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**RESTATED DECLARATION OF
COVENANTS, CONDITIONS, AND RESTRICTIONS**

HARBOR VIEW ESTATES

KOOTENAI COUNTY, IDAHO

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**RESTATED DECLARATION OF
COVENANTS, CONDITIONS, AND RESTRICTIONS**

HARBOR VIEW ESTATES

KOOTENAI COUNTY, IDAHO

THIS RESTATED DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS ("Restated Declaration"), is made and effective on the date hereinafter set forth, by and on behalf of all Owners of Lots within that certain residential subdivision, located in Kootenai County, State of Idaho, commonly known as "Harbor View Estates" (herein the "Property" or the "Project"), with reference to the following facts:

A. The Project comprises many residential Lots and various Common Properties, located on approximately 180 acres, described in various plattings of the Project. The Project is more particularly described as follows:

HARBOR VIEW ESTATES, according to the Plat thereof, recorded in Book F of Plats, Page 152, Kootenai County;

HARBOR VIEW ESTATES (Replat of Lots 1-4, Block 2), according to the Plat thereof, recorded in Book F of Plats, Page 387;

HARBOR VIEW ESTATES (Replat of Lots 8-9, Block 2), according to the Plat thereof, recorded in Book F of Plats, Page 357;

HARBOR VIEW ESTATES (Replat of Lots 16-19, Block 1), according to the Plat thereof, recorded in Book F of Plats, Page 387;

HARBOR VIEW ESTATES (Replat of Lots 27-29, Block 1), according to the Plat thereof, recorded in Book F of Plats, Page 359;

HARBOR VIEW ESTATES (Replat of Lots 35-39, Block 2), according to the Plat thereof, recorded in Book F of Plats, Page 342; AND

HARBOR VIEW ESTATES PHASE II, according to the Plat thereof, recorded in Book F of Plats, Page 388.

B. Until the recordation of this Restated Declaration, the Project has been governed by the following instruments (referred to herein as the "Prior Documents"):

Declaration of Restrictions and Protective Covenants for Harbor View Estates Subdivision, dated April 24, 1985, and recorded April 25, 1985, as Document No. 1006232, Records of Kootenai County, Idaho;

Amendment to Declaration of Restrictions and Protective Covenants for Harbor View Estates Subdivision, dated June 13, 1986, and recorded June 24, 1986, as Document No. 1049182, Records of Kootenai County, Idaho;

Amendment to Declaration of Restrictions and Protective Covenants for Harbor View Estates Subdivision, dated August 17, 1992, and recorded August 18, 1992, as Document No. 1270710, Records of Kootenai County, Idaho;

1994 Amendment to Declaration of Restrictions and Protective Covenants for Harbor View Estates Subdivision, dated October 14, 1994, and recorded October 14, 1994, as Document No. 1373777, Records of Kootenai County, Idaho;

1995 Amendment to Declaration of Reservations (sic) and Protective Covenants for Harbor View Estates Subdivision, dated June 21, 1995, and recorded June 26, 1995, as Document No. 1403204, Records of Kootenai County, Idaho;

1995-A Amendment to Declaration of Reservations (sic) and Protective Covenants for Harbor View Estates Subdivision, dated October 17, 1995, and recorded February 2, 1996, as Document No. 1432625, Records of Kootenai County, Idaho;

1996 Amendment to Declaration of Reservations (sic) and Protective Covenants for Harbor View Estates Subdivision, dated November 12, 1996, and recorded November 22, 1996, as Document No. 1470687, Records of Kootenai County, Idaho;

Bylaws of Harbor View Estates Homeowner's Association, dated April 30, 1985, and recorded May 2, 1985, as Document No. 1006897, Records of Kootenai County, Idaho;

Amendment to Bylaws of Harbor View Estates Homeowner's Association, Inc., dated December 27, 1994, recorded January 4, 1995, as Document No. 1383422, and re-recorded October 12, 1995, as Document No. 1417758, Records of Kootenai County, Idaho;

C. The Owners of the Lots within the Project, according to the rights reserved in the Prior Documents, have determined to amend the Prior Documents, partly to clean the record, and partly to reflect more accurately the operations of the Project and the desires of the Members of the Association. Accordingly, this Restated Declaration, and corresponding Restated Articles of Incorporation and Restated Bylaws, have been adopted.

UPON RECORDATION OF THIS RESTATED DECLARATION, EACH OF THE PRIOR DOCUMENTS SHALL BE DEEMED SUPERSEDED IN ITS ENTIRETY, AND SHALL BE OF NO FURTHER FORCE OR EFFECT, THE OWNERS INTENDING THAT THE OPERATION AND ADMINISTRATION OF THE PROJECT SHALL, FROM THE DATE OF RECORDATION, BE GOVERNED ENTIRELY BY THIS RESTATED DECLARATION AND THE OTHER PROJECT DOCUMENTS AS IDENTIFIED HEREIN.

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D. In addition to ownership of individual Lots, the Owners, present and future, shall hold a membership in the Harbor View Estates Homeowner's Association, Inc., an Idaho non-profit association, which Association owns, operates, and maintains (or has rights to use, operate and maintain), certain property within or adjacent to the Project, including without limitation the Park Areas, the Roadway System, the Water System, the Sewer System, and the Stormwater System, all of which are referred to herein as the Common Properties. The Common Properties shall be operated and maintained for the benefit of the Owners of all Lots within the Property.

E. The Owners intend by this document to impose upon the Property described herein, mutually beneficial restrictions under a general plan of operation, for the benefit of all of the Lots and the Owners thereof.

F. The Property shall be held, conveyed, mortgaged, encumbered, leased, rented, used, occupied, sold, and improved, subject to the following declarations, limitations, covenants, conditions, restrictions, and easements, all of which are for the purpose of enhancing and protecting the value and attractiveness of the Property, and every part thereof, in accordance with the plan for the operation and administration of the Property as a residential community. All of the limitations, covenants, conditions, restrictions, and easements shall constitute covenants and encumbrances which shall run with the land and shall be perpetually binding upon all parties having or acquiring any right, title, or interest in or to any part of the Property.

ARTICLE 1.
DEFINITIONS

1.1 "Architectural Review Committee" or "ARC" shall mean the Architectural Review Committee described in Article 4 of this Restated Declaration.

1.2 "Articles" shall mean the Articles of Incorporation of the Association, as amended from time to time. As of the date of this Restated Declaration, the term "Articles" shall refer to the Restated Articles of Incorporation of the Association, adopted in connection with the adoption of this Restated Declaration.

1.3 "Assessment" shall mean that portion of the cost of maintaining, improving, repairing, operating, insuring and managing the Common Properties, and of managing and administering the Association, which is to be paid by the Lot Owners as determined by the Association under this Restated Declaration. Assessments may be designated as Regular Assessments, Extraordinary Assessments, or Special Assessments, as those terms are more specifically defined in Article 6 of this Restated Declaration.

1.4 "Association" shall mean Harbor View Estates Homeowner's Association, Inc., an Idaho nonprofit corporation,

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formed in conjunction with the original subdivision of the Project, the Members of which are the Owners of Lots within the Property as provided herein.

1.5 "Board" or "Board of Directors" shall mean the Board of Directors of the Association, as it shall be constituted from time to time.

1.6 "Bylaws" shall mean the Bylaws of the Association as restated or amended from time to time. As of the date of this Restated Declaration, the term "Bylaws" shall refer to the Restated Bylaws of the Association, adopted in connection with the adoption of this Restated Declaration.

1.7 "Common Properties" shall mean all real and personal property and property rights and community systems owned and operated by (or to be owned and operated by) the Association according to this Restated Declaration (e.g., the Park Areas, the Roadway System, the Water System, the Sewer System, and the Stormwater System). The term "Common Properties" shall also include any additional property or property rights obtained by the Association in the future.

1.8 "Common Expenses" shall mean the actual and estimated expenses of: (a) acquisition, maintenance, improvement, repair, operation, management, and replacement of the Common Properties; (b) administration of the Association; (c) any reasonable reserve for such purposes as determined by the Board; and (e) all sums designated Common Expenses by or pursuant to the Project Documents.

1.9 "HVE, Inc." shall mean Harbor View Estates, Inc., the original developer of the Project and the declarant under the Prior Documents described in the Recitals above.

1.10 "Lot" shall mean any of the separate residential parcels within the Project, as designated on the Plat, but excluding therefrom the Common Properties.

1.11 "Member" shall mean a member of the Association, as defined in the Articles of Incorporation and Bylaws of the Association.

1.12 "Mortgage" includes a recorded mortgage, deed of trust, real estate contract, or other instrument creating a security interest in any Lot.

1.13 "Mortgagee" includes a mortgagee, beneficiary or holder of a deed of trust, real estate contract vendor, or other holder of a security interest in any Lot.

1.14 "Mortgagor" includes a mortgagor, the grantor of a deed of trust, real estate contract vendee, or other person granting a security interest in any Lot.

1.15 "Off-Site Members" shall mean those owners of property

outside the boundaries of the Project, whose properties have been or shall be granted rights to use the Roadway System and/or one or more of the Utility Systems described herein, and who shall therefore be entitled to limited membership in and liable for certain Assessments to the Association.

1.16 "Owner" or "Owners" shall mean the record holder or holders of title to a Lot within the Property. This shall include any person having a fee simple title to any Lot, but shall exclude persons or entities having any interest merely as security for the performance of any obligation. Further, if a Lot is sold under a recorded contract of sale to a purchaser, the purchaser, rather than the fee owner, shall be considered the "Owner."

1.17 "Park Areas" shall mean those portions of the Project that are not intended for residential construction, but which are reserved and dedicated as open areas on the Plat or otherwise to the use and enjoyment of all Owners of Lots within the Project. The Park Areas are deemed part of the Common Properties.

1.18 "Person" shall mean any natural person, corporation, partnership, association, trustee, or other legal entity.

1.19 "Plat" shall refer to any recorded plat for any portion of "Harbor View Estates", as amended or supplemented from time to time (and collectively shall refer to all such plats).

