

COVENANTS AND CONDITIONS OF SALISH SHORES 3 SUBDIVISION

Whereas, the Declarants are the owners of all of the lots in Salish Shores 3 Subdivision, located in Section 15 and Section 22, Township 21, Range 29, Sanders County, Montana, and desires to place covenants, conditions and restrictions on said lots for the use and benefit of themselves, as its present owners, and for the future owners thereof.

Now, therefore, the Declarants do hereby declare that the property above-described shall be sold and conveyed subject to the following easements, restrictions, covenants and conditions, all of which are for the purpose of enhancing and protecting the value, desirability and attractiveness of the real property. These easements, covenants, restrictions and conditions shall run with the real property, and shall be binding on all parties having or acquiring any right, title or interest in the described properties or any part thereof, and shall inure to the benefit of each owner thereof. The word "lot" as used herein shall refer to each numbered lot of Salish Shores 3 Subdivision.

1. Compliance with Health Regulations: No activity on any lot shall be conducted in violation of any Montana State law, Montana State regulation, or local ordinance or regulation with respect to water supply, sewage disposal, sanitation and air pollution. All sewage disposal systems shall conform to the requirements set forth in the Certificate of Subdivision Plat Approval dated _____, issued by the State of Montana, Department of Health and Environmental Sciences, number E.S. # _____, or amendments or revisions thereof.

2. Waste Materials: No lot shall be used or maintained as a dumping or storage area for rubbish, trash, garbage, brush or other waste. All trash, junk, garbage and other waste shall be kept in sanitary and rodent-proof containers. No automobiles, automobile bodies, motor vehicles or parts thereof may be left exposed to view from other lots in an inoperative condition except during a period not to exceed three (3) months while repairs are being made of such vehicle.

3. Animals: No animals, livestock or poultry of any kind shall be raised, bred or kept on any lot, except that dogs, cats or other household pets may be kept provided that they are not in unreasonable numbers. All such animals shall be contained within the boundary of the owner's lot. Vicious or barking dogs shall not be kept or maintained on any lot at any time.

4. Offensive Activity: No noxious or offensive activity shall be carried on or permitted upon any lot, nor shall anything be done which may be or may become an annoyance or nuisance to the neighborhood; nor shall the premises be used in any way

for any purpose which shall endanger the health, safety or welfare or unreasonably disturb the residents of any lot. No materials or mechanical equipment shall be used in a manner detrimental to the residential use of the surrounding tracts because of vibration, noise, dust, smoke or odor.

5. Firearms: The discharging of firearms or hunting on any lot is strictly forbidden.

6. Equipment Storage: No commercial or industrial logging or construction equipment (including but not limited to crawlers, tractors, front-end loaders, skidders and farm tractors), nor any truck of greater than one-ton capacity may be stored or kept on any lot except during the period that such equipment is actively used in the improvement of the lot.

7. Commercial Activity: No trade, craft, business, professional, commercial or manufacturing activity of any kind shall be conducted or carried on upon any lot or within any building located on a lot except that arts, crafts or professions or hobbies conducted solely by family members occupying the residence shall be permissible so long as the activity is solely contained in a building and does not conflict with No. 4. No goods, equipment, material or supplies used in connection with any trade, service or business may be kept, parked, stored, dismantled or repaired on any lot or street within the subdivision.

8. Residential Use: Lots shall be used for single family residential purposes only. No structure shall be erected, altered, placed or permitted to remain on any portion of any lot other than a single family private dwelling, at least 1,200 sq. ft.

9. Building Standards: The following construction standards shall be followed for all residences placed on the premises:

a. All residential construction once begun shall be completed as to exterior finish within 18 months after the start of construction.

b. No structure commonly described as a "mobile home" or "trailer," single or double wide, shall be placed or remain on any lot for any purpose except that recreational vehicles and trailers may be kept and used subject to the conditions set forth in the following section.

c. Metal roofs shall be permitted only if they shall have been painted during the course of their manufacture. Bare aluminum, steel, galvanized surfaces or other metallic unpainted at factory surfaces, roofing or siding shall not be permitted.

d. A residential building, any appurtenance or outbuildings must be at least ten (10) feet from any adjoining lot line and at least twenty-five (25) feet from the road right of way. An owner of two or more lots may use the outside lot lines for the set back

and may build across the inside lot line. Insofar as is reasonably possible, and financially practical for the lot owner, all garages and outbuildings shall conform in architectural design and exterior appearance to any residence on the same lot.

e. Each residence once constructed on a lot shall be kept in the same condition as at the time of its initial construction, excepting normal wear and tear. If all or any portion of a residence is damaged or destroyed by fire or other casualty, the owner thereof shall with due diligence rebuild, repair or reconstruct such residence in a manner which will substantially restore it to its appearance and condition immediately prior to the casualty. Reconstruction shall be undertaken within three (3) months after the damage occurs and shall be completed within twelve (12) months after the damage occurs unless prevented by causes beyond the control of the owner. If the owner desires not to rebuild upon destruction of the residence, he shall remove all debris and maintain the lot in a presentable and orderly manner until rebuilding occurs.

10. Recreational Shelters: A single recreational vehicle or shelter such as a travel trailer, motor home or tent may be placed upon any lot and used for temporary recreational purposes so long as sanitary facilities are available on the lot and for a period not to exceed six (6) months during any calendar year until such time as a permanent residence is constructed. After the first anniversary of the start of construction of a principal residence on any lot there shall not be permitted any other form of temporary or recreational shelter although such shelters as are above named may be stored on the lots so long as they are not used for residential purposes.

