilities to the Association.

ARTICLE 4–EASEMENTS AND RIGHTS OF ENTRY

4.1 Plat Easements. The Property shall be subject to all easements delineated on the Plat.

4.2 Owners' Easements in Common Areas. Declarant grants to each Owner a perpetual, nonexclusive right and easement of use, access and enjoyment in and to the Common Areas, subject to the restrictions and limitations set forth in this Article and elsewhere in this Restated Declaration.

4.3 Easement of Encroachment. Declarant grants reciprocal appurtenant easements of encroachments, and for maintenance and use of any permitted encroachment, between each Lot and any adjacent Common Areas and between adjacent Lots due to unintentional placement or settling or shifting of improvements constructed, reconstructed or altered thereon (in accordance with the terms of this Restated Declaration) to a distance of not more the three (3) feet, as measured from any point on the common boundary along a line perpendicular to such boundary. In no event, however, shall an easement for encroachment exist if such encroachment occurred due willful and knowing conduct on the part of, or with the knowledge and consent of, the person claiming the benefit of such easement.

4.4 Easements for Utilities, Etc.

4.4.1 Declarant reserves for itself and the Association, for the benefit of the Property and any Additional Property, perpetual, nonexclusive blanket easements upon, across, over and under the Property and Additional Property for purposes of ingress, egress, installation, maintenance, repair and replacement of utilities and infrastructure; cable and other systems for sending and receiving data and/or other electronic signals; security and similar systems; walkways, pathways and trails; storm water drainage systems; irrigation systems; sanitary sewer systems; street lights; signage; and entry features; provided, however, that the exercise of these easements does not unreasonably interfere with the use of any Lot. Declarant further reserves for itself and the Association the right to grant the benefit of any such easements to the local municipal governmental body and other utility service providers.

4.4.2 Declarant also reserves for itself and the Association the nonexclusive right and power to grant and record such specific easements over the Property and Additional Property as may be necessary, in the sole discretion of Declarant or the Association, to exercise the rights and easements granted by the preceding paragraph. The Owner of any Lot to be burdened by any easement granted pursuant to this Section 4.4 shall be given advance written notice of the grant, and the location of the easement on such Lot shall be subject to the written approval of the Owner (which shall not be unreasonably withheld, delayed or conditioned); provided, however, that an Owner shall be deemed to have consented to the location of an

easement on his or her Lot if the Owner has not responded to a written request within thirty (30) days after such request was mailed to the Owner's address on record with the Association.

4.4.3 All work associated with the exercise of the easements described in this Section 4.4 shall be performed in such a manner as to minimize interference with the use and enjoyment of the property burdened by the easement. Upon completion of the work, the person exercising the easement shall restore the property, to the extent reasonably possible, to its condition prior to commencement of the work, except for any improvements placed within utility easements in violation of the terms of this Restated Declaration. The exercise of these easements shall not extend to permitting entry into any Unit without the Owner's consent, nor shall it unreasonably interfere with the use of any Lot by the Owner thereof. Except in an emergency, entry onto any Lot shall be made only after reasonable notice to the Owner or occupant.

4.5 Easements to Serve Additional Property. Declarant hereby reserves for itself and its duly authorized agents, successors and assigns a perpetual, nonexclusive easement over the Common Areas for purposes of enjoyment, use, access and development of any property now or hereafter owned by Declarant adjacent to or near the Property, whether or not such property is made subject to this Restated Declaration. This easement includes, but is not limited to, a right of ingress and egress over the Common Areas for construction and use of roads, sidewalks and walking paths, and for connecting and installing any and all utilities on such property.

Declarant agrees that it and its duly authorized agents, successors and assigns shall be responsible for any damage caused to the Common Areas as a result of their respective actions in connection with development of such property. Declarant further agrees that if the easement is exercised for permanent access to such property and such property or any portion thereof benefiting from such easement is not made subject to this Restated Declaration, Declarant, its successors or assigns shall enter into a reasonable agreement with the Association to share the cost of any maintenance which the Association provides to or along any roadway, sidewalk or walkway providing access to such property.

4.6 Easements for Maintenance, Emergency and Enforcement. Declarant grants to the Association easements over the Property and Additional Property as necessary to enable the Association to fulfill its maintenance responsibilities under this Restated Declaration. The Association shall also have the right, but not the obligation, to enter upon any Lot for emergency, security and safety reasons to perform maintenance and to inspect for the purpose of ensuring compliance with and enforce the terms of this Restated Declaration and the other Governing Documents. Any such right may be exercised by any member of the Board and its duly authorized agents and assignees, and all emergency personnel in performance of their duties. Except in an emergency situation, entry onto a Lot shall only be during reasonable hours and after notice to the Owner.

4.7 Easement to Inspect and Right to Correct. Declarant reserves for itself and others it may designate the right to inspect, monitor, test, redesign and correct any structure, improvement or condition (including, but not limited to, drainage issues) which may exist on any

portion of the Property and Additional Property, and a perpetual, nonexclusive easement of access throughout the Property and Additional Property to the extent reasonably necessary to exercise such right. Except in an emergency situation, entry onto a Lot shall only be during reasonable hours and after notice to the Owner; provided, however, that no entry into a Unit is permitted without the consent of the Owner. The person exercising these easements shall promptly repair any resulting damage.

4.8 Perimeter Fence Easement. An easement is hereby declared for the benefit of the Declarant and the Association for the construction, maintenance, repair and replacement of fencing along the perimeter of the Property, whether or not such fencing is located on the Common Areas or Lots. Declarant, however, is under no obligation to construct any perimeter fencing. Any perimeter fencing constructed by Declarant shall be maintained by the Association as a Common Maintenance Area.

4.9 Retaining Wall Easement. Retaining walls may have been constructed by Declarant within the Property (the "Retaining Walls"). The Retaining Walls are not in all cases located on a Lot line. The location of a Retaining Wall (or the construction by an Owner of any improvements on or near the Retaining Wall) shall not constitute evidence of the intended location of a Lot line, or provide grounds for any claim of adverse possession or prescriptive easement. Each Lot upon which any portion of a Retaining Wall is located shall be subject to an easement, for the benefit of the Association and all other Lots, for the purposes of support by and natural drainage from such Retaining Wall. Retaining Walls may or may not have been designed by a professional engineer, and no Owner shall take any action to add, construct or place any improvement on the Lot so that it may, in the judgment of the Association: result in disturbance of, weakening of, or damage to a Retaining Wall; increase any engineered load or alter design criteria; or cause damage to the Retaining Wall or surrounding properties. Any Lot Owner who takes such action, or who otherwise damages a Retaining Wall, shall be responsible for all resulting costs of repair and restoration of the Retaining Wall. This Section 4.9 shall not apply to retaining walls constructed by an Owner on its own Lot.

4.10 Special Declarant Easements. Declarant reserves for itself and its duly authorized agents, successors and assigns, perpetual, nonexclusive easements on, over and across the Common Areas for purposes of (a) constructing and maintaining such facilities and activities as Declarant, in its sole discretion, deems necessary or convenient to the sale of Lots and Units, including, but not limited to, business offices, signs, model units and sales offices; (b) constructing and maintaining Common Areas, including any structures thereon; and (c) storing materials and making such other use thereof as Declarant, in its sole discretion, deems necessary or convenient to the construction of Units and other structures on the Property or Additional Property (provided that no such storage or other use shall unreasonably interfere with access to, or the use, occupancy and enjoyment of, any Lot). Declarant shall also have easements for access to and use of the Common Areas for such facilities at no charge.

ARTICLE 5–COMMON AREAS

5.1 Use of Common Areas. Every Owner shall have a right to use and enjoy the Common Areas, subject to:

(a) The terms of this Restated Declaration as it may be amended from time to time and any restrictions or limitations contained in any deed conveying the Common Areas to the Association;

(b) The Board's Right to:

(i) adopt, promulgate, enforce and amend from time to time the Rules and Regulations pertaining to the use and enjoyment of the Common Areas, including rules and regulations limiting the number of guests of Owners who may use the Common Areas at any one time;

(ii) suspend the right of an Owner, after notice and an opportunity for a hearing, to use all or any portion of the Common Areas (A) for any period not to exceed thirty (30) days for a single violation, or for a longer period in the case of any continuing violation of this Restated Declaration or the Bylaws or Rules and Regulations; and (B) for any period during which any assessments or any other charges for such Owner's Lot remains delinquent;

(iii) grant easements and dedicate or transfer all or any part of the Common Areas pursuant to Sections 4.4 and 5.2;

(iv) mortgage, pledge or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred, subject to the approval requirements set forth in Section 5.2;

(v) impose reasonable membership requirements and charge reasonable admission or other use fees for the use of any recreational facility situated upon the Common Areas that is not open or available to the general public; and

(vi) permit use of any recreational facilities situated on the Common Areas by persons other than Owners, their families, lessees and guests upon payment of use fees established by the Board;

(c) All easements granted or reserved by Declarant in this Restated Declaration, and all easements subsequently granted or reserved by Declarant pursuant to a right granted or reserved in this Restated Declaration.

An Owner who resides in a Unit may extend his or her right to use and enjoyment of the Common Areas to the other members of his or her household and to guests, subject to the terms of this Restated Declaration and the Rules and Regulations. If an Owner does not reside at his or her Unit, then the Owner shall be deemed to have assigned all of the Owner's rights to use

and enjoyment of the Common Areas to residents or occupants of such Unit, subject to the terms of this Restated Declaration and the Bylaws and Rules and Regulations.

No Owner shall make any change to any Improvement or landscaping upon the Common Areas, or decorate, alter or repair any part of the Common Areas (except for maintenance of those parts of the Common Areas which the Owner has the duty to maintain, if any), without the prior written consent of the Association.

