

**SUPPLEMENTAL DECLARATION  
FOR  
JUG MOUNTAIN RANCH  
PHASE 2**

**Table of Contents**

<a href="#">ARTICLE 1. Introduction &amp; Purpose</a> .....	1
<a href="#">ARTICLE 2. Definitions</a> .....	1
<a href="#">2.1 Lot</a> .....	1
<a href="#">2.2 Affected Residential Lots</a> .....	1
<a href="#">2.3 Affected Village Lot</a> .....	1
<a href="#">2.4 Phase 2 Plat</a> .....	1
<a href="#">2.5 Supplemental Declaration</a> .....	1
<a href="#">2.6 The Otter Pond</a> .....	1
<a href="#">2.7 The Otter Pond Boundary Line</a> .....	1
<a href="#">2.8 Private Portion of Otter Pond</a> .....	1
<a href="#">2.9 The Cold Creek Pond</a> .....	1
<a href="#">2.10 Carey Ranch</a> .....	1
<a href="#">2.11 Living Unit</a> .....	1
<a href="#">2.12 Single Family Structure</a> .....	1
<a href="#">2.13 Primary/Secondary Structure</a> .....	2
<a href="#">2.14 Attached Garage</a> .....	2
<a href="#">2.15 Cooking Facility</a> .....	2
<a href="#">2.16 Building Improvements</a> .....	2
<a href="#">2.17 Other</a> .....	2
<a href="#">ARTICLE 3. Annexation of Phase 2 Into Jug Mountain Ranch</a> .....	2
<a href="#">3.1 Annexation</a> .....	2
<a href="#">3.2 Incorporation and Adoption of General Declaration</a> .....	2
<a href="#">ARTICLE 4. Jug Mountain Ranch Association and Neighborhood Designation</a> .....	2
<a href="#">4.1 Ranch Association Residential Membership</a> .....	2
<a href="#">4.2 Ranch Association Village Membership</a> .....	2
<a href="#">4.3 Creation of Village Neighborhood</a> .....	2
<a href="#">4.4 Neighborhood Designations</a> .....	2
<a href="#">4.5 Declarant’s Right to Reallocate Units Among Neighborhoods</a> .....	2
<a href="#">ARTICLE 5. Open Spaces</a> .....	3
<a href="#">5.1 Designation of Open Spaces</a> .....	3
<a href="#">5.2 Trails in Open Spaces</a> .....	3
<a href="#">5.3 Recreational Uses in Open Spaces</a> .....	3
<a href="#">5.4 Private Open Space – Otter Pond</a> .....	3
<a href="#">5.5 Common Open Space – Cold Creek Pond</a> .....	5
<a href="#">ARTICLE 6. Easements</a> .....	6
<a href="#">6.1 Utility Easements</a> .....	6
<a href="#">6.2 Drainage Easements</a> .....	6
<a href="#">6.3 Shoreline Access and Maintenance Easement</a> .....	6
<a href="#">6.4 Golf Easement</a> .....	6
<a href="#">6.5 Carey Ranch Access and Utility Easement</a> .....	6
<a href="#">6.6 Lot 40 and 41 Access Easement</a> .....	6
<a href="#">6.7 Ashton Access Easement</a> .....	6
<a href="#">6.8 Hotsprings Use and Access Easement</a> .....	6
<a href="#">6.9 Ditch Easement</a> .....	6
<a href="#">6.10 Trail Easements</a> .....	6
<a href="#">6.11 Snow Removal Easements</a> .....	7
<a href="#">ARTICLE 7. Roads and Utilities</a> .....	7
<a href="#">7.1 Roads</a> .....	7
<a href="#">7.2 Utilities</a> .....	7

<u>ARTICLE 8. Limitation of Building Improvements</u> .....	7
<u>8.1 Affected Residential Lots</u> .....	7
<u>8.2 Height Limitations for Block 2 Lots 15 and 20</u> .....	7
<u>8.3 Height Limitations for Block 1 Lots 30 through 38</u> .....	7
<u>ARTICLE 9. Use of Affected Residential Lots</u> .....	7
<u>9.1 Single Family Residential Use</u> .....	7
<u>9.2 No Further Division</u> .....	8
<u>9.3 Condominiums</u> .....	8
<u>9.4 Home Office</u> .....	8
<u>ARTICLE 10. Building Guidelines</u> .....	8
<u>ARTICLE 11. Future Development of Block 3</u> .....	8
<u>ARTICLE 12. Miscellaneous</u> .....	8
<u>12.1 Duration of Supplemental Declaration</u> .....	8
<u>12.2 Amendment</u> .....	9
<u>(a) By the Board</u> .....	9
<u>(b) By Owners</u> .....	9
<u>(c) Validity and Effective Date of Amendments</u> .....	9
<u>12.3 Effect of Provisions of Supplemental Declaration</u> .....	9
<u>12.4 Enforcement and Remedies</u> .....	10
<u>12.5 Protection of Encumbrancer</u> .....	10
<u>12.6 Limited Liability</u> .....	10
<u>12.7 Successors and Assigns</u> .....	10
<u>12.8 Severability</u> .....	10
<u>12.9 No Waiver</u> .....	10

**SUPPLEMENTAL DECLARATION  
FOR  
JUG MOUNTAIN RANCH  
PHASE 2**

This Supplemental Declaration is made this \_\_\_\_\_ day of \_\_\_\_\_, 2006, by Jug Mountain Ranch LLC, an Idaho limited liability company.

