

DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR FIVE-TWO-FIVE HALL

THIS DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS (the "Covenants") is made this _____ day of _____, 2012, by the TETON COUNTY HOUSING AUTHORITY, a duly constituted Housing Authority established by Teton County, Wyoming pursuant to W.S. §15-10-116, as amended ("TCHA").

ARTICLE 1 – DECLARATION, PURPOSE AND INTENT

1.1 Purpose and Intent. TCHA is the fee simple owner of certain real property located in Teton County, Wyoming, and more particularly described as follows (the "Property"):

Lots 1 through 13 of the Five-Two-Five Hall Townhome Addition to the Town of Jackson, according to that Final Plat, as defined hereafter, such lots being identical with Lots 43 and 44 of the John D. Hall Sixth Addition to the Town of Jackson, Teton County, Wyoming, according to that plat recorded March 6, 2002, as Plat No. 1042, in the office of the Teton County Clerk, Teton County, Wyoming, and Lots 46 and 47 of the John D. Hall Eighth Addition to the Town of Jackson, Teton County, Wyoming, according to that plat recorded October 6, 2003, as Plat No. 1102, in the office of the Teton County Clerk, Teton County, Wyoming.

TCHA intends by the recording of these Covenants to create a general plan of development for the neighborhood known as Five-Two-Five Hall. These Covenants provide for the overall development, administration, maintenance and preservation of the real property now or hereafter comprising the Property. An integral part of the development plan is the creation of the Five-Two-Five Hall Homeowners' Association to administer and enforce these Covenants and the other Governing Documents referred to in these Covenants. TCHA shall retain ownership in the Property and shall convey a leasehold interest in a Lot to a Homeowner separate and apart from the conveyance by TCHA of the Unit to such Homeowner.

1.2 Declaration and Adoption of Covenants. TCHA hereby declares that the Property shall be owned, sold, conveyed, encumbered, used, occupied and developed subject to these Covenants. The Covenants shall run with the title to the Property and any Lot thereof, and shall be binding upon all parties having or acquiring any legal or equitable interest in the Property or any part thereof, and shall insure to the benefit of every owner of any part of the Property, and shall also be enforceable as equitable servitudes.

The Covenants shall be enforceable in perpetuity by TCHA, the Association, any owner or lessee of a Lot, any Homeowner, and the respective legal representatives, heirs, successors, and assigns of such persons.

1.3 Governing Documents. The Governing Documents, as defined hereafter, create a general plan of development and use for the Property which may be supplemented as set forth herein. Nothing in this Section shall preclude the adoption of any Supplemental Declaration or other recorded covenants applicable to any portion of the Property from containing additional restrictions or provisions that are more restrictive than the provisions of these Covenants. The Association shall enforce this Declaration and any Supplemental Declaration.

All provisions of the Governing Documents shall apply to all Lot owners and Homeowners as well as their respective family members, guests and invitees.

If any provision of these Covenants is determined by judgment or court order to be invalid, or invalid as applied in a particular instance, such determination shall not affect the validity of the remaining provisions of these Covenants, which shall remain in full force and effect.

ARTICLE 2 – DEFINITIONS

The terms used in the Governing Documents shall generally be given their natural, commonly accepted definitions unless otherwise specified. Capitalized terms shall be defined as set forth below:

2.1 “Association”. The Five-Two-Five Hall Homeowners’ Association, a Wyoming nonprofit corporation, its successors or assigns.

2.2 “Base Assessment”. Assessments levied on all Units subject to assessment under Article 8 to fund Common Expenses.

2.3 “Board of Directors” or “Board”. The Board of Directors of the Association, responsible for the administration and enforcement of the terms and conditions of the Covenants and any Supplemental Declaration.

2.4 “Certificate of Standards”. That certain *“Affidavit and Agreement between the Town of Jackson, Teton County, Wyoming and the Teton County Housing Authority Relating to a Planned Unit Development Pursuant to Ordinance No. 536, Section 2170 of the Town of Jackson Land Development Regulations,”* recorded in the Office of the Teton County Clerk, Teton County, Wyoming, on October 4, 2011, Doc 0802222, Book 790, Pages 937 – 976.

2.5 “Common Elements”. The General Common Elements and the Limited Common Elements.

2.6 “Common Expenses”. The actual and estimated expenses incurred, or anticipated to be incurred, by the Association for the general benefit of all Units including any reasonable reserve, as the Board may find necessary and appropriate pursuant to the Governing Documents.

2.7 “TCHA”. The Teton County Housing Authority, a duly constituted Housing Authority established by Teton County, Wyoming pursuant to W.S. §15-10-116, as amended, and its successors or assigns.

2.8 “Final Plat” or “Plat”. The final subdivision plat of Five-Two-Five Hall Addition to the Town of Jackson as approved by the Town of Jackson, Wyoming and as recorded in the applicable real property records of Teton County, Wyoming.

2.9 “General Common Element”. A collective term referring to General Common Element – Parking, General Common Element – Bike, General Common Element – Trash/Recycling, General Common Element – Garden, and including easements, which the Association owns, leases or in which it otherwise holds possessory or use rights for the common use and enjoyment of the Homeowners. General Common Element is sometimes referred to herein as the Common Area.

2.10 “General Common Element - Parking”. All real and personal property located within Lot __ as designated on the Final Plat.

2.11 “General Common Element - Bike”. Those portions of the General Common Elements as designated on the Plat or in these Covenants or in any amendment or supplement thereto, for use as bike storage. General Common Element - Bike may be referred to herein or on the Plat as “GCE - Bike”.

2.12 “General Common Element – Trash / Recycling”. Those portions of the General Common Elements as designated on the Plat or in these Covenants or in any amendment or supplement thereto, for trash and recycling uses. General Common Element – Trash/Recycling may be referred to herein or on the Plat as “GCE – T/R”.

2.13 “General Common Element – Garden”. Those portions of the General Common Elements as designated on the Plat or in these Covenants or in any amendment or supplement thereto, for garden or other functional open space uses. General Common Element - Garden may be referred to herein or on the Plat as “GCE – Garden”.

2.14 “Governing Documents”. A collective term referring to these Covenants and any applicable Supplemental Declaration, the By-Laws, the Articles, any Rules and Regulations adopted by TCHA or the Board as they may be amended.

2.15 “Ground Lease”. The ground lease whereupon a Homeowner is entitled to the occupancy of such Lot, where the lessor of such ground lease is TCHA, as owner of the Lots, or Habitat for Humanity of the Greater Teton Area, Inc., a Wyoming nonprofit corporation (“Habitat”), as sub-lessor from TCHA. The term “Lessor” as used herein shall mean the lessor named in the Ground Lease with respect to a Lot.

2.16 “Homeowner”. One or more Persons who hold the following two real property interests with respect to the same Lot: (i) a recorded leasehold interest to the Lot; and (ii) a recorded fee title interest to the Unit affixed to and situated upon such Lot. The definition of “Homeowner” specifically excludes any party holding an interest merely as security for the performance of an obligation.

2.17 “Limited Common Elements”. A collective term referring to Limited Common Element – Deck, Limited Common Element – Garage, Limited Common Element – Parking, Limited Common Element – Yard, as designated on the Plat or in these Covenants or in any amendment or supplement thereto, for the exclusive use of one or more but fewer than all of the Units. Limited Common Elements may be referred to herein or on the Plat as “Limited Common Element” or “LCE”.

2.18 “Limited Common Elements – Deck” Those Limited Common Elements for the exclusive use of one or more Unit(s) as a deck on the Plat or in these Covenants or in any amendment or supplement thereto. Limited Common Elements – Deck may also be referred to herein and on the Plat as “LCE – Deck” or “LCE – D”.

2.19 “Limited Common Elements – Garage”. Those Limited Common Elements for the exclusive use of one or more Unit(s) as garage on the Plat or in these Covenants or in any amendment or supplement thereto. Limited Common Elements – Garage may also be referred to herein and on the Plat as “LCE – Garage” or “LCE – G”.

2.20 “Limited Common Elements – Parking”. Those Limited Common Elements for the exclusive use of one or more Unit(s) as parking on the Plat or in these Covenants or in any amendment or supplement thereto. Limited Common Elements – Parking may also be referred to herein and on the Plat as “LCE – Parking” or “LCE – P”.

2.21 “Limited Common Elements – Yard”. Those Limited Common Elements for the exclusive use of one or more Unit(s) as yard on the Plat or in these Covenants or in any amendment or supplement thereto. Limited Common Elements – Yard may also be referred to herein and on the Plat as “LCE – Yard” or “LCE – Y”.

2.22 "Lot". A portion of the Property designated on the Final Plat as a "Lot", which shall: (i) be owned by TCHA, and (ii) be leased by TCHA to a Homeowner pursuant to a Ground Lease. The definition of "Lot" specifically excludes the following: (i) the Unit situated upon and affixed to a Lot; and (ii) Lot 13 Common Area as designated on the Final Plat.