5.2 Alienation of Common Areas. The Association may sell, dedicate, transfer, grant a security interest in, or grant an easement for installation or maintenance of utilities or for similar purposes with respect to any portion of the Common Areas. Except for grants of easements for utility-related purposes under Section 4.4 above, no such sale, dedication, transfer or grant of a security interest shall be effective unless approved by eighty percent (80%) of the votes of both Class A and Class B members, or eighty percent (80%) of the votes of Class A members once Declarant has relinquished its Class B membership interests. Any sale of portions of the Common Area that include public trails or walking paths shall be made subject to reserved easements in favor of the public over such trails and walking paths.

5.3 Conversion of Lots to Common Areas. Declarant may elect to build common facilities on one or more Lots and designate such Lots as Common Areas by amending this Restated Declaration. Such amendment to this Restated Declaration shall be executed by Declarant and bear a certificate of the President or Secretary of the Association reciting that the holders of a majority of the voting rights in the Association have approved such conversion to Common Areas.

5.4 No Partition. There shall be no judicial partition of the Common Areas. Each Owner, whether by deed, gift, devise, or operation of law, for such Owner's benefit and for the benefit of all other Owners, specifically waives and abandons all rights, interests, and causes of action for judicial partition of any interest in the Common Areas and agrees that no action for judicial partition shall be instituted, prosecuted, or reduced to judgment.

5.5 Title to Common Areas. Declarant shall cause fee simple title to the Common Areas to be conveyed to the Association, free and clear of monetary liens, no later than the date of the Turnover Meeting, and the Association shall unconditionally accept fee title to the Common Areas from Declarant on such date.

5.6 Damage or Destruction By Owner. If damage to any Common Areas or Common Maintenance Areas is directly attributable to an Owner or the family members, invitees, licensee, or guest of an Owner, then that Owner shall repair such damage or destruction as soon as reasonably practicable, but in no event later than fifteen (15) days after the date the damage occurred, at his or her sole expense and without a right of reimbursement. If an Owner fails to repair such damage timely, the Association shall have all rights of enforcement and remedies set forth under this Restated Declaration.

ARTICLE 6 -- MAINTENANCE

6.1 Maintenance by Association. The Association shall maintain and keep the Common Maintenance Areas in a clean and attractive condition and in good repair, such maintenance to be funded by Annual Assessments as provided in this Restated Declaration. This maintenance shall include, but need not be limited to, maintenance, repair and replacement (subject to any insurance then in effect) of the following:

(a) all landscape plantings, trees and lawn areas (including irrigation thereof) located on the Common Areas and within the Parks (until such time as the City accepts maintenance responsibility for the Parks), which shall include, but is not limited to, removal and replacement of dead or dying trees and other landscaping to ensure compliance with the approved landscaping plan (but subject to the terms of Section 11.2);

(b) all sidewalks, trails, walking paths and pedestrian/bicycle paths located on the Common Areas and within the Parks (until such time as the City accepts maintenance responsibility for the Parks);

(c) all monument entry signs and features for the Subdivision within or adjacent to the Property;

(d) the storm water conveyance and detention systems serving the Subdivision (except for any drainage swales located on Lots), which shall be maintained per the design intent of the approved plans for such systems and any applicable operations and maintenance plans;

(e) any perimeter fencing constructed by Declarant (although Declarant has no obligation to construct any perimeter fencing);

(f) any Retaining Walls constructed by Declarant; and

(g) all other structures and Improvements situated in or on the Common Areas, unless maintenance thereof is delegated to the Owners under the terms of this Restated Declaration or handled by the City or a utility service provider.

The Association may also maintain other property which it does not own and is not required to maintain if the Board determines, in its discretion, that such maintenance is necessary or desirable. Such areas shall become part of the Common Maintenance Areas upon approval by the Board.

6.2 Maintenance by Owner. Each Owner shall at all times keep his or her Lot and Unit(s) (including all Improvements and all landscape plantings, trees and lawn area located on his or her Lot) in a clean and attractive condition, in good repair, and in compliance with all applicable covenants and municipal ordinances, unless such maintenance responsibility is

otherwise assumed by or assigned to the Association pursuant to Section 6.1 above or any other provisions of this Restated Declaration.

Each Owner shall also be responsible for maintaining the landscape plantings, trees and lawn area (including irrigation thereof) within the public right-of-way adjacent to his or her Lot to the back of the street curb; provided, however, that there shall be no right to remove trees, shrubs or similar landscaping from this area without the prior written consent of the Association and compliance with the terms of Section 11.2 and any applicable zoning ordinances.

Responsibility for maintenance of landscape plantings, trees and lawn areas as required by the preceding paragraphs shall include responsibility for watering the same as needed to maintain them in a healthy condition, free from weeds and other noxious plant materials, and not permitting grasses to exceed four inches (4") in height. It shall also include responsibility for removal and replacement of diseased or dead trees, shrubs and other landscaping, subject to obtaining any required tree removal permit from the local municipal authority and the terms of Section 11.2.

If any Owner fails to properly perform his or her maintenance responsibility, the Association may, but is not obligated to, perform such maintenance responsibilities on behalf of such Owner and assess the Owner for a Reimbursement Assessment in accordance with Section 3.6 of this Restated Declaration; provided, however, that except when entry is required due to an emergency situation, the Association shall provide the Owner with reasonable notice and an opportunity to cure the problem prior to entry.

6.3 Maintenance During Construction. During construction it shall be the responsibility of each Owner (including a Builder) to insure that his or her Lot and adjacent areas are kept free of unsightly accumulation of rubbish and scrap materials, and that construction materials, trailers, shacks and the like are kept in a neat and orderly manner. No burning of any trash and no accumulation or storage of litter or trash of any kind shall be permitted on any Lot or the Common Areas. This Section 6.3 shall not be applicable to Declarant or its employees, agents or contractors.

ARTICLE 7—ARCHITECTURAL REVIEW

7.1 Architectural Review Committee. A committee to be known as the Architectural Review Committee (the "ARC") shall be established consisting of the not less than three (3) members or more than five (5) members, except that the ARC may, at the option of Declarant, consist of as few as one (1) member (which may be Declarant) for so long as Declarant owns any Lot within the Subdivision. Each member of the ARC shall serve for a one (1) year term, except that the member(s) of the ARC appointed by Declarant may serve until Declarant no longer owns any Lot within the Subdivision.

7.1.1 The members of the ARC shall be appointed, terminated and/or replaced by Declarant for so long as Declarant owns any Lot within the Subdivision. Thereafter, the

Board shall appoint the members of the ARC. Members of the ARC may be terminated and/or replaced by the Board, with or without cause, except that the Board may not terminate any member of the ARC appointed by Declarant so long as Declarant owns any Lot within the subdivision.

7.1.2 Declarant shall have the right to voluntarily relinquish control of the ARC to the Board during the period in which Declarant owns any Lot within the Subdivision, in which event Declarant's right to appoint, terminate and replace members of the ARC shall terminate.

7.1.3 The purpose of the ARC is to enforce the architectural standards of the community and to approve or disapprove plans for improvements proposed on the Lots.

7.1.4 The ARC shall act by simple majority vote, and shall have the authority to delegate its duties and to retain the services of a professional engineer, architect, designer, inspector or other person to assist in the performance of its duties.

7.2 Design & Construction Guidelines. The ARC may, with the approval of the Board, adopt, amend, modify or revise Design & Construction Guidelines; provided, however, that Declarant may adopt, amend, modify and revise the Design & Construction Guidelines without the consent of anyone so long as Declarant owns any Lot within the Subdivision. Neither Declarant nor the ARC, however, shall have an obligation to adopt Design & Construction Guidelines. No amendments, modifications, or revisions to the Design & Construction Guidelines shall affect any prior ARC approval.

7.3 Scope of Review. No Improvements may be undertaken, constructed, altered, added onto or replaced upon any portion of the Property without the prior written consent of the ARC.

7.4 Submission of Plans. Before the initiation of construction of any Improvement upon any Lot, the Owner thereof shall first submit to the ARC a complete set of plans and specifications for the proposed improvements. Plans shall include elevation drawings, design plans, specifications of materials and exterior colors, and any other information deemed necessary by the ARC for the performance of its function pursuant to the procedure outlined in the Design & Construction Guidelines (if any). In addition, the Owner shall submit the identity of the individual or company intended to perform the work and projected commencement and completion dates. In the event an Owner submits plans or specifications to the ARC that are not adequate to permit the ARC to make an informed determination under this Article, the Board shall have the authority to require the Owner submitting the inadequate plans or specifications to retain, at the Owner's expense, the services of a professional engineer, architect, designer, inspector or other person to assist in the preparation of a sufficient submittal to the ARC.

7.5 Plan Review. Upon receipt by the ARC of all of the information required by this Article, it shall have thirty (30) business days in which to review said plans. The proposed

improvements will be approved if, in the sole opinion of the ARC: (a) the improvements will be of an architectural style and material that are compatible with the other structures in the Property; (b) the improvements will not violate any restrictive covenant or encroach upon any easement or cross building set back lines; (c) the improvements will not result in the reduction in property value, use or enjoyment of any of the Property; (d) the individual or company intended to perform the work is acceptable to the ARC; and (e) the improvements will be substantially completed, including all cleanup, within six (6) months of the date of commencement. If the ARC fails to issue its written approval or rejection within thirty (30) business days of its receipt of the last of the materials or documents required to complete the Owner's submission, then the ARC's approval shall be deemed to have been granted without further action. The ARC's approval of plans and specifications shall be valid for a period of twelve (12) months from the date of issuance, during which time the Owner must commence construction of the approved Improvements and thereafter diligently proceed to completion; otherwise the approval is void.

