

**RESTATED DECLARATION
OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR SUNSET POINT**

THIS DECLARATION, made this 6th day of October 1986 by SUNSET POINT, a Montana general partnership, of Bigfork, Montana, hereinafter referred to as “Declarant” or “Developer”.

WITNESSETH:

WHEREAS, Declarant is the owner of the real property situated in Flathead County, Montana, to be developed and known as Sunset Point and

WHEREAS, Declarant is desirous of subjecting said real property to the Covenants, Conditions and Restrictions hereinafter set forth, each of which is and are for the benefit of said property and for each owner thereof, and shall insure to the benefit of and pass with said property, and each and every parcel thereof, and shall apply to and bind the successors in interest and any owner thereof;

NOW THEREFORE, the Declarant hereby declares that the real property described in Article I is and shall be held, transferred, sold and conveyed subject to the Covenants, Conditions and Restrictions hereinafter set forth.

ARTICLE I

1. Property. The real property which is and shall be held, conveyed, transferred and sold subject to the Covenants, Conditions and Restrictions hereinafter set forth is situated in the County of Flathead, State of Montana, and is described on Exhibit A hereto, which by this reference is incorporated herin, and which is the land encompassed by the plat entitled Sunset Point, Phase One.

No other property, other than that described above, shall be deemed subject to this Declaration unless and until specifically made subject thereto, however it is contemplated (but not covenanted) that Declarant will subject subsequent phases of Sunset Point hereto.

2. Definitions.
 - a. “Association” shall mean the Sunset Point Homeowners Association, Inc., its successors and assigns which shall be formed by the Declarant as a nonprofit corporation, and shall include as members, townhouse owners and condominium owners, if and when condominiums are added to the project.
 - b. “Common properties or common area” shall mean those areas of land shown on any recorded subdivision plat of the property and intended to be devised to the common use and enjoyment of the owners of the property. Said property may be conveyed to and owned by the Association, or may be common elements of a condominium. The common properties or common area include property held for use as parks or playgrounds as set forth on the Final Plat.
 - c. “Declarant” shall mean Sunset Point, a partnership, or its successors or assigns.
 - d. “Unit” shall mean any building, or portion of a building, situated upon the properties designed and intended for the use and occupancy as a residence by a single family. All reference to a unit shall be deemed to refer also to the underlying lot whether or not developed and all permanent improvements thereon; if a townhouse and if a condominium, a unit shall be as defined in any declaration under the Unit Ownership Act.
 - e. “Lot” shall mean any plat of land shown upon any recorded subdivision map of the property and so designated with the exception of the common properties or common area

- and any condominium. Every lot shall be conclusively presumed for all purposes hereunder to include one unit, irrespective of the actual status of construction thereon.
- f. "Member" shall mean an owner of a unit, which is subject to assessment hereunder, or under any declaration under the Unit Ownership Act.
 - g. "Mortgage" shall mean the conveyance or assignment of any lot or unit to secure the performance of an obligation and the instrument thereof, and may include a deed of trust, trust indenture, mortgage, instrument or agreement as now known or hereafter devised for the purpose of creating a lien to secure an obligation or duty.
 - h. "Mortgagee" shall mean a person or entity to whom a mortgage is made.
 - i. "Mortgagor" shall mean a person or entity who mortgages his or its property to another, i.e., the maker of a mortgage.
 - j. "Owner" shall mean the record owner of a fee simple title to any unit, which is part of the property and shall also include a contract buyer, so long as such contract is in effect.
 - k. "Properties" shall mean the real property described in Article I, Paragraph 1 hereinabove.
 - l. "Board of Directors" shall mean the duly elected and acting board of the Association.

ARTICLE II
COMMON RIGHTS IN COMMON AREA

- 1. Owner's Easements of Enjoyment. Every owner shall have a right and interest in and/or an easement of enjoyment in and to the Common Area, which shall pass with the title to every unit, subject to the following provisions. Said interests may change fractionally upon the addition of subsequent phases to the project, but the basic rights or easements shall not.
 - a. Charges. 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. Suspension of Voting Rights. The right of the Association to suspend the voting rights and right to the use of the recreational facilities by an owner for any period during which any assessment against his unit remains unpaid, and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations.
 - c. Easements. It is intended that townhouse owners and condominium owners have either interests in or easements over and to all common areas consistent with what the law, or these covenants, will allow in that regard. To every extent that an ownership interest is not allowed, or has been conveyed to the Association, an easement is granted, subject to easement rights in other owners, and subject to the rights of the Association to govern and regulate common areas.
 - d. Dedication. The right of the Association to dedicate or transfer all or any 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 signed by two-thirds (2/3) of each class of members agreeing to such dedication or transfer has been recorded.
- 2. Delegation of Use. Any owner may delegate, in accordance with the Bylaws, his right of enjoyment to the common area facilities to the members of his family, his tenants, or contract purchasers who reside on the property, or his guests and invitees.
- 3. Owner's Easement for Ingress and Egress. Each owner is hereby granted an easement, which shall run with the land, across the common area as necessary for ingress and egress to his unit. All roads, designated as such upon a filed plat, shall be common areas and shall be deeded to the Association, to be fully maintained by it.