11. Resubdivision: No lot may be redivided.

12. Water System: For the benefit of the Salish Shores 3 Property owners, and for their use, there will be installed and maintained a State approved domestic water system, which will provide domestic potable water to all properties within the Salish Shores development.

For the continued protection of the water supply, the water will be tested and approved by the State of Montana as required by law. Only qualified trained operators will operate, repair, replace, take samples, test, and keep records of test data for the State of Montana.

The entire system is engineered and inspected by a licensed Montana engineer. Operators will conduct inspections on a regular basis to insure against cross connections or contamination. All lawn hydrants and outdoor bibs installed on lots must have vacuum breakers.

Commencing upon the initial sale of a lot, an annual water system maintenance fee of \$138 will be levied to each potential lot connection for the repair or replacement of any part of the mechanical system. When a water meter is installed, the Water company will

deliver 10,000 gallons per month for an additional charge of \$14 per month. Additional water used above 10,000 gallons will be charged for at \$1.25 per 1,000 gallons. These fees will provide for the continued expense of operating and maintaining the water system. Water meters will be provided by the owner of the water system for each domestic hookup. The cost of the water meter and installation will be borne by the lot owner. Thereafter declarants from time to time may increase the water rate as needed.

Delinquent water charges shall constitute a lien against the real property. The lien shall be perfected by filing a Statement of Lien with the Sanders County Clerk and Recorder. The filing shall recite the name of the water account, amount of the delinquency, dates incurred and the real property affected. Any costs or attorney fees incurred in foreclosing the lien or collecting the delinquent charge shall be an additional charge against the user and real property and collectable in the same manner as the delinquent water charge.

The charges and assessments provided for herein are under the control of the Declarants. The Declarants have the right to transfer ownership of the water system and all rights incident thereto without the consent of the lot owners.

13. Private Road Maintenance: To keep and maintain the private road system, a yearly maintenance fee of seventy-five dollars (\$75.00) will be levied against each lot.

If the costs of maintenance, taxes, and improvement to the private road system exceed the amount of revenue generated by the \$75.00 minimum charge, then the excess expense shall be distributed prorata among the lots. Road maintenance will be performed to keep the roads passable by automobile 12 months of the year. Snow will be plowed in the winter, and the roads will be graded. There will be a speed limit to promote safety and reduce dust, and the roads will be signed to restrict traffic to owners and their guests.

In the event land lying adjacent to and northerly of the subdivision is developed, then any owners of that property using the private road system as the access to their property shall be assessed maintenance and improvement fees in the same manner as a lot within the subdivision.

Delinquent maintenance and improvement fees shall constitute a lien against the real property. The lien shall be perfected by filing a Statement of Lien with the Sanders County Clerk and Recorder. The filing shall recite the name of the account, amount of the delinquency, the dates incurred and the real property affected. Any costs or attorney fees incurred in foreclosing the lien or collecting the delinquent maintenance and improvement fees shall be an additional charge against the user and the real property and collectable in the same manner as the delinquent maintenance and improvement charge.

The fees and assessments provided for herein are under the control of the Declarants. The Declarants have the right to transfer all rights and obligations incident to private road maintenance, without the consent of the lot owners.

TERM OF DECLARATION

The provisions of this Declaration shall run with the land and be binding for a term of twenty (20) years from the date of this Declaration after which time the Declaration shall be automatically extended for successive periods of ten (10) years each unless there shall be recorded an instrument signed by the owners of 75% of the lots who agree to terminate these covenants.

AMENDMENT

This Declaration may be amended by an instrument signed by the owners of 75% of the lots affected agreeing to such amendment excepting paragraphs 8, 11, 12, and 13. The charges relating to the water system under paragraph 12 shall be subject to change from time-to-time in accordance with the law of the State of Montana and Public Service Commission rules and regulations.

ENFORCEMENT

The Declarants or any owner shall have the right to enforce by any proceeding at law or in equity all restrictions, conditions, covenants, easements, reservations, liens and charges now or hereinafter imposed pursuant to the provisions of this Declaration. The failure by the Declarants, or any owner to enforce any covenant or restriction herein contained shall not be deemed a waiver of the right to do so thereafter. The Declarants shall have no duty to take any affirmative action to enforce any restrictive covenants, nor shall they be subject to any liability for their failure to so act.

If any person entitled to do so shall bring formal legal action to enforce any provision of this Agreement, the prevailing party to such action shall be entitled to recover from the other party reasonable attorney's fees and costs of the action.

It is hereby declared that the Sanders County Justice Court shall have original jurisdiction and be a proper forum for any enforcement action initiated hereunder.

SEVERABILITY

Invalidation of any one of these covenants or restrictions by court order, judgement or decree shall in no way affect the remaining provisions which shall remain in full force and effect.

DATED this 11th day of OCTOBER, 2005.

Buddy J. Leufkens
BUDDY J. LEUFKENS, Declarant

Judy A. Leufkens
JUDY A. LEUFKENS, Declarant

STATE OF MONTANA)
)
County of Sanders)

On this 11th day of October, 2005, before me, a Notary Public for the above state, personally appeared BUDDY J. LEUFKENS and JUDY A. LEUFKENS, Declarants, known to me to be the persons whose names are subscribed to the within instrument, and acknowledged to me that they executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notarial Seal on the date and year first above written.

George D. Elcott
Notary Public - State of Montana
Residing at Thompson Falls
My commission expires: 1-13-2007