

DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS OF
INEZ AND ASSOCIATES, INC.

This Declaration, made on the date hereinafter set forth by Inez & Associates, Inc., a Montana Corporation, hereinafter referred to as "Declarant",

WITNESSETH:

WHEREAS, Declarant is the owner of certain property in the County of Missoula, State of Montana, which is more particularly described in Exhibit "A" attached hereto and incorporated by reference herein.

The Declarant, by and through the following Covenants, Conditions and Restrictions does hereby place certain restrictions, limitations, and regulations as to the use of individual lots, now existing or hereafter created, within the subject property which presently includes existing lots as reflected in Exhibit "A" collectively referred to herein as the "Property".

The Declarant does hereby establish, declare, publish and impose upon all lots within the property the following protective covenants which shall run with the land and be binding upon and be for the benefit and value of the Declarant and all purchasers and persons claiming under them, their representatives, grantees, successors and assigns, and all subsequent owners or persons or purchasers claiming under any person or entity to which Declarant may transfer any of the property, and shall be for the purpose of maintaining a uniform and stable value, character, architectural design, use and development of the property.

ARTICLE I - DEFINITIONS:

Section 1. "Association" shall mean and refer to Inez & Associates, Inc., a Montana Corporation, its successors and assigns.

Section 2. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is part of the Property, including contract sellers, and including Declarant, but excluding those having such interest merely as security for the performance of an obligation.

Section 3. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the owners, whether included as such in the plat of Lake Inez Recreational Site Subdivision or otherwise acquired by the Association. The Common Area to be owned initially by the Association will be the private roadway easements and other areas designed as common area

reflected in the attached "Exhibit A".

Section 5. "Lot" shall mean and refer to any separate plot of land with the exception of the Common Areas, as generally shown upon the Plat known as "Exhibit A".

Section 6. "Declarant" shall mean and refer to Inez and Associates, Inc. a Montana Corporation.

ARTICLE II - PROPERTY RIGHTS:

Section 1. Owners' Easements of Enjoyment. Every owner shall have a right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

a. The right of the Association to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Area;

b. The right of the Association to suspend the voting rights and right to use the Common Areas by an owner for any period during which any assessment against his Lot remains unpaid; and to suspend such infraction of its published rules and regulations after hearing by the Board of Directors of the Association;

c. The right of the Association to dedicate or transfer any or all part of the Common Area to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless an instrument has been signed by eighty-five percent (85%) of all members agreeing to such dedication or transfer.

d. The right of access or rights of easement granted for public utilities, including light, water, power, television, gas and telephone services.

ARTICLE III - MEMBERSHIP AND VOTING RIGHTS:

Section 1. Declarant and every Owner of a Lot which is subject to assessment shall be members of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

Section 2. The Association shall have one class of voting membership. Members shall be entitled to one (1) vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members, however, the vote of such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot.

ARTICLE IV - COVENANT FOR MAINTENANCE ASSESSMENTS:

Section 1. Creation of Lien for Assessments. The Owner of any Lot by acceptance of a Deed therefor, and defined as a member of the Association, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association:

- (a) annual assessments or charges, and
- (b) special assessments for capital improvements.

The annual and special assessments together with interest, costs, and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the property against which each assessment is made.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the residents and for the maintenance and prevention of damage to the private roadways and the protection of the Common Areas.

Section 3. Annual Assessment. Annual assessments shall be determined by the membership effective on a Calendar Year basis beginning January 1, 1989. Annual assessments cannot be increased each year more than five percent (5%) above the previous year without the vote or written assent of seventy-five percent (75%) of the membership.

Section 4. Special Assessment. Special assessments shall be determined by a special vote of the membership to be used as agreed upon by the membership. Special assessments cannot be levied upon the membership without a vote or written assent of seventy-five (75%) percent of the membership.

Section 5. Notice and Quorum for any Action Authorized under Sections 3 and 4.

Any action authorized under Sections 3 and 4 shall be taken at a meeting called for that purpose, written notice of which shall be sent to all members not less than thirty (30) days in advance of the meeting.

If the proposed action is favored by a majority of the votes cast at such meeting, but such vote is less than the requisite seventy-five (75) percent of the members, members who were not present in person or by proxy may give their assent in writing, provided the same is obtained by the appropriate officers of the Association not later than thirty (30) days from the date of such meeting.

Section 6. Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all Lots and may be collected on an annual basis.

Section 7. Effect of Nonpayment of Assessments; Remedies of the Association. Any Assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of ten percent (10%) per annum. The Association may foreclose the lien against the property or avail itself of any remedy allowed under the laws of Montana. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot.