2.23 "Master Landscape Plan". The Master Landscape Plan shall be that landscaping plan approval by the Town of Jackson as part of the Town's approval of Five-Two-Five Hall Addition to the Town of Jackson.

2.24 "Member". The Members of the Association shall be the Homeowners.

2.25 "Person". A natural person, a corporation, a partnership, a trustee, or any other legal entity.

2.26 "Public Records". The official records of the County Clerk of Teton County, Wyoming.

2.27 "Qualified Mortgage". A mortgage, a deed of trust to secure debt, or any other form of security instrument affecting title to any Unit or all or any portion of the Property. "Mortgagee" shall refer to a beneficiary of a deed of trust or holder of a Mortgage.

2.28 "Rules and Regulations". The Rules and Regulations are the Rules and Regulations adopted by TCHA and/or the Board pursuant to Section 3.2 hereof.

2.29 "Special Assessment". Assessments levied in accordance with Section 8.3.

2.30 "Specific Assessment". Assessments levied in accordance with Section 8.4.

2.31 "Supplemental Declaration". An instrument filed in the Public Records pursuant to Article 9 which subjects additional property to these Covenants, designates neighborhoods, and/or imposes, expressly or by reference, additional restrictions and obligations on the land described in such instrument.

2.32 "Townhouse" or "Unit". The building improvements affixed to and situated upon a Lot within the Five-Two-Five Hall Addition to the Town of Jackson which shall be sold separately from the Lot and shall be owned in fee by a Homeowner. Each Unit's vertical perimeter boundary on the party wall located between two Units extends to the middle of the party wall. The foundation and basement of each Unit are included within the parameters of the Unit and are part of the Homeownership of the Unit. The definition of "Unit" expressly excludes any pipe, flue, duct, wire, or conduit running through a Unit for the purpose of furnishing utility and similar services to other Units. Each Unit shall be subject to the rights and obligations of the Ground Lease and these Covenants.

ARTICLE 3
RULES AND REGULATIONS / PERMITTED AND PROHIBITED USES

3.1 Framework for Regulation. The Governing Documents establish, as part of the general plan of development and use for the Property, a framework of covenants, easements and restrictions which govern the Property and the Units. However, within that framework, the Board and the Members must have the ability to respond to unforeseen problems and changes in circumstances, conditions, needs, desires, trends and technology which inevitably will affect the Five-Two-Five Hall Addition to the Town of Jackson, owners of Lots and Homeowners. TCHA and the Board have the authority to adopt Rules and Regulations for the use of the Property and any lot thereof.

3.2 Rule Making Authority.

(a) Subject to the terms of this Article and TCHA's and the Board's duty to exercise business judgment and reasonableness on behalf of the Association and its Members, TCHA or the Board may modify, cancel, limit, create exceptions to, or expand any Rules and Regulations adopted by the Board, subject to this Section 3.2(a). The Board or TCHA, respectively, shall send notice by mail to all Homeowners and TCHA (or the Board) concerning any such proposed action at least five (5) business days prior to the meeting at which such action is to be considered. Members and TCHA (or the Board) shall have a reasonable opportunity to be heard at such meeting prior to such action being taken. Such action shall become effective after compliance with Section 3.2(c) below if: (i) approved at a meeting of the Members by more than fifty percent (50%) of the total votes entitled to vote on the matter; and (ii) approved by TCHA.

(b) At least thirty (30) days prior to the effective date of any action taken under subsection (a) of this Section, the Board shall send a copy of the new rule or explanation of any changes to the Rules and Regulations to TCHA specifying the effective date.

(c) At least thirty (30) days prior to the effective date of any action taken under subsection (a) of this Section, the Board shall send a copy of the new rule or explanation of any changes to the Rules and Regulations to each Homeowner specifying the effective date. The Association shall provide, without cost, a copy of the Rules and Regulations then in effect to any requesting Member or Mortgagee.

3.3 Homeowners' Acknowledgement and Notice to Purchasers. All Homeowners are given notice that their Unit is subject to a Ground Lease that contains limitations and restrictions on the occupancy, use and transfer of the Unit, it being the express intent of TCHA that the Property remain a permanently affordable residential neighborhood for income-qualified individuals into the future. All Homeowners are given further notice that occupancy and use of their Unit, the Common Elements and the Limited Common Elements are limited by the Rules and Regulations as they may be adopted, amended, expanded and otherwise modified

hereunder. Each Homeowner, by acceptance of a deed of conveyance for their Unit, acknowledges and agrees that the use and enjoyment and marketability of his or her Unit can be affected by the Governing Documents and the Ground Lease, and that the Rules and Regulations may change from time to time. All purchasers of Units are on notice that that the Rules and Regulations are not recorded in the Public Records. Copies of the Rules and Regulations may be obtained from the Association.

3.4 Limitation of Rule Making Authority / Protection of Homeowners and Others. No rule shall be adopted in violation of the following provisions, some of which define permitted and prohibited uses, except as may be specifically set forth in these Covenants (either initially or by amendment) or in the Rules and Regulations.

(a) Equal Treatment. Similarly situated Homeowners shall be treated similarly by the Board and the Association.

(b) Displays. The rights of Homeowners to display religious and holiday signs, symbols, and decorations inside structures on their Unit(s) of the kinds normally displayed in dwellings located in single-family residential neighborhoods shall not be abridged, except that the Association may adopt reasonable time, place, and manner restrictions with respect to displays visible from outside the dwelling.

No rules shall regulate the content of political signs; however, rules may regulate the time, place and manner of posting such signs (including design criteria).

(c) Household Composition. No rule shall interfere with the freedom of Owners to determine the composition of their households, provided, however, that the occupancy of each Unit shall be in accordance with the Ground Lease and all applicable laws, codes, ordinances, rules and regulations applicable to the Property.

(d) Activities within Dwellings. No rule shall interfere with the activities carried on within the confines of dwellings, except that the Association may prohibit activities not normally associated with property restricted to residential use, and it may restrict or prohibit any activities that create monetary costs for the Association or other Homeowners, that create a danger to the health or safety of occupants of other Units, that generate excessive noise or traffic or parking, that create unsightly conditions visible outside the dwelling, or that create an unreasonable source of annoyance or regular foot-traffic through the Property. This provision is specifically intended to prohibit any home office use that has regular comings and goings by customers of the Homeowner. Home daycare operations are specifically prohibited in any Unit.

(e) Insurance Rates. Nothing shall be done or kept on the Property which would increase the rate of insurance or cause the cancellation of insurance on any Lot or any of the improvements located upon any Lot or the Common Area without prior written approval of the Board.

(f) Allocation of Burdens and Benefits. No rule shall alter the allocation of financial burdens among the various Units to the detriment of any Homeowner over that Homeowner's objection expressed in writing to the Association. This provision does not affect the right to increase the amount of assessments or to levy Specific Assessments as provided by Article 8.

(g) Alienations. No Unit may be rented or leased in whole or in part. The transfer of any Unit is subject to the terms of the Ground Lease.

(h) Abridging Existing Rights. If any rule would otherwise require Homeowners to dispose of personal property which they maintained in or on the Unit prior to the effective date of such rule, or to vacate a Unit in which they resided prior to the effective date of such rule, and such property was maintained or such occupancy was in compliance with these Covenants and all rules previously in force, such rule shall not apply to any such Homeowners without their written consent.

(i) Unsightliness. The Limited Common Elements, including parking spaces, garage spaces, hallways, stairs, decking, walkways, sidewalks and patios, shall be kept in a neat and orderly fashion at all times. No exterior area may be used for the storage of recreational equipment, toys or other equipment.

The limitations in subsections (a) through (i) of this Section shall only limit rulemaking authority exercised under Section 3.2; they shall not apply to amendments to these Covenants adopted in accordance with other provisions of these Covenants.

3.5 Permitted Uses. The Units shall be used only for single-family, Homeowner occupied residential use as set forth in these Covenants and the Ground Lease, and incidental activities related to residential use as are permitted by the Ground Lease, applicable zoning and land use regulations.

3.6 Prohibited Uses. The following uses are prohibited on the Common Area and the Lots:

(a) Non residential uses, except for home occupation uses permitted by the Ground Lease applicable zoning and land use regulations.

(b) The construction or location of any buildings, decks, patios, structures or accessory structures except for the Units.

(c) Dredging, mining, excavation, or the exploration for, extraction or processing of oil and gas or minerals, or the removal or processing of rock, sand and gravel.

(d) Off-road use of vehicles and off-trail use of any form of motorized transportation, except for the use of vehicles to respond to emergencies.

