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PAULA ROBINSON FLATHEAD COUNTY MONTANA ✓

**DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS OF
NORTHLAND SUBDIVISION PHASE 1**

Plat 20052170930 N

THIS DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS OF NORTHLAND SUBDIVISION PHASE 1 (this "Declaration") is made the 9 day of September 2005, by BRIDGELAND DEVELOPMENT, LLP, a Montana company (hereinafter referred to as the "Undersigned").

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WITNESSETH:

WHEREAS, the Undersigned is the owner of certain real property situated in Flathead County, Montana, known as Northland Subdivision Phase 1, according to the plat thereof recorded on August 5, 2005, in the records of the Office of the Clerk and Recorder of Flathead County, State of Montana (the "Plat"), including the easements and licenses appurtenant to or included in the property as shown on the Plat; and

WHEREAS, the Undersigned desires to create a planned community at the above-described property delineated on the Plat and to subject and place upon the above-described property certain covenants, conditions, restrictions, easements, reservations, rights-of-way, obligations, liabilities and other charges set forth herein for the purpose of protecting the value and desirability of said property and for the purpose of furthering a plan for the improvement, sale and ownership of said property.

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NOW, THEREFORE, the Undersigned hereby declares that all of the properties described above, including any real property subsequently incorporated into the subdivision, shall be held, sold and conveyed subject to the following covenants, conditions, restrictions, easements, reservations, rights-of-way, obligations, liabilities, charges and other provisions set forth herein, which are for the purpose of protecting the value and desirability of, and which shall run with the property and be binding on all parties having any right, title or interest in the property or any part thereof, their heirs, personal representatives, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I – DEFINITIONS, INTERPRETATION AND EXPANSION

Section 1.1 Certain Defined Terms. For the purpose of this Declaration (and all exhibits and other documents made or delivered hereunder), in addition to the terms defined above in the recitals, the following terms shall have the following meanings:

"Association" shall mean and refer to Northland Subdivision Property Owners Association, a Montana non-profit corporation, its successors and assigns. The Association shall act by and through its Board and officers.

"Board" shall mean and refer to the Board of Directors of the Association.

"Common Area" shall mean and refer to all real property (including improvements thereon) owned or leased by the Association for the common use and enjoyment of the Owners, including all parks and similar areas, including improvements thereon, on the Plat.

"Common Expense" shall mean and refer to (a) the costs of maintenance, repair and replacement of the Common Area, all alleys, and all common utility lines within the Property, (b) all of the real and personal property taxes levied against the Common Area, (c) the costs of utilities to service and operate the Common Area (including the cost of street lighting) as well as all utility costs and expenses relating to the Lots which are not separately metered and billed to each Lot, (d) the cost of insurance carried pursuant hereto, (e) the cost of maintaining, irrigating and replacing landscaping within or adjacent to the Common Area, (f) proposed capital expenditures with respect to the Common Area and alleys, (g) all other expenses of owning, administering, servicing, conserving, managing, and operating the Common Area, (h) all other expenses expressly declared to be common expenses by this Declaration or by the Bylaws of the Association, and (i) all expenses lawfully determined to be common expenses by the Board of the Association.

"Community" shall mean all land included within the Property.

"Community Budget" shall mean a budget for each fiscal year to be prepared by the Board and adopted by the Association, which budget shall be applicable to all of the Lots, shall be used as the basis for establishing the annual assessment to be levied against each Lot, and shall include an estimate of all the Common Expenses. The Community Budget shall specifically include an adequate reserve fund for the maintenance, repair and replacement of areas and facilities which are located from time to time within the Common Area in order that such maintenance, repairs and replacements may be paid for through regular periodic assessment rather than by special assessment; provided, however, that the Association may levy special assessments, reconstruction assessments and extraordinary assessments in the manner set forth in Article IV.

"Declarant" shall mean and refer to Bridgeland Development, LLP, a Montana limited liability company, and the successors and assigns of Bridgeland Development, LLP, if such successors or assigns shall first be designated by Bridgeland Development, LLP as a Declarant by a written instrument executed by both Bridgeland Development, LLP and the transferee which is duly recorded in the records of the Clerk and Recorder, Flathead County, Montana. In such written instrument, Bridgeland Development, LLP may transfer to a successor Declarant all or less than all of the Special Declarant Rights reserved to the Declarant in this Declaration, and if less than all, then Bridgeland Development, LLP shall remain a Declarant hereunder with respect to any such rights not so transferred.

