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9-24-98

*Hidden Springs*

RECORDED - REQUEST OF

ADA COUNTY RECORDER  
J. DAVID NAVARRO  
BOISE, IDAHO

FEE *249.00* DEPUTY *Quinn*

1998 SP 24 PM 3:13  
HIDDEN SPRINGS, IDAHO 98091525  
EST. 1937

# Master Declaration of Covenants, Conditions & Restrictions

*for*



TOWN FOUNDER

HIDDEN SPRINGS COMMUNITY L.L.C.

# **NOTICE TO POTENTIAL BUYERS AND OWNERS**

THIS DOCUMENT AND THE OTHER COMMUNITY DOCUMENTS (DEFINED HEREIN) ARE VERY IMPORTANT LEGAL DOCUMENTS WHICH EACH POTENTIAL RESIDENT AND OWNER OF PROPERTY WITHIN THE HIDDEN SPRINGS PLANNED RURAL COMMUNITY SHOULD READ AND UNDERSTAND. THE COMMUNITY DOCUMENTS DETAIL THE OBLIGATIONS AND RESPONSIBILITIES OF ALL HIDDEN SPRINGS PROPERTY OWNERS AND RESIDENTS.

THE HIDDEN SPRINGS PLANNED RURAL COMMUNITY IS A UNIQUE LIVING ENVIRONMENT. EACH POTENTIAL RESIDENT AND OWNER IS ADVISED TO MAKE FULL AND COMPLETE INQUIRY ABOUT THE HIDDEN SPRINGS PLANNED RURAL COMMUNITY BEFORE ACQUIRING A LOT.

THE TOWN FOUNDER EXPRESSLY DISCLAIMS ANY REPRESENTATIONS, WARRANTIES, STATEMENTS OR INFORMATION NOT SET FORTH HEREIN OR IN ANY WRITTEN DOCUMENT EXECUTED BY TOWN FOUNDER. THE HIDDEN SPRINGS TOWN ASSOCIATION HAS NUMEROUS DUTIES AND RESPONSIBILITIES THAT REQUIRE SIGNIFICANT EXPENDITURES BY THE TOWN ASSOCIATION, SOME OF WHICH MAY NOT BE KNOWN AT THE TIME AN OWNER ACQUIRES A LOT. THE FUNDS NEEDED TO MEET THESE EXPENDITURES SHALL BE PROVIDED BY ASSESSMENTS ON THE HIDDEN SPRINGS PROPERTY OWNERS. ANY REPRESENTATIONS OR WARRANTIES MADE BY ANY REAL ESTATE BROKER OR AGENT OR OTHER PERSON CONCERNING THE TOTAL OR THE TYPES OF ASSESSMENTS TO BE LEVIED AGAINST AN OWNER TO PAY FOR ANY ASPECT OF THE HIDDEN SPRINGS PLANNED RURAL COMMUNITY SHOULD BE DISREGARDED IN THEIR ENTIRETY AND IN ALL EVENTS THE TERMS AND CONDITIONS OF THIS MASTER DECLARATION SHALL CONTROL.

POTENTIAL RESIDENTS AND OWNERS ARE ADVISED TO REVIEW THIS MASTER DECLARATION AND THE OTHER COMMUNITY DOCUMENTS WITH THEIR LEGAL AND OTHER ADVISORS PRIOR TO ACQUIRING A LOT.

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HIDDEN SPRINGS<sup>1</sup> PLANNED RURAL COMMUNITY  
MASTER DECLARATION OF  
COVENANTS, CONDITIONS AND RESTRICTIONS

THIS MASTER DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR HIDDEN SPRINGS PLANNED RURAL COMMUNITY is made effective as of the 10th day of September, 1998, by Hidden Springs Community L.L.C., an Idaho limited liability company ("Town Founder" and "Class B Member"). All capitalized terms contained in this Master Declaration are either defined in, or otherwise cross-referenced in Article 10, and each reader of this Master Declaration should refer to Article 10 for a clear understanding of such capitalized terms.

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<sup>1</sup>"Hidden Springs" is a registered trademark/service mark exclusively owned and controlled by Hidden Springs Community L.L.C., an Idaho limited liability company.

## ARTICLE 1: RECITALS

1.1 **Background.** Town Founder intends to create a rural residential community incorporating a mix of residential and other land uses in harmony with the existing environment. This Master Declaration shall establish a governance structure with a flexible system of standards and procedures for the overall development, administration, and operation of a planned rural community ("Hidden Springs") and an articulated set of goals and aspirations to facilitate the establishment and continuation of that community.

1.2 **Property.** The property potentially subject to this Master Declaration includes, but is not limited to, the property legally described in Exhibit A attached hereto and made a part hereof, which property currently consists of approximately 1,724 acres approved by the Ada County Board of Commissioners for the development of Hidden Springs. Property shall be subjected to this Master Declaration through a Supplement, and all property made subject to this Master Declaration shall be collectively referred to as the "Hidden Springs Property." Town Founder intends to develop Hidden Springs in multiple development Phases in accordance with the Town Plan (or any other development plan(s) for which Town Founder may from time to time obtain approval from Ada County or other appropriate regulatory agencies.)

Unless and until a Supplement is recorded with the Ada County Recorder's Office, no property described on Exhibit A or otherwise shall be subject to this Master Declaration. Each Owner, by accepting a deed to any portion of the Hidden Springs Property, acknowledges and agrees that Town Founder is under no obligation to subject any additional portions of the property described on Exhibit A to this Master Declaration.

1.3 **Purpose of Master Declaration.** This Master Declaration sets forth the basic restrictions, covenants, limitations, easements, conditions and equitable servitudes and terms (collectively "Covenants") that will apply to the Hidden Springs Property and the use of any and all portions of the Hidden Springs Property. One of the objectives of the Town Plan is to create a rural community where the unique and important natural, ecological, open space and scenic resources of the land are maintained and enhanced in connection with and as part of the promotion of the health, safety and welfare of the residents of Hidden Springs. This Master Declaration is designed to help implement the Town Plan as to the Hidden Springs Property and, among other purposes, to:

- protect, enhance and preserve the values, amenities, desirability, and attractiveness of the Hidden Springs Property;
- promote Hidden Springs as a well-integrated, high quality community;

- carry out the vision statement for the creation of Hidden Springs as an integrated rural community in the tradition of small towns throughout Idaho;
- establish development standards and design guidelines;
- conserve and enhance wildlife habitat and migration corridors;
- encourage creative and innovative land planning and design processes sensitive to existing environmental conditions; and
- provide for and guarantee the continued maintenance and operation of the Common Area, Restricted Area and Maintenance Property, including any Improvements located thereon, in a cost-effective and administratively efficient manner.

## ARTICLE 2: DECLARATION

2.1 **Declaration.** Town Founder hereby declares that the Hidden Springs Property, and each lot, parcel or portion thereof or interest therein, is and/or shall be held, sold, conveyed, encumbered, hypothecated, leased, used, occupied and improved subject to the Community Documents and the Covenants, all of which are declared and agreed to be in furtherance of a general plan for the protection, preservation, maintenance, platting, subdivision, improvement and sale of the Hidden Springs Property, and to enhance and preserve the values, desirability and attractiveness of the Hidden Springs Property and any physical amenities thereon. The Covenants shall run with the land constituting the Hidden Springs Property, and with each estate therein, and shall be binding upon any Person having or acquiring any right, title or interest in the Hidden Springs Property or any lot, parcel or portion thereof; shall inure to the benefit of every lot, parcel or portion of the Hidden Springs Property and any interest therein; and shall inure to the benefit of and be binding upon Town Founder, each Person or Owner having or holding an interest in the Hidden Springs Property and such Person's or Owner's respective successors in interest, and may be enforced by Town Founder any Owner or Owner's successors in interest, any Person having or holding an interest in the Hidden Springs Property or such Person's successors in interest, or by the Town Association or any Neighborhood Association. In the event of any conflict between this Master Declaration and any of the other Community Documents, this Master Declaration shall control provided, however, a Supplement may modify, alter, limit or supplement the Master Declaration as it relates to any property covered by the Supplement and in such event, the terms of the Supplement shall control.

## ARTICLE 3: COMMUNITY GOVERNANCE AND ADMINISTRATION

3.1 **Town Association.** The success of Hidden Springs is dependent upon the support and participation of every Owner in governance and administration. The Town Association is the mechanism through which each Owner is able to provide that

support and participation. Beyond the physical development and preservation of the Hidden Springs Property, the Town Association's mission is to establish and perpetuate this sense of community life and spirit and to be responsible for and involved in programs and activities which contribute positively to the residents of Hidden Springs and to the region of which it is a part.

3.1.1 Function of the Town Association. The Town Association shall have responsibility for, among other things, the ownership of the Common Area, Restricted Area and Maintenance Property, the maintenance of the Common Area, Restricted Area and Maintenance Property, the enforcement of the Covenants and the levying and collection of Assessments to fund all of the Town Association's responsibilities, all in accordance with the terms of this Master Declaration and the other Community Documents. The Town Association is also authorized to engage in activities which shall actively foster the health, safety and welfare of the residents of Hidden Springs in accordance with the Community Documents. The Town Association shall be governed by the Articles and Bylaws of the Town Association, which shall not, for any reason, be amended or otherwise changed or interpreted so as to be inconsistent or in conflict with this Master Declaration; and in the event of any conflict between the Articles or Bylaws and this Master Declaration, this Master Declaration shall control.

3.1.2 Membership in the Town Association. Upon formation of the Town Association and so long as the Town Association exists, every Owner, including Town Founder, shall be a Member of the Town Association. No Owner, except Town Founder (as provided herein), shall have more than one membership in the Association for each Lot owned. Membership shall be appurtenant to and may not be separated from ownership of each Lot. The memberships in the Town Association shall not be transferred, pledged, assigned or alienated in any way except upon the transfer of Owner's title to a Lot and then only to the transferee of such title. Any attempt to make a prohibited membership transfer shall be void and will not be reflected on the books of the Town Association. If the Owner of a Lot shall be more than one Person, all such Persons shall be Members, but the voting rights in the Town Association attributable to that Lot may not be split and shall be exercised by one representative selected by such Persons as they among themselves determine. In the event that such Persons are unable to agree among themselves at the time a vote is to be cast on any matter in question as to how the vote with respect to such Lot shall be cast, such Persons shall not be entitled to vote on the matter in question. If only one such Person casts a vote, it will thereafter be conclusively presumed for all purposes that such Person was acting with the authority and consent of all other co-owners of such Lot. Any votes cast with regard to any such Lot in violation of this provision shall, at the Town Council's option, be voidable. The terms and provisions set forth in this Master Declaration which are binding upon all Owners are not exclusive, as Owners shall, in addition, be subject to the terms of the Articles, Bylaws and the Association Rules, to the extent the provisions thereof are not

in conflict with this Master Declaration, as well as any applicable governmental laws, ordinances, regulations and the Community Documents. No Owner shall have any right or power to disclaim, terminate or withdraw from membership in the Town Association or any of the obligations of such Member, and no purported disclaimer, termination or withdrawal thereof or therefrom on the part of any such Owner shall be of any force or effect for any purpose.

3.1.3 Voting Rights in the Town Association. The Town Association shall have two (2) classes of membership:

3.1.3.1 Class A. Class A Members shall be all of the Owners. Each Class A Member shall be entitled to one (1) vote for each Lot in which the Class A Member holds the interest required for membership in the Town Association, except as otherwise provided in a Supplement.

3.1.3.2 Class B. The Class B Member shall be the Town Founder. The Class B Member shall be entitled to five (5) votes for each of the 915 anticipated residential Lots within Hidden Springs, currently 4575 votes (915 Lots x 5 votes), less five (5) votes for each Lot owned by a Person other than Town Founder within the Hidden Springs Property, provided that the Class B Membership shall cease (the "Class B Member Termination Date") on the first to occur of (i) the date ten (10) years from the recordation of this Master Declaration or (ii) the date Town Founder's Class B Member votes in the Town Association are equal to or less than the Class A Member votes.

In the event that the number of anticipated residential Lots within Hidden Springs is increased beyond 915, the Class B Member shall be entitled to an additional five (5) votes for each such additional Lot. In such event, Town Founder, in its sole discretion, shall execute and record an amendment to this Section 3.1.3 setting forth the number of such additional anticipated residential Lots. Any such amendment must be recorded before the Class B Termination Date.

3.1.4 The Town Council. The Town Association shall be controlled by the Town Council (individually "Directors") to carry out all of the powers and duties of the Town Association as set forth herein and in the Articles and Bylaws of the Town Association and shall be selected as follows:

(a) Until the Class B Member Termination Date, the Town Council shall consist of not less than three (3) Directors nor more than five (5) Directors appointed by the Class B Member in the Class B Member's sole discretion.

(b) Subsequent to the Class B Member Termination Date, the Town Council shall consist of five (5) Directors elected by majority vote of the Class A Members of the Town Association, at meetings held from time to time for such purpose.

Vacancies in the Town Council occurring prior to the Class B Member Termination Date shall be filled by Town Founder. Thereafter vacancies in the Town Council occurring between meetings of the Members may be filled by the majority vote of the remaining Directors then sitting on the Town Council. Prior to the Class B Member Termination Date, the Town Council may, with Town Founder's approval, increase the number of the Directors on the Town Council to allow the inclusion of a representative from any Neighborhood Association as elected by the majority vote of the Members of such Neighborhood Association to serve in such position as provided in the applicable Neighborhood Association Articles and Bylaws, subject to the ongoing approval of Town Founder. Town Founder shall have the right to voluntarily terminate its right to appoint Directors and to fill vacancies pursuant to this Section, in which event the Town Association Members (including Town Founder) shall elect the Directors and the Directors may fill vacancies occurring between meetings of the Members as provided herein. Except for Directors appointed by Town Founder, all other Directors shall be Members.

3.1.5 Officers of the Town Association. The Town Association shall have such officers as shall be appropriate from time to time, who shall be appointed by the Town Council and who shall manage and conduct the affairs of the Town Association under the direction of the Town Council. All officers of the Town Association shall be Directors on the Town Council. Except as expressly otherwise provided by the Articles or the Bylaws, all power and authority to act on behalf of the Association, both pursuant to this Master Declaration and otherwise, shall be vested in the Town Association and its officers under the direction and control of the Town Council, and shall not be subject to approval by the Members.

3.1.6 Town Advisory Committee. The Town Council shall appoint the Town Advisory Committee of not less than three (3) nor more than five (5) Owners, excluding Town Founder, on the date which is the first to occur of (i) the date two (2) years from the date of the transfer of the first Lot to an Owner (other than Town Founder) or (ii) the date one hundred twenty (120) days after the date on which the first two hundred thirty (230) Lots have been transferred to Owners (other than Town Founder). Town Founder reserves the right, in its sole discretion, to require the Town Council to appoint and establish the Town Advisory Committee earlier than specified herein. The Town Advisory Committee shall meet with the Town Council from time to time to facilitate a flow of information and communication between the Town Council and the Owners and to foster a unity of purpose among the residents of Hidden Springs. The Town Advisory Committee shall serve only in an



advisory capacity to the Town Council and shall have no authority to bind the Town Association or to otherwise act on behalf of the Town Association. On the Class B Member Termination Date, the Town Advisory Committee shall cease to exist.

3.1.7 Powers of the Town Association. The Town Association, under the management and control of the Town Council, shall have all the powers of a corporation organized under the laws of the State of Idaho subject only to the limitations upon the exercise of such powers as expressly set forth in the Community Documents. The Town Association shall have the power and authority to do any and all lawful things which may be authorized, required or permitted to be done by the Town Association under Idaho law and under the Community Documents, including, by way of illustration and not limitation:

3.1.7.1 Acquisition, Maintenance and Capital Improvements. Any and all acts which may be necessary to, proper for, or incidental to the ownership, control, stewardship, purchase, sale, lease, management, maintenance, improvement, operation, repair or replacement of the Common Area, Restricted Area, Maintenance Property, and the Town Association's other assets, or the Community Facilities, including, without limitation, water rights (when and if received from Town Founder or otherwise), drainage systems and facilities, waste water collection and reclamation systems, sewer systems, water systems, irrigation systems or other improvements, including those improvements located in public rights of way and subject to rights and/or the jurisdiction of the Ada County Highway District or other public agencies, as necessary to carry out the goals, policies and other requirements of the Town Plan.

3.1.7.2 Contracts and Agreements. Enter into such contracts and agreements as are deemed necessary or appropriate.

3.1.7.3 Assessments. Levy Assessments on behalf of itself, the Sewer Company and any and all Neighborhood Associations, on each Owner as appropriate and necessary to carry out the business affairs of the Town Association and to perform and fund the obligations, responsibilities and restrictions created by this Master Declaration, or the Hidden Springs Zoning Ordinance, including all aspects of the Town Plan, and enforce payment of such Assessments, all in accordance with the provisions of this Master Declaration. Neighborhood Associations must levy their Assessments through the Town Association. This power shall include the right of the Town Association to levy Assessments on each Owner for any and/or all of the following items, without limitation:

3.1.7.3.1 the purchase, lease, maintenance, improvement, operation, repair or replacement of Common Area, Community Facilities, Restricted Area, Maintenance Property, and Improvements thereon;

3.1.7.3.2 the purchase, lease, maintenance, improvement, operation, repair and replacement of drainage systems, sewer systems, roads, waste water reclamation and collection systems, irrigation systems or similar capital expenditures necessary and proper for the operation and maintenance of Hidden Springs, including without limitation maintenance, improvement, operation, repair and replacement of the Waste Water Reclamation System as provided in Section 3.1.11;

3.1.7.3.3 as appropriate to implement and achieve the reduction of traffic and other goals as identified in Sections 3.1.7.9 and 3.1.8.11;

3.1.7.3.4 the purchase, lease, maintenance, improvement, operation, repair and replacement of Improvements on Common Area, Restricted Area, Maintenance Property, a Lot or public right-of-way, including the performance of duties and obligations pursuant to any licenses, easements or other agreements; and

3.1.7.3.5 the purchase, lease, maintenance, improvement, operation, repair and replacement of Improvements in a public right-of-way pursuant to a license, easement or other agreement.

3.1.7.4 Association Rules. The power to adopt, amend and repeal such rules and regulations as the Town Council deems reasonable or appropriate for the health, welfare and safety of the residents of Hidden Springs or to carry out the purpose and intent of the Community Documents and including, without limitation, the right to govern: (i) the use of the Common Area, Restricted Area and Maintenance Property by the Owners, their families, invitees, licensees, lessees or contract purchasers, including, without limitation, the use of Common Area, Restricted Area and Maintenance Property for organized recreational activities; (ii) implementation and enforcement of any of the terms, conditions and restrictions of the Community Documents, including, without limitation, water and waste water conservation and traffic reduction measures; (iii) acceptable audible noise levels for various times, purposes and locations throughout the Hidden Springs Property; and (iv) installation, placement and hours of operation for exterior

lighting fixtures on the Hidden Springs Property: provided, however, that any Association Rules shall not be inconsistent with this Master Declaration, the Articles or the Bylaws. A copy of the Association Rules as they may from time to time be adopted, amended or repealed shall be mailed or otherwise delivered or made available to each Owner. Upon adoption, the Association Rules shall have the same force and effect as if they were set forth in and were a part of this Master Declaration. In the event such Association Rules are inconsistent with or less restrictive than any other provisions of this Master Declaration, any Supplement, the Articles, Bylaws, Nonresidential Design Guidelines and/or Residential Design Guidelines, the provisions of the Association Rules shall be deemed to be superseded by the provisions of this Master Declaration, any Supplement, the Articles, Bylaws, Nonresidential Design Guidelines and/or Residential Design Guidelines to the extent of any such inconsistency.

3.1.7.5 Right of Enforcement. The power and authority, in its own name, on its own behalf, or on behalf of any Neighborhood Association, to commence and maintain actions and suits to (i) collect any amounts due and owing; (ii) restrain and enjoin any breach or threatened breach of the Community Documents, including the right to commence and prosecute litigation if the Town Association decides that such action is in the best interests of Hidden Springs; and (iii) enforce by injunction or otherwise, all provisions hereof.

