

**DECLARATION ESTABLISHING
COVENANTS CONDITIONS AND RESTRICTIONS
FOR GUYER HOT SPRINGS SUBDIVISION**

RECITALS

A. Carbon Hill Hot Springs, Inc., an Idaho corporation (hereafter referred to as "Declarant"), is the owner of all the real property making up the Guyer Hot Springs Subdivision as set forth on the Plat for Guyer Hot Springs Subdivision recorded in the office of the Recorder for Blaine County, Idaho on _____, 2026 as Instrument Number _____ (the "Property").

B. The Declarant has developed the Property in accordance with the maps and plans approved under the zoning and subdivision ordinances and regulations of the City of Ketchum ("City") and the State of Idaho as approved in the Findings of Fact, Conclusions of Law and Decision of the Ketchum City Council dated _____, 2026 ("Decision").

C. Due to the need to pace development of the Property, the Property shall be developed in phases. This Declaration applies to the Guyer Hot Springs Subdivision and can be supplemented by Declarant for future Phases of the Guyer Hot Springs Subdivision development; however, Phase I will not be subject to change.

NOW THEREFORE, it is hereby declared that all the Property, including all Lots shown on the Subdivision Plat are held and shall be conveyed subject to the following covenants, conditions and restrictions:

ARTICLE I.

DEFINITIONS

1.01 "Association" shall mean The Guyer Hot Springs Owners' Association, Inc., a nonprofit corporation organized under the laws of the State of Idaho and composed of the Owners of the Lots.

1.02 "Block 1" shall mean and refer Block 1 as shown on the Plat for the Guyer Hot Springs Subdivision.

1.03 "Block 2" shall mean and refer to Block 2 as shown on the Plat for the Guyer Hot Springs Subdivision.

1.04 "Block 3" shall mean and refer to Block 3 as shown on the Plat for the Guyer Hot Springs Subdivision.

1.05 "Building Envelope" shall refer to the designated area in each Lot shown on the Plat.

1.06 "Common Area" shall refer to all area, including easements, shown on the Plat herein referred to or shown as Common Area.

1.07 "Declarant" shall mean the Carbon Hill Hot Springs, Inc., an Idaho corporation.

1.08 "Committee" shall mean the Design Review Committee established under Article V hereof.

1.09 "Lot" shall mean the numbered Lots shown on the Plat, whether improved or unimproved. Any property identified on the Plat as a "Parcel" is not a Lot.

1.10 "NER" shall refer to Natural Energy Resources, Inc. who shall be charged with the development, operation and maintenance of geothermal resource development and operations on the Property, and any successor or Assign of NER.

1.11 "Owner" shall mean and refer to the record owner, including the Declarant, whether one or more persons, of the fee simple title of any of the numbered Lots above described and shall include contract buyers, but exclude those having such interest merely as security for the performance of an obligation.

1.12 "Plat" or "Subdivision Plat" shall mean the Plat for Guyer Springs Subdivision, recorded as Instrument No. _____ in the Office of the Recorder of Blaine County, Idaho. B

1.13 "Phase I" shall mean and refer to the Lots contained within Block 1.

1.14 "Phase II" shall mean and refer to the Lots contained within Block 2.

1.15 "Property" shall mean all of the land described in the Plat.

1.16 "Supplemental Declaration" shall mean and refer to a recorded Supplement to this Master Declaration, which may submit additional property to this Declaration, create easements over the property described in the Supplement, impose additional obligations or restrictions on such property, or any of the foregoing. Unless specifically provided to the contrary, or unless the context otherwise requires, a reference to "Declaration" shall include any and all later adopted "Supplemental Declarations."

ARTICLE II.

USE REGULATIONS AND RESTRICTIONS

2.01 (a) Unless otherwise designated on any Plat for the Property, or unless otherwise specified in a Supplemental Declaration covering a particular Lot(s), Block(s) or parcel(s), Block 1 shall be developed in Phase I as herein described. No use whatsoever shall be made of any other Lot except its use and improvement for a single-family private residence, and accessory structures as allowed herein. Lots owned by Declarant or its nominee may be used as construction offices or model homes or for the purpose of selling the Lots.

DECLARATION ESTABLISHING
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR GUYER HOT SPRINGS SUBDIVISION - 2

(b) The floor area of any primary dwelling located on any Lot, exclusive of decks, open porches, carports and garages, shall not be more than Six Thousand (6,000) square feet without approval by the Committee, which is inclusive of any ADU calculation. In addition, no building over Thirty (30) feet shall be constructed without approval by the Committee. No building shall be constructed outside the Building Envelope for the Lot as depicted on the Plat. If no Building Envelope is established on the lot, No Building shall be constructed outside of the property setbacks established by the City of Ketchum.