ARTICLE III
ASSOCIATION MEMBERSHIP AND PROPERTY RIGHTS

- 1. Association Membership. The Association to be formed by the Declarant shall be a nonprofit corporation, and shall have as members the owner of each unit. Membership shall be appurtenant to and shall not be separated from ownership of any unit. Members shall participate in a manner prescribed by any Declaration and the Bylaws of the Association, and the resolutions of its Board

of Directors. The Association's purpose is to control, maintain and improve the common area and exteriors of the townhouses and the common elements of any condominium, plus provide services and facilities to the owners as it may determine, or as may be required by law.

2. Property Rights. Every owner shall have a right to and easement for enjoyment of the common area and such shall be appurtenant to and shall pass along with title to every unit subject to the following provisions:
 - a. The rights of the Association to charge reasonable admission and other fees for the use, care, maintenance and improvements of the common area and the furnishing or providing of services and facilities to the property and owners thereof; and specifically the rights of the Association to govern and regulate the use of the marina area, when added to the project.
 - b. The rights of the Association to place liens on units whose owners fail to pay a fee or assessment as set forth hereinafter.
 - c. In the event the Association fails to maintain the common area as herein provided, the right of the Board of County Commissioners, Flathead County, Montana, to perform said maintenance and charge the owners for any costs thereof and place liens on the property for failure of the owner to pay said costs.
 - d. Each Owner shall be responsible to notify the Secretary of the Association of any transfer of ownership. Every transfer of property shall be subject to a fee of \$500.00 payable to the Association by the Buyer.
3. Assessment Liens. Assessments made by the Homeowner's Association for taxes and for the maintenance, expenses and improvement of the common areas shall be a lien against the units, and may be enforced by judicial process, including the right to recover all costs of collection and reasonable attorney's fees, subject to the following exceptions and provisions.
 - a. The holder of the first mortgage or trust indenture, upon request, is entitled to written notification from the Association of any default in the performance of the individual unit borrower of any obligation to the Association which is not cured within sixty (60) days.
 - b. Any holder of a first mortgage or trust indenture who obtains title to a unit pursuant to the remedies provided in the mortgage or trust indenture, or by foreclosure of the mortgage or trust indenture, or by deed (or assignment) in lieu of foreclosure, will not be liable for such unit's unpaid dues or charges which accrue prior to the acquisition of title to such unit by the holder of the mortgage or trust indenture.
 - c. No "right of first refusal" may be created by the developer, Association or any one or combination of owners of units that will be effective as against the holder of a first mortgage or trust indenture.
 - d. Unless at least seventy-five percent (75%) of the holders of first mortgages and trust indentures (based upon one vote for each unit affected) or owner (other than the developer) of the individual units in Sunset Point have given their prior written approval, the Association shall not be entitled to:
 1. By act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the common property owned directly or indirectly by the Association for the benefit of the units in Sunset Point. The granting of easements for public utilities or for other public purposes consistent with the intended use of such common property shall not be deemed a transfer within the meaning of this clause. This shall not apply to condominium property that is governed by the Unit Ownership Act.
 2. Change the method of determining the obligations, assessments, dues or other charges that may levied against a unit owner.
 3. By act or omission, change waive or abandon any scheme of regulation, or enforcement thereof, pertaining to the architectural design or the exterior appearance of units, the exterior maintenance of units, the maintenance of the common property, streets, driveways, lawns and landscape plantings.
 4. Fail to maintain fire and extended coverage insurance on any insurable property on a current replacement cost basis in an amount not less than 100% of the insurable value (based on current replacement cost.)

- e. The holders of delinquent first mortgages or trust indentures shall have the right to examine the books and records of the Association or any successor thereto which owns the common property of Sunset Point.
- f. The holders of the first mortgages or trust indentures on units may, jointly or singly, pay taxes or other charges which are in default, and which may or have become a charge against any common property, and may pay overdue premiums on hazard insurance policies or secure new hazard insurance coverage upon the lapse of a policy for such common property, and the holders of first mortgages or trust indentures making such payments shall be owed immediate reimbursement therefore from the Association. Upon request the Association will execute an agreement in favor of all holders of first mortgages or trust indentures on units in Sunset Point and deliver the original or a certified copy of such agreement to such holder.
- g. No action may be taken by the developer, by the Association, or any successor entity that would have the effect of giving the unit owners or any other party priority over any rights of the holders of first mortgages or trust indentures pursuant to their mortgages or trust indentures, in the case of a distribution to townhouse unit owner of insurance proceeds or condemnation awards for losses to or a taking of any common property.
- h. All assessments shall be apportioned equitable amongst the units. Such may be on a per unit basis, square footage basis, a combination thereof, or whichever basis the Board of Directors, in its sole discretion, deems equitable. Such assessments shall include an adequate reserve fund for taxes, maintenance, repairs and replacements of those common elements or common property that must be replaced on a periodic basis, in order that such costs may be included in regular monthly installments rather than by special assessments.
- i. In the event any provision of this Article III appears to be inconsistent with or contradictory to any other provision of these covenants, Article III shall control. However, any inconsistent statute shall be controlling.
- j. Amendment. The provisions of this Article may be amended at any time by an instrument signed by not less than seventy-five percent (75%) of the owners.

