

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

THIS DECLARATION, made on the date hereinafter set forth by T-C INVESTMENTS, INC. hereinafter referred to as "Declarant".

W I T N E S S E T H:

WHEREAS, Declarant is the owner of certain property in the County of Sheridan, State of Wyoming, which is more particularly described as:

The South 38.70 Feet of Lot 21, Lots 22, 23, 24, 25, Block 1, of Ridge Acres Estates, Sheridan, Wyoming.

NOW THEREFORE, Declarant hereby declares that all of the properties described above shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions, all of which are for the purpose or protecting the value, desirability, and attractiveness of the real property hereinabove described. These easements, restrictions, covenants, and conditions shall run with the real property and be binding on all parties having or acquiring any right, title or interest in the described properties or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I

DEFINITIONS

Section 1. "Association" shall mean and refer to Ridge Acres Homeowners Association, its successors and assigns.

Section 2. "Properties" shall mean and refer to that certain real property hereinbefore described, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 3. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 4. "Common Area" shall mean all real property (including the improvements thereto) owned by the Association for the common use and enjoyment of the owners. The Common Area to be owned by the Association at the time of the conveyance of the first lot shall consist of that Common Area according to the recorded plat thereof (Exhibit "A").

Section 5. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties with the exception of the Common Area.

Section 6. "Member" shall mean and refer to every person or entity who holds membership in the Association.

Section 7. "Declarant" shall mean and refer to T-C INVESTMENTS, INC., their successors and assigns if such successors or assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development.

ARTICLE II

PROPERTY RIGHTS

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

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

(b) The right of the Association to suspend the voting

and right to use of the recreational facilities by an owner for any period during which any assessment against his Lot remains unpaid; and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations;

(c) The right of the Association to dedicate, sell 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, and the person holding mortgages or deeds of trust on any portion of the subject property. No such dedication, sale or transfer shall be effective unless two-thirds ($2/3$) of the owners, and not less than seventy-five (75%) percent of the mortgagees of the lots within the properties (based upon one vote for each mortgage or deed of trust) agree to such action and an instrument reflecting such agreement is recorded with the Clerk and Recorder of Sheridan County, State of Wyoming. In addition, so long as Declarant is in control of the Association, as hereinafter provided, no dedication, sale or transfer shall be effective unless an instrument agreeing to same is signed by Declarant and recorded with the Clerk and Recorder of Sheridan County, State of Wyoming.

(d) The right of the Association, in accordance with its Articles of Incorporation and By-Laws, to borrow money for the purpose of improving the common areas and in aid thereof to mortgage or grant other security interests in the common area; provided, however, that the rights of any mortgagee shall be subject to the rights of the owners while any mortgage or note and deed of trust is current and not in default, and further provided that no funds may be borrowed nor shall any mortgage or deed of trust be given unless $2/3$ of the owners and not less than 90% of the first mortgagees of lots within the properties (based upon one vote for each mortgage or deed or trust) agree to such action and an instrument reflecting such agreement is recorded with the Clerk and Recorder of Sheridan County, State of Wyoming.

(e) The right of the individual owners to the exclusive use of the parking spaces as provided in this Article.

(f) The right of the Association to limit the number of guests of members;

Section 2. Delegation of Use. Any owner may delegate, in accordance with the By-Laws, his right of enjoyment to the Common Area and facilities to the members of his family, his tenants, or contract purchasers who reside on the property.

Section 3. Parking Rights. Ownership of each lot shall entitle the owner or owners thereof to the use of two (2) parking spaces, together with the right for vehicular and pedestrian traffic of ingress and egress across the common area from each lot and parking area to a public way. Prior to any liquidation or dissolution of the Association or transfer or dedication of the common area, the association shall convey to the owner of each lot the land and improvements making up the parking area then being used by each lot owner, together with a right-of-way and easement across the common area from each lot and parking area to a public way, such rights-of-way and easements being for the use and benefit of the lot owner and his designees according to Section 2 of this Article.

The Association shall have the power and authority to assign or otherwise designate particular parking spaces for each lot and which spaces shall be designated for visitors and/or guests.

Section 4. Mortgagee Approval. Except as hereinabove provided, the common area shall not be sold, abandoned, subdivided, hypothecated, transferred or otherwise encumbered by the Association without the consent and approval of not less than 90% of the first mortgagees of each lot within the properties.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

Section 1. Voting Rights. Every owner of a lot which is subject to assessment shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership or any Lot which is subject to assessment.