7.6 Non-conforming Structures. If there shall be a material deviation from the approved plans in the completed improvements, such improvements shall be in violation of this Article to the same extent as if erected without prior approval of the ARC. The ARC, the Association or any Owner may maintain an action at law or in equity for the removal or correction of the non-conforming structure and, if successful, shall recover from the Owner in violation all costs, expenses and fees incurred in the prosecution thereof.

7.7 Immunity of ARC Members. No individual member of the ARC shall have any personal liability to any Owner or any other person for the acts or omissions of the ARC if such acts or omissions were committed in good faith and without malice. The Association shall defend any action brought against the ARC or any member thereof arising from acts or omissions of the ARC committed in good faith and without malice.

7.8 Limited Review. Any review and approval made by the ARC is limited to compliance with the intent of the architectural standards of the neighborhood as may from time to time be established by the Board and/or the Design & Construction Guidelines. The review and approval made by the ARC is not to be construed as superseding, replacing, or modifying any review, approval, or permit required by any local, state or federal jurisdictional agencies. It is the applicant's responsibility to obtain and comply with any permits that may be required by any local, state, or federal jurisdictional agency.

7.9 Address for Notice. Requests for ARC approval or correspondence with the ARC shall be addressed to the Norton Ranch Community Association, Architectural Review Committee, at the address as may be designated from time to time by the ARC. No correspondence or request for approval shall be deemed to have been received until actually received by the ARC in a form satisfactory to the ARC.

7.10 Appearance and Design of Subdivision. The Declarant shall not be prevented from changing the appearance of the Common Areas, including the landscaping and any other aspects directly or indirectly connected with its development of the Subdivision so long as

Declarant obtains all applicable governmental approvals and consents. The construction and material standards of this Restated Declaration and/or plans and drawings notwithstanding, Declarant may change exterior and/or interior designs of Units from initial plans. This may include designs, colors, and type of materials, provided Declarant obtains all applicable governmental approvals and consents.

7.11 Declarant Exempt; Construction by Declarant. Declarant is exempt from the requirements of this Article 7. All construction by Declarant establishes the standards for the ARC and is deemed to meet any Design & Construction Guidelines of the Association and is deemed to be approved by the ARC.

7.12 Approval of Builder Plans. Declarant shall have the right, in its sole discretion, to approve the plans and specifications for all Improvements that will be constructed by a Builder, and all construction by a Builder pursuant to the plans and specifications approved by Declarant is deemed to satisfy the requirements of this Article 7.

ARTICLE 8–INSURANCE AND INDEMNIFICATION

8.1 Association Insurance Coverage. The Association shall obtain and maintain at all times the insurance required below and such additional insurance as the Board deems advisable, which will include, but is not be limited to, the following:

8.1.1 Property Insurance. The Association shall obtain and maintain at all times a policy of property insurance covering all insurable improvements within the Common Areas against loss or damage resulting from fire and other hazards covered under special form coverage (“all risk”), including vandalism, malicious mischief, sprinkler leakage, debris removal, cost of demolition, windstorm, flood and water damage endorsements. Coverage shall be for the full insurable replacement cost (without deduction for depreciation) of such improvements, exclusive of land, foundation, excavation and other items normally excluded from coverage, and shall be subject to a commercially reasonable deductible. Such policy of insurance shall cover the interests of the Association and the Owners and First Mortgagees as their interests may appear and, if available at reasonable cost, the following terms:

(a) A waiver of subrogation by the insurer as to any claims against the Association and its Board and property manager (if any), and against any Owner or guest of any Owner;

(b) A standard mortgagee clause, except that the loss payment provision shall be subject to the terms of Article 9 of this Restated Declaration;

(c) A provision that no policy may be canceled, invalidated, or suspended because of the action of an Owner;

(d) A provision that no policy may be canceled, invalidated, or suspended because of the conduct of any director, officer, or employee of the Association unless the insurer gives the Association a prior written demand that the Association correct the defect and allows the Association a reasonable time to make the correction;

(e) A provision that the policy is primary in the event an Owner has other insurance covering the same loss;

(f) A provision that the policy cannot be canceled or substantially modified without at least ten (10) days' prior written notice to all insureds; and

(g) A provision that any adjustment of the loss will be made by the Association, and that all proceeds thereof shall be paid to either the Association or an insurance trustee, as provided in Article 9 of this Restated Declaration.

The Board may by resolution determine the amount of deductible for such insurance policy, based on availability and costs. Owners shall be responsible for the deductible to the extent that it is determined they, their tenants or guests are responsible for the damage caused to the Common Maintenance Areas or other properties that the Association insures.

8.1.2 Liability Insurance. The Association shall at all times maintain commercial general liability insurance covering the Common Areas and Common Maintenance Areas (including, but not limited to, the Parks) with limits of loss of not less than \$1,000,000 combined single limit for personal injury or property damage (such policy limits to be reviewed at least annually by the Board and increased in its discretion), insuring the Association, all Owners, and any managing agent against liability to the public or to individual Owners, subject to a commercially reasonable deductible.

8.1.3 Workers and Employers Insurance. The Association shall obtain and maintain at all times worker's compensation and employer's liability insurance to the extent required by applicable laws.

8.1.4 Fidelity Bonds. The Board shall obtain and maintain at all times fidelity bonds naming the Board and all other officers, directors and employees of the Association handling or responsible for funds of or administered by the Association. If a management agent has the responsibility for handling or administering funds of the Association, the management agent will be required to maintain fidelity bond coverage for its officers, employees and agents responsible for such funds. In no event may the aggregate amount of such bonds be less than a sum equal to three (3) months Annual Assessments. The bonds must contain waivers by the issuers of the bonds of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees," or similar terms or expressions.

8.1.5 Insurance Against Loss of Association's Personal Property. The Association shall obtain and maintain at all times insurance against loss of personal property of

the Association by fire, theft, and other losses, with deductible provisions as the Board deems advisable.

8.1.6 **Other Insurance.** Such other insurance as the Board deems advisable; provided, however, that notwithstanding any other provisions herein, the Association shall continuously maintain in effect such property, flood, and liability insurance and a fidelity bond meeting the insurance and fidelity bond requirements for planned community projects established by the Federal National Mortgage Association, Government National Mortgage Association, Federal Home Loan Mortgage Corporation, or other governmental or quasi-governmental agency involved in the secondary mortgage market, so long as such agency is a Mortgagee, an insurer or guarantor of a Mortgage, or Owner of a Lot, except to the extent such coverage is not available or has been waived in writing by such agency.

8.2 Owners' Insurance Coverage. Each Owner shall obtain and maintain a homeowner's insurance policy covering all insurable improvements located on its Lot and liability resulting from use or ownership of the Lot. The insurance coverage maintained by the Association shall not be brought into contribution with the insurance obtained by an Owner under this Section.

8.3 Builders' Insurance Coverage. Each Builder shall maintain the following insurance coverages:

8.3.1 **Liability Insurance.** Commercial general liability insurance with limits of loss of not less than \$1,000,000 combined single limit for personal injury or property damage, subject to a commercially reasonable deductible.

8.3.2 **Automobile Insurance.** Automobile liability insurance covering owned, hired, and non-owned vehicles in an amount of not less than \$500,000 per occurrence.

8.3.3 **Workers and Employers Insurance.** Worker's compensation and employer's liability insurance to the extent required by applicable laws.

8.3.4 **Additional requirements.** Each insurance policy required to be maintained by a Builder under Sections 8.3.1 and 8.3.2 above shall name Declarant and the Association as additional insureds and shall be endorsed (if necessary) to insure the Builder's indemnification obligation under Section 8.4 below. Each Builder shall provide a certificate of insurance evidencing compliance with this Section to Declarant and the Association prior to commencing any preparatory or construction activities on any Lot, upon request, and upon renewal or issuance of new policies.

8.4 Builders' Indemnification. Each Builder agrees to indemnify, defend and hold Declarant and the Association harmless from and against any claims, demands, actions, suits, judgments, losses, damages, penalties, fines, costs, or expenses, including attorneys' fees (collectively, "Claims") arising from or relating to (a) the activities of the Builder and its

employees, agents, consultants, contractors and suppliers within the Subdivision; or (b) the Builder's failure to comply with the terms and conditions of this Restated Declaration, except to the extent of any Claims caused by the gross negligence or intentional acts of party claiming protection under this indemnification.

ARTICLE 9–DAMAGE OR DESTRUCTION

9.1 Common Areas. If any improvements within the Common Areas are damaged or destroyed by fire or casualty, the repair, restoration or ultimate disposition of any insurance proceeds shall be in accordance with the following:

(a) If the insurance proceeds derived from such loss amount to \$75,000 or less, then the Board shall contract with any licensed contractor or contractors to rebuild or repair such damage or destroyed improvements in conformance with the original plans and specifications, or if adherence to such original plans and specifications is impracticable in the Board's opinion, then in conformance with revised plans and specifications provided such repairs or rebuilding shall be of a quality and kind substantially equivalent to the original construction. The Board shall accept bids only in specific amounts and shall not enter into any cost-plus or other sliding scale arrangement for compensation to the contractor.

(b) If the insurance proceeds derived from such loss exceed \$75,000, all such insurance proceeds shall be paid directly to an insurance trustee as may be designated by the Board, as trustee for all affected Owners and their respective First Mortgagees, as their interests may appear. The insurance trustee shall disburse the insurance proceeds periodically as construction progresses, subject to satisfaction of the following conditions:

(i) Upon notification of the receipt of insurance proceeds by the insurance trustee, the Board shall enter into a contract for a specific dollar amount with a licensed contractor or contractor for the repair or rebuilding of all of the damaged or destroyed improvements, as nearly as practicable to the original plans and specifications thereof and in accordance with all applicable building codes.

