

owners of the lots in such amounts as shall be adequate to properly fund a reserve fund for the anticipated repair and maintenance of the water system.

4. The Board may direct the operator to shut off water service to a home when a bill is 2 months past due, or for non-compliance with irrigation restrictions.

5. The initial contact person designated for communication with the Department of Health and Environmental Science and other governmental agencies to assure compliance with the water supply system shall be initially Gene E. Cook of 2504 West Main, Suite E, Bozeman, Montana 59715, (406) 586-0302. The Board of Directors may designate another contact person by a majority vote. If the Contact person is changed, the Department of Health and Environmental Sciences and other governmental agencies having control over the compliance with water system requirements shall be notified immediately in writing of the name, address and phone number of the new contact person.

6. Responsibilities for monitoring and reporting in accordance with ARM 16.2.20 and any amendments thereto will be performed by the Owners' Association.

C. Sufficient water rights for creation and maintenance of a pond in the park area will be transferred to the Owners' Association.

D. The Association, through its Board of Directors, shall administer the water rights for the subdivision, including both domestic water and irrigation water for all lots and the parks. The Association shall have the authority to charge a fee for the hook up and usage of the water and to make assessments for the costs and expenses of installing and maintaining the water system including pumps, lines, pipes, electricity, wiring, sprinklers, and any and all other parts, equipment or material used in the subdivision water system, both for domestic water use and for irrigation.

E. Water acquisition directly from the creek is prohibited other than water for the maintenance of the fire protection fill site pond. The Association has the right to construct a central irrigation system to serve the subdivision if they determine that the system would be desirable. The Board of Directors shall review and approve all individual and central irrigation water systems. The Board shall have the right to institute water restrictions on the domestic water system to maintain pressure in the system. Non-compliance with the restrictions shall be grounds for the Board to institute fines or water shut off. The Owners' Association shall pay any applicable water use assessment for use of water rights for the pond.

F. In accordance with Department of Health requirements, per letter dated November 18, 1992:

a) the water system will be used, operated, and maintained to assure adequate supply of safe and potable water for benefit of present and future owners of properties connected thereto;

b) there [will be] a separate water supply maintenance fund used only for the repair and maintenance of the water system;

c) a contact person will be designated for communication with DHES and other governmental agencies to assure compliance with water system regulations; and

d) responsibilities for monitoring and reporting in accordance with Title 16, Chapter 2, Sub-Chapter 20, ARM, and any amendments thereto, will be performed.

G. The State and County requirements set forth herein or by law or regulation may not be amended without the written approval of the appropriate governmental authority.

6. TRASH AND GARBAGE

A. No trash, waste, garbage, litter, junk, or refuse shall be thrown, dumped, or left on any portion of the premises and no burning of same shall be permitted. No incinerator or other device for burning of trash or garbage shall be installed or used except as may be approved by the Committee. Each owner or lessee shall provide suitable receptacles for the containment and collection of trash and garbage, which must be enclosed or screened. Nothing contained herein shall be construed to prohibit or deny the installation of wood-burning fireplaces or stoves.

7. SIGNS

A. All signs, billboards, posters, displays, advertisements, or any structures relating thereto are prohibited unless they shall have received approval of the Committee prior to installation or use; which restrictions shall also include signs for identification of streets, residences, and directional or location markers or signs.

B. Each home must be clearly labeled with the address assigned to it by the U.S. Postal Service.

8. ANIMALS

A. No livestock, poultry, or other animals, except dogs, cats, birds, or other small in-house pets, are allowed in the

subdivision. Kennels, or other facilities for the keeping or retention of animals, shall be restricted to areas so designated by the Committee.

B. All dogs, cats, and other pets shall be strictly controlled by their owners so as not to annoy or interfere with the use of the subdivision by other owners and to prevent the interference or harassment of wild birds or animals in the subdivision or on surrounding or adjacent properties. Dogs, cats and other pets shall be kept tethered or confined on the owner's property and shall not be permitted to roam free at any time. If an animal becomes a nuisance, hazard, or threat to other persons or animals in the subdivision or to wild animals, the Committee may order the owner of such animal to remove the animal from the subdivision.

C. The commercial breeding, care, raising, or keeping of any animal is forbidden.

9. ENVIRONMENT

A. Every attempt shall be made to preserve and protect the environment indigenous to the area. All areas not utilized as sites for improvements, where disturbed by construction or any human activity, shall be returned as quickly as possible to their natural condition and replanted with native plant life except where otherwise utilized for lawns, gardens, or exterior living areas. Every building site must include a landscape plan for approval by the Committee and must provide for the planting of grasses, trees, shrubs, and other landscape features serving to enhance the appearance of the site. Landscape improvements must be installed within the planting season immediately following exterior completion of the residence; and in no event shall the time from commencement of construction to installation of landscaping exceed two years.

