

**DECLARATION OF COVENANTS, CONDITIONS & RESTRICTIONS
OF
PEPPERWOOD TOWNHOMES**

THIS DECLARATION (the "Declaration"), made on the date hereinafter set forth, of the certain covenants, conditions and restrictions pertaining to that certain real estate development known as Pepperwood Townhomes. by the undersigned (hereafter the "Declarant") for itself, its successors, grantees and assigns.

RECITALS:

- A. Declarant is the owner of certain real property in Ada County, Idaho, more particularly described on Exhibit "A" attached hereto and incorporated herein by this reference (the "Land").
- B. Declarant desires by filing this Declaration and the related plat map to submit the Land and such buildings and other improvements constructed or to be constructed thereon as the Pepperwood Townhomes Development (the "Development").
- C. Declarant desires that the individual units contained in the Development, together with the Common Areas and Facilities appurtenant thereto, be subject to the covenants, limitations, and restrictions contained herein.
- D. Declarant desires and intends to develop, and has developed, possible subsequent phases to be built on land contiguous with and adjacent to the Land. It is Declarant's intent to subject such additional land and units so developed into this Development by the filing of such amended or supplemental declarations as are necessary to accomplish that purpose.

DECLARATION:

NOW, THEREFORE, for such purposes, Declarant hereby makes the following Declaration containing covenants, conditions and restrictions relating to the Development that, shall be enforceable equitable servitudes, where reasonable, and shall run with the land:

1. Name of the Development. The name by which the Development shall be known is Pepperwood Townhomes, Inc.

2. Definitions. The terms used in this Declaration shall have the meaning stated in the Declaration and as given herein unless the context otherwise requires.

(a) "Act" shall refer to the Idaho Condominium Property Act, codified at Idaho Code § 55-1501 et seq., as the same may be amended from time to time.

ADA COUNTY RECORDER J. DAVID NAVARRO
BOISE IDAHO 06/09/05 04:01 PM
DEPUTY Gail Garret
RECORDED - REQUEST OF
Pepperwood Development
AMOUNT 63.00 21
105074707

(b) "Association of Unit Owners" or "Association" shall mean and refer to Pepperwood Townhomes, Inc, of which all of the Unit Owners shall be members. The Association shall be governed in accordance with this Declaration and the Association's bylaws (the "Bylaws"), which will be adopted at the organizational meeting of the Association.

(c) "Common Areas and Facilities" shall mean and refer to:

(1) The Land, other than the land to be deeded for each townhouse Unit.

(2) That portion of the Property not specifically included in the respective Units as herein defined;

(3) All exterior walkways, driveways, streets, such recreational areas and facilities as may be provided, yards, fences, service and parking areas, open spaces, and entrances and exits, and in general all other apparatus, installations and other parts of the Property necessary or convenient to the existence, maintenance and safety of the Common Areas and Facilities or normally in common use;

(4) Those areas specifically set forth and designated in the Map as "Common Area" or "Limited Common Area"; and

(5) All Common Areas and Facilities as defined in the Act, whether or not expressly listed herein.

(d) "Common Expenses" shall mean and refer to all expenses of administration, maintenance, repair or replacement of the Common Areas and Facilities, taxes and insurance, and all items, things and sums described in the Act that are lawfully assessed against the Unit Owners in accordance with the provisions of the Act, this Declaration, the Bylaws, such rules and regulations pertaining to the Unit Owners as the Management Committee may from time to time adopt, and such other determinations and agreements lawfully made and/or entered into by the Management Committee.

(e) "Declarant" shall mean Pepperwood Townhomes.

(f) "Development" shall mean and refer to the entire Property, as defined below, together with all rights, obligations and organizations established by this Declaration. At any point in time the Development shall consist of the subsequent Phases which theretofore have been added to and merged with the first Phase.

(g) "Limited Common Areas" shall mean and include that portion of the Land identified on the Map as limited common space for which a license is granted for the exclusive use of the space by the Owner of the specific Unit identified, subject to right of the Association to make repairs or maintain.

(h) "Management Committee" or "Committee" shall mean and refer to the governing

committee provided in this Declaration and the Bylaws. The Committee is charged with and shall have the responsibility and authority to make and enforce all of the reasonable rules and regulations covering the operation and maintenance of the Development.

(i) "Manager" shall mean and refer to the person, persons, or corporation selected by the Management Committee to manage the affairs of the Development.

(j) "Ownership Interest" shall mean an interest in each town home Unit and exclusive rights to use the Limited Common Areas appurtenant to such Unit, and non-exclusive rights to use the Common Areas and Facilities.

(k) "Phase" shall mean and refer to each separate step in development of the Land and Additional Land which is initiated through the submission of a tract to the terms of the Act. The term shall also include all improvements that are constructed and all appurtenances, rights, obligations, and legal relationships that come into existence in conjunction with the submission of any single tract.

(l) "Property" shall mean and include the Land, the Additional Land, all buildings, improvements, and structures thereon, all easements, rights and appurtenances belonging thereto, and all articles of personal property intended for use in connection therewith.

(m) "Townhouse" shall mean and refer to the ownership of a single unit in this Development consisting of unit foundations, columns, girders, supports, main walls, roofs, garages, stairways, etc.