(ii) The Board shall enter into said contract with a licensed contractor or contractors which shall have provisions for periodic disbursements of funds by the insurance trustee. Disbursements to the contractor shall be made subject to the prior presentation of an architect's certificate containing such provisions as may be appropriate in the circumstances and deemed suitable by the Board, along with customary lien waivers.

(iii) The Board shall employ a licensed architect to supervise the repair and rebuilding to insure that such work, services and supplies are of proper quality and that construction is contemplated in a workmanlike manner and according to plans and specifications.

(c) If the proceeds of insurance maintained by the Association are not sufficient to defray the estimated costs of reconstruction and repair, or if at any time during

reconstruction and repair, or upon completion of reconstruction and repair, the funds for payment of the costs thereof are insufficient, assessments shall be made against all Owners in sufficient amounts to provide funds for the payment of such costs. The foregoing provisions of this subparagraph are applicable to the repairs and reconstruction to be undertaken by the Association.

(d) If the amount of available insurance proceeds exceed the cost of any such reconstruction or repair, the excess shall be paid to the Association and applied by it to reduce the common expenses of the Association.

9.2 Units. If all or any portion of a Unit or any other Improvements located on an Owner's Lot is/are damaged by fire or other casualty, the Owner thereof shall either (a) restore the damaged Improvements or (b) remove all damaged Improvements, including foundations, and leave the Lot in a clean and safe condition. Any restoration proceeding under (a) above must be performed so that the Improvements are in substantially the same condition in which they existed before the damage or destruction, unless the owner complies with the provisions of Article 7. The Owner must commence such work within sixty (60) days after the damage or destruction occurs and must complete the work within six (6) months thereafter.

ARTICLE 10-CONDEMNATION

Whenever all or any part of the Common Areas shall be taken (or conveyed in lieu of and under threat of condemnation by the Board acting on its behalf or on the written direction of all Owners subject to the taking, if any,) by any authority having the power of condemnation or eminent domain, each Owner shall be entitled to notice thereof and to participate in the proceedings incident thereto unless otherwise prohibited by law. The award made for such taking shall be payable to the Association as trustee for all Owners and First Mortgagees, as their interests may appear, to be disbursed as follows:

(a) If the taking involves a portion of the Common Areas on which improvements have been constructed, then, unless within sixty (60) days after such taking the Declarant and at least seventy-five percent (75%) of the Class A members of the Association shall otherwise agree, the Association shall restore or replace such improvements so taken on the remaining land included in the Common Areas to the extent lands are available therefore, in accordance with plans approved by the Board of the Association. If such improvements are to be repaired or restored, the provisions in Section 9.1 regarding disbursement of insurance proceeds in respect to casualty damage or destruction shall apply.

(b) If the taking does not involve any improvements on the Common Areas, or if there is a decision made not to repair or restore, or if there are net funds remaining after such restoration or replacement is completed, then such award or net funds shall be paid to the Association and applied by it to reduce the common expenses.

ARTICLE 11- USE RESTRICTIONS

11.1 Residential Use. Lots shall only be used for residential purposes. No trade, craft, business, profession, commercial, or similar activity of any kind shall be conducted on any Lot, and no goods, equipment, vehicles, materials, or supplies used in connection with any trade, service, or business shall be kept or stored on any Lot. Nothing in this Section 11.1 shall be deemed to prohibit (a) activities relating to the sale of residences; (b) the right of Declarant or any contractor or homebuilder (including a Builder) to construct Units on any Lot, to store construction materials and equipment on such Lots in the normal course of construction, and to use any Unit as a sales office or model home for purposes of sales in the Subdivision; (c) the right of the Owner of a Lot to maintain such Owner's personal business or professional library, keep such Owner's personal business or professional records or accounts, handle such Owner's personal business or professional telephone calls, or confer with business or professional associates, clients, or customers in such Owner's residence; (d) residential day care facilities, or (e) garage sales, provided that no Owner may conduct more than three (3) garage sales in any twelve (12) month period and no individual garage sale may exceed three (3) days in length.

11.2 No Tree Removal. No trees identified for preservation on the approved tree removal permit or landscaping plan for the Subdivision, nor any newly planted trees used to meet the conditions of approval for the Subdivision, may be removed without the prior written approval of the City. Any Owner desiring to remove a tree from his or her Lot is required to confirm with the City that such tree is not required to be maintained on the approved tree removal permit or landscape plan for the Subdivision, as the same may be amended or modified from time to time.

11.3 No Improvements or Fill Material. No Owner may place or construct any Improvements over the utility easements located on his or her Lot (as shown on the Plat or any separate easement agreement or dedication now existing or hereafter granted pursuant to the terms of this Restated Declaration), or fill or alter the drainage swales or any other storm water facilities located on his or her Lot.

11.4 Rental Restrictions. An Owner shall be entitled to rent or lease his or her Unit, subject to the following:

11.4.1 **Written Rental Agreements.** A written rental or lease agreement is required, specifying that: (i) the tenant shall be subject to all provisions of the Restated Declaration and other Governing Documents, and (ii) failure to comply with any provision of the Restated Declaration and other Governing Documents shall constitute a default under the rental agreement.

11.4.2 **Minimum Rental Period.** The period of the rental or lease is not less than thirty (30) days; and

11.4.3 **Tenant Must Be Given Documents.** The Owner gives each tenant a copy of the Restated Declaration and other Governing Documents.

11.4.4 Owner Responsibility. Owner shall be responsible for any violations by tenants and shall be solely responsible for either correcting or eliminating such violations, or getting tenant to do the same.

11.5 Air Conditioning Units. No Owner shall install, or permit to be installed or maintained, air conditioning units through exterior modifications of its Unit or through window openings. The only air conditioning units that will be permitted are those air conditioning units which are considered central in nature and installed on a slab, or similar footing, in the rear or side yard of a Lot outside of and adjacent to the Unit.

11.6 Nuisances. No noxious or offensive activity shall be carried out upon any Lot, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood.

11.7 Temporary Structures. No structure of a temporary character, including, without limiting the generality thereof, any trailer, tent, car canopies, shack, garage, barn, motor home or mobile home or other outbuilding, and no prefabricated or relocated structure shall be used on any Lot at any time as a residence, either temporarily or permanently. This restriction shall not be interpreted to limit the right of Declarant or a Builder to use trailers or outbuildings as sales offices, construction offices, material storage facilities, or sanitation facilities.

11.8 Signs. No sign, banner or billboard of any kind may be kept or placed on any Lot or mounted, painted or attached to any Unit, fence or other improvement so as to be visible from public view in the Subdivision or adjacent public street or carried by any person or by any other means displayed within the Subdivision except as provided below:

11.8.1 “For Sale” Signs. An Owner may erect one (1) sign not exceeding two (2) feet by three (3) feet in dimension, fastened only to a stake in the ground and extending not more than three (3) feet above the surface of the ground advertising the property for sale.

11.8.2 “For Rent” Signs. An Owner may erect one (1) sign not exceeding three (3) square feet in area advertising the property for rent. Such signs shall be visible from the front of the Unit only, and shall be displayed from within the Unit. No such sign shall be erected within a lawn or landscape area on any Lot, or attached to the outside of the Unit.

11.8.3 Political Signs. Political signs may be erected upon a Lot by the Owner of such Lot advocating the election of one or more political candidates or the sponsorship of a political party, issue or proposal provided that such signs shall not be erected more than ninety (90) days in advance of the election to which they pertain and are removed within fifteen (15) days after the election.

11.8.4 Subdivision Identification Signs. Signs may be erected by the Declarant to identify the Subdivision, with approval from the local jurisdictional authority, if applicable.

11.8.5 Flags. The foregoing restrictions shall not be deemed to prohibit the display of the flag of the United States by an Owner or occupant of a Lot if the flag is displayed in a manner consistent with federal flag display law, 4 U.S.C. § 1 et seq.

11.8.6 Declarant's Signs. Signs, banners and billboards may be erected by the Declarant and are exempt from the provisions of this Section 11.8.

11.8.7 Builder Signs. A Builder may erect signs and banners on any Lot or Unit owned by the Builder if such signs and/or banners are erected for the purpose of marketing and selling Units constructed by the Builder on Lots owned by the Builder, subject to rules and restrictions established by Declarant from time to time. A Builder may also erect signs and/or banners on the Common Areas to market and sell Units constructed by the Builder on Lots owned by the Builder, provided that Declarant authorizes in writing (in Declarant's sole discretion) the erection of such signs and/or banners on the Common Areas.

11.9 Campers, Boats, Recreational Vehicles and other Non-Passenger Vehicles. Campers, boats, boat trailers, recreational vehicles, commercial vehicles, or other types of non-passenger vehicles, equipment, implements, or accessories may not be kept or stored on any public street within the Subdivision or on any Lot, except as provided below:

11.9.1 Campers, boats, boat trailers, recreational vehicles, recreational trailers, and other non-passenger vehicles, equipment, implements, or accessories may be stored or kept within an enclosed garage, or on the side of the Unit, provided that it is fully screened from view by a screening structure or fencing approved by the ARC.

11.9.2 Campers, boats, boat trailers, recreational vehicles, recreational trailers, and other non-passenger vehicles, equipment, implements, or accessories may be temporarily kept on the public streets within the Subdivision or on a paved driveway located on a Lot for a period not to exceed forty-eight (48) hours and only for purposes of cleaning, preparation for use and unloading.