Section 2. Membership Classe. The Association shall have two classes of voting membership.

Class A. Class A members shall be all Owners, with the exception of the Declarant, and shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any Lot.

Class B. The Class B Member(s) shall be the Declarant and shall be entitled to three (3) votes for each Lot owned. The Class B membership shall cease and be converted into Class A membership on the happening of either of the following events, whichever occurs earlier:

- (a) When the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership or
- (b) On January 1, 1999.

ARTICLE IV

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned within the Properties hereby covenants, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed or other conveyance, is deemed to covenant and agree to pay to the Association: (a) annual assessments or charges, and (2) special assessments to be fixed, established, and collected from time to time as hereinafter provided. The annual and special assessments, together with interest, costs of collection and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs of collection

and reasonable attorney's fees, shall also be the personal obligation of the person who was the owner of such property at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them, however, the lien for such delinquent assessments shall run with and be appurtenant to the land as herein set out.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents in the Properties and for the improvement and maintenance of the Common Area, including exterior ground maintenance, trash removal, snow removal, liability insurance for the Common Area, water and utility charges for the maintenance of the Common Area, and all other charges required by this Declaration of Covenants, Conditions, and Restrictions. In the event the Board of Directors of the Association elects to establish a revenue fund for the replacement and maintenance of the Common Area, said revenue fund shall be funded from a portion of the annual assessments which are payable monthly.

Section 3. Maximum Annual Assessment. Until August 31 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment shall be \$144.00 per Lot.

(a) From and after August 31 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased effective the first of each fiscal year, without a vote of the membership, in comparison and equal to the rise, if any, of the U.S. Cities Consumer Price Index.

(b) From and after August 31 of the year immediately following the conveyance of the first Lot to an Owner, the

maximum annual assessment may be increased above that established by the Consumer Price Index formula by a vote of Two-thirds (2/3) of the members who are voting in person or by proxy, at a meeting duly called for this purpose.

(c) The board of Directors may fix the annual assessment at an amount not in excess of the maximum.

Section 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 the members who are voting in person or by proxy at a meeting duly called for this purpose.

Section 5. Notice and Quorum for Any Action Authorized Under Sections 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4 shall be sent to all members not less than thirty (30) days nor more than sixty (6) days in advance of the meeting setting forth the purpose of such meeting. At the first such meeting called, the presence of members or of proxies entitled to cast sixty percent (60%) of all the votes of the membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

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

paying an amount equal to that paid by each of the other Lot Owners.

Section 7. Date of Commencement of Annual Assessments:

Due Dates. The annual assessments provided for herein shall commence as to all Lots on the first day of the month following the conveyance of the first Lot to an owner. The first annual assessment shall be adjusted according to the number of months remaining in the fiscal year. The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors, and unless otherwise provided, the Association shall collect each month from the Owner of each Lot 1/12th of the annual assessment for such lot. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a lot is binding upon the Association as of the date of its issuance.

Section 8. Effect of Nonpayment of Assessments:

Remedies of the Association. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of 12 percent per annum, and the Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the property, and interest, costs and reasonable attorney's fees of any such action shall be added to the amount of such assessment. Each such Owner, by his acceptance of a deed to a lot, here expressly vests in the

Ridge Acres Homeowners Association, or its agents, the right and power to bring all actions against such Owner personally for the collection of such charges as a debt and to enforce the aforesaid lien by all methods available for the enforcement of such liens, including foreclosure by an action brought in the name of the Association in a like manner as a mortgage or deed of trust lien on real property, and such Owner hereby expressly grants to the Association a power of sale in connection with said lien. The lien provided for in this section shall be in favor of the Association and shall be for the benefit of all other Lot Owners. The Association, acting on behalf of the Lot Owners, shall have the power to bid in an interest foreclosed at foreclosure sale and to acquire and hold, lease, mortgage and convey the same, and to subrogate so much of its right to give total coverage notwithstanding nonpayment of such defaulting Owner's portion of the premium. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot.

Section 9. Subordination of the Lien to Mortgagees.

The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage. Sale or transfer of any lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payment which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from Liability for any assessments thereafter becoming due or from the lien thereof.