ARTICLE IV
ASSOCIATION VOTING RIGHTS

1. Voting Rights. The Association shall have two classes of voting membership:

Class A. Class A members shall be all owners (with the exception of the Declarant until conversion of Declarant's class B Membership) and shall be entitled to one vote for each unit owned. When more than one person holds an interest in any unit, all such persons shall be members. The vote for such unit shall be exercised as the owners thereof among themselves determine, but in no event shall more than one vote be cast with respect to any unit. If the owners cannot determine their vote within a reasonable time, it shall be counted as an abstention.

Class B. The Declarant or its successors or assigns, shall be the Class B member and shall be entitled to three (3) votes for each lot or unit owned. The Class B membership shall cease and be converted to Class A membership when ownership of all units shall pass from Declarant to any owner other than Declarant, unless to a successor or assign of Declarant, where such rights are reserved and then shall be converted only after all planned phases of Sunset Point are in existence and the remaining Class B votes are 25% or less of the total votes.

Nothing contained herein shall preclude the Declarant from adding property pursuant to the provisions of Article XIV, or otherwise pursuant hereto, and all property so added shall be included in the determination of the ownership for voting purposes.

ARTICLE V
COVENANT FOR MAINTENANCE ASSESSMENTS

1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each unit owned within the properties, hereby covenants, and each owner of any unit by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges, (2) special assessments for capital improvements, as provided in Paragraph 4 hereof, (3) an amount sufficient to indemnify and hold the Association harmless from all obligations undertaken or incurred by the Association at or on account of an individual owner's special request and to repay the Association for all expenditures on account thereof, and (4) an amount sufficient to reimburse the Association for the cost of performing an obligation of an owner hereunder which he has failed to timely pay or perform. The aforesaid obligations together with interest, taxable court costs, reasonable attorney's fees and all other collection expenses, shall be a charge and a continuing lien upon the unit against which each such assessment is made, or with reference to which each such charge is incurred. Each assessment or charge together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the owner of such unit at the time when the assessment fell due or charge was incurred. The personal obligation for delinquent assessments or charges shall not pass to his successors in title unless expressly assumed by them.
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 in the properties and for the improvement and maintenance of the common area or common elements, and of the buildings and open spaces situated upon the properties.
3. Annual Assessment. Until January 1 of the year immediately following the conveyance of the first unit to an owner, the maximum annual assessment shall be \$500.00 per unit. From and after January 1 of the year immediately following the conveyance of the first unit to an owner, the maximum annual assessment shall be as determined by the Board of Directors.
4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the common area, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of members who are voting in person or by proxy at a meeting duly called. The Board of Directors shall have the authority to levy a special assessment of up to \$1,000.00 per unit per year without a two-thirds (2/3) vote of members.
5. Notice and Quorum for any Action Authorized Under Paragraph 4. Written notice of any meeting called for the purpose of taking any action under Paragraph 4 shall be sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At such meeting called, the presence of members or their proxies entitled to cast fifty percent (50%) of all votes of each class of membership shall constitute a quorum.
6. Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all units and may be collected on a monthly basis. This provision shall not preclude the Association from making a separate or additional charge to an owner for an account of special services or benefits rendered, conferred or obtained.
7. Date of Commencement of Annual Assessments and Dues. The annual assessments provided for herein shall commence as to all units on the first day of the month following the occupation of the unit by a purchaser or tenant; provided however, that any unit which remains unoccupied for a period of six (6) months after it is completed shall be subject to assessment which shall be paid by the owner, including the Declarant if it is still the owner. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors of Directors shall fix the amount of the annual assessment against each unit at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment and of any special charges shall be sent to every owner subject thereto. The due dates shall be established by the Board of Directors.

The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth when the assessments and charges on a specified unit have been paid.

8. **Effect of Nonpayment of Assessments: Remedies of Association.** Any assessment or charge 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 bring an action at law against the owner personally obligated pay the same, or foreclose the lien against the property. No owner may waive or otherwise escape liability for the assessments or charges provided for herein by nonuse of the common area or abandonment of his unit.
9. **Subordination of the Lien to Mortgages and Deeds of Trust.** The lien of the assessments and charges provided for herein shall be subordinate to the lien of any first mortgage or first deed of trust. Sale or transfer of any unit shall not affect the lien for assessments or charges. However, the sale or transfer of any unit pursuant to foreclosure of a first mortgage or first deed of trust (including without limitation the exercise by the trustee of an owner of sale thereunder) or any proceeding deed in lieu thereof, shall extinguish the lien of such assessments or charges as to payment which became due prior to such sale or transfer. No sale or transfer shall relieve such unit from liability for any assessments or charges thereafter becoming due or from the lien thereof.