11.10 Commercial Vehicles. No vehicles bearing commercial insignia or names may be parked on the public streets within the Subdivision or on any Lot, except for commercial vehicles that are temporarily parked on such areas for the sole purpose of serving an Owner, or those that are parked within an enclosed garage. The Board, however, shall have the absolute

authority to grant approval for storing or keeping a commercial vehicle on the driveway of a Lot (excluding Future Development Lots). Notwithstanding the foregoing, the Board shall not unreasonably withhold consent to keep a commercial vehicle bearing insignia or names where such vehicle is driven by an Owner pursuant to Owner's primary job. Any Owner wishing to keep a commercial vehicle on the driveway of any Lot (excluding Future Development Lots) shall apply for approval to the Board, and shall provide such information as the Board, in their sole authority, may require. The Board may from time to time in their sole discretion review the approval to keep a commercial vehicle on the driveway of any Lot (excluding Future Development Lots) to determine if the vehicle complies with the intent of the original approval. Upon an adverse determination by the Board, any commercial vehicle shall be removed and/or otherwise brought into compliance with the requirements of this Section 11.10.

11.11 Disabled Vehicles or Vehicles in Disrepair. No Owner shall permit any vehicle that is in an extreme state of disrepair to be abandoned or to remain parked on any street within the Subdivision or on any Lot for a period in excess of twenty-four (24) hours.

11.12 Maintenance or Repair of Vehicles. Any maintenance or repair of vehicles or other machinery or equipment must take place entirely within the enclosed garage of an Owner.

11.13 Pets, Livestock and Poultry. No animals, livestock or poultry of any kind shall be raised, bred or kept on any Lot, except for cats, dogs or other generally recognized household pets of a reasonable number, provided that they are not kept, bred, or maintained for any commercial purpose; and provided further, than no more than three (3) adult animals may be kept on a single Lot. All such animals shall be kept in strict accordance with all local laws and ordinances (including leash laws). Owners shall be responsible for cleaning up after their pets' waste. No animal shall be allowed to run at large, and all animals shall be kept within enclosed areas for pets which must be clean, sanitary, and reasonably free of refuse, insects and waste at all times. Such enclosed area shall be constructed in accordance with plans approved by the ARC, shall be of reasonable design and construction to adequately contain such animals in accordance with the provisions hereof, and shall be screened so as not to be visible from any other portion of the Subdivision.

11.14 Garbage and Refuse Disposal. No Lot shall be used or maintained as a dumping ground for rubbish. Trash, garbage or other waste shall not be kept, or disposed of, on any Lot except in sanitary containers. All equipment for the storage or disposal of such material shall be kept in a clean and sanitary condition. No cans, bags, containers or receptacles for the storing or disposal of trash, garbage, refuse, rubble, debris, or recyclable materials shall be stored, kept, placed or maintained on any Lot where visible from any street except solely on a day designated for removal of garbage, rubbish, or recyclable materials, and on which days only such cans, bags, containers, and receptacles may be placed in front of a residence and beside a street for removal, but shall be removed from view before the following day.

11.15 Detached Buildings. No detached accessory buildings, including, but not limited to, detached garages and storage buildings, shall be erected, placed or constructed upon any Lot

without the prior written approval of the ARC. Every outbuilding, inclusive of such structures as detached garages, storage buildings, greenhouses, doghouses, or children's playhouses, shall be compatible with the dwelling to which it is appurtenant in terms of its design and material composition.

11.16 Fences and Hedges. Fences, walls or hedges may be erected or maintained on any Lot subject to local laws and the Design & Construction Guidelines and formal approval by the ARC. No fences shall be constructed in the front yard of any Lot, unless the front yard faces and is contiguous with a Common Area or Park. Fences may be erected along the property line in the side and rear yards of a Lot, provided said fencing is not located closer to the street than the front of the Unit. Refer to the Design & Construction Guidelines for more specific information regarding approved fence heights, restrictions, and materials.

Notwithstanding the foregoing, the ARC shall have the right and authority to approve variances for reasonable cause or to alleviate hardship as determined in the sole judgment of the ARC; provided however, the ARC may not approve a variance which contradicts the zoning and/or subdivision ordinances of the City unless the City has previously approved the variance.

Unless otherwise agreed between Owners, side and rear yard fences that separate adjacent Lots shall be owned and maintained by the Owner on whose Lot the fence exists, or if the location is indefinite, such fence will be maintained jointly by the Owners of both Lots, with expenses shared equally. Declarant hereby grants to each Owner whose Lot contains a fence (and to any Owner where the location of the fence in relation to its property line is indefinite) an easement over those portions of the adjacent Owner's Lot as is reasonably necessary to maintain the fence, subject to reasonable advance notice to the adjacent Lot Owner.

The provisions of this Section 11.16 shall not apply to Declarant.

11.17 General Landscaping. All landscaping must comply with the approved landscaping plan and the landscaping requirements established by the local municipal authority from time to time, and each Owner is required to have his or her landscaping plan approved by the ARC. The Owner is responsible for landscaping and maintaining the area between the Owner's property line and the street (i.e., the area between the sidewalk and street curb). All landscaping must be maintained by the Owner pursuant to the terms of Section 6.2.

11.18 Antennae and Satellite Dishes. No exterior antennas, satellite dishes, microwave, aerial, tower, or other devices for the transmission or reception of television, radio, or other forms of sound or electromagnetic radiation may be erected, constructed, or placed on any Lot or Unit, unless they comply with the Design & Construction Guidelines adopted and are approved by the ARC. Refer to the Design Guideline for additional information regarding the applicable rules, regulations and placement of such devices. Such rules shall not unreasonably delay or increase the cost of installation, maintenance, or use or preclude reception of a signal of acceptable quality (the ARC, in its sole discretion, may determine what constitutes a signal of

acceptable quality). Such rules and regulations may prohibit installation of exterior satellite dishes or antennas if signals of acceptable quality can be received by placing antennas inside a Unit without causing an unreasonable delay or cost increase.

11.19 Solar Energy Panels. With the prior written consent of the ARC, an Owner may install a ground-mounted or roof-mounted Solar Energy Panel on its Lots.

The ARC may adopt additional rules and regulations governing the installation, safety, placement, and screening of a Solar Energy Panel. For purposes of this Section, "Solar Energy Panel" means a panel device or system or combination of panel devices or systems that relies on direct sunlight as an energy source, including a panel device or system or combination of panel devices or systems that collects sunlight for use in the heating or cooling of a structure or building, the heating or pumping of water, and the generation of electricity.

11.20 Clothes Hanging Devices. Clothes hanging devices exterior to a Unit shall be temporary, unaffixed structures not to exceed six (6) feet in height and shall not be placed nearer to any street abutting the Lot than the side yard setback line or the back of the Unit constructed on the Lot. Clothes hanging devices shall be screened from public view as approved by the ARC.

11.21 Window Treatments. Aluminum foil, reflective film, newspapers or similar treatments shall not be placed on windows or glass doors.

11.22 Oil and Mining Operations. No oil drilling, oil development operations, oil refining, quarrying or mining operation of any kind shall be permitted upon or in any Lot, nor shall oil wells, tanks, tunnels, mineral excavations, or shafts be permitted upon any Lot. No derrick or other structure designed for use in boring for oil or natural gas shall be erected, maintained or permitted upon any Lot. No tank for the storage of oil or other fluids may be maintained on any of the Lots above the surface of the ground.

11.23 Garages. Garages may be used as Declarant's sales offices before permanent occupancy of the main structure; however, sales offices must be converted to garages before permanent occupancy. With the exception of periods when garages are used by the Declarant as sales offices, a garage shall be maintained solely for the storage of automobiles, and no garage may be enclosed or otherwise used for habitation (except the second story of a two-story garage, if permitted by local ordinances), nor may any garage door be removed except when necessary to repair or replace a garage door with the same type of garage door.

11.24 Setback Lines. All Units and other structures (including fences), permanent or temporary, habitable or uninhabitable, must be constructed, placed and maintained in conformity with setback standards imposed by the local governmental jurisdictional authority.

11.25 Athletic and Recreational Facilities. Outdoor athletic and recreational facilities such as basketball hoops, swing sets and sport courts of a permanent nature shall not be placed on any Lot in the Subdivision between the street and the front of a Unit; placement of these

facilities of a permanent nature elsewhere on the Lot must be approved in advance by the ARC. Temporary facilities including outdoor athletic and recreational facilities such as basketball hoops may be placed on any Lot, provided that such facilities are removed from view when not in use but not later than at the end of each day. Temporary facilities including outdoor athletic and recreational facilities such as basketball hoops, hockey goals, etc. shall not be placed on any street within the Subdivision.

11.26 Water and Sewage Systems. No individual water supply system or sewage disposal system shall be permitted on any Lot, including but not limited to water wells, cesspools or septic tanks.

11.27 Exterior Holiday Decorations. Lights or decorations may be erected on the exterior of Units in commemoration or celebration of publicly observed holidays provided that such lights or decorations do not unreasonably disturb the peaceful enjoyment of adjacent Owners by illuminating bedrooms, creating noise or attracting sight-seers. Holiday decorations or lights for any publicly observed holiday between December 1 and December 31 of any year, may not be displayed before November 15th of any year. For other holidays, decorations or lights may not be displayed more than two (2) weeks in advance of the holiday.

All lights and decorations that are not permanent fixtures of the Unit which are part of the original construction or have been properly approved as permanent improvements by the ARC shall be removed within thirty (30) days after the holiday has ended.

11.28 Retaining Walls. Retaining walls may be constructed on a Lot only if in compliance with any adopted Design & Construction Guidelines and only if approved in advance by the ARC. Retaining walls may extend into the required front, side or rear setback lines of a Lot. The ARC may require any retaining wall which exceeds two (2) feet in height be designed by a qualified professional engineer licensed to practice engineering in the State of Montana. Retaining walls constructed by the Declarant shall be exempt from this Section 11.28.