**ARTICLE 1. Introduction & Purpose**

**1.1** This Supplemental Declaration (a) is filed pursuant to Section 7.1 of the General Declaration for Jug Mountain Ranch (the "General Declaration") recorded May 24, 2004 as Instrument No. 283340 with the Valley County, Idaho Recorder, as may be amended; and, (b) affects only Phase 2 of Jug Mountain Ranch, according to the recorded plat thereof, which is defined and described at Section 2.4 below, and any amendments thereto (the "Affected Property").

**1.2** The purposes of this Supplemental Declaration are to annex the Affected Property into Jug Mountain Ranch, to set forth additional covenants and conditions with respect to the use, density and design of improvements on the Affected Property, in order to preserve the natural beauty of Jug Mountain Ranch and its setting, to maintain Jug Mountain Ranch as a pleasant and desirable environment, to establish and preserve a harmonious design for the community, and to protect and promote the value of the Affected Property and Jug Mountain Ranch.

**ARTICLE 2. Definitions**

**2.1 Lot:** Each parcel of real property reflected on the Phase 2 Plat as a Lot which may be independently owned and conveyed.

**2.2 Affected Residential Lots:** Affected Residential Lots are defined as the following Lots: Block 1, Lots 1 through 4 and 29 through 46; and, Block 2, Lots 5 through 28.

**2.3 Affected Village Lot:** Affected Village Lot is defined as Block 3.

**2.4 Phase 2 :** That certain plat recorded \_\_\_\_\_, 2006 as Instrument No. \_\_\_\_\_ with the Valley County, Idaho Recorder and entitled "Jug Mountain Ranch Planned Unit Development Phase 2", and as the same may be amended.

**2.5 Supplemental Declaration:** This Supplemental Declaration as may be amended and supplemented.

**2.6 The Otter Pond:** The term "the Otter Pond" as used herein shall refer to the pond located within Block 2, Lot E. The Otter Pond is actually only a portion of a larger pond, the remainder of which is defined below as the Private Portion of Otter Pond.

**2.7 The Otter Pond Boundary Line:** The term "the Otter Pond Boundary Line" as used herein shall refer to the boundary line shown on the Phase 2 Plat as the exterior of the Private Open Space Lot E in Block 2.

**2.8 Private Portion of Otter Pond :** The term "Private Portion of Otter Pond" as used herein shall refer to the remainder of pond located north of the Otter Pond Boundary Line. The Private Portion of Otter Pond is privately owned and is not part of Jug Mountain Ranch or the Phase 2 Plat.

**2.9 The Cold Creek Pond:** The term "the Cold Creek Pond" as used herein shall refer to the pond located within Open Space Lot A in Block 1.

**2.10 Carey Ranch:** Carey Ranch is located adjacent to Jug Mountain Ranch, and is legally described at Exhibit "A".

**2.11 Living Unit:** One or more rooms designed for or which may readily be occupied exclusively by one family or group of people living independently from any other family or group of people, and having not more than one Cooking Facility.

**2.12 Single Family Structure:** A building which contains one Living Unit.

**2.13 Primary/Secondary Structure:** A building which contains two Living Units, one being for Guests, which Living Units cannot be separately sold, rented or leased. The Secondary Unit must be attached to the Primary Unit.

**2.14 Attached Garage:** An Attached Garage is a garage which is attached directly to a Living Unit. A garage which is attached to a Living Unit by a breezeway or some other covered but unenclosed outdoor route shall be considered an Attached Garage. A Detached Garage, which may not contain a Living Unit, is a garage which is not attached.

**2.15 Cooking Facility:** Fixtures and equipment for food storage and preparation of meals, including at least a sink, oven and refrigerator.

**2.16 Building Improvements:** Any material improvement of any of the Affected Property including, but not limited to landscaping, site preparation, paving, fencing, building construction, exterior changes, or interior changes which change the use of interior space to an unauthorized use or which would change the number of Living Units.

**2.17 Other:** Other capitalized terms used herein shall have the meaning set forth in the General Declaration or in this Supplemental Declaration.

### **ARTICLE 3. Annexation of Phase 2 Into Jug Mountain Ranch**

**3.1 Annexation:** Declarant hereby annexes the Affected Property into Jug Mountain Ranch pursuant to Section 10.1 of the General Declaration.

**3.2 Incorporation and Adoption of General Declaration:** All covenants, restrictions and provisions of the General Declaration are hereby incorporated by reference, adopted, and declared to be applicable to and binding upon the Affected Property.

### **ARTICLE 4. Jug Mountain Ranch Association and Neighborhood Designation**

**4.1 Ranch Association Residential Membership:** Each Owner of an Affected Residential Lot shall be a Class A Residential member of the Jug Mountain Ranch Association, pursuant to the Jug Mountain Ranch Association Articles of Incorporation and Bylaws.

**4.2 Ranch Association Village Membership:** Each Owner of an Affected Village Lot shall be a Class B Village member of the Jug Mountain Ranch Association, pursuant to the Jug Mountain Ranch Association Articles of Incorporation and Bylaws. If the Affected Village Lot is further divided into condominium Units or other separately saleable Units, the Owner of each such separately saleable Unit shall be a Class B Village Member of the Jug Mountain Ranch Association. Initially, each Class B member shall be entitled to one vote; however, Declarant shall have the right to change this voting structure pursuant to an additional Supplemental Declaration.