3.1.7.6 Licenses, Easements and Rights-of-Way. The power to grant and convey to third parties such licenses, easements and rights-of-way in, on or under the Common Area, Restricted Area, Maintenance Property and Conservation Area (if the Town Association obtains fee title to any Conservation Area) as may be necessary or appropriate for the orderly maintenance, preservation and enjoyment of the same, and for the preservation of the health, safety and welfare of the Owners, for the purpose of constructing, erecting, operating or maintaining:

3.1.7.6.1 Underground lines, cables, wires, conduits or other devices for the transmission of electricity or electronic signals for lighting, heating, power, telephone, television or other purposes, and the above ground lighting stanchions, meters, and other facilities associated with the provisions of such services;

3.1.7.6.2 Sewers, waste water reclamation and distribution systems, storm drains, water drains and pipes, water supply systems, sprinkling systems, heating and gas

lines or pipes, and any similar public or quasi-public improvements or facilities; and

3.1.7.6.3 Any service facility, berm, fencing and landscaping abutting Common Area, public and private streets or land conveyed for any public or quasi-public purpose including, without limitation, pedestrian and bicycle pathways.

The right to grant such licenses, easements and rights-of-way are hereby expressly reserved to the Town Association and may be granted at any time prior to twenty-five (25) years after the death of the last to survive of all of the lawful descendants who are living at the effective date of this Master Declaration of the members of Congress of the United States of America.

3.1.7.7 Transfer Fees. In order to fund its environmental education and stewardship programs, the Town Association is authorized to charge a fee ("Transfer Fee") commencing with the sale of the first Lot to a Person (exclusive of Town Founder) and on each subsequent sale or resale of a Lot.

The Town Association shall have the sole discretion to determine the amount and method of determining any such Transfer Fee, which may, but is not required to, be determined based upon a percentage of the "Gross Selling Price" of the Lot or another factor as determined by the Town Association; provided, however, that the Transfer Fee shall not be greater than one-half of one percent (0.50%) of the Gross Selling Price of the Lot. For the purpose of determining the amount of the Transfer Fee, the Gross Selling Price shall include the total cost to the purchaser of the Lot and of the Improvements thereon, including, without limitation, all residential or commercial buildings, but excluding taxes and title transfer fees. Each Person buying a Lot shall provide the Town Association with a copy of the purchase and sale agreement for the Lot and/or Improvements thereon or similar materials requested by the Town Association, as necessary to allow the Town Association to calculate the Gross Selling Price. In the event a Lot does not have Improvements constructed thereon, the Gross Selling Price shall be the total cost to the purchaser of the Lot plus the estimated cost of the improvements based on purchaser's available plans and specifications, and if none, based on the Town Association's fair and reasonable estimate of the value of such Improvements. Monies obtained from such Transfer Fee shall be placed in a fund ("Conservation and Preservation Fund") and may be used by the Town Association for any of the following purposes: (1) the administrative costs incurred by the Town Association in creating and updating the current property rolls for

Owners of Lots within the Hidden Springs Property and as otherwise needed for the operation of the Town Association's business; (2) the maintenance, improvement, operation, repair, replacement and management of the Conservation Area created by the Conservation Easement pursuant to the terms contained therein and education programs concerning the Conservation Area; and (3) acquisition of additional property to be maintained consistent with the environmental objectives of the Conservation Easement. All purchasers of Lots acknowledge that the Town Council has, in its sole discretion, the right to transfer the Conservation and Preservation Fund and monies contained therein or collected hereunder to either (1) a private tax exempt, not for profit organization, as defined in Section 170(h) of the Internal Revenue Code of 1986 or (2) a public agency among whose purposes it is to preserve, protect and enhance the Conservation Area pursuant to the terms and conditions of the Conservation Easement.

The foregoing Transfer Fee shall be levied notwithstanding the fact that the Town Association or Conservation and Preservation Fund may have then accumulated a balance. In no event will any Owner have a right of set-off against any such Owner's responsibility to pay Assessments as provided under this Master Declaration. Funds in the Conservation and Preservation Fund may also be used for such other purposes as the Town Association shall deem appropriate from time to time.

Notwithstanding the above, a Transfer Fee shall not be levied in the following instances:

(i) Conveyance of a Lot from Town Founder to a Builder;

(ii) Conveyance of a Lot to a trust, partnership, limited liability company, corporation, or other entity so long as such entity is wholly owned by the Owner conveying such Lot at the time of conveyance or by such Owner and the Owner's spouse and/or children and the trust, partnership, limited liability company, corporation or other entity continues to be owned after the conveyance by such Person(s); provided, however, if the immediately preceding conveyance of the Lot was exempted from payment of the transfer fee pursuant to this subsection, then this exception shall not apply and the Lot shall be subject to the payment of the Transfer Fee;

(iii) Conveyance of a Lot by an Owner or such Owner's estate to the Owner's spouse and/or legal children

and/or legal grandchildren; provided, however, if the immediately preceding conveyance of the Lot was exempted from payment of the Transfer Fee pursuant to this subsection, then this subsection shall not apply and the transfer of the Lot shall be subject to payment of the Transfer Fee;

(iv) A transfer of a Lot to the beneficiary under a deed of trust, the mortgagee under a mortgage by trustee's sale proceedings, the foreclosure of the mortgage or by deed in lieu of a trustees sale or mortgage foreclosure; and

(v) The conveyance of any Lot to Town Founder.

All transfer fees shall be paid at the closing of the transfer and shall be a continuing lien upon each Lot until paid. For the purposes of this subsection, the sale or transfer of a Lot shall mean the transfer of fee title to a Lot, or a leasehold interest or other possessory right exceeding sixty (60) months cumulative, in duration.

3.1.7.8 Emergency Powers. The power, exercised by it or by any Person authorized by it, to enter upon any portion of the Hidden Springs Property (but not inside any building constructed thereon) in the event of any emergency involving potential danger to life or property or when necessary in connection with any maintenance, improvement, operation, repair or replacement for which the Town Association is responsible. Such entry shall be made with as little inconvenience to the Owner as practicable, and any damage caused thereby shall be repaired by the Town Association.

3.1.7.9 Traffic Reduction. Establish, implement and enforce regulations, restrictions controls, strategies and programs including ride sharing strategies as necessary or appropriate to achieve the "Trip Reduction Strategy" identified in Section 3, 3-17, of the Town Plan and also enter into contracts, agreements or cooperative arrangements with appropriate regulatory agencies, including the "Hidden Springs Transportation Management Plan" entered into with the Ada County Highway District on January 13, 1998 (as amended from time to time), as appropriate to manage and minimize traffic impacts on roadways within or abutting the Hidden Springs Property and concentrate traffic flow through designated traffic corridors.

3.1.7.10 Cultural Programs. Coordinate, support and sponsor the arts, cultural programs and activities benefitting the residents of Hidden Springs and the greater Ada County community.

3.1.7.11 Educational Activities. Coordinate, support and sponsor educational activities of both a private and cooperative public nature.

3.1.7.12 Health Programs. Coordinate, support and sponsor health and wellness programs and encourage activities appropriate to the various age and other groups within Hidden Springs.

3.1.7.13 Other Programs and Services. The Town Association may establish, modify and terminate from time to time such additional services or programs for the residents of Hidden Springs as the Town Association may deem appropriate.

3.1.7.14 Technology. Explore ways and means to utilize technology to maximize the quality of life and the opportunities for work, play and residence within Hidden Springs and coordinate, support and sponsor specific technology-related projects. The Town Association is authorized, but not obligated, to utilize computer voting and to employ cable television and other electronic methods for its meetings, assessment collection and other appropriate activities so as to provide the broadest possible, relevant participation or observation of its decision making processes.

3.1.7.15 Community Associations. Establish and interact with tax-exempt organizations, other community associations and public agencies for educational, cultural, environmental, recreational, preservation, or other activities benefitting Hidden Springs and the greater Ada County community.

3.1.7.16 Wildfire Prevention. Establish, implement and enforce all programs, services, activities, restrictions, rules and regulations necessary or appropriate to achieve the "Wild Fire Prevention Strategy" identified in Section 3, 3-19, of the Town Plan, including any and all steps necessary to minimize disruption of wildlife habitat in the form of native ground cover vegetation and existing soil and drainage patterns.

3.1.7.17 Water System and Water Quality Management. Establish, implement and enforce all programs, services, activities, rules and regulations necessary or appropriate to achieve the goals and objectives for the "Water System" for Hidden Springs and the associated "Water Quality" as identified in Section 3, 3-25 through 3-29, of the Town Plan.

3.1.7.18 Water Conservation. Establish, implement and enforce all programs, services, activities, rules, restrictions and

regulations necessary or appropriate to achieve the "Water Conservation" objectives identified in Section 3, 3-30, of the Town Plan including, without limitation, requiring the Owners to install high-efficiency (low flow) shower heads, toilets, faucets and related fixtures.

3.1.7.19 Other Goals. The Town Association is also specifically empowered to establish, implement and enforce other regulations, restrictions and controls in order to achieve the goals and policies of the Town Plan, the Hidden Springs Zoning Ordinance and the Hidden Springs Transportation Management Plan. Each Owner specifically acknowledges this power and authority of the Town Association and agrees to abide by all such regulations, restrictions, controls and strategies.

3.1.7.20 Newsletter. If it so elects, prepare and distribute a newsletter (or similar communication) on matters of general interest to Owners.

3.1.7.21 Animals and Wildlife Habitat. Establish, implement and enforce programs, services, educational activities, regulations, restrictions and controls with respect to wildlife habitat and animal management, and as otherwise necessary or appropriate to achieve the "Wildlife Strategy" identified in Section 3, 3-22 and 3-23, of the Town Plan.

Such regulations, restrictions and controls may include, without limitation, regulations concerning the control, relocation, and management of wildlife; restrictions requiring all Owners to mitigate the effects of development on the environment; restrictions on the use of particular areas of environmental significance; regulations regarding the conservation and use of water resources; and restrictions relating to lighting outdoor fires and trapping, capturing, killing, or keeping animals. These regulations may also include guidelines related to habitat protection, recycling, and archaeological sites or artifact scatters and the creation of wildlife corridors, wildlife ranges, and natural wildlife habitat areas. The Town Council also shall have the power to impose, from time to time, fire buffer zones, habitat or archaeological site protection zones, or other special purpose zones upon Owners in order to enhance and protect the environment and habitat.

The Town Council is further empowered to establish, implement and enforce an animal and habitat management plan. The Town Council may, as it deems appropriate in its sole discretion, modify, cancel, limit, create exceptions to, or expand any regulations,



restrictions, controls, guidelines, zones, corridors, ranges, and plans it establishes pursuant to this Section.

The Town Council is empowered to cooperate, interact, or enter into agreements with public or private entities, including without limitation, environmental entities for the purpose of executing the powers authorized in this Section.

3.1.7.22 Delegation of Powers. The authority to delegate its power and duties to committees, officers, employees, or to any Person to act as a manager, and to contract with a Neighborhood Association for the maintenance, repair, replacement and operation of any Common Area, Restricted Area or Maintenance Property.

The powers of the Town Association set forth in this Section 3.1.7 are not intended to be exclusive or exhaustive, and the Town Association, under the management and control of the Town Council, shall have all power and authority necessary to implement and effectuate the Town Plan and the Town Association's business and other activities. The exercise of any of the powers and authority set forth herein is within the discretion of the Town Council.

3.1.8 Duties of the Town Association. The ultimate responsibility of the Town Association is to be a catalyst and steward for the creation of a sense of community and community activities at Hidden Springs. In addition to duties necessary and proper to carry out the power delegated to the Town Association by this Master Declaration and the other Community Documents, and without limiting the generality thereof, the Town Association under the management and control of the Town Council shall have the obligation to conduct all business affairs of the Town Association and to perform, by way of illustration and not limitation, the following:

3.1.8.1 Operation and Maintenance of Common Area, Restricted Area and Maintenance Property. Maintain, improve, operate, repair, replace and otherwise manage or provide for the maintenance, improvement, operation, repair or replacement of the Common Area, Restricted Area and Maintenance Property, including, without limitation, the maintenance, improvement, operation, repair or replacement of the drainage facilities according to the "Operation and Maintenance Manual for Stormwater Conveyance, Ditches, Swales and Ponds at Hidden Springs Community", dated May, 1998, as amended from time to time, and the repair and replacement of property damaged or destroyed by casualty loss;

3.1.8.2 Reserve Account. Establish and fund a reserve account, such reserve account to be invested with a banking institution, savings and loan association or other financial institutions authorized to do business in the State of Idaho, which reserve account

shall be dedicated to the costs of repair, replacement, maintenance and improvement of the Common Area, Restricted Area and Maintenance Property;

3.1.8.3 Taxes and Assessments. Pay all real and personal property taxes and Assessments separately levied against the Common Area or Restricted Area owned by the Town Association and/or any other property owned by the Town Association. Such taxes and Assessments may be contested or compromised by the Town Association, provided, however, that such taxes and Assessments are paid or a bond insuring payment is posted prior to the sale or disposition of any property to satisfy the payment of such taxes and Assessments. In addition, the Town Association may pay all other federal, state and/or local taxes, including income or corporate taxes levied or assessed against the Town Association;

3.1.8.4 Water and Other Utilities. Obtain, provide and/or pay for water, sewer, garbage disposal, refuse and rubbish collection, electrical, telephone and gas and other necessary services for the Common Area, Restricted Area and Maintenance Property and to own and/or manage for the benefit of Hidden Springs all water rights and rights to receive water held by the Town Association, whether such rights are evidenced by license, permit, claim, decree, stock ownership or otherwise;

3.1.8.5 Insurance. Obtain insurance from insurance companies authorized to do business in the State of Idaho, and maintain in effect any insurance policy the Town Council deems necessary or advisable, and to the extent possible to obtain, including, without limitation the following policies of insurance:

3.1.8.5.1 Fire insurance including those risks embraced by coverage of the type known as the broad form or "All Risk" or special extended coverage endorsement on a blanket agreed amount basis for the full insurable replacement value of all Improvements, equipment and fixtures located within the Common Area, Maintenance Property and Restricted Area;

3.1.8.5.2 Comprehensive general liability insurance insuring the Town Council, the Town Association, Town Founder, and the individual grantees, tenants, agents and employees, invitees and guests of each of the foregoing against any liability incident to the ownership, management, maintenance and/or use of the Common Area, Restricted Area and Maintenance Property. Limits on liability of such coverage shall be as follows: Not less than One Million

Dollars (\$1,000,000) per occurrence with respect to personal injury or death, and One Million Dollars (\$1,000,000) per occurrence with respect to property damage or such amounts in excess thereof which the Town Association determines is commercially reasonable and prudent under the circumstances after taking into account inflation occurring after the execution of this Master Declaration;

3.1.8.5.3 Full coverage directors' and officers' liability insurance with a limit of at least Two Hundred Fifty Thousand Dollars (\$250,000) or such amounts in excess thereof which the Town Association determines is commercially reasonable and prudent under the circumstances after taking into account inflation occurring after the execution of this Master Declaration;

3.1.8.5.4 Such other insurance, including motor vehicle insurance and worker's compensation insurance, to the extent necessary to comply with all applicable laws and indemnity, faithful performance, fidelity and other bonds as the Town Council shall deem necessary or required to carry out the Town Association functions or to insure the Town Association against any loss from malfeasance or dishonesty of any employee or other Person charged with the management or possession of any Town Association funds or other property;

3.1.8.5.5 The Town Association shall be deemed trustee of the interests of all Owners in connection with any insurance proceeds paid to the Town Association under such policies, and shall have full power to receive such Owner's interests, if any, in such proceeds and to deal therewith; and

3.1.8.5.6 Insurance premiums for the above insurance coverage shall be deemed a common expense to be included in the Regular Assessments levied by the Town Association.

3.1.8.6 Town Design Review Board. Appoint and remove members of the Town Design Review Board, subject to the provisions of this Master Declaration;

3.1.8.7 Maintenance of Essential Public Services. To the extent not otherwise provided herein, to maintain, improve, operate, repair or replace all facilities and provide services that benefit the Hidden Springs Property and/or the residents of Hidden Springs

which are not operated and maintained by political subdivisions or agencies thereof or other individuals or entities.

3.1.8.8 Water Conservation. Establish and enforce regulations, restrictions, controls, strategies and programs in addition to those contained in this Master Declaration, or consumption reduction strategies as appropriate to achieve the "water conservation" objectives identified in Section 3, 3-30, of the Town Plan, and as necessary to comply with the allowed waste water inflow levels specified in the Sewer Company Requirements.

3.1.8.9 Waste Water Use. Regardless of who owns the Waste Water Reclamation System, the Town Association agrees to accept the treated waste water stored in detention ponds following completion of the purification and treatment process and apply such treated water for the irrigation of Agriculture and Agricultural Operations in Hidden Springs, Common Area, Restricted Area and Maintenance Property or for such other purposes as the Town Association deems appropriate in such proportions and amounts; provided, however, that the available water shall be first applied as necessary to guarantee adequate water for Agriculture and Agricultural Operations.

3.1.8.10 Improvements in the Public Right-of-Way. Maintain, improve, operate, repair and replace all facilities and Improvements, including, without limitation, Maintenance Property, drainage systems or facilities, waste water reclamation and distribution systems or water and/or irrigation systems, landscaping or landscaping improvements located in any public rights-of-way which the Town Association is obligated to maintain, operate, repair and replace pursuant to the Town Plan, any Plat, any license, easement, or other agreement or as a condition of development of the Hidden Springs Property.

3.1.8.11 Traffic Reduction and Other Goals. Implement and enforce the Hidden Springs Transportation Management Plan entered into with the Ada County Highway District on January 13, 1998 (as amended from time to time), and otherwise take any and all actions necessary to achieve the Trip Reduction Strategy.

3.1.9 Conservation Area Acceptance, Operation and Maintenance. In the event that the ownership or management of the Conservation Area is transferred or delegated by separate instrument to the Town Association, the Town Association shall accept responsibility for managing the Conservation Area or the ownership thereof, as applicable under the circumstances.

3.1.9.1 Management. If management of the Conservation Area or a portion thereof is transferred to the Town Association, the Town Association shall maintain, improve, operate, repair, replace and otherwise manage or provide for the maintenance, improvement, operation, repair, replacement and management of the Conservation Area including, without limitation, the right to transfer such duties to: (1) a private profit or non-profit organization; or (2) a public agency among whose purposes it is to preserve, protect and enhance the Conservation Area pursuant to the terms and conditions of the Conservation Easement.

3.1.9.2 Designation of Use. If the ownership of the Conservation Area or a portion thereof is transferred to the Town Association, the Town Council and Town Founder shall identify the Open Space purpose for each portion of the Conservation Area and designate such Conservation Area as Common Area, Restricted Area or Maintenance Property. If a portion of the Conservation Area has been designated for Agriculture and Agricultural Purposes, the use of such designated portion may only be modified by an instrument in writing signed and acknowledged by the Town Founder and the president and secretary of the Town Association certifying and attesting that such change in use from Agriculture and Agricultural Purposes to another Open Space purpose has been approved by the vote or written consent of two thirds (2/3) of the total voting power of the Members in the Town Association. In any event, the total amount of space within the Conservation Area used for Open Space purposes shall not be reduced below the minimum acreage required by the Conservation Easement. If the operation of the Conservation Area or any portion thereof for a particular Open Space purpose becomes economically nonviable, then the Conservation Area shall be used for an alternate Open Space purpose consistent with the Conservation Easement.

3.1.9.3 Conservation Easement. The Town Association's obligation to maintain, improve, operate, repair, replace and otherwise manage the Conservation Area shall be subject to the terms and conditions of the Conservation Easement.

3.1.9.4 Agriculture and Agricultural Purposes. The Town Association shall have the right, but not the obligation, to lease those portions of the Conservation Area it owns, if any, designated for use as Agriculture or Agricultural Purposes to Town Founder or any Person. Additionally, the Town Association may lease from Town Founder or any person, portions of the Conservation Area, if any, designated for Agriculture or Agricultural Purposes.