ARTICLE V - MAINTENANCE:

The Board of Directors of the Association may maintain the private roadways located within the property, making such repairs and replacements as may be from time to time necessary and shall take such steps and actions as it shall deem appropriate to protect the other common areas.

ARTICLE VI

ENVIRONMENTAL PRESERVATION AND GENERAL USE RESTRICTIONS AND CONTROL

None of the lots in the subdivision shall be used for any purpose or activity other than a purpose or activity herein specifically permitted or contemplated, and no structure shall hereafter be erected or maintained on any lot except as specifically permitted.

The purpose of the covenants, restrictions, conditions and reservations in the Article and this Declaration generally are intended to insure the use of the property for attractive recreational or residential purposes only;

to insure health and happiness;

to prevent unnecessary impairment of the environmental or ecological attractiveness of the property;

to maintain the tone of the area in its native form and preserve its natural beauty as far as possible and thereby to secure to each lot owner the full benefit and enjoyment of his property with no greater restriction upon the free and undisturbed use of the same than is necessary to insure the same advantage to the other lot owners;

Section 1. Residential Purposes Only. The property shall be used for residential purposes only. Only one (1) single family dwelling shall be allowed on each lot.

Garages, boathouses or other buildings that are reasonably appurtenant to the residential dwelling are permitted, but shall be not constructed or equipped with any type of permanent living quarters. Garage size shall be limited in size to a double car garage.

There shall be no use of the property or any building constructed thereon for commercial or business use of any kind.

No lot or any improvement upon a lot shall be leased or sold as a time share unit.

This provision shall not prohibit a lending institution from acquiring title to a lot by foreclosure but shall control and prohibit use of said lot by a foreclosing lending institution thereafter.

Section 2. Structural Requirements. All buildings must be of a permanent type of new construction. There shall be no mobile homes, trailers, motor homes or similar type structures located on a lot; provided however that nothing in these covenants shall be construed to deny any type of permanent structure including manufactured homes or prefabricated buildings so long as they are permanently affixed to the land, are rustic in appearance, and comply with the building requirements of the covenants in all respects.

The residential dwelling structure shall not exceed three (3) stories in height and no other buildings shall exceed one story in height.

The exterior of all buildings shall be constructed with materials which are non-reflective and of natural colors which blend with the background landscape. Metal roofs are allowed provided they are a natural color and are non-reflective.

In the event that construction within a lot shall disturb or injure existing vegetation, the owner of said lot shall restore or replace said disturbed or injured vegetation with vegetation consistent and compatible with existing vegetation then on the property whether native or planted by owners as part of landscaping the lot.

Section 3. Boathouses. Not more than one boathouse may be built on any lot. No boathouses shall be larger than 480 square feet. The maximum length of the side of the boathouse fronting on the lake shore shall be twenty feet.

Section 4. Trailers and Mobile Homes. Trailers and mobile homes may be used on a temporary basis while a permanent residence is being constructed upon the owner's lot, provided all such units are kept at least 50 feet from the high water line of the lake and screened from view from the lake by natural trees and foliage. Trailers and mobile homes used as a temporary residence shall not be used and remain on the lot for more than two years.

Section 5. Dividing Individual Lots. No individual lots shall be further subdivided or made smaller in its dimensions than the size of the lot as platted by the Declarant.

Section 6. Setbacks. No building shall be erected or located upon any lot closer than 10 feet to the property line of the adjoining lot or road easement or right of way line. The set back requirements from the high water line of the lake are as follows:

<u>Building</u>	<u>Minimum Set Back from High Water Line</u>
Residence	15 Feet
Boathouse	5 Feet
All other buildings	25 Feet

Section 7. Exterior Maintenance. Each owner of a lot on which there is a structure shall provide exterior maintenance upon such lot and structure to include painting and repairing the structure, maintaining the surrounding grounds of any lot to preclude weeds, underbrush and other unsightly objects to accumulate or remain on the grounds.

Section 8. Nuisances and Firearms. No noxious or offensive activities shall be carried on upon any lot. No firearms of any kind shall be discharged upon the property or on the common areas.

Section 9. Garbage and Rubbish Storage. No lot shall be used or maintained as a dumping ground for garbage or rubbish. All trash, garbage or other waste to be kept outside of buildings shall be kept in sanitary containers and in such a location as not be visible from Lake Inez or the general perimeter roads.