"Declaration" shall mean and refer to this Declaration of Covenants, Conditions and Restrictions of Bridgeland Development, as the same may be amended and supplemented from time to time.

"Design Guidelines" means the guidelines and rules published and maintained by the Design Review Board from time to time.

"Design Review Board and "DRB" shall mean and refer to the Design Review Board described in Article V whose purpose is to maintain the quality and architectural harmony of improvements in the subdivision.

"Expansion Property" means such additional real property now owned or owned in the future by Declarant (including any Successor Declarant) that Declarant may make subject to the provisions of this Declaration by a duly recorded Declaration of Annexation.

"First Mortgage" shall mean and refer to any unpaid and outstanding first mortgage, first deed of trust or other similar voluntary security instrument encumbering a Lot recorded in the records of the Clerk and Recorder, Flathead County, Montana, having priority of record over all other recorded liens except those governmental and other liens made superior by statute.

"First Mortgagee" shall mean and refer to any person named as a mortgagee or beneficiary under any First Mortgage or Montana Trust Indenture, or any successor to the interest of any such person under such First Mortgage.

"Guest" shall mean and refer to any family member, guest, patron, tenant, agent, employee, licensee or invitee of an Owner.

"Lot" shall mean and refer to any separate numbered parcel, lot or plot of land shown upon the Plat, as the same may be amended from time to time (including real property additions to the subdivision pursuant to the provisions of this Declaration), together with all appurtenances and improvements now or hereafter located thereon.

"Member" shall mean and refer to each Owner of a Lot that is subject to assessment hereunder, including Declarant so long as Declarant owns any Lot. Membership in the Association shall be appurtenant to and may not be separated from ownership of a Lot.

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

"Property" shall mean and refer to that certain real property described in the first "Whereas" clause of this Declaration, together with such additions thereto (including Expansion Property), if any, as may from time to time be made subject to these Covenants pursuant to the provisions of this Declaration.

"Special Declarant Rights" shall mean and refer to the development and other rights expressly reserved for the benefit of Declarant in accordance with the terms and conditions of this Declaration.

Section 1.2 General Interpretive Principles. For purposes of this Declaration, except as otherwise expressly provided or unless the context otherwise requires:

(a) The terms defined in this Declaration have the meanings assigned to them in this Declaration and include the plural as well as the singular, and the use of any gender herein shall be deemed to include the other gender;

(b) References herein to "Articles," "Sections," "Paragraphs," and other subdivisions without reference to a document are to designated Articles, Sections, Subsections, Paragraphs and other subdivisions of this Declaration;

(c) Reference to a subsection or clause without further reference to a Section is a reference to such subsection or clause as contained in the same Section in which the reference appears, and this rule shall also apply to Paragraphs and other subdivisions;

(d) The words "herein," "hereof," "hereunder" and other words of similar import refer to this Declaration as a whole and not to any particular provision; and

(e) The term "include" or "including" shall mean without limitation by reason of enumeration.

Section 1.3 Right to Expand. The Declarant also now owns or may in the future own additional real estate in Flathead County, Montana, which it may desire to incorporate into Northland Subdivision (the "Expansion Property"), and the Declarant has reserved the right, but will not be obligated, to incorporate the Expansion Property in whole or in part in the regime established under this Declaration, all as provided in Article IX below, so that the Expansion Property, if and when developed, will be treated as an integral part of Northland Subdivision.

ARTICLE II – GRANT OF EASEMENTS

Section 2.1 Easements Over Common Area. There is hereby created and granted to the Association and to each Owner for the benefit of each Lot a nonexclusive easement upon, over and across, and the right to use, the park areas, and similar areas and facilities as may be located within the Common Area from time to time.

Notwithstanding anything to the contrary contained herein, the right of the Owners and their Guests to use the Common Area as set forth above shall be subject to the following restrictions: (a) strict compliance with such reasonable rules and regulations as may be promulgated and published by the Association from time to time, provided that such rules and regulations shall require no payment of fees or other charges on the part of the Owners and their guests other than as specifically set forth in Article IV and shall otherwise be generally and equally applicable to all of the Owners and their Guests; and (b) the right of the Association to close or limit the use of the Common Area solely for the purpose of performing its obligations set forth herein, but only to the extent that such closure or limitation of use shall be deemed necessary to protect the health or safety of the Owners and their Guests or to prevent any party from acquiring any prescriptive rights in any thereof. The easement and right to use granted in this Section shall run with the land and shall be appurtenant to each Lot, such that a transfer of legal title to a Lot shall automatically transfer the easement and right to use granted in this Section.