**3.1.10 Community Facilities.** Each Owner agrees and acknowledges that the Town Founder and others have constructed or may construct and operate certain Community Facilities on the Hidden Springs Property. The Community Facilities are intended to serve Owners within Hidden Springs and others in the surrounding area. Some of the Community Facilities may be privately owned and operated entirely separate from the Town Association. Other Community Facilities may be owned or otherwise controlled and/or subsidized in some way by the Town Association. In the event the Town Association has any control over or responsibility for any of the Community Facilities, the Town Association may, at its sole discretion, pay for all or part of the cost and expense of operating and maintaining the Community Facilities by charging use fees to Owners and persons using the Community Facilities or by otherwise operating the Community Facilities as commercial enterprises. Additionally, any costs and expenses associated with Community Facilities may, at the discretion of the Town Association, be considered an "Expense" and paid through Assessments. In the event the Town Association acquires or accepts fee title to any of the Community Facilities, the Town Association shall have the right to sell, lease, license or delegate management and operation of the Community Facilities to any Person and/or have the right to discontinue operation of the Community Facilities in its sole discretion provided, however, that the Town Association may not discontinue any Community Facility required to implement and effectuate the Town Plan or to comply with the Hidden Springs Zoning Ordinance.

**3.1.11 Waste Water Reclamation System.** By separately recorded instrument, Town Founder has granted the Sewer Company a nonexclusive permanent easement over certain portions of the Hidden Springs Property ("Sewer Easement"), which were subsequently dedicated as public rights-of-way. In the event the Sewer Company fails to perform its obligations under the Sewer Easement ("Default"), the Sewer Easement obligates the Town Association to maintain, improve, operate, repair and inspect the Waste Water Reclamation System facilities including, without limitation, underground collection lines, force main sewer lines, reclaimed water transmission lines and reclaimed water distribution lines, located in the public rights-of-way. Unless the Sewer Easement has been terminated, in the event of a Sewer Company Default, the Town Association shall remedy the Default as provided in the Sewer Easement in compliance with any and all local, state and federal permits, regulations or statutes, and charge the Sewer Company for the cost and expense associated with remedying the Default. If the Town Association does not remedy the Default, the Ada County Highway District has the right under the Sewer Easement to remedy such Default and otherwise perform the Sewer Company's obligations therein, and seek reimbursement from the Town Association. Town Association shall reimburse the Ada County Highway District for such costs and expenses incurred by the Ada County Highway District in performing the Sewer Company's obligations under the Sewer Easement; provided, however, that the Town Association shall have no further obligation under this Section and the Sewer Easement to reimburse the Ada

County Highway District if the Sewer Company is conveyed, assigned or otherwise transferred to a public agency or quasi-public entity validly formed under the laws of the state of Idaho or a service provider regulated by the Idaho Public Utilities Commission or a similar local, state or federal regulatory authority. Town Founder, in Town Founder's sole discretion may amend the Sewer Easement from time to time or execute a similar document which extends the terms and conditions of the Sewer Easement to subsequent Phases.

3.1.12 Lien and Collection of Sewer Company Fees and Charges. In the event an Owner fails to pay the Sewer Company Fees and the Sewer Company certifies such unpaid amounts to the Town Association, the Town Association shall lien and collect such unpaid amounts as if such unpaid amounts were a delinquent Limited Assessment. All Sewer Company Fees collected by the Town Association shall be paid to the Sewer Company.

3.1.13 Annual Meeting. The Town Association shall hold an annual meeting each year as provided in the Articles and Bylaws, and special meetings may be called as provided for in the Bylaws.

3.1.14 Budgets and Financial Statements. Financial statements for the Town Association shall be prepared regularly and, upon request, copies shall be distributed to each Member of the Town Association as follows:

3.1.14.1 A pro forma operating statement or budget for the Town Association (and any applicable Neighborhood Association) for each fiscal year shall be available for distribution not less than thirty (30) days before the beginning of each fiscal year.

3.1.14.2 Within ninety (90) days after the close of each fiscal year, the Town Association (or Neighborhood Association as applicable) shall cause to be prepared and available for delivery to each of its Members, a balance sheet as of the last day of the Town Association's fiscal year for the Town Association and applicable Neighborhood Association and annual operating statements reflecting the income and expenditures of the Town Association and applicable Neighborhood Association for their last fiscal year.

3.1.15 Manager. The Town Association, acting through the Town Council, may employ or contract for the services of a professional manager or management company, provided that no such employment or contract shall have a term of more than one (1) year, and each such contract shall be subject to cancellation by the Town Association with or without cause and without payment of a termination fee; provided thirty (30) days or less prior notice is given. The professional manager so employed or contracted with shall not have the authority to make expenditures chargeable against the Town Association except upon specific prior written approval and direction by the

Town Council. The Town Council shall not be liable for any omission or improper exercise by such a professional manager of any such duty, power or function so delegated by or on behalf of the Town Council.

3.1.16 Personal Liability. No Director, member of the Town Advisory Committee, member of the Town Design Review Board, member of any committee of the Town Association or Town Design Review Board, or any officer of the Town Association, or Town Founder, or the manager, if any, shall be personally liable to any Owner, or to any other party, including the Town Association and/or Neighborhood Associations, for any damage, loss or prejudice suffered or claimed on the account of any act, omission, error or negligence of the Town Association, the Town Council, Town Advisory Committee, Town Design Review Board, Neighborhood Associations, Neighborhood Association Board, the manager, if any, or any officer, committee, or other representative or employee of the Town Association or Neighborhood Association, Town Advisory Committee, Town Founder, or the Town Design Review Board, provided that such Person, upon the basis of such information as may be possessed by such Person, has acted in good faith without willful or intentional misconduct.

3.2 Neighborhood Associations. Town Founder may, but is not obligated to, create Neighborhood Associations as profit or non-profit corporations or limited liability companies under the provisions of the Idaho Code relating to corporations or limited liability companies, or Town Founder may, but is not obligated to, create such a Neighborhood Association as an unincorporated entity which Town Founder deems appropriate. Town Founder may, in its discretion, create a Neighborhood Association by means of a Supplement, or create such Neighborhood Association by means of separate instruments, and may, in its discretion, grant to such Neighborhood Association a revokable, non-exclusive license to use the name "Hidden Springs." Membership, voting rights and privileges and all other aspects of Neighborhood Associations shall be determined by Town Founder, in its sole discretion.

### 3.3 Town Design Review Board.

3.3.1 Creation; Town Founder's Right of Appointment. Within thirty (30) days of the date on which Town Founder first conveys a Lot to an Owner, Town Founder shall appoint a minimum of three (3) and no more than five (5) individuals to serve on the Town Design Review Board. Such individuals need not be Owners. At least one member of the Town Design Review Board shall be a design professional. Thereafter, at any time, and from time to time, until the Class B Member Termination Date, Town Founder shall have the exclusive right, in Town Founder's sole discretion, to appoint, remove and replace all members of the Town Design Review Board with or without cause. After the Class B Member Termination Date, the Town Council shall have the right to appoint, remove and replace all members of the Town Design Review Board with or without cause. A Neighborhood Association shall not



establish a local design review board. Pursuant to Section 3.3.3 below, the Town Design Review Board shall review, study, and either approve or reject the proposed Improvements and/or Nonresidential Uses on the Hidden Springs Property, all in compliance with the Master Declaration, Hidden Springs Zoning Ordinance, any Supplement, the Nonresidential Design Guidelines and the Residential Design Guidelines. The actions of the Town Design Review Board regarding its approval or disapproval of the proposed Improvements and/or Nonresidential Uses on the Hidden Springs Property, or with respect to any other matter before it, shall be conclusive and binding on all interested parties. Any action or decision made by a majority of the Town Design Review Board shall be a binding decision of the entire Town Design Review Board.

3.3.2 Appointment of Town Design Review Board Representative. The Town Design Review Board may appoint in writing one (1) of its members to act as its designated representative (the "Design Administrator"). The Design Administrator may be delegated all duties and obligations of the Town Design Review Board. In the event a Design Administrator is appointed, it is intended that the Town Design Review Board shall look to the Design Administrator to perform all functions of the Town Design Review Board; provided however, the Town Design Review Board shall make all final determinations and decisions regarding all Town Design Review Board duties and obligations. Any action or decision made by a majority of the Town Design Review Board shall be a binding decision of the entire Town Design Review Board.

3.3.3 Design Guidelines - Improvements Generally. The Town Design Review Board shall promulgate, publish, amend and supplement from time to time the Nonresidential Design Guidelines and Residential Design Guidelines for the construction and reconstruction of all Improvements on the Hidden Springs Property. No Improvements on any portion of the Hidden Springs Property shall be constructed, reconstructed, placed or removed from the Hidden Springs Property (exclusive of Antennae) without prior written consent of the Town Design Review Board, and without being in compliance with the Community Documents, and in particular, the applicable Design Guidelines. The Nonresidential Design Guidelines and the Residential Design Guidelines shall be developed and used by the Town Design Review Board to ensure that all Improvements conform and harmonize as to external design, quality and type of construction, architectural character, materials, color, location on the Building Envelope, height, grade and finish ground elevation, natural conditions, landscaping and all aesthetic considerations, including guidelines designed to protect the special qualities of Hidden Springs, and to encourage creative design, by providing general architectural, design and construction guidelines (including Building Envelope guidelines), landscape guidelines (including a description of existing, natural conditions and vegetation), water conservation guidelines, submittal and review procedures, and fees and charges for review. The Nonresidential Design Guidelines and the Residential Design Guidelines shall be drafted to conform to this Master

Declaration, and the Town Association's Articles and Bylaws. In the event of a conflict between the Nonresidential Design Guidelines or the Residential Design Guidelines and this Master Declaration, this Master Declaration shall govern. The content of the Nonresidential Design Guidelines and the Residential Design Guidelines may be modified, supplemented, and amended from time to time by a majority vote of the Town Design Review Board. Nothing contained herein limits any Owner's obligation and duty to ensure that such Owner's Lot development is in compliance with this Master Declaration, any Supplement, the Nonresidential Design Guidelines, the Residential Design Guidelines, any other Community Documents or applicable local state and federal laws.

3.3.4 Plans and Specifications. An Owner shall, in connection with each request for approval to construct or reconstruct Improvements ("Design Approval"), submit three (3) copies of the plans and specifications described below for such proposed action (the "Plans and Specifications") to the Town Design Review Board. The Plans and Specifications shall conform with such standards, including the Nonresidential Design Guidelines and the Residential Design Guidelines, as may be published from time to time by the Town Design Review Board regarding, without limitation, existing site conditions, constraints, building orientation and design, vehicular and pedestrian access, surface water drainage, the proposed use of exterior materials and colors and conceptual landscape design and such other information as may be reasonably required by the Town Design Review Board to determine the location, scale, design, character, style and exterior appearance of the Owner's intended Improvements.

3.3.5 Procedure for Design Approval.

3.3.5.1 Generally. The Town Design Review Board shall review the Plans and Specifications and approve or disapprove the request for Design Approval within the time limits provided in the Nonresidential Design Guidelines and the Residential Design Guidelines. Each Owner requesting Design Approval shall be entirely responsible for, and by submitting an application, agrees to pay all fees of architects, engineers, designers, landscape architects and other consultants incurred by the Town Design Review Board and reasonably required, in addition to normal Design Administrator review, to review the Plans and Specifications. In the event that the Town Design Review Board denies the requested Design Approval, an Owner may submit revised Plans and Specifications to be considered by the Town Design Review Board in the manner set forth in the Nonresidential Design Guidelines and the Residential Design Guidelines.

3.3.5.2 Issuance of Approval. Upon issuance of the requested Design Approval, no further approvals shall be required

with respect thereto, unless either (a) such action has not been substantially commenced within one (1) year of the issuance of the requested Design Approval (e.g., clearing and grading, pouring of footings, etc.) unless the Town Design Review Board provides an extension pursuant to the Nonresidential Design Guidelines and Residential Design Guidelines or (b) the approved Plans and Specifications are altered or changed in any material manner or fashion. There shall be no right of appeal to the Town Design Review Board or Town Council concerning the denial or approval of a Design Approval. Upon completion of an Owner's Improvements, the Owner shall notify the Town Design Review Board of the completion of the Improvements and comply with all other inspection requirements as provided in the Nonresidential Design Guidelines and the Residential Design Guidelines.

3.3.6 Nonresidential Uses. Before commencing a Nonresidential Use on any portion of the Hidden Springs Property or changing an Owner's Nonresidential Use on any portion of the Hidden Springs Property, in addition to obtaining Design Approval, an Owner must obtain the Town Design Review Board's written consent that the proposed Nonresidential Use is an allowed use on the proposed location therefore, pursuant to Section 8-21A-5C of the Hidden Springs Zoning Ordinance, and otherwise in compliance with the Hidden Springs Zoning Ordinance and the Nonresidential Design Guidelines ("Nonresidential Use Approval"). The Town Design Review Board shall have the right, in its sole discretion, to approve or disapprove the requested Nonresidential Use or its location if they or either of them are incompatible with the mix of commercial and residential uses allowed under the Hidden Springs Zoning Ordinance.

In connection with each request for Nonresidential Use Approval, an Owner shall submit a written application containing the information, materials and plans required by the Town Design Review Board under the Nonresidential Design Guidelines to determine the location, nature and scope of the Nonresidential Use and any related Improvements (the "Application"). In the event the Owner is requesting Nonresidential Use Approval for a Commercial Use, the Application shall also include the specific interior and exterior square footage of any Improvements to be constructed for the Commercial Use and a site plan indicating with particularity the location of the Improvements on the Lot(s). The Town Design Review Board reserves, in its sole discretion, the right to limit the interior and exterior square footage of any Commercial Use and identify the location on a Lot for the construction of Improvements related to Commercial Use.

The Town Design Review Board shall proceed with the review of the Application contemporaneously with the review of the Plans and Specifications as provided in Section 3.3.4 (if Design Approval is required), and shall approve

or disapprove the Application during the time periods established in the Nonresidential Design Guidelines and the Residential Design Guidelines.

3.3.7 Expenses. All expenses of the Town Design Review Board shall be paid by the Town Association if the Town Design Review Board's revenues are insufficient to meet its operating expenses. The Town Design Review Board shall have the right to charge a fee to each Owner for each application submitted to it for review in an amount established by the Town Design Review Board from time to time in the Nonresidential Design Guidelines and the Residential Design Guidelines and such fees shall be collected by the Town Design Review Board and remitted to the Town Association to help defray the expenses of the Town Design Review Board's operation, including reasonable payment, if any, to each member of the Town Design Review Board for their services as provided herein. Each Owner, by submitting an application, agrees to pay such fees.

3.3.8 Governmental Approval. All Owners acknowledge that any request for Design Approval and/or Nonresidential Use Approval must be submitted to and approved by the Town Design Review Board before a request or application for a building permit or occupancy permit is forwarded to any appropriate governmental or quasi-governmental agency, board or commission, including without limitation, Ada County, the Ada County Highway District or regulatory agencies as required by the Hidden Springs Zoning Ordinance.

3.3.9 Non-Liability of Town Design Review Board Members. Approval by the Town Design Review Board does not assure approval of the Improvements or the Nonresidential Use by any appropriate governmental or quasi-governmental agency, board or commission, including, without limitation, the Ada County Board of County Commissioners or the Ada County Highway District pursuant to the Hidden Springs Zoning Ordinance. Notwithstanding that the Town Design Review Board has approved Improvements, Plans and Specifications, or a Nonresidential Use, neither the Town Design Review Board nor any of its members shall be responsible or liable to any Association, Person, Owner, or the Town Founder with respect to any loss, liability, claim or expense which may arise by reason of such approval or denial of the Improvements, Plans and Specifications or Nonresidential Use, unless due to the willful misconduct or bad faith of the Town Design Review Board. Neither the Town Design Review Board or any agent thereof nor Town Founder or any of its partners, employees, agents or consultants shall be responsible in any way for any defects in any Plans and Specifications and/or Application submitted, revised or approved in accordance with the provisions of the Community Documents, nor for any structural or other defects in any work done according to such Plans and Specifications and/or Application. The Town Design Review Board shall be defended, indemnified and held harmless by the Town Association in any such suit or proceeding which may arise by reason of the Town Design Review Board's decision. The Town Association, however, shall not be obligated to defend, indemnify and hold harmless any member of

the Town Design Review Board to the extent any such member of the Town Design Review Board shall be adjudged to be liable for willful misconduct or bad faith in the performance of such member's duty as a member of the Town Design Review Board.

3.3.10 Waivers. The Town Design Review Board may authorize waivers from compliance with this Master Declaration and the Hidden Springs Zoning Ordinance or any of the Nonresidential Design Guidelines or the Residential Design Guidelines, including restrictions upon height, size, floor area or placement of structures, or similar restrictions, when circumstances such as topography, natural obstructions, hardship, aesthetic or environmental considerations may require. Such waivers must be evidenced in writing, and must be signed by a majority of the members of the Town Design Review Board. If such waivers are granted, no violation of the covenants, conditions and restrictions contained in this Master Declaration, any Supplement, the Nonresidential Design Guidelines, Residential Design Guidelines or the Hidden Springs Zoning Ordinance shall be deemed to have occurred with respect to the matter for which the waiver was granted. The granting of such a waiver shall not operate to waive any of the terms and provisions of this Master Declaration, any Supplement, the Residential Design Guidelines or the Hidden Springs Zoning Ordinance for any purpose except as to the particular property and particular provision hereof covered by the waiver, nor shall it affect in any way the Owner's obligation to comply with all governmental laws and regulations affecting the Owner's use of the Hidden Springs Property, including but not limited to zoning ordinances and lot set-back lines or requirements imposed by any governmental or municipal authority.

3.3.11 Town Founder's Exemption. Any and all Improvements constructed by Town Founder on or to the Hidden Springs Property are not subject to review and approval by the Town Design Review Board. Additionally, Town Founder may use the Hidden Springs Property for Nonresidential Uses without obtaining the Town Design Review Board's approval, so long as Town Founder's commencement or location of Nonresidential Uses is consistent with the terms and conditions of the Town Plan.

#### ARTICLE 4: ASSESSMENTS

##### 4.1 Assessments - Generally.

4.1.1 Covenant to Pay Assessments. By acceptance of a deed to any Lot, each Owner of such Lot thereby covenants and agrees to pay when due any and all Assessments or charges made by the Town Association, and/or a Neighborhood Association, including all Regular, Special and Limited Assessments and charges made against such Owner pursuant to the provisions of this Master Declaration, any Supplement or other applicable Community Documents.

4.1.1.1 Assessment Constitutes Lien. Such Assessments and charges together with interest, costs and reasonable attorneys' fees which may be incurred in collecting the same, shall be a charge on the land and shall be a continuing lien upon the Lot against which each such Assessment or charge is made.

4.1.1.2 Assessment is Personal Obligation. Each such Assessment, together with interest, costs and reasonable attorneys' fees, shall also be the personal obligation of the Owner of such Lot beginning with the time when the Assessment falls due. The personal obligation for delinquent Assessments shall not pass to such Owner's successors in title unless expressly assumed by them but shall remain such Owner's personal obligation regardless of whether he or she remains an Owner.

4.1.2 Uniform Rate of Assessment. All Assessments must be fixed at a uniform rate for each Lot type (i.e., Farm/Ranch, Rural, Large, etc.), but the basis and rate of Assessments may be varied depending on the type of use of the Lot as provided below:

Lots may be assessed (i) uniformly for all Lot types and uses or (ii) on the basis appropriate for each Lot type (i.e., Farm/Ranch, Rural, Large, etc.) and type of use which type of use may be based upon classifications including, without limitation, detached single-family residential dwellings, attached single-family residential dwellings, Condominiums, Commercial Uses and Nonresidential Uses, as determined by the Town Council in its sole discretion, from time to time. In no event shall Assessments for Commercial and Nonresidential Uses exceed rates for residential uses.