10. MINING

A. No mining, quarrying, excavation, oil drilling, or like development shall be allowed in or on the premises except for such excavation as may be necessary in connection with the construction or placing of improvements thereon in accordance with the terms and restrictions of these covenants.

11. TEMPORARY STRUCTURES

A. No temporary structures, trailers, campers, tents, shacks, or similar structures shall be used at any time on the premises for temporary or interim habitation purposes except for construction and then only with the prior approval of the Committee and for a period not to exceed 7 months. Trailers, boats, mobile homes, snowmobiles, campers, motorcycles, or other similar articles may be kept or stored on the premises so long as they are not used for habitation on the premises other than

for construction as set forth above. Recreational vehicles, visitors, or campers, may be parked on a lot and occupied by visitors or guests for a period not to exceed 2 weeks or 14 consecutive days in any 6 month period.

12. NUISANCE

A. No noxious or offensive use or activity shall be carried on within the subdivision nor anything done or permitted on or in the premises which shall constitute a public nuisance.

13. LAWN CARE AND WEED CONTROL

A. Every lot owner shall be responsible for the care of his or her lot, including weed control. If a residence is constructed on a lot, the landscaping shall be installed within a reasonable length of time considering the season. Once installed, the landscaping, i.e. lawn, trees, shrubs, etc., shall be cared for and not allowed to deteriorate or become unsightly and detract from the neighborhood.

B. Both improved and unimproved lots shall be kept free of weeds. If the lot must be cleared of weeds and the owner fails to do so after notice from the Committee or any persons in the subdivision, the remedies set forth in Section 15 below may be invoked.

C. Weeds shall be controlled in the parks by the Owners' Association. The Owners' Association shall have the authority to levy assessments to cover the cost of such control as it deems necessary.

14. CONSTRUCTION

A. All construction on or in the premises shall be diligently prosecuted to completion and, except for recreation construction in the parks, shall in any event be completed within 12 months of commencement unless specific written extension is granted by the Committee. No construction material shall at any time be placed or stored so as to impede, obstruct, or interfere with pedestrian or vehicular traffic, and no construction materials shall be placed or stored on residential lots or for a period in excess of 30 days following substantial completion of construction as shall be determined by the Committee.

15. COVENANTS REQUIRED BY GALLATIN COUNTY

A. The control of County-declared noxious weeds shall be the responsibility of the Owners' Association.

B. All park areas shall be maintained by the Owners' Association.

C. All fences bordering agricultural lands shall be maintained

by the Owners' Association in accordance with State Law.

D. All structures shall be built in compliance with the Uniform Building Codes.

E. All public roads within the Subdivision shall be maintained by the Owners' Association. A plan for the long-term road maintenance and road maintenance while construction of the subdivision occurs shall be adopted by the Board of Directors of the Association.

F. Lot owners are placed on notice that adjoining land adjacent to the subdivision is agricultural and is used for customary farming and agricultural operations; and the lot owners affirm neighboring landowner's right to farm and use their land for the customary and usual agricultural purposes prevalent in the adjacent areas. Farming practices can result in dust, animal odors, flies, smoke and machinery noise. Standard agricultural practices feature the use of machinery early in the morning and sometimes late into the evening.

G. All houses shall display house numbers clearly for emergency identification.

H. No amendment or variance to these covenants set forth in this paragraph 15 shall be effective until approved by the County Commissioners of Gallatin County.

16. ENFORCEMENT

A. In the event of any violation or threatened violation of these covenants, any owner of real property in the subdivision, or the Association, may enforce these covenants by legal proceedings in a court of law or equity, including the seeking of injunctive relief and damages. In connection with such legal proceedings or as a separate remedy, the Association may enter upon the property in question and remove, remedy, or abate the violation or threatened violation after first having given proper notice and a reasonable opportunity for the violator to take action himself or herself to comply with these covenants or to show cause why he is not in violation of the same, as set forth in sub-paragraph 16 B and C below.

B. Notice as required in sub-paragraph 16 A above shall be in writing and shall be served on the person or entity concerned and shall specify the violation or threatened violation, identifying the property, demand compliance with the terms and conditions of these covenants, and state the action which will be taken under sub-paragraph 16 A above if the violation is not abated, remedied, or removed. If such notice cannot be personally served after a reasonable effort to locate the person or entity to be served, service may be had by posting a copy of such notice at a conspicuous place on the property which is the subject of the violation and mailing a copy of the notice by

Certified Mail, return receipt requested, to the last known address and/or the address of record of the violator.