ARTICLE VI **MAINTENANCE**

1. **By Association.** In addition to maintenance upon the common area or common elements, the Association shall provide exterior maintenance upon each unit which is subject to assessment hereunder, as follows: paint, repair, replace and care for exterior walls, roofs, gutters, downspouts, exterior building surfaces and other such exterior improvements. Such exterior maintenance shall not include improvements built or placed by an owner within a patio or yard space or repairs or replacements caused by any of the perils covered by a standard form fire insurance policy with extended coverage endorsement thereon, or caused by flood, earthquake or other Acts of God, including, but not limited to glass surfaces, air conditioning units, trees, shrubs, grass, walks, driveways, parking areas, or landscaping.
2. **Necessitated by Owner.** In the event that the need for maintenance or repair is caused through the willful or negligent act of the owner, his family, or guests, or invitees, the cost of such maintenance or repairs shall be added to and become part of the assessment to which such unit is subject.
3. **By Owner.** Except as provided in Paragraph 1 or this Article, all maintenance items including party walls between units shall be the responsibility of each unit owner; provided however, that if a unit shall fail to maintain or make the repairs or replacement which are the responsibility of such unit owner, and which are unsightly or a hazard or necessary for the good of all, then, upon vote of a majority of the Board of Directors, and after not less than (30) days written notice to the unit owner, the Association shall have the right (but not the obligation) to enter upon or into the lot or unit and provide such maintenance or make such repairs or replacements, and the cost thereof shall be payable to the Association by the said unit owner, and shall be enforceable by lien aforesaid.
4. **Access at Reasonable Hours.** For the purpose of performing the maintenance authorized by this Article, the Association's agents or employees shall have the right after reasonable notice to the unit owner, to enter upon a lot or unit or upon any portion of the common areas, at reasonable hours. Such notice is not required in the event of an emergency.

ARTICLE VII
DUTIES AND POWERS OF THE OWNER'S ASSOCIATION

1. **Duties and Powers.** In addition to the duties and powers enumerated in its Articles of Incorporation and Bylaws, or elsewhere provided for herein, and without limiting the generality thereof, the Association shall:
- A. **Common Areas.** Maintain and otherwise manage all of the common elements and/or the common areas and all facilities, roads, improvements and landscaping thereon, parks and playgrounds, storm water treatment and detention basins and other drainage facilities, and all property that may be acquired by the Association, in accordance with the uses set forth for said elements, areas and facilities in the Final Plat.
 - B. **Furnishings and Equipment.** Obtain and maintain for the common areas, and its use and recreation, such furnishings and equipment, as shall be necessary or proper.
 - C. **Exterior Maintenance.** Maintain the exterior of the units in the manner and subject to the limitations set forth in Article VI.
 - D. **Utilities, Refuse Collection.** Have the authority to obtain for the benefit of all the owners, all utility services, including but not limited to water, gas, sewer, electricity, and refuse collection, and to the extent not separately charged or metered, for the individual units upon the owner's request and promise to pay therefore.
 - E. **Legal and Accounting Services.** Have the authority to obtain legal and accounting services necessary or proper for the operation of the project or the enforcement of these Covenants or any other Covenants or Declarations pertaining to Sunset Point.
 - F. **Easements.** Grant easements where necessary for utilities and sewer facilities over the common areas to serve the common areas and the units.
 - G. **Employ.** Have the authority to employ a manager or other persons and to contract with independent contractors or managing agents to perform all or any part of the duties and responsibilities of the Association.
 - H. **Contingency Fund.** Have the power to establish and maintain a working capital and contingency fund in the amount to be determined by the Board of Directors of the Association. Said fund shall be used by the Association as the Directors shall deem fit to carry out the objectives and purposed of the Association, and shall be added to and made a part of the regular assessments provided for in Paragraph 3 of Article V hereof.
 - I. **Purchase Insurance.** Have the power to purchase insurance for either the common areas and common elements, and all or any part of the units for such risks, and with such companies, and in such amounts as the Board of Directors of the Association shall determine and to assess the premium costs thereof in any manner that the Board of Directors shall deem to be equitable. Premium costs for risks associated with the common area or common elements, shall be part of the uniform assessment provided in Article V and risks associated with individual units shall be special assessments attaching only to such units.
2. **Liability Insurance.** Public liability and common area property damage insurance shall be purchased by the Board, or acquired by assignment from Declarant, as promptly as possible following its election, and shall be maintained in force at all times, the premium thereon to be paid out of the Association's funds. The insurance shall be carried in reputable companies authorized to do business in Montana. The minimum amounts of coverage shall be \$500,000.00 for personal injury to any one person; \$1,000,000.00 for personal injury to any number of persons sustained in anyone accident or mishap, and \$100,000.00 property damage. The policy shall name the Declarant, the Association, its directors, officers, employees and agents in the scope of their employment, as insured. This policy shall insure against, but may not be limited to, injury or damage occurring in the common area or common elements.
- A. **Fire Insurance – Master Policy for Common Area.** A master or blanket fire insurance Policy shall also be purchased or acquired by the Board as promptly as possible following its election, and shall thereafter be maintained in force at all times, the premium thereon to be paid out of the Association's funds. Said insurance shall be carried with reputable companies qualified to do business in the State of Montana, and shall insure against loss from fire and other hazards therein covered, for the full insurable value of all of the permanent improvements upon the common area and common elements and condominium units, as well

as the townhouses themselves, if desired by the Board. Said policy may contain extended coverage and replacement costs endorsements, if available, as well as vandalism and malicious mischief coverage, special form endorsement, stipulated amount clause, and a determinable cash adjustment clause, or a similar clause or clauses to permit cash settlement covering full value of the improvements in the event of partial destruction. The policy shall be in such amounts as shall be determined from time to time by the Board. The policy shall name all owners and mortgages of the subject property, or any of it, as insured's, as their respective interests may appear.