4.1.3 Regular Assessments. All Owners are obligated to pay Regular Assessments to the Town Association on a schedule of payments established by the Town Council. The Town Association shall then distribute to the Neighborhood Association its Assessments, if any, levied by and through the Town Association.

4.1.3.1 Purpose of Regular Assessments. The proceeds from Regular Assessments are to be used to pay for all costs and expenses incurred by the applicable Neighborhood Association and/or Town Association, including legal and attorneys fees and other professional fees, in the exercise of its authority or performance of its obligations under this Master Declaration and the other Community Documents, including, without limitation, the costs and expenses of construction, improvement, protection, maintenance, repair, management and operation of the Common Areas, Restricted Areas, and Maintenance Property, including all Improvements located on such areas owned and/or managed and maintained by an Association

(the "Operating Expenses"), and an amount allocated to an adequate reserve fund to be used for maintenance, improvement, operation, repair or replacement of those elements of the Common Area, Restricted Area and Maintenance Property, or other property of the Associations that must be maintained, improved, operated, repaired or replaced on a regular basis (the "Repair Expenses"). The Operating Expenses and the Repair Expenses are collectively referred to herein as the "Expenses." "Expenses" shall also include such amounts as are necessary to maintain, improve, repair, replace, protect, manage and/or subsidize Community Facilities, if any, which are controlled by and/or the responsibility of the applicable Association.

4.1.3.2 Computation of Regular Assessments. Each Association shall compute the amount of its Expenses on an annual basis. The Town Association shall compute and levy the amount of Regular Assessments owed by its Members and necessary to cover Expenses for the first fiscal year within twelve (12) months following the month in which the closing of the first sale of a Lot occurs in the Hidden Springs Property for the purposes of the Town Association's Regular Assessment ("Initiation Date"). Thereafter, the computation of Regular Assessments by an Association shall take place not less than thirty (30) nor more than sixty (60) days before the beginning of each fiscal year of the Association.

4.1.3.3 Amounts Paid by Owners. The Town Council can require, in its discretion or as provided in the Community Documents, payment of Regular Assessments to the Town Association in monthly, quarterly, semi-annual or annual installments. The Regular Assessment to be paid by any particular Owner for any given fiscal year shall be computed as follows:

4.1.3.3.1 As to the Town Association's Regular Assessment, each Owner shall be assessed and shall pay an amount computed as provided above and as set forth in Section 4.1.2 and Section 4.1.3.2;

4.1.3.3.2 As to any Neighborhood Association, each Owner who is also a Member of such Neighborhood Association shall be assessed and shall pay an amount computed as provided in Section 4.1.2 and Section 4.1.3.2.

It is the purpose and intent hereof that the Regular Assessments shall be adequate to cover all of the Town Association's Expenses.

4.1.4 Special Assessments. In the event that the Town Council as to the Town Association or the governing body of any other Association shall determine that its respective Regular Assessment for a given fiscal year is or will be inadequate to meet the Expenses of such Association for any reason, including, without limitation, costs of acquisition (purchase or lease), maintenance, improvement, operation, repair or replacement of Common Area, Community Facilities, Restricted Area, Maintenance Property, or Improvements thereon, attorney's fees and/or litigation costs, other professional fees, or for any other reason, the Town Council (or applicable governing body of any other Association) shall determine the approximate amount necessary to defray such Expenses and levy a Special Assessment which shall be computed in the same manner as Regular Assessments. The Town Association shall, in its discretion, determine the schedule under which such Special Assessment will be paid.

4.1.5 Limited Assessments. Notwithstanding the above provisions with respect to Regular and Special Assessments, an Association may levy a Limited Assessment against a Member as a remedy to reimburse the Association for costs incurred in bringing the Member and/or such Member's Lot into compliance with the provisions of the Community Documents or for damage caused by the Member, or any of his or her family, representatives or invitees, to any Common Area, Restricted Area, Maintenance Property or any other portion of the Hidden Springs Property.

4.1.6 Notice and Assessment Due Date. Thirty (30) days prior written notice of Regular and Special Assessments shall be sent to the Owner of every Lot subject thereto, and to any Person in possession of such Lot by the Town Association. The Town Association shall determine if payments for all Assessments shall be due monthly, quarterly, semi-annually or annually. The Assessment installment schedule shall be the same for all Association Assessments. The due dates for installment payment of Regular Assessments and Special Assessments shall be the first day of each month unless some other due date is established by the Town Council. Each monthly installment of the Regular Assessment or Special Assessment shall become delinquent if not paid within ten (10) days after the levy thereof. There may accrue, solely at the Town Association's discretion, with each delinquent installment payment, a late charge equal to ten percent (10%) of the delinquent installment. In addition, each installment payment which is delinquent for more than twenty (20) days may accrue, at the Town Association's discretion, interest at eighteen percent (18%) per annum or the highest rate allowed by law calculated from the date of delinquency to and including the date full payment is received by the Town Association. The Town Association may bring an action against the delinquent Owner and may foreclose the lien against such Owner's Lot as more fully provided herein. Each Owner is personally liable for Assessments, together with all interest, costs and attorneys' fees, and no Owner may be exempt from such liability by a waiver



of the use and enjoyment of the Common Area, or by lease or abandonment of such Owner's Lot.

Town Council, in its sole discretion, may publish Owners' delinquencies in the payment of Assessments in the Town Association's newsletter and/or may post such delinquencies at community gathering places within the Hidden Springs Property.

4.1.7 Estoppel Certificate. The Town Association, upon at least twenty (20) days prior written request, shall execute, acknowledge and deliver to the party making such request, a statement in writing stating whether or not, to the knowledge of the Town Association, a particular Owner is in default under the provisions of this Master Declaration or any applicable Supplement, and further stating the dates to which any Assessments have been paid by the Owner. Any such certificate delivered pursuant to this Article 4 may be relied upon by any prospective purchaser or mortgagee of the Owner's Lot. Reliance on such certificate may not extend to any default as to which the signor shall have had no actual knowledge.

#### 4.2 Enforcement of Assessments; Liens.

4.2.1 Right to Enforce. The Town Association or any Neighborhood Association has the right to collect and enforce its Assessments which are certified to the Town Association. Each Owner of a Lot, upon becoming an Owner of such Lot, shall be deemed to covenant and agree to pay each and every Assessment provided for in this Master Declaration and/or the Community Documents and agrees to the enforcement of all Assessments in the manner herein specified. In the event an attorney or attorneys are employed for the collection of any Assessment, whether by suit or otherwise, or to enforce compliance with or specific performance of the terms and conditions of this Master Declaration, each Owner agrees to pay reasonable attorney's fees in addition to any other relief or remedy obtained against such Owner. The Town Council or its authorized representative may enforce the obligations of the Owners to pay such Assessments by commencement and maintenance of a suit at law or in equity to enforce the liens created hereby. A suit to recover a money judgment for an unpaid Assessment shall be maintainable without foreclosing or waiving the lien hereinafter provided.

#### 4.2.2 Assessment Liens.

4.2.2.1 Creation. There is hereby created a claim of lien on each and every Lot to secure payment of any and all Assessments levied against such Lot pursuant to this Master Declaration together with interest thereon pursuant to Section 4.1.6 at the maximum rate permitted by law and all costs of collection which may be paid or incurred by the Town Association in connection therewith, including reasonable attorneys' fees. All sums assessed in accordance with the

provisions of this Master Declaration shall constitute a lien on such respective Lots upon recordation of a claim of lien with the Ada County Recorder's Office. Such lien shall be prior and superior to all other liens or claims created subsequent to the recordation of the notice of delinquency and claim of lien except for tax liens for real property taxes on any Lot and assessments on any Lot in favor of any municipal or other governmental assessing body which, by law, would be superior thereto.

4.2.2.2 Claim of Lien. Upon default of any Owner in the payment of any Assessments assessed hereunder, the Town Association may cause to be recorded in the Ada County Recorder's Office a claim of lien. The claim of lien shall state the amount of such delinquent sums and other authorized charges (including the cost of recording such notice), a sufficient description of the Lot(s) against which the same have been assessed, and the name of the record Owner thereof. Each delinquency shall constitute a separate basis for a notice and claim of lien, but any number of defaults may be included within a single notice and claim of lien. Upon payment to the Town Association of such delinquent sums and charges in connection therewith or other satisfaction thereof, the Town Association shall cause to be recorded a further notice stating the satisfaction of relief of such delinquent sums and charges. The Town Association may demand and receive the cost of preparing and recording such release before recording the same.

4.2.3 Method of Foreclosure. Such lien shall be foreclosed by appropriate action in court.

4.2.4 Subordination to Certain Trust Deeds. The lien for the Assessments provided for herein shall not be subordinate to the lien of any deed of trust or mortgage except the lien of a first deed of trust or first mortgage given and made in good faith and for value that is of record as an encumbrance against such Lot prior to the recordation of a claim of lien for the Assessments. Except as expressly provided in this Section 4.2, with respect to a first mortgagee who acquires title to a Lot, the sale or transfer of any Lot shall not affect the Assessment lien provided for herein, nor the creation thereof by the recordation of a claim of lien, on account of the Assessments becoming due whether before, on, or after the date of such sale or transfer, nor shall such sale or transfer diminish or defeat the personal obligation of any Owner for delinquent Assessments as provided for in this Master Declaration.

4.2.5 Rights of Mortgagees. Notwithstanding any other provision of this Master Declaration, no amendment of this Master Declaration shall operate to defeat the rights of the beneficiary under any deed of trust or a mortgage upon a Lot made in good faith and for value, and recorded prior to the recordation of such amendment, provided that after the foreclosure of any

such deed of trust such Lot shall remain subject to this Master Declaration as amended.

4.3 Sewer Company Fees. The Waste Water Reclamation System will initially be owned, operated and maintained by the Sewer Company, and each Owner shall connect the Owner's Lot to the Waste Water Reclamation System, exclusive of any other sewer or sewage disposal system, except as otherwise allowed by the Town Council in writing. By acceptance of a deed to any Lot, each Owner of such Lot thereby covenants and agrees to pay when due any and all of the Sewer Company Fees. In the event an Owner fails to pay the Sewer Company Fees when due, the Sewer Company shall certify the unpaid Sewer Company Fees to the Town Association and the Town Association shall collect the unpaid Sewer Company Fees pursuant to the provisions of this Article 4 as if the unpaid Sewer Company Fees were a Limited Assessment. Provided, however, that the Town Association shall have no further authority under this Section or this Master Declaration to collect an Owner's delinquent payment of the Sewer Company Fees if the Waste Water Reclamation System is conveyed, assigned or otherwise transferred to a public agency or quasi-public entity validly formed under the laws of the state of Idaho or a service provider regulated by the Idaho Public Utilities Commission or a similar local, state or federal regulatory authority.

#### ARTICLE 5: RIGHTS TO COMMON AREAS, CONSERVATION AREA, RESTRICTED AREAS AND MAINTENANCE PROPERTY

5.1 Use of Common Area, Restricted Area and Maintenance Property. Every Owner, unless expressly designated by Town Founder in a Supplement, shall have a right to use each parcel of the Common Area and Maintenance Property and to the extent permitted by any Supplement or other instrument, shall have a right to use each parcel of Local Common Area owned and/or managed by a Neighborhood Association of which such Owner is a Member, which right shall be appurtenant to and shall pass with the title to every Lot subject to the following provisions:

5.1.1 Right to Levy Assessments. The right of an Association holding or controlling such Common Area, Restricted Area or Maintenance Property to levy and increase Assessments for the maintenance, improvement, operation, repair or replacement of Improvements on the Common Area, Restricted Area and Maintenance Property, including the right to levy and assess Special Assessments;

5.1.2 Right to Suspend Voting Rights. The right of an Association to suspend the voting rights and rights of use, or interest in, the Common Area, Restricted Area or Maintenance Property by an Owner for any period during which any Assessment or charge against such Owner's Lot remains unpaid, or for a period not to exceed sixty (60) days for an infraction of the Association Rules;

5.1.3 Right to Transfer. The right of an Association to dedicate or transfer all or any part of or any interest in the Common Area to any public agency, authority or utility or other Person for such purposes and subject to such conditions as may be determined by the applicable Association;

5.1.4 Limitation on Development. The right of such Association to prohibit the construction of Improvements on all Common Areas or Maintenance Property;

5.1.5 Public Access. Common Areas may be used by the general public as established from time to time by Town Founder or the Town Association after the Class B Member Termination Date on any portion of the Hidden Springs Property by describing such area on a recorded Plat, by granting or reserving it in a deed or other instrument, or by designating it as such in this Master Declaration or in any Supplement; and

5.1.6 Restricted Access on Maintenance Property. Owners shall not be entitled to use those areas established from time to time by Town Founder on any portion of the Hidden Springs Property as Restricted Area, unless expressly allowed by the Town Association.

5.2 Use of Conservation Area. The Conservation Easement provides for the designation, maintenance, improvement, operation, repair or replacement and use of the Conservation Area, and each Owner's right to use such Conservation Area, if any, shall be in accordance with the terms and conditions of the Conservation Easement, subject to any additional use restrictions contained in the Community Documents.

5.3 Designation of Common Area, Restricted Area and Maintenance Property. Town Founder shall designate and reserve Common Area, Restricted Area, Local Common Area and Maintenance Property in the Supplements and/or recorded plats, deeds or other instruments.

5.4 Delegation of Right to Use. Any Owner may delegate, in accordance with the Community Documents, such Owner's right of enjoyment to the Common Area or the Local Common Area, to such Owner's tenants, family, guests or invitees. Only Town Founder or the Town Council shall have the right to delegate the right of enjoyment to the Common Area or the Local Common Area, to the general public, and such delegation to the general public may be for a fee set by Town Founder or an Association.

5.5 Damages. Each Owner shall be fully liable for any damage to any Common Area, Restricted Area or Maintenance Property which may be sustained by reason of the negligence or willful misconduct of the Owner, such Owner's resident tenant or contract purchaser, or such Owner's family and guests, both minor and adult. In the case of joint ownership of a Lot the liability of such Owners shall be joint and several. The cost of correcting such damage shall be a Limited Assessment

against the Lot and may be collected as provided herein for the collection of other Assessments.

## ARTICLE 6: GENERAL AND SPECIFIC RESTRICTIONS

6.1 Improvements - Generally. All Improvements shall be designed, constructed, maintained, improved, operated, repaired and replaced in such a manner as to promote compatibility between the types of uses contemplated by this Master Declaration and the Town Plan. Specific design and construction guidelines are contained in the Nonresidential Design Guidelines and the Residential Design Guidelines. The Nonresidential Design Guidelines, Residential Design Guidelines and the terms set forth in this Master Declaration shall govern the right of a Person or Owner, excluding the Town Founder, to construct, reconstruct, refinish, remove, add, alter or maintain any Improvement upon, under or above the Hidden Springs Property, and to make or create any excavation or fill on the Hidden Springs Property, or make any change in the natural or existing surface contour or drainage, or install any utility line or conduit on, under or over the Hidden Springs Property, including, without limitation, any Lot. All Improvements by any Owner/Member, excluding Town Founder, must be pre-approved in writing by the Town Design Review Board prior to their construction or reconstruction.

All Lots shall be used exclusively for residential purposes and appropriate Accessory Uses or Structures allowed by the Hidden Springs Zoning Ordinance, except those Nonresidential Uses allowed under the Hidden Springs Zoning Ordinance, Nonresidential Design Guidelines and approved by the Town Design Review Board. No Lot shall be improved except with residential, nonresidential and Accessory Structures as permitted under Section 3.3 and no Owner shall construct any Improvements outside of the Building Envelope for the Owner's Lot, including, without limitation, installation, irrigation, maintenance, improvement, operation, repair or replacement of any landscaping Improvements without the prior written approval of the Town Design Review Board. Provided, however, that an Owner will take all necessary actions to remedy and repair any environmental damage occurring on an Owner's Lot outside of the Building Envelope, including, without limitation, damage caused by erosion, flooding and ground settlement, at the Owner's cost and expense.

This Master Declaration is not intended to serve as authority for the Town Design Review Board to control the interior layout or design of building Improvements except to the extent incidentally necessitated by use, size, height and zoning restrictions and the Nonresidential Design Guidelines and the Residential Design Guidelines.

The Town Association, or any affected Neighborhood Association, after reasonable notice to the offender and/or to the Owner, may remove any Improvements constructed, reconstructed, refinished, removed, added, altered or maintained in violation of this Master Declaration, the Nonresidential Design Guidelines, the Residential Design Guidelines and/or the Town Plan and the Owner of the

Improvements shall immediately reimburse the applicable Association for all expenses incurred with such removal. Each violation of this Master Declaration, the Nonresidential Design Guidelines, the Residential Design Guidelines and/or the Town Plan is hereby declared to be and to constitute a nuisance, and every public or private remedy allowed for such violation by law or equity against an Owner and/or Member shall be applicable.

6.2 Water Conservation. All Improvements shall be constructed with high-efficiency (low flow) shower heads, toilets, faucets and similar appliances and a separate water meter shall be installed on each Lot utilized for residential purposes. In the event that any Owner shall fail to install the high-efficiency (low flow) fixtures and appliances required by this Section, the Town Association upon thirty (30) days' prior written notice to such Owner, shall have the right to correct such condition and to enter upon such Owner's Lot for the purpose of doing so, and such Owner shall promptly reimburse the Town Association for the cost thereof. Such cost shall be a Limited Assessment and shall create a lien enforceable in the same manner as other Assessments set forth herein. The Owner of the offending Lot shall be personally liable, and such Owner's Lot may be subject to a lien for all costs and expenses incurred by the Town Association in taking such corrective actions including, without limitation, the recordation of any claim of lien with the Ada County Recorder's office as more fully provided herein.

6.3 Exterior Maintenance; Owner's Obligations. No Improvement shall be permitted to fall into disrepair, and each Improvement shall at all times be kept in good condition and repair. In the event that any Owner shall permit any Improvement, including trees and landscaping, which is the responsibility of such Owner to maintain, to fall into disrepair so as to create a dangerous, unsafe, unsightly or unattractive condition, or damages property or facilities on or adjoining such Owner's Lot, the applicable Neighborhood Association of which such Owner is a Member (or the Town Association if the applicable Association fails to act or if no applicable Association exists), upon thirty (30) days' prior written notice to the Owner of such Lot, shall have the right to correct such condition, and to enter upon such Owner's Lot for the purpose of doing so, and such Owner shall promptly reimburse the applicable Association for the cost thereof. Such cost shall be a Limited Assessment and shall create a lien enforceable in the same manner as other Assessments as set forth herein. The Owner of the offending property shall be personally liable, and such Owner's property may be subject to a mechanic's lien for all costs and expenses incurred by the Association in taking such corrective acts, plus all costs incurred in collecting the amounts due. Each Owner shall pay all amounts due for such work within ten (10) days after receipt of written demand therefor, or the amounts may, at the option of the Town Council, be added to the amounts payable by such Owner as Regular Assessments.

6.4 Landscaping. Each Owner agrees to maintain, improve, operate, repair and replace landscaping according to the Residential Design Guidelines and Nonresidential Design Guidelines and all required landscaping and irrigation systems shall be completed prior to an Owner's application for a certificate of occupancy.