(n) "Unit" or "Townhouse Unit" shall mean and refer to one of the Units designated as a Unit on the Map. Mechanical equipment and appurtenances located within any one Unit or located without said Unit but designated and designed to serve only that Unit, such as appliances, electrical receptacles and outlets, air conditioning compressors and other air conditioning apparatus, furnaces, stoves, fixtures, and the like, shall be considered part of the Unit, as shall all decorated interiors, all surfaces of interior structural walls, floors and ceilings, windows and window frames, doors and door frames, and trim, consisting of wallpaper, paint, flooring, carpeting and tile. All pipes, wires, conduits, or other public utility lines or installations constituting a part of the Unit and serving only the Unit, and any structural members other than bearing walls, and any other property of any kind, including fixtures and appliances within any Unit, which are removable without jeopardizing the soundness, safety or usefulness of the remainder of the building within which the Unit is situated shall be considered part of the Unit.

(o) "Unit Owner" or "Owner" shall mean the person or persons owning a Unit in fee simple as shown in the records of the County Recorder of Ada County, Idaho. Notwithstanding any applicable theory relating to a mortgage, deed of trust, or like instrument, the term Unit Owner or Owner shall not mean or include a mortgagee or a beneficiary or trustee under a deed of trust unless and until such a party has acquired title pursuant to foreclosure or any arrangement or proceeding in lieu thereof.

(p) Those definitions contained in the Act, to the extent they are applicable to and not

inconsistent herewith, shall be and are hereby incorporated herein by reference and shall have the same effect as if expressly set forth herein and made a part hereof.

3. Submission to Townhouse Ownership. Declarant hereby submits the Land, buildings, and other improvements constructed thereon or hereafter to be constructed, together with all appurtenances thereto, to the provisions of the Act for purposes of facilitating the ownership of individual Townhouse Units, and this Declaration is submitted in accordance with the terms and the provisions of the Act and shall be construed in accordance therewith. It is the intention of Declarant that the provisions of the Act shall apply to the Property.

4. Covenants to Run with the Land. This Declaration containing covenants, conditions and restrictions relating to the Development shall be enforceable equitable servitudes which shall run with the land and this Declaration and its servitudes shall be binding upon Declarant, its successors and assigns, and upon all Unit Owners or subsequent Unit Owners, their grantees, mortgagees, successors, heirs, executors, administrators, devisees and assigns.

5. Description of Property.

(a) Description of Land. The Land is that tract or parcel, more particularly described in Exhibit "A" attached hereto.

(b) Garages. Garages belong to the Unit as assigned and shown on the recorded Map.

(c) Common Areas and Facilities. The Common Areas and Facilities shall include the following:

- (1) The ground and Land not conveyed to each Unit Owner;
- (2) All common structural parts of the buildings including, without limitation, foundations, columns, joists, beams, supports, supporting walls, floors, ceilings and roofs;
- (3) Parking areas, lawns, shrubs, and gardens, sidewalks, and recreational areas;
- (4) Any common utility pipe or line or system servicing more than a single Unit, and all ducts, wires, conduits, and other accessories used therewith;
- (5) Community Swimming Pool;
- (6) All other parts of the Property necessary or convenient to its existence, maintenance and safety, or normally in common use, or which have been designated as Common Areas and Facilities on the Map;
- (7) The Limited Common Areas herein described; and

(8) All repairs and replacements of any of the foregoing.

6. Statement of Purpose and Restriction on Use.

(a) Purpose. The purpose of the Development is to provide residential housing and parking spaces in accordance with city requirements for Unit Owners and their tenants and guests, all in accordance with the provisions of the Act.

(b) Restrictions on Use. The Units and Common Areas and Facilities shall be used and occupied as follows:

(1) Each of the Units shall be occupied by the Unit Owner, his family, servants, guests, licensees or tenants as a private residence and for no other purpose.

(2) No parking area shall be used for parking of trailers, mobile homes, boats, snowmobiles or campers that have been detached from trucks. No repairs to automobiles or trucks or changing oil on any vehicle, trailer or boat may be performed on the Property. Each Unit Owner shall use only parking stalls assigned to or purchased by such Unit Owner. All other parking is to be used as guest only parking. The Association shall have the right (A) to report violating vehicles to the appropriate authorities and ask that the violating vehicles be ticketed, and (B) to tow vehicles that are in violation of this provision, in accordance with applicable local law.

(3) The Common Areas and Facilities shall be used only for the purposes for which they are intended in the furnishing of services and facilities for the enjoyment of the Unit Owners.

(4) Nothing shall be done or kept in any Unit or in the Common Areas and Facilities that will increase the rate of insurance on the buildings or contents thereof beyond that customarily applicable for residential use, or will result in the cancellation of insurance on the buildings, or the contents thereof, without the prior written consent of the Management Committee. No Unit Owner shall permit anything to be done or kept in his Unit or in the Common Areas and Facilities that violates any law, ordinance, or regulation of any governmental authority. No Unit Owner or guest shall use or store any hazardous material or substance on the Property.

