DECLARATION OF CONDOMINIUM

COVENANTS, CONDITIONS, RESTRICTIONS, AND RESERVATIONS

FOR WOODRUN OWNERS ASSOCIATION, INC.

Pursuant to the laws of the State of Idaho and the provisions of the Condominium Property Act of the State of Idaho as contained in Section 55-1501 through 55-1527 of the Idaho Code as now existing and hereafter amended, hereinafter referred to as hereunder described to the provisions of the Act, the undersigned, hereinafter referred to as “Declarant”, being sole owner of said property, makes the following Declaration.

It is agreed by acceptance of conveyance, contract for sale, lease, rental agreement, or any form of security agreement or instrument, or any privileges of use or enjoyment, respecting the property or any apartment in the horizontal property regime created by this Declaration that this Declaration, together with the Survey Map and Plans referred to herein, states covenants, conditions, restrictions, reservations and plan are binding upon the entire property and upon each such apartment as a parcel of realty and upon its owners or possessors, and their heirs, personal representatives, successors and assigns, through all successive transfers of all or part of the property or any security interests therein, without requirement of further specific reference or inclusion in deeds, contracts or security instruments, and regardless of any subsequent forfeiture, foreclosure, or sales of apartments under security instruments.

ARTICLE I
DESCRIPTION OF LAND

1.1 Description of Land.

The land on which the building and improvements provided for in this Declaration are located is legally described as follows:

For legal description, see Exhibit “A” attached hereto and incorporated herein.

ARTICLE II
DESCRIPTION OF BUILDINGS AND IMPROVEMENTS

2.1 Condominium Building.

The condominium building is constructed as follows: The foundations are concrete reinforced with steel. The first, second, and third levels are wood and steel framed, insulated double-wall construction, interior covered with sheet rock and exterior covered with wood siding.

ARTICLE III
CONDOMINIUM LOCATION

3.1 Condominium Location

a. Ten (10) WoodRun condominiums shall be constructed in this phased development. All ten units shall be covered by this Declaration.
b. Building 100 contains two (2) units: condominiums in the building shall be identified as 101 and 102, and are more particularly described on Exhibit “B”.
c. Building 200 contains two (2) units: condominiums in the building shall be identified as 201 and 202, and are more particularly described on Exhibit “B”.
d. Building 300 contains two (2) units: condominiums in the building shall be identified as 301 and 302, and are more particularly described on Exhibit “B”.
e. Building 400 contains two (2) units: condominiums in the building shall be identified as 401 and 402, and are more particularly described on Exhibit “B”.
f. Building 500 contains two (2) units: condominiums in the building shall be identified as 501 and 502, and are more particularly described on Exhibit “B”.

ARTICLE IV
ACCESS

4.1 Access to Common Ways.

Each condominium has direct access to the common condominium parking areas and driveways.

ARTICLE V
DESCRIPTION OF COMMON AREAS AND FACILITIES: CERTAIN ITEMS MAY BE MADE OWNER’S RESPONSIBILITY

5.1 Except as otherwise specifically reserved, assigned, or limited by the provisions of Article 6, 14, 20, and other applicable provisions hereof, the common areas and facilities consist of the following:

5.1.1 The land above described.

5.1.2 The roofs, foundations, columns, girders, studding, joists, beams, supports, main walls (excluding other structural parts of the buildings, to the interior surfaces of the condominiums’ perimeter walls), floors, ceilings, windows, and doors; that is, to the boundaries of the condominiums as the boundaries are defined in the Act, and any replacement thereto, provided that the term “interior surfaces” shall not include paint, wallpaper, carpeting, tiles, or other such decorative surface coverings or finishes.

5.1.3 Installations of central services such as power, light, hot and cold water, heating, pipes, conduits, and wires, wherever they may be located whether in partitions or otherwise; and in general all apparatus and installations existing for common use.

5.1.4 The driving areas which provide access to the limited common areas for parking.

5.1.5 The yards and landscaped areas and walkways which surround and provide access to the buildings or are used for recreational purposes.

5.1.6 Owners are responsible for the onsite management of accumulated snowfall. Owners shall not place snow onto the Hemlock Lane Right of Way without the express permission of the appropriate governing authority. Currently, the Independent Highway Department (IHD), controls the Right of Way and has not previously granted such permission.

5.1.7 All other parts of the property necessary or convenient to its existence, maintenance and safety, or normally in common use.

5.1.8 Control of the common area shall be turned over to the WoodRun Owners Association Incorporated, a corporation established by Declarant for the management of the condominiums, upon the first to occur of the following:

a. Three (3) years from the date on which the first unit is conveyed; or
b. Four (4) months after 75% of the units of the project have been conveyed by Declarant to unit purchasers.

ARTICLE VI
DESCRIPTION OF LIMITED COMMON AREAS; EASEMENTS FOR EXCLUSIVE USE RESERVED FOR CERTAIN CONDOMINIUMS

6.1. Limited Common Areas

6.1.1 The limited common areas and facilities are reserved for the exclusive use of the condominium or condominiums to which they are adjacent or assigned and include balconies, garages, entries, and stairwells.

6.1.2 Limited common areas in Building 100 consist of:

a. Units 101 and 102 each have two suspended balconies as designated on Exhibit “B“ as “Unit 101” and “102”. Each balcony is for the exclusive use of said unit.

b. Units 101 and 102 each have a garage as identified on Exhibit “B“ as “Unit 101” and “Unit 102”. Each garage is reserved for the exclusive use of the unit as designated on the Exhibit.

6.1.3 Limited common areas in Building 200 consist of:

a. Units 201 and 202 each have two suspended balconies as designated on Exhibit “B“ as “Unit 201” and “202”. Each balcony is for the exclusive use of said unit.

b. Units 201 and 202 each have a garage as identified on Exhibit “B“ as “Unit 201” and “Unit 202”. Each garage is reserved for the exclusive use of the unit as designated on the Exhibit.

6.1.4 Limited common areas in Building 300 consist of:

a. Units 301 and 302 each have two suspended balconies as designated on Exhibit “B“ as “Unit 301” and “302”. Each balcony is for the exclusive use of said unit.

b. Units 301 and 302 each have a garage as identified on Exhibit “B“ as “Unit 301” and “Unit 302”. Each garage is reserved for the exclusive use of the unit as designated on the Exhibit.

6.1.5 Limited common areas in Building 400 consist of:

a. Units 401 and 402 each have two suspended balconies as designated on Exhibit “B“ as “Unit 401” and “402”. Each balcony is for the exclusive use of said unit.

b. Units 401 and 402 each have a garage as identified on Exhibit “B“ as “Unit 401” and “Unit 402”. Each garage is reserved for the exclusive use of the unit as designated on the Exhibit.

6.1.6 Limited common areas in Building 500 consist of:

a. Units 501 and 502 each have two suspended balconies as designated on Exhibit “B“ as “Unit 501” and “502”. Each balcony is for the exclusive use of said unit.

b. Units 501 and 502 each have a garage as identified on Exhibit “B“ as “Unit 501” and “Unit 502”. Each garage is reserved for the exclusive use of the unit as designated on the Exhibit.

ARTICLE VII
PERCENTAGE OF UNDIVIDED INTEREST IN COMMON AREAS

7.1 The percentage of ownership interest in the common area of the WoodRun Condominiums which is to be allocated to each unit for purposes of tax assessment under Idaho Code 55-1514 and for purposes of liability as provided by Idaho Code 55-1515 shall be a percentage equal to one (1) divided by, the total number of units constructed. In other words, all units in the project shall have an equal interest in the common area.

There shall be a total number of votes equal to the number of units constructed. Declarant shall cast 100% of the votes until such time as the units are sold or otherwise conveyed, at which time one vote shall transfer with ownership of each unit.

ARTICLE VIII
RESTRICTION ON USE

8.1 The building and the property are solely for the purpose of residential occupancy, which shall include the right to rental of each unit. Such rentals shall not be for a period of less than one month. None of the limited common areas is to be devoted to any use other than in service for and consistent with the family units and their appropriate use.

8.2 No animals shall be kept on any of the common areas, and only a reasonable number of household pets (dogs, cats, birds) shall be allowed in units. When outside the units, such pets shall at all times be kept on a leash or otherwise confined so as to prevent any injury or damage to the project areas. The Board of Directors of the WoodRun Owners Association, Inc. (hereinafter referred to as "Board of Directors"), may adopt rules regulating or restricting the presence of such pets in the common area and the units.

ARTICLE IX
SERVICE OF PROCESS PURSUANT TO THE PROVISIONS OF SECTION 55-1512, THE IDAHO CODE

9.1 Charles E. Parrish, 321 N. First Avenue, Sandpoint, Idaho 83864, a resident of the State of Idaho, is hereby designated to receive service of process in any action relating to the common areas and facilities of the condominium. Upon termination of the capacity or authority of Charles E. Parrish to receive such service, a new designation shall be filed with the County Auditor.