(e) The construction of any roads, driveways, and parking areas or places not depicted on the Final Plat, except as may be reserved by TCHA herein or on the Final Plat

(f) The storage of recreational vehicles or equipment (including, but not limited to boats, campers, and motor homes), furniture, and any other items or structures, and the dumping or storing of ashes, trash, garbage, junk, or other unsightly or offensive materials.

(g) Clearing, grading or other movement of the natural topography of the land except such clearing for safety purposes (e.g. deadfall along roads, or next to other structures), or clearing for the fire safety based on an improved fire management plan.

(h) The storage of garbage except in designated spaces within the General Common Element – Trash/Recycling as designated on the Final Plat. No garbage or other materials shall be set out in such a manner to allow persons, vehicles, animals, or weather to scatter such garbage or other materials among the Property

(i) Vehicle Parking, Storage, Operation and Repair.

1. No boats, trailers, buses, motor homes, campers (on or off supporting vehicles), trucks, snowmobiles, recreational vehicles, golf carts, abandoned or inoperable vehicles (as defined below), or any other similar vehicles (excepting operating passenger automobiles and one ton or smaller trucks) shall be stored in or upon the Limited Common Elements or Common Area within the Property, and no vehicle of any kind shall be maintained, repaired, repainted, serviced or rebuilt on any Limited Common Elements or Common Area. This restriction shall not prevent the non-commercial washing and polishing of vehicles and boats, together with activities normally incidental thereto in the LCE – Parking or LCE - Garage.

2. An “abandoned or inoperable vehicle” shall mean any motorized vehicle which does not display a current valid motor vehicle license and registration tag or which has not been driven under its own propulsion for a period of two (2) weeks or longer (excepting otherwise permitted vehicles parked by Unit Homeowners or occupants on their Unit Limited Common Element - Parking while on vacation or during a period of illness), or which does not have an operable propulsion system within the vehicle.

3. In the event that the Board shall determine that a vehicle is abandoned or inoperable, or is otherwise in violation of the provisions of this Section, a written notice of violation describing said vehicle shall be personally delivered to the vehicle Homeowner (if such Homeowner can be reasonably ascertained) or shall be conspicuously placed upon the vehicle (if the Homeowner cannot be reasonably ascertained), and if the

offending vehicle is not removed within seventy-two (72) hours thereafter, the Board shall have the right to have the offending vehicle removed and stored, at the sole expense of the Homeowner of the Unit number associated with the Limited Common Element on which the vehicle is located and to enter upon such LCE for such purpose, all without liability on the part of the Board.

4. Parking of vehicles in designated Limited Common Element – Parking or Limited Common Element – Garage as specified on the Final Plat shall be permitted.

(j) Except as permitted in the Certificate of Standards, no fence, gate, hedge or wall shall be erected or maintained on any Lot.

(k) No hot tubs are permitted on any Lot or Limited Common Element.

(l) Bicycle storage shall be in the LCE – Bike area as designated on the Plat, and each Homeowner shall maintain such storage area in a neat and clean manner. Each Homeowner shall be entitled to store no more than two (2) bikes in such area.

(m) Use of all other services and amenities on the Property, including, but not limited to the Common Area, shall be managed by the Association and be subject to the Rules and Regulations.

(n) No hunting or discharge of firearms shall be permitted on any portion of the Property. No discharge of firecrackers or other fireworks shall be permitted on any portion of the Property; provided, however, the Board shall have no obligation to take action to prevent or stop such discharge.

(o) No exterior radio, television, microwave or other antenna or antenna dish or signal capture and distribution device shall be permitted outside any Unit, on the exterior of any building and/or within the LCE-Deck or LCE-Yard. Notwithstanding the foregoing, the Association may install one or more exterior radio, television, microwave or other antenna or antenna dish or signal capture and distribution device for each building.

(p) The following items are prohibited from being attached, stored and/or erected in any manner by a Homeowner on or within the Limited Common Elements or within the General Common Elements: sunshades, bicycles or any other recreational device (including kayaks, ski equipment or playground equipment and toys), trash containers, decorative flags, prayer flags, outside clothing lines or other outside clothes drying or airing facilities, or any similar items, and paint, highly flammable materials, food products and any item that attracts vermin or produces an odor..

3.7 Domestic Animals. Except as specifically permitted below or by the Rules and Regulations, no animals, reptiles, primates, fish, fowl or insects of any kind shall be kept, raised, bred, maintained or boarded within or upon any part of the Property or a Unit.

Notwithstanding the foregoing, each Unit shall be entitled to a maximum of two Household Pets. The term Household Pet(s) means generally recognized Household Pets such as dogs, cats, fish, birds, rodents, and non-poisonous reptiles. Pets may not be kept for any commercial purpose, may not be kept in unreasonable numbers, may not cause an unreasonable amount of noise or odor, and may not otherwise become a nuisance to other Unit Homeowners. All Homeowners with Household Pets shall keep the animals restrained and controlled at all times so they do not cause a nuisance to others and do not harass or endanger others. "Nuisance" means any noisy animal, any vicious animal, or any animal which chews, tears, digs in or scratches, litters or soils, destroys, or in any other manner injures clothing, garbage containers, gardens, flower beds, lawns, trees, shrubbery, or any other property within the Property. Excessive, continued, or untimely barking, molesting passersby, chasing vehicles, habitually attacking other animals, trespassing upon private property in such a manner as to damage property shall also be deemed a Nuisance. "Noisy Animal" means any animal which habitually, constantly, or frequently disturbs the sleep, peace, or quiet of any person

No Homeowner or keeper of any animal who is visiting or working on the Property shall be permitted to allow such animals to run free. Also, no pet or animal shall be restrained by leash, cord, chain, rope, or other attachment fixed to any vehicle, post, tree, or other structure or object within the Property thereby allowing such animal to become a nuisance or interfere with pedestrian or vehicular traffic in and around any public area within the Property. Contractors, sub-contractors and any other person providing services to a Unit may not bring dogs onto the Property.

Food for Household Pets shall be stored in a secure area that cannot be accessed by wildlife.

The Homeowner of a Unit where a Household Pet is kept, as well as the legal owner of the Household Pet (if not such Homeowner), shall be jointly and severally liable for any and all damage and destruction caused by the Household Pet, and for all clean-up of Common Areas including sidewalks, and the Limited Common Elements necessitated by such Household Pet.

The Board shall have, and is hereby given, the right and authority to determine in its sole discretion that Household Pets are being kept for commercial purposes, or are otherwise a nuisance to other Unit Homeowners, or that a Unit Homeowner is otherwise in violation of this Section, and to take such action or actions as it deems reasonably necessary to remedy the violation. Without limiting the generality of the foregoing, the Association may require the Homeowner or custodian of a dog that barks or howls excessively, or of a Household Pet with other offensive habits, to confine such animal indoors. Further, the Association may require a Homeowner, at its own expense, to remove the Household Pet determined by the Association to

be a Nuisance and, upon failure of the Homeowner to do so, the Board or its designee shall have the right to enter the Unit and remove the Household Pet determined to be a Nuisance and any such action shall not be deemed a trespass. If the Board removes a Nuisance Animal, the Nuisance Animal shall be kenneled and the cost therefore shall be levied against the offending Homeowner as a Specific Assessment.

3.8 GCE – Garden. The General Common Area – Garden may be used as a community Garden for the Property which benefits all of the Homeowners. The Association shall determine the use of the GCE- Garden in conformance with the Certificate of Standards initially the area shall be lawn.

3.9 LCE – Garage, LCE - Parking. Each Homeowner shall have the exclusive right to use and enjoy the Limited Common Element - Garage and Limited Common Element – Parking designated to such Homeowner’s Unit on the Final Plat, subject to the Association’s easement rights for maintenance, repair and replacement as described elsewhere herein, and shall be required to park vehicles solely in such designated areas.

3.10 Maintenance by Owners. Each Homeowner shall maintain his or her Lot, Unit and any and all improvements thereon, and any and all landscaping situated on the Lot in a manner consistent with the Governing Documents, the Ground Lease, and all applicable covenants. Each Homeowner shall remove all snow, leaves and debris from LCE - Deck and LCE- Yard appurtenant to each Homeowner’s Unit. If any Homeowner fails to maintain, repair and/or replace the items that it is obligated to maintain, repair and replace, TCHA and/or the Association shall be authorized, after providing 14 days prior notice to the Homeowner of such failure, to enter upon the Unit to cure such failure and to assess all costs incurred against the Unit and the Homeowner thereof as a Specific Assessment.

3.11 Homeowner’s Right to General Common Elements and Limited Common Elements. Subject to the limitations contained in these Covenants, each Homeowner shall have the nonexclusive right to use and enjoy the General Common Elements shown on the Final Plat and defined herein. Each Homeowner shall have the exclusive right to use and enjoy the Limited Common Elements designated to such Homeowner’s Unit on the Final Plat, subject to the Association’s easement rights for maintenance, repair and replacement as described elsewhere herein.