(5) No Unit Owner shall cause or permit anything (including, without limitation, a sign, awning, canopy, shutter, radio, television antenna, satellite dish, clothes lines, pots, plants, wind chimes or other decorative items) to hang, be displayed or otherwise affixed to or placed on the exterior walls or roof or any part thereof, or on the inside or outside of windows or doors, without the prior written consent of the Management Committee. Temporary open house signs may be placed subject to written approval of the Management Committee as to location, duration, size and design. If signs are placed without written approval, the Committee retains the right to remove them. No signs for the sale of a unit may be placed in or upon any vehicle on Common Areas without approval of the Management Committee.

(6) No noxious, offensive, or illegal activity shall be carried on or permitted in any Unit or in the Common Areas and Facilities, nor shall anything be done therein, either willfully or negligently, which may be or become an annoyance or public or private nuisance to the other Unit Owners or occupants.

(7) Nothing shall be done in any Unit or in, on, or to the Common Areas and Facilities that will impair the structural integrity of the buildings or any part thereof or that would structurally change the buildings or any part thereof except as is otherwise provided herein.

(8) Animals may be kept within the interior of a Unit so long as they do not disturb other Unit Owners. Small kennels may be placed on the back patio area of a Unit, and may include a temporary retractable fence that is a maximum height of four feet (4'). Any such temporary fence must be approved by the Committee prior to its placement. Unit Owners shall be responsible for ensuring that such outdoor kennels do not produce noxious odors or otherwise disturb neighboring Unit Owners. Unit Owner is, at all times, responsible for cleaning up his or her pet's fecal waste. If any pet becomes a nuisance to other Unit Owners, the pet owner shall receive a written warning from the Committee, and if the problem persists, the pet owner shall remove the pet from the Development upon written notice by the Management Committee or its representative. If the pet owner fails to immediately remove the pet upon receipt of such written notice, then, in addition to such other remedies as are set forth herein (including attorney's fees), the pet owner shall pay a penalty in the amount of \$50.00 per day, payable to the Association.

(9) Storage units of 6' by 4' by 2' or smaller are allowed and must be kept on the patio located adjacent to the rear end of the dwelling. Storage units must also be kept in good repair, as decided by the management committee.

(10) Trash receptacles must be kept in the unit owner's garage at all times except for the times of 6:00 A.M. to 8:00 P.M. on the day of the week which is designated trash pickup day.

(11) Fencing will only be allowed around the backyard patio and shall be made in rod iron fence material and specifications will need approval of the Homeowners Association.

(12) The Homeowners Association is responsible for all lawn maintenance including trees, shrubs, lawn. The Unit Owner is responsible for all planting and upkeep of flowers and gardens.

(13) Painting exterior of Homes will only be of those colors approved by the Homeowners Association.

(14) Types of roofing used will be those types approved by the Homeowners Association

(15) The Common Areas and Facilities shall be kept free and clear of all rubbish, debris, and other unsightly materials.

(16) No Owner shall violate the rules and regulations regarding use of the Units and of the Common Areas as adopted from time to time by the Management Committee.

(17) Additional miscellaneous structural and aesthetic issues will be decided upon by the Management Committee.

(18) Homeowner monthly dues will not be paid by Developer and will be paid by Homeowner after closing of corresponding lots.

7. Person to Receive Service of Process. The person to receive service of process in the cases provided herein or in the Act is A. Leon Blaser, whose address is 3350 Americana Terrace, Suite 200, Boise, Idaho 83706.

8. Ownership and Use.

(a) Ownership of a Unit. Except with respect to any of the Common Areas and Facilities located within the bounds of a Unit, each Unit Owner shall be entitled to the exclusive ownership and possession of his Unit and exclusive use of assigned garage or garages.

(b) Nature of and Restrictions on Ownership and Use. Each Unit Owner shall have and enjoy the rights and privileges of fee simple ownership of his Unit and garages. There shall be no requirements concerning who may own Units, it being intended that they may and shall be owned as any other property by persons, corporations, partnerships, or trusts and in the form of common tenancy. All Units are to be sold as single family owner occupied units for use by family members. All Unit Owners, their tenants and other occupants or users of the Development, shall be subject to the Act, this Declaration, the Bylaws, and all rules and regulations of the Association of Unit Owners and Management Committee.

(c) Prohibition Against Subdivision of Unit. No Unit Owner, by deed, plat or otherwise, shall subdivide or in any manner cause the ownership of his Unit to be separated into physical tracts or parcels smaller than the whole Unit as shown on the Map.

(d) Ownership of Common Areas and Facilities. The Common Areas and Facilities contained in the Development are described and identified in this Declaration and on the Map. Said Common Areas and Facilities shall be owned by the Association. Each Unit Owner will have an interest in the Common Areas and Facilities with all other Unit Owners by virtue of their membership in the Association. The Common Areas and Facilities shall be used only in a manner that is consistent with their community nature and with the use restrictions applicable to the Units contained in the Development.

(e) Use of Common Areas and Facilities. Except with respect to Limited Common Areas, each Unit Owner may use the Common Areas and Facilities in accordance with the purpose for which they are intended, but subject to this Declaration, the Bylaws, and the rules

and regulations of the Management Committee. This right of use shall be appurtenant to and run with each Unit.