Section 2.2 Other Easements. The following easements, uses and rights shall run with the land and all conveyances of Lots hereafter made, whether by Declarant or otherwise, shall be construed to grant and reserve the same even though no specific reference to such easements, uses and rights appears in any such conveyance:

(a) Access. Easements for access are reserved as shown on the Plat or other duly recorded instruments. No structure, planting or other material shall be placed or permitted to remain within these easements that may damage or interfere with access.

(b) Alleys. Alleys shown on the Plat are reserved for all Owners, provided they are primarily for the benefit and use of Owners whose Lots are adjacent to the alleys. No structures or other improvements may be located in the alleys that interfere with this use.

(c) Utilities.

(i) Each Lot shall be and is hereby made subject to all easements for gas, electric, telephone, cable television, water, sewer, and other lines as are necessary to provide utility service to said Lot, adjacent Lots and/or the buildings located thereon and for snow melt. Each Owner hereby agrees to execute such further grant or other documentation as may be required by any utility or other company or public, governmental or quasi-governmental entity for such purpose.

(ii) Without limiting the generality of the foregoing, certain private utility or service connections or lines and equipment, such as gas, telephone, electric, cable television, sewer and water lines and the fire protection system, may be located in one of the Lots but used by, or in common with, other Lots. Each Owner of a Lot on which such private utility or service connections or lines or equipment are not located but whose Lot is serviced by the same shall have a perpetual nonexclusive easement in and to that part of the other Lots containing such private utility or service connections or lines or equipment as is reasonably necessary for purposes of maintenance, repair, replacement and inspection thereof.

(d) Public Agencies. A nonexclusive easement for ingress and egress is hereby granted to all police, sheriff, fire protection, ambulance, public works, and other similar public agencies or persons, now or hereafter servicing the Property, to enter the Property in the performance of their duties.

(e) Association. The Association (including its agents, employees and contractors) shall have a nonexclusive easement to make use of each Lot and the improvements located thereon as may be necessary or appropriate to perform the duties and functions which it is obligated or permitted to perform pursuant to this Declaration.

(f) Declarant. Until termination of the period of Declarant's control of the Association set forth in Section 3.3, Declarant (including its agents, employees and contractors) shall have a nonexclusive easement to make use of each Lot and the improvements located thereon as may be necessary or appropriate to exercise Special Declarant Rights pursuant to this Declaration.

ARTICLE III - MEMBERSHIP AND VOTING RIGHTS; THE ASSOCIATION

Section 3.1 Membership. Each Owner of a Lot shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot and shall automatically pass with fee simple title to the Lot. Each Lot, however, shall only be entitled to one vote.

Section 3.2. Directors of the Association. The affairs of the Association shall be managed by a Board of at least three (3) directors, the exact number of directors to be set from time to time in the Bylaws of the Association to the extent not set in Section 3.3. Directors shall meet the qualifications described in the Articles of Incorporation and Bylaws of the Association.

Section 3.3 Management of the Association. From date of formation of the Association until the termination of Declarant's control as provided below, Declarant shall have the right to appoint and remove members of the Board and officers of the Association as hereinafter provided. The period of Declarant's control of the Association shall terminate upon the date sixty (60) days after conveyance of 100% of the Lots to Owners other than Declarant. Declarant may voluntarily surrender the right to appoint and remove officers of the Association and members of the Board before termination of the period of Declarant's control as set forth above, but in that event Declarant may require, for the duration of the period of Declarant's control, that specified actions of the Association or Board, as described in a recorded instrument executed by Declarant, be approved by Declarant before they become effective.

Section 3.4 Officers of the Association. The officers of the Association shall be as set forth in the Bylaws of the Association.

Section 3.5 Management.

(a) The Property shall be administered and managed pursuant to this Declaration and the Articles of Incorporation and Bylaws of the Association. Each Owner shall comply strictly with the provisions of this Declaration and of the Articles of Incorporation and Bylaws of the Association. The Board shall have the right to adopt, amend or repeal, from time to time, reasonable rules and regulations governing the use of the Common Area as herein set forth and each Owner shall be bound by and shall comply with such rules and regulations. Rules and regulations concerning and governing the Property or any portion thereof may also be adopted, amended or repealed, from time to time, by the Board, and each Owner shall be bound by and shall comply with such rules and regulations. The Association shall enforce all rules and regulations as well as the provisions of this Declaration and of the Articles of Incorporation and Bylaws of the Association. Failure of an Owner to comply with any such rules and regulations or provisions shall be grounds for an action to recover damages or to obtain injunctive relief, or both, by the Association on behalf of the Owners or, in a proper case, by an aggrieved Owner and, in addition, the Board may establish and enforce penalties for the infraction thereof, including (after notice and an opportunity to be heard) the levying and collecting of fines for the violation of any of such rules, regulations or provisions.