3.12 Homeowner’s Rights with Respect to Interiors. Except as provided in these Covenants and the Ground Lease, each Owner shall have the exclusive right to paint, repaint, tile, paper, or otherwise maintain, refinish, and decorate the interior surfaces of the walls, ceilings, floors, doors and clean the exterior and interior surfaces of the windows, all of which form the boundaries of his/her Unit and all walls, ceilings, floors, and doors within such boundaries.

3.13 TCHA’s Right Incident To Construction. TCHA, and Persons it shall select, shall

have the right to ingress and egress over, upon, and across the Common Elements, the right to store materials thereon and to make such other use thereof as may be reasonably necessary incident to the completion of the development of the Property.

ARTICLE 4 - DEVELOPMENT

4.1 General. No structure shall be placed, erected, or installed upon any Lot and, no improvements (including staking, clearing, excavation, grading and other site work, exterior alterations of existing Units, and planting or removal of landscaping materials) shall take place except in compliance with this Article, the Ground Lease, the Certificate of Standards, and the Town of Jackson, Wyoming Land Development Regulations.

Except for the conversion of the unfinished basement in each Unit to habitable space in accordance with these Covenants and the Ground Lease, any increase in habitable space of a Unit (regardless of whether such increase changes or alters the physical structure of a Unit or is visible from the exterior of a Unit) is strictly prohibited.

This Article shall not apply to the development activities of TCHA in accordance with these Covenants.

4.2 Certificate of Standards. All construction to be undertaken with respect to a Unit or Lot shall be in conformance with the Certificate of Standards.

4.3 Conversion Improvement and Other Work.

(a) Conversion Improvement. The unfinished basement in Units located on Lots 4 - 8 may be converted to habitable space in accordance with these Covenants and the Ground Lease. Prior to commencing any conversion work to an unfinished basement in a Unit within the scope of this Section ("Conversion Improvement"), a Homeowner shall submit to the lessor under the Ground Lease an application for approval of the proposed Conversion Improvement in such form as such lessor may specify. Such application may include the submission of any additional information as may be reasonably required by the lessor, which may include without limitation proof satisfactory to lessor, that such Homeowner is financially able to complete the Conversion Improvement. No work on any Conversion Improvement shall commence until the lessor under the Ground Lease has given written approval for the Conversion Improvement.

(b) Obligation to Complete Construction. Once construction of a Conversion Improvement has commenced, it must be completed within six (6) months from the date construction commenced unless otherwise specified in the notice of approval or unless the Board and TCHA grant an extension in writing, which they shall not be obligated to do. Completion of improvements shall mean that a certificate of occupancy has been issued by the

local governing body empowered to do so and that they are in a condition suitable for immediate occupancy by the Homeowner or its occupant.

4.4 No Waiver of Future Approvals. Each Homeowner acknowledges that the persons reviewing applications under this Article will change from time to time and that opinions on aesthetic matters, as well as interpretation and application of the Certificate of Standards, may vary accordingly. In addition, each Homeowner acknowledges that it may not always be possible to identify objectionable features of proposed work until the work is completed, in which case it may be unreasonable to require changes to the improvements involved, but the Board and TCHA or Habitat may refuse to approve similar proposals in the future. Approval of applications or plans for any work done or proposed, or in connection with any other matter requiring approval, shall not be deemed to constitute a waiver of the right to withhold approval as to any similar applications, plans, or other matters subsequently or additionally submitted for approval.

4.5 Variances. The Board, TCHA or Habitat for Lots which it is the lessor under the Ground Lease, may authorize variances from compliance with any of its procedures when circumstances such as topography, natural obstructions, hardship, or aesthetic or environmental considerations require, but only in accordance with the Governing Documents, the Ground Lease, the Certificate of Standards and any applicable law, ordinance, code, rule or regulation applicable to the Property. Such variances may only be granted, however, when unique circumstances dictate and no variance shall (a) be effective unless approved in writing by the Board and TCHA, or Habitat, as the case may be; (b) be contrary to these Covenants; or (c) estop the Board and TCHA from denying a variance in other circumstances. For purposes of this Section, the inability to obtain approval of any governmental agency, the issuance of any permit, or the terms of any financing shall not be considered a hardship warranting a variance.

4.6 Limitation of Liability. The standards and procedures established by this Article are intended as a mechanism for maintaining and enhancing the overall aesthetics of the Property but shall not create any duty to any Person. Review and approval of any application pursuant to this Article is made on the basis of aesthetic considerations only, and the Board and TCHA shall not bear any responsibility for ensuring the structural integrity or soundness of approved construction or modifications, nor for ensuring compliance with building codes and other governmental requirements or compliance with plans and specifications, nor for ensuring that all dwellings are of comparable quality, value or size or of similar design. Neither TCHA, the Association, the Board, any committee, nor member of any of the foregoing shall be held liable for soil conditions, drainage or other general site work, or for any defects in plans revised or approved hereunder, or for any injury, damages, or loss arising out of the manner or quality of approved construction on or modifications to any Unit. In all matters, the Board and all persons comprising the Board shall be defended and indemnified by the Association as provided in Section 7.6.

4.7 Estoppel Certificate. Any Homeowner may request that the Board and TCHA or Habitat issue an estoppel certificate certifying that there are no known violations of this Article. Following review and approval of the request by the Board and TCHA, or Habitat, the Board shall either grant or deny such request within thirty (30) days after receipt of a written request and may charge a reasonable administrative fee for issuing such certificates. Issuance of such an estoppel certificate shall estop the Association and TCHA from taking enforcement action with respect to any condition as to which the Association and TCHA gave approval as of the date of such certificate.

4.8 Standard of Construction. All improvements to the Property made by a Homeowner have been or will be constructed in accordance with all applicable city, county, state and federal building codes and shall meet or exceed the construction standard set by TCHA in the original construction of the Units.

4.9 Enforcement. Any structure or improvement placed or made in violation of these Covenants or the Certificate of Standards shall be deemed to be nonconforming. Upon written request from TCHA or the Board, Homeowners shall, at their own cost and expense, remove such structure or improvement and restore the property to substantially the same condition as existed prior to the nonconforming work. Should a Homeowner fail to remove and restore as required, TCHA, the Association or its designees shall have the right to enter the property, remove the violation, and restore the property to substantially the same condition as previously existed. All costs, together with interest at the maximum rate then allowed by law, may be assessed against the benefited Unit and collected as a Specific Assessment.

All approvals granted hereunder shall be deemed conditioned upon completion of all elements of the approved Conversion Improvement or Other Work and all Conversion Improvement or Other Work previously approved with respect to the same Unit, unless approval to modify any application has been obtained. In the event that any Person fails to commence and diligently pursue to completion all approved Conversion Improvement or Other Work, TCHA or the Association shall be authorized, after notice to the Homeowner of the Unit and an opportunity to be heard in accordance with any procedures adopted by the Board, to enter upon the Unit and remove or complete any incomplete Conversion Improvement or Other Work and to assess all costs incurred against the Unit and the Homeowner thereof as a Specific Assessment.

Any contractor, subcontractor, agent, employee, or other invitee of a Homeowner who fails to comply with the terms and provisions of this Article may be excluded from the Property, subject to the notice and hearing procedures adopted by the Board. In such event, neither TCHA, the Association its officers, or directors shall be held liable to any Person for exercising the rights granted by this paragraph.

In addition to the foregoing, the Association and TCHA shall have the authority and standing to pursue all legal and equitable remedies available to enforce the provisions of this Article.

ARTICLE 5 – MAINTENANCE

5.1 Maintenance of Lots. Each Homeowner shall maintain his or her Lot and any and all improvements thereon and any and all landscaping situated on the Lot within a manner consistent with the Governing Documents and in a manner that meets or exceeds the construction standard set by TCHA in the original construction of the Units. Landscaping originally provided by TCHA, pursuant to the approved Final Development Permit for the Property, shall be maintained by the Homeowner, and as determined necessary by the Board, replaced by such Homeowner.

5.2 Maintenance of Foundations. Each Homeowner is solely responsible for the maintenance and repair of the foundations of its Unit. However, if a licensed structural engineer determines that failure to repair the foundation under one Unit may adversely affect one other Unit in the building, then the cost of the foundation repair will be equally divided by the two Homeowners of the Units. If a Homeowner fails or refuses to pay his share of costs of repair of the foundation, the Homeowner advancing monies has a right to file a claim of lien for the monies advances in the county's real property records, and has the right to foreclose upon the lien as if it were a mechanic's lien. The right of a Homeowner to contribute from one Homeowner to another Homeowner under this Section is appurtenant to the delinquent Homeowner's Unit and passes to the delinquent Homeowner's successors in title. Notwithstanding the foregoing, such Homeowner shall continue to remain personally liable for such any such unpaid amounts.