9. Use of Limited Common Areas and Facilities. A Unit Owner's exclusive right of use and occupancy of the Limited Common Areas and Facilities reserved for his Unit shall be subject to and in accordance with this Declaration and the Bylaws. Any Limited Common Area appurtenant to a Unit may be leased only to persons who reside in the Development or used by the family, tenants, or guests thereof on a temporary basis.

10. Voting-Multiple Ownership. The vote attributable to and exercisable in connection with a Unit shall be one vote for each Unit owned. In the event there is more than one Owner of a particular Unit, the vote relating to such Unit shall be exercised as such Owners may determine among themselves. A vote cast at any meeting by any of such Owners shall be conclusively presumed to be the vote attributable to the Unit concerned unless an objection is immediately made by another Owner of the same Unit. In the event such an objection is made, the vote involved shall not be counted for any purpose whatsoever other than to determine whether a quorum exists. Declarant shall retain 51 % of all voting rights until all phases are built on the Property.

11. Management.

(a) Management Committee. The business, property and affairs of the Development shall be managed, operated and maintained by the Management Committee of the Association as agent for the Unit Owners. The Management Committee shall have, and is hereby granted, the following authority and powers:

- (1) The authority, without the vote or consent of the Unit Owners or of any other person(s), to grant or create, on such terms as it deems advisable, utility and similar easements, over, under, across and through the Common Areas and Facilities, provided that work performed pursuant to such easements must be done in a workmanlike manner and any damage to the interior structure or decor of a Unit must be repaired;
- (2) The authority to execute and record, on behalf of all Unit Owners, any amendment to the Declaration or Map which has been approved by the vote or consent necessary to authorize such amendment;
- (3) The authority to enter into contracts that in any way concern the Development, so long as any vote or consent of the Unit Owners necessitated by the subject matter of the agreement has been obtained;
- (4) The power and authority to convey or transfer any interest in real property, so long as any vote or consent necessary under the circumstances has been obtained;
- (5) The power and authority to purchase, otherwise acquire, and accept title to, any interest in real property, so long as such action has been authorized by any vote or consent necessary under the circumstances;

(6) The power and authority to add any interest in real property obtained pursuant to subsection (5) above, to the Development, so long as such action has been authorized by the necessary vote or consent;

(7) The power to sue and be sued;

(8) The authority to license otherwise unauthorized persons to use the recreational areas and facilities from time to time as the Committee deems appropriate upon payment of fees prescribed by it to help defray the cost of maintenance thereof and in conformance with the conditions imposed by the City of Boise or Declarant and in conformance with city ordinances and regulations;

(9) The authority to promulgate such reasonable rules, regulations, and procedures as may be necessary or desirable to aid the Committee in carrying out any of its functions or to insure that the Development is maintained and used in a manner consistent with the interests of the Unit Owners; and

(10) The power and authority to perform any other acts and to enter into any other transactions that may be reasonably necessary for the Management Committee to perform its functions as agent for the Unit Owners including the power to collect, enforce, and place liens on Units for delinquent Association fees.

Any instrument executed by the Management Committee reciting facts that, if true, would establish the Committee's power and authority to accomplish through such instrument the acts purported to be accomplished thereby, shall conclusively establish said power and authority in favor of any person who in good faith and for value relies upon said instrument.

(b) Composition of Management Committee. The Committee shall be composed of three (3) members. At the first regular Association meeting all three (3) Committee members shall be elected for three-year terms. At each annual Association meeting thereafter, any vacant seat on the Committee shall be filled with a member elected for a three-year term. Only Unit Owners and officers and agents of Owners other than individuals shall be eligible for Committee membership. At the annual meeting, a Unit Owner may vote as many candidates for Committee membership as there are seats on the Committee to be filled. Declarant shall retain 51% of representation on the Committee until all phases of the Property are developed. Members of the Committee shall elect one member to serve as President of the Association.

Any Committee member who fails on three successive occasions to attend Committee meetings (whether regular or special) or who has failed to attend at least 25 % of all Committee meetings (whether regular or special) held during any twelve (12) month period shall automatically forfeit his seat. The remaining Committee members shall elect a replacement to sit on the Committee until the expiration of the term for which the member being replaced was elected. Unless a member forfeits or otherwise loses his seat as herein provided, a member shall serve on the Committee until his successor is elected. Committee members shall be reimbursed for all expenses reasonably incurred in connection with Committee business.

(c) Responsibility. The Management Committee shall be responsible for the control, operation, and management of the Development in accordance with the provisions of the Act, this Declaration, the Bylaws, such administrative, management and operational rules and regulations as it may adopt from time to time as herein provided, and all agreements and determinations lawfully made and entered into by the Committee.

(d) Additional Facilities. The Management Committee shall, subject to any necessary approval, have the authority to provide such facilities, in addition to those for which provision has already been made, as it may deem to be in the best interests of the Unit Owners and to effect the necessary amendment of documents and maps in connection therewith.

(e) Name. The Management Committee shall be known as the "Pepperwood Townhomes Management Committee."

