SMW Owners Association Inc.
McAllister, MT
July, 25 2013

Memo

To: Whom it may concern
From: SMWOA Board of Directors
Subject: Bylaws of SMW

We the undersigned Directors verify that the attached Bylaws (pages 2-10) including "Rules and Regulations" which help interpret the covenants (pages 11-13) are the current, official Bylaws of SMW Owners Association.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Corporation this 25th day of July , 2013

Schatzie Farley — 7-25-13
(Schatzie Farley)President — date

Henry Marcelin — 7-25-13
(Henry Marcelin)Vice -president — date

Rosie Endean — 7-25-13
(Rosie Endean) Treasurer — date

T. Casale — 7/25/13
(Tom Casale) Secretary — date

Edward Moore — 7-25-13
(Ed Moore) Director At Large — date

BYLAWS OF S.M.W. OWNERS ASSOCIATION, INC.
And the Rules and Regulations
As of July 2013

Amended ---July 11, 1998-#29 and #38
July 10, 1999- #25 and #40A,
July 9, 2004-#38,
July 12 2008-# 40
July 13 2013-#38 and #34)

CORPORATION OFFICES

1. Registered Office. The registered office of the corporation required by the Montana Nonprofit Corporation Act to be maintained in the State of Montana may be, but need not be, identical with the corporation's principle office in the State of Montana, and the address or the registered office and registered agent may be changed from time to time by the Board of Directors.

BOARD OF DIRECTORS

2. General Powers. The affairs of the corporation shall be managed by its Board of Directors.

Said Directors shall act in good faith in relation to the Association's affairs and shall owe the Association the strictest fiduciary duty. All actions taken by the Board of Directors shall be in accordance with Shining Mountains West Protective Covenants recorded at Book 265, pages 416 through 419, in the records of the Madison County Clerk and Recorder, Madison County, Montana. Any act in violation of said Covenants shall be presumed to constitute willful misconduct by those Directors so acting or acquiescing thereto.

3. Number, Tenure, and Qualifications of Directors. The Board of Directors shall be elected at the annual meeting of members. The directors of the Corporation shall be elected and serve two year terms. Of the five directors elected during the initial year of this Amendment, hree of the directors will serve 2 years and two directors will serve 1 year. Directors need not be residents of The State of Montana but are required to be members of the Corporation. The Board of Directors shall consist of five members. AlI persons desiring to be elected Director of the Corporation may present their names and qualifications to the Corporation's secretary no earlier than forty-five days prior to the date of the annual meeting of the Corporation's members. Members may nominate persons to be elected Director of the Corporation at the annual meeting of the members. Each director shall be elected to serve and to hold office until the next succeeding annual meeting and until his or her successor shall be elected and shall qualify, or until his or her earlier death, resignation or removal.

4. Removal of Directors. A Director may be removed with or without cause, if a majority of the members present at a duly constituted meeting or by mail-in ballot, votes for the removal. Likewise, the members must acquire a majority vote present at a duly constituted meeting to remove Directors or the entire board elected by them. Removal is effective only if it occurs at a meeting called for that purpose or by mail-in ballot. Notice must be sent to all members and Directors if the purpose of the meeting is the removal of a Director.

5. Vacancies. If a vacancy occurs on the Board of Directors, including a vacancy resulting from an increase in the number of Directors, the Directors may fill the vacancy. If the Directors remaining in office constitute fewer than a quorum of the Board, they may fill the vacancy by the affirmation unanimous vote of all the Directors remaining in office. If a Director resigns effective at a specific later date, the Directors may fill the vacancy before the vacancy occurs, but the new Director may not take office until the vacancy actually occurs. In the event that the remaining Directors cannot agree, the vacancy shall be filled by vote of the Association's memberships, pursuant to paragraph 32 through 35. A Director selected to fill a vacancy shall be elected for the unexpired term of his predecessor in office.

6. Ex-Officio Members. The Officers and Executive Directors or Managers of the Corporation shall serve as non-voting ex-officio members of the Board. They are members by virtue of their office. Each ex-officio member officer or director may attend board meetings and participate in discussion; however, each ex-officio member shall be entitled to one vote if the individual is a regularly elected or appointed board member.