Section 10. Exempt Property. The following property subject to this Declaration shall be exempt from the assessments created herein:

- (a) all properties dedicated to and accepted by local public authority; and

(b) The Common Area.

Section 11. Notice to Mortgagees. Upon request of a mortgagee, the Association shall report to the mortgagee of a lot any unpaid assessments, or other defaults under the terms of this Declaration which are not cured by said mortgagee's mortgagor within 30 days; provided, however, that a mortgagee shall have furnished to the Association notice of its encumbrance.

ARTICLE V

PARTY WALLS

Section 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.

Section 2. Sharing of Repair and Maintenance. The cost of reasonable repair and minatenance of a party wall shall be shared by the Owners who make use of the wall in proportion to such use.

Section 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.

Section 4. Weatherproofing. Notwithstanding any other provision of this Article, an Owner who by his negligent 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.

Section 5. Right to Contribute Runs With Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

Section 6. Arbitration. In the event of any dispute arising concerning a party wall, or under the provisions of this Article, each party shall choose one arbitrator, and such arbitrators shall choose one additional arbitrator, and the decision shall be by a majority of all the arbitrators, and shall be binding upon the parties.

ARTICLE VI

ARCHITECTURAL CONTROL

Section 1. Duties. The Board of Directors may appoint three (3) persons who need not be members of the Association to serve as the Architectural Control Committee, to serve at the pleasure of the Board. It shall be the duty of the Architectural Control Committee and it shall have the power by the exercise of its best judgment to see that all structures, improvements, construction, decorating and landscaping on the Properties conform to and harmonize with the existing surroundings and structures. If the Board of Directors for any reason shall fail to appoint an Architectural Control Committee, then it shall be the duty of the Board of Directors, and it shall have the power, to act as the Architectural Control Committee.

Section 2. Review. No building, fence, wall, clothesline, aerial, antenna, basketball hoop, backboard, exterior lighting, exterior painting, or structures or improvements of any kind, shall be commenced, erected or maintained upon the Properties, nor shall any exterior addition to, change, or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials, color, and

location of the same shall 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 Control Committee. In the event said Committee fails to approve or disapprove such 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.

Section 3. Liability. The Architectural Control Committee shall not be liable in damages to any persons submitting requests for approval or to any Lot Owner by reason of any action, failure to act, approval, disapproval, or failure to approve or disapprove, with regard to such requests.

ARTICLE VII

EXTERIOR MAINTENANCE

In the event an Owner of any Lot in the Properties shall fail to maintain the premises and the improvements situated thereon in a manner satisfactory to the Board of Directors, the Association, after approval by two-thirds (2/3) vote of the Board of Directors, shall have the right, through its agents and employees, to enter upon said parcel and to repair, maintain, and restore the Lot and the exterior of the buildings and any other improvements erected thereon. The cost of such exterior maintenance shall be added to and become part of the assessment to which such Lot is subject.

ARTICLE VIII

USE RESTRICTIONS

Section 1. Trash. No garbage, refuse, rubbish or cuttings shall be deposited on any street, road or common area, and not on any Lot unless placed in a suitable sanitary container. The burning of trash in outside incinerators, barbeque pits or the like, is prohibited, it being intended that all refuse, trash, garbage and the like shall be hauled

from the Properties. Garbage cans are to be inside garages, or dwellings, behind decorative fencing, or otherwise hidden from view to the street.

Section 2. Commercial Enterprises, Nuisances. No manufacturing or commercial enterprises shall be conducted or maintained upon, in front of, or in connection with any Lot or Lots. No noxious or offensive activity shall be carried on upon any Lot, street, road or Common Area, nor shall anything be done thereon which may or may become an annoyance or nuisance to the neighborhood. All activities which are a violation of any State statute, municipal ordinance, or other governmental regulation are prohibited.

Section 3. Abandoned Vehicles. No abandoned vehicles shall be stored or parked upon any part of the Properties, including any residential street, alley or way of access within the Properties or upon any Common Area. In the event that the Association shall determine that a vehicle is an abandoned vehicle, then a written notice describing the vehicle will be personally delivered to the owner thereof (if such owner can be reasonably ascertained) or will be conspicuously placed upon the unused vehicle (if the owner thereof cannot be reasonably ascertained), and if the unused vehicle is not removed within 72 hours thereafter, the Association shall have the right to remove the vehicle at the sole expense of the owner thereof. For the purpose of this Section, an "abandoned vehicle" is any automobile, truck, motorcycle, motor bike, boat, trailer, camper, motor home, housetrailer or other similar vehicle which has not been driven under its own propulsion, or has not been moved for a period of ten (10) days or longer.