(c) No more than one single family dwelling and accessory structures as allowed by the city of Ketchum Zoning shall be erected or maintained on any one Lot together with no more than one detached outbuilding per Lot (subject to applicable zoning regulations).

(d) All structures on any Lot shall utilize "Class A" roofing materials.

(e) "Modular Homes" may be permitted only if approved by the Committee, **but "Manufactured Homes" and "Shipping Container Homes" shall not be allowed.** For the purpose of this provision, "Modular Homes" are homes which are created in sections, and then transported to the home site for construction and installation. These are typically installed and treated like a regular house, for financing, appraisal and construction purposes. Although the sections of the house are prefabricated, the sections, or modules, are put together at the construction site much like a typical home. Modular homes are built to conform to all applicable state, local and regional building codes that are necessary for the location of the home, just like a site-built homes. "Manufactured Homes" are built onto steel beams, and are transported in complete sections to the home site, where they are assembled. Wheels, hitch and axles are removed on site when the home is placed on a permanent foundation. Manufactured homes come in three sizes: single wide, double wide and triple wide, or any combination of the foregoing. "Shipping Container Homes" are homes designed out of modified container units.

(f) All Lots shall be maintained by the Owner thereof, both prior to and after construction of improvements thereon, in an attractive manner, free of trash, noxious weeds, excessive weeds, and other unsightly material. All improvements to any Lot shall at all times be kept in good condition and repair and adequately painted or otherwise finished by the owner thereof, and no improvement shall be entitled to fall into disrepair. All landscaping shall be maintained in a neat, trim and orderly fashion. Prior to the construction of improvements on a Lot, the Owner shall cause the Lot to be mowed as needed, but in no event less than two (2) times throughout the year to maintain a neat appearance and control weeds.

(g) When the erection of any structure is approved, the work thereon must be prosecuted diligently, and said structure, including all landscaping pursuant to an approved landscaping plan, must be completed within eighteen (18) months, unless an extension is granted by the Committee upon a showing of good cause.

(h) No recreational vehicle, trailer, boat or camper shall be kept on a Lot except within an enclosed building or screened from public view from outside the Lot. All boats, snow mobiles, recreational vehicles, campers, lawn and garden equipment, garbage and trash containers, clothes lines, maintenance and service equipment, firewood, stored materials, satellite dishes, and

similar personal property shall be screened from streets and adjoining Lots by fences, berms, hedges and similar landscaping or enclosures.

(i) All fencing must be of a type and style approved by the Committee.

(j) Easements for installation and maintenance of utilities are reserved as shown on the recorded plat. Within these easements, no structure, planting or other material shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities, or which may change the direction or flow of drainage channels in the easements, or which may obstruct or retard the flow of water through drainage channels in the easements. The easement area of each Lot and all improvements in it shall be maintained continuously by the Owner of the Lot, except for those improvements for which a public authority or utility company is responsible.

(k) Lot 2 shall have an easement for the installation and use of a geothermal well to be used by the Declarant and/or its agents. This easement shall allow for the operation of the geothermal well and any maintenance or repairs that may be required.

(l) No vehicle repairs shall be permitted on any streets or driveways within the Subdivision, except minor emergency repairs.

(m) No commercial or industrial trucks, trailers or vehicles, except for pick-up trucks and vans used by the occupant in the occupant's trade, business or employment, shall be stored or parked on any Lot or on any of the streets fronting on any Lot, except within the garage or in conjunction with residential deliveries and/or services.

(n) Satellite dishes may be installed in rear or side yards only, unless otherwise approved by the Committee. Propane storage cylinders shall be located underground or appropriately screened from the view of the street and adjoining Lots.

(o) No animal, bird, fowl, poultry, reptile or livestock, ("Animal"), other than a reasonable number of generally recognized house or yard pets, shall be maintained on any Lot and then only if they are kept, or raised thereon solely as domestic pets and not for any commercial, agricultural or hobby purpose. No Animal shall be allowed to make any unreasonable amount of noise or to become a nuisance.

(p) No activities shall be conducted on any Lot and no improvements constructed thereon which are or might be unsafe or hazardous to any person or property. Without limiting the generality of the foregoing, no firearms shall be discharged upon any Lot. No open fires shall be lighted or permitted on any Lot, except while under the direct supervision, control and surveillance of the Owner of the Lot; provided, however, burning trash, garbage and other refuse is prohibited.