(b) Notwithstanding anything to the contrary contained herein, neither the Association nor the Board, nor their respective members, shall adopt any rule, regulation or decision or take any action in any manner whatsoever that would interfere with the reasonable and normal activities to be conducted on the Property or any Lot or the property surrounding the Property.

ARTICLE IV - COVENANT FOR ASSESSMENTS

Section 4.1 Creation of the Lien and Personal Obligation for Assessments. Each Owner of any Lot, including Declarant, by acceptance of a deed, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association (a) annual assessments, (b) special assessments, (c) reconstruction assessments, and (d) extraordinary assessments, all such assessments to be established and collected as hereinafter provided. The annual, special, reconstruction and extraordinary assessments, together with late charges, costs and reasonable attorneys' fees, shall be a charge on the land and shall be a continuing lien upon the Lot against which each such assessment is made. The obligation for such payments by each Owner to the Association is an independent covenant, with all amounts due from time to time payable in full without notice (except as otherwise expressly provided in this Declaration) or demand, and without setoff or deduction. The lien may be enforced by foreclosure of the defaulting Owner's Lot by the Association in like manner as a mortgage on real property as hereinafter provided. Each assessment, together with interest, late charges, costs and reasonable attorneys' fees, shall also be the personal obligation of the person who was the Owner of such Lot at the time when the assessment became due. The personal obligation for delinquent assessments shall not pass from them. The Association's lien on a Lot for assessment shall be superior to any homestead exemption now or hereafter provided by the laws of the State of Montana or any exemption now or hereafter provided by the laws of the United States. The acceptance of a deed to land subject to this Declaration shall constitute a waiver of the homestead and any other exemption as against said assessment lien.

Section 4.2 Annual Assessments.

(a) Budgets. The Board shall fix, determine, levy and collect annual assessments to be paid by the Owners to meet the Common Expenses and to create a contingency reserve. Prior to the beginning of each fiscal year of the Association, the Board shall adopt the Community Budget for that year (which shall be the basis for an annual assessment against all of the Lots). Notwithstanding anything to the contrary contained herein, the Community Budget will be determined by Declarant to the extent of costs and expenses covered thereby to be incurred by Declarant and submitted to the Board for the Board's adoption as part of the budgeting process, with said budget being supplemented by the Board for costs and expenses for other items included therein to be incurred by the Association. For the Association's first fiscal year, Declarant shall determine the Community Budget based on a good faith estimate of costs. Thereafter, the Community Budget shall be prepared on the basis of the previous year's respective costs, with such adjustments as the Board reasonably considers appropriate. At the first meeting of the Board, the Board shall adopt the initial budget of the Association. All annual assessments shall be established based upon approved budgets. Within thirty (30) days after adoption of any proposed budget of

the Association, the Board shall mail, by ordinary first class mail, or otherwise deliver a summary of the budget to all Owners and shall set a date for a meeting of the Owners to consider ratification of the budget, which meeting shall be set not less than fourteen (14) days and not more than sixty (60) days after mailing or other delivery of the summary. With respect to Community Budgets: (i) unless a majority of all of the Owners who are voting in person or by proxy at that meeting reject the Community Budget, the Community Budget shall be ratified, whether or not a quorum is present; and (ii) in the event that the proposed Community Budget is rejected, the annual Community Budget last ratified by the Owners must be continued until such time as the Owners ratify a subsequent Community Budget proposed by the Board as herein set forth, whereupon any annual assessment previously set shall be adjusted accordingly. Notwithstanding the foregoing, the Community Budget for any year may be set by the Board without any vote of the Owners, provided that such budget not increase, on a percentage basis, over the prior year's budget by more than 20% or by more than the increase, on a percentage basis, of the Consumer Price Index for Urban Consumers published by the Bureau of Labor Statistics, U. S. Department of Labor, whichever is greater.