Additionally, each Owner shall comply with the Association Rules promulgated by the Town Association regulating the types of fertilizers, pesticides and any other substances which may be utilized in the maintenance, improvement, operation, repair and replacement of landscaping. All material changes in landscaping following receipt of a certificate of occupancy shall be submitted to the Town Design Review Board for review and approval pursuant to the Residential Design Guidelines and Nonresidential Design Guidelines. Each Owner shall also install, maintain, repair and replace a timer-controlled automated irrigation system which shall be operated according to the Association Rules. All Owners shall irrigate their landscaping during the Town Association's established irrigation times and consistent with any and all water conservation rules, restrictions and regulations established and implemented by the Town Association. In the event that any Owner shall fail to install and maintain landscaping in conformance with the Residential Design Guidelines, Nonresidential Design Guidelines, or Wildfire Prevention Strategy, or shall allow such Owner's landscaping to deteriorate to a dangerous, unsafe, unsightly or unattractive condition, the applicable Neighborhood Association of which such Owner is a Member (or the Town Association if the applicable Association fails to act or if no applicable Association exists), upon thirty (30) days' prior written notice to such Owner, shall have the right to correct such condition and to enter upon such Owner's Lot for the purpose of doing so, and such Owner shall promptly reimburse the applicable Association for the cost thereof. Such cost shall be a Limited Assessment and shall create a lien enforceable in the same manner as other Assessments as set forth herein. The Owner of the offending Lot shall be personally liable, and such Owner's Lot may be subject to a mechanic's lien for all costs and expenses incurred by the Association in taking such corrective acts, plus all costs incurred in collecting the amounts due. Each Owner shall pay all amounts due for such work within ten (10) days after receipt of written demand therefor, or the amounts may, at the option of the Town Council, be added to the amounts payable by such Owner as Regular Assessments.

6.5 Nuisances. No rubbish or debris of any kind shall be placed or permitted to accumulate anywhere upon the Lots, and no odor shall be permitted to arise from any of the Lots so as to render the Lots or any portion thereof unsanitary, unsightly or offensive to the Hidden Springs Property or to its occupants or residents, or to any other property in the vicinity thereof or to its occupants or residents. No Nonresidential Use, no noise, no exterior fires, no obstructions of pedestrian walkways, no unsightliness, or other nuisance shall be permitted to exist or operate upon any of the Lots so as to be offensive or detrimental to the Hidden Springs Property or to its occupants or residents or to other property in the vicinity or to its occupants or residents, as determined by an Association, in its reasonable judgment, or in violation of any state or local law or ordinance. Without limiting the generality of any of the foregoing, no whistles, bells or other sound devices (other than security devices which have been approved by the Town Design Review Board), flashing lights or search lights, shall be located, used or placed on the Lots without the prior written approval of the Town Design Review Board. No unsightly articles shall be permitted to remain on any Lot so as to be visible from any other portion of the Hidden Springs Property. Without limiting the generality of the foregoing, refuse, garbage, trash,

equipment, gas canisters, propane gas tanks, barbecue equipment, heat pumps, compressors, containers, lumber, firewood, grass, shrub or tree clippings, plant waste, metals, bulk material, and scrap shall be kept at all times in such containers (or otherwise screened) and in areas approved by the Town Design Review Board. No clothing or fabric shall be hung, dried or aired in a manner inconsistent with the Association Rules.

6.6 No Hazardous Activities. No activities shall be conducted on the Hidden Springs Property, and no Improvements shall be constructed on any Hidden Springs Property which are or might be unsafe or hazardous to any Person or property.

6.7 No Mining or Drilling. No portion of the Hidden Springs Property shall be used for the purpose of blasting, mining, quarrying, drilling, boring or exploring for or removing water, oil, gas or other hydrocarbons, minerals, rocks, stones, sand, gravel or earth. This Section 6.7 shall not prohibit exploratory drilling or coring which is necessary to construct Improvements.

6.8 Insurance Rates. Nothing shall be done or kept on any Lot which will increase the rate of, or cancel any insurance on any other portion of the Hidden Springs Property without the approval of the Owner of such other portion, nor shall anything be done or kept on the Hidden Springs Property or a Lot which would result in the cancellation of insurance on any portion of the Hidden Springs Property owned or managed by any Association or which would be in violation of any law.

6.9 Vehicles and Equipment. The use of all vehicles and equipment, including, without limitation, trucks, automobiles, bicycles, motorcycles, recreational vehicles, all-terrain vehicles, motor homes, motor coaches, campers, trailers, snowmobiles, aircraft, boats, snow removal equipment, garden maintenance equipment, and yard maintenance equipment shall be subject to any of the Community Documents which prohibit or limit the use thereof within the Hidden Springs Property. Without limiting the foregoing, the following specific restrictions apply: 1) all on-street parking shall be limited to those specific areas where on-street parking is not expressly prohibited; 2) vehicles shall not extend or otherwise be permitted on or into any sidewalk, bicycle path, pedestrian path, or Waterway unless such vehicle is engaged in an emergency procedure, or as provided elsewhere in the Community Documents; 3) no motor homes, motor coaches, campers, trailers, snowmobiles, aircraft, boats, recreational vehicles, all-terrain vehicles, Abandoned or Inoperable Vehicles, Oversized Vehicles, flat bed trucks or trailers, dilapidated or unrepaired and unsightly vehicles or similar equipment such as snow removal equipment, construction equipment (except for short-term construction purposes), garden or lawn care maintenance equipment and all other unsightly equipment and machinery shall be placed upon any portion of the Hidden Springs Property including, without limitation, streets, parking areas and driveways, unless the same are enclosed by a structure concealing them from view in a manner approved by the Town Design Review Board (provided, however, that mobile homes, motor homes, motor coaches and trailers may be parked for a limited period in accordance with



such rules and regulations as the Town Association may impose provided (a) the vehicle is owned by a visiting guest or relative of an Owner (b) the Owner obtains the prior written approval of the Town Association and (c) such vehicle is not occupied during the time in which it is parked; 4) to the extent possible, garage doors shall remain closed at all times; and 5) an Owner's use of any electric, gas or other fuel-operated gardening or yard equipment shall only be allowed from 7:00 a.m. to 9:00 p.m.

6.10 Animals/Pets. Unless expressly permitted by the Association Rules, no animals, livestock or poultry of any kind shall be raised, bred, or kept in or about any Lot, Common Area, Restricted Area or Maintenance Property, except that dogs, cats or other common household pets may be kept in Lots; provided that they are not kept, bred or maintained for any commercial purposes and provided further that any such pet causing or creating a nuisance or unreasonable disturbance shall be permanently removed from a Lot by the Owner of the pet, upon three (3) days written notice from the Town Association or applicable Neighborhood Association. Unless expressly permitted by the Association Rules, pets shall be confined or leashed (or otherwise controlled by electronic device) at all times when outside any Improvements on the Lot owned by the Owner of the pet, so as to confine the pet to the boundaries of its Owner's Lot, and pets shall be leashed at all times when outside any Lot. An Owner shall immediately remove such Owner's pet's excrement from public or private property. No pit bull terriers (or such other breed of dog which the Town Association determines to pose a threat to the health, safety and welfare of the residents of Hidden Springs) shall be allowed on any portion of the Hidden Springs Property. No venomous or dangerous snakes or insects shall be kept on any portion of the Hidden Springs Property.

6.11 No Temporary Structures. No house trailer, tent (other than for short term recreational use), shack or other temporary building, Improvements or structure (other than for short term recreational use) shall be placed upon any portion of the Hidden Springs Property, except temporarily for construction, sales or administrative activities undertaken on the Hidden Springs Property and except for public or private school facilities approved by the Town Design Review Board.

6.12 Drainage. There shall be no interference with the established drainage pattern over any portion of the Hidden Springs Property, unless an adequate alternative provision is made for proper drainage and is first approved in writing by the Town Design Review Board. For the purposes hereof, established drainage pattern is defined as the system of drainage, whether natural or otherwise, which exists at the time the overall grading of any portion of the Hidden Springs Property is completed by Town Founder, or that drainage which is shown on any plans approved by the Town Design Review Board, which may include drainage from Common Area, Conservation Area, Maintenance Property, Restricted Area or rights of way over any Lot in the Hidden Springs Property.

6.13 Grading. The Owner of any Lot within the Hidden Springs Property in which grading or other work has been performed pursuant to a grading plan

approved by Ada County and/or the Town Design Review Board as required under the circumstances, shall maintain and repair all graded surfaces and erosion prevention devices, retaining walls, drainage structures, means or devices which are not the responsibility of any public agency, and plantings and ground cover installed or completed thereon. An Owner failing to perform the Owner's obligations under this Section shall be subject to Limited Assessments as necessary for the Town Association or a Neighborhood Association to perform the Owner's responsibilities identified herein.

6.14 Water Supply Systems. No separate or individual water supply system, regardless of the proposed use of the water to be delivered by such system, shall be permitted on any Lot unless such system is approved by all government authorities having jurisdiction, and designed, located, constructed and equipped in accordance with the requirements, standards and recommendations of the Town Design Review Board and Town Founder, so long as Town Founder is the Owner of a Lot.

6.15 Sewage Disposal Systems. No individual sewage disposal system shall be used on the Hidden Springs Property except as approved by the Town Design Review Board. Each Owner shall connect the appropriate facilities on such Owner's Lot to the Waste Water Reclamation System owned and operated by the Sewer Company or other sewer system designated by Town Founder and shall pay all Sewer Company Fees associated therewith.

6.16 Sewer System Restrictions. Each Owner shall comply with the Association Rules regarding the Waste Water Reclamation System. The cost of any and all damage to the Waste Water Reclamation System caused by an Owner or an Owner's licensees', invitees' and guests' actions or omissions shall be the sole responsibility of said Owner.

6.17 Water Rights Appurtenant to Subdivision Lands. Town Founder reserves unto itself any and all water rights appurtenant to the Hidden Springs Property, and accordingly, Owners of any and all Lots shall have no right, title or interest in any of said water or water rights.

6.18 Energy Devices, Outside. No energy production devices, including, without limitation, generators of any kind and solar energy devices, shall be constructed or maintained on any portion of the Hidden Springs Property without the written approval of the Town Design Review Board, except for heat pumps shown in the Plans and Specifications approved by the Town Design Review Board. This Section 6.18 shall not apply to passive solar energy systems incorporated into the approved design of a residential structure.

6.19 Signs. No signs of any kind, including, without limitation, "for sale" and "open house" signs and/or signs appropriate for Home Occupations, shall be displayed on or from any portion of the Hidden Springs Property except as approved by the Town Design Review Board, or signs of Town Founder or its representatives,

agents, employees or assigns, and except signs required by law. Each Owner shall also be required to comply with any and all applicable rules, regulations or ordinances of governmental or quasi-governmental agencies, boards or commissions, including, without limitation, Ada County Board of County Commissioners, Ada County Highway District or regulatory agencies as required by the Hidden Springs Zoning Ordinance.

6.20 Antennae. All exterior radio antenna, television antenna, satellite dish antenna or other antenna of any type shall be screened by a fence, landscaping or similar structures in accordance with the Nonresidential Design Guidelines, the Residential Design Guidelines or as otherwise required to ensure the safety of the residents of Hidden Springs, except that screening shall not be required where it would unreasonably delay installation or unreasonably increase the cost of installation, maintenance or use of the Antennae, or preclude the reception of an acceptable quality signal. No Antennae may be installed until after an Owner has received Design Approval for construction of Improvements on the Owner's Lot.

6.21 No Further Subdivision. Every Owner shall have the affirmative obligation to obtain the written consent of Town Founder, so long as Town Founder owns any Lots in the Hidden Springs Property, and the Town Association, prior to making any dedication or recording any declaration of covenants, conditions, and restrictions; subdivision plat; declaration of condominium; or similar instrument affecting the Town Association or any portion of the Hidden Springs Property. Any attempted dedication or recordation of any covenants, conditions, and restrictions, subdivision plat; declaration of condominium; or similar instrument containing any such dedication without such consent shall result in such instrument being void and of no force and effect unless subsequently approved by recorded consent signed by Town Founder, so long as Town Founder owns any Lots in the Hidden Springs Property, and the Town Association. In no event shall any dedication or the recording of any declaration of covenants, conditions and restrictions; subdivision plat; declaration of condominium; or similar instrument affecting the Town Association or any portion of the Hidden Springs Property occur which is inconsistent with the Town Plan.

6.22 Leasing. An Owner may lease such Owner's Lot or any Improvements thereon without the Town Council's approval, if the Owner complies with the following conditions: 1) all leases shall be in writing; 2) the lease shall be specifically subject to the Community Documents, and any failure of a tenant to comply with the Community Documents shall be a default under the lease; 3) the Owner shall provide a copy of the executed lease to the Town Council; and 4) the Owner shall be liable for any violation of the Community Documents committed by the tenants of the Owner. In all events, a tenant shall not be considered a Member or otherwise eligible to vote in the Town Association.

6.23 Compliance with Laws. Subject to the rights of reasonable contest, each Owner's use of the Hidden Springs Property shall comply with the provisions of all applicable laws, regulations, ordinances and other governmental or quasi-

governmental regulations with respect to all or any portion of the Hidden Springs Property.

6.24 Town Founder's Right of Development. Nothing contained herein shall limit the right of Town Founder to grant licenses, to reserve rights-of-ways and easements for utility companies, public agencies or others, or to complete excavation, grading and construction of Improvements to and on any portion of the Hidden Springs Property owned by Town Founder, or to alter the foregoing and its construction plans and designs, or to construct such additional Improvements as Town Founder deems advisable in the course of development of the Hidden Springs Property so long as Town Founder owns a Lot in the Hidden Springs Property. Such right shall include, but shall not be limited to, erecting, constructing and maintaining on the Hidden Springs Property such structures and displays as may be reasonably necessary for the conduct of Town Founder's business of completing the work and disposing of the same by sale, lease or otherwise. Town Founder shall have the right at any time prior to acquisition of title to a Lot by a purchaser to grant, establish and/or reserve on that Lot additional licenses, reservations and rights-of-way to Town Founder, to utility companies, or to others as may from time to time be reasonably necessary for the proper development and disposal of the Hidden Springs Property. Town Founder may use any structures owned or controlled by Town Founder on the Hidden Springs Property as model homes, model home complexes, administrative offices, construction or construction management offices or real estate sales or leasing offices. Town Founder need not seek or obtain Town Association, a Neighborhood Association or Town Design Review Board approval of any Improvement constructed or placed by Town Founder on any portion of the Hidden Springs Property owned by Town Founder. The rights of Town Founder hereunder may be assigned by Town Founder to any successor in interest in connection with Town Founder's interest in any portion of the Hidden Springs Property, by an express written assignment recorded in the Ada County Recorder's Office.

Town Founder, in Town Founder's sole discretion and in accordance with all applicable Ada County zoning laws, may amend and modify the Town Plan. By acceptance of a deed to any property in Hidden Springs, each Owner of such property thereby acknowledges and agrees the Town Plan for the Hidden Springs Property may be amended, modified or changed in Town Founder's sole discretion, so long as the Town Founder owns a Lot within the Hidden Springs Property and the Town Plan is consistent with Ada County's zoning laws. Each Owner by acceptance of a deed to any Lot or other property within Hidden Springs agrees that such Owner shall not object to or oppose any development of any portion of the Hidden Springs Property, or other property owned by Town Founder and annexed to the Hidden Springs Property. Such agreement not to oppose development is a material consideration to the conveyance of any portion of the Hidden Springs Property by Town Founder to any and all Owners.

No provision of this Master Declaration shall be construed as to prevent or limit Town Founder's right to complete development of the Hidden Springs Property, including any subdivision or resubdivision of the Hidden Springs Property, or to

construct Improvements thereon, nor Town Founder's right to maintain model homes, model home complexes, administrative offices, construction or construction management offices, real estate sales or leasing offices on the Hidden Springs Property, including the Common Area, Restricted Area and Maintenance Property or any public right-of-way, nor Town Founder's right to post signs incidental to construction, sales or leasing.

#### ARTICLE 7: COMMERCIAL DEVELOPMENT RIGHTS

The Town Plan allows for the development of a specified amount of Agricultural Commercial Use (current approval for 50,000 square feet) and Village Commercial Use (current approval for 50,000 square feet) within the Agricultural Commercial Overlay and Village Commercial Overlay, respectively. Notwithstanding an Owner's receipt of Design Approval and Nonresidential Use Approval, an Owner may not commence an Agricultural Commercial Use or a Village Commercial Use within the Hidden Springs Property without obtaining a development right ("Commercial Development Right") from Town Founder equal to the total square footage the Town Design Review Board approves for Agricultural Commercial Use or Village Commercial Use under a Nonresidential Use Approval for the relevant Lot. An Owner's receipt of a Commercial Development Right from Town Founder shall only be effective upon recordation of an instrument from Town Founder to Owner in the Ada County Recorder's Office ("Commercial Deed") against the Lot whereon the Owner will be operating an Agricultural Commercial Use or Village Commercial Use and containing the following: (1) the name of the Owner and legal description of the Lot receiving the Commercial Development Right; (2) the type of Commercial Development Right (Agricultural Commercial Use or Village Commercial Use); (3) the gross square footage of the Commercial Development Right; (4) any other covenants, conditions or restrictions on such Owner's use of the Commercial Development Right required by Town Founder; and (5) signed by Town Founder. Once a Commercial Development Right has been recorded against a given Lot, such Commercial Development Right shall run with the land constituting the Lot and may only be utilized on such Lot by the Owner and Owner's successors in interest in the Hidden Springs Property subject to the terms and conditions of the Community Documents. If an Owner of a Commercial Development Right terminates its operation of an Agricultural Commercial Use or Village Commercial Use, such Owner may transfer the Commercial Development Right to another Owner, subject to and only with the prior written approval of the Town Founder until the Class B Member Termination Date and thereafter with approval by the Town Design Review Board. Such transfer shall be effective upon the vacation of the existing Commercial Deed on the transferor Owner's Lot and the recordation of a new Commercial Deed in favor of the transferee Owner's Lot. The new Commercial Deed must be executed by the transferring and receiving Owner and by the Town Founder or a designated representative of the Town Design Review Board. Any attempted designation or transfer of a Commercial Development Right except as set forth herein shall be null and void and of no force and effect.

The Owners and Members acknowledge that the Commercial Uses contemplated by the Hidden Springs Zoning Ordinance and in the Commercial Deeds are an important aspect of the Hidden Springs community. Nothing in this Master Declaration shall be interpreted or construed in a manner to unreasonably restrict or prevent an Owner possessing a Commercial Development Right from utilizing such Commercial Development Right for Commercial Uses on such Owner's Lot.

## ARTICLE 8: MISCELLANEOUS

### 8.1 Easements.

8.1.1 Owners: Easements of Enjoyment. Every Owner shall have a nonexclusive easement for the use and enjoyment of the Common Area which shall be appurtenant to and shall pass with the title to every Lot, subject to the easements set forth in this Master Declaration.

8.1.2 Delegation of Use. Any Owner may delegate, in accordance with the Community Documents, such Owner's right of enjoyment in the Common Area, Restricted Area and Maintenance Property to such Owner's tenants, family, guests or invitees.

8.1.3 Recorded Easements. The Hidden Springs Property shall be subject to all easements shown on any recorded Plat affecting the Hidden Springs Property, or any portion thereof, and to any other easements of record as of the date of recordation of this Master Declaration.

8.1.4 Easements of Encroachment. There shall be reciprocal appurtenant easements of encroachment as between each Lot and such portion or portions of the Common Area, Restricted Area and Maintenance Property adjacent thereto, or as between adjacent Lots, due to the unwillful placement or settling or shifting of the Improvements including, without limitation, structures, walkways, bike paths, sidewalks and driveways constructed, reconstructed or altered thereon in accordance with the terms of this Master Declaration. Easements of encroachment shall be valid only so long as they exist, and the rights and obligations of Owners shall not be altered in any way because of encroachments, settling or shifting of the Improvements; provided, however, that in no event shall a valid easement for encroachment occur due to the willful or bad faith act(s) of an Owner. In the event a structure on any Lot is partially or totally destroyed, and then repaired or rebuilt, the Owners of each Lot agree that minor encroachments within and over adjoining Lots that existed prior to the encroachment may be reconstructed pursuant to the easement granted by this Section 8.1.4.