(q) No short-term rentals of any kind will be permitted on any Lot within the Property.

(r) No Owner will be permitted to install or use outdoor speakers which violate other Owner's right to quiet enjoyment of their Lot.

DECLARATION ESTABLISHING
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR GUYER HOT SPRINGS SUBDIVISION - 4

(s) All trash, debris, garbage and refuse shall be kept at all times in a covered container and all such containers shall be kept on a Lot within an enclosed structure or screened from public view, except on regularly scheduled trash pickup days.

(t) No portable or permanent generator, or any similar equipment intended to provide electrical power, shall be installed, maintained, or operated on any Lot unless fully enclosed or screened from view in a manner approved in writing by the Committee.

(u) All vehicles owned, operated, or under the control of any Owner, occupant, tenant, guest, or invitee shall be parked only within the garage located on the Lot. No vehicle shall be parked on any street, driveway, or other portion of the Lot, nor on any common area, except as may be expressly permitted. Garages shall be maintained for the primary purpose of parking vehicles and shall not be converted or used in a manner that prevents parking therein.

(v) Solar energy panels, collectors, or other devices ("Solar Energy Systems") shall be permitted only when installed on the roof of the dwelling located on the Lot and with approval by the Committee. No Solar Energy System shall be installed on the ground, in a yard, on accessory structures, or in any other location on the Lot.

2.02 Unless otherwise designated on any Plat for the Property, or unless otherwise specified in a Supplemental Declaration covering a particular Lot(s), Block(s) or parcel(s), Block 2 shall be developed in the future as Phase II. When Block 2 is developed, it will incorporate a Supplemental Declaration which will not be subject to approval by Owners of Lots in Phase I nor any third-party holding an interest in a Lot in Phase I. The Phase II Supplemental Declaration will only apply to those lots within Phase II.

2.03

ARTICLE III.

TITLE TO ROADS, COMMON AREA, AND IRRIGATION SYSTEMS

3.01 All roads, streets, and drives within the Development are private, non-dedicated roads. Title to such roads shall remain with the Declarant or the Association, and no public rights of access are created or implied. The use of said roads shall be limited to Owners, residents, their guests, invitees, and service providers.

3.02 The title and fee to Common Area and private roads shall be dedicated to the Association upon recording of the final Plat and creation of the Association. The Association shall maintain the Common Area and private roads in neat, clean and good condition. All operational, maintenance and improvement expenses connected with the Common Area and private roads, including snow plowing and removal, shall be shared on an equal basis by the members of the Association. Each Lot owner's share of Common Area and private road expenses shall be computed by dividing the total expense by the total number of Lots in the subdivision, then multiplying that result by the number of Lots owned by the Owner.

3.03 All private roads within the Development, together with all driveways serving individual Lots, shall be equipped with and maintained as heated surfaces to ensure snow and ice removal. The design, installation, and operation of such heating systems shall be subject to the prior approval of the Committee, and shall comply with applicable codes and regulations.

3.04 All Hot water sources, water rights, and water infrastructure within the Development, including without limitation any water used in connection with the heating systems for roads and driveways, shall be and remain the sole property of the Association. No Owner shall claim, divert, or otherwise utilize any water rights or supplies for private use, except as expressly authorized by the Association.

3.05 Each Lot shall be served by a separate Hot water meter, and all water supplied to a Lot shall be measured exclusively through such meter. No Lot shall share a water meter with any other Lot, and no cross-connections between Lots shall be permitted.

ARTICLE IV.

CERTAIN OBLIGATIONS OF THE ASSOCIATION

4.01 All Common Areas shall be maintained by the Association. The Association shall maintain the Common Area and improvements incorporated therein in a good, safe and clean condition.

4.02 All private roads, streets, and drives located within the Development are and shall remain private. The Association shall be solely responsible for the ownership, operation, repair, replacement, and maintenance of all such roads, including without limitation paving, resurfacing, snow removal, drainage, and signage. The costs of maintaining the private roads shall be a Common Expense of the Association, assessed to the Owners in accordance with this Declaration.

4.03 Each Lot Owner shall be solely responsible for the operation, maintenance, repair, and replacement of the irrigation system serving their Lot, including any water lines, valves, sprinkler heads, and related equipment located on or dedicated to that Lot. Each Lot Owner shall also be responsible for ensuring that the landscaping on their Lot is properly irrigated in accordance with Association standards. Further, each Owner must comply with all state and local laws and regulations. The Association shall remain responsible only for the irrigation of street trees, approved landscaping located within public rights-of-way, and Common Area identified on the Plat. Each Lot Owner shall pay all costs associated with the water usage for their Lot directly, based upon the individual water meter serving that Lot.