(b) Date of Commencement. The initial annual assessment shall commence on the day on which the first Lot is conveyed to an Owner other than Declarant, and the second and each subsequent annual assessment period shall correspond with the fiscal year of the Association. The annual assessments shall be made due and payable, in advance, with such frequency and on such dates as determined by the Board, but no more frequently than monthly, provided that the first annual assessment shall be adjusted according to the number of days in the first Association fiscal year. Any Owner purchasing a Lot between installment due dates shall pay a prorata share of the last installment due. Until the commencement of the initial annual assessment, Declarant shall pay all Common Expenses.

Section 4.3 Special Assessment. In addition to the annual assessments authorized in this Article IV, the Association may levy, in the Association fiscal year, a special assessment applicable to that year only, whenever in the opinion of the Board it is necessary or advisable to do so for the purpose of (a) meeting increased operating or maintenance expenses or costs, (b) replenishing the working capital fund referred to in Section 4.7 if it is reduced or depleted, (c) providing for additional capital expenses, or (d) meeting expenses or costs resulting from emergencies. Except for special assessments levied to meet emergencies which threaten individual safety or property or special assessments levied for actual usage of utilities, any such special assessment may be levied only pursuant to and based upon a supplemental budget adopted by the Board, which budget (or a summary thereof) is first mailed, by ordinary first class mail, or otherwise delivered to all Owners within thirty (30) days after the adoption thereof and which budget is not rejected by a majority of all of the Owners who are voting in person or by proxy at a meeting called, by notice accompanying the aforesaid budget or summary, not less than fourteen (14) days nor more than sixty (60) days after mailing or other delivery of the aforesaid notice to consider ratification of the supplemental budget, whether or not a quorum is present at such meeting. The Board shall prepare and provide to each Owner an itemized statement of any special assessment against such Owner's Lot, which statement shall set forth in detail the various expenses for which the special assessment is being made. Special assessments shall be due and payable as specified in the written notice of such assessment provided by the Board.

Section 4.4 Reconstruction Assessments. In addition to the annual and special assessments authorized in this Article IV, if any improvements in the Common Area or alleys shall be damaged, destroyed or condemned, the Association shall levy a reconstruction assessment for the purpose of repair or reconstruction of the damaged, destroyed or condemned improvements within the Common Area. All such reconstruction assessments shall be equal to the net amount of the cost of repair or reconstruction of such improvements and shall be calculated by subtracting from the total cost of repair or reconstruction the sum of the insurance or condemnation proceeds awarded for the damage, destruction or condemnation thereof, if any. The Board shall prepare and provide to each Owner an itemized statement of any reconstruction assessment against such Owner's Lot, which statement shall set forth in detail the various expenses for which the reconstruction assessment is being made. Such reconstruction assessments shall be due and payable as provided by resolution of the Board, but not sooner than thirty (30) days after written notice thereof.

Section 4.5 Rate and Payment of Assessments. Each Owner shall be allocated and shall pay such Owner's prorata share of the total aggregate annual assessment and all special and reconstruction assessments levied by the Association with respect to all matters.

Section 4.6 Extraordinary Assessment. Any amounts expended by the Association for the exclusive benefit of any individual Lot and the Owner thereof, any fines (pursuant to rules adopted by the Association), any amounts expended by the Association for repairs and replacements caused by the negligent or willful or tortious acts or omissions of an Owner or such Owner's Guests, any costs arising under Section 8.2, or any cost incurred by the Association to cure an Owners default hereunder, including reasonable attorneys' fees, shall be the responsibility of such Owner. The Association shall levy through its Board an extraordinary assessment against such Owner for such amounts or costs. Notice in writing of the amount of any extraordinary assessment levied by the Association pursuant to this Section shall be given promptly to the applicable Owner and payment shall be due when such written notice is given to the Owner.

Section 4.7 Effect of Nonpayment of Assessments; Remedies of the Association.

(a) If any assessment shall remain unpaid ten (10) days after the due date thereof, the Board may impose a late charge on such defaulting Owner in a reasonable amount, not to be less than 12 percent of the unpaid assessment per annum.

(b) Failure to make payment of any assessment within thirty (30) days after the due date thereof shall also cause the full amount of such Owner's annual assessment for the remainder of that fiscal year to become due and owing at once, at the option of the Board.

(c) In addition to the foregoing, during the period of any delinquency in the payment of any assessment, the Board may suspend a delinquent Owner's voting privileges in the Association (but no such suspension shall affect the rights of the First Mortgagee).

(d) In the event that it shall become necessary for the Board to collect any delinquent assessments or fees, the Association may bring an action at law against the Owner personally obligated to pay the same, and in the event a judgment is obtained, such judgment shall include interest, late charges and reasonable attorneys' fees, together with the costs of the action.