7. Regular Meetings. A regular meeting of the Board of Directors shall be held without other notice than this by-law immediately after and at the same place as the annual meeting of members. The Board of Directors may provide, by resolution, the time and place, within the State of Montana, for the holding of additional regular meetings without other notice than such resolution.

8. Board of Directors Meetings by Conference Telephone. In consideration of time constraints and in order to accommodate any Directors living outside of the State of Montana, the Board of Directors or any designated committee of the Corporation may authorize and participate in a board or committee meeting by means of a conference telephone or similar communications equipment, provided all persons entitled to participate in the meeting received proper notice of the telephone meeting in accordance with Section 10, and provided all persons participating in the meeting can hear each other at the same time. A Director participating in a conference telephone meeting is deemed present in person at the meeting. The Chairperson of the meeting may establish reasonable rules as to conducting the meeting by telephone.

9. Special Meetings. Special meetings of the Board of Directors may be called by the President or any two Directors. The person or persons authorized to call a special meeting of the Board of Directors may fix any place, (within) a 100 miles radius of McAllister, Montana, as the place for holding any special meeting of the Board of Directors called by them or may direct that the meeting be held by telephone conference.

10. Notice of Special Meeting. Notice of any special meeting shall be given at least ten days previously thereto by written notice delivered personally or mail to each Director at his or her designated business office via certified return receipt or registered mail. The secretary shall specify the purpose of any special meeting in the written notice. (Waiver of Notice) Any Director may waive notice of any meeting. The waiver must be in writing, signed by the Director entitled to the notice before or after the time stated in the notice, and filed with the minutes or corporate records. A Director's attendance at a meeting waives the Director's right to object to lack of notice or defective notice of the meeting; this shall be true unless the director, at the beginning of the meeting (or

promptly upon arrival) objects to holding the meeting or transacting business at the meeting because the meeting is not lawfully called or convened and does not vote for or assent to action taken at the meeting.

11. Quorum. Four Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors but if less than four Directors are present at a meeting, a majority of Directors present may adjourn the meeting from time to time without further notice.

12. Organization, Agenda, and Procedure. The President or, in his absence, any Director chosen by the majority of the Directors present, shall act as Chairman of the meetings of the Board of Directors. In the absence of the secretary, any person appointed by the Chairman shall act as secretary of such meeting. The agenda of and procedure for such meetings shall be determined by the Board of Directors.

13. Manner of Acting. The act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors. Each Director shall have one vote. Directors shall not vote or sign Directors' resolutions by proxy. Any action required to be taken or which may be taken at a meeting of the Directors of the Corporation may be taken without a meeting if consent in writing setting forth the action so taken shall be signed by all of the Directors entitled to vote with respect to the subject matter thereof. Such consent shall have the same force and effect as a unanimous vote.

14. Executive and Other Committees. The Board of Directors, by resolution adopted by a majority of the Directors in office, may designate from among its members an executive committee and one or more other committees, each of which shall consist of two or more Directors, which committees, to the extent provided in the resolution and except as otherwise prescribed by statute, shall have and may exercise all of the authority of the Board of Directors in the management of the Corporation, except that no such committees shall have the authority of the Board of Directors in reference to:

(a) Amending, altering or repealing the Corporation's By-laws;
(b) Electing, appointing or removing any member of any such committee or any Director or officer or the Corporation;
(c) Amending the Articles of Incorporation, restating the Articles of Incorporation, adopting a plan of merger, or adopting a plan of consolidation with another corporation.
(d) Authorizing the sale, lease, exchange, or mortgage of all or substantially all of the property and assets or the Corporation;
(e) Authorizing the voluntary dissolution of the Corporation or revoking proceedings therefore;
(f) Adopting a plan for the distribution or the assets of the Corporation; or
(g) Amending, altering or repealing any resolution of the Board of Directors which, by its terms, provides that it shall be amended, altered or repealed by such committee,

Rules governing the procedure for meetings of executive or other committees shall be established by the Board of Directors or by such committee. The designation and appointment of any such committee and the delegation thereto of authority shall not operate to relieve the Board of Directors or

any individual Director of any responsibility imposed upon the Board or a Director by law.