C. Such written notice must also set forth a time, date, and place for a hearing before the Board of Directors or a Committee Appointed by the Board of Directors where the owner shall have an opportunity to appear to deny the statements set forth in such notice and to show cause why he or she is not in violation of these covenants. The Committee members shall be lot owners. Such hearing shall be set at a reasonable time subsequent to the date of service of the notice to the property owner charged with such violation. Such hearing shall be presided over by an independent hearing officer appointed by the Board of Directors who shall not be a property owner in the subdivision. Following such hearing, the hearing Committee shall rule on whether a violation of these covenants is found. Each Committee member, including the hearing officer, shall have one vote and a majority shall rule. If a violation has been found to have occurred, the Committee shall give the property owner a time within which to remedy such violation, not to exceed 90 days. If not so remedied within the specified time, then the self-help abatement or litigation provisions set forth herein may be invoked and pursued.

D. Actual costs, expenses, and reasonable attorney's fees incurred in connection with any hearing or correcting, remedying, abating, preventing, or removing any violation or threatened violation of these covenants established either through litigation, entry, or self-help following a hearing as provided in sub-paragraph 16 C above, shall constitute a claim by the owner or Association initiating such action against the owner of the property which is the subject of such violation or threatened violation. No costs shall be incurred by an owner if no violation is found and in such event the Association or person bringing such charge shall pay for the costs and fees for such hearing and action. If a violation is found to have occurred, the Association or owner making such claim may file a lien against the subject property in the amount of and for the collection of the costs by filing a verified statement of the lien with the office of the Clerk and Recorder, Gallatin County, Montana. Such lien statement must set forth the names of the claimant, a description of the property, the amount of the claim, the date of the claim, and a brief statement of the manner in which the costs and expenses constituting the claim were incurred. Once filed, the lien shall remain of record as a claim against the property until paid in full or foreclosed in the manner otherwise provided for by law for liens and encumbrances on real property subject to rights or redemption.

E. Failure or delay in enforcement of a covenant or a violation thereof shall not be deemed a waiver of the right to enforce such covenant or any other covenant.

17. COMPLIANCE

A. The owners, residents, lessees, and tenants of the property in the subdivision shall be in compliance with the laws, rules, and regulations of the City of Belgrade and Gallatin County or other municipal or governmental entity having jurisdiction over the subdivision.

18. AMENDMENT

A. Subject to the provisions of paragraph 5G & 15, these covenants, or any portion thereof (except the provision of 2.A. which shall not be amended without 100% of the votes of the members affected), may be amended, abandoned, terminated, modified, or supplemented at any time by the written consent or approval, duly signed, by the owners of 75% of the votes of the lot owners within the boundaries of the subdivision, based on one vote per lot. Such modification or amendment shall be effective upon the recording of a Certification by the President and Secretary of the Board of Directors that 75% of the votes of the lot owners have voted in favor of the modification or amendment and stating the amendment in writing in the Certification. The Certification shall be under oath and notarized and recorded with the Clerk and Recorder of Gallatin County. A copy of the recorded modification or amendment shall be mailed to each lot owner at his or her last known address.

19. MERGER WITH THE OWNERS' ASSOCIATION FOR PHASES 1, 2, AND OR

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A. In the event the Valley Grove Subdivision Phase 3 Owners' Association for Phases 1 and 2, or 4, votes to merge with the Owners' Association for Phase 3, the Board of Directors for Phase 3 may approve the merger by a majority vote. Such merger shall be for the purposes of managing and administering the said Phases of Valley Grove Subdivision including but not limited to one Board of Directors, one Architectural Committee, setting and approval of one budget, repair, maintenance, and improvement of the common roads, parks, water system, enforcement of the Covenants and all other matters relating to the operation, management and administration of the Valley Grove Subdivision and its Phases. However, other changes in the Covenants in respect to Use and Building and Improvements shall not be changed except by the required vote of the affected Phase.

B. The water system installed in Phases 1, 2 and 3 of Valley Grove Subdivision may be extended to Phase 4 and to Tract A-1 of Certificate of Survey No. 1839 provided that the initial costs of installation and improvements to the existing water system for such extension shall be born by the developers and not the Valley Grove Owners' Associations. The Owners' Associations shall share prorata in the maintenance, repairs and operational costs of the water system.

C. Each lot owner shall be required to pay a reasonable hookup and inspection fee to the Owners' Association and shall share prorata in the costs and assessments for the use, maintenance and operation of the system.

20. SEVERABILITY

A. A determination of invalidity of any one or more of the covenants or conditions hereof by judgement, order, or decree of court shall not affect in any manner the other provisions hereof, which shall remain in full force and effect.

DATED this 6 day of Nov., 1995.

COOK-LEHRKIND INVESTMENTS,
A MONTANA PARTNERSHIP

BY: Gene E. Cook
Gene E. Cook, Partner

BY: Carl Lehrkind III
Carl Lehrkind III, Partner

STATE OF MONTANA)
) :ss
County of Gallatin)

This instrument was acknowledged before me on the 6th day of November, 1995, by Gene E. Cook and Carl Lehrkind, III as partners of Cook-Lehrkind Investments.



Michael L. Hensel
Notary Public for the State of Montana
My Commission Expires: 2/20/96