ARTICLE X

DESTRUCTION AND CONDEMNATION

10.1 If all or substantially all of the buildings have been destroyed by fire or other calamity, a decision to rebuild, repair, or restore or to sell the property shall be by vote of the majority of the percentage votes of the ownership interest as established in Article 7 hereinabove. If less than all or substantially all of the building has been destroyed by fire, the building shall be restored unless, by unanimous vote, the owners elect to do otherwise. In the event of a loss resulting from condemnation, destruction or liquidation of all or a part of the project or from the termination of the project, the Association shall represent the owners in any such proceedings, negotiations, settlements or agreements. Each unit owner hereby appoints the Association as its attorney in fact for all such purposes. Any proceeds from any such settlement shall be payable to the Association or to the insurance trustee as described elsewhere herein for the benefit of the unit owners and their mortgage holders. Any distribution of funds in connection with the termination of the project shall be made on a reasonable and equitable basis, as determined by the Board of Directors.

ARTICLE XI
OWNERS' ASSOCIATION AND BYLAWS

11.1 Declarant has created the WoodRun Owners Association Inc. (hereinafter referred to as "Association") to provide for management and maintenance of the Condominium. The owners, including contract vendees of the units, by their ownership, are members of the WoodRun Owners Association Inc. The total number of votes shall be equal to the number of completed units. Declarant shall cast 100% of the votes until such time as the units are sold or otherwise conveyed, at which time one vote shall transfer with ownership of each unit.

11.2 The Association shall elect a Board of Directors from the owners, one member of which shall be Declarant until such time as control has been turned over to the WoodRun Owners Association Inc., pursuant to Section 5.1.7. Said Board of Directors shall elect officers and recommend to the members of the Association the adoption of a budget of common expenses as provided by law, including, but not limited to, as common expenses: road assessment, water and sewer assessment, snow removal, grounds maintenance and such other assessments and charges as the Board of Directors deems necessary and appropriate for the maintenance of said property in accordance with the Declaration and the Bylaws adopted. Said charges and assessments are subject to quarterly assessment and collection thereof by the Board of Directors.

11.3 The Association shall adopt bylaws providing for the management of the property, through the Board of Directors, by the affirmative vote of a majority of the percentage interests in the property as established by Paragraph 7 herein. Said Bylaws shall be subject to amendment at a meeting of such owners called upon notice and for the notified purpose of adopting such amendment or amendments. Said Bylaws may provide and may enforce other rules and regulations for the use, occupancy and management of the property not inconsistent herewith and not inconsistent with the provisions of the Act as now in effect or hereafter amended.

11.4 The Bylaws of the Association may provide that the Board of Directors may employ a management agent for the Association.

ARTICLE XII
DELINQUENT ASSESSMENTS

12.1 Delinquent assessments shall bear interest at the rate of ten (10%) percent per annum and in any collection action or foreclosure, the Plaintiff shall be entitled to recover reasonable attorney's fees and costs as a part of the judgment, and in any foreclosure, the unit owner shall be required to pay reasonable rental for the unit and the Plaintiff shall be entitled to appoint a receiver to collect the same.

ARTICLE XIII
AMENDMENT OF DECLARATION OR BYLAWS

13.1 Except as otherwise provided herein, this Declaration may be amended consistent with the laws of the State of Idaho pertaining thereto, on the vote or consent in writing of at least sixty seven (67%) percent voting power of the owners in the project as established in Article VII herein; provided, however that any amendment altering the unit owners; and provided further, that no amendment shall be made of those provisions of this Declaration which prohibit the withdrawal of the project property from the Condominium Property Act or which prohibit the partition of said project.

Amendments of this Declaration shall be reduced to writing and shall contain the certificate of the Board of Directors of the Association that the requisite number of votes or percentage of voting power have been cast or consented thereto as above set forth, and shall be acknowledged by the Directors, and shall not be effective until the same is recorded in the Office of the Recorder of Bonner county, State of Idaho.

ARTICLE XIV
PLAT MAP AND FLOOR PLAN

14.1 Exhibit “B”, plat map of the entire parcel, is hereby incorporated as though set forth in full as part hereof for the parcel which shall be known as WoodRun Condominiums and shall be filed simultaneously herewith with the Recorder of Bonner County, Idaho. Exhibits “C“, “D“, “E”, & “F“, hereinafter designated floor plans for the WoodRun Buildings 100 through 500 shall also be filed simultaneously herewith with the Recorder of Bonner County, Idaho.

ARTICLE XV
SEVERABILITY

15.1 Binding Effect: The provisions hereof shall be deemed independent and severable and the invalidity or partial invalidity or unenforceability of any one provision or a portion thereof shall not affect the validity or enforceability of any other provision hereof if remainder complies with the Act.

15.2 The provisions hereof shall be deemed to be covenants running with the land and are binding upon the parties hereto, any future owners or possessors, and their heirs, personal representatives, successors and assigns through all successive transfers of all or part of the property or any security interest therein, without requirement of future specific reference or inclusion in deeds, contracts, or security instruments and regardless of any subsequent forfeiture, foreclosures, or sales of apartment units under security interest instruments.

ARTICLE XVI
LEASE OF CONDOMINIUMS

16.1 If a condominium is leased by its owner, the Board of Directors may collect and the lessee shall pay over to the Board of Directors as designated under the Bylaws, so much of the rent for such condominium as is required to pay assessments and expenses due the Board hereunder and as established by the Bylaws, plus interest and costs, if the same are in default over thirty (30) days.

ARTICLE XVII
CONSENT TO RECORDATION

17.1 The undersigned being the declarant and all record owners and holders of any recorded security interest, do hereby consent to the recordation of all documents necessary to establish the herein described property as a condominium under the laws of the State of Idaho, including recordation of this Declaration, the Bylaws, survey map, and plans.

ARTICLE XVIII
MORTGAGEE PROTECTION

18.1 Upon written request made to the association by a first mortgagee, or an insurer or governmental guarantor of a first mortgage, which written request shall identify the name and address of such first mortgagee, insurer or governmental guarantor and the unit number or address of the unit, any such first mortgagee, insurer or governmental guarantor ("eligible first mortgagee") shall be entitled to timely written notice of:

18.1.1 Any condemnation loss or any casualty loss which affects a material portion of the project or any unit on which there is a first mortgage held, insured or guaranteed by such first mortgagee, insurer or governmental guarantor;

18.1.2 Any default in the performance by the owner of a unit which is held or is subject to a first mortgage held, insured or guaranteed by such first mortgagee, insurer or governmental guarantor, of any obligation under this Declaration, including, without limitation, any delinquency in the payment of assessments or charges owed by such owner, which default remains uncured for a period of sixty (60) days:

18.1.3 Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association; and

18.1.4 Any proposed action which would require the consent of a specified percentage of eligible first mortgagees as specified in Section 18.2 below or elsewhere herein.

18.2 Except as provided elsewhere in this Declaration, the prior written consent of owners entitled to vote at least sixty-seven percent (67%) of the voting power in the Association (unless pursuant to a specific provision of this Declaration the consent of owners entitled to vote a greater percentage of the voting power in the Association is required, in which case such specific provisions shall control), and first mortgagees holding first mortgages on units having at least fifty-one percent (51%) of the votes of the units subject to first mortgages held by first mortgagees shall be required to:

18.2.1 Establish self-management of the project by the Association when professional management has been previously required by any eligible first mortgagee, mortgage insurer or guarantor;

18.2.2 Add or amend any material provision of the Declaration, Articles, Bylaws or map, which establishes, provides for, governs or regulates any of the following (an addition or amendment to such documents shall not be considered material if it is for the purpose of correcting technical errors or for clarification only):

a. Voting rights;
b. Assessments, assessment liens or the priority of such liens;
c. Reserves for maintenance, repair and replacement of the common areas;
d. Fidelity Bonds or Insurance;
e. Relocation of interests in and rights to use of common areas and common facilities;
f. Responsibility for maintenance and repair of the project;
g. Redefinition of the boundaries of any unit;
h. The undivided ownership interests in the common areas, the common facilities or limited common areas;
i. Leasing of units;
j. Imposition of any right of first refusal or similar restriction on the right of an Owner to sell, transfer or otherwise convey his or her Condominium;
k. Convertibility of units into common areas or vice versa;
l. Except as otherwise provided in this Declaration, expansion or contraction of the project, or the addition, annexation, or withdrawal of property to or from the project;
m. Restoration or repair of the project (after a hazard damage or partial condemnation) in a manner other than specified herein;
n. Any action to terminate the legal status of the project after substantial destruction or condemnation occurs;
o. Any provisions which are for the express benefit of First Mortgagees, insurers of first mortgages or governmental guarantors.

In addition, the prior written approval of eligible first mortgagees holding first mortgages on units having at least sixty-seven percent (67%) of the votes of units subject to first mortgages held by eligible first mortgagees, shall be required to effect a termination of the legal status of the project for reasons other than substantial destruction or condemnation of the property. Any eligible first mortgagee who receives a written request from the Association to approve additions or amendments to the constituent documents and who fails to deliver or post to the Association a negative response within thirty (30) days shall be deemed to have approved such request, provided the notice to the mortgagee was delivered by certified or registered mail, with a return receipt requested. To be entitled to receive the information in this section, the mortgage holder, insurer or guarantor must send a written request to the Association, stating both its name and address and the unit number or address of the unit on which it has (or insures or guaranties) the mortgage.