4.04 The Association shall adopt and comply with the **City of Ketchum Water Guidelines** for all landscaping and irrigation on the Common Areas.

4.05 The Association shall adopt and maintain a noxious weed control program for all plants listed as noxious weeds under the noxious weed program of Blaine County, Idaho.

4.06 Each Owner hereby consents to receive any notice, demand, or communication required or permitted under this Declaration, the Bylaws, or applicable law by electronic mail

(email) sent to the email address provided by the Owner to the Association. Delivery of notice by email shall be deemed complete upon transmission to the Owner's designated email address. Each Owner shall promptly update the Association in writing of any change in their email address. An Owner may withdraw this consent and request delivery by postal mail, provided that written notice of such election is delivered to the Association.

ARTICLE V.

DESIGN CONTROL

5.01 The Design Review Committee shall be composed of three (3) persons as may be appointed by the Association, each of whom shall serve for a term of one (1) year. A majority of the Committee may designate a representative to act for it. In the event of death or resignation of any member of the Committee, the remaining members shall have full authority to designate a successor. Members of the Committee shall be appointed by the Association at its annual meeting.

5.02 The vote or written consent of any two members shall constitute action of the Committee. The Committee shall report annually in writing all approvals and disapprovals of changes in the existing state of the Property to the Association.

5.03 No construction of structures shall be made or permitted without the prior written approval of the Committee. Notwithstanding the foregoing, approval of the Committee shall not relieve an Owner of its obligation to obtain appropriate approvals from local, state and/or federal agencies with respect to the proposed change if required.

5.04 The Committee shall have discretion to approve or disapprove any construction activities and shall exercise such discretion with the following objectives in mind: to carry out the general purposes expressed in this Declaration; to prevent violation of any specific provision of this Declaration or any supplemental declaration; to prevent any change which would be unsafe or hazardous to any persons or property; to minimize obstruction or diminution of the view of others; to assure that any change will be of good and attractive design and in harmony with the natural setting of the area; to assure that material and workmanship for all improvements are of a quality comparable to other improvements in the area; and to minimize maintenance and assure a better appearing area under all conditions.

5.05 Prior to the commencement of construction of any structure, the Committee shall require, in addition to submission in duplicate, of floor plans, elevation drawings from four (4) sides, all drawn to such scale as may be reasonably required by the Committee; descriptions of exterior materials and colors; final construction specifications; and a landscaping plan showing existing and proposed trees, shrubs, hardscape, lawn areas and sprinkler system. A reasonable fee, as shall be determined from time to time by the Association, shall be paid to the Association to cover costs and expenses of review. No proposed structure shall be deemed to have been approved by the Committee unless its approval is in writing executed by at least two (2) members of the Committee; provided, that approval shall be deemed given if the Committee fails to approve or disapprove of a proposed construction or to make additional requirements or request additional information within Thirty (30) days after a full and complete description of the proposed

construction and all additional instruments, documents, plans and applicable fees have been furnished in writing to the Committee with a written and specific request for approval.

5.06 After approval by the Committee of any proposed construction, the construction shall be accomplished as promptly and diligently as possible and in complete conformity with the description of any plans and specifications provided to the Committee. Failure to complete construction in accordance with the plans and specifications therefor within eighteen (18) months of the date of Committee approval, unless an extension is granted by the Committee upon a showing of good cause, shall operate to automatically revoke the approval of the Committee. The Committee and its duly appointed agents may enter upon any Lot at any reasonable time or times to inspect the progress or status of construction. The Committee shall have the right and authority to record a notice to show that any construction on a Lot has not been approved or that any approval given has been automatically revoked.

5.07 The Committee may, from time to time, adopt Design Guidelines to assist owners in planning their improvements, which shall, in any event, include:

- (a) soffits/overhangs shall extend a minimum of 18 inches beyond the exterior wall.
- (b) all driveways shall be finished with materials approved by the Committee.

(d) All landscaping shall comply with the following Water Conservation Guidelines as follows:

Water Conservation Landscaping Guidelines

Soil and Compost. Soils with 25% compost can hold four times more water than soils without composted matter. Compost is an excellent way to amend existing soils or build better soil. By adding compost you improve water infiltration and decrease runoff and erosion. Compost improves the water holding capacity of the soil and improves the microorganism life in the soil which allows plants to utilize necessary soil nutrients and minerals. Healthier plants are able to better withstand drought.