(f) Manager. The Committee may, through a professional property manager (a "Manager"), carry out any of its functions that are properly the subject of delegation. Any Manager so engaged shall be an independent contractor and not an agent or employee of the Committee or the Association, shall be responsible for managing the Development for the benefit of the Committee and the Unit Owners, and shall, to the extent permitted by law and the terms of the agreement with the Committee, be authorized to perform any of the functions or acts required or permitted to be performed by the Management Committee itself.

12. Easements.

(a) Each Unit shall be subject to such easements as may be necessary for the installation, maintenance, repair or replacement of any Common Areas and Facilities located within the boundaries of such Unit and for electrical and gas service, or television cable services to adjacent Units in the same building. The Units are also subject to a Right of Entry in favor of the Association as provided in Section 20 below. The Common Areas and Limited Common Areas are subject to such utility and other easements as are reasonably necessary for the development and operation of the Development, including the expansion of the Development as contemplated herein, and for the repair and ongoing maintenance of the water, sewer, and other utilities that service any existing Units. Each Unit shall be subject to a utility easement for the repair and maintenance of utilities, whether or not such easement is reflected on the applicable plat.

(b) In the event that, by reason of the construction, reconstruction, repair, settlement, movement or shifting of any part of the building, any part of the Common Areas and Facilities encroaches or shall hereafter encroach upon any part of any Unit or any part of the Common Area and Facilities, valid easements for such encroachment and the maintenance of such encroachment are hereby established and shall exist for the benefit of such Unit and the Common Areas and Facilities, as the case may be, so long as all or any part of the building containing any such Unit shall remain standing; provided, however, that in no event shall a valid easement or any encroachment be created in favor of any Unit Owner or in favor of the Unit Owners as owners of the Common Areas and Facilities if such encroachment occurred due to the willful conduct of such Unit Owner or Owners.

(c) The Management Committee shall have non-exclusive easements to make such use of the Common Areas and Facilities as may be necessary or appropriate to perform the duties and functions that it is obligated or permitted to perform pursuant to this Declaration.

13. Change in Ownership. The Management Committee shall maintain up-to-date records showing the name of each person who is an Owner, the address of such person, and the Unit owned by him. In the event of any transfer of a fee or undivided fee interest in a Unit either the transferor or transferee shall furnish the Management Committee with evidence establishing that the transfer has occurred and that the deed or other instrument accomplishing the transfer is of record in the office of the County Recorder of Ada County, Idaho. The Management Committee may for all purposes act and rely on the information concerning Owners and Unit ownership which is thus acquired by it or, at its option, the Management Committee may act and rely on current ownership information respecting any Unit or Units obtained from the office of the County Recorder of Ada County, Idaho. The address of an Owner shall be deemed to be the address of the Unit owned by such person unless the Management Committee is otherwise advised in writing.

14. Assessments.

(a) In accordance with Section 19, below, every Unit Owner shall pay his equal share of the Common Expenses. Payment thereof shall be in such amounts and at such times as the Management Committee determines in accordance with the Act, the Declaration or the Bylaws. There shall be a lien for nonpayment of Common Expenses or any other assessment set forth herein, all as provided by the Act. In addition, such lien shall include a \$100.00 filing and processing fee assessable to the violating Unit Owner. The Committee shall have the authority to place liens (without providing prior notice to the Unit Owner) upon any Unit for which an assessment has not been paid over sixty (60) days after its due date.

(b) All assessments shall be made payable to: "Pepperwood Townhomes" and shall be sent to 3350 Americana Terrace, Boise, Idaho 83706, or at such other address as shall be hereafter designated by the Association in writing.

(c) No assessment for a single improvement in the nature of a capital expenditure which exceeds the sum of \$20,000 shall be made without the same having been first voted on and approved by at least a majority of the Development's undivided ownership interest. Notwithstanding any other provision of this Declaration, no assessment shall be made on any units or land owned by the Declarant until the last Unit in any phase has been sold or so long as the Declarant owns said Unit for resale, including Units that have been sold and repossessed by Declarant and are being actively marketed.

15. Party Walls. Each wall that is built as a part of the original construction of the Units upon the Property and placed on the dividing line between the Units shall constitute a party wall (a "Party Wall"), and, to the extent not inconsistent with the provisions of this Section 15, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

(a) Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a Party Wall shall be shared by the Owners who make use of the Party Wall in proportion to such use.

(b) Destruction by Fire or Other Casualty. If a Party Wall is destroyed or damaged by fire or other casualty, any Owner who has used the Party Wall may restore it, and if the other Owners thereafter make use of the Party Wall, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however, to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

(c) Weatherproofing. Notwithstanding any other provision of this Section 15, an Owner who by his negligent or willful act causes the Party Wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

16. Taxes.

(a) Generally. It is understood that each Unit, together with its corresponding membership interest in the Association, is deemed a parcel and subject to separate assessment and taxation by each assessing unit and special district for all types of taxes authorized by law. Each Unit Owner will, accordingly, pay and discharge any and all taxes that may be assessed against his Unit.

(b) Special Assessments for Capital Improvements. In addition to annual assessments, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Areas and Facilities, including fixtures and personal property related thereto provided that any such assessment shall have the majority of the votes of Unit Owners who are voting in person or by proxy at a meeting duly called for this purpose. The Declarant shall not be subject to assessments for special assessments for Units titled in Declarant's name, unless such Units are leased to third parties.