1.20 "Project Documents" shall mean this Restated Declaration, the Plat, and the Articles and Bylaws of the Association, as each shall be amended from time to time.

1.21 "Property" or "Project" shall mean the entire real property covered by this Restated Declaration.

1.22 "Restated Declaration" shall mean this Restated Declaration of Covenants, Conditions and Restrictions, as it may be amended from time to time. This Restated Declaration is intended to and shall, upon recordation, supersede all Prior Documents identified in the Recitals above.

1.23 "Roadway System" shall mean the roadways running throughout the Project, together with the entry gate and security facilities. The Roadway System is deemed part of the Common Properties.

1.24 "Sewer System" shall mean the system of collection lines, pumps, motors, and other equipment used to collect and transport sewage and other wastewater from the individual Lots (and from other properties outside the Project for which the Association may provide sewer service from time to time) to the municipal treatment facility operated by the Kidd Island Bay Sewer and Water District. The Sewer System is one of the Utility Systems and is deemed part of the Common Properties.

1.25 "Stormwater System" shall mean the system of swales, drainage lines, culverts, catch basins, pumps, reservoirs, pipes,

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and other facilities used to collect, store, and dispose of storm and other surface water within the Project. The Stormwater System is one of the Utility Systems and is deemed part of the Common Properties.

1.26 "Utility Systems" is a collective term, including the Water System, the Sewer System, the Stormwater System, and any other utility systems for which the Association may have operation and maintenance responsibility under this Restated Declaration, or for which such responsibilities may be assumed or undertaken in the future. The Utility Systems shall be operated by the Association according to the rights and easements reserved in this Restated Declaration (as part of the Common Properties), with the expectation that the Utility Systems will eventually be transferred to the Association under Article 13, below. The Utility Systems shall exclude, however, the individual water, sewer, and other utility lines and services to each Lot (or other off-site property), which individual lines and services shall be the property of and operated and maintained by and at the expense of the individual Lot Owners or Off-Site Owners.

1.27 "Water System" shall mean the system of pumps, reservoirs, delivery lines, and other equipment used to pump domestic water from Coeur d'Alene Lake (or any alternative source utilized in the future), and to store, treat, and transport such water to the individual Lots (and to other properties outside the Project to which the Association may provide water service from time to time). The Water System is one of the Utility Systems and is deemed part of the Common Properties.

ARTICLE 2.
ASSOCIATION, ADMINISTRATION MEMBERSHIP, AND
VOTING RIGHTS

2.1 Organization of Association. The Association is incorporated under the name of Harbor View Estates Homeowner's Association, Inc., and is a nonprofit corporation under the Idaho Nonprofit Corporation Act.

2.2 Duties and Powers. The duties and powers of the Association are those set forth in this Restated Declaration, and in the Articles and Bylaws, together with its general and implied powers as a nonprofit corporation, generally to do any and all things that a nonprofit corporation organized under the laws of the State of Idaho may lawfully do and which are necessary or proper in operating for the peace, health, comfort, safety and general welfare of its Members, subject only to the limitations upon the exercise of such powers as are expressly set forth in this Restated Declaration, the Articles and Bylaws. In that this Restated Declaration relates to a Project that has been in existence for several years, the Association and the Board shall have special powers to deal with matters which may not ordinarily be deemed within the realm of an owners association. Such powers shall include, without limitation, those special powers described in Article 13, below.

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2.3 Indemnification and Limitation of Liability. Without limiting the indemnification of Directors as set forth in the Articles and/or Bylaws, each Officer and Director of the Association, and each member of the Architectural Review Committee (ARC) described in Article 4, below (collectively referred to in this Paragraph as the "Protected Agents"), shall be indemnified by the Association and the Owners against all expenses and liabilities, including attorneys' fees, reasonably incurred by or imposed in connection with any proceeding to which said Protected Agent may be a party or in which said Protected Agent may become involved, by reason of being or having been an Officer, Director, or ARC Member, or any settlement thereof, whether or not said person is an Officer, Director, or ARC Member at the time such expenses or liabilities are incurred, except in such cases wherein such person is adjudged guilty of willful misfeasance or malfeasance in the performance of his or her duties; provided that in the event of a settlement, the indemnification shall apply only when the Board or the ARC approves such settlement and reimbursement as being in the best interest of the Association or the Owners.

Further, no such Protected Agent shall be personally liable to any Owner, or to any other party, for any damage, loss, or prejudice suffered or claimed on account of any act or omission of the Association, the ARC, any such Protected Agent, or any manager or other representative or employee of the Association, provided that such Protected Agent, manager, representative, or employee has, upon the basis of such information as was available at the time, acted in good faith without willful or intentional misconduct.

2.4 Membership. The Owner of a Lot shall automatically, upon becoming the Owner of that Lot, be a Member of the Association, and shall remain a Member thereof until such time as his or her ownership ceases for any reason, at which time his or her membership in the Association shall automatically cease. Membership shall be in accordance with the Articles and the Bylaws of the Association.

Additionally, limited membership privileges may be recognized pursuant to Paragraph 2.6 and Article 13 of this Restated Declaration.

2.5 Membership Transferability. Membership in the Association shall not be transferred, pledged, or alienated in any way, except upon the transfer of ownership of the Lot to which it is appurtenant, and then only to the new Owner. Any attempt to make a prohibited transfer is void. In the event the Owner of any Lot should fail or refuse to transfer the membership registered in his or her name to the purchaser of his or her Lot, the Association shall have the right to record the transfer upon its books and thereupon the old membership outstanding in the name of the seller shall be null and void.

2.6 Classes of Membership; Voting Requirements. Within the Project, the Association shall have one (1) class of voting

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membership established according to the Articles, with one (1) vote being allocated to each Lot. However, pursuant to Article 13, the Board shall have the right to recognize limited rights of membership to Off-Site Members, in accordance with this Restated Declaration and the other Project Documents.

2.7 Membership Meetings. Regular and special meetings of Members of the Association shall be held with the frequency, at the time and place, and in accordance with the provisions of the Bylaws of the Association.

2.8 Board of Directors. The affairs of the Association shall be managed by a Board of Directors, which shall be established and which shall conduct regular and special meetings according to the provisions of the Bylaws of the Association.

2.9 Use of Agent. The Board of Directors, on behalf of the Association, may contract with a professional management agent to provide administration services to the Association, such as arrangement for maintenance and repair of the Common Properties, and coordination of other activities on behalf of the Association, as may be determined by the Board, subject to such limitations as may be set forth in the Bylaws.

ARTICLE 3. RIGHTS IN COMMON PROPERTIES

3.1 Common Properties. As described in the Definitions above, the Common Properties shall include all real and personal property and property rights and community systems owned and operated by (or to be owned and operated by) the Association according to this Restated Declaration (e.g., the Park Areas, the Roadway System, and the Utility Systems), and any additional property or property rights obtained by the Association in the future. All components of the Common Properties shall be operated and maintained for the benefit of the Owners of all Lots.

As of the date of this Restated Declaration, some or all of the Common Properties are still owned by Harbor View Estates, Inc. ("HVE, Inc."), being the original developer of the Project. The intent of the Association is to have ownership of such Common Properties eventually transferred by HVE, Inc., to the Association, according to terms and conditions negotiated under Article 13, below.

The membership of the Association shall have the exclusive right to use all parts of the Common Properties in accordance with the purposes for which they are intended, subject to such fees, charges, rules, regulations, and restrictions as may be imposed by the Board from time to time (including, without limitation in the case of the Roadway System, seasonal load limits), and also subject to use by Off-Site Members according to arrangements entered into or otherwise approved by the Board pursuant to Article 13, below. No Owner or Off-Site Member shall have the right to assign benefits of any of the Common Properties to any

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other property or property owner.

3.2 Subdivision and Partition Prohibited. No Owner shall bring any action for partition or division of any part of any Lot or the Common Properties (it being agreed that this restriction is necessary in order to preserve the rights of the Owners with respect to the operation and management of the Project); provided, however, that a Lot Owner may bring an action for partition by sale of a Lot and division of the proceeds thereof.

3.3 Damage by Member. Each Member shall be liable to the Association for any damage to the Common Properties, if the damage is sustained because of the negligence, willful misconduct or unauthorized or improper installation or maintenance of any improvement by the Member, or by any tenant, guest, or other invitee of the Member. The Association, acting through the Board, reserves the right to determine whether any claim shall be made upon the insurance maintained by the Association, and the Association further reserves the right to levy a Special Assessment equal to the increase, if any, in insurance premiums directly attributable to the damage caused by the Member or the person for whom the Member may be liable as described above. The cost of correcting the damage to the extent not reimbursed to the Association by insurance shall be a Special Assessment against the Lot and may be enforced as provided hereby for the enforcement of other Assessments.

ARTICLE 4. ARCHITECTURAL CONTROL

4.1 Prohibition of Alteration and Improvement. No building, sign, fence, wall, obstruction, awning, improvement, or structure of any kind, shall be commenced, erected, painted, altered, or maintained upon the Property, nor shall any alteration or improvement of any kind be made thereto unless and until the same has been approved in writing by the Board or by an Architectural Review Committee (the "ARC") appointed by the Board as provided in this Article.

4.2 Architectural Review Committee. If an Architectural Review Committee (ARC) is to be appointed, all members thereof shall be appointed by the Board. There shall be not less than three (3) nor more than five (5) members of the ARC, as determined by the Board. Unless and until an ARC is appointed, the functions of the ARC shall be undertaken by the Board. Except as otherwise provided herein, all actions by the Board or the ARC with respect to architectural matters shall be taken by a majority of the entire membership of the Board or the ARC.

The members of the ARC shall receive no compensation for services rendered, other than reimbursement for authorized expenses incurred by them in the performance of their duties hereunder. Neither the ARC nor any member of the ARC shall be liable in damages or otherwise for decisions made in good faith pursuant to the authority granted in this Article.