A minimum of 25% compost needs to be added to existing soils because the soil types in the Wood River Valley do not have adequate organic material for water holding capacity.

- ☐ All new turf areas require a soil depth of 6": ONE PART COMPOST TO 3 PARTS SOIL.
- ☐ All new shrub and flower beds require a soil depth of 12": ONE PART COMPOST TO 3 PARTS SOIL.
- ☐ During excavation, existing soil is to remain on site and temporarily fenced to protect from compaction.
- ☐ Protect and minimize disturbance of existing trees and vegetation when excavating.

Mulch. Organic mulch is composed of materials such as bark, wood chips, soil pep, and wood compost. Mulch works to keep plants cool, prevent soil crusting, minimizes evaporation and controls weed growth.

- ☐ All shrub beds, tree rings, exposed soil and beds should have 4-6" of mulch to minimize evaporation.
- ☐ Mulch in tree rings should go from the trunk to the outer drip line of the trees.

Vegetation. Choosing the right vegetation can significantly reduce water use. Native or Drought Tolerant species require 1" or less of water per week.

- ☐ All turf species are required to be native or drought tolerant
- ☐ 30% of trees and shrubs are required to be low-water use plants

Irrigation. Current irrigation system installations have no regulation for efficiency. Without using industry best practices, irrigation systems can waste 40-60% more water than they should. Following the best practices guideline, the user can rest assured that they will have a system that saves water and protects the water resources.

- ☐ All landscapes are limited to irrigating .5 acre or less unless there is an additional water right.
- ☐ Sprinkler system must have an approved backflow preventer if tied to a potable water source. Backflow shall be installed so during winterization no air will be blown through backflow preventer.
- ☐ Sprinklers should be laid so that the area is getting hit with a minimum of two sprinklers. This provides for 100% coverage. Recommended overlap would be 5-10%.
- ☐ Limit of .60" per hour for sprinkler application rates. ½" bubblers are not recommended due to their high application rate and poor distribution uniformity (coverage).
- ☐ All sprinkler types should be pressure regulated to either 40 or 45 pounds of pressure at the sprinkler head to assure uniform sprinkler nozzle distribution rates. 15 psi is recommended for delivery to the far end of any drip zone for proper operation. Recommended spray height: 4" pop up for mowed grass and 12" pop up for natural areas.
- ☐ Sprinkler nozzles should have matched precipitation rate so the same amount of water covers each zone.
- ☐ Drip should be laid out in a grid pattern so water is uniform in distribution and it is staked to the ground a minimum of every 24" to assure the drip tube stays in contact with the soil.
- ☐ Drip pipe should be ½" pressure compensating and also have a check valve to prevent drain out.

- ☐ Pots, barrels, or hanging baskets are recommended to have a dedicated irrigation zone. Irrigated with ¼" pressure compensating drip tube no longer than 15' in length. ¼" drip tube shall not be more than .6 gallons per hour water pressure.
- ☐ Plant materials with similar water needs should be planted in the same irrigation zone.
- ☐ Sun areas and shade areas should each have a separate irrigation zone.
- ☐ Sprinkler controller should be able to adjust irrigation automatically via weather station or soil moisture sensor (Time Domain Transmission recommended). Irrigation and Smart Technologies should be installed to industry/manufacturers standards (including 2-wire systems).
- ☐ If property has more than 5 feet of elevation change - all sprinkler heads should incorporate check valves to prevent all of the water from draining out of the low heads.

(e) Landscaping and outdoor improvements must be completed within 8 months of Certificate of Occupancy.

5.08 Notwithstanding anything to the contrary in the foregoing, the Committee may adopt, at its discretion, a schedule of building designs and specifications that shall be deemed approved. In such event, the Committee may adopt such abbreviated application and review procedures as it deems appropriate with respect to such improvements.

ARTICLE VI.

ESTABLISHMENT AND ORGANIZATION OF ASSOCIATION

6.01 The Guyer Hot Springs Owners' Association, Inc. shall be incorporated as an Idaho not-for-profit corporation. The purposes and powers of the Association and the rights and obligations inherent in membership are set forth in its Articles of Incorporation, and the provisions of this Declaration with respect thereto are for general descriptive purposes only. The Association is and shall be obligated (a) to accept title to and maintain Common Areas and (b) to assure the functions and obligations imposed on it or contemplated for it under this Declaration, including, but not limited to, the operation and delivery of irrigation water pursuant to the Water Rights held by the Association as set forth in Section 3.3, above.