- B. **Other Insurance.** The Board of Directors of the Association may purchase additional insurance as the Board may determine to be advisable including, but not limited to, workman's compensation insurance, demolition insurance to remove improvements that are not rebuilt, fidelity bonds, and insurance on Association owned personal property. All premiums therefore shall be paid out of the Association's funds.
 - C. **Owner's Additional Insurance.** An owner may carry such personal liability and property damage insurance respecting his individual unit, as he may desire; however, any such policy shall include a waiver of subrogation clause against the Association and all other owners.
 - D. **Mortgagee's Rights.** With respect to insurance coverage under paragraph "A" hereof, any mortgagee of record shall have the option to apply insurance proceeds payable to it in reduction of the obligation secured by its mortgage.
3. **Damage and Destruction; Reconstruction.** If any permanent improvement comprising a part of the properties, whether owned by an individual owner or by the Association, shall be damaged by fire or other casualty covered by insurance, the proceeds of all such insurance policies shall be paid to the Association to be applied as hereinafter provided. If the damage or destruction shall be to one or more units, the Board of Directors of the Association shall enter into a contract for the repair or reconstruction of the damaged improvements, upon such terms as the Board feels is in the best interest of the individual owner as well as the Association. In the event that the proceeds from the insurance policies payable as a result of the loss to an individual unit shall be insufficient for the repair or reconstruction of such unit, the deficiency shall be promptly paid by the owner of such unit, failing which, such amount shall become a special charge and assessment against such unit pursuant to the provisions of Article V hereof. In the event of damage or destruction of any common elements or improvements upon the common area, the Board of Directors shall contract for repair or reconstruction of such improvements and if the proceeds of any insurance policies payable as a result of such loss are insufficient for such repair or reconstruction, the deficiency shall be the subject of a special assessment which shall be approved by a vote of the owners as provided in Article V hereof. The insurance proceeds shall be paid to the contractor or contractors designated by the Board at such times and upon such obligations as may be designated by the Board. All repair or reconstruction shall be made in accordance with original plans and specifications therefore, or according to such revised plans and specifications as may be approved by the Board of Directors of the Association, subject to architectural review required under existing recorded documents.

In the event that improvements in and upon the common areas or common elements, shall not be rebuilt because the cost of rebuilding shall exceed the available insurance proceeds, and the members shall fail to approve a special assessment to cover the deficiency, the Board of Directors shall then cause any remaining portion of such improvement to be removed and the area cleared and landscaped in the most efficient and aesthetically pleasing manner possible. In the event that more than one individual unit shall be substantially destroyed by fire or other casualty, and in the further event that at least sixty-six and two-thirds (66 2/3) percent of both classes or membership provided herein shall approve, the damaged and destroyed improvements shall not be rebuilt but rather the remaining portions thereof shall be removed, the land cleared and the lots occupied by such removed improvements shall, with the consent of the owners thereof, be removed from the properties subject to this Declaration. Such destruction or rebuilding of a condominium unit or units shall be governed by the Unit Ownership Act.

If the Board of Directors of the Association shall fail to proceed in good faith with the repair or reconstruction of any damaged or destroyed improvement, whether upon an individually owned

lot or upon common area or condominium, and in any event, if reconstruction of an individual unit or condominium is not commenced within sixty (60) days after the casualty occurs and the insurance proceeds are received, the owners of such damaged improvement may proceed to negotiate and execute a contract for such repair or reconstruction and the Association which shall receive any insurance proceeds attributable to such loss shall pay such proceeds, to the extent required, to the contractor or contractors selected by such individual owner (s). In the event that the Board of Directors shall fail to proceed in good faith to repair or rebuild damaged or destroyed improvements upon the common areas, any individual owner may call a meeting of the Association upon thirty (30) days notice in writing to all owners and such Association may act, through its membership, to proceed upon a simple majority vote of the members present and voting to enter into contracts for the repair and reconstruction of any damaged improvements. The excess of any proceeds, not required to repair or restore an improvement, shall be paid by the Association to the owner or the institution that shall have paid the premium for such insurance coverage.