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4.3 Development Plans and Approval. Plans and specifications showing the nature, kind, shape, color, size, height, materials and location of proposed improvements or alterations, together with detailed landscaping plans, shall be submitted to the Board or the ARC for approval as to design, as to location, and as to harmony with the balance of the Project. No such application shall be deemed received until actually received by the Board or the ARC (evidenced by a signed receipt). However, no permission or approval shall be required to rebuild in accordance with plans and specifications previously approved by the Board or the ARC.

The Board or ARC shall consider and act upon any and all plans and specifications submitted for its approval under this Article and perform such other duties as from time to time shall be assigned to it by the Board, including the inspection of construction in progress to assure its conformance with approved plans. No application submitted pursuant to this Article shall be deemed approved, unless the plans are signed by the members of the Board or the ARC approving the plans.

Upon the making of a decision by the ARC with respect to a particular application (where an ARC is in existence), the substance of the decision shall be reported in writing to the Board for its information, within ten (10) days following the date on which the decision shall have been made.

4.4 Architectural Guidelines. The Board shall have the authority, by unanimous vote, to adopt mandatory Architectural Guidelines and to augment, amend, or otherwise modify such Guidelines from time to time; provided that they shall at all times be consistent with the remaining Project Documents and building restrictions imposed by law. Where an ARC is appointed, such Guidelines may be proposed by the ARC, but shall be subject to the unanimous approval of the Board. Construction shall be governed by the Guidelines in effect at the time the plans are approved (recognizing that the Guidelines may change from time to time), and not by the Guidelines that may be in effect on any earlier date (such as the date the Lot is acquired).

The Guidelines in effect as of the date of adoption of this Restated Declaration are attached hereto as Exhibit "A" and incorporated herein by this reference. Notwithstanding the normal amendment process for this Restated Declaration, as set forth in Article 12, below, the Architectural Guidelines may be amended from time to time by the recordation of a new Exhibit "A", signed and certified by all members of the Board, and referencing this Restated Declaration (without requiring a meeting, vote, or other approval of the membership).

4.5 Variances from Guidelines. Recognizing that special circumstances may exist with respect to individual Lots, the Board (or the ARC, if applicable) is hereby given the right to grant reasonable variances from the mandatory Architectural Guidelines; provided that the grant of any such variance shall be unanimously approved by the Board (or the ARC, if applicable). Grounds for

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granting variances shall consist primarily of physical conditions on the Lot that would make compliance impossible or impracticable, in the judgment of the Board or the ARC. No variance shall be granted, however, which would materially adversely affect the character of the neighborhood or any adjacent Lot.

ARTICLE 5.
REPAIR AND MAINTENANCE

5.1 Repair and Maintenance Rights and Duties of Association. The Association shall operate, maintain, repair and replace the Common Properties and facilities thereon, or shall contract for such operation, maintenance, repair and replacement to assure maintenance of the Common Properties and facilities thereon in good condition, reasonable wear and tear excepted. In the case of the Stormwater System, the Board shall have the right to delegate responsibility for portions thereof to the Owners of Lots on which such portions may be located (e.g., maintenance of grassy swales).

The Association shall have no obligation to maintain any Lot or improvements on any Lot. However, in the event an Owner fails to maintain his or her Lot or improvements thereon (including without limitation, water, sewer, or other utility facilities or services located thereon) as provided herein in a manner which the Board deems necessary to preserve the appearance and value of the Property, or to protect the health of the Owners or the public, the Board may notify the Owner of the work required and demand it be done within sixty (60) days from the giving of such notice (or within such shorter time as may be appropriate in the case of an emergency). In the event the Owner fails to carry out such maintenance within such period, the Board may cause such work to be done and may specially assess the cost thereof to such Owner, and, if necessary, lien his or her Lot for the amount thereof.

5.2 Repair and Maintenance Rights and Duties of Owners. Each Lot Owner shall at his or her sole cost and expense maintain and repair his or her Lot and all improvements thereon, in good condition so as to be consistent with the balance of the Project, in the judgment of the Board. As part of this obligation, each Lot Owner shall be responsible for control of all noxious weeds to prevent spread. Without limiting the generality of the foregoing, each Lot Owner shall be responsible for maintaining and repairing any water, sewer, and other utility facilities and services located within the subject Lot, subject to the right of the Association to provide such maintenance or repair under Paragraph 5.1, in the case where the Owner fails to perform such maintenance or repair.

ARTICLE 6.
ASSOCIATION MAINTENANCE FUNDS AND ASSESSMENTS

6.1 Creation of the Lien and Personal Obligation of Assessments. Each Owner of any Lot is hereby deemed to covenant

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and agree to pay to the Association the following Assessments, which shall be established and collected as provided herein:

- a. Regular Assessments;
- b. Extraordinary Assessments; and
- c. Special Assessments.

All Assessments, together with interest, costs, penalties and actual attorneys' fees, shall be a charge and a continuing lien upon the Lot against which each Assessment is made, the lien to become effective upon recordation of a Notice of Assessment Lien. Each such Assessment, together with interest, costs, penalties and actual attorneys' fees, shall also be the personal obligation of the person who was the Owner of such Lot at the time when the Assessment fell due. No Owner of a Lot may exempt himself or herself from liability for his or her contribution toward the Common Expenses by waiver of the use or enjoyment of any of the Common Properties or by the abandonment of his or her Lot.

6.2 Purpose of Assessments. The Assessments levied by the Association shall be used exclusively to provide utility services and social and recreational opportunities for Owners of Lots within the Project, to promote the health, safety and welfare of all the Owners of Lots in the Project, and to improve and maintain the Common Properties for the common good of the Project.

6.3 Regular Assessments. The Board shall determine and fix the amount of the maximum annual Regular Assessment for the entire Project at least sixty (60) days in advance of the start of each fiscal year. Regular Assessments shall be collected and used to pay the usual and ordinary Common Expenses contemplated by the Association budget. The Regular Assessments shall also include an adequate reserve fund for maintenance, repair and replacement of those portions of the Common Properties which must be replaced on a periodic basis.

6.4 Extraordinary Assessments. In addition to the Regular Assessments authorized above, the Board may levy, in any fiscal year, an Extraordinary Assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Properties, including fixtures and personal property related thereto, or to defray any unanticipated or underestimated Regular Assessment; provided, however, that the aggregate Extraordinary Assessments for any fiscal year shall not exceed five percent (5%) of the budgeted gross expenses of the Association (excluding reserves) for that fiscal year, without the vote or written assent of a majority of the total voting power of the Association.

6.5 Special Assessments. In addition to the Regular and Extraordinary Assessments authorized above, the Board may levy Special Assessments (without limitation as to amount or frequency)

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against a Lot and its Owner to reimburse the Association for costs incurred in bringing that Owner and his or her Lot into compliance with the Project Documents, including interest, penalties, actual attorneys' fees and costs.

6.6 Allocation of Assessments. Each Lot shall bear an equal share of each aggregate Regular and Extraordinary Assessment, subject, however, to the following:

a. The Board may, in its discretion, adopt separate assessment structures for improved Lots versus unimproved Lots, which shall, to the extent practicable, reasonably reflect the relative benefits and burdens on the different classifications of Lots;

b. The Board may, in its discretion, negotiate special assessment arrangements with Owners having unusual circumstances, as in cases where an Owner may own multiple Lots, and such a special arrangement is necessary, in the judgment of the Board, to encourage sale and development of the Lots in an orderly and expeditious manner; and

c. The Board may, in its discretion, make other special assessment arrangements according to the rights reserved to the Board under Article 13, below, as in the case of Off-Site Members having limited rights in the Common Properties.

6.7 Due Dates of Assessments. Regular Assessments attributable to any calendar month shall be due and payable by the fifth (5th) day of such calendar month. No notice of Regular Assessments shall be required other than an annual notice setting forth the amount of the Assessment for the following year (If, however, the Board determines to mail notices of Regular Assessments, the notices for each monthly payment shall be mailed prior to the end of the preceding calendar month).

Extraordinary Assessments shall be due and payable within thirty (30) days of notice to the Lot Owners of the Assessment.

Special Assessments shall be due and payable within five (5) days of notice to the Owner of the Assessment.

6.8 Transfer of Lot by Sale or Foreclosure. The sale or transfer of any Lot shall not affect any Assessment lien, or relieve the Lot from any liability therefor, whether the lien pertains to payments becoming due prior or subsequent to such sale or transfer. Notwithstanding the foregoing, the sale or transfer of any Lot pursuant to foreclosure or by deed in lieu of foreclosure of a recorded first mortgage given in good faith and for value shall extinguish the lien of all such Assessments as to payments which became due prior to such sale or transfer. Sale or transfer pursuant to mortgage foreclosure shall not, however, affect the personal liability of the Owner for unpaid Assessments. Any Assessments for which the liens are extinguished pursuant to this Paragraph shall be deemed to be Common Expenses collectible

from all of the Lots, including the Lot for which the lien was extinguished.

In a voluntary conveyance of a Lot, the grantee of the same shall be jointly and severally liable with the grantor for all unpaid Assessments by the Association against the latter for his or her share of the Common Expenses (and for his or her obligation for individual Special Assessments) up to the time of the grant or conveyance, without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee therefor. However, any such grantee shall be entitled to a statement from the Board, setting forth the amount of the unpaid Assessments due the Association, and such grantee shall not be liable for, nor shall the Lot conveyed be subject to a lien for, any unpaid Assessments made by the Association against the grantor in excess of the amount set forth in the statement; provided, however, the grantee shall be liable for any such Assessment becoming due after the date of any such statement.