6.02 The Association shall be governed by a Board composed of three (3) Directors, each of whom shall be elected at the first annual meeting.

6.03 Regular meetings of the Association will be held at the time and in the place prescribed by the By-Laws of the Association. The first annual meeting shall be held within ninety (90) days after the closing of the sale of the Lot representing the fifty-first (51st) percentile interest of the Lots described herein but in no event later than six (6) months after sale of the first lot.

6.04 Each Owner of each Lot is subject to assessment by the Association and shall be a member of the Association. Said membership shall be appurtenant to and shall not be severed from the Lot.

6.05 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 members shall be the Declarant and shall be entitled to three (3) votes for each Lot owned. Class B membership shall cease and be converted to Class A membership on the occurrence of the later of any of the following events:

(a) when the total votes outstanding in the Class A membership in the Association equal the total votes outstanding in the Class B membership in said Association;

(b) the fourth anniversary of the recording of this declaration.

6.06 All elections shall be by secret ballot. Cumulative voting procedures shall be prescribed at all elections at which more than one position on the governing body is to be filled.

6.07 So long as there are two classes of membership, one (1) director shall be elected solely by the votes of the Class A members.

6.08 Regular meetings of the Board of Directors shall be held quarterly or as deemed appropriate by the Association.

6.09 Any vote may be cast by an Owner in person or by proxy. All proxies shall be in writing, dated and signed by the Owners and filed with the Board of Directors before commencement of any meeting. No proxy shall extend beyond the specific meeting for which it was executed, and every proxy shall automatically cease upon sale by the Owners of his or their Lot or upon death or incapacity of the member executing the proxy statement.

6.10 Where the vote or written assent of the membership is required for any action contemplated herein, such action shall require the prescribed percentage of each class of voters during the time there are two classes of membership.

ARTICLE VII.

PROPERTY RIGHTS AND RIGHTS OF ENJOYMENT

7.01 Each member of the Association shall have the right of enjoyment of the Common Area including the easements and the facilities located thereon which are appurtenant to the member's Lot, subject to the following conditions:

(a) The right of the Association to suspend the rights and privileges, including voting rights of any member for any period during which an assessment (to which his interest is subject) remains unpaid and for a period not to exceed thirty (30) days for each infraction of its published rules and regulations and for the right to impose monetary penalties for violation of such rules and regulations after hearing by the Board of Directors of the Association. Any Owner shall be given ten (10) days notice of any such hearing by mail or email to his address as it appears on the books of the Association.

(b) The right of the Association to borrow money for the purpose of improving the Common Area and facilities.

(c) The Association shall have the authority to levy fines against Owners for violations of the Declaration or other governing documents, provided such fines are imposed in accordance with Idaho law. No fine shall be assessed unless the Owner receives written notice of the alleged violation, including a description of the violation, the specific provision(s) violated, a statement of the Owner's right to request a hearing before the Board, and a deadline of at least thirty (30) days to correct the violation or request a hearing. If a hearing is requested, it shall be scheduled within a reasonable time, and the Owner shall have an opportunity to present evidence. The Board shall consider the evidence and determine, by majority vote, whether a fine is warranted. Fines shall follow a schedule adopted by the Board consistent with the severity of the violation and shall be due within thirty (30) days of notice. Unpaid fines may be treated as assessments and enforced through the same collection procedures, including the filing of a lien and foreclosure if permitted by law as set forth in Article VIII. No fine shall be imposed if the Owner has initiated and is diligently pursuing a good faith effort to correct the violation.

7.02 The Association shall have the obligation at its expense to maintain in a clean and orderly manner and in a good state of repair its Common Area and all improvements located thereon and to operate in a competent and efficient manner, all facilities located in its Common Area; and in the event of damage or destruction to the improvements, to repair and restore promptly after such damage or destruction occurs, all improvements thereon.

ARTICLE VIII.

CREATION OF ASSESSMENT LIENS

8.01 The Declarant, for each Lot owned within the Property 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, is deemed to covenant and agree to pay to the respective Association: (a) Annual assessments or charges; and (b) special assessments for capital improvements and for Irrigation System usage, such assessments to be established and collected as hereinafter provided.

The annual and special assessments, together with interest, costs, 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 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 became due. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

8.02 The assessment levied by the Association shall be used exclusively to (i) promote the recreation, health, safety, and welfare of the Owners and for the improvement and maintenance of the Common Area owned by the Association and including, but not limited to, the payment of taxes and insurance for the common properties, and repair, replacement and additions hereto and for the cost of labor, equipment, materials, management and supervision of the Common Area.