(e) In the event that it shall become necessary for the Board to collect any delinquent assessments or fees, the Association may foreclose the lien against the defaulting Owner's Lot created by Section 4.1 in like manner as a mortgage on real property, or may accept a deed in lieu of such foreclosure. In any such foreclosure, the Owner shall be required to pay the costs and expenses of such proceedings, including reasonable attorneys' fees. The Association shall be entitled to purchase the Lot at the foreclosure sale and to acquire, hold, lease, mortgage or convey the same. The Board or managing agent of the Association may prepare a written notice setting forth the amount of such unpaid indebtedness, the name of the Owner of the Lot and a description of the Lot. Such a notice shall be signed by one of the Board or by the managing agent of the Association and may be recorded in the records of the Clerk and Recorder, Flathead County, Montana. A release of lien shall be executed by the Association and recorded in the records of the Clerk and Recorder, Flathead County, Montana at the Owner's expense, upon payment of all sums secured by a lien or recorded notice of lien. The lien for each unpaid assessment attaches to each Lot at the beginning of each assessment period and shall continue to be a lien against such Lot until paid. The costs and expenses for filing any notice of lien shall be added to the assessment for the Lot against which it is filed and collected as part and parcel thereof.

(f) In the event that it shall become necessary for the Board to collect any delinquent assessments or fees, the Association may pursue any and all other rights and remedies available to it.

(g) No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or by abandonment of such Owner's Lot.

(h) The foregoing rights of the Association are cumulative and concurrent, may be pursued separately, successively or together and may be exercised as often as occasion for the same shall arise, it being understood and agreed that the exercise of any one or more of the rights provided for herein shall not be construed as a waiver of any of the other rights or remedies of the Association, at law or in equity or otherwise.

Section 4.8 Payment by First Mortgagee. Any First Mortgagee holding a lien on a Lot may pay, but shall not be obligated to pay, any amounts secured by the lien created by this Article, and upon such payment such First Mortgagee shall be subrogated to all rights of the Association with respect to such lien, including priority.

ARTICLE V - DESIGN CONTROL

Section 5.1 Design Review Board. There is hereby established a Design Review Board, which shall be responsible for the establishment and administration of Design Guidelines to facilitate the purposes and intent of this Declaration. The Design Review Board ("DRB") may amend, repeal and augment the Design Guidelines from time to time. The Design Guidelines will be binding on all Owners and other persons governed by these Guidelines.

Section 5.2. Design Review Board Membership. The DRB will be composed of three persons, one of whom should be a professional design consultant. All members of the DRB will be appointed by the Declarant, removed, and replaced by Declarant, in its sole discretion, until Declaration of Covenants, Conditions and Restrictions

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expiration of the Period of Declarant Control or such earlier time as Declarant may elect to voluntarily waive this right by notice to the Association, and at that time the Board of Directors will succeed to Declarant's right to appoint, remove, or replace members of the DRB.

Section 5.3 Review. No structure or attachment to an existing structure and no building, fence, wall, canopy, awning, roof, exterior lighting facility, athletic facility or other improvement or attachment shall be constructed, erected, placed or installed upon the Property, and no change or alteration of the materials or appearance (including color) of the exterior of a building or other structure shall be made, and no change in the final grade of any Lot shall be performed, until the plans and specifications showing the nature, kind, shape, height, color, materials and location of the same shall have been submitted to, and shall have been approved in writing by the DRB as to harmony of external design and location in relation to surrounding structures and topography and compliance with the Design Guidelines then in effect. The plans and specifications so submitted shall comply in all respects with all applicable building and zoning regulations. The Design Review Board may require that the applicant submit additional materials reasonably required to perform its review function. In its review of such plans, specifications and other materials, the DRB may require that the applicant reimburse the DRB for the actual expenses incurred by the DRB in the review and approval process. Such amounts, if any, shall be levied as part of the annual assessment against the Lot for which the request for design approval was made and, as such, shall be subject to the Association's lien for assessments and subject to all other rights of the Association for the collection thereof, as more fully provided in Article IV of this Declaration. All improvements within the Property constructed by Declarant during the period of Declarant's control of the Association as provided in Section 3.3, shall be deemed approved by the DRB without the issuance of any writing evidencing such approval.

Section 5.4 Procedures. The DRB shall approve or disapprove all requests for design approval within thirty (30) days after the complete submission of copies of all plans, specifications and other materials that the DRB may require in conjunction therewith. In the event that the DRB fails to approve or disapprove any request within thirty (30) days after the complete submission of all plans, specifications and other materials with respect thereto, approval shall not be required and this Article shall be deemed to have been fully complied with. Additional Design Review Procedures may be published as part of the Design Guidelines.