**4.3 Creation of Village Neighborhood:** Declarant hereby creates the Village Neighborhood. This Supplemental Declaration and additional Supplemental Declarations shall set forth the members of the Village Neighborhood. The members of the Village Neighborhood shall initially elect one Class B-Village Director, pursuant to Section 5.1(b) of the Bylaws.

#### **4.4 Neighborhood Designations:**

**(a) Residential Home Site Neighborhood:** At Article 13 of the Bylaws, Declarant created the Residential Home Site Neighborhood. Each Owner of an Affected Residential Lot shall be a member of the Residential Home Site Neighborhood.

**(b) Village Neighborhood:** Each Owner of an Affected Village Lot shall be a member of the Village Neighborhood.

**4.5 Declarant's Right to Reallocate Units Among Neighborhoods:** Declarant shall have the right to create additional Neighborhoods, add Units to each Neighborhood, and to reallocate Units within each Neighborhood, pursuant to a Supplemental Declaration.

## ARTICLE 5. Open Spaces

**5.1 Designation of Open Spaces:** Pursuant to Article 5 of the General Declaration, Open Space Parcels depicted on the Phase 2 Plat are designated as follows:

(a) **Golf Course:** The following Lots, which have Lot numbers preceded by a “G” on the Phase 2 Plat, are part of the Golf Course and are Private Open Space: Block 1, Lots G1, G2 and G8; and, Block 2, Lots G3, G4, G5, G6 and G7.

(b) **Common Open Space Lots:** The following Lots, which are marked “Open Space” on the Phase 2 Plat, are Common Open Space: Block 1, Lots A, B, H, I, J and K; and, Block 2, Lots C, D, F and G. Many of the Open Space Lots contain Wetlands, which are delineated on the Phase 2 Plat. These Wetlands are subject to regulation by the Army Corps of Engineers. Declarant reserves the right to expand these Wetlands, subject to review and approval from the Army Corps of Engineers. Section 5.5 below describes covenants and conditions related to Common Open Space Lot A in Block 1, which contains Cold Creek Pond.

(c) **Private Open Space Lot:** The following Lot, which is marked “Private Open Space” on the Phase 2 Plat, is Private Open Space: Block 2, Lot E. Section 5.4 below describes covenants and conditions related to this Private Open Space lot, which contains Otter Pond.

The above-described Open Space parcels shall be managed and used in accordance with this Supplemental Declaration, the Phase 2 Plat and the General Declaration.

**5.2 Trails in Open Spaces:** Declarant shall have the right to construct trails in any Golf Course, Open Space or Private Open Space Lot, to be used for such recreational uses as the Declarant shall designate, in Declarant’s sole discretion, including but not limited to the following uses: pedestrian, bicyclists, horseback riders, and skiers, and the use of motorized equipment to maintain and prepare trails for the same. Declarant shall have the sole discretion to identify allowable users of such trails. Declarant shall also have the sole discretion to determine materials used to construct such trails, including but not limited to natural and asphalt surfaces. Declarant reserves the right to modify the location of any trails, and shall have the sole discretion to vacate or terminate the use or right of use of such trails. The Board shall have the rights of Declarant in this Section 5.2 upon the Conversion Date.

**5.3 Recreational Uses in Open Spaces:** Declarant shall have the right to construct recreational facilities within any Common Open Space Lot or Private Open Space Lot, to be used for such recreational uses as the Declarant shall designate, in Declarant’s sole discretion, including but not limited to a fishing facility. Such recreational facilities may be Association Facilities or Private Amenities, in the discretion of Declarant. Declarant shall have the sole discretion to identify allowable users of such recreational facilities, and, as provided at Section 5.1(f) of the General Declaration, shall have the discretion to impose membership requirements and/or or charge membership, admission or other fees for the use of any such recreational facility and to allow the use thereof by non owners. Declarant reserves the right to modify the location of any such facility, and shall have the sole discretion to vacate or terminate the use or right of use of such facilities.

**5.4 Private Open Space – Otter Pond:** Following are additional covenants and conditions related to the Block 1, Lot E Private Open Space (“Otter Pond Open Space”):

(a) Otter Pond LLC is the owner of the Otter Pond Open Space (“Owner of the Otter Pond Open Space”). The Owner of the Otter Pond Open Space may, in its sole discretion, grant written approval of uses of Otter Pond in excess of those permitted in this Supplemental Declaration. Uses not specified below are not permitted unless such written approval is given.

(b) Docks shall be permitted on Lots located adjacent to the Otter Pond, upon approval by the DRC. Docks shall extend into the Otter Pond no more than 25 feet as measured at full pool, and shall be no more than a total of 300 square feet in size beyond the Otter Pond Boundary Line. There shall be no vertical improvements on a dock beyond the Otter Pond Boundary Line, such as gazebos or benches. Benches and flower pots shall be allowed, upon approval by the DRC, on any decking or portion of a dock which is located on a Lot and not beyond the Otter Pond Boundary Line.

(c) No Owner of a Lot adjacent to the Otter Pond shall be allowed to make any improvements other than docks as described at Section 5.4(b), or place any fill, in the Otter Pond Private Open Space without the prior written consent of the Owner of the Otter Pond Open Space, which consent can be refused for any reason.