ARTICLE 6 – THE ASSOCIATION AND ITS MEMBERS

6.1 Function of Association. The Association shall be the entity responsible for management, maintenance, operation and control of the homeowners association created herein. The Association also shall be the primary entity responsible for enforcement of the Governing Documents, except for the Ground Lease. The Association shall perform its functions in accordance with the Governing Documents and applicable law.

6.2 Membership. Every Homeowner of a Unit shall be a Member of the Association. There shall be only one membership per Unit. If a Unit is owned by more than one Person, all co-owners shall share the privileges of such membership, subject to reasonable Board regulation and the restrictions on voting set forth in Section 6.3 and in the By-Laws, and all such co-owners shall be jointly and severally obligated to perform the responsibilities of Homeowners.

6.3 Voting. The Association shall have two-classes of membership. Members shall be Class A and shall have one equal vote for each Unit in which they hold the interest required for membership under Section 6.2. TCHA shall be a Class B Member and shall have one vote on all matters requiring a vote hereunder. All votes shall be cast as provided in Section 6.3(a). TCHA's Class B membership shall expire on the sale of the last Unit to a Homeowner not affiliated with TCHA.

(a) Exercise of Voting Rights. The vote for each Unit owned by a Member shall be exercised by the Homeowner of the Unit. In any situation where there is more than one Homeowner of such Unit, the vote for such Unit shall be exercised as the co-owners determine among themselves and advise the Secretary of the Association in writing prior to the vote being taken. Absent such advice, the Unit's vote shall be suspended if more than one Person seeks to exercise it.

(b) Commencement of Voting Rights. Voting rights as to each Unit shall vest upon transfer of a deed of conveyance of a Unit to a Homeowner.

ARTICLE 7 – ASSOCIATION POWERS AND RESPONSIBILITIES

7.1 Authority of Board.

(a) The Board shall have full power and authority to manage the business and affairs of the Association, and to enforce the provisions of the Governing Documents.

(b) The Board may acquire, hold, and dispose of tangible and intangible personal property, and the Board shall hold, manage, maintain and preserve the Common Area and such other areas designated in these Covenants, including without limitation the Limited Common Elements.

(c) The Board shall be obligated to maintain the Common Area landscaping. As determined necessary by TCHA or the Lessor, the Association shall be obligated to replace the landscaping originally provided on the Common Area by TCHA. This provision shall be specifically enforceable by TCHA so long as these Covenants shall remain in effect and such provision shall not be amended by the Association without the consent of TCHA. If any Homeowner fails to maintain and/or replace the landscaping on such Homeowner's Lot, TCHA and/or the Association shall be authorized, after providing notice to the Homeowner of such failure and an opportunity to cure in accordance with procedures adopted by the Board, to enter upon the Lot to cure such failure and to assess all costs incurred against the Lot and the Homeowner thereof as a Specific Assessment.

7.2 Maintenance.

(a) Common Area. The Association shall maintain the Common Area as it is designated on the Final Plat. The costs associated with maintenance, repair and replacement of the Common Area shall be a Common Expense; provided, the Association may seek reimbursement from the Homeowner(s) of, or other Person responsible for, certain portions of the Common Area pursuant to these Covenants, the Covenant to Share Costs, other recorded covenants, or agreements with the Homeowner(s) thereof. The Association shall adopt rules regarding trash and recycling pickup, snow removal, landscaping and other matters relevant to maintaining the Property in a clean, safe and orderly manner.

(b) Units. The Association shall, for purposes of maintaining the appearance of building improvements, provide maintenance upon the exterior of each Unit located upon a Lot, including but not limited to: paint, repair, replace and care for roofs and exterior building surfaces; provided however, that the Association shall not be required to provide any maintenance to structures added by the Homeowner. Such exterior maintenance shall not include the maintenance, repair or replacement of glass surfaces. Homeowners shall be responsible for and shall be obligated to maintain and repair structures added by such Homeowners, as well as glass surfaces. Any utility services or other types of elements which are utilized in common, such as, but not limited to, sewer or water lines, shall be maintained, repaired and replaced, as needed, by the Association. In the event that the need for maintenance or repair is caused through the willful or negligent act of the Homeowner, such Homeowner's family, guests, or invitees, the cost of such maintenance or repairs shall be added to and become a part of the assessment to which such Lot is subject. The costs associated with maintenance, repair and replacement of the exterior improvements located on each Unit as provided for in this subsection (b) shall be a Common Expense.

(c) Limited Common Elements Maintenance. The maintenance, repair and replacement of all Limited Common Elements shall be the responsibility of the Association and the costs of such maintenance, repair and replacement shall be included in the Common Expenses.

7.3 Insurance.

(a) Required Coverages. The Association, acting through its Board or its duly authorized agent, shall obtain and continue in effect the following types of insurance, if reasonably available, or if not reasonably available, the most nearly equivalent coverages as are reasonably available:

(i) Blanket property insurance covering "risks of direct physical loss" on a "special form" basis (or comparable coverage by whatever name denominated) for all Units and insurable improvements within the Property. If such coverage is not generally available at reasonable cost, then "broad form" coverage may be substituted. All property insurance policies obtained by the Association shall have policy limits sufficient to cover the full replacement costs of the insured improvements (including all Units and garages) under the then current building

ordinance and codes. TCHA shall be named as an additional insured on all policies of insurance covering direct physical loss to any Unit;

(ii) Commercial general liability insurance on the Common Area and Lots, insuring the Association and its Members for damage or injury caused by the negligence of the Association or any of its Members, employees, agents, or contractors while acting on its behalf. If generally available at reasonable cost, such coverage (including primary and any umbrella coverage) shall have a limit of at least three hundred thousand dollars (\$300,000.00) per occurrence with respect to bodily injury and personal injury, and fifty thousand dollars (\$50,000.00) for property damage; provided, should additional coverage and higher limits be available at reasonable cost which a reasonably prudent person would obtain, the Association shall obtain such additional coverages or limits. If the policy does not contain "severability of interest" in its terms, the Association shall acquire an endorsement to preclude the insurer's denial of a Unit Homeowner's claim because of negligent acts of the Association or of other Unit Homeowners; and

(iii) Such additional insurance as the Board, in its best business judgment, determines advisable.

Premiums for all insurance on the Common Area and the Lots shall be assessed by the Board as a Common Expense. Premiums for all insurance on the Units shall be assessed against the Unit Homeowners as a Specific Assessment the cost of which shall be divided pro-rata among the Unit Homeowners according to the square-footage size of each Unit.

(b) Policy Requirements. The Association shall arrange for an annual review of the sufficiency of its insurance coverage by one or more qualified Persons, at least one of whom must be familiar with insurable replacement costs in the Town of Jackson, Wyoming area. All Association policies shall provide for a certificate of insurance to be furnished to the Association and, upon request, to each Member insured.

The policies may contain a reasonable deductible, and the amount thereof shall not be subtracted from the face amount of the policy in determining whether the policy limits satisfy the requirements of Section 7.3(a). In the event of an insured loss, the deductible shall be treated as a Common Expense in the same manner as the premiums for the applicable insurance coverage except for the deductible attributable to the insured loss of an insured Unit the cost of which shall be a Specific Assessment as provided for in Section 7.3(a). However, if the Board reasonably determines, after notice and an opportunity to be heard in accordance with procedures adopted by the Board, that the loss is the result of the negligence or willful misconduct of one or more Homeowners, their guests, invitees, or lessees, then the Board may assess the full amount of such deductible against such Homeowner(s) and their Unit as a Specific Assessment.

All insurance coverage obtained by the Board shall:

(i) Be written with a company authorized to do business in the State of Wyoming;

(ii) Be written in the name of the Association as trustee for the benefited parties, including TCHA.

(iii) Not be brought into contribution with insurance purchased by Homeowners, occupants, or their Mortgagees individually;

(iv) Contain an inflation guard endorsement;

(v) Include an agreed amount endorsement if the policy contains a co-insurance clause;

(vi) Provide a waiver of subrogation under the policy against any Homeowner or family member of a Homeowner;

(vii) Include an endorsement precluding cancellation, invalidation, suspension, or non-renewal by the insurer on account of any one or more individual Homeowners, or on account of any curable defect or violation without prior written demand to the Association to cure the defect or violation and allowance of a reasonable time to cure;

(viii) Include an endorsement precluding cancellation, invalidation, or condition to recovery under the policy on account of any act or omission of any one or more individual Homeowners, unless such Homeowner is acting within the scope of its authority on behalf of the Association;

(ix) Provide that the policy will be primary, even if a Unit Homeowner has other insurance that covers the same loss.