18.3 All taxes, assessments and charges which may become liens prior to the first mortgage under local law shall relate only to the individual units and not to the project as a whole.

18.4 To the extent permitted by Idaho law, any lien which the Association may have on any unit in the project for the payment of common expense assessments attributable to such unit and any fees, late charges, fines or interest levied by the Association in connection therewith shall be subordinate to the lien or equivalent security interest of any first mortgage on the unit recorded prior to the date on which any such common expense assessments became due.

18.5 Any owner, lender, or holder, insurer or guarantor of any first mortgage shall, upon request, be entitled to inspect current copies of the Declaration, bylaws, other rules and regulations concerning the project and the books, records and financial statements of the Association during normal business hours or under other reasonable circumstances. Any mortgage holder shall be entitled to have an audited statement of the financial records of the Association at the mortgage holder’s expense.

18.6 In addition to the rights granted in Section 18.5, any holder, insurer or guarantor shall, upon request, be entitled to written notice of all meetings of the Association and be permitted to designate a representative to attend all such meetings.

18.7 In the event of substantial damage to or destruction of any unit or any part of the common areas, no provision of the Declaration or Bylaws or any amendment thereto shall entitle the owner of a unit or other party to priority over any first mortgagee with respect to the distribution to such owner of any insurance proceeds.

18.8 If any unit or portion thereof or the common areas or any portion thereof is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, no provision of the declaration or Bylaws or any amendment thereto shall entitle the owner of a unit, or any other party to priority over any first mortgagee with respect to the distribution to such unit of the proceeds of any award or settlement.

18.9 To the extent permitted by Idaho law, each first mortgagee who obtains title to a unit pursuant to the remedies provided in the mortgage, or by deed or assignment in lieu of foreclosure, or any purchaser at a foreclosure sale, shall take the unit free of any claims for unpaid assessments and charges against the unit which accrue prior to the acquisition of title to such unit by the first mortgagee, except for the assessment obligation resulting from the reallocation and assessment to all owners of any delinquent and uncollectible assessments.

ARTICLE XIX
EASEMENTS

<u>In General</u>

19.1 In addition to rights under the statute, each condominium is granted an easement in and through each other apartment and the common and limited common areas for all support elements, and utility, wiring, plumbing, and service elements and for reasonable access thereto, as required to effectuate and continue proper operation of this condominium plan. Without limiting the generality of the foregoing, each condominium and all common and limited common area is specifically subject to an easement for the benefit of each of the other condominiums in the building for all duct work for the several condominiums for fireplaces and associated flues or chimneys. In addition, each condominium and all the common and limited common area is specifically subject to easements required for the electrical wiring and the plumbing, if any, for each condominium and for the master antenna cable television system. Finally, each condominium as it is constructed is granted an easement to which each other condominium and all common and limited common area is subject for the location and maintenance of all the original equipment and facilities and utilities for such condominium. The specific mention or reservation of any easement in this Declaration does not limit or negate the general easement for common facilities reserved by law. Each owner shall have an unrestricted right of ingress and egress to his or her unit.

ARTICLE XX
ENCROACHMENTS

20.1 Each condominium and all common and limited common area is hereby declared to have an easement over all adjoining apartments and common area and limited common area for the purpose of accommodating any encroachment due to engineering errors, errors in original construction, settlement or shifting of the building, or any other similar cause, and any encroachment due to building overhang or projection. There shall be valid easements for the maintenance of said encroachments so long as they shall exist, and the rights and obligations of owners shall not be altered in any way by said encroachment, settling or shifting; provided, however, that in no event shall a valid easement for encroachment be created in favor of an owner or owners if said encroachment occurred due to the willful act or acts with full knowledge of said owner or owners. In the event a condominium area or common limited common area is partially or totally destroyed, and then repaired or rebuilt, the owners agree that minor encroachments over adjoining apartments and common and limited common areas shall be permitted, and that there shall be valid easements for the maintenance of said encroachments so long as they shall exist. The foregoing encroachments shall not be construed to be encumbrances affecting the marketability of title to any condominium.

ARTICLE XXI
INTERPRETATION

21.1 Liberal Construction.

The provisions of the Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development and operation of this Horizontal Property Regime under the provisions of the Condominium Act of the State of Idaho. It is intended and covenanted also that, insofar as it affects this Declaration is operative, shall be liberally construed to effectuate the intent of the Declaration insofar as reasonably possible.

ARTICLE XXII
CONDOMINIUM AND BUILDING BOUNDARY

22.1 In interpreting the plat map and plans attached hereto as Exhibits “B“ through “I”, the existing physical boundaries of the building and each condominium as constructed shall be conclusively presumed to be its boundaries.

ARTICLE XXIII
PHYSICAL BOUNDARIES OF EACH UNIT

23.1 The physical boundaries of each unit are the interior surfaces of the perimeter walls, floors, ceilings, windows, and doors thereof, and the unit includes both the portions of the buildings so described and the air space so encompassed. The existing physical boundaries of the unit as originally constructed, or as reconstructed in lieu thereof shall be conclusively presumed to be its boundaries rather than the metes and bounds expressed or depicted in the Declaration, plat or plats, or deed and the actual boundaries of units in the building.

23.2 A non-exclusive right of ingress, egress, and support through the common areas is appurtenant to each unit, and the common areas are subject to such rights.

23.3 Each condominium owner shall have the exclusive right to paint, repaint, tile, carpet, wax, paper, or otherwise maintain, refinish, and decorate the inner surfaces of the walls, ceilings, floors, windows, and doors bounding his own unit, and the interior thereof.

ARTICLE XXIV
REMOVAL OF PROPERTY FROM CONDOMINIUM PROPERTY ACT PROHIBITED

24.1 Pursuant to Idaho Code Section 55-1510, provision is hereby made in this Declaration prohibiting the removal or withdrawal of the property in this project from the condominium Property Act and it is specifically hereby provided that this project shall at all times in the future be held in condominium as defined in Section 44-101B, Idaho Code, as amended. No owner or owners of any unit or units in this project shall petition any court for, or otherwise attempt to, partition their interest in the project.

ARTICLE XXV
INSURANCE

25.1 Types of Insurance. The association shall obtain and keep in full force and effect at all times the following types of insurance coverage, provided by companies licensed to do business in the State of Idaho.

25.1.1The Association shall obtain, maintain and pay for as a common expense a “master” or “blanket” multi-peril policy of property insurance covering the entire project, including, without limitation, common areas, limited common areas, units, fixtures and building service equipment, common personal property and supplies belonging to the Association and any such property that is within the units which are encumbered by a mortgage purchased by FNMA or FHLMC, but excluding land, foundations, excavations, and other items normally not covered by such policies. References to a “master” or “blanket” type policy of property insurance are intended to denote single entity condominium insurance coverage. Such master policy of hazard insurance shall provide, as a minimum, protection against the following:

a. Loss or damage by fire and other perils normally covered by the standard extended coverage endorsement; and
b. All other perils customarily covered with respect to projects similar to the project in construction, location and use, and any other perils for which coverage is commonly required by private institutional mortgage investors for such projects, including all perils normally covered by the standard “all risk” endorsement, where such is available.

The policy shall be in an amount equal to one hundred percent (100%) of the current replacement cost of the project and all property covered by the policy exclusive of lands, foundations, excavation, and other items normally excluded from coverage. In addition, such master policy of hazard insurance shall include the following endorsements, if available: An Agreed Amount and Inflation Guard Endorsement; and, if the project should hereafter become subject to a construction code provision which would require the Association to incur a significant expense in order to effect code-required changes in the undamaged portions of the project in the event of the partial destruction of the Project by an insured peril, Construction Code Endorsements (e.g., a Demolition Cost Endorsement, a Contingent Liability from Operation of Building Laws Endorsement and an increased Cost of Construction Endorsement); and Steam Boiler and Machinery Coverage Endorsement, if applicable, which shall provide that the insurer's minimum liability per accident at least equals the lesser of Two Million Dollars ($2,000,000) or the insurable value of the building containing the boiler or machinery. Deductibles may not exceed the lesser of $10,000 or 1% of the applicable amount of coverage. Funds for such deductibles must be included in the Association's reserves and be so designated.

25.1.1 The Association shall obtain and maintain a comprehensive policy of public liability insurance covering all of the common areas, commercial spaces and public ways (if any) in the project, whether or not they are leased to a third party. Such insurance policy shall contain a Severability of Interest Endorsement or equivalent coverage which shall preclude the insurer from denying the claim of an owner because of the negligent acts of the Association or other owners. The scope of coverage shall include, without limitation:

a. Legal liability of the insured for property damage, bodily injuries and deaths of persons in connection with the operation, maintenance or use of the common areas and legal liability arising out of law suits related to employment contracts of the Association; and
b. Additional coverage as may be required to include protection against such other risks as are customarily covered with respect to projects similar to the project in construction, location and use, any other coverage in the kinds and amounts required by private institutional mortgage investors for such projects, including, but not limited to, host liquor liability, contractual and all-written contract insurance, comprehensive automobile liability insurance, bailee's liability, garage keeper's liability and worker's compensation and employer's liability insurance.