(d) Only landscaping, in-ground patios, and other low lying improvements may be constructed within the Shoreline Maintenance Easement described at Section 6.3 below, upon approval of the DRC. Damages to any improvements on a Lot which are located within the Shoreline Maintenance Easement, which are damaged as the result of maintenance of the Otter Pond, shall not be the liability of the Owner of the Otter Pond Private Open Space, but shall instead be the liability of the Owner of the Lot and/or damaged improvements.

(e) Use of the Otter Pond:

- (i) There shall be no motorized activity of any kind on the Otter Pond, except as may be necessary for the Owner of the Otter Pond for maintenance and repairs.
- (ii) Unless otherwise approved in writing by the Owner of the Otter Pond Open Space, there shall be no boats or float tubes of any kind on the Otter Pond, to include row boats, kayaks, and canoes.
- (iii) There shall be no uses of Otter Pond which would involve a person entering the water, either directly or on a boat or other floatation device, except for wading for purposes of fishing in locations to be specifically designated in writing by the Owner of the Otter Pond Open Space. Swimming in Otter Pond is expressly not allowed.
- (iv) The Otter Pond is actually only a portion of a larger pond, the remainder of which is defined above as the Private Portion of Otter Pond. Owners shall have no entitlement to use the Private Portion of Otter Pond. Access to and use of the Private Portion of Otter Pond is completely at the discretion of the owner of the Private Portion of Otter Pond, and subject to any rules and regulations such Owner may place on such use. The provisions of Section 5.4 of the General Declaration shall apply to any use of the Private Portion of Otter Pond, whether such use is with or without permission.

(f) Risk of Use of the Otter Pond. Any use of the Otter Pond by any Owner or guest shall be solely and completely at the risk of such Owner or guest; and, all Owners and guests shall be conclusively deemed to have waived in perpetuity any claims of any kind whatsoever, whether for property damage, personal injury, death or otherwise, against the Owner of the Otter Pond Open Space, Jug Mountain Ranch LLC, the owner or operator of the Golf Course, the Jug Mountain Ranch Association, the owner of the Private Portion of Otter Pond, or any agent, employee, member, officer or director of any of the above-named stemming from or relating in any way to such Owner's or guest's use of the Otter Pond or a dock located thereon.

(g) Maintenance and Upkeep of the Otter Pond, and Dedication of the Dam: The Ranch Association shall be obligated to perform all maintenance and repairs to the Otter Pond. The cost of maintenance and repairs to the Otter Pond shall be shared as follows: The Owner of the Golf Course shall pay one half (½) the cost; the Owners of Lots adjacent to the Otter Pond shall pay one fourth (¼) the cost; and, all Owners in the Ranch Association shall pay one fourth (¼) the cost. Such cost shall be assessed as a Local Maintenance Assessment pursuant to Section 9.3(c) of the Bylaws. "Maintenance and repairs" as used in this Section shall include all work deemed reasonably necessary by the Jug Mountain Ranch Association to maintain the Otter Pond and the dam and diversion works in its current or any upgraded condition and in compliance with all applicable laws and regulations. The Otter Pond dam and diversion works are hereby irrevocably dedicated for the nonexclusive use and enjoyment of the members of the Ranch Association, together with their guests, invitees, and assigns, subject to currently-existing legal rights and subject to the terms, conditions, and reserved Declarant's rights contained in the General Declaration and this Supplemental Declaration, which shall in no event divest the members' right of use as aforesaid. The Ranch Association shall hold harmless and indemnify the Owner of the Otter Pond Open Space, Jug Mountain Ranch LLC, the owner or operator of the Golf Course, the owner of the Private Portion of Otter Pond, or any agent, employee, member, officer or director of any of the above-named from any liability or claims of any kind whatsoever, whether for property damage, personal injury, death or otherwise stemming from or relating in any way to the Otter Pond dam and diversion works.

(h) The Owner of the Otter Pond Private Open Space will give its best efforts to maintain the Otter Pond at full pool, year round, subject to the availability of water and the use of the water by the

underlying water rights owners. Sufficient water rights are in place to maintain full pool in normal water years. This obligation shall be transferred to any transferee of the Otter Pond Open Space if in fact said Open Space is transferred.

(i) The Jug Mountain Ranch sewer system currently discharges treated effluent in the form of irrigation quality water into the reeds and wetlands north west of the Private Portion of Otter Pond. This method of sewage treatment is expected to be the ongoing method of treatment for the Jug Mountain Ranch sewer system. This system has been reviewed and approved by the Idaho Department of Environmental Quality, and an NPDES permit has been issued by the EPA.

**5.5 Common Open Space – Cold Creek Pond:** Following are additional covenants and conditions related to the Block 1, Lot A Common Open Space (“Cold Creek Pond Open Space”):

(a) Docks shall not be permitted on Cold Creek Pond, nor shall any Owner of a Lot adjacent to the Cold Creek Pond make any improvements within the Cold Creek Pond Open Space.

(b) Use of the Cold Creek Pond shall be subject to the underlying water rights, and:

(i) There shall be no motorized activity of any kind on the Cold Creek Pond, except as may be necessary for the Owner of the Cold Creek Pond for maintenance and repairs.

(ii) Boats shall not be allowed on the Cold Creek Pond, except as may be necessary for the Owner of the Cold Creek Pond for maintenance and repairs.

(iii) All Owners and their guests may use fly-fishing tubes in the Cold Creek Pond.