Section 10. Control of Hazardous Materials. There shall not be stored or maintained on any lot more than fifty-five gallons of flammable or volatile liquid gas except for the storage of residential heating fuel or motor vehicle fuel contained in tanks which are a permanent part of motor vehicles. No materials of any kind constituting a fire hazard shall be stored or allowed to accumulate on any lot.

Section 11. Utilities, Wiring and Antennas. All utilities, other

than electric, connected to the premises shall be underground. Television, radio and other antennas located upon individual lots are to be located so as to be as inconspicuous as possible. Satellite monitoring devices shall not be closer than 25' from the high water line.

Section 12. Individual Sewage and Water System. No permanent individual sewage disposal system or water system shall be permitted on any lot unless such system is located, constructed and equipped in accordance with the requirements of the Missoula County Health Department and the Montana Department of Health and Environmental Sciences. In no event shall any system whether temporary or permanent, be located, constructed or equipped in such a manner as to pollute the water of Lake Inez or any stream, spring, or other source of water.

Section 13. Preserve Natural Beauty. Consistent with the reasonable use of the real property and the individual lots for summer homes or residences, the Declarant and individual lot owners shall attempt to preserve the natural beauty of Lake Inez and its surroundings. To this end, a lot shall not be denuded of trees and other vegetation and a reasonable number or quantity of trees and vegetation shall be left on the shore line and on each lot to screen the buildings and to preserve the natural setting of the area. The beaches and shore lines shall be kept generally attractive and no structures shall be constructed thereon except for a boat dock.

Section 14. Animals and Pets. No animals or fowl, domestic or wild, except cats, dogs or household birds, such as canaries, may be kept on any of the properties or in any of the structures thereon, and in no event may any animals or fowl be raised or cared for on any commercial basis, or to become a nuisance or annoyance to the neighbors. Any dogs and cats must be kept on their own lot or on a leash and under the immediate control of its owner.

Section 15. Motorcycles, Snowmobiles and All Terrain Vehicles. No recreational use of motorcycles, snowmobiles or ATV's shall be permitted on the property except on designated roadways or designated trails.

Section 16. Timber Removal. No trees or other natural growth shall be cut or removed from the Common Ground except as necessary for the placement of roadways and landscaping. Such removal shall be subject to the control of the Board of Directors.

Section 17. Fire Regulations. All wood burning fireplaces and stoves, whether located indoors or outdoors shall be equipped with chimney spark arrestors that meet Montana fire specifications.

ARTICLE VII - GENERAL PROVISIONS

Section 1. Existing Development. There are 27 existing lots within the property. All structures existing on the date on which these Covenants are filed, which are not in conformance with any section of these covenants or restrictions are hereby granted a variance from that particular section as a prior non-conforming condition.

Section 2. Effects of Covenants on Mortgage. A breach of any of the foregoing provisions, conditions, restrictions or covenants, shall not defeat or render invalid the lien of any mortgage or deed of trust made in good faith and for value on any Lot, or portion of any Lot, and any improvements thereon, but said provisions, conditions, restrictions and covenants shall be binding upon and effective against any owner thereof whose title thereto was acquired by foreclosure, trustee sale or otherwise.

Section 3. Incorporation by Reference. In any conveyance of any of the lands covered hereby, it shall be sufficient to insert a provision therein to the effect that the conveyance is subject to the restrictions and covenants contained in this document, without setting forth such restrictions and covenants verbatim or in substance in such conveyance.

Section 4. Enforcement. Enforcement of these covenants shall be by procedure of law or in equity against any person or persons violating or attempting to violate any covenants, and the legal proceedings may be either to restrain the violation of the covenants or to recover damages, or both.

Each person who has been found by a Court of competent jurisdiction to have violated one or more of these covenants shall be liable for all attorney's fees and costs incurred in connections with the litigation. The failure of any Owner or Owners of any Lot to enforce any of the restrictions set forth in this document at the time of its violation, shall in no event be deemed a waiver of the right to do so thereafter. The restrictions set forth herein shall be personally binding upon any person, persons, or corporations, only with respect to breaches committed during its, his or their ownership of or title to any of said lots and any part thereof.

Section 5. Severability. Invalidation of any of these covenants by judgement or a court order shall not affect any of the other provisions herein, which other provisions shall remain in full force and effect.

Section 6. Amendment. The covenants and restrictions of this Declaration shall run with and bind the land, for a term of twenty (20) years from the date this declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended during the

first twenty (20) year period or thereafter by an instrument signed by not less than eighty-five (85) percent of all members.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has hereunto set it hand and seal this 10 day of December, 1987.