6.9 Enforcement of Assessment Obligation; Priorities; Discipline. If any part of any Assessment is not paid by the due date, an automatic late charge equal to five percent (5%) of the Assessment (but not less than \$10) shall be added to and collected with the Assessment. Additionally, if any part of any Assessment is not paid and received by the Association or its designated agent within thirty (30) days after the due date, the total unpaid Assessment (including the late charge) shall thereafter bear interest until paid at such rate as may be determined by the Board, not to exceed eighteen percent (18%) per annum. Each unpaid Assessment, whether Regular, Extraordinary or Special, shall constitute a lien on each respective Lot prior and superior to all other liens recorded subsequent to the recordation of the Notice of Assessment Lien, except (a) all taxes, bonds, assessments and other levies which, by law, would be superior thereto; or (b) labor or materialmen's liens arising under Idaho law (timely and duly filed) if the legal effective date is prior to the recording of the Notice of Assessment Lien.

Such lien, when delinquent, may be enforced by sale by the Association (acting through the Board), its attorney or other person authorized by this Restated Declaration or by law to make the sale, after failure of the Owner to pay such Assessment, in accordance with the provisions of Idaho law applicable to the exercise of powers of sale in deeds of trust (with the Board having the right and authority to appoint an independent trustee by recorded instrument), or by judicial foreclosure as a mortgage, or in any other manner permitted by law. During any such foreclosure proceeding, the foreclosing party shall be entitled to the appointment of a receiver to collect any rent becoming due with respect to the subject Lot. The Association, acting on behalf of the Lot Owners, shall have the power to bid for the Lot at the foreclosure sale, and to acquire and hold, lease, encumber and convey the same. The foreclosing party shall have the right to reduce or eliminate any redemption rights of the defaulting Owner as allowed by law. Suit to recover a money judgment for unpaid Assessments, rent, interest, costs, penalties, and attorneys' fees shall be maintainable without foreclosing or waiving

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the lien securing the same. Additionally, the Board shall have the power to impose temporary suspensions of an Owner's rights as a Member of the Association for nonpayment of Assessments (including, for example, suspension of voting rights and/or suspension of benefits or use of the Common Properties), after notice and hearing according to the Bylaws.

6.10 Payment of Taxes Assessed Against Common Properties. If any taxes are assessed against the Common Properties or the personal property of the Association, rather than against the Lots, said taxes shall be included in the Assessments made under this Article, and, if necessary, an Extraordinary Assessment may be levied against the Lots in an amount equal to said taxes (regardless of the limitation on Extraordinary Assessments set forth in Paragraph 6.4 above).

ARTICLE 7.

EASEMENTS AND UTILITIES

7.1 Common Properties Easements. There are hereby created, for the benefit of all Owners and their successors-in-interest and assigns, and for the benefit of the Association, easements over the entire Property for the operation, maintenance, repair and replacement of those portions of the Common Properties which may not be owned in fee by the Association (such as areas in which or over which components the Utility Systems may run), and all facilities thereon, consistent with its intended purposes. All utility lines and equipment, whether part of the Utility Systems or otherwise, shall be installed underground, except as may be otherwise required by regulations governing the specific utility service.

Further, the Owners shall have, for the benefit of themselves and their successors, assigns, family members, guests, and invitees, easements for the use, benefit, and enjoyment of all portions of the Common Properties as are intended for use by such persons (e.g., the Roadway System and the Park Areas).

7.2 Encroachment and Utility Easements. Each Lot is hereby declared to have an easement over each other Lot and the Common Properties for the purpose of accommodating minor encroachments due to engineering errors, errors in original construction, settlement or shifting of any improvement, or any other cause. There shall be valid easements for the maintenance of said encroachments as long as they shall exist, and the rights and obligations of Owners shall not be altered in any way by said encroachment, settlement or shifting; provided, however, that no valid easement for encroachment shall be created in favor of an Owner or Owners if said encroachment occurred due to the gross negligence or willful misconduct of said Owner or Owners.

The Association shall also have easements over and under the entire Property (together with the right to grant, transfer and relocate the same) for the installation, repair, and maintenance of sanitary sewer, water, electric, gas, telephone,

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television and other utility lines and services, as may be deemed appropriate to service the Property; provided that all such utility services shall be installed underground, except as may be otherwise required by regulations governing the specific utility service.

7.3 Utility Services. Each Owner shall make all arrangements for and pay directly for all utilities and services furnished to or used by such Owner, including without limitation, gas, electricity, garbage collection, telephone service, and television receiving; provided that water and sewer service shall be provided through the Utility Systems operated by the Association, with the cost thereof being collected through Assessments by the Association as provided herein.

ARTICLE 8.
USE RESTRICTIONS

8.1 Use of Individual Lots. Lots shall be used only for single family residential purposes by the Owner and his or her family, or by a single-family tenant. No cattle, pigs, goats, poultry, horses, or other livestock or animals shall be raised or maintained on any Lot; provided that domestic cats, dogs, birds and/or indoor pets of the customary household variety may be kept as pets, but not for commercial purposes. The right to keep dogs shall be further conditioned by a requirement that they be kept leashed or within an enclosed area within the Lot at all times, and that barking or other behavior not become a nuisance to others within the Project in the opinion of the Board.

8.2 Limited Commercial Use: No Lot may be used for commercial or other non-residential purposes at any time, except according to the following terms and conditions:

- a. Any commercial or other non-residential use must be approved unanimously by the Board;
- b. Any commercial or other non-residential use must comply with all requirements of any governmental or quasi-governmental agency having jurisdiction over the Project;
- c. The proposed use shall not be apparent from other Lots, the Roadway System, the Park Areas, or the public right of way (e.g., by signage or advertising, increased traffic flow through the Project, or increased parking in the Roadway System);
- d. Once granted, permission for such use may be revoked by a majority of the Board, upon a good faith determination that the actual use either violates the letter or spirit of this Paragraph, or otherwise is deemed inconsistent with the residential character of the Project.

8.3 Lot Maintenance. Each Lot and the exterior appearance of improvements thereon shall be maintained in a clean, neat and

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orderly condition and in good repair at all times. All rubbish, trash and garbage shall be regularly removed from all Lots, and shall not be allowed to accumulate thereon. Trash, garbage and other waste shall not be kept, except in sanitary containers which shall be kept screened and concealed from the view of other Lots, the Roadway System, the Park Areas, and any public right of way. During any period prior to the commencement of construction, Lots shall nevertheless be maintained in good condition (as determined by the Board), and weeds and debris shall not be allowed to accumulate.

8.4 Nuisances. No noxious, illegal, or offensive activities shall be carried on within any Lot; nor shall anything be done thereon which may be or may become an annoyance or a nuisance to or which may in any way interfere with the quiet enjoyment of each of the other Owners of their respective Lots.

8.5 Vehicle and Equipment Restrictions. No utility, boat or other trailer, trailer home, camper, motor home, motorcycle, snowmobile, ATV, commercial vehicle, bus, truck (other than standard size pickup truck), inoperable automobile, boat, or similar equipment shall be permitted to remain upon any Lot, other than temporarily (as for purposes of loading and unloading of passengers or personal property), unless placed or maintained within an enclosed garage or otherwise screened from view from other Lots, the Common Properties, and any public right of way. No noisy or off-road, unlicensed motor vehicles shall be maintained or operated upon the Property, except such recreational vehicles as may have been approved by the Board.

8.6 Parking Restrictions. No vehicles shall be parked within the Roadway System or other parts of the Common Properties, or on any private Lot unless in an enclosed garage or otherwise screened from view; provided that the Board may prescribe rules allowing temporary parking within the Roadway System, and/or allowing and defining temporary parking (for example, for the loading and unloading of passengers, or for short-term guest parking).

8.7 Signs. No signs shall be displayed to the public view on any Lot, except such signs as may be approved in writing by the Board. This restriction shall not apply to "For Sale" or "For Rent" signs, which shall be allowed provided they are of customary size and placement.

8.8 No Warranty of Enforceability. While the Owners have no reason to believe that any of the restrictive covenants contained in this Restated Declaration are or may be invalid or unenforceable for any reason or to any extent, no Owner is making any warranty or representation as to the present or future validity or enforceability of any such restrictive covenant. Any Owner owning or acquiring a Lot in the Project in reliance on one or more of such restrictive covenants shall assume all risks of the validity and enforceability thereof and, by owning or acquiring the Lot agrees to hold all other Owners harmless therefrom.

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ARTICLE 9.
INSURANCE; FIRE ASSOCIATION MEMBERSHIP

9.1 Duty to Obtain Insurance: Types. The following policies of insurance shall be obtained and maintained:

a. Hazard Insurance: Each Owner shall maintain, with respect to its Lot, and the Association shall maintain, with respect to the Common Properties, hazard insurance covering loss or damage to all parts of such ownership (and contents) in the amount of the full replacement value thereof, providing protection against all direct causes of loss.

b. Liability Insurance: The Association, with respect to the Common Properties, shall maintain a comprehensive general liability insurance policy, with policy limits and endorsements deemed appropriate by the Board (but having a combined single limit of liability of not less than \$1,000,000), covering all occurrences within or relating to the operation of the Common Properties.

9.2 Waiver of Claim Against Association. As to all policies of insurance maintained by or for the benefit of the Association and the Owners, the Association and the Owners hereby waive and release all claims against one another, the Board of Directors and the Association, to the extent of the insurance proceeds available, whether or not the insurable damage or injury is caused by the negligence of or breach of any agreement by any of said persons.

9.3 Mandatory Membership in Fire Association. Each Owner of a Lot within the Project shall, for the benefit of his/her Lot, join and maintain a membership in the Mica Kidd Island Fire Protection Association, and in any successor entity providing fire protection to properties in the area. The Board shall have the right to monitor all such memberships and the payment of dues and assessments as required by such entity, and shall also have the right, but not the obligation, to pay any delinquent assessments to such entity on behalf of any Lot Owner, and to specially assess the Lot Owner, according to Article 6 of this Restated Declaration, for any such payment made on his or her behalf.