15. Compensation. By authorization of the Board of Directors and with the exception of travel expenses which shall not be paid by the Corporation, the Directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors but shall not receive a salary as Director. No such payment shall preclude any Director from serving the Corporation in any other capacity and receiving compensation therefore. The Directors of the Corporation can perform services for the Association and be compensated for such work provided the work is pre-approved by three Directors, excluding the Director doing the work.

16. Presumption of Assent. A Director of the Corporation who is not present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his or her dissent shall be entered in the minutes of the meeting or unless he or she shall file written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof or shall forward such dissent by registered adjournment of the meeting. Such right of dissent shall not apply to a Director who voted in favor of such action.

OFFICERS

17. Election and Tenure. The officers of the Corporation shall consist of a President, Vice-President, Secretary, Treasurer, and such other officers as the members determine are necessary. The officers shall be elected annually by the Board of Directors. Each officer so elected shall continue in office until his successor shall be elected and shall qualify, or until his or her earlier death, resignation, or removal. Election of an officer of the Corporation shall not, of itself, create contract rights.

18. Resignation, Removal and Vacancies. Any officer may resign at any time by giving written notice thereof to the Board of Directors or the President. Such resignation shall take effect on the date specified therein and no acceptance of the same shall be necessary to render the same effective. Any officer may, at any time, be removed by the Board of Directors. If any office becomes vacant for any reasons, the vacancy may be filled by the Board of Directors. An officer elected to fill a vacancy shall serve the unexpired term of his or her predecessor and shall continue in office until his successor shall be elected and shall qualify, or until his or her earlier death, resignation, or removal. Election of an officer of the corporation shall not, of itself, create contract rights.

19. President The President shall be the principal executive officer of the Corporation and, subject to the control of the Board of Directors, shall in general supervise and control all of the business and affairs of the Corporation. He or she shall preside at all meetings of the members and of the Board of Directors, unless there is a Chairman of the Board of Directors present. Upon the express written authorization of the Board of Directors, the President may sign deeds, mortgages, bonds, contracts, or other instruments, unless such instruments are required by law to be otherwise signed or executed: and in general, shall perform all duties incident to the office of the president.

20. The Vice- President. In the absence of the President or in the event of his/her death,

inability, or refusal to act, the Vice-President shall perform the duties of the President and, when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Vice President shall perform such other duties as from time to time may be assigned to him or her by the President.

21. The Secretary The Secretary shall: (a) keep the minutes of the annual meetings and of the Board of Director's meetings in one or more books provided for the purpose; (b) mail copies of the notice of annual meeting of the members; (c) see that all notices are duly given in accordance with the provisions of these bylaws or as required by law; (d) be custodian of the corporate records and of the seal of the Corporation; and (e) in general perform all duties incident to the office of secretary and such other duties as from time to time may be assigned to him or her by the President.

22. The Treasurer. The Treasurer shall: (a) have charge and custody of and be responsible for all funds and securities of the Corporation; receive and give receipts for money due and payable to the Corporation from any source whatsoever and deposit all such moneys in the name of the Corporation in such banks, trust companies, or other depositories, and (b) in general perform all of the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him or her by the President. If required by the Board of Directors, the Treasurer shall give a bond for the faithful discharge of his or her duties in such sum and with such surety or sureties as the Board of Directors shall determine.

23. Salaries. The salaries of the officers shall be fixed by membership vote at the annual meeting of members provided a quorum is present. No officer shall be prevented from receiving such salary by reason of the fact that he or she is a Director of the Corporation.

24. Two Offices Held by Same Person. Two or more offices may be held by the same person, except the offices of President and Secretary.

CONTRACTS, LOANS, CHECKS AND DEPOSITS

25. Contracts. The Board of Directors may authorize any officer or agent to enter into any contract or execute and delivery any instrument in the name of and on behalf of the Corporation but such authority shall be in writing and shall be confined to specific instances and shall not be in contravention of those limitations set forth below.