Coverage limits shall be in amounts generally required by private institutional mortgage investors for projects similar to the project in construction, location and use; provided, however, that such coverage shall be for at least One Million dollars ($1,000,000) for bodily injury, including deaths of persons, and property damage arising out of single occurrence.

25.1.2 The Association shall obtain and maintain worker's compensation and employer's liability insurance and all other similar insurance with respect to employees of the Association in the amount and in the forms now or hereafter required by law.

25.1.3 The Association shall obtain and maintain blanket fidelity bonds against dishonest acts on the part of all officers, directors, trustees, managers and employees of the Association and all other persons, including without limitation, volunteers handling or responsible for funds of or administered by the Association. Furthermore, where the Association has designated some or all of the responsibility for the handling of funds to a management agent, the management agent shall provide "blanket" fidelity bonds, with coverage identical to such bonds required of the Association for such management agent's officers, employees and agents handling or responsible for funds of, or administered on behalf of, the Association. Such fidelity bonds shall either meet all statutory fidelity bond requirements of the State of Idaho or meet the following requirements:

a. All shall name the Association as an oblige and the named insured;
b. All shall be based on the best business judgment of the Association and shall not be written in an amount less than one and one-half times the amount of the Association's estimated annual operating expenses and reserves, or the estimated maximum of funds, including reserve funds in the custody of the Association or the management agent at any time during the term of each fidelity bond, whichever is greater. However, in no event may the aggregate assessments on all units plus reserve funds;
c. All shall contain waivers by the issuers of the bonds or policies of any defense based upon the exclusion of persons who serve without compensation from any definition of "employee" or similar terms or expressions or shall contain an appropriate endorsement to the policy to cover any persons who serve without compensation if the policy would not otherwise cover volunteers;
d. All shall provide that they may not be canceled or substantially modified (including cancellation for nonpayment of premium) without at least ten (10) days' prior written notice to the Association or any insurance trustee, and each mortgage service on behalf of FNMA or FHLMC; and
e. The premiums shall all be paid by the Association as a common expense, except for premiums on fidelity bonds or insurance maintained by a management agent for its officers, employees and agents.

25.1.4 In the event that the project or any part of its improvement is in a Special Floor Hazard Area, the Association shall at that time obtain and maintain at all times a blanket policy of floor insurance that meets the then existing FHLMC/FNMA floor insurance requirements for similar condominium projects including coverage amounts, deductibles and reserve accounts therefore. The policy shall cover common area buildings and all common property. The amount of floor insurance shall be at least equal to the lesser of 100% of the insurable value of the facilities or the maximum coverage available under the appropriate national floor insurance administration program offered by the National Floor Insurance Administration. The building coverage shall equal 100% of the insurable value of the building, including machinery and equipment which is part of the building. The contents coverage shall include one hundred percent (100%) of the insurable value of all contents, including any machinery and equipment that are not part of the building, but which are owned in common by the Association members. However, if the required coverage exceeds the maximum coverage available under the National Floor Insurance Administration program, the Association shall obtain coverage equal to the maximum amount available under such program. Unless otherwise required by Idaho law, the maximum deductible amount for policies covering the common areas or for those covering each building is the lesser of $5,000 or one percent (1%) of the policy's face amount. Funds to cover this deductible amount shall be included in the association's operating reserve account.

25.1.5 Notwithstanding any other provisions contained herein to the contrary, the Association shall continuously maintain in effect such casualty, floor and liability insurance and a fidelity bond meeting the insurance and fidelity bond requirements for condominium development projects established by FNMA, FHLMC and the Government National Mortgage Association, so long as any of them is a mortgagee, mortgage insurer or owner of a unit within the project, except to the extent such coverage is not available or has been waived in writing by FNMA, FHLMC or the Government National Mortgage Association.

25.2 Insurance Policy Requirements. The Hazard, Public Liability and Flood Insurance policies obtained by the Association pursuant to Sections 25.1.1, 25.1.2 and 25.1.5 shall be subject to the following:

25.2.1 The named insured under any such policies shall be set forth therein substantially as follows; "The WoodRun Owners Association, Inc. for the use and benefit of the individual owners (designated by name if required by law)." The policies may also be issued in the name of an authorized representative of the Association, including any Insurance Trustee with whom the Association has entered into an Insurance Trust Agreement or any successor to such trustee (each of which shall be referred to as "Insurance Trustee") for the use and benefit of the individual owners. Loss payable shall be paid in favor of the Association (or Insurance Trustee) as a trustee for each owner and each such owner's mortgagee. Each owner and each such owner's mortgagee, if any, shall be beneficiaries of the policies according to the undivided interest in the common areas appurtenant to each owner's respective unit. Evidence of insurance shall be issued to each owner and mortgagee upon request;

25.2.2 Insurance coverage obtained and maintained pursuant to the requirements of Section 25.1.1, 25.1.2 and 25.1.5 shall be primary in the event any owner has insurance covering the same loss;

25.2.3 Insurance coverage must not be prejudiced by an act or neglect of individual owners when such act or neglect is not within the control of either such owners collectively or the Association;

25.2.4 Coverage may not be canceled, changed in a way which is adverse to a mortgagee or substantially reduced or modified (including cancellation for nonpayment of premium) without at least ten (10) days' prior written notice in advance of the effective date of any such modification, reduction or cancellation of the policy to the Association and any and all insured parties, including any mortgage services on behalf of FNMA or FHLMC and all first mortgagees;

25.2.5 All policies must contain a waiver of subrogation by the insurer as to any and all claims against the Association, any owner and/or their respective agents, employees or tenants;

25.2.6 Each hazard insurance policy shall be written by a hazard insurance carrier which has a B general policy holder's rating or a financial performance index of 6 or better in the Best's Key Rating Guide or an A or better rating from Demotech, Inc. or by Lloyds of London;

25.2.7 Policies shall be deemed unacceptable where (a) under the terms of the carrier's charter, bylaws or policy contributions or assessments may be made against the Association, an owner, FNMA, FHLMC or any designee or FNMA or FHLMC; or (b) by the terms of the carrier's charter, bylaws or policy loss payments are contingent upon action by the carrier's board of directors, policyholders, or members; or (c) the policy includes any limiting clauses (other than insurance conditions) which could prevent FNMA, FHLMC or any owner from collecting insurance proceeds;

25.2.8 All policies shall contain or have attached the standard mortgagee clause, or equivalent endorsement (without contribution), which is commonly accepted by private institutional mortgage investors in the area in which the project is located and which appropriately names FHLMC, FNMA or FHLMC's or FNMA's mortgage servicer in the policy if such corporations are holders of one or more first mortgages on units within the project. If mortgage servicer is named as mortgagee in the mortgagee clause, mortgage servicer's name shall be followed by the phrase "its successors and assigns". The standard mortgagee clause in each policy must be endorsed to provide that any proceeds shall be paid to the Association as provided in Section 25.1 for the use and benefit of the Owners and their first mortgage holders as their interest may appear or must be otherwise endorsed to fully protect FNMA's and FHLMC's interests;

25.2.9 Policy contracts shall provide that no assessment may be made against FNMA, FHLMC (or their designees) and that any assessment made against others may not become a lien on the mortgaged premises superior to the first mortgage; and

25.2.10 Policies shall be in compliance with and consistent with applicable local and state insurance law. Each insurer and any reinsurer must be specifically licensed or authorized by law to transact business within the State of Idaho.

25.3 Evidence of Insurance. The Board of Directors shall provide the mortgage services with a copy of the "master" of "blanket" policy of multi-peril property insurance, including copies of endorsements to such policy as required by FHLMC or FNMA, and, where applicable, a copy of any floor insurance policy, a copy of the comprehensive policy of public liability insurance, an appropriate certificate or memorandum or insurance as to each unit in the project which is the subject of a mortgage being serviced for FHLMC or FNMA, any other insurance drafts, policies, notices, invoices and other similar documents.

25.4 Additional Coverage. The provisions of this Declaration shall not be construed to limit the power or authority of the Association to obtain and maintain insurance coverage in addition to any insurance coverage required by this Declaration, in such amounts and in such forms as the Association may deem appropriate from time to time.

25.5 Owner's Own Insurance. Each owner, at his own expense, may procure and maintain at all times fire and extended coverage insurance covering personal property of such owner and additional fixtures and improvements added by such owner against mischief. All policies providing such casualty insurance shall provide that they do not diminish the insurance carrier's coverage for liability arising under insurance policies obtained by the Association pursuant to this article. Notwithstanding the provisions hereof, such owner may obtain insurance at this own expense providing such other coverage upon his unit, his personal property, for his personal liability and covering such other risks as he may deem appropriate, provided that each such policy shall provide that it does not diminish the insurance carrier's coverage for liability arising under insurance policies obtained by the Association pursuant to this article. If obtainable under industry practice without an unreasonable additional charge for such waiver, all such insurance shall contain a waiver of the insurance company's right of subrogation against the Association, the Declarant, the management agent, other owners and their respective servants, agents and guests.