11.29 Household Chemicals. Owners shall be prohibited from dumping or otherwise disposing of household chemicals within the Property, including, but not limited to, cleaning agents, automotive fluids, paint, solvents and other toxic chemicals.

11.30 Prohibited Plants. Owners shall be prohibited from planting the following species of plants on the Lots:

- (a) Cystisus scoparius, commonly known as Scotch broom;
- (b) Hedera helix, commonly known as English ivy;
- (c) Lythrum salicaria, commonly known as purple loosestrife;
- (d) Phalaris arundinacea, commonly known as reed canary grass; and

(e) *Rubus discolor*, commonly known as Himalayan blackberry.

11.31 Rezoning Prohibited. No Owner may apply to the local zoning authority to rezone a Lot to any classification allowing commercial, institutional or other non-residential use. This restriction shall not apply to Declarant or to rezoning of a Future Development Lot prior to construction of the initial Units on a Future Development Lot.

11.32 Lot Consolidation and Division. The Owner of two adjoining Lots, with the approval of the ARC and appropriate municipal authority, may elect to consolidate such Lots into one Lot. Such consolidation is subject to any applicable municipal ordinances, and the ARC may impose reasonable conditions and restrictions on granting approval of the Lot consolidation, including (but not limited to) imposing additional maintenance and landscaping requirements and imposing additional limitations on use of the consolidated Lot. The Lot consolidation will be effective upon recording in the Official Records of Gallatin County, Montana a declaration of the Owner stating that the two Lots are consolidated. The declaration will include a written consent to the Lot consolidation executed on behalf of the ARC by at least one member thereof and shall contain a description of any restrictions and conditions imposed as a condition of such approval. Thereafter, and except if otherwise provided by the ARC as a condition of its approval, the consolidated Lots will constitute one Lot for all purposes under this Declaration, including (but not limited to) voting rights and assessments. No Lot may be further subdivided. This restriction shall not apply to Declarant or to subdivision of a Future Development Lot prior to construction of the initial Units on the Future Development Lot.

11.33 Drainage Alteration Prohibited. The surface water drainage contours of each Lot shall conform to the approved grading plan established by the Declarant. No Owner shall fill or alter any drainage swale established by the Declarant, nor shall any Owner install landscaping or other improvements that divert surface water runoff from the drainage patterns, swales and easements established by the Declarant without the prior written approval of the ARC.

ARTICLE 12—SPECIAL DECLARANT AND BUILDER RIGHTS

In addition to any rights or easements reserved to Declarant or Builders elsewhere in this Restated Declaration or any of the other Governing Documents, Declarant and/or Builders (as applicable) shall have the following rights in respect to the Subdivision:

12.1 Development and Sales Activities.

12.1.1 So long as Declarant owns any Lot within the Subdivision, Declarant shall have the right to construct and maintain upon portions of the Common Areas and any Lots owned by Declarant such facilities and activities as Declarant, in its sole opinion, may require or desire in connection with the construction and sale of Units and Lots within the Subdivision, including (but not limited to) business and construction offices (within Units or in free standing trailers); signs, banners and flags; model units; and sales offices (within Units or in free standing

trailers), subject to compliance with governmental ordinances. Declarant shall also have easements for access to and use of the Common Areas for such facilities at no charge.

12.1.2 So long as a Builder owns any Lot within the Subdivision, the Builder shall have the right to construct and maintain upon any Lot owned by the Builder such facilities and activities as the Builder reasonably requires or desires in connection with the construction and sale of Units on Lots owned by the Builder, including (but not limited to) business and construction offices (within Units or in free standing trailers); signs, banners and flags (subject to Section 11.8.7); model Units; and sales offices (within Units or in free standing trailers), subject to rules and restrictions established by Declarant from time to time and subject to compliance with governmental ordinances.

12.2 Control of and Changes in Development Plan. Every Owner, by acceptance of the deed to their Lot, acknowledges that the Subdivision is a multi-phased master planned community, the development of which is likely to extend over many years, and that changes in the master plan will likely occur as the development of the Subdivision proceeds. EACH OWNER WAIVES THE RIGHT TO PROTEST, CHALLENGE OR OTHERWISE OBJECT TO CHANGES MADE OR PROPOSED BY DECLARANT IN THE DEVELOPMENT PLAN FOR THE SUBDIVISION OR IN THE USES, DENSITY, BUILDING RESTRICTIONS, OR USE RESTRICTIONS APPLICABLE TO THE PROPERTY BEYOND THE BOUNDARIES OF THAT SHOWN ON THE RECORDED SUBDIVISION PLAT FOR THE PHASE WITHIN WHICH SUCH OWNER'S LOT IS LOCATED. The rights and limitations set forth in this Section 12.2 shall continue in effect until Declarant no longer owns any Lot within the Subdivision.

12.3 Right to Transfer or Assign Declarant Rights. Any or all of Declarant's special rights and obligations set forth in this Restated Declaration or any other Governing Documents may be transferred in whole or in part by Declarant by written instrument executed and acknowledged by Declarant and recorded in the real property records for Gallatin County, Montana. The foregoing sentence shall not preclude Declarant from permitting other persons to exercise, on a one time or limited basis, any right reserved to Declarant in this Restated Declaration where Declarant does not intend to transfer such right in its entirety, and in such case it shall not be necessary to record any written assignment unless necessary to evidence Declarant's consent to such exercise.

ARTICLE 13- ANNEXATION AND REMOVAL

13.1 Annexation by Declarant. Declarant may from time to time and in its sole discretion annex to the Subdivision as "Additional Property" any real property now or hereafter acquired by it, and may also from time to time in its sole discretion permit other owners of real property to annex the real property owned by them into the Subdivision. The rights reserved unto Declarant to subject additional real property to the Restated Declaration shall not be implied or construed so as to impose any obligation upon Declarant to subject any of such additional real property to this Restated Declaration or to the jurisdiction of the Association, nor any obligation

to build improvements of any kind on any annexed real property. The annexation of such real property shall be accomplished as follows:

(a) The owner or owners of such real property shall record an amendment to this Restated Declaration which shall be executed by or bear the approval of Declarant and shall, among other things, describe the real property to be annexed, establish land classifications for the Additional Property, establish any additional or different limitations, uses, restrictions, covenants and conditions which are intended to be applicable to such property, determine whether such property will be subject to all existing uses, restrictions, covenants and conditions, and declare that such property is held and shall be held, conveyed, hypothecated, encumbered, used, occupied and improved subject to this Restated Declaration. Any such annexation shall be effective upon the filing for record of such amendment to this Restated Declaration in the Official Records of Gallatin County, Montana, unless otherwise provided therein.

(b) The property included in any such annexation shall thereby become a part of the Subdivision and bound by the terms of this Restated Declaration, and Declarant and the Association shall have and shall accept and exercise administration of this Restated Declaration with respect to such Additional Property.

(c) Notwithstanding any provision apparently to the contrary, an amendment to this Restated Declaration with respect to any Additional Property may:

(i) establish such new land classifications and such limitations, uses, restrictions, covenants and conditions with respect to such Additional Property as Declarant may deem to be appropriate for the development of the Additional Property; and

(ii) with respect to existing land classifications, establish additional or different limitations, uses, restrictions, covenants and conditions with respect to such Additional Property as Declarant may deem to be appropriate for the development of such Additional Property.

(d) There is no limitation on the number of Lots which Declarant may create or annex to the Subdivision, except as may be established by applicable ordinances of the local governmental authority. Similarly, there is no limitation on the right of Declarant to annex Common Area, except as may be established by applicable ordinances of the local governmental authority. Declarant's right to annex real property into the Subdivision shall terminate on the Conversion Date.

(e) Upon annexation, additional Lots so annexed into the Subdivision shall be entitled to voting rights as set forth in Article 2 above.

(f) The formula to be used for reallocating the common expenses if additional Lots are annexed into the Subdivision is set forth in Article 3 above.

(g) No consent or joinder of any Class A member or other party except the record owner of the land being annexed shall be necessary to effect any annexation made pursuant to this Section 13.1.

13.2 Annexation by Action of Owners. At any time after the Turnover Meeting, the Board may request approval of the Owners for the annexation of additional property into the Subdivision to be subject to all of the terms of this Restated Declaration to the same extent as if originally included herein. No such annexation shall be effective unless approved by at least sixty percent (60%) of the vote of the Owners, and the consent of the Declarant so long as the Declarant is a Class B member. Any property that is adjacent to or contiguous with existing property subject to this Restated Declaration (even if such property is located across a street) may be annexed hereto according to the foregoing requirements; provided, however, that no such annexation shall be effective without the consent and joinder of the owners of the property to be annexed. Such annexation shall be evidenced by an amendment to this Restated Declaration signed by the president and secretary of the Association certifying that the amendment was adopted in accordance with this Restated Declaration, acknowledged in the manner provided for acknowledgment of deeds, and recorded in the Official Records of Gallatin County, Montana. For purposes of voting on an annexation pursuant to this Section 13.2, Declarant shall be treated as a Class A member with one (1) vote per Lot owned.

13.3 Removal by Declarant. Declarant may from time to time and in its sole discretion remove or withdraw any part of the Property from the Subdivision, provided that Declarant obtains the written consent of the owner of the real property removed from the Subdivision. The removal of a part of the Property shall be accomplished as follows:

(a) The owner or owners of such real property shall record an amendment to this Restated Declaration which shall be executed by or bear the approval of Declarant and shall, among other things, describe the real property to be removed from the Subdivision and declare that such real property is no longer subject to the terms of this Restated Declaration. Any such removal shall be effective upon the filing for record of such amendment to this Restated Declaration in the Official Records of Gallatin County, Montana, unless otherwise provided therein.

(b) The property removed from the Subdivision shall no longer be bound by the terms of this Restated Declaration and this Restated Declaration shall no longer encumber such removed property.