8.03 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 to be performed on the Lots or Common Area or of a capital improvement upon the Association's Common Area, including fixtures and personal property related thereto and for the purpose of performing any unanticipated maintenance, provided that any such assessment in excess of five percent (5%) of the annual budgeted expense of the Association shall have the assent of fifty-one percent (51%) of the votes of all of the Class A members and fifty-one (51%) of all the Class B members, if any, of the Association. Such votes shall be cast in person or by proxy at a meeting duly called for this purpose as provided in Section 8.04.

8.04 Written notice of any meeting of the members of the Association shall be sent to all members at their address shown in the books of the Association, by regular mail or email, not less than ten (10) days nor more than thirty (30) days in advance of the meeting and shall describe the nature of the business to be conducted. The presence at any meeting of the members or of proxies entitled to cast twenty-five percent (25%) of all of the votes of each class of membership shall constitute a quorum. If the required quorum is not present or represented at any meeting, the members entitled to vote thereat shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or represented. Such adjournment shall be for not less than five (5) days and not more than thirty (30) days from the original meeting date. In the absence of a quorum, no other business may be conducted at any such meeting.

8.05 Annual and special assessments shall be fixed on a pro rata basis for each Lot and shall be collected by the Association on a quarterly basis. The directors of the Association shall estimate the charges required to be paid by the Association during the calendar year. The total annual assessments against all Owners shall be based upon advance estimates of cash requirements. Owners shall not be entitled to take offsets from assessment amounts for any reason.

8.06 The annual assessments provided for herein shall commence on the first day of the month following the closing of the first sale of a Lot to a purchaser.

8.07 Without written consent or a majority vote by the members of the Association residing in members, the annual assessment may not be increased more than twenty percent (20%) over that of the last preceding annual assessment.

8.08 Any assessment not paid within thirty (30) days after the due date, shall bear interest from the due date at the maximum rate allowed by law. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the Lot. Each of the Owners do hereby grant and appoint the Board of Directors as trustee to enforce such lien and to foreclose such lien by private power of sale, and the authority and power to sell the Lot of such defaulting Owner, or any part thereof, to satisfy said lien, for lawful money of the United States to the highest bidder. Such lien and the right to foreclose the same shall be in addition to and not in substitution for all other rights and remedies which the Owner and the Board of Directors may have to enforce the provisions hereof.

8.09 The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage or deed of trust. The sale or transfer of any Lot shall not affect any assessment lien. However, the sale of any Lot pursuant to a mortgage or deed of trust foreclosure shall extinguish the lien of such assessments as to payments that become due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessment thereafter becoming due or from the lien thereof.

8.10 In addition to the remedies stated above, the Association upon violation or breach of any covenant, restriction or condition contained in this declaration, may enter upon any Lot where such violation or breach exists and may abate or remove the thing or condition causing the violation or breach or may otherwise cure the violation or breach. The costs incurred shall be billed to and paid by the Owner of the Lot. If the Owner of any Lot fails, after demand, to pay such costs then the Association shall have a lien, from and after the time a notice of such failure to pay is recorded in the records of Blaine County, Idaho, against the Lot of such Owner or Owners for the amount due and not paid, plus interest from the date of demand for payment at the statutory rate, plus all costs and expenses of collecting the unpaid amount, including reasonable attorneys' fees.

ARTICLE IX.

DAMAGE OR DESTRUCTION OF COMMON AREA IMPROVEMENTS

In the event of damage to or destruction of the property of the Association, or any part thereof, , including but not limited to the Common Area, private roads, and all equipment required for the geothermal hot water system, the Association shall repair or replace the same from the insurance proceeds payable to it by reason of such damage or destruction. If any such damage or destruction was insured against and the insurance proceeds are insufficient to cover the cost of repair or replacement of the property damaged or destroyed, the Association may make a special assessment in accordance with the provisions of this declaration, to cover the additional cost of the repair or replacement not covered by the insurance proceeds. Such special assessment is not in addition to any other regular assessments made against Owners and is subject to the rules herein relating to Special Assessments. If any damage or destruction is caused by a casualty not insured against, then the repair or reconstruction shall be accomplished in the manner provided by a written agreement approved by the Owners representing more than fifty percent (50%) of all the Lots after the plans for any repairs or reconstruction have been approved by the Association.

ARTICLE X.