In addition, the Board shall use reasonable efforts to secure insurance policies which list the Homeowners as additional insureds and provide:

(i) A waiver of subrogation as to any claims against the Association's Board, officers, employees, and its manager, its attorneys, the Homeowners and their tenants, servants, agents, and guests;

(ii) A waiver of the insurer's rights to repair and reconstruct instead of paying cash;

(iii) An endorsement excluding Homeowners' individual policies from consideration under any "other insurance" clause;

(iv) An endorsement requiring at least thirty (30) days prior written notice to the Association of any cancellation, substantial modification, or non-renewal;

(v) A provision vesting in the Board exclusive authority to adjust losses; provided, however, no Mortgagee having an interest in such losses may be prohibited from participating in the settlement negotiations, if any related to the loss.

(c) Restoring Damaged Improvements. In the event of damage to or destruction of property which the Association is obligated to insure, the Board or its duly authorized agent shall file and adjust all insurance claims and obtain reliable and detailed estimates of the cost of repairing or restoring the property to substantially the condition in which it existed prior to the damage, allowing for changes or improvements necessitated by changes in applicable building codes.

Damaged improvements on the property shall be repaired or reconstructed as TCHA shall determine.

Any insurance proceeds remaining after paying the costs of repair or reconstruction, or after such settlement as is necessary and appropriate, shall be retained by the Association for the benefit of its Members or the Homeowners of Units, as appropriate, and placed in a capital improvements account.

If insurance proceeds are insufficient to cover the costs of repair or reconstruction, the Board may, without a vote of the Members, levy Special Assessments to cover the shortfall against those Homeowners responsible for the premiums for the applicable insurance coverage under this Section 7.3.

7.4 Compliance and Enforcement. Every Homeowner and occupant of a Unit shall comply with the Governing Documents. The Board shall have the right to require compliance with the Governing Documents, or may impose sanctions for violation of the Governing Documents after notice and a hearing in accordance with the procedures adopted by the Board. The Board shall have the right to require compliance with the Governing Documents by legal proceedings as provided hereafter. The Board shall also have the right to impose sanctions which may include, without limitation:

(a) Imposing reasonable monetary fines (which shall not, except in the case of nonpayment of assessments, constitute a lien upon the violator's Unit). In the event that any occupant, guest or invitee of a Unit violates the Governing Documents and a fine is imposed, the fine shall first be assessed against the violator; provided however, if the fine is not paid by the violator within the time period set by the Board, the Homeowner shall pay the fine upon notice from the Board;

- (b) Suspending a Homeowner's right to vote;
- (c) Suspending any Person's right to use any Common Area; provided, however, nothing herein shall authorize the Board to limit ingress or egress to or from a Unit;
- (d) Suspending any services provided by the Association to a Homeowner or the Homeowner's Unit if the Homeowner is more than thirty (30) days delinquent in paying any assessment or other charge owed to the Association;
- (e) Exercising self-help or taking action to abate any violation of the Governing Documents in a non-emergency situation;
- (f) Requiring a Homeowner, as its own expense, to remove any non-complying structure or improvements on such Homeowner's Unit and to restore the Unit to its previous condition and, upon failure of the Homeowner to do so, the Board or its designee shall have the right to enter the Unit, remove the violation and restore the Unit to substantially the same condition as previously existed and any such action shall not be deemed a trespass;
- (g) Without liability to any Person, precluding any contractor, subcontractor, agent, employee or other invitee of a Homeowner who fails to comply with the terms and provisions of Article 4 from continuing or performing any further activities in the Property; and
- (h) Levying Specific Assessments to cover costs incurred by the Association to bring a Unit into compliance with Governing Documents.

In addition, the Board may take the following enforcement procedures to ensure compliance with the Governing Documents.

- (a) Exercising self-help in any emergency situation (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules and regulations); and
- (b) Bringing suit at law or in equity to enjoin any violation or to recover monetary damages to both.

In addition to any other enforcement rights, if a Homeowner fails to properly perform his or her maintenance responsibility, the Association may record a notice of violation in the Public Records or perform such maintenance responsibilities and assess all costs incurred by the Association against the Unit and the Homeowner as a Specific Assessment. Except in an emergency situation, the Association shall provide the Homeowner reasonable notice and an opportunity to cure the problem prior to taking such enforcement action.

All remedies set forth in the Governing Document shall be cumulative of any remedies available at law or in equity. In any action to enforce the Governing Documents, if the

Association prevails, it shall be entitled to recover all costs, including, without limitation, attorneys fees and court costs, reasonably incurred in such action.

The Association shall not be obligated to take any action if the Board reasonably determines that the Association's position is not strong enough to justify taking such action. Such a decision shall not be construed a waiver of the right of the Association to enforce such provision at a later time under other circumstances or estop the Association from enforcing any other covenant, restriction or rule.

The Association, by contract or other agreement, may enforce applicable city and county ordinances, if applicable, and permit Town of Jackson, Wyoming to enforce ordinances within the Property for the benefit of the Association and its Members.

7.5 Implied Rights; Board Authority. The Association may exercise any right or privilege given to it expressly by the Governing Documents, or reasonably implied from or reasonably necessary to effectuate any such right or privilege. Except as otherwise specifically provided in the Governing Documents, or by law, all rights and powers of the Association may be exercised by the Board without a vote of the membership.

7.6 Indemnification of Officers, Directors and Others. The Association shall indemnify every officer and director against all damages and expenses, including counsel fees, reasonably incurred in connection with any action, suit, or other proceeding (including settlement or any suit or proceeding, if approved by the Board) to which he or she may be a party by reason of being or having been an officer, director, or committee member, except that such obligation to indemnify shall be limited to those actions for which liability is limited under Wyoming law.

7.7 Provision of Services. The Association shall be authorized but not obligated to enter into and terminate, in the Board's discretion, contracts or agreements with other entities, including TCHA, to provide services to and facilities for the Members of the Association and their guests, lessees and invitees and to charge use and consumption fees for such services and facilities. By way of example, some services which might be offered include property management services, landscape maintenance, pest control, utilities, and similar services.

ARTICLE 8 – ASSOCIATION FINANCES

8.1 Budgeting and Allocating Common Expenses. At least sixty (60) days before the beginning of each fiscal year, the Board shall prepare a budget of the estimated Common Expenses and insurance assessed as a Specific Assessment, for the coming year, including any contributions to be made to a reserve fund pursuant to this Article 8. The budget shall also reflect the sources and estimated amounts of funds to cover such expenses, which may include any surplus to be applied from prior years, any income expected from sources other than

assessments levied against the Units, and the amount to be generated through the levy of Base Assessments, Special Assessments and Specific Assessments against each.

The Association is hereby authorized to levy Base Assessments against all Units to fund the Common Expenses. In determining the Base Assessment rate per Unit, the Board may consider any assessment income expected to be generated from any additional Units reasonably anticipated becoming subject to assessment during the fiscal year.

The Board shall send a copy of the final budget, together with notice of the amount of the Base Assessment to be levied pursuant to such budget, to each Homeowner and to TCHA not less than forty-five (45) nor more than sixty (60) days prior to the effective date of such budget; provided, however, if the Base Assessment is increased from the previous year's Base Assessment, the Board shall send notice of the increase by first class mail to the Homeowners not less than thirty (30) nor more than sixty (60) days prior to the increased Base Assessment becoming due. Such budget and assessment shall automatically become effective subject to the limitation on increases of assessments provided for in Section 8.5.

Failure of the members to approve a budget or failure of the Board to fix assessment amounts or rates or to deliver or mail each Homeowner an assessment notice shall not be deemed a waiver, modification, or a release of any Homeowner from the obligation to pay assessments. In such event, each Homeowner shall continue to pay assessments on the same basis as for the last year for which an assessment was made, if any, until a new assessment is made, at which time the Association may retroactively assess any shortfalls in collections.

The Board may revise the budget and adjust the Base Assessment from time to time during the year, subject to the notice requirements and the limitations on increases of assessments provided for in Section 8.6.

8.2 Budgeting for Reserves. The Board shall prepare and review at least annually a reserve budget for capital expenses of the Association. The budget shall take into account the number and nature of replaceable assets, the expected life of each asset, and the expected repair or replacement cost. The Board shall include in the Common Expense budget adopted pursuant to Section 8.1, a capital contribution to fund reserves in an amount sufficient to meet the projected need with respect both to amount and timing by annual contributions over the budget period.

8.3 Special Assessments. In addition to other authorized assessments, the Association may, subject to the limitations of Section 8.4, levy Special Assessments to cover unbudgeted expenses or expenses in excess of those budgeted. Any such Special Assessment may be levied against the entire membership, if Special Assessment is for Common Expenses or against an individual Unit or Units or if such Special Assessment is for an unbudgeted expense relating to less than all of the Units. Special Assessments shall be payable in such manner and at such times as determined by the Board, and may be payable in installments extending beyond

the fiscal year in which the Special Assessment is approved. The Board shall provide notice by first class mail to the Homeowner(s) of the Unit subject Special Assessment not less than thirty (30) nor more than sixty (60) days prior to the Special Assessment becoming due.