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ARTICLE 10.
DESTRUCTION OF IMPROVEMENTS

10.1 Restoration of Common Properties. Except as otherwise provided in this Restated Declaration, in the event of any destruction of any portion of the Common Properties, the repair or replacement of which is the responsibility of the Association, it shall be the duty of the Association to restore and repair the same to its former condition, as promptly as practical. The proceeds of any insurance maintained pursuant to Article 9 hereof for reconstruction or repair of the Common Properties shall be used for such purpose, unless otherwise provided herein. The Board shall be authorized to have prepared the necessary documents to effect such reconstruction as promptly as practical. The Common Properties shall be reconstructed or rebuilt substantially in accordance with the original construction plans, unless changes are adopted by the Board or the Architectural Review Committee. If the amount available from the proceeds of such insurance policies for such restoration and repair is not sufficient to cover the entire cost of restoration and repair, the Association shall be authorized to levy an Extraordinary Assessment to collect the deficiency from all Owners and to proceed with the restoration.

10.2 Restoration of Residential Improvements. In the event of any destruction of any portion of any residential improvements, it shall be the duty of the Owner, subject to the rights of any first mortgagee, to restore and repair the same to its former condition, as promptly as practical. The proceeds of any insurance maintained pursuant to Article 9 hereof for reconstruction and repair of the improvements shall be used for such purpose, unless otherwise provided herein. The improvements shall be reconstructed or rebuilt substantially in accordance with the original construction plans, unless changes are approved by the Board or the Architectural Review Committee. If the amount available from the proceeds of such insurance for such restoration and repair is insufficient, the cash required shall be provided by the Owner.

ARTICLE 11.
EMINENT DOMAIN

In the event of any taking of any Lot or portion of the Common Properties in the Project by eminent domain (including actual condemnation or sale under threat of condemnation), the Owner of such Lot (or the Association, in the case of the Common Properties) shall be entitled to receive the award for such taking (subject to the rights of any mortgagee thereof), and after acceptance thereof, he or she and his or her mortgagee(s) shall be divested of all interest in the Project if such Owner shall vacate his or her Lot as a result of such taking. The remaining portion of the Project shall be resurveyed, if necessary, and this Restated Declaration shall be amended to reflect such taking. In the event of a taking by eminent domain of more than one Lot at the same time, the Board may participate in the negotiations, and

may propose the method of division of the proceeds of condemnation, where Lots are not valued separately by the condemning authority or by the court. In the event any Lot Owner or first mortgagee disagrees with the proposed allocation, he or she may have the matter submitted to arbitration under the rules of the American Arbitration Association.

ARTICLE 12.
DURATION AND AMENDMENT

12.1 Duration. This Restated Declaration shall continue in full force for a term of fifty (50) years from the date hereof, after which time the same shall be automatically extended for successive periods of ten (10) years, unless a Declaration of Termination is recorded, meeting the requirements of an amendment to this Restated Declaration as set forth in Paragraph 12.2.

12.2 Amendment. Notice of the subject matter of a proposed amendment to this Restated Declaration in reasonably detailed form shall be included in the notice of any meeting of the Association at which the proposed amendment is to be considered. A resolution adopting a proposed amendment may be proposed by an Owner at a meeting of the Members of the Association. The resolution shall be adopted by the vote, in person or by proxy, or written consent of Lot Owners representing at least sixty-seven percent (67%) of the total allocated votes in the Association; provided, however, that the specified percentage of the voting power necessary to amend a specific provision of this Restated Declaration shall be not less than the percentage of affirmative votes prescribed for action to be taken under that provision; and provided further that Exhibit "A" to this Restated Declaration, being the Architectural Guidelines for the Project, may be amended by the Board (and without the vote or approval of the membership) according to the special provisions set forth in Article 4, above.

A certificate, signed and sworn to by two (2) officers of the Association, that the record Owners of the required number of Lots have either voted for or consented in writing to any amendment adopted as provided above, when recorded, shall be conclusive evidence of that fact; provided that amendments to Exhibit "A" shall be signed by all members of the Board of Directors. The Association shall maintain in its files the record of all such votes or written consents for a period of at least four (4) years.

ARTICLE 13.
SPECIAL BOARD POWERS

In recognition that the Project has been in existence for several years, that the original declarant, being an Idaho corporation known as Harbor View Estates, Inc. ("HVE, Inc."), still retains certain ownership rights and responsibilities with respect to some Lots and some or all of the Common Properties, and that certain rights and benefits in the Common Properties have been extended to owners of property not within the boundaries of

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the project ("Off-Site Members"), the Board shall have special powers to deal with special circumstances relating to HVE, Inc., Off-Site Members, and other third parties on matters of importance and concern to the Association, including without limitation, the following powers:

13.1 The power to negotiate contracts with Off-Site Members, for the providing of rights to the use and benefit of the Common Properties (or some of the Common Properties); provided that the extension of such rights shall not reduce or impair the rights and/or utility capacity available to Owners of Lots within the Project. The power to negotiate such contracts shall include the power to confer limited membership and voting rights in the Association to the Off-Site Members. However, the voting rights of Off-Site Members shall be limited to matters directly relating to the use, operation, maintenance, repair, and replacement of any Common Properties benefitting such Off-Site Members; Off-Site Members shall have no rights to vote for Directors, amendments to the Project Documents, or Assessments (other than Assessments relating directly to the subject Common Properties, in cases where the vote of the membership is required);

13.2 The power to levy and collect hook-up fees and periodic charges from the Off-Site Members who may utilize one or more components of the Common Properties, according to a schedule of charges adopted by the Board from time to time, and to enforce, by all necessary and legal means, the collection of such charges. Such schedule of charges shall fairly reflect the value of connection to Association services, and a fair allocation of operation and maintenance expenses relating to such services;

13.3 The power to negotiate the timing and terms of acceptance of ownership rights and obligations for the Common Properties from HVE, Inc.; and

13.4 The power to negotiate with the owners of rights in the dock that is currently located on Lake Coeur d'Alene, adjacent to a Park Area owned by the Association, with respect to the rights in the dock and the payment for utility services provided to the dock by the Association.

By the adoption and recordation of this Restated Declaration, all actions previously taken by the Board on behalf of the Association shall be deemed ratified.

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ARTICLE 14.
GENERAL PROVISIONS

14.1 Enforcement; Association Self-Help. The Association (acting through the Board), and any Owner, shall have the right to enforce, by any proceedings at law or in equity, all restrictions, conditions, covenants, reservations, liens, and charges now or hereafter imposed by this Restated Declaration, and in such action shall be entitled to recover costs and reasonable attorneys' fees as are ordered by the Court. Failure by any such person or entity to enforce any such provision shall in no event be deemed a waiver of the right to do so thereafter.

Without limiting the generality of the enforcement rights set forth above, the Board shall have the right to undertake self-help enforcement by having violations of the Project Documents corrected and then charging any cost incurred against the Owner of the offending Lot as a Special Assessment, subject to the following:

- a. The violation shall be of a type that can reasonably be corrected by the expenditure of money and labor, without causing injury to persons or substantial damage to property (e.g., removal of unauthorized property from a Lot);
- b. Except in the case of an emergency, at least thirty (30) days written notice of the violation must be given to the Owner of the subject Lot (by posting on the Lot or mailing to the address maintained for the Owner in the records of the Association), who shall have such period of time to request a hearing with the Board;
- c. The decision of the Board (following a due process hearing, if requested) to take action shall be unanimous (without regard to a quorum); and
- d. The action shall be taken only if it can be accomplished without a breach of the peace.

For purposes of the self-help remedy, each Owner or other person occupying or using a Lot in any way, by becoming an Owner and/or using such Lot, shall be deemed to have granted an easement over such Lot for the accomplishment of the self-help remedy, and shall also be deemed to have agreed to hold the Board, the Directors, and their agents and representatives, harmless from and against all claims, damages, and liabilities arising out of or in any way relating to the decision of the Board to take self-help action under this Paragraph.

14.2 Invalidity of Any Provision. Should any provision of this Restated Declaration be declared invalid or in conflict with any law of the United States or the State of Idaho, or any local ordinance or regulation, the validity of all other provisions shall remain unaffected and in full force and effect.

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14.3 Conflict of Project Documents. If there is any conflict among or between the Project Documents, priority shall be given to Project Documents in the following order: this Restated Declaration, the Plat, the Articles, the Bylaws, and the rules and regulations of the Association. Notwithstanding the foregoing, any provision in any of the Project Documents which is for the protection of mortgagees shall have priority over any inconsistent provision in that document or in any other Project Document.

ADOPTION OF RESTATED DECLARATION

The undersigned individuals have executed and shall record this Restated Declaration, on behalf of all Owners of Lots within the Harbor View Estates Project, and on behalf of the Harbor View Estates Homeowner's Association, Inc., being the Association governing such Project, declaring this Restated Declaration as replacing and superseding in their entirety all Prior Documents described in the Recitals above, and further certifying and declaring as follows:

1. That they constitute all Officers and Directors of Harbor View Estates Homeowner's Association, Inc., the non-profit association of Owners of Lots within the Harbor View Estates subdivision; and

2. That, pursuant to written notice delivered to all Members of the Association, setting forth the proposal to amend the Prior Documents described in the Recitals above, by the adoption of the foregoing Restated Declaration, and at the annual meeting called for the Association, held March 2, 1999, the membership voted, by more than the required two-thirds (2/3) majority of the Members, to adopt the foregoing Restated Declaration.

DATED this 25 day of May, 1999.


MICHAEL C. ANDERSON


KATHLEEN ATKINS

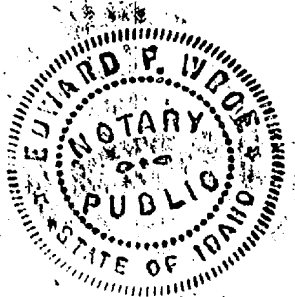

FRANK HALBICH

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STATE OF IDAHO)
) :ss.
County of Kootenai)

On this 26th day of MAY, 1999, before me,
EDWARD F. WROE, a Notary Public in and for the
State of Idaho, personally appeared MICHAEL C. ANDERSON and
KATHLEEN ATKINS, known or identified to me to be the individuals
whose names are subscribed to the foregoing instrument, and
acknowledged to me that they executed the same.

WITNESS my hand and official seal hereto affixed the day and
year first above written.