25.6 Review of Insurance. The Association shall review annually the coverage and policy limits of all insurance on the project and adjust the same at its discretion. Such annual review may include an appraisal of the improvements in the project by a representative of the insurance carrier or carriers providing the policy or policies on the project or by such other qualified appraisers as the Association may select.

25.7 Insurance Trustee, Power of Attorney, Notwithstanding anything to the contrary in this Declaration, the Hazard, Public Liability and Floor Insurance policies obtained by the Association pursuant to Sections 25.1.1, 25.1.2 and 25.1.5 may name as an insured, on behalf of the Association, the Association's authorized representative, including any trustee with whom the Association may enter into any Insurance Trust Agreement or any successor to such trustee (each of whom shall be referred to herein as the "Insurance Trustee"). All such policies obtained by the Association must provide for recognition of any Insurance Trust Agreement; and the Insurance Trustee, or such other authorized representative, shall have exclusive authority to negotiate losses under any such policy. Each owner appoints the Association, or the Insurance Trustee (in the event a trustee is designated hereafter to represent the Association), as attorney-in-fact for the purpose of purchasing and maintaining such insurance, including: the collection and appropriate disposition of the proceeds thereof; the negotiation of losses and execution of releases of liability; the execution of all documents; and the performance of all other acts necessary to accomplish such purpose. The Association or any Insurance Trustee must hold or otherwise properly dispose of any proceeds of insurance in trust for the owner and their first mortgage holders, as their interest may appear.

ARTICLE XXVI
PERSONAL PROPERTY – ACQUISITION

26.1 The Board may acquire and hold, for the benefit of the unit owners, tangible and intangible personal property and may dispose of the same by sale or otherwise; the beneficial interest in such personal property shall be owned by the unit owners in the same proportion as their respective interests in the common areas, and shall not be transferable by such owners except with a transfer of their unit. A transfer of a unit shall transfer to the transferee ownership of the transferor's beneficial interest in such personal property.

ARTICLE XXVII
MONTHLY ASSESSMENTS

27.1 All owners of units for which a certificate of occupancy has been issued are obligated to pay monthly assessments imposed by the association or its board to meet all common expenses of the property, which shall include premiums on insurance policies and utility costs for power/gas which is connected to the common utility meter. A reasonably reduced assessment may be allocated to unsold units if they are not occupied. In any event, all units shall be allocated full assessments no later than sixty (60) days after the first unit is conveyed. However, so long as the Declarant agrees to be legally bound to cover any deficit or shortage which may arise in the project's initial period of operation, the Declarant may defer payment of such assessments on units to which it retains ownership and which are not occupied. The insurance coverage shall include but shall not necessarily be limited to liability insurance for the common areas and a policy or policies of fire insurance with an extended coverage endorsement, which policy or policies shall cover at least the full insurable replacement value of the common areas, limited common areas, and of each of the units, and such policies shall insure the unit owners and their mortgagees with a separate loss payable endorsement in favor of the owners and the mortgagee or mortgagee, if any, of each unit. This requirement of insuring all common areas and all units to the full insurable replacement value shall not be amended without the consent of all mortgagees of said units.

27.2 Common expenses and expenses of utilities for each unit for which a charge is made to the Association without reference to the unit using the same shall be estimated for the year, and each unit's share shall be assessed monthly. The monthly assessment against each unit shall be made pro rata according to the total number of constructed units. Such pro rata interest shall be calculated by dividing 1 by the total number of units completed. Assessments may include monthly payments to a general operating reserve and a reserve fund for replacements, repairs, and maintenance, for which provisions may be made in the Bylaws.

Assessments shall be payable in advance on the first day of each month, and shall bear interest at the rate of one (1%) percent per month, if not paid on or before the 10th day of the month for which the same are due. Any unpaid assessment shall constitute a lien upon the unit for which it is due. Such liens shall run in favor of the Association, and may be foreclosed by the association through legal action instituted by the Board or by its president or by the manager as authorized by the association's

Board of Directors, or in the absence of any such action by the aforementioned entities, such liens may be foreclosed by any of the unit owners for the benefit of the Association, and any funds received in such forecloses shall be held in trust for the Association.

27.3 To insure that the Association will have the funds to meet unforeseen expenditures or to purchase any additional equipment or services, the Declarant shall establish a working capital fund at least equal to two months of estimated common expenses for each unit. Any amount paid into this fund shall not be considered as advance payments of regular assessments. Each unit's share of the working capital fund shall be collected either at the time the sale of the unit is closed or when control of the project is transferred to the Association, whichever is earlier. When control of the project is transferred, the working capital fund shall be transferred to the Association for deposit to a segregated fund. While the Declarant is in control of the Association, it shall not use any of the working capital funds to defray its expenses, reserve contributions, or construction costs or to make up any budget deficits. When unsold units are sold, the Declarant may use funds collected at closing to reimburse itself for funds it paid the association for each unsold unit's share of the working capital fund. In lieu of payment of common expenses on unsold units, the Declarant shall have the option to enter into a legally binding arrangement with the Association to pay any and all deficits or shortages in the operating budget during the period during which there are unsold units.

ARTICLE XXVIII
COLLECTION OF ASSESSMENTS

28.1 A unit owner may be required, under the Bylaws of the Association, from time to time, to make a security deposit not in excess of three (3) months estimated monthly assessments, which may be collected as are other assessments. Such deposits shall be held in a separate fund, credited to such member, and resort may be had thereto at any time when such member is ten (10) days or more delinquent in paying his monthly or other assessments, provided that if any unit owner is required to make such security deposit, all other unit owners shall similarly be required to make such security deposits.

ARTICLE XXIX
REMEDIES

29.1 In any action to foreclose a lien on any unit for nonpayment of delinquent assessments, any judgment in favor of the Association rendered therein shall include a reasonable sum for attorney's fees and all costs and expenses reasonably incurred in preparation for or in the prosecution of said action, in addition to allowable costs permitted by law.

29.2 In addition to and not by way of limitation upon other remedies or methods of collecting any assessments which are delinquent, the Association shall, to the extent permitted by Idaho law, have the right, after having given ten (10) days notice to any unit owner who is delinquent in paying his assessments, and after a hearing before the Board, to cut off any or all utility services to the delinquent owner's unit, paid for by the Association, until such assessments are paid. No such action shall be taken without the approval of such unit owner's mortgagee.

ARTICLE XXX
RIGHT OF ENTRY

30.1 The Board, or the managing agent, if one has been appointed, of the Association shall have the right of entry into any unit and to the common area when necessary in connection with any maintenance or construction for which the management body is responsible, upon such reasonable notice as the circumstances may from time to time permit; provided, that in the event of an emergency, in order to protect the buildings or other property of the project, or to protect life, or prevent damage thereto, or to any personal or property in the project, the Association, its board, or its managing agent, if any, shall have the right to immediate entry whether the owner or occupants are present or absent.

ARTICLE XXXI
STRUCTURAL MODIFICATIONS

31.1 No structural modifications or alterations in any constructed unit shall be made without specific authorization in writing from the Board of Directors of the Association. No structural modification or other alteration in any of the common or limited common areas shall be made except by the board of Directors or the Association, after the said Board obtains the approval of the architectural committee provided for in the covenants pertaining to the project, and the approval of the Association by a vote of a least sixty-seven (67%) percent of the voting power.

ARTICLE XXXII
RESTRICTION ON CONVEYANCE OF UNITS

32.1 Restrictions as to Garages: In no event may garages be sold to anyone who is not an owner or contract purchaser of a unit in this project, or used by anyone but an owner of a unit or contract purchaser or tenant thereof; nor shall an owner sell a unit and retain ownership or the right of possession or occupancy of a garage. Each garage shall be appurtenant to the unit to which it relates and any conveyance of a unit shall automatically convey the garage associated with it. Ownership and use of a garage shall not be separated from the unit to which it pertains. No garage may be transferred except in connection with the transfer of a unit.

ARTICLE XXXIII
CONDOMINIUM PROPERTY ACT CONTROLLING

33.1 Any provision of this Declaration determined to be in violation of the Condominium Property shall be voided and the provisions of the Condominium Property act shall govern, but all other provisions of this Declaration shall remain in full force and effect. Matters not provided for herein shall be determined according to the provisions of the act and the Bylaws of the Association consistent with the Act.

ARTICLE XXXIV
ADDITIONAL DEVELOPMENT

34.1 The WoodRun Condominium unit owners, their successors and assigns, understand that 10 condominium units will be placed on the land described in attached Exhibit “A” and that by acceptance of a deed for such condominium unit, hereby covenant and agree to join in, not hinder or impede, any county planning and zoning permit applications which Declarant may pursue in anticipation of said condominium development.

34.2 Owners of condominiums on the above-referenced parcel, understand that an easement on, over, and across the property described in attached Exhibit “A” exists for the purpose of access to adjacent parcel.

ARTICLE XXXV
LEASE AGREEMENTS

35.1 Any lease agreement shall be in writing and must be subject to the requirements of the Declaration, other project documents and the Association.