25.1. Any director or delegated officer, individually, or any firm of which he may be a member, may be party to, or may be pecuniarily or otherwise interested in, any contract of the Association, provided that the following requirements are met:

A. The interest of the director or delegated officer or such firm is disclosed prior to contracting.
B. At least two other bids for the services are sought and considered by the Board.
C. The interested director or delegated officer abstains from voting or using his personal influence on the contract, and is not counted in determining a quorum for the meeting.
D. The minutes of the meeting reflect that the disclosure was made, the interested director or delegated officer abstained from voting, the necessary quorum was present without the interested director or delegated officer, and the quorum was approved.

E. The interested director or delegated officer provides the Board with documented records of the services he provides.
F. The interested director or delegated officer is not a party to the process of approving bills for fees and expenses or signing checks for the same.

26. Loans. No loans shall be contracted on behalf of the Corporation and no evidence of indebtedness shall be issued in its name unless authorized by a resolution approved by vote at the annual meeting of members or special meeting, provided a quorum is present. Such authority shall be continued to specific instance.

27. Checks, Drafts, Notes. All checks, drafts or other orders for the payment of money, notes, or other evidence of indebtedness issued in the name of the Corporation, shall be signed by such officer or officers, agent or agents of the Corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors.

28. Deposits. All funds of the Corporation not otherwise employed shall be deposited to the credit of the Corporation in such banks or savings and loans as the Board of Directors may select: provided, however, that such funds are required to be placed in accounts insured by the Federal Deposit Insurance Corporation or Federal Savings and Loan Insurance Corporation.

MEMBERS

29. Annual Meeting. The annual meeting of the members shall be held on the second or third Saturday in July for the purpose of electing Directors and for the transaction of such other business as may come before the meeting. If the election of Directors shall not be held on the day designated herein for any annual meeting of the members, or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the members as soon thereafter as conveniently may be held.

30. Special Meetings. Special meetings of the members, for any purpose unless otherwise prescribed by statute, may be called by the President or by the Board of Directors, or by five or more members acting in concert.

31. Notice of Meetings. The Board of Directors may designate any place within Madison County, Montana as the place of meeting for any annual members' meeting or for any special members' meeting. If no designation is made, the place of the annual or special meeting shall be the Ennis Town Hall, Main Street, Ennis, Montana. Written notice of the place, if other than the Ennis Town Hall, the date and hour of the annual meeting and of any special meetings, together with notice of the purpose or purposes for which any special meeting is called, shall be delivered not less than twenty or more than forty days before the date of the meeting, either personally or by mail by or at the direction of the President or the Secretary, to each member entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his or her address as it appears on the records of the Corporation with postage thereon prepaid. The notice of the members' annual meeting shall include a ballot setting forth the

names of all persons running for the Corporation's Board of Directors. The notice shall include notice to each member that he or she may vote for a Director by completing and returning the ballot to the Corporation's Secretary by or before the meeting in which the Corporation's Directors are to be elected. When a meeting for any reason adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken.

32. Quorum. For voting purposes, a quorum shall consist of at least one quarter of all eligible votes, represented in person or by proxy. "Eligible" voters are members of the Association with all dues and assessments paid in full. The members present at a duly organized meeting may continue to do business until adjournment, notwithstanding the withdrawal of enough members to leave less than a quorum. If the meeting cannot be organized because a quorum has not attended, those present may adjourn the meeting from time to time until a quorum is present, then any business may be transacted that may have been transacted at the meeting as originally called.

33. Action without a Meeting. Any action required to be taken or that may be taken at a meeting of the members of the corporation may be taken without a meeting if a consent in writing setting for the action so taken shall be signed by all the members entitled to vote with respect to the subject matter thereof. Such consent shall have the same force and effect as the unanimous vote.

34. Voting. Except where otherwise required by law or the provisions herein, a majority of the votes entitled to be cast on a matter to be voted upon by the members present or represented by proxy at a meeting at which a quorum is present shall be necessary for the adoption thereof. A member entitled to vote may vote in person or may vote by proxy executed in writing by the member or by his duly authorized attorney-in-fact. No proxy is valid after ten months from the date of its execution unless otherwise provided in the proxy. All members of the Corporation shall be entitled to the number of votes as provided in paragraph 35 below. Cumulative voting for Directors shall not be allowed**.** The election of Directors may be conducted by mail.