8.4 Specific Assessments. The Association shall have the power to levy Specific Assessments against a particular Unit as follows:

(a) To cover the costs, including overhead and administrative costs including property loss insurance, and costs of providing services to a Unit upon request of a Homeowner pursuant to any menu of special services which may be offered by the Association. Specific Assessments for special services may be levied in advance of the provision of the requested service; and

(b) To cover costs incurred in bringing a nonconforming Unit into compliance with the Governing Documents, or costs incurred as a consequence of the conduct of the Homeowner or occupants of a nonconforming Unit, their agents, contractors, employees, licensees, invitees, or guests; provided, the Board shall give the nonconforming Unit Homeowner prior written notice and an opportunity for a hearing, in accordance with the By-Laws, before levying any Specific Assessment under this subsection.

8.5 Limitation of Increases of Assessments. Notwithstanding any provision to the contrary, and except for assessment increases necessary for emergency situations or to reimburse the Association pursuant to Section 8.5, the Board may not impose a Base Assessment that is more than ten percent (10%) greater than each of those assessments for the immediately preceding fiscal year, nor impose a Special Assessment which in the aggregate exceeds five percent (5%) of the budgeted Common Expenses for the current fiscal year, without a majority vote of a quorum of the Members which are subject to the applicable assessment at a meeting of the Association, or action without meeting by written ballot in lieu thereof signed by all of the Members of the Association.

For purposes of this Section, "quorum" means at least seventy-five percent (75%) of the total voting power of the Association subject to the applicable assessment. For purposes of this Section, the term "Base Assessment" shall be deemed to include the amount assessed against each Unit plus a pro rata allocation of any amounts the Association received through any subsidy or maintenance agreement, if any, in effect for the year immediately preceding the year for which the assessment is to be increased.

An emergency situation is any one of the following:

(a) An extraordinary expense required by an order of a court;

(b) An extraordinary expense necessary to repair or maintain the Property or any part of them for which the Association is responsible where a threat to personal safety on the Property is discovered; or

(c) An extraordinary expense necessary to repair or maintain the Property or any part of them for which the Association is responsible which could not have been reasonably foreseen by the Board in preparing and distributing the pro forma budget pursuant to Section 8.1. However, prior to the imposition or collection of such an assessment, the Board shall pass a resolution containing written findings as to the necessity of the extraordinary expense involved and why the expense was not or could not have been reasonably foreseen in the budgeting process. Such resolution shall be distributed to the Members with the notice of such assessment. In no event shall such resolution become effective against TCHA so long as TCHA owns any Unit(s) within the Property.

8.6 Authority to Assess Homeowners; Date of Commencement of Assessments; Time of Payment. TCHA hereby establishes and the Association is authorized to levy and collect assessments as provided for in this Article and elsewhere in the Governing Documents. The obligation to pay the assessments provided for herein shall commence as to all Units on the first day of the month following the first conveyance of a Unit to a Homeowner. The first annual assessment shall be adjusted according to the number of days remaining in the fiscal year at the time assessments commence on the Unit.

Assessments shall be paid in such manner and on such dates as the Board may establish. The Board may require advance payment of assessments at closing of the transfer of title to a Unit and impose special requirements for Homeowners with a history of delinquent payment. If the Board so elects, assessments may be paid in two or more installments. Unless the Board otherwise provides, the Base Assessment shall be due and payable in advance on the first day of each fiscal year. If any Homeowner is delinquent in paying any assessments or other charges levied on his or her Unit, the Board may require the outstanding balance on all assessments to be paid in full immediately.

8.7 Personal Obligation.

(a) Each Homeowner, by accepting a deed of conveyance or entering into a recorded contract of sale for any portion of the Property, is deemed to covenant and agree to pay all assessments authorized in the Governing Documents. All assessments, together with interest (computed from its due date at a rate of eighteen percent (18%) per annum or such other rate as the Board may establish, subject to the limitations of Wyoming law), late charges as determined by Board resolution, costs, and reasonable attorneys' fees, shall be the personal obligation of each Homeowner and a lien upon each Unit until paid in full. Upon a transfer of title to a Unit, the grantee shall not be personally liable for any assessments and other charges due at the time of conveyance unless expressly assumed by him/her, but such transferred Unit shall remain subject to any liens imposed upon it pursuant to Section 8.8 herein.

Failure of the Board to fix assessment amounts or rates or to deliver or mail each Homeowner an assessment notice shall not be deemed a waiver, modification, or a release of any Homeowner from the obligation to pay assessments. In such event, each Homeowner shall continue to pay Base Assessments on the same basis as during the last year for which an assessment was made, if any, until a new assessment is levied, at which time the Association may retroactively assess any shortfalls in collections.

No Homeowner may exempt himself from liability for assessments by non-use of the Common Area by abandonment of his Unit, or any other means. The obligation to pay assessments is a separate and independent covenant on the part of each Homeowner. No diminution or abatement of assessments or set-off shall be claimed or allowed for any alleged failure of the Association or Board to take some action or perform some function required of it, or for inconvenience or discomfort arising from the making of repairs or improvements, or from any other action it takes.

The Association shall, upon request, furnish to any Homeowner liable for any type of assessment a certificate in writing signed by an Association officer setting forth whether such assessment has been paid. Such certificate shall be conclusive evidence of payment. The Association may require the advance payment of a reasonable processing fee for the issuance of such certificate.

(b) TCHA's Obligations for Assessments. TCHA is subject to the payment of assessments against Units which it owns. TCHA shall also be exempt from the payment of that portion of any assessment which is for the purpose of defraying expenses and reserves directly attributable to the existence and use of the Common Area and any Unit owned by TCHA.

8.8 Lien for Assessments. Each Homeowner, by his or her acceptance of a deed of conveyance to a Unit, hereby vests in the Association and its agents the right and power to bring all appropriate actions against such Homeowner personally for the collection as a debt of any unpaid and delinquent billings for Base Assessments, Common Assessments, Special Assessments, interest, late fees, enforcement costs and other charges owing by such Homeowner in accordance with the terms hereof. Additionally, in order to secure payment of any billings for Base Assessments, Common Assessments, as well as Special Assessments, interest, late fees, enforcement costs and other charges due hereunder, TCHA hereby retains, and each Homeowner by his or her acceptance of a deed to a Unit, hereby grants the Association and its agents a lien for such Base Assessments, Common Assessments, Specific Assessments, as well as Special Assessments, interest, late fees, enforcement costs and other charges for which such Homeowner is responsible under the terms hereof. The Board, acting on behalf of the Association, is authorized to record a notice of any unpaid amounts secured by such lien in the office of the County Clerk of Teton County, Wyoming, which shall include a description of the applicable Unit and the name of the Homeowner thereof and the basis for the amount of the lien. Said lien shall be enforceable by the Association or its agents through all

appropriate methods available under applicable Wyoming law for the enforcement of such liens, including without limitation, non-judicial foreclosure pursuant to Wyoming Statutes (as amended from time to time), and TCHA and each such Homeowner hereby expressly grant to the Association a power of sale in connection with said lien. The Association may designate a trustee in writing from time to time to post or cause to be posted the required notices and to conduct such foreclosure sale. The trustee may be changed at any time and from time to time by an instrument in writing and signed by the President or a Vice President of the Association and attested by the Secretary or any Assistant Secretary of the Association and filed for record in the Public Records. The lien herein retained and granted is and shall be expressly subordinate in all respects to any Mortgage predating the charge in question (as evidenced by the recording date of a notice of unpaid assessments in the Public Records) except that no lien shall interfere with the rights of a Permitted Mortgagee under the Ground Lease. Any holder of a Mortgage that predates the date of the charge in question and who acquires title to a Unit through foreclosure of its Mortgage or acceptance of a deed in lieu of foreclosure thereunder, shall not be liable for the unpaid portion of any such charges relating to the Unit in question that arose prior to such acquisition. Additionally, after any such foreclosure or deed in lieu of foreclosure, such Unit shall remain subject to these Covenants and the above-described lien and the new Homeowner of such Unit shall thereafter be personally liable for all charges of the type described above which relate to such Unit and which become due after such new Homeowner acquires title to said Unit by foreclosure or by acceptance of a deed in lieu of foreclosure. Except as otherwise provided above as to holders of Mortgages or by applicable law, no sale or transfer of any Unit shall (a) relieve any Homeowner thereof from personal liability for any of such unpaid charges attributable to the applicable Unit which become due prior to the date of such sale or transfer or (b) satisfy or extinguish the above-described lien in respect of such unpaid charges.