ARTICLE XXXVI
COMPLIANCE WITH DECLARATION

36.1 Each owner shall strictly comply with the provisions of this Declaration, the Articles of Incorporation and Bylaws of the Association, rules and regulations promulgated by the Association and the decisions and resolutions of the association adopted pursuant thereto, as the same may lawfully be modified and amended from time to time. Failure to comply with any of the same shall be grounds for an action to recover sums due or damages or for injunctive relief or both, maintainable by the association, or, in a proper case, by an aggrieved owner.

36.2 The obligations, provisions, covenants, restrictions and conditions contained in this Declaration with respect to the association or units within the project shall be enforceable by the Declarant or by any owner of a unit within the project, subject to this Declaration, by a proceeding for a prohibitive or mandatory injunction or by a suit or action to recover damages or to recover any amount due or unpaid.

DEDICATION

KNOW ALL MEN BY THESE PRESENTS that the WoodRun Owners Association Inc., an Idaho Corporation, owner in fee simple, hereby declares the survey map and plans attached hereto as Exhibits “B” through “I” and by this reference made a part hereof, and dedicate the same for condominium purposes. The survey map and plans shall be restricted by the terms of the declaration filed herewith in Bonner County, Idaho.

IN WITNESS WHEREOF, we have set our hands and seals.

DATED this _____ day of ________, 2008.

WoodRun Owners Association Inc.

By ________________________________

STATE OF IDAHO
County of Bonner

On this _____ day of __________, 2006, before me, _______________________, a Notary Public, personally appeared CHARLES E. PARRISH, to me known to be the President of Westwood Development Corporation, the corporation that executed the within and foregoing instrument, and allowed the said instrument to be the act and deed of said corporation for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute said instrument on behalf of the corporation.

IN WITNESS WHEREOF, I have hereunto set me hand and official seal the day and year in this certificate first above written.

____
Notary Public for Idaho
Residing at: _________________________

My commission expires:
____

EXHIBIT "A"
Legal Description

General information regarding the WoodRun Condominiums at Schweitzer Ski Area, Bonner County, Idaho is as follows:

> Lot M-2A in Schweitzer Mountain Community, an expandable planned unit development, Block M, according to the plat thereof, recorded in Book 6 of Plats, Page 94, records of Bonner County, Idaho.
>
> Lots M-3 & M-4 of Schweitzer Mountain Community, an expandable planned unit development, Block M, according to the plat thereof, recorded in Book 5 of Plats, Page 55, records of Bonner County, Idaho.

EXHIBIT “B”
Plot Plan & Building Elevations

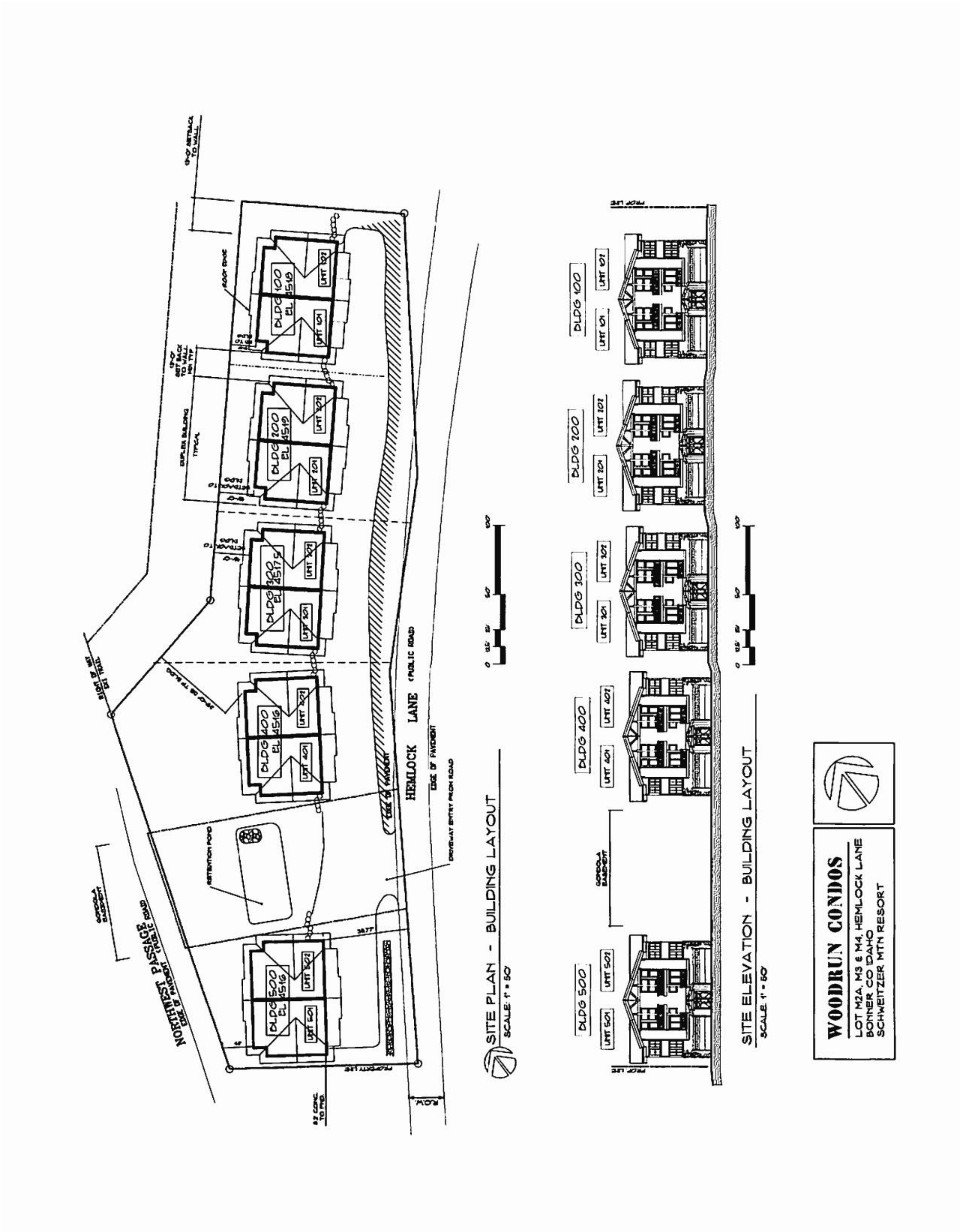

EXHIBIT "C"
Garages (First Floor Plan)

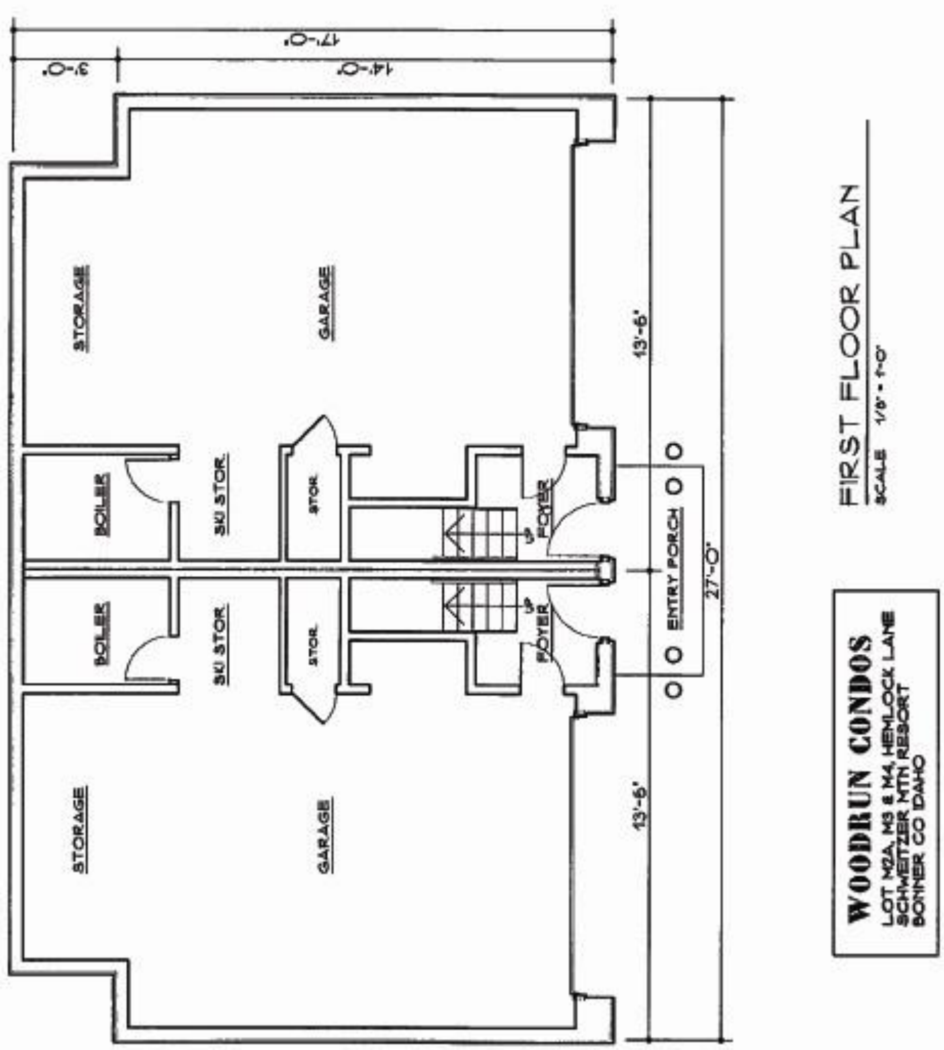

EXHIBIT “D”
Main Living Level (Second Floor)