(c) Risk of Use of the Cold Creek Pond. Any use of the Cold Creek Pond by any Owner or guest shall be solely and completely at the risk of such Owner or guest; and, all Owners and guests shall be conclusively deemed to have waived in perpetuity any claims of any kind whatsoever, whether for property damage, personal injury, death or otherwise, against Jug Mountain Ranch LLC, the owner or operator of the Golf Course, the Jug Mountain Ranch Association, or any agent, employee, member, officer or director of any of the above-named stemming from or relating in any way to such Owner’s or guest’s use of the Cold Creek Pond.

(d) Maintenance and Upkeep of the Cold Creek Pond, and Dedication of the Dam: The Ranch Association shall be obligated to perform all maintenance and repairs to the Cold Creek Pond, and shall be responsible for the cost thereof. “Maintenance and repairs” as used in this Section shall include all work reasonably necessary to maintain the Cold Creek Pond and the dam and diversion works in its current or any upgraded condition and in compliance with all applicable laws and regulations. The Cold Creek dam and diversion works are hereby irrevocably dedicated for the nonexclusive use and enjoyment of the members of the Ranch Association, together with their guests, invitees, and assigns, subject to currently-existing legal rights and subject to the terms, conditions, and reserved Declarant’s rights contained in the General Declaration and this Supplemental Declaration, which shall in no event divest the members’ right of use as aforesaid. The Ranch Association shall hold harmless and indemnify Jug Mountain Ranch LLC, the owner or operator of the Golf Course, the owner of the Cold Creek Pond Open Space, or any agent, employee, member, officer or director of any of the above-named from any liability or claims of any kind whatsoever, whether for property damage, personal injury, death or otherwise stemming from or relating in any way to the Cold Creek Pond dam and diversion works.

(e) There are currently no water rights held by Declarant in the Cold Creek Pond; however, Declarant reserves the right to apply to acquire water rights in Cold Creek Pond for aesthetic and recreation purposes on behalf of the Ranch Association. There are down stream water users with water rights in the Cold Creek Pond and the water in the irrigation ditch below the Cold Creek Pond. Declarant reserves the right to enter into agreements with such water rights holders with regard to maintenance of the water level, and access to the dam and diversion works and maintenance of the dam and diversion works and irrigation ditches located in the Cold Creek Pond Common Open Space and related Ditch Easements. Such water rights holders currently have the right to access the dam and diversion works and irrigation ditches to maintain their water rights.

## ARTICLE 6. Easements

**6.1 Utility Easements:** Declarant reserves the right to construct utilities and irrigation facilities within any Utility Easement, any road right of way, and any Open Space Parcel which is depicted on the Phase 2 Plat, and to grant easements for the repair and maintenance of any such utility or irrigation facility. Additionally, snow may be placed within any Utility Easement abutting a road, for the placement of snow plowed, blown or otherwise cleared from driveways, roads, or Open Space. No Building Improvements shall be constructed within any Utility Easement other than utility or irrigation-related improvements, or as may be permitted pursuant to the Design and Development Guidelines. All Utility Easements are reserved in perpetuity.

**6.2 Drainage Easements:** The Drainage Easements depicted on the Phase 2 Plat on Block 1, Lots 36, 37, 40, 41, 43 and 44 are reserved for the Ranch Association, for drainage through the aforementioned parcels. There shall be no improvements constructed in the Drainage Easements.

**6.3 Shoreline Access and Maintenance Easement:** The Owner of the Otter Pond Private Open Space, or its assigns, shall have the right to maintain the shoreline of Otter Pond. No improvements shall be constructed within the Shoreline Maintenance Easement, as shown on the Phase 2 Plat, except as permitted pursuant to Section 5.4 above. Motorized equipment may be utilized to the extent necessary to properly maintain the Shoreline Maintenance Easement, in the discretion of the owner of the Otter Pond Private Open Space. Any improvements on a Lot which are located within the Shoreline Maintenance Easement which are damaged as the result of maintenance of the Otter Pond shall not be the liability of the owner of the Otter Pond Private Open Space, but shall instead be the liability of the Owner of the Lot and/or damaged improvements.

**6.4 Golf Easement:** The Owner of the Golf Course shall have an easement to use the Golf Easement shown on the Phase 2 for any use reasonably related to Golf. Said Golf Easement crosses the Block 1, Lot A Common Open Space. Improvements within the Golf Easement shall be maintained by the Owner of the Golf Course.

**6.5 Carey Ranch Access and Utility Easement:** The Carey Ranch Access and Utility Easement depicted on the Phase 2 Plat is reserved solely for access to Carey Ranch and placement of underground utilities for use by Carey Ranch. There shall be no limitation as to the number of residences or type of uses for which such Carey Ranch Access and Utility Easement is provided, and the owner of Carey Ranch shall be allowed to extend use of the Carey Ranch Access and Utility Easement to additional properties by recordation of a notice in that regard with the Valley County, Idaho Recorder. There shall be no other use of the Carey Ranch Access and Utility Easement without the prior written consent of the owner of Carey Ranch; and, no Owner, or their guests or invitees shall use the Carey Ranch Access and Utility Easement to access Carey Ranch without the prior consent of the owner of Carey Ranch.

**6.6 Lot 40 and 41 Access Easement:** The Access Easement on located on Lots 40 and 41 in Block 1 and depicted on the Phase 2 Plat is reserved for the Ranch Association for access to and maintenance and repair of Cold Creek Pond and the associated dam and diversion works. The Ranch Association may take motorized and non-motorized equipment on the Lot 40 and 41 Access Easement for use in such maintenance and repair.