Section 5.5 Vote. A majority vote of the Design Review Board is required to approve each request for design approval pursuant to this Article.

Section 5.6 Records. The DRB shall maintain written records of all applications submitted to it and all actions taken by it thereon, and such records shall be available to Members for inspection at reasonable hours of any business day.

Section 5.7 Liability. Neither the Board nor the Design Review Board, nor the members thereof, shall be liable in damages to any person submitting requests for design approval or to any Owner by reason of any action, failure to act, approval, disapproval, or failure to approve or disapprove in regard to any matter within its jurisdiction hereunder.

Section 5.8 Variance. The DRB may grant reasonable variances or adjustments from any conditions and restrictions imposed by this Article, in order to overcome practical difficulties and prevent unnecessary hardships arising by reason of the application of the conditions and restrictions contained in this Article. Such variances or adjustments shall be granted only in case the granting thereof shall not be materially detrimental or injurious to the other property or improvements in the neighborhood and shall not militate against the general intent and purpose hereof.

Section 5.9 Waivers. The approval or consent of the DRB to any application for design approval shall not be deemed to constitute a waiver of any right to withhold or deny approval or consent by the DRB as to any application or other matters whatsoever subsequently or additionally submitted for approval or consent hereunder.

Section 5.10 Other Approvals. After receiving the approval of the DRB to any application for design approval, or after the failure of the DRB to approve or disapprove any such request within thirty (30) days after the complete submission thereof, or after receiving a variance pursuant to Section 5.6, the applicant shall obtain all other approvals as may be required by any governmental or quasi-governmental entity having jurisdiction over the Property.

ARTICLE VI - INSURANCE

Section 6.1 Insurance on Common Area. The Association shall maintain the following types of insurance, to the extent that such insurance is reasonably available, considering the availability, cost and risk coverage provided by such insurance, and the cost of such coverage shall be included in the Community Budget and shall be paid by the Association as a Common Expense:

(a) Property insurance covering all insurable improvements located in the alleys and Common Area, if any, and all equipment, furnishings and other items of personal property relating solely thereto (including any snow melt system), except for land, foundations, excavations and other matters normally excluded from coverage, in an amount equal to the maximum replacement value thereof and, in any event, not less than necessary to comply with any co-insurance percentage stipulated in the insurance policy. Said policy shall contain a "Replacement Cost Endorsement" and an "Agreed Amount Endorsement." Such insurance shall afford protection against at least the following: (i) loss or damage by fire and other perils normally covered by the standard "all-risk" policy; and (ii) such other risks as shall customarily be covered with respect to projects similar in construction, location and use.

(b) Comprehensive fidelity coverage or fidelity bonds to protect against dishonest acts on the part of officers, directors, trustees and employees of the Association and all others who handle or are responsible for handling funds of the Association, in an amount at least equal to the estimated maximum of funds, including reserves, in the custody of the Association at any given time; provided, however, that such fidelity coverage or fidelity bonds shall not be in an amount less than three (3) months aggregate assessments on all Lots, plus such reserve funds. Such fidelity coverage or bonds shall meet the following requirements: (i) all such fidelity coverage or bonds shall name the Association as an obligee; and (ii) such fidelity coverage or bonds shall contain waivers of any defense based upon the exclusion of persons who serve without

compensation from any definition of "employee" or similar expression. In the event the Association has delegated some or all of its responsibility for the handling of funds to a managing agent, the Association may require the managing agent to purchase, at its own expense, a policy of fidelity insurance or bonds which fully complies with the provisions of this clause (b).

(c) General liability and property damage insurance against claims for bodily injury or death or property damage occurring upon, in or about the alleys or Common Area, in limits of not less than \$1,000,000 for bodily injury or death to any number of persons arising out of one accident or disaster, or for damage to property, and if higher limits shall at any time be customary to protect against possible tort liability, such higher limits shall be carried. Such insurance shall cover claims of one or more insured parties against other insured parties.

(d) Insurance against such other risks of a similar or dissimilar nature as the Board shall deem appropriate, including personal liability insurance to protect directors and officers of the Association from personal liability in relation to their duties and responsibilities in acting as directors and officers on behalf of the Association.