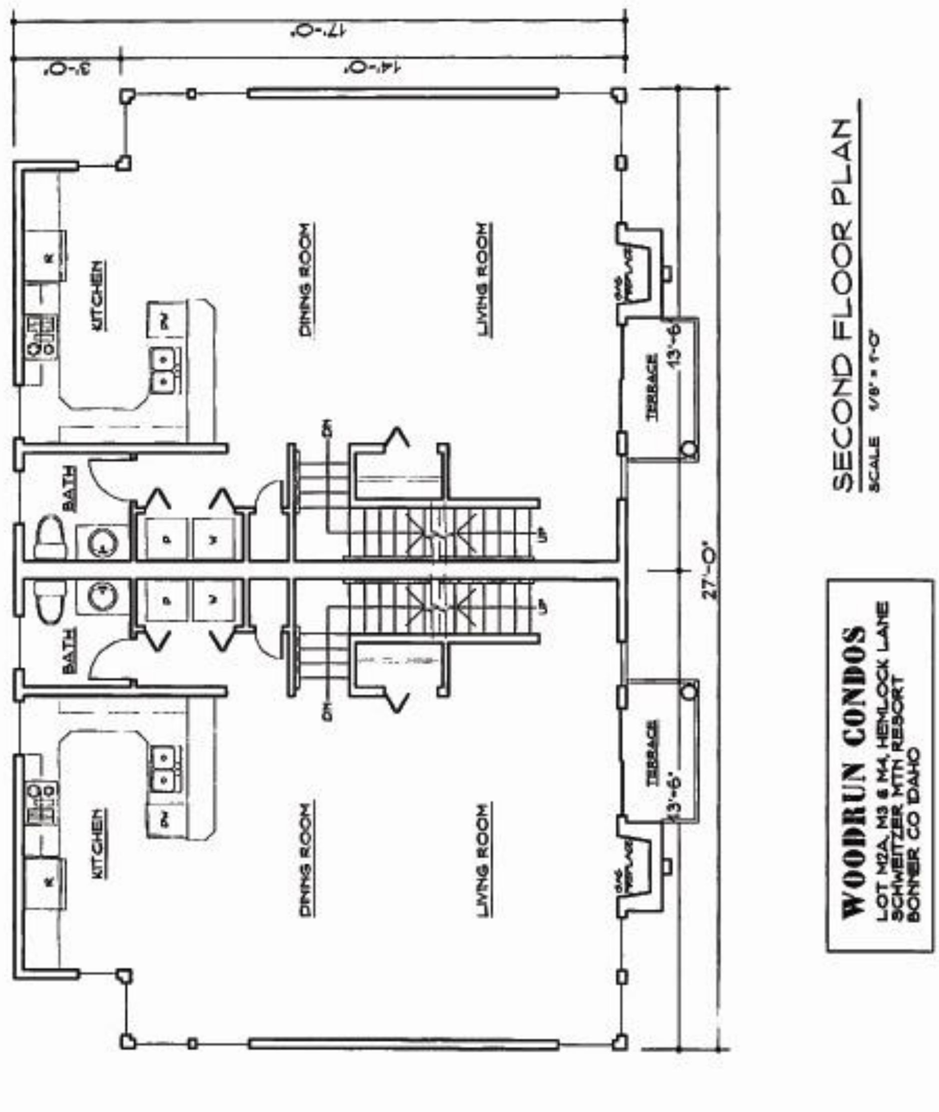

EXHIBIT "E"
Bedroom Level (Third Floor Plan)