17. Eminent Domain. In the event that eminent domain proceedings are commenced against the Development or any portion thereof, the Management Committee shall determine the manner of response and allocation of any funds obtained in such proceedings in consultation with affected Unit Owners.

18. Maintenance.

(a) Each Unit Owner at his own expense shall keep the interior of such Unit and its equipment and appurtenances in good order, condition and repair and in a clean and sanitary condition, and shall do all redecorating and painting that may at any time be necessary to maintain the good appearance of such Unit. Except to the extent that the Association is protected by insurance against such injury, the Unit Owner shall repair all injury or damages to the Unit or

building or buildings caused by the act, negligence or carelessness of the Unit Owner or that of any tenant or subtenant, or any member of the Unit Owner's family or of the family of any tenant or subtenant and all such repairs, redecorating and painting shall be of a quality and kind equal to the original work as determined and approved in writing by the Management Committee. In addition to decorating and keeping the interior of the Unit in good repair, the Unit Owner shall be responsible for the maintenance or replacement of any plumbing, fixtures, refrigerators, air conditioning and heating equipment, dishwashers, disposals, ranges, etc., that may be in or connected with the Unit, and the maintenance of any patio except the fences surrounding such areas. Without the written permission of the Management Committee first had and obtained, a Unit Owner shall not make or permit to be made any structural alteration, in or to the Unit, garages or parking stalls, or in or to the exterior of the buildings, and shall not paint, decorate or plant any portion of the exterior of the Unit or of the building in which the Unit is located including any Limited Common Areas, unless specifically stated in other sections of this document. Satellite dishes shall only be allowed in certain areas designated by the Committee. Any Unit Owner seeking to install a satellite dish must first obtain the written approval of the Committee as to type of satellite dish and location. Any Unit Owner who installs, or causes to be installed, a satellite dish without first obtaining the written approval of the Committee, shall be subject to removal of the satellite dish by the Committee or its representatives, and the violating Unit Owner shall pay a fee of \$150.00 to the Association to cover the cost of necessary repairs resulting from the violation.

(b) In the event an Owner shall fail to maintain the Unit and the improvements situated thereon in a manner satisfactory to the Management Committee, the Association, after approval by two-thirds (2/3) vote of the Management Committee, shall have the right, through its agents and employees, to enter upon said parcel and to repair, maintain and restore the exterior of the buildings and any other improvements erected thereon. The cost of such exterior maintenance shall be added to and become part of the assessment to which such Unit is subject.

(c) Except as hereinafter provided, the Management Committee shall provide for such maintenance and operation of the Common Areas and Facilities and of the Limited Common Areas as may be reasonably necessary to keep them clean, functional, attractive and generally in good condition and repair. The Management Committee shall have no obligation regarding maintenance or care of Units.

19. Right of Entry. The Management Committee and its duly authorized agents shall have the right to enter any and all of the Units and the Limited Common Areas appurtenant thereto in case of an emergency originating in or threatening such Unit or any other Owner in the Development, whether or not the Unit Owner or occupant thereof is present at the time. The Committee and its duly authorized agents shall also have the right to enter into any and all of said Units and Limited Common Areas at all reasonable times as required for the purpose of making necessary repairs upon the Common Areas and Facilities of the Development or for the purpose of performing emergency installations, alterations or repairs to the mechanical or electrical devices or installations located therein or thereon; provided, however, such emergency installations, alterations or repairs are necessary to prevent damage or threatened damage to other Units in the Development; and provided further, that the Unit Owner or occupant affected by such entry shall first be notified thereof if available and if time permits. Any damage done to a

Unit by the exercise of the foregoing right of entry shall (to the extent not covered by insurance, if any) be deemed a Common Expense of the Association.

20. Administrative Rules and Regulations. The Management Committee shall have the power to adopt and establish by resolution, such building management and operational rules as it may deem necessary for the maintenance, operation, management and control of the Development. The Committee may, from time to time by resolution, alter, amend and repeal such rules. When a copy of any amendment or alteration or provision for repeal of any rule or rules has been furnished to the Unit Owners, such amendment, alteration or provision shall be taken to be a part of such rules. Unit Owners shall at all times obey such rules and see that they are faithfully observed by those persons over whom they have or may exercise control and supervision, it being understood that such rules shall apply and be binding upon all Unit Owners, tenants, subtenants, guests, or other occupants of the Units.

21. Obligation to Comply with Declaration, Bylaws, Rules and Regulations. Each Unit Owner, tenant, subtenant or other occupant of a Unit shall comply with the provisions of the Act, this Declaration, the Bylaws, and the rules and regulations, all agreements and determinations legally made and/or entered into by the Management Committee or the Unit Owners, when acting in accordance with their authority, and failure to comply with any of the provisions thereof shall be grounds for an action by the Management Committee or other aggrieved party for injunctive relief or to recover any loss or damage resulting there from.