8.1.5 Party Walls. Lots may include Party Walls. To the extent any Party Wall exists, there is hereby created a common reciprocal easement for the location of such Party Wall. Each Owner shall have the right to use the surface of any Party Wall contained within the interior of the Owner's Lot,

provided that an Owner shall not drive, place or cause to be driven or placed any nail, bolt, screw or other object into a Party Wall which penetrates a Party Wall equal to or greater than half the Party Wall's thickness. The Owner shall own to the centerline of any Party Wall. The cost of reasonable repair and maintenance of a Party Wall shall be shared equally by the Owners of such Party Wall. Such Party Wall shall be maintained in good condition by the Owners thereof, free of structural defects and using reasonable care to avoid injury to the adjoining property. Notwithstanding any other provisions in this Section 8.1.5, an Owner who by negligent or wilful act(s) causes a Party Wall to be damaged and/or exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements and/or repair to such Party Wall. If such Party Wall is destroyed or damaged by fire or other casualty, either Owner may restore such Party Wall and the other Owner shall contribute one-half (1/2) of the cost of such restoration. This right of contribution shall be without prejudice to any right to call for a larger contribution under any rule of law regarding liability for negligent or wilful acts or omissions.

8.1.6 Maintenance and Use Easement Between Walls and Property Lines. Whenever the wall of a structure or a fence constructed on a Lot pursuant to the Town Design Review Board's approval is located within three (3) feet of the property line of such Lot, the Owner of such Lot is hereby granted an easement over and on the adjoining Lot (not to exceed three (3) feet from the property line of the Lot) for purposes of maintaining, repairing or replacing such wall or fence and eaves or other overhangs, and the Owner of such adjoining Lot is hereby granted an easement for landscaping purposes over and on the area lying between the property line and such structure or fence so long as such use does not cause damage to the structure or fence.

8.1.7 Easements of Access. Town Founder expressly reserves for the benefit of all the Hidden Springs Property reciprocal easements of ingress and egress for all Owners to and from their respective Lots for installation and repair of utility services, for drainage of water over, across and upon adjacent Lots, Common Areas Restricted Areas, and Maintenance Property resulting from the normal use of adjoining Lots, Common Areas, Restricted Areas and Maintenance Property, and for necessary maintenance and repair of any Improvement including, without limitation, fencing, retaining walls, lighting facilities, mailboxes and sidewalk abutments, trees and landscaping. Such easements may be used by Town Founder, and by all Owners, their guests, tenants and invitees, residing on or temporarily visiting the Hidden Springs Property, for pedestrian walkways, vehicular access and such other purposes reasonably necessary for the use and enjoyment of a Lot, Common Area, Restricted Area or Maintenance Property.

8.1.8 Drainage and Utility Easements. Notwithstanding anything expressly or impliedly contained herein to the contrary, this Master Declaration shall be subject to all easements heretofore or hereafter granted

by Town Founder for the installation and maintenance of utilities and drainage facilities that are required for the development of the Hidden Springs Property. In addition, Town Founder hereby reserves for the benefit of any Association the right to grant additional easements and rights-of-way over the Hidden Springs Property and/or a Phase, as appropriate, to utility companies and public agencies as necessary or expedient for the proper development of the Hidden Springs Property until close of escrow for the sale of the last Lot in the Hidden Springs Property.

8.1.8.1 Improvement of Drainage and Utility Easement Areas. The Owners of Lots are hereby restricted and enjoined from maintaining, improving, operating, repairing or replacing any Improvements upon any drainage or utility easement areas as shown on the Plat(s) or otherwise designated in any recorded document which would interfere with or prevent the easement from being used for its intended purpose, including, without limitation, any fencing or similar Improvements that prevent or limit a utility company's visibility or ability to access any Improvements or facilities installed by such utility company; provided, however that any Owner, Association, designated Person or the Town Founder having an interest in the easements of access for landscaping purposes described in Section 8.1.7, shall be entitled to maintain, improve, operate, repair or replace landscaping on such easement areas, subject to approval by the Town Design Review Board, so long as the same would not interfere with or prevent the easement areas from being used for their intended purposes; provided further, that any damage sustained to Improvements on the easement areas as a result of legitimate use of the easement area shall be the sole and exclusive obligation of the Owner of the Lot where Improvements were so damaged, or in the event the easement area where Improvements were so damaged is located in a Common Area or Restricted Area, the Town Association or Neighborhood Association, as the case may be, shall be responsible for the damage sustained and may impose a Special Assessment therefor.

8.1.9 Rights and Duties Concerning Utility Easements. The rights and duties of the Owners of the Lots within the Hidden Springs Property with respect to utilities shall be governed by the following:

8.1.9.1 Access for Single Owners. Wherever utility house connections are installed within the Hidden Springs Property, which connections or any portions thereof lie in or upon Lot(s) owned by an Owner other than the Owner of the Lot served by the connections, the Owner of the Lot served by the connections shall have the right, and is hereby granted an easement to the full extent necessary therefor, to enter upon any Lot or to have their agent enter upon any Lot within the Hidden Springs Property in or upon which said



connections or any portion thereof lie, to maintain, improve, operate, repair or replace the connections as and when it may be necessary; and

8.1.9.2 Access for Multiple Owners. Whenever utility house connections are installed within the Hidden Springs Property, which connections serve more than one Lot the Owner of each Lot served by the connections shall be entitled to full use and enjoyment of such portions of said connections as service such Owner's Lot.

8.1.10 Driveway Easements. Whenever a driveway is installed within the Hidden Springs Property which in whole or in part lies upon a Lot owned by an Owner other than the Owner of the Lot served, or installed to serve more than one Lot, the Owner of each Lot served or to be served by such driveway shall be entitled to full use and enjoyment of such other Lot as required to service such Owner's Lot or to repair, replace and maintain such driveway.

8.1.11 Disputes as to Sharing of Costs. In the event of a dispute between Owners with respect to the repair, replacement or maintenance of any Improvement, Party Wall, utility connections or driveways, or with respect to the sharing of the cost therefor, upon written request of one of such Owners addressed to the applicable Association, the matter shall be submitted to the board of such Association which shall decide the dispute and, if appropriate, make an appropriate Assessment against any or all of the Owners involved on behalf of the prevailing Owner(s), which Assessment shall be collected and enforced in the manner provided by this Master Declaration for Limited Assessments.

8.1.12 General Landscape Easement. An easement is hereby reserved to each appropriate Association to enter those portions of Lots, for the purpose of maintaining, improving, repairing or restoring exterior landscaping, and natural vegetation and habitat. Such landscaping activity shall include, by way of illustration and not of limitation, the mowing of lawns, irrigation, sprinkling, tree and shrub trimming and pruning, walkway improvement, seasonal planting and such other landscaping activities within the Hidden Springs Property as such Association shall determine to be necessary from time to time.

8.1.13 Town Founder's Rights Incident to Construction. Town Founder, for itself and its successors and assigns, hereby retains a right and easement of ingress and egress over, in, upon, under, and across the Hidden Springs Property and the right to store materials thereon and to make such other use thereof as may be reasonably necessary or incident to the construction of the Improvements on the Hidden Springs Property owned by Town Founder; provided, however, that no such rights shall be exercised by Town Founder in such a way as to unreasonably interfere with the occupancy,

use, enjoyment, or access to an Owner's Lot by that Owner or such Owner's family, tenants, guests, or invitees.

8.1.14 Easements Deemed Created. All conveyances of Lots made after the date of the recording of the Master Declaration by definition shall be construed to grant and reserve the easements contained in this Section 8.1, even though no specific reference to such easements or to this Section 8.1 appears in the instrument for such conveyance.

8.1.15 Waterway Easements. Town Founder hereby reserves an easement for all Waterways and related pipes, pumps and other equipment over, across, under and through all Lots, Common Areas, Restricted Areas and Maintenance Property to the extent reasonably required to maintain any Waterway system, any waste water reclamation system and irrigation system, or pursuant to plans and specifications approved by the Town Design Review Board. Any relocation of the water lines installed as a part of such system shall not be undertaken in any way which interrupts the flow of water through the system or damages the system in any other fashion. Town Founder reserves the right to make any reconfiguration of any Waterway which it determines, in its own discretion, to be necessary, expedient or desirable; provided, however, that nothing herein shall reserve unto Town Founder the right to take any action which would disturb, encroach upon or endanger the foundation of any building, nor shall Town Founder take any action which would materially alter any Waterway's proximity to improved property abutting such Waterway. Under no circumstances whatsoever shall the Waterways be used by any Owner, tenants, invitees, and/or guests for recreational purposes including, without limitation, wading and/or swimming except as approved by the Town Council.

8.1.16 Reservation for Expansion. Town Founder hereby reserves to itself and for Owners a perpetual easement and right-of-way for access over, upon, across and through the Hidden Springs Property for construction, utilities, drainage, ingress and egress, and for use of the Common Area. The location of these easements and rights-of-way must be approved and may be documented by Town Founder by recorded instruments.

8.1.17 Emergency Easement. A general easement is hereby granted to all police, sheriff, fire protection, ambulance, and all other similar emergency agencies or Persons to enter upon the Hidden Springs Property in the proper performance of their duties.

8.1.18 Maintenance Easement. An easement is hereby reserved to Town Founder, which may be granted to any or all Associations and their respective officers, Directors, agents, employees, and assigns, upon, across, over, in, and under the Lots and a right to make such use of the Lots as may be necessary or appropriate to make emergency repairs or to perform the duties and functions which Town Association is obligated or permitted to

perform pursuant to the Community Documents, including the right to enter upon any Lot for the purpose of maintaining, improving, operating, repairing or replacing the landscaping or the exterior of Improvements in such Lot as required by the Community Documents.

## 8.2 Inspection of an Association's Books and Records.

8.2.1 Member's Right of Inspection. The membership register, books of account and minutes of meetings of the Town Council and committees of any Association for the two (2) most recent fiscal years prior to any request shall be made available for inspection and copying by any Member of said Association or by such Member's duly appointed representatives, at any reasonable time and for a purpose reasonably related to such Member's interest as a Member at the office of the Association or at such other place as the Town Council shall prescribe. No Member or any other Person shall copy the membership register for the purposes of solicitation of or direct mailing to any Member of said Association.

8.2.2 Rules Regarding Inspection of Books and Records. The board of an Association shall establish reasonable rules with respect to: notice to be given to the custodians of the records by the Member desiring to make the inspection; hours and days of the week when such an inspection may be made; and payment of the cost of reproducing copies of documents requested pursuant to this Section 8.2.

8.2.3 Director's Rights of Inspection. Every Director of the Town Council shall have the absolute right at any reasonable time to inspect all books, records and documents of such Association, and the physical properties owned or controlled by the Association. The right of inspection by a director includes the right to make extracts and copies of documents.

## 8.3 Resolution of Disputes.

8.3.1 Agreement To Avoid Litigation. Town Founder, the Town Association, its officers, Directors, and committee members, all Persons subject to this Master Declaration, all Neighborhood Associations, their officers, Directors and committee members, and any Person not otherwise subject hereto who agrees to submit to this Section (collectively, "Bound Parties"), agree to encourage the amicable resolution of disputes within Hidden Springs between or among any of the Bound Parties without the emotional and financial costs of litigation. Accordingly, each Bound Party covenants and agrees that those claims, grievances or disputes described in Section 8.3.2 ("Claims") shall be submitted to the procedures set forth in Section 8.3.3 prior to filing suit in any court.

8.3.2 Claims. Unless specifically exempted below, all claims, grievances or disputes arising out of or relating to the interpretation,

application or enforcement of the Community Documents, or the rights, obligations and duties of any Bound Party under the Community Documents shall be subject to the provisions of Section 8.3.3.

Notwithstanding the above, unless all parties thereto otherwise agree, the following shall not be Claims and shall not be subject to the provisions of Section 8.3.3.

(i) any suit by the Town Design Review Board against any Bound Parties to enforce such Bound Parties' compliance with this Master Declaration, the Nonresidential Design Guidelines, the Residential Design Guidelines or any other Community Document.

(ii) any suit by the Town Association (or any Neighborhood Association) against any Bound Party to enforce the obligation to pay any Assessment to the Town Association under this Master Declaration or the Community Documents;

(iii) any suit by Town Founder or the Town Association to obtain a temporary restraining order or injunction (or equivalent emergency equitable relief) and such other ancillary relief as the court may deem necessary in order to maintain the status quo or enforce any provision of the Community Documents and preserve Town Founder's or the Town Association's ability to act under and enforce rules under any applicable covenants;

(iv) any suit between or among Owners, which does not include Town Founder or the Town Association or their owners, officers and Directors as a party, if such suit asserts a Claim which would constitute a cause of action independent of the Community Documents;

(v) any suit in which any indispensable party is not a Bound Party; and

(vi) any suit which otherwise would be barred by any applicable statute of limitations.

Provided, however, with the consent of all parties thereto, any of the above may be submitted to the alternative dispute resolution procedures set forth in Section 8.3.3.

### 8.3.3 Mandatory Procedures.

8.3.3.1 Notice. Any Bound Party having a Claim ("Claimant") against any other Bound Party ("Respondent") (the Claimant and the Respondent referred to herein individually as a

"Party," or collectively as the "Parties") shall notify each Respondent in writing (the "Notice"), stating plainly and concisely the following: the nature of the Claim, including the Persons involved and Respondent's role in the Claim; the legal basis of the Claim (i.e., the specific authority out of which the Claim arises); Claimant's proposed remedy; and the fact that Claimant or an authorized representative of Claimant will meet with Respondent or an authorized representative of Respondent to discuss in good faith ways to resolve the Claim.

8.3.3.2 Negotiation and Mediation. The Parties shall make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation. If requested in writing, accompanied by a copy of the Notice, the Town Council may appoint a representative to assist the Parties in resolving the dispute by negotiation. If the Parties do not resolve the Claim within thirty (30) days of the date of the Notice (or within such other period as may be agreed upon by the Parties) ("Termination of the Negotiations"), Claimant shall have thirty (30) additional days to submit the Claim to mediation under the auspices of an independent mediation service designated by the Town Association or, if the Parties otherwise agree, to an independent agency providing dispute resolution services in the Ada County, Idaho area. If Claimant does not submit the Claim to mediation within thirty (30) days after Termination of Negotiations, or does not appear, either in person or through an authorized representative, for the mediation, Claimant shall be deemed to have waived the Claim, and such Claim. Any settlement of the Claim through mediation shall be documented in writing by the mediator. If the Parties do not settle the Claim within thirty (30) days after submission of the matter to the mediation process, or within such longer time as determined necessary by the mediator, the mediator shall issue a notice of termination of the mediation proceedings ("Termination of Mediation"). The Termination of Mediation notice shall set forth that the Parties are at an impasse and the date that mediation was terminated.

Upon Termination of Mediation, the Claimant shall thereafter be entitled to sue in any court of competent jurisdiction or to initiate proceedings before any appropriate administrative tribunal on the Claim. Each Party shall bear its own costs of the mediation, including attorneys' fees, and each Party shall share equally all charges rendered by the mediator. If the Parties agree to resolution of any Claim through negotiation or mediation in accordance with Section 8.3.3 and any Party thereafter fails to abide by the terms of such agreement, then any other Party may file suit or initiate administrative proceedings to enforce such agreement without the need to comply again with the procedures set forth in Section 8.3.3.

In such event, the Party taking action to enforce the agreement shall be entitled to recover from the non-complying Party (or if more than one non-complying Party, from all such Parties pro rata) all costs incurred in enforcing such agreement, including, without limitation, attorneys' fees and court costs.

#### 8.4 Annexation of Other Properties.

8.4.1 Right of Town Founder to Annex Other Properties. Town Founder and the Town Association may, in its sole discretion, at any time and from time to time and without having to obtain the consent, approval or signature of any Person or Association (other than the title holder of such additional real property), elect to bring additional real property (whether or not owned by it) within the jurisdiction of this Master Declaration (the "Annexed Property"); provided, however, that the addition of any Annexed Property must be consistent with the general purposes and intent of the Town Plan. Town Founder is not obligated in any manner by this Master Declaration to annex additional real property to Hidden Springs or the Hidden Springs Property or to annex any particular tract, or to annex tracts in any particular sequence, or to annex continuous tracts, it being the intention hereof that Town Founder or the Town Association may decline to exercise the rights granted in this Article or may elect to exercise such rights only to a limited extent. Notwithstanding any language to the contrary contained herein, no real property shall become Annexed Property or to be included within the jurisdiction of this Master Declaration without the prior express written consent and approval of Town Founder or the Town Association. Notwithstanding the above, prior to the Class B Member Termination Date, the Town Association cannot approve the addition of Annexed Property without the Town Founder's written approval.

8.4.2 Supplement. The additions authorized by the provisions of this Article shall be made by recording in the Ada County Recorder's office a Supplement with respect to any Annexed Property, which shall extend the jurisdiction of this Master Declaration to the property to be so annexed and shall be executed by the fee title holder(s) of such Annexed Property, as well as by Town Founder or (subsequent to the Class B Member Termination Date) the Town Association. In addition, each Supplement for Annexed Property shall contain such Covenants as are not inconsistent with the intent and purpose of this Master Declaration. Upon recording any Supplement for Annexed Property, the provisions of this Master Declaration (except as modified, altered, limited or supplemented in the Supplement) shall apply to such Annexed Property as if such Annexed Property had been part of the Hidden Springs Property upon the effective date of this Master Declaration.

8.5 Term. The easements created hereunder shall be perpetual, subject only to extinguishment by the holders of such easements as provided by law. The covenants, conditions, restrictions and equitable servitudes of this Master Declaration shall run until December 31, 2038, unless amended as herein provided. After

December 31, 2038, such covenants, conditions and restrictions shall be automatically extended for successive periods of ten (10) years each, unless amended or extinguished by a written instrument executed by Members holding at least a majority of the voting power of the Town Association and such written instrument is recorded with the Ada County Recorder's Office.

## 8.6 Amendment.

8.6.1 By Town Founder. Except as provided in Section 8.7, until the recordation of the first deed to a Lot, the provisions of this Master Declaration may be amended, modified, clarified, supplemented, added to or terminated (collectively "amendment") by Town Founder by recordation of a written instrument setting forth such amendment. In addition, Town Founder, regardless of whether it has conveyed any Lot(s) to an Owner, shall have the exclusive right, power and authority to amend this Master Declaration, any Supplement or any of the Community Documents, at any time and at its sole discretion, to comply with any and all requirements and conditions of Federal Home Loan Mortgage Corporation ("FHLMC"), the Government National Mortgage Association ("GNMA"), the Federal Housing Administration ("FHA"), the Veterans Administration ("VA") and the Federal National Mortgage Association ("FNMA") or as allowed in Section 3.1.3.2 hereof.

8.6.2 By Owners. Except as provided in Sections 3.1.3.2, 8.5 and 8.7, after the recordation of the first deed to a Lot, any amendment to any provision of this Master Declaration, other than to this Section 8.6, shall be by an instrument in writing signed and acknowledged by the president and secretary of the Town Association certifying and attesting that such amendment has been approved by the vote or written consent of Members representing more than eighty percent (80%) of the total voting power in the Town Association, except where a greater percentage is required by express provision in this Master Declaration, and such amendment shall be effective upon its recordation with the Ada County Recorder's Office. Any amendment to this Section 8.6 shall require the vote or written consent of Members holding ninety-five percent (95%) of the total voting power of the Town Association.

8.6.3 Effect of Amendment. Any amendment of this Master Declaration approved in the manner specified above shall be binding on and effective as to all Owners and their respective properties notwithstanding that such Owners may not have voted for or consented to such amendment. Such amendments may add to and increase the covenants, conditions, restrictions and easements applicable to the Hidden Springs Property but shall not prohibit or unreasonably interfere with the allowed uses of such Owner's property which existed prior to the said amendment.

8.7 Mortgage Protection Notwithstanding any other provision of this Master Declaration, no amendment of this Master Declaration shall operate to defeat or render invalid the rights of the beneficiary under any first Mortgage upon a Lot

made in good faith and for value, and recorded prior to the recordation of such amendment, provided that after foreclosure of any such first Mortgage, such Lot shall remain subject to this Master Declaration, as amended. In order to induce FHLMC, GNMA, FHA, VA and FNMA to participate in the financing of the sale of Lots any provisions hereof which conflict with or are not adequate to meet the requirements of FHLMC, FNMA, GNMA, VA and FHA, may be amended and supplemented by Town Founder, in its sole discretion, to meet such requirements.