4. **Other Duties and Powers.** The Association and its Board of Directors acting in its behalf shall obtain, provide and pay for any other materials, supplies, furniture, labor, services, maintenance, repairs, structural alterations, insurance, or pay any taxes or assessments which the Board is required to secure or pay for pursuant to the terms of these Covenants or by law or which in its opinion shall be necessary or proper for the operation of the project or for the enforcement of these Covenants or other Declarations pertaining to Sunset Point, provided that if any such materials, supplies, furniture, labor, services, maintenance, repairs, structural alterations, insurance, taxes or assessments are specially provided for particular units, the cost thereof shall be specially assessed to the owners of such units. The Association may likewise pay any amount necessary to discharge any lien or encumbrance levied against the entire properties or any part thereof which may, in the opinion of the Board constitute a lien against the common areas, rather than merely against the interests therein of a particular owner, provide that where one or more owners are responsible for the existence of such lien, they shall be jointly and severally liable for the cost of discharging it, and any costs incurred by the Board by reason of said lien or liens, shall be specially assessed to said owners.

ARTICLE VIII **UTILITIES**

1. **Rights and Duties of Townhouse Unit Owners.** The rights and duties of the townhouse unit owners with respect to sanitary sewer, water, electricity, gas and telephone lines and facilities shall be governed by the following:
- A. **Easement.** Wherever sanitary sewer or water connections or electricity, gas, telephone or other similar lines or pipes are installed within the properties, which connections, lines or pipes, or any portion thereof, lie in or upon lots owned by other than the owner of a unit served by said connections, lines or pipes, the owners of any unit served by said connections, lines or pipes shall have the right, and are hereby granted an easement to the full extent necessary therefore, at reasonable hours, to enter upon the lot within the properties in or upon which said connections, lines or pipes, or any portion thereof lie, to repair, replace and generally maintain said connections, lines and pipes, as when the same may be necessary.
 - B. **Common Connections, Lines or Pipes.** Wherever sanitary sewer or water connections, or electricity, gas or telephone lines or pipes, are installed within the properties, which connections serve more than one unit, the owner of each unit served by said connections, lines and pipes shall be entitled to the full use and enjoyment of such portions of said connections, lines and pipes as service his unit.
 - C. **Resolution of Disputes.** In the event of a dispute between unit owners with respect to the repair or rebuilding of said connections, lines or pipes, or with respect to the sharing of the cost thereof, then, upon written request of one of such owners, addressed to the Association, the matter shall be submitted to the Board of Directors who shall decide the dispute, and the decision of the Board shall be final and conclusive on the parties.
 - D. **Multiple Unit Utility Meters.** In the event that one or more of the units shall be served by water, gas, electricity or other utility through a single meter, the Board of Directors may

establish a fee for such utility service to be paid by each owner in lieu of a separate metered charge for such utility service. Such fee, on a pro-rata basis, shall represent a reasonable estimate of the utility cost of providing service through such meter but such fee may provide for a reserve fund for unusual demand or other contingency. The amount of any fee for utility service shall be assessed and the full amount thereof shall be secured by a lien as provided in Article V and other Articles of this Declaration, apportioned by the Board. In addition to the foregoing, the units shall be subject to an assessment for any Special Improvement District improvements, and each member shall pay to the Association, monthly, an appropriate amount in order to permit the Association to pay each installment of the assessment levied for such Special Improvement District improvements.

2. **Declarant's Easement.** Easements over the properties for the installation and maintenance of electric, telephone, water, gas and sanitary sewer lines, pipes and facilities, and for drainage facilities, as shown on the recorded plat of the properties and as may be hereafter required or needed to service the properties, or any units, are hereby reserved by Declarant, together with the right to grant and transfer the same, and the right to amend the same as each phase of Sunset Point is filed and /or amended.
3. **Condominiums.** Later Declaration of Condominium shall govern the rights and duties of condominium owners as to utilities, easements, and assessments therefore, and the role of the Association and the Board of Directors with relationship thereto.

ARTICLE IX **USE RESTRICTIONS**

In addition to all other covenants contained herein, the use of the lots and each unit thereon is subject to the following:

1. **Restricted Use.** Except as otherwise provided herein, none of the lots shall be used except for residential purposes. No lot shall have more than one unit thereon unless subject to a Declaration of Condominium. No building shall be erected, altered, placed or permitted to remain thereon other than a building or buildings containing condominiums or townhouse-type units used for residential purposes.
2. **Business and Related Use.** No part of the properties (i.e. lots, units or common areas, including the marina area) shall ever be used or caused, allowed or authorized in any way, directly or indirectly, to be used for any agricultural, business, commercial, manufacturing, industrial, mercantile, storing, vending, or other such purposes, provided, however, that Declarant, its successors or assigns, and the owners of any property annexed pursuant to Article XVI, Paragraph 5 hereof, may use the properties for a model site or sites, and display and sales office during the construction and sales period.
3. **Signs.** Without the Board of Director's consent, no sign or billboard of any kind shall be displayed to the public view on any portion of the properties except one sign for each unit, of not more than eighteen (18) inches by twenty-four (24) inches, advertising the property for sale or rent, except signs used by Declarant, its successors or assigns, to advertise the lots and living units for sale during the construction and sales period. Directional signs and street signs relative to the common area may be placed by the Association.
4. **Noxious or Offensive Activities.** No noxious or offensive activity shall be carried on upon any part of the properties, nor shall anything be done thereon which may be, or may become, an annoyance or nuisance to the neighborhood, or which shall in any way interfere with the quiet enjoyment of each of the owners, of his respective unit or which shall in any way increase the rate of insurance.
5. **Restricted Residences.** No structure of a temporary character, trailer, basement, tent, shack, garage, barn, or other outbuilding shall be used on any lot at any time as a residence, either temporarily or permanently.
6. **Vehicles and Recreational Equipment.** No trailer, camper, boat or similar equipment shall be permitted to remain upon any lot or within the properties. Golf carts shall be stored only at places designated for such purposes from time to time. Golf carts or any other powered carts shall not be operated upon walkways intended only for pedestrian walkways.