Section 4. Animals. No person shall be allowed to keep, breed or raise any domestic, farm, or barnyard animals or fowl on any Lot or other portion of the Properties. This

restriction shall not be construed to prohibit any person from keeping dogs, cats, or other household pets on any Lot, provided that they are not kept, bred, or raised for any commercial purpose. No pets shall be allowed in the Common Areas unless on a leash or under voice command and control of their owner.

Section 5. Removal of Trees. The removal of trees, shrubs and other improvements from the Common Areas shall be prohibited.

Section 6. Motor Vehicles. No motor vehicles owned or leased by Owners of Lots in the Properties shall be parked or maintained on any street within the property, except for those areas specifically designated for parking.

Section 7. Garage Doors. Garage doors are to be kept closed at all times except when in immediate use for ingress and egress of motor vehicles, equipment and the like.

Section 8. Signs. No sign of any kind shall be displayed to the public view on any Lot except one (1) professional sign per dwelling of not more than five (5) square feet, advertising the property for sale or rent, or signs used by a builder, developer, or subdeveloper, to advertise the property during construction, development, and sales.

Section 9. Freehold Estates. Each Lot shall be conveyed as a separately designated and legally described freehold estate subject to the terms, conditions and provisions hereof.

Section 10. Permissible uses by Declarant. Notwithstanding any provisions herein contained to the contrary, it shall be expressly permissible for Declarant or the Builder of said townhomes to maintain during the period of construction and sale of said townhomes, upon such portion of the premises as Declarant deems necessary, such facilities as in the sole opinion of Declarant may be reasonably required convenient, or incidental to the construction and sale of said townhomes,

including, but without limitation, a business office, storage area, construction yards, signs, model units and sales office.

Section 11. Gardening. Except in the individual yard areas appurtenant to each townhome, no planting or gardening shall be done, and no fences, hedges or walls shall be erected or maintained upon said Property except such as are installed in accordance with the initial construction of the buildings located thereon or as approved by the Architectural Control Committee.

Section 12. Yard Maintenance. Maintenance, upkeep and repairs of all yards and the grass and shrubbery thereon, shall be the sole responsibility of the individual Owner of the Lot appurtenant thereto, and not in any manner the responsibility of the Board of Directors or the Association. Any cooperative action necessary or appropriate to the proper maintenance and upkeep of the Common Area, including but not limited to, recreation and parking areas and walks, shall be taken by the Board of Directors or by its duly delegated representative.

Section 13. Interior Repairs. All fixtures and equipment installed within a townhome, commencing at a point where the utility lines, pipes, wires, conduits or systems enter the exterior walls of a townhome, shall be maintained and kept in repair by the Owner thereof. An Owner shall do no act nor any work that will impair any easement or hereditament, nor do any act nor allow any condition to exist which will adversely affect the other townhomes or their owners.

Section 14. Non-Discrimination. No action shall at any time be taken by the Association or its Board of Directors which in any manner would discriminate against Owner or Owners in favor of the other Owners.

Section 15. Oil and Mining. No oil drilling, oil development operations, oil refining, quarrying or mining operations of any kind shall be permitted upon or in any lot, nor shall oil wells, tanks, tunnels, mineral excavations or shafts be permitted upon or in any lot. No derrick or other structure designated for use in boring for oil or natural gas shall be erected, maintained or permitted upon any lot.

Section 16. Temporary Structure. No structure of a temporary character, trailer, basement, tent, shack, garage, barn or other outbuilding shall be used on any part of the above described real property at any time as a residence, either temporary or permanent.

ARTICLE IX

EASEMENTS

Section 1. Encroachments. Each townhome and the property included in the Common Area shall be subject to an easement for encroachments created by construction, settling and overhangs, as designated or constructed by the Declarant. A valid easement for said encroachments and for the maintenance of same, so long as it stands, shall and does exist. In the event the multi-family structure containing two or more townhomes so affected agree that minor encroachments of parts of the adjacent townhome units or Common Area due to construction shall be permitted and that a valid easement for said encroachment and the maintenance thereof shall exist.