In addition to the foregoing, the Town Council may enter into such contracts or agreements on behalf of the Association as are required in order to satisfy the guidelines of the VA, the FHA, the FHLMC, the FNMA or the GNMA or any similar entity, so as to allow for the purchase, guaranty or insurance, as the case may be, by such entities of first Mortgages encumbering Lots with dwelling units thereon. Each Owner hereby agrees that it will benefit all Associations and the membership of the Associations, as a class of potential Mortgage borrowers and potential sellers of their Lots, if such agencies approve the Hidden Springs Property as a qualifying subdivision under their respective policies, rules and regulations, as adopted from time to time. Mortgagees are hereby authorized to furnish information to the Town Council concerning the status of any Mortgage encumbering a Lot.

8.8 Notices. Any notices permitted or required to be delivered as provided in this Master Declaration shall be in writing and may be delivered either personally, by fax or by mail or electronically, if available. If delivery is made by mail, it shall be deemed to have been delivered seventy-two (72) hours after the same has been deposited in the United States mail, first class, postage prepaid, addressed to any Person at the address given by such Person to the Town Association for the purpose of service of such notice, or to the residence of such Person if no address has been given to the Town Association or to the address of such Person as contained in the Ada County tax assessor's rolls. Such address may be changed from time to time by notice in writing to the Town Association.

8.9 Enforcement and Non-Waiver.

8.9.1 Right of Enforcement. Except as otherwise provided herein, any Owner, Association or Town Founder shall have the right to enforce any or all of the provisions of this Master Declaration against any property within the Hidden Springs Property and against the Owners thereof provided, however, no individual Owner (exclusive of Town Founder) shall have the right to enforce any provision hereof unless the Owner has first requested, in writing, that the Town Association take such action and the Town Association, within a reasonable time, has failed or refused to commence enforcement.

8.9.2 Violations and Nuisances. Except as otherwise provided herein, the failure of any Owner of a Lot to comply with any provision of this Master Declaration, or with any provision of the Community Documents, is hereby declared a nuisance and will give rise to a cause of action by Town



Founder, an Association or any Owner for recovery of damages or for negative or affirmative injunctive relief or both.

8.9.3 Violation of Law. Any violation of any state, municipal or local law, ordinance or regulation pertaining to the ownership, occupation or use of any property within the Hidden Springs Property is hereby declared to be a violation of this Master Declaration and subject to any or all of the enforcement procedures set forth in this Master Declaration and any or all enforcement procedures in law and equity.

8.9.4 Remedies Cumulative. Each remedy provided in this Master Declaration is cumulative and not exclusive.

8.9.5 Non-Waiver. The failure to enforce any of the provisions in of this Master Declaration at any time shall not constitute a waiver of the right to enforce any such provision.

8.10 Use of Trademark. Each Owner by acceptance of a deed for such Owner's Lot shall be deemed to acknowledge that "Hidden Springs" and its stylized logo are service marks and trademarks of Town Founder, or its licensees, and to covenant that such Owner shall not use the term "Hidden Springs" and/or its stylized logo or derivative thereof without the prior written permission of Town Founder or its licensees.

8.11 Interpretation. The provisions of this Master Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development and operation of the Hidden Springs Property. This Master Declaration shall be construed and governed under the laws of the State of Idaho.

8.11.1 Covenants Construed Together. All of the provisions hereof shall be liberally construed together to promote and effectuate the fundamental concepts of the development of the Hidden Springs Property as set forth in the recitals of this Master Declaration.

8.11.2 Covenants Severable. Notwithstanding the provisions of the foregoing Section 8.11.1, each of the provisions of this Master Declaration shall be deemed independent and severable, and the invalidity or partial invalidity of any provision or portion thereof shall not affect the validity or enforceability of any other provision herein.

8.11.3 Singular Includes Plural. Unless the context requires a contrary construction, the singular shall include the plural and the plural the singular; and the masculine, feminine or neuter shall each include the masculine, feminine and neuter.

8.11.4 Captions. All captions and titles used in this Master Declaration are intended solely for convenience of reference and shall not affect that which is set forth in any of the provisions hereof.

8.12 Successors and Assigns. All references herein to Town Founder, Owners, Members, an Association or Person shall be construed to include all successors, assigns, partners and authorized agents of such Town Founder, Owners, Members, Association or Person.

## ARTICLE 9: HIDDEN SPRINGS OWNERS' ACKNOWLEDGEMENTS AND INFORMATION

The Hidden Springs Planned Rural Community is the first "planned community", as that term is defined in the Ada County Code, to be approved and developed in Ada County, Idaho. Planned communities by their very nature are different and more complicated than typical subdivisions and other new housing projects and require extensive and unique participation and planning from various governmental agencies, private organizations and each Owner. In order for each potential Owner within Hidden Springs to be fully-informed about Hidden Springs prior to the purchase of any Lot(s), each potential Owner must read and understand each of the Community Documents and should make full inquiry about Hidden Springs before acquiring a Lot.

In order to assist each Owner in developing a full understanding and appreciation for Hidden Springs, Town Founder and/or Town Association may (but are not obligated to) make available certain information about Hidden Springs from time to time ("Owners Information"). Owners Information may only be obtained from the office of the Town Association. The Owners Information shall not be a complete or comprehensive description of Hidden Springs or any aspect thereof and should not limit, or be considered a substitute for, each Owner's independent review of all Community Documents or other inquiry regarding Hidden Springs. Prior to acquiring a Lot, each Owner is advised to obtain a current copy of the Owners Information and each Owner shall be deemed to have actual or constructive knowledge thereof.

Each Owner acknowledges that the Owners Information may be changed and/or updated, amended and supplemented from time to time and each Owner is cautioned to obtain the most current copy of any Owners Information.

In addition to any Owners Information, each Owner, by accepting a deed to any Hidden Springs Property, acknowledges and agrees to the following:

9.1 Acceptance of Lot "As Is". Owner acknowledges that Owner has accepted title to the Lot(s) based solely upon the result of Owner's personal inspections and examination of the Lot(s) and not in reliance upon any statements or representations or express or implied warranties by Town Founder or its agents and representatives, as to the condition or suitability for any intended use of the

Lot(s) by Owner except as otherwise provided in a written purchase and sale agreement for a Lot or a written warranty. Owner has had adequate opportunity to inspect and investigate the Lot(s) and Owner has made a thorough independent examination and inspection of the Lot(s) and is relying solely upon Owner's own examination and inspection of the Lot(s). Owner agrees to take title to the Lot(s) "AS IS" and without any representations or warranties from Town Founder of any kind.

9.2 Adjacent Property. There are property owners, private and public, adjacent to Hidden Springs and Town Founder cannot predict or control any future development plans for these adjacent lands. Further, Ada County is an adjacent property owner and the operator of the Hidden Hollow Landfill and the Seamans Gulch Road entrance of Hidden Hollow Landfill is approximately 2-1/2 miles from the Seamans Gulch Road entrance to Hidden Springs. Owner understands and acknowledges that landfills, in general, can have associated noise, odor, environmental impacts and visual impacts and the Town Founder and the Town Association shall have no obligation or responsibility to alleviate or eliminate any noise, odor or visual impact associated with the Hidden Hollow Landfill, its successors or assigns.

9.3 Amenities. Owner is aware that the Town Plan and other Community Documents contain development concepts and plans which are subject to change without notice and that no guarantee is made that the roads, buildings, landscaping, amenities and other features shown on plans or otherwise described will be built or, if built, will be of the same type, size, or nature as shown or described. Owner also understands that the Community Facilities may or may not be owned by Town Association.

9.4 Farming Operations. Town Founder anticipates Agriculture or Agricultural Operations within Hidden Springs. Owner understands and acknowledges Agriculture and Agricultural Operations can have associated noise, odor and visual impacts that are characteristic of farm and agricultural operations and Town Founder and the Town Association shall have no obligation or responsibility to alleviate or eliminate the noise, odor or visual impact associated with any Agriculture or Agricultural Operations.

9.5 No Water Rights Transferred With Lot. Owner acknowledges that the Town Founder has reserved unto itself any and all water rights appurtenant to Hidden Springs Property and, accordingly, Owners have no right, title or interest in any of said water or water rights.

9.6 Phased Development. Owner is aware that the development of Hidden Springs will be phased over time and construction activities will be present at Hidden Springs throughout the development process. Owner recognizes that the development of Hidden Springs and creation of Phases may change from time to time in Town Founder's sole discretion.

9.7 Public Trails. Hidden Springs contains an extensive public trail system accessible by the public which may cross a portion of Owner's Lot pursuant to a Plat or other recorded instrument, and Owner acknowledges that members of the public and Owners may use the trail system and that the Town Association will have access thereto to maintain, operate and repair that portion of the public trail system located on the Owner's Lot.

9.8 Impact Fees. Owner acknowledges and agrees to pay all standard and extraordinary impact fees due to the Ada County Highway District in connection with the construction of Improvements on an Owner's Lot, as required by the Extraordinary Impact Fee Agreement between Town Founder and the Ada County Highway District, dated August 19, 1998, as amended from time to time, or otherwise.

9.9 Roads. Owner is aware that there are certain public roads serving Hidden Springs, including, but not limited to, Seaman's Gulch Road, Dry Creek Road, and Cartwright Road and related public roads within Hidden Springs. Pursuant to the conditions of approval and agreements between Town Founder and the Ada County Highway District, Town Founder is obligated to construct certain improvements to the above-referenced roads, and Town Founder's failure to construct such improvements may give the Ada County Highway District certain rights and remedies.

9.10 Schools. Hidden Springs contains a privately funded school and additional public or privately funded institutions of learning may be created and sited in Hidden Springs at the discretion of such public and private school institutions.

9.11 Soil Conditions.

9.11.1 Expansive Soil. Certain Lots within Hidden Springs contain soil that has demonstrated slight to moderate expansive characteristics. These expansive characteristics may result in damage to lightly loaded concrete flatwork such as sidewalks, driveways and basement floors and the potential for damage increases when water infiltrates this type of soil. Each Owner is hereby directed to contact a geotechnical engineer familiar with the steps necessary to eliminate the risk of damage posed by expansive soils prior to construction of Improvements on a Lot. Each Owner acknowledges and agrees that Town Founder and Town Association shall have no responsibility for Owner's failure to undertake the steps necessary to reduce potential damage from the presence of expansive soils on a Lot.

9.11.2 Loose Soil. Certain Lots within the Hidden Springs contain loose alluvial soil that is prone to compact under pressure and may result in damage to Improvements including, without limitation, collapse of subsurface basements and Improvements. Each Owner is hereby directed to contact a geotechnical engineer familiar with the steps necessary to eliminate the risk of damage posed by loose alluvial soils prior to the construction of

Improvements on a Lot. Each Owner acknowledges and agrees that Town Founder and the Town Association shall have no responsibility for Owner's failure to undertake the steps necessary to reduce potential damage from the presence of loose alluvial soils on a Lot.

9.11.3 Water Table. Subsurface Improvements should not be constructed on certain Lots within Hidden Springs due to the height of the existing water table and the related potential for flooding and/or collapse of subsurface Improvements. Each Owner is hereby directed to contact a geotechnical engineer familiar with the risk of damage caused by the existing water table prior to construction of subsurface Improvements on a Lot. Each Owner acknowledges and agrees that Town Founder and Town Association shall have no responsibility for Owner's failure to undertake the steps necessary to reduce potential damage from the existing water table.

9.12 Waste Water Reclamation System. Consistent with Hidden Springs' commitment to the environment, Hidden Springs includes a Waste Water Reclamation System which will collect, process, treat and store waste water for subsequent irrigation of Common Area, Restricted Area, Maintenance Property and/or Agriculture and Agricultural Uses. The Sewer Company will initially own, operate and maintain the Waste Water Reclamation System. The Sewer Company can sell the Waste Water Reclamation System to any Person, in its sole discretion. All Owners will be required to connect to the Waste Water Reclamation System, exclusive of any other sewer or sewage disposal system, unless otherwise approved by the Town Council. All Owners hereby acknowledge and agree to pay any and all Sewer Company Fees. Each Owner acknowledges that if the Sewer Company fails to perform its obligation to maintain, improve, operate, repair or replace the Waste Water Reclamation System, the Town Association will be responsible to undertake and perform the Sewer Company's obligations, including, without limitation, the reimbursement of the Ada County Highway District for performance of the Sewer Company's obligations with respect to public roads.

## ARTICLE 10: DEFINITIONS

10.1 "Abandoned or Inoperable Vehicle" shall be defined as any vehicle which has not been driven under its own propulsion for a period of seven (7) days or longer.

10.2 "Accessory Apartment or Guest House" shall mean a fully functional living unit including a kitchen, bathroom, etc., which may be rented for income, provide residence in barter for personal services, or accommodate a family member who wishes to live in separate living quarters on a Lot. This definition shall be construed consistently with the meaning and intent of such term as it appears in Section 8-21A-2 of the Hidden Springs Zoning Ordinance.

10.3 "Accessory Use or Structure" shall mean a use, building or structure that is customarily incidental and subordinate to the principal permitted use or

approved administrative permit use, and is conducted or located upon the same lot. This definition shall be construed consistently with the meaning and intent of such term as it appears in Section 8-21A-2 of the Hidden Springs Zoning Ordinance.

10.4 "Agricultural Commercial Overlay" shall mean those areas within the Hidden Springs Property where the Hidden Springs Zoning Ordinance permits Agricultural Commercial Uses. This definition shall be construed consistently with the meaning and intent of such term as it appears in Section 8-21A-2 of the Hidden Springs Zoning Ordinance.

10.5 "Agricultural Commercial Use" shall mean those principal permitted and administrative permit agricultural commercial uses described in Section 8-21A-5C2 of the Hidden Springs Zoning Ordinance.

10.6 "Agriculture Conservation Area" shall mean that portion of the Conservation Area designated by the Town Founder for Agricultural and Agricultural Operations pursuant to the Conservation Easement and Section 3.1.9.2 or as otherwise designated by Town Founder.

10.7 "Agriculture and Agricultural Operations" shall mean the growing of cultivated crops, fruit trees, berry bushes, grazing, pasturage, raising of domestic livestock, horticulture, viticulture, and the necessary accessory uses for packing, treating or storing of produce. The operation of any accessory uses to agricultural purposes shall not include a commercial packing facility, feed lot or stock yard, the commercial feeding of garbage or offal to swine or other animals, a slaughterhouse, the operation of a fertilizer works, nor a commercial operation for the reduction of animal matter. This definition shall be construed consistently with the meaning of such term as it appears in Section 8-21A-2 of the Hidden springs Zoning Ordinance.

10.8 "Annexed Property" shall be as defined in Section 8.4.1.

10.9 "Antennae" shall mean exterior radio antennae, television antenna, satellite dish antennae, or other antennae disk or similar devise of any type.

10.10 "Articles" shall mean the Articles of Incorporation or Articles of Organization or other organizational or charter documents of an Association, as amended from time to time. Such Articles are incorporated herein by this reference.

10.11 "Assessments" shall mean those payments required of Owners who are Town Association Members, and/or Neighborhood Association Members including Regular, Special and Limited Assessments. The Town Association, and/or any Neighborhood Association shall have the right to require Assessments from their respective Members, however, all Neighborhood Association Assessments shall be levied by and through the Town Association.

10.12 "Association" shall mean the Town Association, and/or any Neighborhood Association, whichever is appropriate in the context.

10.13 "Association Rules" shall mean those rules and regulations promulgated by the Town Association governing conduct upon and use of the Hidden Springs Property under the jurisdiction or control of the Town Association or a Neighborhood Association, the imposition of fines and forfeitures for violation of Association rules and regulations, and procedural matters for use in the conduct of the business of the Town Association or a Neighborhood Association.

10.14 "Bound Parties" shall be defined as provided in Section 8.3.1.

10.15 "Builder" Any Person who purchases one or more unimproved Lots, for the purpose of constructing Improvements thereon and the subsequent sale to other Persons, or who purchases one or more unimproved Lots for further subdivision, development, and resale in the ordinary course of such Person's business. The Town Association shall be deemed a Builder for the purposes of Transfer Fees under Section 3.1.7.7.

10.16 "Building Envelope" shall mean the area within a Lot where a residential structure, nonresidential structure and accessory structures may be located, always subject to the prior written approval of the Town Design Review Board. Building Envelopes shall be designated by the Town Founder by describing such an area on a recorded Plat, designating it in a deed or other instrument, or by designating it as such in this Master Declaration, any Supplement, the Nonresidential Design Guidelines or the Residential Design Guidelines. If a Building Envelope is not so designated within a Lot, then the Building Envelope shall be that portion of the Lot not located within legal setback areas or easement areas where the construction of proposed Improvements would be inconsistent with the intended purpose of the easement.

10.17 "Bylaws" shall mean the Bylaws of an Association, as they may be amended from time to time. Such duly adopted Bylaws are incorporated herein by this reference.

10.18 "Claimant" shall be defined as provided in Section 8.3.3.1.

10.19 "Claims" shall be defined as provided in Section 8.3.1.

10.20 "Class B Member" shall mean the Town Founder.

10.21 "Class B Member Termination Date" shall be as provided in Section 3.1.3.2.

10.22 "Commercial Deed" shall be defined as provided in Article 7.

10.23 "Commercial Development Right" shall be defined as provided in Article 7.

10.24 "Commercial Use" shall mean the purchase, sale or other transaction involving the handling or disposition of any article, substance or commodity for livelihood or profit, or the ownership or management of office buildings, offices, recreational or amusement enterprises or the maintenance of offices by professions and trades rendering services, including but not limited to, Agricultural Commercial Uses and Village Commercial Uses. This definition shall be construed consistently with the meaning and intent of such term as it appears in Section 8-21A-2 of the Hidden Springs Zoning Ordinance.

10.25 "Common Area" shall mean any or all real property in which the Town Association holds an interest or which is held or maintained for the mutual use and benefit of the Town Association and its Members of Common Area or Local Common Area, including personal property or Improvements located thereon, whichever is appropriate in the context. Common Area may include, without limitation, parcels that are designated as private roads, streets, drives, parking areas or drives, common open space, pastures, wildlife habitat, common landscaped areas, storage facilities, recreational facilities, and other amenities and facilities. Common Area may be established from time to time by Town Founder on any portion of the Hidden Springs Property by describing such area on a recorded Plat or Supplement, or by granting or reserving it in a recorded deed or other instrument. In addition, the Town Association may acquire any Common Area it deems necessary and/or beneficial to the Hidden Springs Property or the Town Association or the Members. Common Area may include easement and/or license rights. Common Area shall be subject to general use by Owner or the public, except as limited by the Town Council.

10.26 "Community Documents" shall mean the basic documents creating and governing the Hidden Springs Property including, without limitation, the Hidden Springs Zoning Ordinance, this Master Declaration, any Supplement, Articles and Bylaws of the Associations, any Association Rules, the Nonresidential Design Guidelines, the Residential Design Guidelines, any other procedures, rules, regulations or policies adopted under such documents by the Town Association or the Town Design Review Board, documents of record effecting the Hidden Springs Property and other documents and agreements entered into by Town Founder and public agencies, including, but not limited to, the Ada County Highway District, in connection with the development of any Phase and all official information approved by Town Founder in writing provided to or otherwise available to Persons at the time a Person becomes an Owner, all as amended and supplemented from time to time.

10.27 "Community Facilities" shall mean, without limitation, the General Store, and if constructed by the Town Founder, the Town Association or other Person, an equestrian center, swimming pools, storage facilities or recreational facilities, and any other facilities or structures owned and operated for the benefit of residents of Hidden Springs' and/or the greater Ada County community.

10.28 "Condominium" shall mean a condominium as defined in Idaho Code § 55-1501 et seq., as amended from time to time. This definition shall be construed



consistently with the meaning and intent of such term as it appears in Section 8-21A-2 of the Hidden Springs Zoning Ordinance.

10.29 "Conservation Area" shall mean that property encumbered by the Conservation Easement. Conservation Area may be also designated as Common Area, Restricted Area or Maintenance Property pursuant to a Supplement or other written instrument. Any such designation shall be consistent with the terms and conditions of the Conservation Easement.