(c) The Lots removed from the Subdivision shall have no voting rights in the Association under Article 2 above from and after the effective date of such removal. The Lots remaining in the Subdivision after the removal, however, shall continue to have the voting rights set forth in said Article 2.

(d) The formula that will be used for reallocating the common expenses if Lots are removed from the Subdivision is set forth in Article 3 above.

(e) There is no limitation on the real property that Declarant may remove from the Subdivision, provided that Declarant complies with the requirements of this Section 13.3. Declarant's right to remove real property from the Subdivision shall terminate on the Conversion Date.

(f) No consent or joinder of any Class A member or other party except the record owner of the real property being removed from the Subdivision shall be necessary to effect any removal made pursuant to this Section 13.3.

ARTICLE 14—MORTGAGEES

14.1 Notice of Delinquency. An institutional holder, insurer or guarantor of a Mortgage who provides a written request to the Association will be entitled to timely written notice of any delinquency in the payment of an assessment or failure to perform any other obligation under the Governing Documents by the Owner of a Lot subject to its Mortgage which is not cured within sixty (60) days.

14.2 Reimbursement of First Mortgagees. 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 Areas and may pay overdue premiums on casualty insurance policies or secure new casualty insurance coverage upon the lapse of an Association policy. First Mortgagees making such payments shall be entitled to immediate reimbursement from the Association.

ARTICLE 15—AMENDMENT

15.1 General Amendments.

15.1.1 Except as otherwise specifically provided in this Article, the Restated Declaration may only be amended by Owners holding at least seventy-five percent (75%) of the votes of the Association, and the consent of the Declarant so long as the Declarant is a Class B member. In no event shall an amendment under this Section 15.1, limit or diminish any right of Declarant reserved in this Restated Declaration without the written consent of Declarant.

15.1.2 An amendment to this Restated Declaration may be proposed by a majority of the Board or by at least thirty percent (30%) of the Owners.

15.1.3 Upon approval of an amendment as provided herein, the president and secretary of the Association shall execute an instrument amending this Restated Declaration and certifying that the amendment was adopted in accordance with this Restated Declaration, which certification shall be properly acknowledged in the manner of acknowledgment of deeds, and the Board, or other duly appointed and authorized persons, shall record the instrument amending this Restated Declaration in the Official Records of Gallatin County, Montana. No amendment to this Restated Declaration is effective until recorded, and the effective date of an amendment is the date of recording, unless a later date is indicated in such amendment.

15.2 Declarant Amendments. In addition to specific amendment rights granted elsewhere in this Restated Declaration, the Declarant reserves the right to unilaterally amend this Restated Declaration for any purpose until conveyance of the first Lot in the Subdivision to a person other than Declarant. Thereafter, Declarant may unilaterally amend this Restated Declaration if such amendment is necessary to (a) bring this Restated Declaration into compliance with any provision of law, including (but not limited to) regulatory amendments permitted by Section 15.3; (b) correct scriveners' or clerical errors; (c) add Additional Property pursuant to Section 13.1; or (d) remove part of the Property from the Subdivision pursuant to Section 13.3. Declarant shall also have the right to unilaterally amend this Restated Declaration for any other purpose prior to the Turnover Date provided that the amendment has no material adverse effect upon the rights of any Owner, unless such Owner consents to such change in writing.

15.3 Regulatory Amendments. Notwithstanding any other provisions of this Article 15, Declarant shall have the right to unilaterally amend this Restated Declaration prior to the Turnover Meeting in order to comply with the requirements of the Federal Housing Administration, the United States Department of Veterans Affairs, the Farmer's Home Administration of the United States, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Home Mortgage Loan Corporation, any department, bureau, board, commission or agency of the United States or the State of Montana or any corporation wholly owned, directly or indirectly, by the United States or the State of Montana which insures, guarantees or provides financing for a planned community or lots in a planned community.

ARTICLE 16—REMEDIES

16.1 Remedies. If any default by any Owner under the provisions of the Restated Declaration or other Governing Documents shall occur, the Association and any Owner shall have each and all of the rights and remedies which may be provided for in this Restated Declaration and any of the other Governing Documents, and those which may be available at law or in equity, and may prosecute any action or other proceedings against such defaulting Owner and/or others for enforcement of any lien, statutory or otherwise, including foreclosure of such lien and the appointment of a receiver for the Lot and ownership interest of such Owner, or for damages or injunction, or specific performance, or for judgment for payment of money and collection thereof, or for any combination of remedies, or for any other relief. No rights or remedies herein provided or available at law or in equity shall be deemed mutually exclusive of any other such remedy. Any and all of rights and remedies may be exercised at any time and from time to time, cumulatively or otherwise, by the Association or any Owner.

To the extent allowed by law, notwithstanding any other provision of this Restated Declaration or other Governing Documents, the Association shall not expend in excess of \$5,000 for attorney fees and costs for any reason unless such expenditure is first approved by Owners holding at least fifty percent (50%) of the vote rights in the Association. The foregoing limitation shall not apply to actions for delinquent assessments or other charges under this

Restated Declaration or the Governing Documents; actions to appoint a receiver; actions to summarily abate, enjoin and remove a structure or condition that violates this Restated Declaration or the other Governing Documents; or for the defense of the Association of an action or proceeding brought against the Association (except for non-mandatory counterclaims).

All expenses of the Association in connection with any actions or proceedings, including court costs and attorneys' fees and other fees and expenses, and all damages, liquidated or otherwise, together with interest thereon at the maximum rate permitted by law from the due date until paid, shall be charged to and assessed against such defaulting Owner, and shall be added to and deemed part of his or her respective assessment (to the same extent as the lien provided herein for unpaid assessments) upon the Lot and upon all of his additions and improvements thereto, and upon all of his personal property upon the Lot.

16.2 Attorneys' Fees. If an action or proceeding is commenced to enforce the terms of this Restated Declaration, the prevailing party shall be entitled to its attorney fees and costs in such suit or action to be fixed by the trial court, and in the event of an appeal, the cost of the appeal, together with reasonable attorney fees, to be set by the appellate court. In addition thereto, the Association shall be entitled to its reasonable attorney fees incurred in any enforcement activity taken to collect delinquent assessments, whether or not suit or action is filed.

ARTICLE 17– GENERAL TERMS

17.1 Term. The covenants and restrictions of this Restated Declaration shall run with and bind the land for a term of twenty (20) years from the date this Restated Declaration is recorded, after which time they shall be automatically extended for successive periods of twenty (20) years unless amended or terminated as provided in Article 14.

17.2 Rights and Obligations. The provisions of this Restated Declaration and the other Governing Documents and the rights and obligations established thereby shall be deemed to be covenants running with the land and shall inure to the benefit of, and be binding upon, each and all of the Owners and their respective heirs, representatives, successors, assigns, purchasers, grantees and Mortgagees. By the recording or the acceptance of a deed conveying a Lot or any ownership interest in the Lot whatsoever, the person to whom such Lot or interest is conveyed shall be deemed to accept and agree to be bound by and subject to all of the provisions of this Restated Declaration and the other Governing Documents, whether or not mention thereof is made in said deed.

17.3 Waiver. No restriction, condition, obligation or provision contained in this Restated Declaration shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches thereof that may have occurred and the number of times that the pertinent restriction, condition, obligation or provision was not enforced.

17.4 Severability. Invalidation or partial invalidation of any provision of this Restated Declaration shall not affect any of the remaining provisions of the Restated Declaration.

17.5 Personal Pronouns. All personal pronouns used in this Restated Declaration, whether used in the masculine, feminine or neuter gender, shall include all other genders; the singular shall include the plural, and vice versa.

17.6 Headings. The headings contained in this Restated Declaration are for reference purposes only and shall not in any way affect the meaning or interpretation of this Restated Declaration.

17.7 Conflicts. If there is a conflict between the terms of this Restated Declaration and any other Governing Documents, this Restated Declaration shall control.

17.8 Security. The Association may, but is not obligated to, maintain or support certain activities within the Subdivision designed to increase security within the Subdivision. NEITHER THE ASSOCIATION NOR THE DECLARANT SHALL IN ANY WAY BE CONSIDERED INSURERS OR GUARANTORS OF SECURITY WITHIN THE SUBDIVISION, AND NEITHER PARTY SHALL BE LIABLE FOR ANY LOSS OR DAMAGE BY REASON OF FAILURE TO PROVIDE ADEQUATE SECURITY OR INEFFECTIVENESS OF SECURITY MEASURES UNDERTAKEN.

17.9 Termination of Original Declaration. Declarant hereby terminates the Original Declaration such that the Original Declaration no longer encumbers any part of the Property.

IN WITNESS WHEREOF, Declarant has executed and delivered this Restated Declaration as of the ____ day of _____, 2011.

DECLARANT:

NORTON PROPERTIES, LLC,
an Oregon Limited Liability Company

By: _____

Name:

Title:

ACKNOWLEDGMENT

STATE OF OREGON)
) ss.
County of Deschutes)

The foregoing instrument was acknowledged before me this ___ day of _____, 2011, by Kevin Spencer, the Manager of NORTON PROPERTIES, LLC, an Oregon limited liability company, on behalf of the company.

Print Name:
Notary Public in and for the State of Oregon
My Commission expires: _____

[Signatures continue on the following page]

NORTON RANCH HOMES, LLC,
an Oregon Limited Liability Company

By: _____
Name:
Title:

ACKNOWLEDGMENT

STATE OF OREGON)
) ss.
County of Deschutes)

The foregoing instrument was acknowledged before me this ____ day of _____,
2011, by Kevin Spencer, the Member of NORTON RANCH HOMES, LLC, an Oregon limited
liability company, on behalf of the company.