7. **Animals.** No animals, livestock, or poultry of any kind shall be raised, bred or kept on or within any lot or unit except that dogs, cats or other normal household pets may be kept on or within the lots or units, provided, they are not kept, bred or maintained for any commercial purpose, or in unreasonable numbers. Notwithstanding the foregoing, no animals or fowl may be kept on the properties which result in any annoyance to or are obnoxious to other unit owners or tenants in the vicinity. The Board's decision following any complaint in this regard shall be final.
8. **Drilling and Mining.** No oil drilling, oil development operations, oil refining, quarrying, or mining operations of any kind, shall be permitted upon or in any properties, nor shall oil wells, tanks, tunnels or mineral excavations or shafts be permitted upon the surface of the properties. No derrick or other structure designed for use in boring for water, oil, or natural gas shall be erected, maintained or permitted upon the properties.
9. **Trash.** All rubbish, trash and garbage shall be regularly removed from the properties, and shall not be allowed to accumulate thereon.
10. **Screening and Fencing.** All clotheslines, refuse containers, woodpiles, storage areas and machinery and equipment shall be prohibited upon any lot, unless obscured from view of the adjoining lot and common areas by a fence or appropriate screen approved by the Architectural Committee.
11. **Antennas.** No alteration to or modification of any radio and television antenna system, as developed by Declarant, shall be permitted and no owner may be permitted to construct or use and operate his own external radio or television antenna, without the written approval of the Architectural Committee.
12. **Minimum Rental.** Rentals of less than thirty (30) days are prohibited.

ARTICLE XI
WAIVER OF ENCROACHMENTS

The Declarant and Developer have designed and will build the units to be functional and pleasing aesthetically. Any and all owners waive any objection to such design and any encroachment inherent therein, including but not limited to roof or eave overhangs (and water or wind flowage caused thereby), diminishment of light or air, and such similar encroachments.

ARTICLE XII
PARTY WALLS

1. **General Rules of Law to Apply.** Each wall which is built as a part of the original construction of the homes upon the properties and placed on the dividing line between the lots shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.
2. **Sharing the Repair and Maintenance.** The cost of reasonable repair and maintenance of a party wall shall be shared by the owners who make use of the wall in proportion to such use.
3. **Destruction by Fire or Other Casualty.** If a party wall is destroyed or damaged by fire or other casualty, any owner who has used the wall may restore it, and if the other owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however, to the right of any such owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.
4. **Weatherproofing.** Notwithstanding any other provision of this Article, an owner who by his negligence or willful act causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.
5. **Right to Contribution Runs With Land.** The right of any owner to contribution from any owner under this Article shall be appurtenant to the land and shall pass to such owner's successors in title.
6. **Arbitration.** In the event of any dispute arising concerning a party wall, or under the provisions of this Article, then, upon written request of one of such owners, addressed to the

Association, the matter shall be submitted to the Board of Directors who shall decide the dispute, and the decision of the Board shall be final and conclusive on the parties.

ARTICLE XIII
ARCHITECTURAL CONTROL

1. **Architectural Approval.** No building, fence, wall or other structure shall be commenced, erected or maintained upon the properties, nor shall an exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, color, shape, height, materials, location and other material attributes of the same have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Architectural Committee established pursuant to the provisions of Paragraph 2 of this Article. In the event said Board fails to approve or deny proposed addition or alteration, or its design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with.
2. **Appointment of Architectural Committee.** Declarant shall initially appoint the Architectural Committee, consisting of not less than three (3) members, who shall remain in office until Declarant's Class B membership shall have terminated. From and after such time or event, as the case may be, the Architectural Committee shall be composed of the Board of Directors of the Association or by three (3) or more representatives appointed by the Board, who need not be members of the Association. In the event of the death or resignation of any member of the Committee prior to the time when the Board of Directors of the Association is vested with authority, Declarant shall have the right to appoint such member's successor.