35. Membership and Voting Rights. The Association shall have a membership consisting of one (I) membership right per tract for Tracts I through 125 of Shining Mountains West and for each parcel created by the subsequent subdividing of said Tracts I through 125, as said ownership interest is recorded in the records of the Madison County Clerk and Recorder. Where such ownership interest is not so recorded, the tract or parcel purchaser(s) shall not be deemed members of the Association. Membership shall be ascertained from the public record as of May 15 of each year, and voting rights in relation to the annual members meeting shall be determined as of that date. Each such member shall have one vote for each such tract or parcel. However, only members in good standing shall be entitled to vote in any regular or special meeting of Association members. A member shall be deemed in good standing only if said member is not in default of assessments due the Association pursuant to the Shining Mountains West Protective Covenants.

MISCELLANEOUS

36. Corporate Books. The Corporation shall keep complete books, records of account, and the names and addresses of all members and shall keep minutes of the proceedings of its members, Board of Directors, and committees having any authority of the Board of Directors at its registered office. All books and records of the Corporation may be inspected by any member or his agent or attorney for any proper purpose at any reasonable time.

37. Corporate Seal. The Board of Directors shall provide a corporate seal which shall be circular in form and shall have inscribed thereon the name of the Corporation and the State of incorporation and the words "Corporate Seal"

38. Assessments. The Board of Directors shall give notice of the assessment due to each Association member and Shining Mountains West parcel owner. The notices will be mailed by January 31, due by February 28th of each year. Assessments will be delinquent if not paid by March 1 of that year. Delinquent assessments will be charged a late fee of $20. Notice of delinquency and late fee will be mailed April 1st. The second delinquency will be mailed on or before May 15. Delinquent assessments will draw interest at the rate of 10% per annum starting June 1. The second delinquency notice will advise the member/parcel owner that a lien will be filed within 30 days of the date of the second notice.

a. Proposed assessment increases shall be detailed in the written notice of the Annual Meeting of members and shall be fixed by a majority vote at the Annual Meeting of members, provided a quorum is present.

b. In the event the owner sells any of Tracts 1-125 in the Shining Mountain West, or any additional Tracts or parcels created by the subsequent subdividing of said Tracts 1- 125, and is so recorded with the Madison County Clerk and Recorder, the current annual assessment for said Tract(s) or parcel(s) shall be due and payable in full on the date on which the property is closed. The previous owner member shall provide, along with the assessment, the name and mailing address of the purchaser to a member of the Board of Directors.

c. The treasurer shall maintain assessment payment records, monitor failures in payment, and, when necessary, initiate action against those members who fail to pay assessments. In the event any annual assessment becomes delinquent, the treasurer shall mail a first notice of delinquency to the delinquent member's mailing address as recorded in the corporate records no earlier than April 1. If the delinquency continues, the Treasurer shall mail a second notice or the delinquency via certified mail to the delinquent member's mailing address as recorded in the corporate records no

earlier than May 15.

e. If the delinquency continues beyond 30 calendar days after the second notice has been mailed by certified mail, the treasurer shall file a lien against the parcel or parcels for which delinquent assessment(s) continues. Such lien shall be equal to the unpaid assessment(s) plus penalties and other costs.

Note: The Board of Directors was asked to write and present for a vote a by law detailing how lots are to be assessed in SMWOA.

39. Enforcement of Covenants. In the event that the Association or any of its members are required to bring action against a member of the Association for violation of the Shining Mountains West Protective Covenants, the person bringing such action shall be entitled to recover all reasonable attorneys fees and costs incurred thereby.

40.Structures. Approval of all structures by the Association as required by all the Shining Mountains West Protective Covenants shall require written approval by the majority or the Board of Directors and shall be in complete compliance with Protective Covenants. Approval by the BOD is required for all new construction and any exterior remodeling of existing structures prior to construction beginning.

A. The lands shall be used for residential purposes only, and only single family dwellings shall be allowed. No business, trade or commercial enterprise of any kind shall be conducted thereon, except that the grazing and breeding of livestock, stud service for and training of any livestock, harvesting and sale of hay and/or the growth of plants for sale shall not be considered a business, trade or commercial enterprise within the meaning of the Protective Covenants.