Section 2. Ingress and Egress. There is hereby created a blanket easement upon, across, over and under all of the said Property for ingress, egress, installation, replacing, repairing and maintaining all utilities, including but not limited to water, sewers, gas, telephones and electricity, and a master television antenna system. By virtue of this

easement, it shall be expressly permissible for the providing electrical and/or telephone company to erect and maintain the necessary poles and other necessary equipment on said property and to affix and maintain electrical and/or telephone wire, circuits and conduits on, above, across and under the roofs and exterior walls of said townhomes. An easement is further granted to all police, fire protection, ambulance and all similar persons to enter upon the streets and Common Area in the performance of their duties. Further, an easement is hereby granted to the Association, its officers, agents, employees, and to any management company selected by the Association to enter in or to cross over the Common Area and any townhome to perform the duties of maintenance and repair of the townhomes or Common Area provided for herein. Notwithstanding anything to the contrary contained in this paragraph, no sewers, electrical lines, water lines, or other utilities may be installed or relocated on said property except as initially programmed and approved by the Declarant or thereafter approved by Declarant or the Association's Board of Directors. Should any utility furnishing service covered by the general easement herein provided, request specific easement by separate recordable document, Declarant shall have the right to grant such easement on said property without conflicting with the terms hereof. The easements provided for in this Article shall in no way affect any other recorded easement on said premises.

Section 3. Underground Electric Service.

(a) Underground single phase electric service shall be available to residential townhomes on the aforesaid Lots, and the metering equipment shall be located on the exterior surface of the wall at a point to be designated by the utility company. The utility company furnishing the service shall have

a two (2) foot wide easement along and centered on the underground electric power service conductors installed from the utility company's easement to the designated point of service on the townhome structure. Lot Owners shall in no way dig, cover, plant, or construct within this easement in such a way as to impair, impede, or damage the electrical cables therein.

(b) For so long as such underground service is maintained, the electric service to each townhome shall be uniform and exclusively of the type known as single phase, 120/240 volt, 3 wire 60 cycle alternating current.

ARTICLE X

CONDEMNATION

Section 1. Condemnation. If at any time or times during the continuance of ownership pursuant to this Declaration all or any part of the Common Areas shall be taken or condemned by any public authority or sold or otherwise disposed of in lieu of or in avoidance thereof, the following provisions of this Article shall apply:

(a) Proceeds. All compensation, damages or other proceeds therefrom, the sum of which is hereinafter called the "Condemnation Award" shall be payable to the Association.

(b) Complete Taking.

(1) In the event that all of the Common Areas are taken or condemned, or sold or otherwise disposed of in lieu of or in avoidance thereof, the Condemnation Award shall be apportioned among the owners equally and payment of said apportioned amounts shall be made payable to the owner and the first mortgagee of his lot jointly.

(2) On the basis of the principal set forth in the last preceding paragraph, the Association shall as soon as practicable determine the share of the Condemnation Award to which each owner is entitled.

(c) Partial Taking. In the event that less than the entire Common Area is taken or condemned, or sold or otherwise disposed of in lieu of or in avoidance thereof, the Condemnation Award shall first be applied by the Association to the rebuilding and replacement of those improvements on the Common Area damaged or taken by the condemning public authority, unless two-thirds (2/3) of the members and all of the first mortgagees of each lot agree otherwise. Any surplus of the award or other portion thereof not used for rebuilding and replacement shall be used by the Association for the future maintenance of the Common Area.

ARTICLE XI

INSURANCE

Section 1. Insurance to be Maintained by Owners.

Insurance coverage on the furnishings and other items of personal property belonging to an Owner, and public liability insurance coverage within each Townhome and Lot shall be the responsibility of the Owner thereof.

Section 2. Insurance on Common Area. The Association shall maintain insurance covering all improvements located or constructed upon the Common Area. The Association shall maintain the following types of insurance on the improvements located on the Common Area.

A. A policy of property insurance in an amount equal to full replacement value (i.e. 100% of current "replacement cost" exclusive of land, excavation and other items normally excluded from coverage) of the improvements located on common areas with an "Agreed Amount Endorsement" or its equivalent, a "Demolition Endorsement" or its equivalent, and, if necessary, an "Increased Cost of Construction Endorsement" or "Contingent Liability from Operating of Building Laws Endorsement" or the equivalent, such insurance to afford protection against at least the following:

(1) Loss or damage by fire and other hazards covered by the standard extended coverage endorsement, and by sprinkler leakage, debris removal, cost of demolition, vandalism, malicious mischief, windstorm and water damage; and

(2) Such other risks as shall customarily be covered with respect to projects similar in construction, location and use.