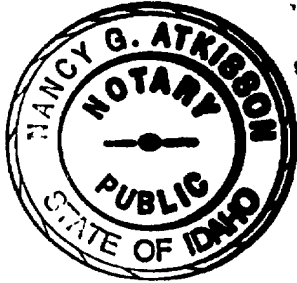
E. Wroe
Notary Public for Idaho
Residing at DAWN GARDENS
Commission Expires 12/10/00

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STATE OF IDAHO)
)
) :ss.
County of Kootenai)

On this 25th day of May, 1999, before me, Nancy G. Atkisson, a Notary Public in and for the State of Idaho, personally appeared FRANK HALBICH, known or identified to me to be the individual whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same.

WITNESS my hand and official seal hereto affixed the day and year first above written.



Nancy G. Atkisson
Notary Public for Idaho
Residing at Coeur d'Alene
Commission Expires 5-24-01

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EXHIBIT "A"

RESTATED DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS

HARBOR VIEW ESTATES

ARCHITECTURAL GUIDELINES

ARTICLE I

INTRODUCTION AND POLICY

SECTION 1.1. Pursuant to the Restated Declaration of Covenants, Conditions, and Restrictions for Harbor View Estates (the "Project"), to which this Exhibit "A" is attached, these Architectural Guidelines have been adopted to preserve the unique and prestigious identity of the Project and to provide for the continuity of design, material and other improvements to be constructed within the community.

SECTION 1.2. In the Restated Declaration, the Board of Directors of the Association has been given the authority to appoint or to function itself as an Architectural Review Committee ("ARC"). The process of architectural review has been established to encourage design excellence through application of these Guidelines to site planning and architecture in an effort to protect property values. Without unduly inhibiting freedom of individual expression, the ARC shall approve those improvements which comply with these Guidelines and which are otherwise compatible with the basic design requirements of the Project.

SECTION 1.3. The ARC's evaluation and review will consider size, design, view, effect on other Lot Owners, location with respect to the designated set-back requirements, color, and other relevant factors.

ARTICLE II

ARCHITECTURAL REVIEW COMMITTEE AUTHORITY

SECTION 2.1. Each Owner as defined in the Restated Declaration must procure ARC approval of plans for new construction, site improvements and all modifications thereof, prior to beginning construction.

SECTION 2.2. Construction must begin within three (3) months after plan approval and shall be completed within nine (9) months after commencing construction, unless completion is rendered impossible or would result in great financial hardship to the Owner due to strikes, fires, national emergencies, natural

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calamities or other supervening forces of God or nature beyond the reasonable control of the Owner or its agents. Failure to act within these time frames shall void any ARC plan approval.

SECTION 2.3. The ARC recommends that submittals be made with preliminary plans for preliminary review and evaluation prior to the preparation of the final plans. This procedure will often save the Owner expense and delay in the preparation of final working plans.

SECTION 2.4. The following requirements apply to and during the constructions phase:

A. Excessive noise, alcohol and drug use on the site is prohibited. Work hours shall be from 6:00 a.m. to 6:00 p.m.

B. The Lot must be kept clear of construction debris and other wastes. A portable chemical toilet is required at the start of construction through completion of project.

C. All construction activity shall be contained within the Lot for which the building permit is issued. Any Common Properties, adjacent Lots, or roads damaged during construction shall be properly restored to their original condition, at the expense of the Owner, to the satisfaction of the ARC.

D. A small job office may be maintained on the site, but temporary living quarters for workmen or the Owner will not be permitted. The job office will be removed within thirty (30) days after completion of the permanent building. This removal period also includes portable chemical toilets and trash bins.

ARTICLE III

RESTRICTIONS

In addition to other restrictions set forth in the Restated Declaration, the following restrictions apply to all Lots and shall be incorporated into all plans:

SECTION 3.1. Appurtenances.

A. Accessory structures such as doghouses, storage sheds, and similar ancillary or accessory structures may not be constructed prior to the main residence and, if not an integral part of the main building, must be permanent structures screened from view off-lot from any Common Properties, any public right of way, and any other Lot. Any such accessory structures shall also be subject to approval by the ARC.

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B. Any exterior antennae, reception disc or the like must be approved by the ARC prior to installation.

C. Exterior lights which flood a Lot and illuminate adjacent Lots are prohibited.

SECTION 3.2. Height. Buildings shall not exceed 36 feet in height above the ground, as measured vertically from the lowest point of exposed foundation to the highest point of roof line.

SECTION 3.3. Size. No residence may have less than 2,000 square feet of living area on the main floor, excluding garage, porch, patio, basement and ancillary buildings not for primary habitation.

SECTION 3.4. Parking. Each residence and site must provide enclosed garage parking for a minimum of two automobiles.

SECTION 3.5. Setbacks. The following minimum building setbacks (distance from the property line to the nearest part of a structure) shall apply:

No building or any part thereof, including garages and porches, shall be erected on any Lot closer than seventy-five (75) feet to the front street line, or closer than fifty (50) feet to either side lot line, or closer than fifty (50) feet to the rear lot line, unless specifically approved in writing by the ARC; provided, however, that these setback restrictions shall not apply to Lots 1 through 8, Block 2, Phase II, which shall instead be governed by the setback requirements prescribed by Kootenai County.

SECTION 3.6. Fencing. A Lot shall never be enclosed or fenced by any structure exceeding six feet in height in the rear and four feet in height in the front. Fencing must be approved by the ARC prior to construction/installation.

SECTION 3.7. Exterior Materials. All exterior materials must be consistent and compatible with the primary material and color of the residence.

SECTION 3.8. Garages and Accessory Buildings. Each inter-related structure shall be consistent with all others with respect to architectural character, style, materials and finishes, and must be approved by the ARC.

A. In the event that the proposed building does not meet the criteria set forth in Section 3.8, then it must:

1. Be consistent with the objectives of a residential community as set forth in the Restated Declaration and these Guidelines.

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2. Be effectively screened to protect the integrity of the adjoining properties and street appearance.

3. Not depreciate the value of surrounding properties.

B. Prior to review by the ARC of plans for non-residential structures, the primary residence plans must be first submitted and approved.

C. The primary residence construction must be commenced prior to the commencement of the construction on any other structure. For the purpose of this requirement, a fence shall not be deemed a structure.

SECTION 3.9. Propane Tanks. All permanent on-site propane tanks must be screened from the street and adjoining properties.

SECTION 3.10. Burning. When required, proper permits shall be obtained from the local authority prior to any burning activity.

SECTION 3.11. Yard Ornaments. Recreational equipment, pools, spas, yard ornaments and any permanent structures must have prior ARC approval.

SECTION 3.12. Water Meters. Water meters shall be Badger brand or compatible with Badger, and each meter shall have a remote readout device installed on the property, as specified by the ARC.

ARTICLE IV

GUIDELINES

The following are adopted as general policies which each Owner shall be required to meet (subject to the waiver requirements of the Restated Declaration):

SECTION 4.1. Building Setting. Setting and orientation of the building should be as unobtrusive as possible to the neighbors as well as to the community.

SECTION 4.2 Building Character. Garish and unusual architecture and colors or materials in strong contrast to neighboring buildings will not be acceptable. Roofing materials are to be wood shingle, composition, or tile or as approved by the ARC, and the pitch shall be no less than 6 and 12.

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ARTICLE V

SUBMITTAL AND APPEAL PROCEDURES

SECTION 5.1. The minimum submittal for the ARC approval of an improvement shall be one complete set of the final building plans and specifications, including:

A. Plot plan showing locations of structure(s) on Lot and north arrow.

B. Exterior elevation drawings of all sides of any structure, including walls. Indicate height of chimney as compare to the ridge of the roof.

C. Exterior colors and samples of materials. Describe all exterior materials and finishes (wall, roof, trim, chimney, garage door, etc.).

The ARC may require any additional information reasonably required to determine if the improvement is consistent with these Guidelines. All plan changes must meet approval by the ARC.

SECTION 5.2. ARC approval must be based on plans and details that thoroughly and accurately reflect the true design, materials and quality of the proposed buildings or other improvements. Building plans must be prepared by an architect or building designer.

SECTION 5.3. Approval or denial of the proposed building/structure shall be provided to the applicant, in writing, by the Architectural Review Committee.

A. If the applicant disagrees with the decision of the ARC, the applicant may appeal that decision to the Board of Directors of the Association.

B. If the Board of Directors of the Association renders a decision that is unsatisfactory to the applicant, the applicant may request a review of that decision before the Association membership at the general meeting next held. If the majority of a quorum of the Members present in person or by proxy at said meeting overrules the Board of Directors, the request of the applicant shall be granted. Otherwise the denial of the request shall be final.

SECTION 5.4. The process of appeal as set forth hereinabove in Section 5.3 shall be available to an applicant who is aggrieved regarding the proposed construction of their primary residence as well as other buildings or structures.

AFFIDAVIT OF
CERTIFICATE OF RESTATEMENT AND AMENDMENT OF BYLAWS
HARBOR VIEW ESTATES HOMEOWNERS ASSOCIATION, INC.

The undersigned, Michael C. Anderson, as President of the Harbor View Estates Homeowners Association, Inc. (the "Association"), hereby certifies that, at a meeting held May 27, 1999, the Board of Directors of the Association adopted the Restated and Amended Bylaws for the Association, a true and correct copy of which is attached to this certification as Exhibit "A" and incorporated herein by this reference.