**6.7 Ashton Access Easement:** The Ashton Access Easement depicted on the Phase 2 Plat is reserved for access to current and future phases of Jug Mountain Ranch as may be approved by Valley County. Any road constructed in this location for access shall be constructed by the developer of the future phases, and will be subject to Rules and Regulations which may be promulgated as to when and how it may be used.

**6.8 Hotsprings Use and Access Easement:** Any and all current and/or potential water rights located in all Common Open Space Lots described in this Supplemental Declaration and depicted on the Phase 2 Plat are reserved for Declarant for what ever use or purpose Declarant chooses in its sole discretion, including the right to apply for additional hot and/or cold water rights, all attendant easements and rights of way related thereto, exploratory and development rights related thereto, and all other legal rights necessary to explore for, develop and utilize water rights. This right shall specifically include easements necessary to access, install and utilize equipment necessary to divert, pump and carry water for its intended use. This right shall be freely assignable by Declarant.

**6.9 Ditch Easement:** There shall be a Ditch Easement for the existing irrigation ditch which is located on following Lots shown on the Phase 2 Plat: Open Space Lots A and J, and Golf Course Lot G1. This Ditch Easement is reserved for the downstream water users. As described at Section 5.5(e), Declarant reserves the right to negotiate agreements with the downstream water users as to access and maintenance of the Ditch Easement.

**6.10 Trail Easements:** The Trail Easements depicted on the Phase 2 Plat shall be reserved for such recreational uses as the Declarant shall designate, in Declarant's sole discretion, including but not limited to the



following uses: pedestrian, bicyclists, horseback riders and skiers, and the use of motorized equipment to maintain and prepare trails for the same. Declarant shall also have the sole discretion to identify allowable users of the Trail Easements. Declarant reserves the right to modify the location of the trails, and shall have the sole discretion to vacate the Trail Easements.

**6.11 Snow Removal Easements:** Snow may be placed within any Snow Removal Easement, for the placement of snow plowed, blown or otherwise cleared from driveways, roads, trails or Open Space. No Building Improvements shall be constructed within any Snow Removal Easement other than those improvements which may be allowed when a Snow Removal Easement is combined with another easements, such as a Utility or Trail Easement, or as may be permitted pursuant to the Design and Development Guidelines.

## **ARTICLE 7. Roads and Utilities**

**7.1 Roads:** Pursuant to that certain Owner's Declaration of Roads For Jug Mountain Ranch, Phase 2 ("Declaration of Private Roads"), recorded with the Valley County Recorder, with the exception of Ashton Lane, which is public, all roads which are depicted on the Phase 2 Plat (including, but not limited to, those roads which are labeled as "Drive", "Place", or "Court") are private roads and shall permanently remain private roads. Said private roads are hereby irrevocably dedicated for the nonexclusive use and enjoyment of the members of the Ranch Association, together with their guests, invitees, and assigns, subject to the terms, conditions, and reserved Declarant's rights contained in the General Declaration and this Supplemental Declaration, which shall in no event divest the members' right of use as aforesaid. As provided in the General Declaration and the Declaration of Private Roads, the Ranch Association shall be responsible for the maintenance and repair of the above-described private roads.

**7.2 Utilities:** The Water System and Sewer System described in the General Declaration will be installed for use by all members in the Phase 2 Property on or before November 30, 2006. Lot LS1 in Block 1 and LS2 in Block 2 are reserved for lift stations, which are part of the Sewer System, and shall be transferred to the Ranch Association pursuant to the terms of Section 14.1 of the General Declaration.

## **ARTICLE 8. Limitation of Building Improvements**

**8.1 Affected Residential Lots:** Affected Residential Lots may not contain any Building Improvements except:

- (a) A Single Family Structure or a Primary/Secondary Structure; and,
- (b) A garage of a size and at a location approved in writing by the DRC, which may be attached or detached; and,
- (c) Such fences, walls, driveways and parking areas as may be approved in writing by the DRC; and,
- (d) Landscaping improvements approved in writing by the DRC; and,
- (e) Such other improvements as may be approved in writing by the DRC.

Maximum and minimum square footages are defined in the Design and Development Guidelines.

**8.2 Height Limitations for Block 2 Lots 15 and 20:** The northern portion of Lots 15 and 20 in Block 2 is generally level, and then the elevation drops on the southern portion of Lots 15 and 20. Any structure located on Block 2 Lots 15 and 20 shall be limited to a single story on the northern portion of the Lot where the natural grade is relatively level, with the following maximum heights as measured from the natural grade on the northerly level portion of the Lot: a maximum elevation of 25 feet with a maximum mid span height of 18 feet.

**8.3 Height Limitations for Block 1 Lots 30 through 38:** Any structure located on Block 1 Lots 30, 31, 32, 33, 34, 35, 36, 37 and 38 shall be limited to a single story on the street side of the Lot, with the following maximum heights as measured from the natural grade on the street side: a maximum elevation of 25 feet with a maximum mid span height of 18 feet.

## **ARTICLE 9. Use of Affected Residential Lots**

**9.1 Single Family Residential Use:** The Affected Residential Lots shall be used only for single family residential purposes with customary accessory uses, except as permitted under Section 9.4. Customary

accessory uses shall include but not be limited to long or short term rentals to persons who use such improvements for residential or lodging purposes, as restricted by the terms of Section 6.17 of the General Declaration.