22. Indemnification of Management Committee. Each member of the Management Committee shall be indemnified and held harmless by the Association of Unit Owners against all costs, expenses and liabilities whatsoever, including, without limitation, attorney's fees, reasonably incurred by him in connection with any proceeding to which he may become involved by reason of his being or having been a member of said Committee; provided, however, the foregoing indemnification shall not apply if the loss, expense or liability involved resulted from the willful misconduct, gross negligence or other intentional act of the member.

23. Amendment. This Declaration and/or the Map may be amended upon the affirmative vote or approval and consent of not less than 67% of the Unit Owners. Any amendment so authorized shall be accomplished by recordation of an instrument executed by the Management Committee. In said instrument the Committee shall certify that the vote or consent required by this section has occurred.

(a) Mortgage Holder Consent. In addition to the consent of not less than 67% of the Unit Owners, the approval of a majority of Eligible Holders, Insurers and Guarantors shall be required to materially amend any provisions of this Declaration, the Bylaws, or equivalent documents of the Development, or to add any material provisions thereto, which establish, provide for, govern or regulate any of the following:

(1) Voting;

(2) Assessments, assessment liens or subordination of such liens;

(3) Reserves for maintenance, repair and replacement of the Common Areas and Facilities;

(4) Insurance;

(5) Rights to use of the Common Areas and Facilities;

(6) Responsibility for maintenance and repair of the several portions of the Development;

(7) Expansion or contraction of the Development, except as provided herein, or the addition, annexation or withdrawal of property to or from the Development;

(8) Boundaries of any Unit;

(9) The interests in the Common Areas and Facilities;

(10) Convertibility of Units into Common Areas and Facilities or of Common Areas and Facilities into Units;

(11) Leasing of Units;

(12) Imposition of any right of first refusal or similar restriction on the right of a Unit Owner to sell, transfer, or otherwise convey his or her Unit in the Development;

(13) Establishment of self-management by the Association where professional management has been required by any governmental or regulatory agency;
or

(14) Any other provision of this Declaration or the Association Bylaws that is included for the express benefit of holders or insurers of first mortgages on Units in the Development.

24. Consent in Lieu of Vote. In any case in which the Act or this Declaration requires the vote of a stated percentage of the Unit Owners for authorization or approval of a transaction, such requirement may be fully satisfied by obtaining, with or without a meeting, consents in writing to such transaction from Unit Owners who collectively make up at least such stated percentage. The following additional provisions shall govern any application of this Section:

(a) All necessary consents must be obtained prior to the expiration of ninety (90) days after the first consent is given by any Owner; and

(b) Any change in ownership of a Unit that occurs after consent has been obtained from

the Owner having an interest therein shall not be considered or taken into account for any purpose.

25. Severability. The invalidity of any one or more phrases, sentences, subsections or sections hereof shall not affect the remaining portions of this instrument or any part thereof, and in the event that any portion or portions of this instrument should be invalid or should operate to render this instrument invalid, this instrument shall be construed as if such invalid phrase or phrases, sentence or sentences, subsection or subsections or section or sections had not been inserted.

26. Declarant's Rights Assignable. All of the rights of Declarant under this Declaration may be assigned or transferred either by operation of law or through a voluntary conveyance, transfer or assignment.

27. Legal Description of a Unit. Every conveyance or contract for the sale of a Unit and every other instrument affecting title to a Unit may describe that Unit by the number shown on the Map with the appropriate reference to the Map and to this Declaration, as each shall appear in the official records of Ada County, Idaho, and in substantially and similar to the following form:

Unit _____ of Pepperwood Townhomes, Phase I, as shown in the Record of Survey Map for Pepperwood Townhomes, Phase I, a Planned Unit Development appearing in the Records of the County Recorder of Ada County, Idaho, recorded on _____, as Entry No. _____.

This conveyance is subject to the provisions of the Declaration of Covenants, Conditions and Restrictions of Pepperwood Townhomes, appearing in the Records of the County Recorder of Ada County, Idaho, recorded on _____, as Entry No. _____.

Such description will be construed to describe the Unit, together with the right to membership in the Association, which owns the Common Areas and Facilities, and to incorporate the entire rights incident to Ownership of a Unit and all the limitations on such ownership as described in this Declaration.

28. Expansion of the Project.

(a) Reservation of Option to Expand. Declarant hereby reserves the option to expand the Development to include additional Units in the Development. This option to expand may be exercised from time to time, at different times and in any order, without limitation, provided however, the option shall expire seven (7) years from the effective date of the Declaration unless sooner terminated by Declarant's recorded Waiver of such option, there being no other circumstances that will cause the option to expire prior to said seven (7) years. Such right may be exercised without first obtaining the consent or vote of Unit Owners and shall be limited only as herein specifically provided. Such Units shall be constructed on any or all portions of the Additional Property.

(b) Supplemental Declarations and Supplemental Maps. Such expansion may be accomplished by the filing for record by Declarant in the office of the County Recorder of Ada County, Idaho, no later than seven (7) years from the date this Declaration is recorded, a Supplement or Supplements to this Declaration containing a legal description of the site or sites for new Units, together with a supplemental Map or Maps containing the same information with respect to the new Units as was required on the Map with respect to the Phase One Units. The expansion may be accomplished in phases by successive supplements or in one supplemental expansion.