ARTICLE XIV
GENERAL PROVISIONS

1. **Enforcement.** The Association, in the first instance, or any owner, should the Association fail to act within a reasonable time, shall have the right to enforce, by any proceeding at law or in equity, all limitations, restrictions, liens and charges not or hereafter imposed by the provisions of this Declaration, or any amendment hereto. Failure by the Association or by any owner to enforce any limitation, condition, reservation, lien, charge, covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. Deeds of conveyance of said property or any part thereof, may contain the above restrictive covenants by reference is made in such deeds, or any part thereof, each an all such restrictive covenants shall be valid and binding upon the respective grantees. Violators of any one or more of such covenants may be restrained by any court of competent jurisdiction and damages awarded against such violators, provided, however, that a violation of these restrictive covenants or any one or more of them shall not affect the lien of any mortgage or deed or trust now of record or which hereafter may be placed or record upon said lots or any part thereof.
2. **Severability.** Invalidation of any one of these covenants or restrictions, or any portion thereof, by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.
3. **Term.** The covenants and restriction 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 for so long as the property shall continue to be used for residential uses.
4. **Amendment.** The Association may revise these covenants at any time as follows:
 - a. The Board or any owner may propose any revision, addition or deletion of a covenant(s) at any time. For any proposed change, the Board will give written notice of a proposed change to each member of the Association at

- least three weeks prior to the Association's regular annual meeting. The proposed changes may be summarized.
- b. At the annual meeting, the precise, proposed change(s) would be distributed to each member in attendance.
 - c. The Association will discuss the merits of each proposed change.
 - d. The Association will provide each member in attendance with a written ballot for each proposed change.
 - e. The members will vote by secret, written ballot. The ballots will be counted by Association's secretary and by at least one other individual appointed to assist the secretary.
 - f. The results of the ballots will be announced at those meetings, with the number of members voting in favor of the proposed change(s) and the number of members voting against the proposed change(s).
 - g. If seventy-five percent (75%) of those members present vote in favor of a proposed change, then that change has passed and the covenants will be revised to reflect the change.
 - h. The president and secretary shall give written certification, under oath, that these steps have been followed and that a change(s) have been approved.
 - i. The change(s), together with the certification, shall be recorded with the Flathead County Clerk and Recorder's office.
 - j. The effective date of all changes shall be 30 days from the date they are recorded, or as specified within the proposed change.
5. **Adding Additional Land.**
- a. **By Declarant.** As Sunset Point develops in various phases, the land so developed shall be added to the land to which this Declaration is applicable by the recording of a Supplemental Declaration describing the land to be so added and the unit owners thereof shall be subject to the limitations and granted the rights of unit owners specified herein and shall be entitled to membership in the Association. Such addition may include land subjected to the Unit Ownership Act, as a condominium, in which case unit owners shall be so subjected and entitled.
 - b. **With Consent of Owners/Members.** Additional land may be added to the land in Sunset Point at the request of the owners of such additional land and with the consent of 2/3 (based on one vote for each unit) of the members.
 - c. **By Public Authority.** No owner shall protest annexation of the properties, or any portion thereof, by any public body, including but not limited to municipalities and service districts.
6. **Construction.** This Declaration shall be liberally construed to effectuate its purposes of creating a uniform plan and scheme for the development of a townhouse/condominium project and for the maintenance of common recreational facilities and areas. The provisions hereof shall be construed in a manner, which will effectuate the annexation to, and merger into the project of additional land pursuant to Paragraph 5 of this Article. The Article and paragraph headings have been inserted for convenience only and shall not be considered or referred to in resolving questions of interpretation or construction. All terms and words used in this Declaration regardless of the number and gender in which they are used shall be deemed and construed to include any other number, and any other gender, masculine, feminine or neuter, as the context or sense of this Declaration or any Article or paragraph herein may require, with the same effect as if such number and words had been fully and properly written in the required number and gender. Whenever the words and symbol "and/or" are used in this Declaration, it is intended that this Declaration be interpreted and the sentence, phrase or other part be construed in both its conjunctive and disjunctive sense, and as having been written twice, once with the word "and" inserted, and once with the word "or" inserted, in the place of said words and symbol "and/or".

7. **Notices.** Any notice permitted or required to be delivered as provided herein may be delivered either personally or by mail. If delivery is made by mail, it shall be deemed to have been delivered twenty-four (24) hours after a copy of same has been deposited in the United States mail, postage prepaid, addressed to each person at the address given by such person to the Association for the purpose of service of such notice or to the address of the unit of such person if no address has been given. Such address may be changed from time to time by notice in writing to the Association.
8. **No partition or further subdivision.** There shall be no judicial partition of the properties or any part thereof, nor shall Declarant or any owner or other person acquiring any interest in the properties, or any part thereof, seek any such judicial partition, unless and until the happening of the conditions set forth in Article VII, Paragraph 3 hereof shall occur; provided, however, that if any unit shall be owned by two or more co-tenants. This shall not prevent partition of a condominium pursuant to the Unit Ownership Act as long as the resulting owner(s) are members of the Association. No lot or unit shall be further subdivided by any owner or owners thereof.
9. **Easements.** Each lot and the common area shall be subject to an easement for overhangs and minor encroachments by walls, structures and fences upon adjacent lots as constructed by the original builder or as reconstructed or repaired in accordance with the original plans and specifications. In addition, the common area shall be subject to an easement in favor of adjacent lot owners for any slab, driveways, curbs, etc. extending into the common area, all as constructed by the original builder or as reconstructed or repaired in accordance with the original plans and specifications.

IN WITNESS WHEREOF, the undersigned has set its hand and seal the ____ day of _____, 2000.

SUNSET POINT HOMEOWNERS' ASSOCIATION

By: _____
Robert Dundas, President