**9.2 No Further Division:** No Owner of any Affected Residential Lot may apply to Valley County, Idaho, or any governmental jurisdiction to further divide any Affected Residential Lot, except that Declarant may further divide an Affected Residential Lot, or adjust lot lines between Affected Residential Lots, prior to sale of such Affected Residential Lot(s), as approved by Valley County.

**9.3 Condominiums:** No Owner of any Affected Residential Lot shall dedicate or submit such Owners' Lot to a condominium form of ownership.

**9.4 Home Office:** An Affected Residential Lot may also be used for a Home Office, only if the Ranch Association has issued a written permit for such activity. The Ranch Association may refuse to issue a permit in its sole and absolute discretion, if, in the Ranch Association's reasonable judgment, such activity would:

- (a) create additional vehicular traffic to or from such Lot;
- (b) employ persons at such lot other than those residing at such Lot;
- (c) require storage of any significant materials, machinery, inventory or other items on such Lot;
- (d) require processing of materials into finished products or the assembly of parts produced off site;
- (e) require additional parking at such lot, whether for customers, delivery or otherwise;
- (f) be incompatible with the quiet enjoyment of the surrounding Lots by such Lots' Owners; or,
- (g) otherwise violate the provisions of Article 7 or 8 of the General Declaration.

Any such permit shall be issued for such period and upon such terms as the Ranch Association, in its sole discretion, deems reasonable.

#### **ARTICLE 10. Building Guidelines**

**10.1** All Building Improvements on any Affected Lot must be built strictly in accordance with the provisions of the Design and Development Guidelines.

**10.2** By acquiring any interest in an Affected Lot, the Owner of such Lot consents to and accepts the authority of the Design Review Committee (the "DRC") to review and approve the plans and specifications for any Building Improvements on such Lot in accordance with the Design and Development Guidelines in effect from time to time. In particular, such Owner recognizes that certain of the judgments which will be made by the DRC are subjective in nature, and such Owner agrees not to contest such subjective judgments unless they are made in bad faith or in an arbitrary and capricious manner.

#### **ARTICLE 11. Future Development of Block 3**

Declarant reserves the right to further develop Block 3 for any and all uses and densities permissible under the CUP, including but not limited to Multi-Use, Townhouse, Single Family, and Open Space. Nothing contained herein shall limit the right of Declarant to obtain final plat approval for such uses, or to excavate, grade and construct improvements to and on any portion of Block 3, in furtherance of the terms of the CUP and other applicable Permits. Declarant need not seek or obtain approval from the Ranch Association, or any Owners of Affected Residential Lots for any such improvements. All Owners of Affected Residential Lots consent to such future development and waive any claim that such development is incompatible with or otherwise diminishes the value of their Lot or Jug Mountain Ranch, or that any views enjoyed by any Affected Residential Lot are a property right thereof.

#### **ARTICLE 12. Miscellaneous**

**12.1 Duration of Supplemental Declaration:** This Supplemental Declaration shall run with and bind the Affected Property, and shall inure to the benefit of and shall be enforceable by the Ranch Association or any Owner of an Affected Residential Lot or Affected Village Lot, their respective legal representatives, heirs, successors, and assigns, for a term of 50 years from the date this Supplemental Declaration is recorded. After such time, this Supplemental Declaration shall be automatically extended for successive periods of 10 years, unless an instrument in writing, signed by the Declarant and the Ranch Association upon the affirmative vote of the Class E

Declarant Member, the Ranch Association Board, and 90% of the Owners of the Affected Residential Lots, has been recorded within the year preceding each extension, agreeing to terminate this Supplemental Declaration, in which case this Supplemental Declaration shall be terminated as specified therein.

## **12.2 Amendment:**

(a) **By the Board:** Except as limited or committed to action by the members, either by the Articles, the Bylaws, the Declaration or this Supplemental Declaration, the Board shall have the power to amend this Supplemental Declaration at any regular meeting of the Board or at any special meeting called for that purpose at which a quorum is represented. However, if the members shall amend any portion of this Supplemental Declaration, the directors shall not thereafter amend the same in such manner as to defeat or impair the object of the members in taking such action. Any amendment to the Declaration approved by the Board shall have no material adverse effect upon any right of any Owner or member.

(b) **By Owners:** Thereafter and otherwise, this Supplemental Declaration may be amended upon the affirmative vote of 75% of the Owners of the Affected Residential Lots present in person or by proxy at a meeting held for that purpose, and the approval of Declarant and the Ranch Association, by the recording of a written instrument or instruments specifying the amendment or the repeal, executed by the Declarant and the Ranch Association.

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.

(c) **Validity and Effective Date of Amendments:** Amendments to this Supplemental Declaration shall become effective upon recordation in the land records of Valley County, Idaho; unless a later effective date is specified therein. Any procedural challenge to an amendment must be made within six months 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 this Supplemental Declaration.

If an Owner consents to any amendment to this Supplemental Declaration or the Residential Association Articles of Incorporation or Bylaws, it will be conclusively presumed that such Owner has the authority to so consent, and no contrary provision in any Mortgage or contract between the Owner and a third party will affect the validity of such amendment. No amendment shall be contrary to the terms or conditions of any valid County, State, or Federal Permit applicable to the PUD; nor, shall any Amendment divest any Owner of any material and substantial vested property rights.