41Amending By-Laws. These by-laws may be altered, amended or repealed, and new bylaws may be adopted by vote of three-fourths of the Corporation's members at any regular or special member meeting.

RULES AND REGULATIONS

[adopted by more than 3/4 of members present (in person or by proxy) at the Annual Meeting of 2001
(amended at the Annual Meeting of 2002(italics),amended 2008 covenant 1 C “under appropriate use of property”.

The following rules and regulations have been formulated to SMW Owners Association Inc. in the interpretation of our covenants.

Covenant #1

"The lands shall be used for residential purposes only."

a. Any construction or use of a building or use of land, which is obnoxious, offensive or a nuisance to other parcel owners, whether living or not, must be avoided.

b. The terms obnoxious, offensive or nuisance can be interpreted as that use which results in the devaluation of other parcels within the subdivision and includes visual blight, noise, and/or pollution or traffic congestion. The following situations are offered to partially exemplify the application of the foregoing:

Inappropriate use of property

a. Factory or manufacturing facility of any type, commercial storage, store, motel, hotel, land fill, transportation or trucking facility, repair shop, garbage dump, saw or lumber mill, bar or restaurant, office building, clinic or hospital of any kind, animal or child boarding facility, religious or social services facility, mining or drilling operation.

b. Divided multi-family units in the form of an apartment building or condominium complex or townhouses.

c. Storage of abandoned or junked autos, trucks, farm or ranch equipment, house appliances, furniture, boats, or any other kind of inoperative machinery, equipment or personal property or junk, garbage or refuse of any type.

d. Placement of a fence without gate access across any easements within the subdivision. This use is specifically intended to make sure that access is provided for road and/or Irrigation Ditch maintenance. The gate must be adjacent to the ditch and/or road.

e. Pig farms used for raising pigs for wholesale or retail purposes. The raising of pigs for the owner or his/her spouse’s exclusive in home use is acceptable.

Appropriate use of property:

a. Professional service business (Law, engineering, architecture, various consulting services, etc,) conducted in the house by the owner and/or spouse with no other employees and no external signs of advertising the service.

b. Storage of personal vehicles used seasonally, if properly licensed and insured.

c. Cottage industries (weaving, sculpturing, ceramics, rod making, etc.), small scale horse, cattle and agricultural operations (Haying, Vegetables) conducted by the owner and/or spouse and no external signs advertising the service provided. The intent of the foregoing is to eliminate traffic within the subdivision to SMWOA members only.

Covenant #2

" In case of failure to pay assessments. . . . "--

Any dues and late fees not paid will be submitted to the appropriate Court for collection. All legal fees associated with having to take this action will be added to the total amount due from the delinquent tract owner of record.

Covenant #3

"Said Owners association shall have the power and authority to administer, use, employ, lease, maintain and operate the water rights appurtenant to said lands as a whole for beneficial uses for the entire subdivision.

Background information – tract owners when buying their land have been told that they have a water right on their land and they indeed do, however, many have interpreted this to mean they have complete control over the water flowing across their land and when and how they can use it. The covenants are very clear that the power and authority to administer, use, employ, lease, maintain and operate the water rights is vested in the Owner's association and not any single water user. To make this clear to present and future owners, the following rules and regulations have been written for inclusion in the By-Laws:

a. The water rights for the entire subdivision shall be vested in the Board of Directors. A water committee shall be formed consisting of an equal number of water and non-water users. Their job shall be to recommend to the Board of Director's policy, which ensures optimal and beneficial use of the water rights for the whole subdivision and not for any single individual and or tract of land. The board of Director's job is to ensure that any policies set forth by the committee is for the beneficial use of the whole subdivision and is in accordance with the Laws of the State of Montana and the U.S.A.

b. All water used shall be for the purpose of irrigation and is limited to those tracts that have been historically irrigated.

c. Tract owners cannot close off secondary ditches that have been historically used to irrigate other tracts and are bound by the stated easements in covenant #1. In other words, if secondary or bleeder ditches are needed to convey water to historically irrigated land, the owner of said tract through which the water must flow cannot stop or cause to be stopped the water from flowing through their property nor can they deny access to other owners for the purpose of maintaining the secondary or bleeder ditches.

d. The association is responsible for maintaining the main ditches* (Greenacres and Nugget) and individual users are responsible for maintaining secondary and bleeder ditches.