The Bylaws pertain to the Harbor View Estates project, as described in the Restated Declaration of Covenants, Conditions and Restrictions, recorded May 26, 1999, as Instrument Number 1590785, records of Kootenai County, Idaho, which encumber the following property:

HARBOR VIEW ESTATES, according to the Plat thereof, recorded in Book F of Plats, Page 152, Kootenai County;

HARBOR VIEW ESTATES (Replat of Lots 1-4, Block 2), according to the Plat thereof, recorded in Book F of Plats, Page 387;

HARBOR VIEW ESTATES (Replat of Lots 8-9, Block 2), according to the Plat thereof, recorded in Book F of Plats, Page 357;

HARBOR VIEW ESTATES (Replat of Lots 16-19, Block 1), according to the Plat thereof, recorded in Book F of Plats, Page 387;

HARBOR VIEW ESTATES (Replat of Lots 27-29, Block 1), according to the Plat thereof, recorded in Book F of Plats, Page 359;

HARBOR VIEW ESTATES (Replat of Lots 35-39, Block 2), according to the Plat thereof, recorded in Book F of Plats, Page 342; AND

HARBOR VIEW ESTATES PHASE II, according to the Plat thereof, recorded in Book F of Plats, Page 388.

Dated: June 22, 1999.

STATE OF IDAHO }
COUNTY OF KOOTENAI } 66
AT THE COURT HOUSE }
OF }
LUKINS & ANDRIS
JUN 23 4 24 PM '99
DAVID J. WOLSH }
[Signature] }
DEPUTY }
FEES 39.00

[Signature]
MICHAEL C. ANDERSON

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STATE OF IDAHO)
 :ss.
County of Kootenai)

On this 22 day of June, 1999, before me, EDWARD F. WRUE, a Notary Public in and for the State of Idaho, personally appeared MICHAEL C. ANDERSON, known or identified to me to be the President of the Harbor View Estates Homeowners Association, Inc., who executed the instrument on behalf of said Association, and acknowledged to me that such Association executed the same.

WITNESS my hand and official seal hereto affixed the day and year first above written.



Edward F. Wrue
Notary Public for Idaho
Residing at DALTON GARDENS
Commission Expires 12/10/00

EXHIBIT "A"

RESTATED AND AMENDED BYLAWS OF

HARBOR VIEW ESTATES HOMEOWNER'S ASSOCIATION, INC.

The Board of Directors of HARBOR VIEW ESTATES HOMEOWNER'S ASSOCIATION, INC., a non-profit corporation established under the laws of the State of Idaho, does hereby, pursuant to the powers reserved in the Amended and Restated Articles of Incorporation for the Association, amend and restate the Bylaws of the Association. All prior Bylaws and amendments thereto, are hereby superseded in their entirety, and shall be of no further force or effect, being replaced by the following:

ARTICLE 1.
PLAN OF OWNERSHIP

1.1 Name and Location. The name of this association ("Association") is HARBOR VIEW ESTATES HOMEOWNER'S ASSOCIATION, INC. The principal office of the Association shall be in Kootenai County, Idaho.

1.2 Application to Project. The provisions of these Amended and Restated Bylaws (the "Bylaws") are applicable to that certain residential subdivision project situated in Kootenai County, Idaho, known as "Harbor View Estates." All present and future Owners, and their tenants, future tenants, and any other person who might occupy a Lot or use the facilities of the Property in any manner, are subject to the regulations set forth in these Bylaws, in the Restated and Amended Articles of Incorporation for the Association (the "Articles"), and in the Restated and Amended Declaration of Covenants, Conditions and Restrictions for the Property (the "Declaration") recorded or to be recorded in the office of the Kootenai County Recorder, and applicable to the Property.

1.3 Meaning of Terms. Unless otherwise specifically provided herein, the definitions contained in the Declaration are incorporated in these Bylaws by reference.

ARTICLE 2.
MEMBERSHIP; MEETINGS AND VOTING RIGHTS

2.1 Classes of Members. Within the Harbor View Estates Project, the Association shall have one class of voting membership, with each Lot having one (1) vote with respect to all matters upon which a vote is to be taken. However, as set forth in the Articles and the Declaration, and in Article 9 of these Bylaws, the Board shall have the right to recognize limited rights of membership to owners of property outside the Project, who may be provided utility services by the Association and/or road access through the Project.

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2.2 Voting Requirements. Except when otherwise expressly provided in the Declaration, the Articles or these Bylaws, any action by the Association which must have the approval of the Association membership before being undertaken shall require the vote of a majority of a quorum present at any meeting (in person or by proxy).

2.3 Quorum. The presence in person or by proxy of at least twenty-five percent (25%) of the total voting power of the Association shall constitute a quorum. The Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum.

2.4 Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary before the appointed time of any meeting at which the proxy is to be exercised. All proxies shall be valid only for the meeting for which the proxies are given, or for such period as may be specified in the instrument establishing the proxy (but not longer than 3 years). If no specific meeting or time period is set forth, the proxy shall be valid for eleven (11) months. Every proxy shall be revocable and shall automatically cease upon receipt of notice by the Secretary of the Association of the death or judicially declared incompetence of such Member.

2.5 Annual Meetings. Regular annual meetings of the Members of the Association shall be held at 7:00 p.m. on the first Tuesday of each March.

2.6 Special Meetings. A special meeting of Members of the Association may be called by the President or by any two (2) Directors other than the President. A special meeting shall be called by the Board upon receipt of a written request therefor signed by Members representing not less than twenty percent (20%) of the total voting power of the Association.

2.7 Notice and Location of Meetings. At the direction of the President, the Secretary, or the officers or persons calling a meeting, written notice of regular and special meetings shall be given to all Members in the manner specified for notices under these Bylaws. Such notice shall specify the place, day, and hour of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called. Except in the case of an emergency, at least ten (10) days' notice (but not more than fifty (50) days' notice) of any meeting shall be provided prior to the meeting. Meetings of the Association shall be held within the Property, or at a convenient meeting place close to the Property. Notice shall also be delivered to any institutional lender filing a written request for notice with the

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Association, and any such lender shall be permitted to designate a representative to attend all such meetings.

2.8 Adjournment. In the absence of a quorum at a Members' meeting, a majority of those present in person or by proxy may adjourn the meeting to another time, but may not transact any other business. An adjournment for lack of a quorum shall be to a date not less than five (5) days and not more than thirty (30) days from the original meeting date. The presence in person or by proxy of at least twenty-five percent (25%) of the total voting power of the Association shall constitute a quorum at any such reconvened meeting.

2.9 Action Without Meeting. Any action which may be taken at a meeting of the Members may be taken without a meeting if a consent, in writing, setting forth the action so taken, is signed by all the Members entitled to vote thereon. Such consent shall have the same force and effect as a unanimous vote.

2.10 Rules at Meetings. Except as otherwise provided in these Bylaws, the Articles or the Declaration, all meetings of the Members shall be governed by Roberts Revised Rules of Order.

ARTICLE 3. BOARD OF DIRECTORS

3.1 Number and Term of Directors. The Board shall consist of three (3) Directors, each of whom shall be an Owner of a Lot or an agent of a corporate Owner. All Directors shall serve staggered two-year terms, with the Directors occupying the A and B positions being re-elected in even-numbered years, and the Director occupying the C position being re-elected in odd-numbered years.

3.2 Election of Board of Directors.

a. Nomination. Nominations for election to the Board of Directors may be made from the floor at the annual meeting of the Association. Additionally, the Board may appoint a Nominating Committee, which shall consist of a Chairman, who shall be a member of the Board of Directors, and two (2) or more Members of the Association. If the Board determines to appoint a Nominating Committee, the Committee shall be appointed at least thirty (30) days prior to each annual meeting of the Members, to serve until the close of such annual meeting, and shall make as many nominations for election to the Board of Directors as it shall, in its discretion, determine, but not less than the number of vacancies that are to be filled.

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b. Election of Directors. Elections of Board members shall be by secret written ballot, with the candidate(s) receiving the most votes being elected. Cumulative voting shall not be used.

3.3 Removal. An individual Director may be removed prior to the expiration of his or her term of office, by a simple majority of the votes cast at a regular meeting or at a special meeting called for such purpose.

3.4 Vacancies. Vacancies in the Board caused by any reason, other than the removal of a Director by the voting in of a replacement by the Members, shall be filled by the vote of a majority of the remaining Directors. Each person so elected shall be a Director for the remainder of the term of the Director he or she replaces, or until a successor is elected at a regular meeting or at a special meeting of the Members called for that purpose.

3.5 Regular Meetings. Regular meetings of the Board shall be conducted at least quarterly at a time and place within the Property, or at a convenient meeting place close to the Property, as may be fixed by the Board. Notice of the time and place of regular meetings shall be given to each Director, personally or by mail, facsimile, or telegraph, at least ten (10) days prior to the day named for the meeting (except that in the case of a bona fide emergency, meetings may be held on appropriate shorter notice given by telephone). One of the regular meetings shall be the annual meeting, which shall be held within ten (10) days following the annual meeting of Members.

3.6 Special Meetings. A special meeting of the Board may be called by written notice signed by the President of the Association or by any two (2) Directors other than the President. Notice shall be provided to all Directors in the manner prescribed for notice of regular meetings, and shall include a description of the nature of any special business to be considered by the Board.

3.7 Waiver of Notice. Before or at any meeting of the Board, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice to that Director. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him or her of the time and place of the meeting, except where such attendance is for the limited and express purpose of objecting to the transaction of any business at the meeting because the meeting is not lawfully called or convened.

3.8 Quorum. The presence in person of a majority of the Directors at any meeting of the Board shall constitute a quorum.

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The vote of a majority of the quorum actually present at any meeting shall constitute the vote of the Board, unless expressly provided to the contrary in these Bylaws, or in the Declaration or Articles of the Association.

3.9 Action by Consent of Directors. Any action required or permitted to be taken by the Board of Directors may be taken without a meeting, if all members of the Board shall individually or collectively consent in writing to such action.

3.10 Adjournment; Executive Session. The Board may, with the approval of a majority of a quorum of the Directors, adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Association is or may become involved, and orders of business of a similar nature. The nature of any and all business to be considered in executive session shall first be announced in open session.

3.11 Board Meetings Open to Members. Regular and special meetings of the Board shall be open to all Members of the Association; provided, however, that Association Members who are not on the Board may not participate in any deliberation or discussion unless expressly so authorized by the unanimous vote of the Board.