Print Name:
Notary Public in and for the State of Oregon
My Commission expires: _____

EXHIBIT A

PROPERTY SUBJECT TO RESTATED DECLARATION

Real property located in the City of Bozeman, County of Gallatin and State of Montana, being more particularly described as follows:

Norton East Ranch Subdivision Phase 1, recorded on February 16, 2011, as Document Number 2382592 in the Official Records of Gallatin County, Montana.

EXHIBIT B
BYLAWS OF THE ASSOCIATION

EXHIBIT C

LEGAL DESCRIPTION OF COMMON AREAS

Real property located in the City of Bozeman, County of Gallatin and State of Montana, being more particularly described as follows:

Those tracts identified as “Open Space” on the plat of *Norton East Ranch Subdivision Phase I*, recorded on February 16, 2011, as Document Number 2382592 in the Official Records of Gallatin County, Montana.

EXHIBIT D

LEGAL DESCRIPTION OF FUTURE DEVELOPMENT LOTS

Real property located in the City of Bozeman, County of Gallatin and State of Montana, being more particularly described as follows:

Lot 1, Block 1; Lots 1 and 2, Block 2; Lot 1, Block 3, as shown on the plat of *Norton East Ranch Subdivision Phase 1*, recorded on February 16, 2011, as Document Number 2382592 in the Official Records of Gallatin County, Montana.

When Recorded, Return to:

The Watson Companies
Attn: Shawn Holm
963 SW Simpson, Suite 110
Bend, Oregon 97702

**AMENDED AND RESTATED DECLARATION
OF PROTECTIVE COVENANTS,
CONDITIONS AND RESTRICTIONS FOR
NORTON RANCH**

**Norton Properties, LLC and
Norton Ranch Homes, LLC**

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When Recorded, Return To:

Norton Properties, LLC
63026 NE Lower Meadow Drive, Suite 230
Bend, OR 97701

**5th AMENDMENT TO THE AMENDED AND RESTATED DECLARATION OF
PROTECTIVE COVENANTS, CONDITIONS AND RESTRICTIONS FOR NORTON
RANCH**

THIS AMENDMENT TO THE AMENDED AND RESTATED DECLARATION OF PROTECTIVE COVENANTS, CONDITIONS AND RESTRICTIONS FOR NORTON RANCH (“**Amendment**”), is made effective as of the date of its recording in the Official Records of Gallatin County, Montana, by NORTON PROPERTIES, LLC, an Oregon limited liability company, and NORTON RANCH HOMES, LLC, an Oregon limited liability company (individually and collectively, the “**Declarant**”).

RECITALS

WHEREAS, Declarant created a residential subdivision known as Norton Ranch (the “**Subdivision**”) by recording the following instruments:

- A. The final plat of *Norton East Ranch Subdivision Phase I*, recorded on February 16, 2011, as Document Number 2382592 in the Office of the Gallatin County Clerk and Recorder;
- B. The *Norton East Ranch Subdivision Phase I Declaration of Covenants and Restrictions*, recorded on February 16, 2011, as Document Number 2382596 in the Office of the Gallatin County Clerk & Recorder;
- C. The *Amended and Restated Declaration of Protective Covenants, Conditions and Restrictions for Norton Ranch*, recorded on December 14, 2011, as Document Number 2399078 in the Office of the Gallatin County Clerk & Recorder (the “**Restated Declaration**”);
- D. The final plat of *Norton East Ranch Subdivision Phase II*, recorded on June 27, 2013, as Document Number 2453823 in the Office of the Gallatin County Clerk & Recorder;
- E. The final plat of *Norton East Ranch Subdivision Phase IIA*, recorded on May 12, 2014, as Document Number 2480707 in the Office of the Gallatin County Clerk & Recorder;

- F. The amended plat of *Lots 1 and 2, Block 3, Norton East Ranch Subdivision, Phase IIA*, recorded on April 15, 2015, as Document Number 2508698 in the Office of the Gallatin County Clerk & Recorder;
- G. The amended plat of *Lots 1, 2, 3, 4, and 5, Block 4, Norton East Ranch Subdivision, Phase IIA*, recorded on April 15, 2015, as Document Number 2508700 in the Office of the Gallatin County Clerk & Recorder; and
- H. The final plat of *Norton East Ranch Subdivision, Phase 3A*, recorded on June 30, 2015, as Document Number 2516247 in the Office of the Gallatin County Clerk & Recorder.

WHEREAS, Declarant has annexed Phases 1, II, IIA, and 3A into the Subdivision and subject to the terms of the Restated Declaration by recording the First, Second, Third, and Fourth Declarations of Annexation to the Restated Declaration as Document Numbers 2453826, 2480710, 2516323, and 2516922 in the Office of the Gallatin County Clerk & Recorder on June 27, 2013; May 12, 2014; July 1, 2015; and July 8, 2015; respectively.

WHEREAS, Article 11 (“Use Restrictions”), Section 11.14 (“Garbage and Refuse Disposal”) of the Restated Declaration prohibits any cans, bags, containers, or receptacles for the storing or disposal of trash, garbage, refuse, rubble, debris, or recyclable materials from being stored, kept, placed, or maintained on any Lot where visible from any street except solely on a day designated for removal of garbage, rubbish, or recyclable materials.

WHEREAS, Declarant reserved the right under Article 15 (“Amendment”), Section 15.2 (“Declarant Amendment”) of the Restated Declaration to unilaterally amend the Restated Declaration for any purpose prior to the Turnover Date, provided that the amendment has no material adverse effect upon the rights of any Owner.

WHEREAS, on July 1, 2016, the Declarant polled Lot Owners within the Subdivision regarding the storage of garbage and recycling containers on the Alley-side of Lots situated on an Alley, and the majority of Lot Owners voted in favor of amending the Restated Declaration to allow for such storage.

WHEREAS, Declarant desires to amend Article 11, Section 11.14 of the Restated Declaration to reflect the majority preference of Lot Owners within the Subdivision to store garbage and recycling containers on the Alley-side of Lots situated on an Alley.

WHEREAS, Declarant desires to amend Exhibit A of the Design Guidelines to allow varied widths of boards in the Solid Design Fence Plan.

NOW, THEREFORE, Declarant hereby amends the Restated Declaration and Exhibit A of the Design Guidelines, pursuant to its reserved rights under Section 15.2 of the Restated Declaration, as stated below.

AMENDMENT OF RESTATED DECLARATION

1. Article 11, Section 11.14 of the Restated Declaration is deleted in its entirety and hereby replaced with the following language:

11.14 Garbage and Refuse Disposal.

No Lot shall be used or maintained as a dumping ground for rubbish. Trash, garbage or other waste shall not be kept, or disposed of, on any Lot except in sanitary containers. All equipment for the storage or disposal of such material shall be kept in a clean and sanitary condition. No cans, bags, containers or receptacles for the storing or disposal of trash, garbage, refuse, rubble, debris, or recyclable materials shall be stored, kept, placed or maintained on any Lot where visible from any street except solely on a day designated for removal of garbage, rubbish, or recyclable materials, and on which days only such cans, bags, containers, and receptacles may be placed in front of a residence and beside a street for removal, but shall be removed from view before the following day. Notwithstanding anything in the preceding sentence to the contrary, for any Lot situated on an Alley, cans, bags, containers, or receptacles for the storing or disposal of trash, garbage, refuse, rubble, debris, or recyclable materials may be stored, kept, placed, or maintained immediately next to the garage door on the Alley-side of such Lot.

2. **Exhibit A of the Design Guidelines** shall be amended to allow 1x6 and/or 1x4 vertical boards in the Solid Design Fence Plan.
3. Except as specifically amended by this Amendment, all of the terms of the Restated Declaration shall remain in full force and effect.
4. In the event of a conflict between the terms of this Amendment and the terms of the Restated Declaration, the terms of this Amendment shall prevail.

IN WITNESS WHEREOF, Declarant has executed this Amendment to the Amended and Restated Declaration of Protective Covenants, Conditions and Restrictions for Norton Ranch on the ___ day of _____, 2016.

NORTON PROPERTIES, LLC, an Oregon Limited Liability Company

By: _____
Kevin Spencer, Manager

STATE OF OREGON)
 ss.
County of Deschutes)

The foregoing instrument was acknowledged before me this ___ day of _____, 2016, by Kevin Spencer, the Manager of NORTON PROPERTIES, LLC, an Oregon limited liability company, on behalf of the company.

Print Name:
Notary Public in and for the State of Oregon
My Commission expires: _____



NORTON RANCH COMMUNITY ASSOCIATION

Appendix to CC&R's - Schedule of fines

The following is a schedule of notices and fines for a violation of the Governing Documents (CC&R's & Design Guidelines):

- Notice: A written notice of violation will be mailed or emailed to the owner of the property. Such notice shall provide the owner 14 days from the date of the notice to do one of the following:
 - Correct the violation; or
 - Contact the HOA and negotiate a timeline for correction; or
 - If owner believes no violation has occurred, respond to the HOA with written explanation. The Board of Directors will review the case and respond within 14 days.

- Fines: If the violation is not resolved within 14 days, a \$100.00 fine will be charged and may be assessed again every 30 days until the violation has been remedied.
 - Any fines imposed will be added to the homeowner's quarterly dues statement, payable per the quarterly schedule.
 - All fines received will be deposited in the Homeowner Association's operating account.

Homeowners will receive the notice of violation and are responsible for any fines incurred due to the action of their tenant.

Appendix to CC&R's – Nonpayment of HOA Dues

Management of the Association reserves the right to file a lien against the property if quarterly dues are unpaid for a period of a minimum of 12 months. Homeowner shall reimburse the Association for all costs associated with the lien. Dues and late fees will continue to accrue until paid.