   * Since two other non-association members have diversion points on Nugget ditch we are legally bound to insure that their water gets to them and is the primary reason that the association as a whole bear the cost of maintaining one of the main ditches. (Nugget)

Covenant #4 (Part 1)

"The exteriors of all structures erected shall be of wood or stone or any other material of a natural wood or stained or earth tone appearance.

a. Earth tone appearance- shall be interpreted literally to mean colors of earth, soil, or rock of the landscape in the subdivision and not some foreign landscape.
b. Earth tones in our subdivision are dominated by soft shades of brown and gray. The colors of water, snow, or vegetation are not earth tones.
c. The rare colors white (caliches) and other very light shades of yellow and red that are occasionally exposed in excavations are not representative of the landscape in our subdivision and are not acceptable.

Covenant #4 (Part 2) "All structures erected shall have wood shingle or brown composition roofing."

The covenants are attempting to exclude colors and textures of roofs that do not blend in with the natural landscape of the subdivision. For the purpose of these rules and regulations, which help to interpret the covenants;

a. Shiny or reflective materials, including metal roofs which reflect or shine out beyond the boundaries of individual lots are prohibited.

b. Metal roofs, which do not shine or are not reflective because of special treatment such as non-reflective paint or textures or other composites specifically designed to eliminate the shiny and reflective nature of metal roofs are permitted under the term composition with prior approval of the Board of Directors.

Appropriate roofs:--this item was adopted at the 2002 Annual Meeting

1. *Wood shake roofs*
2. *Roofs covered with non-reflective asphalt-, fiberglass-, or rubber-based shingles or rolled roofing.*
3. *Rusted metal roofs.*
4. *Painted metal roofs with gloss and sheen levels so low that they are not routinely measured in the paint or metal-roofing industry*

Covenant #'s 5, 6, 7 ---------- Self Explanatory—no interpretation required

Covenant # 8

"Said lands shall not be occupied or used for any noxious or offensive activity and nothing shall be done or permitted to be done on said lands which is a nuisance or might become a nuisance to the owner or owners of any of the surrounding lands. . . .

The terms noxious, offensive or nuisance shall be interpreted as that use which results in the devaluation of other parcels within the subdivision and includes visual blight, noise, and/or pollution or traffic congestion. The following situations are offered to partially exemplify the application of the foregoing:

Activities which result in devaluation of other parcels within the subdivision

a. Factory or manufacturing facility of any type, commercial storage, store, motel, hotel, land fill, transportation or trucking facility, repair shop, garbage dump, saw or lumber mill, bar or restaurant, office building, clinic or hospital of any kind, animal or child boarding facility, religious or social services facility, mining or drilling operation.

b. Divided multi-family units in the form of an apartment building or condominium complex or townhouses.

c. Storage of abandoned or junked autos, trucks, farm or ranch equipment, house appliances, furniture, boats, or any other kind of inoperative machinery, equipment or personal property or junk, garbage or refuse of any type.

d. Pig Farms used for raising meat for wholesale or retail purposes. The raising of pigs for the owner and/or his/her spouse's exclusive use in their own home is acceptable.

Covenant # 9 ---------- Self Explanatory—no interpretation required

Covenant # 10

" All owners are bound by each and all easements, including canal and ditch easements, if any, and rights of way of record or in existence."

a. The term "in existence" in the foregoing means that even though some roads within the subdivision have not been built as platted, each owner is bound by each and all easements as outlined in Covenant # 1. In other words, the roads and ditches currently built are the roads and ditches on which all easements shall apply regardless of how they were/are platted.

Enforcement of these rules and regulations may be brought about by any owner of lands subject to these rules and regulation or the Owner's Association and may be by proceedings at law or in equity to recover damages or enjoin or restrain violations or both against any person violating any rule and regulation herein set forth. In other words; anyone electing to take another member to court to remedy a covenant violation and is successful in doing so, can collect all costs associated with the court action from the member who has violated the covenants. (If you sue and win-collect your money, if you sue and lose, better luck next time.