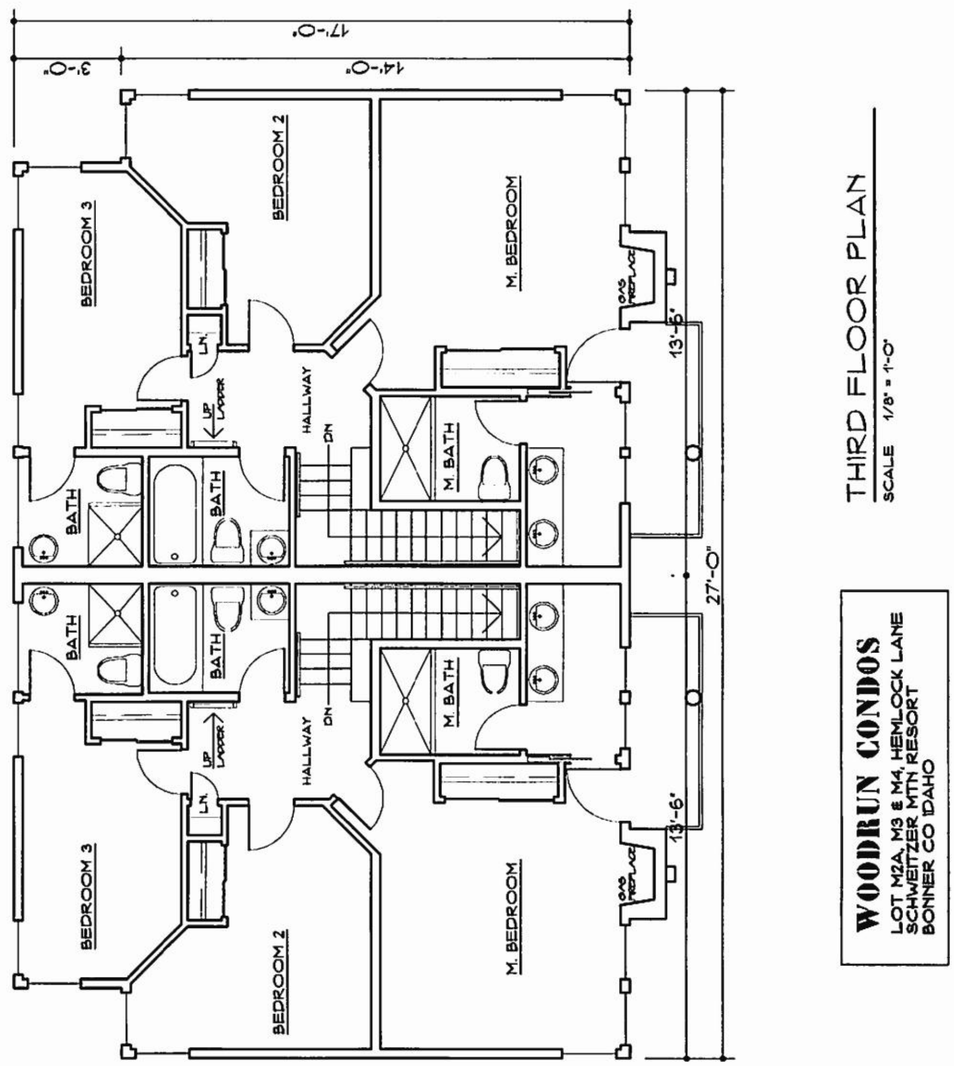

EXHIBIT "F"
Storage Loft Plan

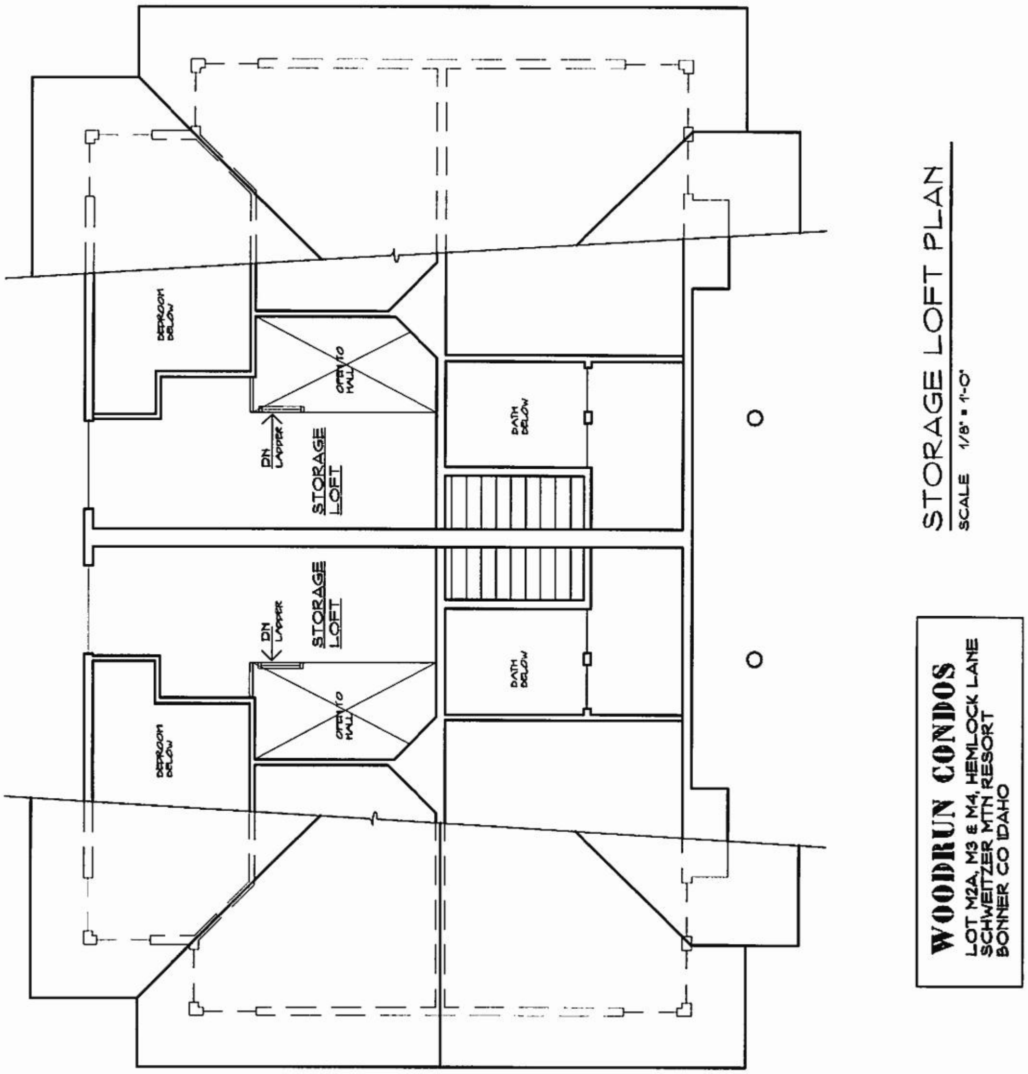

EXHIBIT "G"
Street Elevation

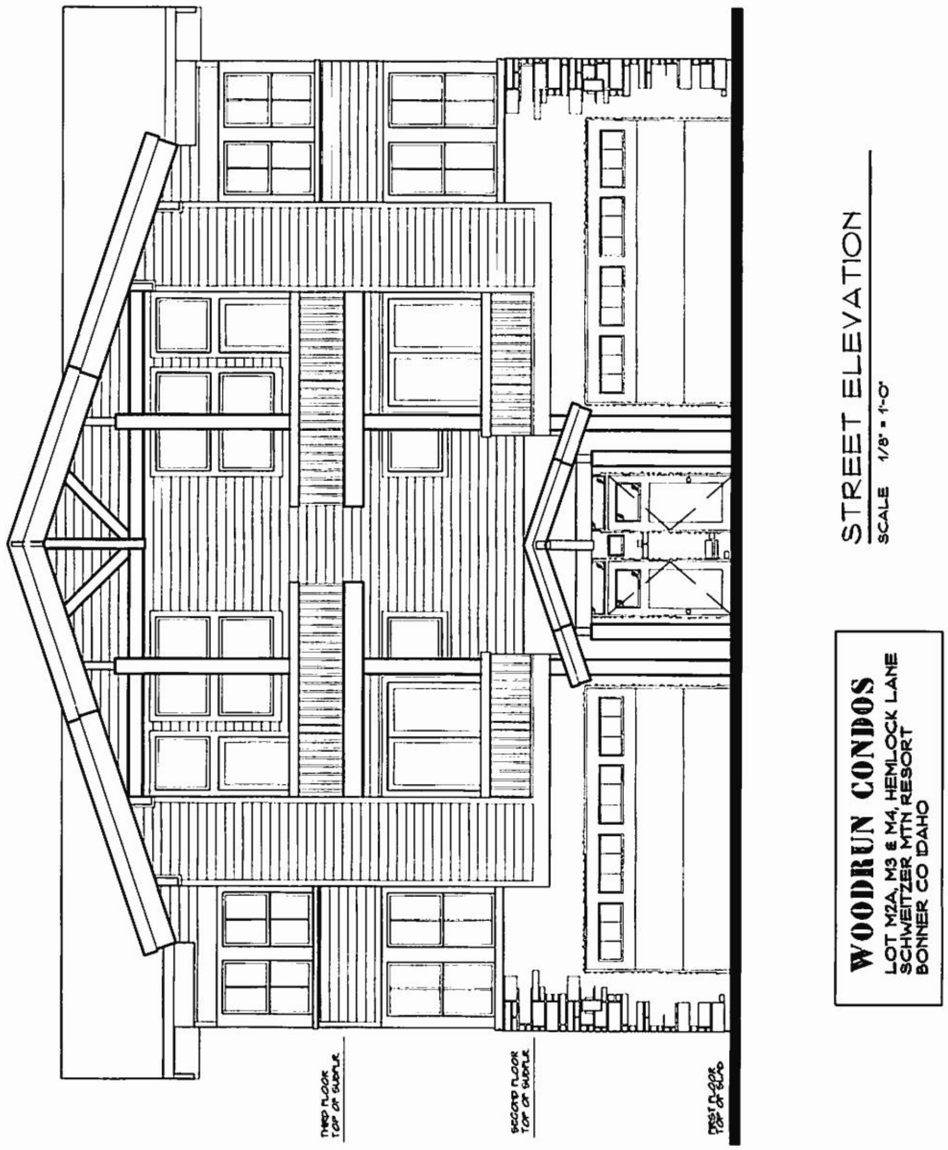

EXHIBIT "H"
Rear Elevation

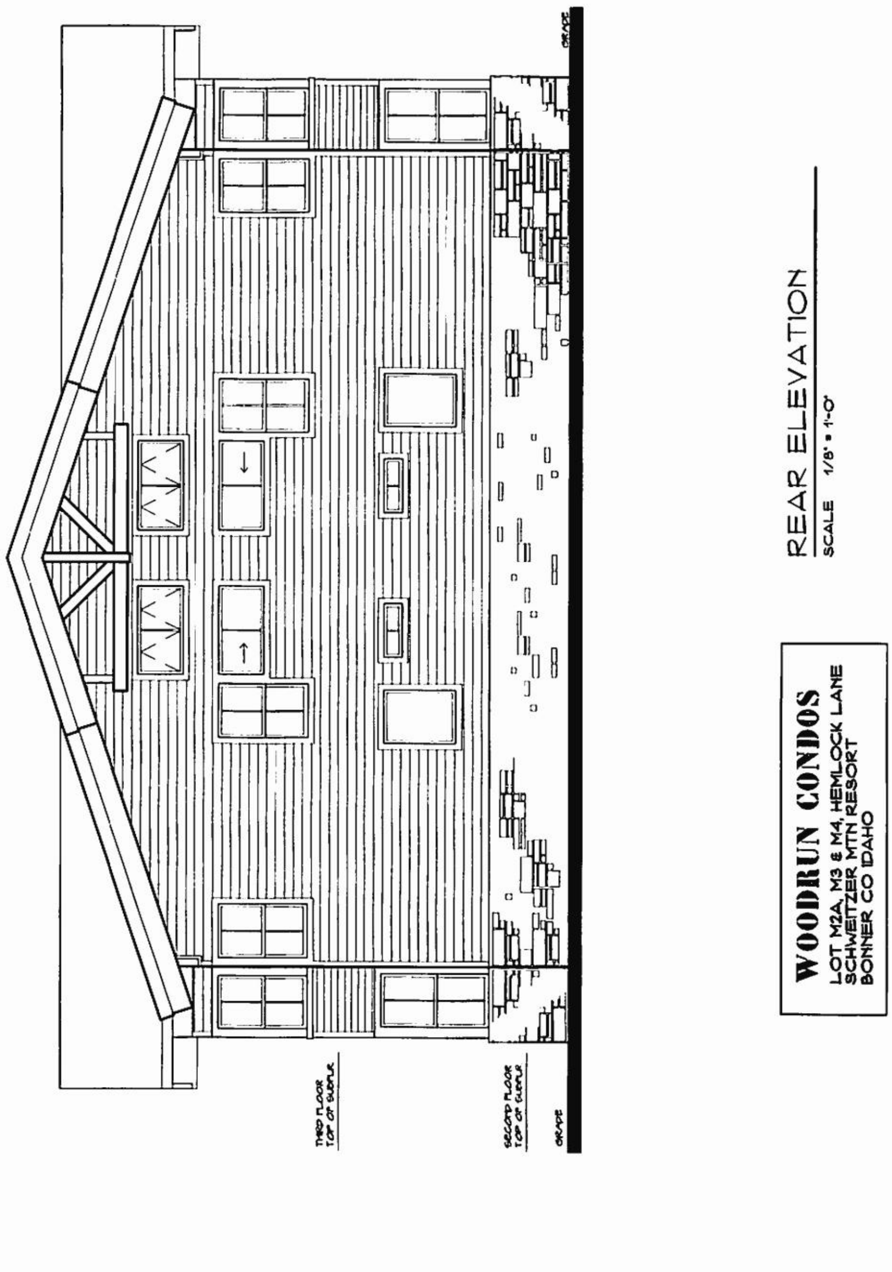

EXHIBIT "I"
Side Elevation