LENDER'S REGULATIONS

In order that residential dwelling units erected on the Property may qualify for existing subsidized lending programs, it is declared that the following rights exist in favor of any first mortgagee, notwithstanding contrary or conflicting provisions contained herein.

10.01 The first mortgagee of any dwelling unit may, by written notice to the Association, request written notice of any default by the mortgagor of such dwelling unit in the performance of such mortgagor's obligations under this declaration within thirty (30) days. Such request shall state the name and mailing address of the mortgagee, and the official records book and page number, file number or other reference identifying such recording, and the Lot number encumbered by said mortgage, and a reference to this declaration. Each notice of default given pursuant to such request may be sent by regular mail, postage prepaid, addressed to the mortgagee at the address stated in such request. Following the elapse of two (2) years from the date of receipt of the written request last given by any mortgagee pursuant to this Article, the Association shall have no further duty to notify such mortgagee if mortgagor defaults.

10.02 Any first mortgagee that comes into possession of a dwelling unit pursuant to the remedies provided for in the mortgage, or foreclosure of the mortgage, shall be exempt from an existing right of first refusal of any party as to the purchase of such dwelling unit from the mortgagee thereof.

10.03 Unless at least seventy-five percent (75%) of the first mortgagees (based upon one (1) vote for each mortgage) of dwelling units within the subdivision have given their prior consent, the Association shall not be entitled to:

(1) By act or omission seek to abandon, partition, subdivide, encumber, sell or transfer real estate or improvements thereon which are owned, directly or indirectly, by the Association for the benefit of the dwelling units in the subdivision. (The granting of easements for public utilities or for other public purposes consistent with the intended use of such subdivision shall not be deemed a transfer within the meaning of this clause);

(2) Change the method of determining the obligations, assessments, dues or other charges which may be levied against an Owner;

(3) By act or omission change, waive or abandon any scheme or regulation, or enforcements thereof, pertaining to the architectural; design or the exterior appearance of dwelling units, the maintenance of party walls, or common fences and driveways, or the upkeep of walls and plantings in the subdivision;

(4) Fail to maintain fire and extended coverage on insurable Common Area on a current replacement cost basis in an amount of not less than one hundred percent (100%) of the insurable value (based on current replacement cost);

(5) Use hazard insurance proceeds for losses to any Common Area for other than the repair, replacement or reconstruction of such improvements;

10.04 First mortgagees shall have the right to examine the books and records of the Association, upon reasonable advance request in writing.

10.05 First mortgagees of dwelling units in the subdivision, may jointly or singly, pay taxes which are in default and which may or have become a charge against Common Area and may pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on lapse of a policy, for such property and first mortgagees making such payments shall be owed immediate reimbursement therefor from the Association.

10.06 Nothing herein or in the Articles of Incorporation of the Association, or in any other instrument relating to the Property, gives any Owner of any Lot or other party priority over any rights of first mortgagees pursuant to their mortgages, in the case of distribution to such Owners of insurance proceeds or condemnation awards for losses to or a taking of common property in the subject subdivision.

10.07 Any mortgagee who receives a written request from the Association to respond to or consent to any action shall be deemed to have approved or consented to such action if the Association does not receive a written response from the mortgagee within thirty (30) days of the date of the Association's request, provided the request is delivered to the mortgagee by certified or registered mail, return receipt requested.

10.08 The terms "mortgage", "mortgagor" and "mortgagee" as used in this Article shall include respectively, a deed of trust and the trustor and beneficiary thereunder.

ARTICLE XI.

MISCELLANEOUS PROVISIONS

11.01 Unless otherwise specified with respect to a specific provision of this Declaration, the provisions hereof may be amended by a vote or the written consent of sixty-six and 67/100ths percent (66.67%) or more of each class of members.

11.02 In the event of any inconsistency between applicable law and any of these covenants or restrictions the applicable law shall govern. Invalidity of any one of these covenants or restrictions by judgment or court order shall in no ways affect any other provisions which shall remain in full force and effect.

DATED this ____ day of _____ 2026

Carbon Hills Hot Springs, Inc., an
Idaho corporation

By: David Cimino, President

STATE OF IDAHO)
) ss.
County of Blaine)

On this _____ day of _____, in the year of 202__, before me, a Notary Public in and for said State, personally appeared David Cimino, known or identified to me to be the President of Carbon Hills Hot Springs, Inc., a corporation, the person who subscribed said corporation's name to the foregoing instrument, and acknowledged to me that he executed the same in said corporation's name.

Notary Public for Idaho

Residing at _____

My Commission expires: _____