INEZ AND ASSOCIATES, INC.

Sylvia Weisenburger
President

Doris Crist by Sylvia Weisenburger
Vice President

E. Neal Mairs
Director

Don S. Elbert
Director

Robert J. Bryan
Director

STATE OF MONTANA)
) ss
COUNTY OF MISSOULA)

On this 10th day of December, 1987, before me, a Notary Public for the State of Montana, personally appeared Sylvia Weisenburger, known to me to be the President of the corporation that executed the within instrument, and acknowledged to me that such corporation executed the same.

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

Mary E. Schwarz

NOTARY PUBLIC for the State of Montana
Residing at Missoula, Montana
My Commission Expires July 19, 1989

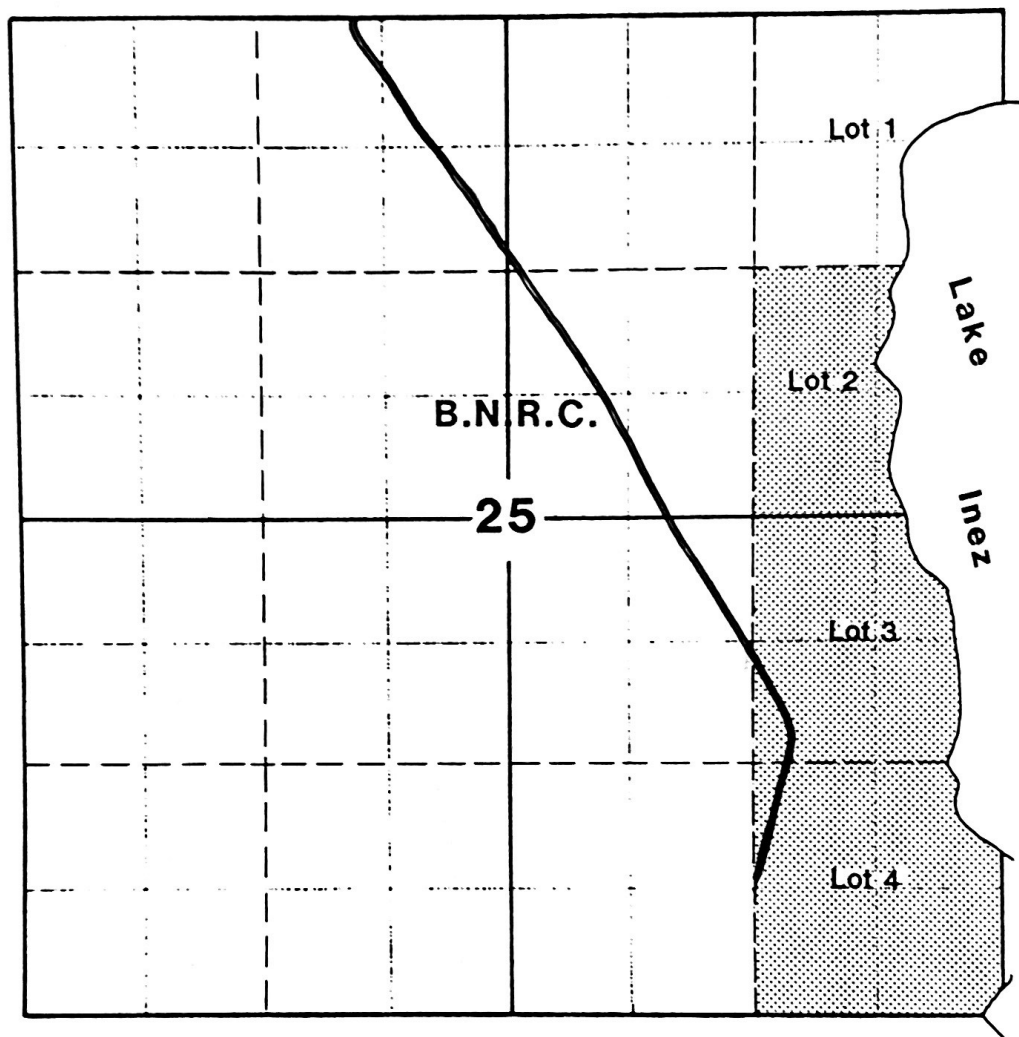


Exhibit 'A'

Sec. 25 Twp. 18N Rge. 16W, P.M.M.

Missoula County, Montana

-  Easement Reserved
-  Easement Granted
-  Area Deeded

Scale 1 in = 1000 ft

DWN BY D.R.T.

DATE 10/29/86