No amendment may remove, revoke, or modify any right or privilege of the Declarant without the written consent of the Declarant or the assignee of such right or privilege.

**12.3 Effect of Provisions of Supplemental Declaration:** Each provision of this Supplemental Declaration, and a promise, covenant and undertaking to comply with each such provision: (a) shall be deemed incorporated in each deed or other instrument by which any right, title or interest in any real property within the Affected Property is granted, devised or conveyed, whether or not set forth or referred to in such deed or other instrument; (b) shall, by virtue of acceptance of any right, title or interest in any real property within the Affected Property by an Owner or the Ranch Association, be deemed accepted, ratified, adopted and declared as a personal covenant of such Owner or the Ranch Association, as the case may be; (c) shall, as a personal covenant, be binding on such Owner or the Ranch Association and such Owner's or the Ranch Association's respective heirs, personal representatives, successors and assigns; (d) shall, as a personal covenant of an Owner, shall be deemed a personal covenant to, with and for the benefit of Declarant and to, with and for the benefit of the Ranch Association but not to, with or for the benefit of any other Owner; (e) shall, if a personal covenant of the Ranch Association, be deemed a personal covenant to, with and for the benefit of Declarant and to, with and for the benefit of each Owner; (f) shall be deemed a real covenant by Declarant, for itself, its successors and assigns, and also an equitable servitude, running, in each case, as a burden with and upon the title to each parcel of real property within the Affected property; (g) shall, as a real covenant and also as an equitable servitude, be deemed a covenant and servitude for the benefit of any real property now or hereafter owned by Declarant within the Affected property and for the benefit of any and all other real property within Jug Mountain Ranch; and (h) shall be deemed a covenant, obligation and restriction secured by a lien, binding, burdening and encumbering the title to each parcel of real property within the Affected Property which lien with respect to any Unit shall be deemed a lien in favor of Declarant and the Ranch Association, jointly and severally, and, with respect to any real property owned by the Ranch Association, shall be deemed a lien in favor of Declarant.

**12.4 Enforcement and Remedies:** Each provision of this Supplemental Declaration with respect to an Owner or property of an Owner shall be enforceable by Declarant or the Ranch Association as provided in Section 18.4 of the General Declaration.

**12.5 Protection of Encumbrancer:** No violation or breach of, or failure to comply with, any provision of this Supplemental Declaration and no action to enforce any such provision shall affect, defeat, render invalid or impair the lien of any mortgage, deed of trust or other lien on any property taken in good faith and for value and perfected by recording in the office of the Recorder of Valley County, Idaho, prior to the time of recording in said office of an instrument describing such property and listing the name or names of the Owner or Owners of fee simple title to the property and giving notice of such violation, breach or failure to comply, nor shall such violation, breach, failure to comply or action to enforce affect, defeat, render invalid or impair the title or interest of the holder of any such mortgage, deed of trust, or other lien or title or interest acquired by any purchaser upon foreclosure of any such mortgage, deed of trust or other lien or result in any liability, personal or otherwise, of any such holder or purchaser. Any such purchaser upon foreclosure shall, however, take subject to this Supplemental Declaration with the exception that violations or breaches of, or failures to comply with, any provisions of this Supplemental Declaration which occurred prior to the vesting of fee simple title in such purchaser shall not be deemed breaches or violations hereof or failures to comply herewith with respect to such purchaser, his heirs, personal representatives, successors or assigns.

**12.6 Limited Liability:** Neither Declarant, the Ranch Association, the DRC, the Board of Directors of the Ranch Association, nor any member, agent or employee of any of the same shall be liable to any party for any action or for any failure to act with respect to any matter if the action taken or failure to act was in good faith and without malice.

**12.7 Successors and Assigns:** Except as otherwise provided herein, this Supplemental Declaration shall be binding upon and shall inure to the benefit of Declarant, the Ranch Association, and each Owner of an Affected Residential Lot and their respective heirs, personal representatives, successors and assigns.

**12.8 Severability:** Invalidity or unenforceability of any provision of this Supplemental Declaration in whole or in part shall not affect the validity or enforceability of any other provision or any valid and enforceable part of a provision of this Supplemental Declaration.

**12.9 No Waiver:** Failure to enforce any provisions of this Supplemental Declaration shall not operate as a waiver of any such provision or of any other provision of this Supplemental Declaration.

**IN WITNESS WHEREOF** Declarant has executed this Supplemental Declaration the day and year first above written.

JUG MOUNTAIN RANCH LLC,  
An Idaho limited liability company

By: \_\_\_\_\_  
**D. John Carey, Manager**

STATE OF IDAHO, )  
 ) ss.  
County of Valley. )

On this \_\_\_\_ day of \_\_\_\_\_, 2006, before me, \_\_\_\_\_, a Notary Public in and for said State, personally appeared **D. John Carey**, known or identified to me to be the Manager of **Jug Mountain Ranch LLC**, the limited liability company that executed the instrument or the person who executed the instrument on behalf of said limited liability company, and acknowledged to me that such company executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year in this certificate first above written.

\_\_\_\_\_  
NOTARY PUBLIC FOR IDAHO  
Residing at: \_\_\_\_\_  
My Commission Expires: \_\_\_\_\_

EXHIBIT "A"

Legal Description For Carey Ranch