B. A comprehensive policy of public liability insurance covering all of the common areas insuring the Association in an amount not less than \$1,000,000.00 covering all claims for personal injury and/or property damage arising out of a single occurrence, such coverage to include protection against water damage liability, liability for non-owned and hired automobile, liability for property of others, and, if applicable, garagekeeper's liability, host liquor liability and such other risks as shall customarily be covered with respect to projects similar in construction, location and use.

C. The Association shall maintain adequate fidelity coverage to protect against dishonest acts on the part of officers, directors, trustees and employees of such Association and all others who handle, or are responsible for handling funds of the Association. Such fidelity bonds shall meet the following requirements:

(1) all such fidelity bonds shall name the Association as an obligee; and

(2) such fidelity bonds shall be written in an amount equal to at least 150% of the estimated annual operating expenses of the Association, including reserves, and

(3) such fidelity bonds shall contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definition of "employee" or

similar expression.

Section 3. Reappraisal. The Association shall, at least every year, obtain an appraisal for insurance purposes which shall be maintained as a permanent record, showing that the insurance in any year represents one hundred percent (100%) of the full replacement value of the insurable Common Area.

Section 4. Notice of Damage. The Association shall notify each first mortgagee of a Lot of any damage to any improvement on a Lot which exceeds \$1,000.00 and any damage to the Common Areas and the improvements situated thereon which exceeds \$10,000.00, within twenty (20) days after the event causing the damage; provided, however, that any mortgagee shall have furnished to the Association notice of its encumbrance.

ARTICLE XII

DAMAGE OR DESTRUCTION

Section 1. Destruction of Improvements on Lot.

In the event of damage or destruction to a Townhome due to fire or other disaster, the insurance proceeds, if sufficient to reconstruct the Townhome, shall be deposited into a bank account which requires, for withdrawals, the signature of the Owner and an officer of the Association. The Owner and the Association shall then promptly authorize the necessary repair and reconstruction work, and the insurance proceeds and the deductible shall be applied by the Association and the Owner to defray the cost thereof. "Repair and reconstruction" of the Townhomes, as used herein, means restoring the improvements to substantially the same condition in which they existed prior to the damage, with each Townhome having the same boundaries as before.

Section 2. Insufficient Insurance Proceeds.

If the insurance proceeds are insufficient to repair and reconstruct any damaged Townhome, such damage or destruction shall be promptly repaired and reconstructed by the Association, using the insurance proceeds and the proceeds of an assessment against the owners of the damaged Townhomes. Any such assessments

shall be equal to the amount by which the cost of reconstruction or repair of the Townhome exceeds the sum of the insurance proceeds allocable to such Townhome. Such assessment shall be due and payable as provided by resolution of the Board of Directors, but not sooner than thirty (30) days after written notice thereof. The assessment provided for herein shall be a debt of each Owner and a lien on his Lot and the improvements thereon and may be enforced and collected by foreclosure proceedings in the courts. Notwithstanding the above, all Owners and all first mortgagees holding a security interest in any or all of the destroyed or damaged Townhomes may agree that the destroyed or damaged Townhome shall forthwith be demolished and all debris and rubble caused by such demolition be removed and the Lot(s) regraded and landscaped to the satisfaction of the Architectural Control Committee of the Association. The cost of such reconstruction or demolition work shall be paid for by any and all insurance proceeds available. Any excess insurance proceeds shall then be disbursed to such Owner and their first mortgagees jointly in accordance with their respective interests.