ARTICLE 4.
POWERS AND DUTIES OF THE BOARD OF DIRECTORS

The Board shall have the powers and duties necessary for the administration of the affairs of the Association. Without limitation on the generality of the foregoing powers and duties, the Board shall be vested with, and responsible for, the following powers and duties:

4.1 To select, appoint, supervise, and remove all officers, agents and employees of the Association; to prescribe such powers and duties for them as may be consistent with law, and with the Articles, the Declaration and these Bylaws;

4.2 To enforce the applicable provisions of the Declaration, the Articles, these Bylaws and other instruments relating to the ownership, management, architecture, and control of the Property;

4.3 To maintain or contract for the maintenance of the Common Area as provided in the Declaration;

4.4 To contract for casualty, liability and other insurance on behalf of the Association as required or permitted in the Declaration;

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4.5 To enter into, perform, and enforce contracts for providing utility services and roadway access benefitting off-site properties, under such conditions as may be deemed appropriate to the Board;

4.6 To keep, or cause to be kept, complete and accurate books and records of the receipts and expenditures of the Association, specifying and itemizing the maintenance and repair expenses incurred, and to prepare budgets and financial statements for the Association as required in these Bylaws in accordance with good accounting procedures;

4.7 To borrow money and incur indebtedness for purposes of the Association, and to cause to be executed and delivered therefor, in the Association's name, promissory notes or other evidences of debt (and security therefor), subject to the approval requirements of the Articles, these Bylaws, or the law;

4.8 To fix and collect Assessments according to the Declaration and these Bylaws, and, if deemed appropriate in the Board's discretion, to record a Notice of Assessment Lien and foreclose the lien against any Lot for which an Assessment is not paid within thirty (30) days after the due date, or bring an action at law against the Owner personally obligated to pay such Assessment;

4.9 To prepare and file annual tax returns with the federal government and to make such elections as may be necessary to reduce or eliminate the tax liability of the Association. Without limiting the generality of the foregoing, the Board may, on behalf of the Association, elect to be taxed under Section 528 of the Internal Revenue Code or any successor or similar statute conferring income tax benefits on property owners associations.

ARTICLE 5.
OFFICERS

5.1 Enumeration and Term. The officers of this Association shall be a President, Vice-President, Secretary, and Treasurer, and such other officers as the Board may, from time to time, by resolution create. The officers shall be elected annually by the Board and each shall hold office for two (2) years unless he or she shall sooner resign, or shall be removed, or otherwise disqualified to serve.

5.2 Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members.

5.3 Resignation and Removal. Any officer may be removed from office by a majority of the Board at any time with or with-

out cause. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

5.4 Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he or she replaces.

5.5 Multiple Offices. Any two or more offices may be held by the same person, except the offices of President and Secretary.

5.6 Duties. The duties of the officers are as follows:

a. President. The President shall preside at all meetings of the Association and the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all written instruments, agreements, and orders of the Board. Additionally, the President shall have the authority to sign any or all checks of the Association according to the policy of the Board.

b. Vice-President. The Vice-President shall act in the place and stead of the President in the event of his or her absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him or her by the Board.

c. Secretary. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members, serve notice of meetings of the Board and of the Members, keep appropriate current records showing the Members of the Association together with their addresses, and shall perform such other duties as required by the Board.

d. Treasurer. The Treasurer shall be responsible for the receipt and deposit, in appropriate bank accounts, of all monies of the Association, and for the disbursement of such funds as directed by resolution of the Board of Directors pursuant to approval of vouchers, when appropriate. Additionally, the Treasurer shall have the authority to sign any or all checks of the Association according to the policy of the Board, and shall cause proper books of account to be maintained and financial statements and tax returns to be prepared as required in these Bylaws.

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ARTICLE 6.
DISCIPLINE OF MEMBERS; SUSPENSION OF RIGHTS

The Association shall have no power to cause a forfeiture or abridgement of an Owner's right to the full use and enjoyment of his individually owned Lot on account of a failure by the Owner to comply with provisions of the Declaration, Articles, these Bylaws, or of duly enacted rules and regulations relating to the Property, except where the loss or forfeiture is the result of the judgment of a court or a decision arising out of arbitration or on account of a foreclosure or sale under a power of sale for failure of the Owner to pay Assessments levied by the Association.

Notwithstanding the foregoing, the Board shall have the power to impose monetary penalties (fines), temporary suspensions of an Owner's rights as a Member of the Association (including voting rights and the right to use or receive the benefits from the Common Properties) or other appropriate discipline for failure to comply with the Declaration, Articles, these Bylaws or duly enacted rules and regulations; provided that the accused shall be given notice and the opportunity to be heard by the Board with respect to the alleged violations before a decision to impose discipline is reached. In the case in which monetary penalties (fines) are to be imposed, such amounts shall include actual attorney's fees and all costs in connection with the collection of such penalties.

ARTICLE 7.
BUDGETS, FINANCIAL STATEMENTS, BOOKS AND RECORDS

7.1 Budgets and Financial Statements. Financial statements (audited, in the discretion of the Board) and pro forma operating budgets for the Association shall be regularly prepared (at least annually) and copies shall be distributed to each Member of the Association and to the holder, insurer, or guarantor of any first mortgage on any Lot who shall have made a written request therefor. Additionally, if the Board does not require an audited financial statement, any Member and any holder, insurer, or guarantor of any first mortgage on any Lot shall have the right to have an audited statement prepared at its expense.

7.2 Fiscal Year. The fiscal year of the Association shall be as designated by resolution of the Board. In the absence of such a resolution, the fiscal year shall be the calendar year.

7.3 Inspection of Association's Books and Records. The membership register, books of account, vouchers authorizing payments, minutes of meetings of the Members and of the Board, and copies of the current Declaration, Articles, Bylaws and rules and regulations for the Property shall be made available for

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inspection and copying by any Member of the Association, by any holder, insurer, or guarantor of a first mortgage on any Lot, or by its duly appointed representative, at any reasonable time and for a purpose reasonably related to its interest (and at the cost of the requesting party), at the office of the Association or at such other place within or near the Property as the Board shall prescribe.

7.4 Statement of Account. Upon ten (10) business days' notice to the Board and payment of a reasonable fee (in the discretion of the Board), any Lot Owner shall be furnished a statement of its account setting forth the amount of any unpaid Assessments or other charges due and owing from such Owner.

ARTICLE 8.
AMENDMENT OF BYLAWS

These Bylaws may be amended at any time and in any manner by resolution approved by a majority of the Board of Directors, provided any such amendment shall not be inconsistent with the Articles, the Declaration, or the law; and provided further, that a majority of a quorum of the Members may repeal any such amendment at a general or special meeting of the membership called for such purpose.

ARTICLE 9.
SPECIAL "OFF-SITE" MEMBERSHIPS

In addition to the regular Association memberships of Owners of Lots within the Project, as described herein, the Association shall also have special memberships held by owners of property outside the Project boundaries ("Off-Site Members"), who shall be serviced by or have rights to the use of one or more of the Common Properties described in the Declaration (e.g., the Roadway System and/or the Utility Systems). Such Off-Site Members shall be obligated to pay Assessments pertaining to the applicable Common Properties, shall be entitled to notice of all Association regular and special meetings at which the applicable Common Properties are to be discussed, and shall have the right to participate in such discussions and to vote on matters relating to such Common Properties, on the same basis as regular Members.

However, the Off-Site Members shall have no right to vote for Directors of the Association, or for amendments to the Articles, Bylaws, or Declaration (unless the proposed amendment directly affects the applicable Common Properties), or to participate in discussions unrelated to the applicable Common Properties.

In addition to the normal powers of the Board set forth herein and in the remaining Project Documents, the Board shall

have the right to negotiate and establish the terms and conditions that will apply to the Off-Site Members.

ARTICLE 10.
MISCELLANEOUS PROVISIONS

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10.1 Regulations. All Owners, tenants, and their employees, and any other person that might use the facilities of Harbor View Estates in any manner, are subject to the regulations set forth in these Bylaws and in the Project Documents and to all reasonable rules and regulations enacted pursuant to the Declaration. Acquisition, rental, or occupancy of any Lot shall constitute acceptance and ratification of the provisions of all such rules and regulations.

10.2 Compensation and Indemnity of Officers and Directors. No Director or officer shall receive any loan from the Association, or shall receive any compensation for services rendered for or on behalf of the Association, except reimbursement for actual sums spent on behalf of the Association, to the extent authorized by the Board. To the maximum extent permitted by the Idaho Non-profit Corporation Act and the Articles, each Director and officer shall be indemnified by the Association against all expenses and liabilities, including attorney's fees, reasonably incurred by or imposed upon him or her by judgment or settlement in connection with any proceeding to which he or she may be a party, or in which he or she may become involved, by reason of his or her being or having been a Director or officer of the Association, except in cases of fraud, gross negligence or bad faith of the Director or officer in the performance of his or her duties.

10.3 Committees. The Board may appoint a Nominating Committee, as provided in these Bylaws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose; provided, however, that the power and authority of any such committee shall be limited according to the Idaho Nonprofit Corporation Act.

10.4 Notices. Any notice permitted or required to be given by the Project Documents may be delivered either personally, by facsimile transmission, by mail, or as otherwise specifically provided in the Project Documents. If delivery is by mail, it shall be deemed to have been given seventy-two (72) hours after a copy of the same has been deposited in the United States mail, postage prepaid, addressed to each person at the current address given by such person to the Secretary of the Association or addressed to the Lot of such person if no address has been given to the Secretary.

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ADOPTION OF BYLAWS

We, the undersigned, being all of the Directors of HARBOR VIEW ESTATES HOMEOWNER'S ASSOCIATION, INC., do hereby assent to the within and foregoing Amended and Restated Bylaws and hereby adopt the same as the Bylaws of said Association.

EXECUTED by the undersigned on May 27th, 1999.

Michael C Anderson
MICHAEL C. ANDERSON

Kathleen A Atkins
KATHLEEN ATKINS

Frank Halbich
FRANK HALBICH