ARTICLE 9 - ADDITIONAL COVENANTS

9.1 Additional Covenants and Easements. TCHA may subject any portion of the Property to additional covenants and easements, including covenants obligating the Association to maintain and insure such property and authorizing the Association to recover its costs through the various Assessments as provided for herein. Such additional covenants and easements may be set forth either in a Supplemental Declaration subjecting such property to these Covenants or in a separate Supplemental Declaration referencing property previously subjected to these Covenants. If the property is owned by someone other than TCHA, then the consent of the Homeowner(s) shall be necessary and shall be evidenced by their execution of the Supplemental Declaration. Any such Supplemental Declaration may supplement, create exceptions to, or otherwise modify the terms of these Covenants as it applies to the subject property in order to reflect the different character and intended use of such property.

9.2 Effect of Filing Supplemental Declarations. Any Supplemental Declaration filed pursuant to this Article shall be effective upon recording in the Public Records unless

otherwise specified in such Supplemental Declaration. On the effective date of the Supplemental Declaration, any additional property subjected to these Covenants shall be assigned voting rights in the Association and assessment liability in accordance with the provisions of these Covenants.

ARTICLE 10 – ADDITIONAL RIGHTS RESERVED TO TCHA

10.1 Withdrawal of Property. Prior to the sale of seventy-five percent (75%) of the Units to persons not affiliated with TCHA, TCHA reserves the right to amend these Covenants, without prior notice and without the consent of any Person.

10.2 Right to Approve Additional Covenants. No Person shall record any declaration of covenants, conditions and restrictions, or declaration of condominium or similar instrument affecting any portion of the Property without TCHA's review and written consent. Any attempted recordation without such consent shall result in such instrument being void and of no force and effect unless subsequently approved by written consent signed by TCHA and recorded in the Public Records.

10.3 Right to Approve Changes to Rules and Regulations. No amendment to or modification of any Rules and Regulations shall be effective without prior notice to and the written approval of TCHA.

10.4 Right to Transfer or Assign TCHA Rights. Any or all of the special rights and obligations of TCHA set forth in these Covenants may be transferred in whole or in part to other Persons; provided, the transfer shall not reduce an obligation or enlarge a right beyond that which TCHA has under these Covenants. No such transfer or assignment shall be effective unless it is in a written instrument signed by TCHA and duly recorded in the Public Records.

ARTICLE 11 - EASEMENTS

11.1 Easements in Common. TCHA grants to each Homeowner a non-exclusive right and easement of use (subject to the rights of other Homeowners, Members and the Association), access, and enjoyment in and to the Common Area, subject to:

- (a) The Governing Documents and any other applicable covenants;
- (b) Any restrictions or limitation contained in any deed conveying such property to a Homeowner Association; and
- (c) The right of the Board to adopt rules regulating the use and enjoyment of the area of the Common Area.

Any Homeowner may extend his or her right of use and enjoyment of the Common Area to the members of his or her family, and social invitees, as applicable, subject to reasonable regulation by the Board.

11.2 Easements for Drainage, Utilities.

(a) All dedications, limitations, restrictions and reservations of easements, including those for drainage, shown on any Final Plat are incorporated herein by reference and made a part of these Covenants for all purposes as if fully set forth in these Covenants.

(b) TCHA reserves for itself, so long as TCHA owns any of the Property, and grants to the Association and all utility providers, perpetual non-exclusive easements throughout all of the Property (but not through a Unit) to the extent reasonably necessary for the purpose of:

(i) Installing utilities and infrastructure, including without limitation, cable and other systems for sending and receiving data and/or other electronic signals; security and similar systems: walkways, pathways and trails; drainage systems and signage; to serve the Property;

(ii) Inspecting, maintaining, repairing and replacing such utilities and infrastructure to serve the Property; and

(iii) Access to read utility meters.

(c) TCHA also reserves for itself the non-exclusive right and power to grant and record in the Public Records such specific easements as may be necessary, in the sole discretion of TCHA, in connection with the orderly development of the Property.

(d) All work associated with the exercise of the easements described in subsections (b) and (c) of this Section shall be performed in such a manner as to minimize interference with the use and enjoyment of the property burdened by the easement. Upon completion of the work, the Person exercising the easement shall restore the property, to the extent reasonably possible, to its condition prior to the commencement of the work. The exercise of these easements shall not extend to permitting entry into any Unit, nor shall it unreasonably interfere with the use of any Unit and, except in an emergency, entry into any Unit shall be made only after reasonable notice to the Homeowner or occupant.

11.3 Easements for Maintenance, Emergency and Enforcement. TCHA grants to the Association easements over the Common Area and Units as necessary to enable the Association to fulfill its maintenance responsibilities hereunder. The Association shall also have the right, but not the obligation, to enter upon any Unit, but not to enter any structure thereon, for emergency, security, and safety reasons and to inspect for the purpose of ensuring

compliance with and to enforce the Governing Documents. Such right may be exercised by any member of the Board and its duly authorized agents and assignees, and all emergency personnel in the performance of their duties. Except in an emergency situation, entry shall only be during reasonable hours and after notice to the Homeowner.

11.4 Easements for Cross-Drainage. Every Unit shall be burdened with easements for natural drainage of storm water runoff from other portions of the Property; provided, no Person shall alter the natural drainage on any Lot to increase materially the drainage of storm water onto adjacent portions of the Property without the consent of the Homeowner(s) of the affected property and the Board.

11.5 Easement for Emergency Vehicles. The Property is hereby burdened with an easement allowing all policemen, firemen, ambulance personnel, and similar emergency personnel entry to perform their duties, including the enforcement of traffic regulations.

11.6 Easement for Encroachments. Every Unit shall be burdened with an easement for roof and eave overhangs, foundation, footer and wall encroachments and any and all other structural encroachments created by the platting of the Property as a townhouse subdivision.

ARTICLE 12 – ENFORCEMENT

12.1 Enforcement by Board and Homeowners. The limitations and requirements set forth in these Covenants shall be specifically enforceable by the Board and by any Homeowner of a lot. Every Homeowner of a Unit hereby consents to the entry of an injunction against him, her or them to terminate and restrain any violation of these Covenants. Every Homeowner who uses or allows such Homeowner's Unit to be used in violation of these Covenants further agrees to pay all costs incurred by the Board or other enforcing Homeowner in enforcing these Covenants, including reasonable attorneys fees, whether suit is brought or not.

12.2 Enforcement by TCHA and Habitat. TCHA and Habitat shall have the right to enforce the limitations and requirements set forth in these Covenants, including but not limited to the right to specifically enforce these Covenants by legal proceedings. Every Homeowner of a Unit hereby consents to enforcement by TCHA and Habitat, including the entry of an injunction against him, her or them to terminate and restrain any violation of these Covenants. Every Homeowner who uses or allows such Homeowner's Unit to be used in violation of these Covenants further agrees to pay all costs incurred by TCHA and Habitat in enforcing these Covenants, including reasonable attorneys fees, whether suit is brought or not.

ARTICLE 13 – AMENDMENT OF DECLARATION

13.1 By TCHA. In addition to specific amendment rights granted elsewhere in these Covenants, until conveyance of the first Unit to a Homeowner unaffiliated with TCHA, TCHA may unilaterally amend or repeal these Covenants for any purpose. Thereafter, TCHA may unilaterally amend these Covenants if such amendment is necessary to (i) bring any provision into compliance with any applicable governmental statute, rule, regulation, or judicial determination; (ii) enable any reputable title insurance company to issue title insurance coverage on the Units; (iii) enable any institutional or Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to make purchase, insure or guarantee mortgage loans on the Units; or (iv) to satisfy the requirements of any local, state or federal governmental agency. However, any such amendment shall not adversely affect the title to any Unit unless the Homeowner thereof shall consent in writing.

13.2 By Members. Except as otherwise specifically provided above and elsewhere in these Covenants, these Covenants may be amended only by the affirmative vote or written consent, or any combination thereof, of at least seventy-five percent (75%) of the Members and the written consent of TCHA.

Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

13.3 Validity and Effective Date. No amendment may remove, revoke, or modify any right or privilege of TCHA without the written consent of TCHA.

If a Homeowner consents to any amendment to these Covenants or the By-Laws, it will be conclusively presumed that such Homeowner has the authority to consent, and no contrary provision in any Mortgage or contract between the Homeowner and a third party will affect the validity of such amendment.

Any amendment shall become effective upon recording in the Public Records, unless a later effective date is specified in the amendment. Any procedural challenge to an amendment must be made within thirty (30) days of its recordation, or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of these Covenants.

ARTICLE 14 – MISCELLANEOUS

14.1 Duration of Declaration. All of the Covenants, Conditions and Restrictions set forth in these Covenants, as amended as provided herein, shall continue and remain in full force and effect at all times against the Property. If required by law these Covenants shall automatically renew every twenty (20) years unless TCHA and Seventy Five Percent (75%) or