10.30 "Conservation and Preservation Fund" shall be defined as provided in Section 3.1.7.7.

10.31 "Conservation Easement" shall mean that certain Declaration of Conservation Easement by Grossman/Hidden Springs Development Company L.L.C., recorded February 24, 1997, as Idaho Instrument No. 97014352, encumbering the Conservation Area contained within the Hidden Springs Property for the preservation and conservation of visual and open space values of Hidden Springs.

10.32 "Covenants" shall be defined as provided in Section 1.3.

10.33 "Default" shall be defined as provided in Section 3.1.11.

10.34 "Design Administrator" shall be defined as provided in Section 3.3.2.

10.35 "Design Approval" shall be defined as provided in Section 3.3.4.

10.36 "Directors" shall be defined as provided in Section 3.1.4.

10.37 "Domestic Livestock" shall mean horses, cattle, dairy animals, sheep, goats, and other grazing animals, excluding swine. It shall also include rabbits and domestic birds, excluding chickens. Domestic Livestock also excludes such birds as are caged and housed inside the dwelling and are not raised for commercial use. This definition shall be construed consistently with the meaning of such term as it appears in Section 8-21A-2 of the Hidden Springs Zoning Ordinance.

10.38 "Expenses" shall be defined as provided in Section 4.1.3.1.

10.39 "First Mortgage" shall mean any Mortgage which is not subordinate to any lien or encumbrance except liens for taxes or other liens which are given priority by statute.

10.40 "General Store" shall mean that Retail Store constructed, operated and maintained by Town Founder as a neighborhood grocery store in Hidden Springs selling perishable and nonperishable food items and general goods to residents of Hidden Springs.

10.41 "Gross Selling Price" shall be defined as provided in Section 3.1.7.7.

10.42 "Hidden Springs" shall be defined as provided in Section 1.2.

10.43 "Hidden Springs Property" shall be defined as provided in Section 1.2 and shall mean all real property subjected to this Master Declaration by a recorded Supplement, including, without limitation, each lot, parcel and portion thereof and interest therein.

10.44 "Hidden Springs Transportation Management Plan" shall be defined as provided in Section 3.1.7.9.

10.45 "Hidden Springs Zoning Ordinance" shall mean the Hidden Springs Zoning Ordinance, as it exists from time to time, currently codified as Chapter 21A, Title 8 of the Ada County Zoning Ordinance, and incorporated in the Town Plan.

10.46 "Home Occupation" shall mean an Accessory Use to a single family residential dwelling for gainful employment involving the manufacture, provision or sale of goods and/or services. This definition shall be construed consistently with the meaning and intent of such term as it appears in Section 8-21A-2 of the Hidden Springs Zoning Ordinance.

10.47 "Improvement" shall mean any structure, facility or system, or other improvement or object, whether permanent or temporary, which is erected, constructed, placed upon or allowed on, under or over any portion of the Hidden Springs Property, including, without limitation, residential structures, accessory buildings, fences, streets, drives, driveways, parking areas, sidewalks, bicycle paths, curbs, landscaping, walls, hedges, plantings, trees, wildlife habitat improvements, living and/or dead vegetation, rocks, signs, lights, mail boxes, electrical lines, pipes, pumps, ditches, Waterways, recreational facilities, grading, road construction, utility improvements, removal of trees and other vegetation, plantings, and landscaping, and any new exterior construction or exterior improvement which may not be included in the foregoing. Improvement(s) includes both original Improvements existing on the Hidden Springs Property on the date hereof and all later changes and Improvements.

10.48 "Initiation Date" shall be as defined in Section 4.1.3.2.

10.49 "Limited Assessment" shall mean a charge against a particular Owner and such Owner's Lot, directly attributable to the Owner, equal to the cost incurred by the Town Association, or Neighborhood Association in connection with corrective action performed pursuant to the provisions of this Master Declaration or any Supplement, including, without limitation, damage to any Common Area, Restricted Area, Maintenance Property or the failure of an Owner to keep such owner's Lot in proper repair, and including interest thereon as provided in this Master Declaration or a Supplement. All Limited Assessments by any Neighborhood Association shall be levied through the Town Association.

10.50 "Local Common Area" shall mean all real or personal property in which a Neighborhood Association holds an interest or which is held or maintained

for the mutual use and benefit of such Neighborhood Association and its Members. Local Common Area may be designated from time to time by Town Founder on any portion of the Hidden Springs Property by describing such area on a recorded Plat, by granting or reserving it in a deed or other instrument, or by designating it in any Supplement. In addition, any Neighborhood Association may acquire any Local Common Area or Restricted Area it deems necessary and/or beneficial.

10.51 "Lot" shall mean a lot within a Phase of Hidden Springs as specified or shown on any Plat and/or by Supplement, upon which Improvements may be constructed. For voting, membership and Assessment purposes herein, "Lot" shall include a Condominium and/or a Town Home and Lot shall not include any Common Area, Conservation Area, Restricted Area, Maintenance Property or Accessory Apartment or Guest House.

10.52 "Maintenance Property" shall mean any real or personal property within the Hidden Springs Property or the general vicinity of the Hidden Springs Property not owned by any Association, but which an Association operates and/or maintains for the benefit which will accrue to the Hidden Springs Property and its Owners, including, without limitation, any signs, benches, lights, trails, roads, parks, paths, playgrounds, sidewalks or other open space and lands, agricultural lands, buildings, parking lots and access areas, facilities and equipment, ditches, drainage facilities, waste water reclamation facilities, water and irrigation systems, storm drainage facilities.

10.53 "Master Declaration" shall mean this Master Declaration as it may be amended and supplemented from time to time.

10.54 "Member" shall mean each Owner holding a membership in the Town Association, including Town Founder. Where specific reference or the context so indicates, it shall also mean Owners holding membership in any Neighborhood Association, including Town Founder.

10.55 "Mortgage" shall mean any mortgage, deed of trust, or other document pledging any portion of the Hidden Springs Property or interest therein as security for the payment of a debt or obligation.

10.56 "Neighborhood Association(s)" shall mean any profit or non-profit Idaho corporation, limited liability company, or unincorporated association, or the successors of any of them, organized and established by Town Founder pursuant to or in connection with the terms of this Master Declaration or a Supplement recorded by Town Founder for any individual Phase. A Neighborhood Association shall have no right, title or interest in the name "Hidden Springs," stylized or otherwise, or any logo in connection therewith.

10.57 "Neighborhood Association Board" shall mean the duly elected and qualified Board of Directors, or other governing board or individual, if applicable, of a Neighborhood Association.

10.58 "Neighborhood Association Rules and Regulations" shall mean those rules and regulations promulgated by any Neighborhood Association Board and approved by the Town Council, governing conduct upon and use of property of Neighborhood Association Owners/Members, the imposition of fines and forfeitures for violation of Neighborhood Association Rules and Regulations, and procedural matters for use in the conduct of business of the Neighborhood Associations.

10.59 "Nonresidential Use" shall mean all Commercial Uses, without limitation, and Employment Centers, the Community Center/School, Open Space and Parks, all as defined in Section 8-21A-5C of the Hidden Springs Zoning Ordinance.

10.60 "Nonresidential Design Guidelines" shall mean the design guidelines and rules promulgated, published, amended and supplemented from time to time pursuant to Section 3.3.3 for Nonresidential Uses, incorporated herein in their entirety by this reference, which are modeled after the design guidelines identified in Section 5 of the Town Plan and consistent therewith, but which include additional restrictions, limitations and regulations specific to Nonresidential Uses.

10.61 "Nonresidential Use Approval" shall be defined as provided in Section 3.3.6.

10.62 "Occupant" shall mean any resident or occupant of a Lot other than the Owner, including, without limitation, family members, guests, invitees and tenants.

10.63 "Open Space" shall mean the area depicted on the Hidden Springs Master Land Use Plan as described in Section 8-21A-5C5 of the Hidden Springs Zoning Ordinance which shall remain open and free of development other than wildlife habitat improvements, trails, other recreational improvements and agricultural uses specified in the Hidden Springs Zoning Ordinance. This definition shall be construed consistently with the meaning of such term as it appears in Section 8-21A-2 of the Hidden Springs Zoning Ordinance.

10.64 "Operating Expenses" shall be defined as provided in Section 4.1.3.1.

10.65 "Operation and Maintenance Manual for Stormwater Conveyance, Ditches, Swales and Ponds at Hidden Springs Community" shall be defined as provided in Section 3.1.8.1.

10.66 "Oversized Vehicles" shall be defined as vehicles which are too high or too wide to clear the entrance of a normal residential garage door opening.

10.67 "Owner" shall mean the record owner, whether one or more Persons, including Town Founder and Builders, holding fee simple interest of record to a Lot which is a part of the Hidden Springs Property, but excluding those Persons having such interest merely as security for the performance of an obligation, unless and until

such Person has acquired fee simple title pursuant to foreclosure or other proceedings.

10.68 "Owners Information" shall be as defined in Article 9.

10.69 "Party Wall" shall mean any common wall between two (2) single-family residences which is also the legal dividing line between the two (2) residences.

10.70 "Person(s)" shall mean any individual, partnership, corporation, trust, estate, public or quasi-public governmental agency, entity or political subdivision or other entity, including Town Founder.

10.71 "Phase(s)" shall mean a defined portion of the Hidden Springs Property which has been designated as a Phase by recorded Supplement. Each Phase shall contain one or more Lots, and may, in Town Founder's discretion, be managed to the extent permitted herein by the Town Association and/or a Neighborhood Association.

10.72 "Plans and Specifications" shall be defined as provided in Section 3.3.4.

10.73 "Plat" shall mean any subdivision plat covering any portion of the Hidden Springs Property as recorded in the Ada County Recorder's Office as the same may be amended by duly recorded amendments thereof.

10.74 "Regular Assessment" shall mean that portion of the cost of maintaining, improving, repairing, replacing, managing, operating and, as needed, acquiring the Common Area, Restricted Area, and the Maintenance Property, including all Improvements located thereon, and the other costs and expenses incurred to conduct the business and affairs of an Association which is levied against each Owner's Lot by the Town Association, or applicable Neighborhood Association, pursuant to the terms of this Master Declaration or a Supplement. All Regular Assessments by Neighborhood Associations shall be levied through the Town Association.

10.75 "Repair Expenses" shall be defined as provided in Section 4.1.3.1.

10.76 "Residential Design Guidelines" shall mean the design guidelines and rules promulgated, published, amended and supplemented from time to time pursuant to Section 3.3.3 for residential uses, incorporated herein in their entirety by this reference, which are modeled after the design guidelines identified in Section 5 of the Town Plan and consistent therewith, but which include additional restrictions, limitations and regulations.

10.77 "Respondent" shall be defined as provided in Section 8.3.3.

10.78 "Restricted Area" shall mean any real or personal property or other property in the general vicinity of the Hidden Springs Property which is owned or leased, operated and maintained by the Town Association or any Neighborhood Association, including, without limitation, any signs, benches, lights, trails, roads, parks, paths, playgrounds, sidewalks or other open space and lands, ditches, storm drainage facilities, waste water reclamation facilities, agricultural lands and facilities. Restricted Area may be established from time to time by Town Founder on any portion of the Hidden Springs Property or elsewhere by describing such area on a recorded Plat, by granting or reserving it in a deed or other instrument, or by designating it as such in this Master Declaration, any Supplement or the Residential Design Guidelines and the Residential Guidelines. In addition, the Town Association may acquire any Restricted Area it deems necessary and/or beneficial to the Hidden Springs Property and/or the Owners. Restricted Area may include easement, lease and/or license rights. Restricted Area shall not be subject to general use by Members, Owners or the public, except as approved by the Town Council.

10.79 "Retail Store" shall mean a store which sells commodities to consumers, such as a general store, hardware store or book store. This definition shall be construed consistent with the meaning of such term as it appears in Section 8-21A-2 of the Hidden Springs Zoning Ordinance.

10.80 "Sewer Easement" shall be defined as provided in Section 3.1.11, which Sewer Easement has been recorded on the 29<sup>th</sup> day of September, 1998, as Instrument No. 98091524, records of Ada County, Boise, Idaho.

10.81 "Sewer Company" shall mean the Hidden Springs Sewer Company, LLC, its successors and assigns, which own and operate the Waste Water Reclamation System.

10.82 "Sewer Company Fees" shall mean the Sewer Company's fees and charges including, without limitation, fees and charges for operation, maintenance and capital improvement upgrade of the Waste Water Reclamation System and service, hook-up and connection fees to an individual Owner's Lot. Sewer Company Fees shall include interest, at a reasonable rate set by the Sewer Company, for past due amounts and late penalty charges. Sewer Company Fees shall be a charge to, and payable by, each Owner of a Lot.

10.83 "Sewer Company Requirements" shall mean the Sewer Company's obligations under the Agreement Regarding Approval of Plans and Specifications dated July 6, 1998, by and between the Sewer Company and the Idaho Department of Health and Welfare, Division of Environmental Quality, as amended from time to time.

10.84 "Special Assessment" shall mean that portion of the costs of the capital improvements or replacements, equipment purchases and replacements or shortages in Regular Assessments which are authorized to be paid to the Town Association, or applicable Neighborhood Association, pursuant to the provisions of

this Master Declaration or a Supplement. All Special Assessments by Neighborhood Associations shall be levied through the Town Association.

10.85 "Supplement" shall mean any supplemental declaration, including additional covenants, conditions and restrictions, that might be adopted by Town Founder with respect to any Phase or any portion of the Hidden Springs Property, which supplements the terms and conditions of this Master Declaration. Upon recordation of a Supplement, such Supplement shall be deemed a part of this Master Declaration.

10.86 "Termination of Mediation" shall be defined as provided in Section 8.3.3.2.

10.87 "Termination of the Negotiations" shall be defined as provided in Section 8.3.3.2.

10.88 "Town Advisory Committee" shall mean the Town Advisory Committee created by Town Founder pursuant to Article 3 hereof.

10.89 "Town Association" shall mean the Idaho profit or non-profit corporation, limited liability company, or other legal entity, or its successors, organized and established by Town Founder to exercise the powers and to carry out the duties set forth in this Master Declaration or any Supplement. Town Founder shall have the power, in its discretion, to name the Town Association the "Hidden Springs Town Association", or any similar name which fairly reflects its purpose. The Town Association shall have no right, title or interest in the name "Hidden Springs," stylized or otherwise, or any logo in connection therewith, except as specifically granted and licensed by Town Founder.

10.90 "Town Council" shall mean the board of directors or other governing board or individual, if applicable, of the Town Association. The Town Council shall be comprised of the individuals appointed as provided in Section 3.1.4.

10.91 "Town Design Review Board" shall mean the Town Design Review Board created by Town Founder pursuant to Section 3.3 hereof.

10.92 "Town Founder" shall mean Hidden Springs Community L.L.C., an Idaho limited liability company, or its successors in interest, or any Person to whom the Town Founder rights under this Master Declaration are expressly transferred, in whole or in part. Any assignment of Town Founder's rights under this Section shall only be effective if such assignment specifically identifies those of Town Founder's rights that are being assigned thereunder and indicates such assignment is made pursuant to this Section.

10.93 "Town Plan" shall mean the Town Plan as it exists from time to time, consisting of the goals, objectives, policies, maps (such as sketch plan maps), development standards/administration provisions and other components which shall

serve as a guide for development. The Town Plan is incorporated in the Hidden Springs Zoning Ordinance and on file with the Ada County Development Services Department.

10.94 "Town Home" shall mean duplex and multi-family attached residential dwellings of a permanent nature exclusive of Condominiums. This definition is to be construed consistently with the meaning and intent of such as it appears in Section 8-21A-506 of the Hidden Springs Zoning Ordinance.

10.95 "Transfer Fee" shall mean the fee charged by the Town Association upon the closing of a sale or a transfer of any Hidden Springs Property subject to this Master Declaration, as provided in Section 3.1.7.7.

10.96 "Trip Reduction Strategy" shall be defined as provided in Section 3.1.7.9.

10.97 "Village Commercial Overlay" shall mean those areas within the Hidden Springs Property where the Hidden Springs Zoning Ordinance permits Village Commercial Uses. This definition is to be construed consistently with the meaning and intent of such term as it appears in Section 8-21A-2 of the Hidden Springs Zoning Ordinance.

10.98 "Village Commercial Use" shall mean those principal permitted and administrative permit use village commercial uses described in Section 8-21A-5C1 of the Hidden Springs Zoning Ordinance. This definition shall be construed consistently with the meaning and intent of such term as it appears in Section 8-21A-2 of the Hidden Springs Zoning Ordinance.

10.99 "Waste Water Reclamation System" shall mean the waste water treatment system constructed, owned and operated by Sewer Company, its successors or assigns, pursuant to the Land Application Permit executed by and between the Sewer Company and the Idaho Department of Health and Welfare, Division of Environmental Quality, as amended from time to time.

10.100 "Waterway(s)" shall mean any surface water amenity, including, without limitation, any lake, pond, channel, slough, stream, creek or reservoir, natural or artificial, which is located on the Hidden Springs Property.

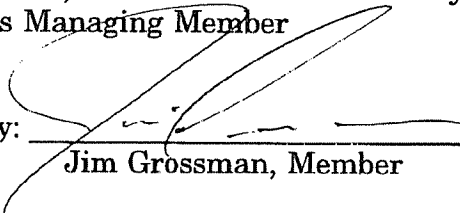
10.101 "Wild Fire Prevention Strategy" shall be defined as provided in Section 3.1.7.16.



IN WITNESS WHEREOF, the undersigned has duly executed this Master Declaration effective the 10th day of September, 1998.

HIDDEN SPRINGS COMMUNITY L.L.C., an  
Idaho limited liability company

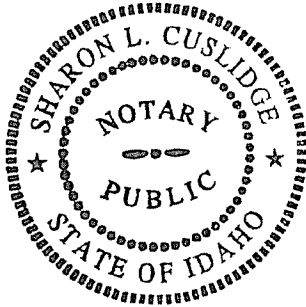
By: Grossman/Hidden Springs Development,  
L.L.C., an Arizona limited liability company,  
Its Managing Member

By:   
\_\_\_\_\_  
Jim Grossman, Member

STATE OF IDAHO     )  
                                  ) ss.  
County of Ada         )

On this 24<sup>th</sup> day of September, 1998, before me, a Notary Public in and for said State, personally appeared Jim Grossman, known or identified to me to be the Member of Grossman/Hidden Springs Development, L.L.C., an Arizona limited liability company, the Managing Member of Hidden Springs Community L.L.C., an Idaho limited liability company, and the Member who subscribed said limited liability company name to the foregoing instrument, and acknowledged to me that such limited liability company executed the same in said limited liability company name in its capacity as Managing Member.

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



Sharon L. Cuslidge  
Notary Public for Idaho  
Residing at: Boise  
My commission expires: 1/27/2001

## Hidden Springs Legal Description

In Ada County, Idaho

Township 4 North, Range 2 East, Boise Meridian

In Section 4: Northwest half of Lot 4

In Section 5: Lots 1,2,3, and 4

In Section 6: Lots 1 and 2; West 1/2 Southeast Quarter; South 1/2 Northeast Quarter

Township 5 North, Range 2 East, Boise Meridian

In Section 28: South half Northwest Quarter, West 1/2 Southwest Quarter, Northeast Quarter Southwest Quarter; Except that portion lying East of the centerline of the County Road

In Section 29: Southeast Quarter Northeast Quarter; Southeast Quarter Southwest Quarter; Southwest Quarter Southeast Quarter; East 1/2 Southeast Quarter

In Section 31: Southeast Quarter

In Section 32: East 1/2; East 1/2 West 1/2; West 1/2 Southwest Quarter

In Section 33: West 1/2 West 1/2

EXCEPTING: Therefrom all of the oil, gas and other minerals as reserved in Deeds recorded July 9, 1941, March 13, 1942 and September 18, 1972, as Instrument Nos. 206007, 211002, and 820468 respectively, Official Records.