(c) Expansion of Definitions. In the event of such expansion, the definitions used in this Declaration automatically shall be expanded to encompass and refer to the Development as so expanded. For example, the term "Property" shall mean the real property initially submitted under the Declaration, plus any Additional Property added to the Development by a Supplemental Declaration or by Supplemental Declarations, and reference to this Declaration shall mean this Declaration as so supplemented. All conveyances of Units after such expansion shall be effective to transfer rights in the Development, as expanded by use of the form of description with additional references to the Supplemental Declaration and the Supplemental Map. The recordation in the office of the Ada County Recorder of a Supplemental Map incident to any expansion shall operate automatically to grant, transfer, and convey to the Association the new Common Areas added to the Development as a result of such expansion.

(d) Declaration Operative on New Units . The new Units shall be subject to all the terms and conditions of this Declaration and therein shall be subject to ownership with all the incidents pertaining thereto as specified herein, upon recording the Supplemental Map and Supplemental Declaration in the office of the Ada County Recorder.

(e) Other Provisions Concerning Expansion. If the Development is expanded as herein before contained, then it is further provided that:

(1) All or any part of the Additional Land may be added to the Development without any limitations whatsoever save and except that all additional Units created must be restricted to multi-family residential housing limited to one family per dwelling Unit.

(2) Portions of the Additional Land may be added to the Development at different times without any limitations.

(3) Declarant shall have the right without further conveyance or documentation to build roads and access ways to the Additional Property through the easement areas as shown on the Map. The Association of Unit Owners shall not allow anything to be built upon or interfere with said easement areas.

(4) Notwithstanding anything to the contrary which may be contained herein, this Declaration is not intended, and shall not be construed so as to impose upon Declarant any obligation respecting, or to restrict Declarant in any way with regard to: (i) the submission of any portion of the Additional Land to the provisions of the Act as land under this Declaration; (ii) the creation, construction, or addition to the Development of

any additional property; (iii) the carrying out in any particular way or within any particular time any development that may be undertaken except as herein mentioned; or (iv) the taking of any particular action with respect to the Additional Land, the Development, or any Land.

29. Assessments. The power to determine the amount of and to levy Regular, Special and Limited Assessments on the Owners and/or Lots and to enforce payment thereof in accordance with the provisions of this Declaration. The amount of assessments will be \$75.00 a month for each member of the Homeowners Association.

30. Records. The Association shall make available, upon written request and within a reasonable time, to the Unit Owners, lenders and the holders and insurers of the first mortgage on any Unit current copies of the Declaration, Bylaws, and other rules governing the Association and shall also make available to prospective purchasers current copies of the same and the most recent audited financial statement of the Association, if any. The Association may charge a reasonable fee for such records and for compiling the records. Upon written request from any governmental agency which has an interest or prospective interest in a Unit, the Association shall furnish within a reasonable time audited financial statements (if any) of the Association for the immediately preceding fiscal year.

31. Gender. The singular, wherever used herein, shall be construed to mean the plural when applicable, and the necessary grammatical changes required to make the provisions hereof apply either to corporations or individuals, male or female, shall in all cases be assumed as though in each case fully expressed.

32. Construction and Invalidity. To the extent that any portion of this Declaration is in conflict with federal, state or local laws, regulations, rules or ordinances (collectively referred to as the "Laws"), such shall be construed to give maximum effect to the restriction without violating the applicable Laws. For example, to the extent the Americans with Disabilities Act allows accommodation animals, then these restrictions shall be interpreted to allow such animals so long as the animal meets the applicable accommodation criteria. The invalidity of any provisions of this Declaration, or any portion thereof, shall not be deemed to impair or affect in any manner the validity, enforceability, or effect of the remainder of this Declaration and, in such event, all of the other provisions of this Declaration shall continue in full force and effect as if such invalid provision had never been included herein. This Declaration, notwithstanding any common law rule of construction, shall be construed in favor of Declarant. If there are any ambiguities, such shall not be construed against the Declarant, but resolved in a manner that would allow expansion of the Development as contemplated by the Declarant, it being understood that it is difficult to anticipate all contingencies and issues, and in this regard Declarant's intent is to provide a means to expand the Development as provided herein.

33. Waivers. No provision contained in the Declaration shall be deemed to have been waived by reason of any failure to enforce it, irrespective of the number of violations which may occur.

34. Topical Headings. The topical headings contained in this Declaration are for

convenience only and do not define, limit or construe the contents of the Declaration.

35. Effective Date. This Declaration shall take effect upon recording.

IN WITNESS WHEREOF, the Declarant has executed this Declaration this 9th day of June, 2005.

Pepperwood Development, LLC,
An Idaho Limited Liability Company

By A. Leon Blaser
A. Leon Blaser, Manager

STATE OF IDAHO)

: ss.

County of Ada)

On the 9th day of JUNE, 2005, personally appeared before me A. Leon Blaser _____, who, being by me duly sworn did say that he was Manager of Pepperwood Development, LLC, and that the said instrument was signed in behalf of said Limited Liability Company



Anna Featherstone
NOTARY PUBLIC

EXHIBIT "A"

See County Courthouse Or Title Company For Platt

EXHIBIT "B"

See County Courthouse Or Title Company For Platt