Section 3. Damage to Common Area. In the event of damage or destruction to all or a portion of the Common Area due to fire or other disaster, the insurance proceeds if sufficient to reconstruct or repair the damaged elements, shall be applied by the Association to such reconstruction and repair. If the insurance proceeds with respect to such Common Area damage or destruction are insufficient to repair and reconstruct the damaged or destroyed Common Areas, the Association shall present to the members a notice of a special assessment for approval by the membership in accordance with Article IV, Section 4. If such assessment is approved, the Association shall make such assessment and proceed to make such repairs or reconstruction. If such assessment is not

the insurance proceeds may be applied in accordance with the wishes of the membership as expressed by majority vote, except that the proceeds shall not be distributed to the members, unless made jointly payable to said member and the first mortgagee of his lot, if any. The assessment as to each Owner and Lot shall be equal to the assessment against every other Owner and Lot. Such assessment shall be due and payable as provided by resolution of the Board of Directors, but not sooner than thirty (30) days after written notice thereof. The assessment provided for herein shall be a debt of each Owner and a lien on his Lot and the improvements thereon and may be enforced and collected by foreclosure proceedings in the courts.

ARTICLE XIII

GENERAL PROVISIONS

Section 1. Enforcement. The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2. Management Delegation of Duties. The Association may enter into a contract with any person or entity, including the Declarant, and any other person or entity who might have a conflict of interest between such management contract and their other interests in Ridge Acres Homeowners Association, for the purpose of managing the Properties or performing any of the Association's obligations, including providing any services, labor, materials or supplies necessary for the maintenance, repair, replacement, alteration, or operation of the Properties. Any management agreement entered

into by the Association shall be in writing, shall be terminable with cause by the Association upon thirty (30) days written notice thereof, and shall not have a term in excess of one (1) year, which may be renewable by agreement of the parties for successive one (1) year periods. The Association may also obtain and pay for the legal and accounting services necessary or desirable in connection with the operation of the Properties or the enforcement of this Declaration. Compensation for such management and services shall be paid as a common expense of the Association out of the Annual Assessments and not in lieu thereof, or in addition thereto.

Section 3. Promulgation of Rules and Regulations.

The Association shall have the power and authority and duty to enforce each and every one of its rules and regulations, including the duty and power to commence and maintain an action to enjoin any breach or threatened breach of any of said rules and regulations and to pay all costs of any such action or other enforcement procedure. In connection herewith, the Association may suspend any owner's voting rights in the Association for a period not to exceed sixty (60) days, during any period during which such owner fails to comply with the duly adopted rules and regulations of the Association. The Association may also take judicial action against any Owner to enforce compliance with such rules, regulations or other obligations, or to obtain damages for non-compliance, all to the extent permitted by law.

Section 5. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no wise affect any other provisions which shall remain in full force and effect.

Section 6. Amendment. The covenants and restrictions of this Declaration shall run with and bind the land and shall inure to the benefit of and be enforceable by the

Association or the Owner of any Lot subject to this Declaration, their legal representatives, heirs, successors, and assigns for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended by an instrument signed by not less than ninety percent (90%) of the Lot Owners. However, Lot Owners shall not have the authority to amend this Declaration so as to alter or change Article III, Section 2, granting Declarant control of the Association without the written consent of Declarant to such amendment. Any amendment must be recorded.

Section 7. Gender and Grammar. The singular wherever used herein shall be construed to mean the plural when applicable, and the necessary grammatical changes required to make the provisions hereof apply either to corporations of individuals, men or women, shall in all cases be assumed as though in each case fully expressed.

Section 8. Conflict. In the event there should be any conflict between the provisions of this Declaration and the Articles of Incorporation of the Association and any By-Laws or rules or regulations of the Association, the provisions of this Declaration shall be deemed controlling. In case of conflict between the Articles of Incorporation and the By-Laws, the Articles of Incorporation shall control.

Section 9. Captions. The captions to the Articles and Sections are inserted herein only as a matter of convenience and for reference, and are, in no way to be construed to define, limit or otherwise describe the scope of the Declaration nor the intent of any provisions hereof.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has hereunto set their hands and seals this 1st day of Oct, 1980.



DECLARANT

T-C INVESTMENTS, INC.

Alton R. Coulter
President

STATE OF WYOMING)
) ss.
COUNTY OF SHERIDAN)

The foregoing instrument was acknowledged before me
this 1st day of October, 1980, by ALTON R.
COULTER, PRESIDENT OF T-C INVESTMENTS, INC.

Witness my hand and official seal.

My Commission expires 9/18/82.



Dorris K. Jones
Notary Public

EXHIBIT A

COMMON PROPERTY

G-1 Tru G-7 North .63' of Lot 25 all of Lot 24
and South 4.48' of Lot 23

G-8 Tru G-13 North 15.34' of Lot 22 and the South
38' of Lot 21