Section 6.2 General Provisions of the Insurance Policies. All policies of insurance required to be carried under this Article shall be carried in blanket policy form, naming the Board, the Association, its officers and any managing agent, the Design Review Board, each Owner and each First Mortgagee, and their respective employees and agents, as additional named insured, as their interests may appear. Each insurance policy shall also contain a "severability of interest" endorsement that provides in case of violation of any provision thereof by the Association or one or more (but less than all) of the Owners, the coverage of such policy shall be suspended or invalidated only as to the interest of the Association or the Owner or Owners committing the violation and not as to the interest of any other party. All policies of physical damage insurance shall contain waivers of subrogation and of any defense based on co-insurance. The Association shall furnish a certified copy or duplicate original of each insurance policy, or renewal thereof, with proof of premium payment, to any party in interest, including First Mortgagees, upon request. All policies of insurance required to be carried under this Article shall be reviewed at least annually by the Board to ascertain that the coverage provided by such policies adequately covers those risks to be insured.

ARTICLE VII - MAINTENANCE, AND REPAIR

Section 7.1 Responsibilities of the Association.

The Association shall:

- (a) maintain and repair all vegetation, walkways and other paved areas, and improvements within the Common Area;
- (b) maintain and repair alleys located within the Property; and
- (c) pay all utility costs for utilities which are not separately metered and billed to each Lot by the appropriate utility provider, if any.

The Association shall not allow the alleys and improvements upon any Common Area to fall into disrepair and shall keep all such improvements in good condition and repair and adequately painted, surfaced or otherwise finished. The cost of such responsibilities of the Association shall be a Common Expense included in the budgets adopted by the Board pursuant to Article IV and shall constitute part of the assessments levied against each Lot pursuant to Article IV. In performing such activities, the Association shall not do any act or work which unreasonably impairs any of the Common Area or alleys, or which unreasonably interferes with any easement. The foregoing responsibilities of the Association shall not include repair or reconstruction following a casualty except to the extent otherwise provided in Article VII.

Section 7.2 Maintenance of Lots. Each Owner shall be solely responsible for maintenance and repair of such Owner's Lot and all buildings, structures and improvements located thereon, including fixtures and improvements and all utility lines and equipment located therein which service only such Owner's Lot. In performing such maintenance and repair, or in improving or altering such Owner's Lot or the improvements located thereon, no Owner shall do any act or work which interferes with any easement granted or reserved herein.

Section 7.3 Owner's Negligence. Notwithstanding anything to the contrary contained in this Article VII, in the event that the need for maintenance or repair of the Common Area is caused by the willful or negligent or tortious act or omission of any Owner or such Owner's Guests, the cost of such repair or maintenance shall be the personal obligation of such Owner. Any amount assessed against an Owner by the Association pursuant to this Section shall be in addition to any annual, special or reconstruction assessment to which said Owner's Lot is subject and the Association shall have all of the rights pertaining to an extraordinary assessment specified in Article IV for such amount.

A determination of the negligence or willful or tortious act or omission of any Owner or such Owner's Guests, and the amount of the Owner's liability therefor, shall be determined by the Board at a meeting after notice to the Owner, provided that any such determination which assigns liability to any Owner pursuant to the terms of this Section may be appealed by said Owner to a court of law.

Section 7.4 Failure to Maintain. If any Owner fails to carry out or neglects the responsibilities set forth in this Article, the Association may fulfill the same and charge such Owner therefor. Any amount assessed against an Owner by the Association pursuant to this Section shall be in addition to any annual, special or reconstruction assessment to which said Owner's Lot is subject and the Association shall have all of the rights pertaining to an extraordinary assessment specified in Article IV for such amount.

ARTICLE VIII - RESTRICTIONS

Section 8.1 General Plan. Declarant's goal at Northland Subdivision is to create a lastingly beautiful environment in which to live.

Section 8.2 Restrictions Imposed. Certain activities and objects can be detrimental to the overall impression of the community. The Declarant hereby declares that all of the Property shall be held and shall henceforth be sold, conveyed, used, improved, occupied, owned, resided

Declaration of Covenants, Conditions and Restrictions

Northland Subdivision

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upon, and hypothecated, subject to the following provisions, conditions, limitations, restrictions, agreements and covenants' as well as those contained elsewhere in this Declaration:

(a) Use of Common Area.

(i) No use shall be made of the Common Area which will in any manner violate the statutes, rules or regulations of any governmental authority having jurisdiction over the Common Area.

(ii) The use of the Common Area shall be subject to such reasonable rules and regulations as may be adopted from time to time by the Board.

(b) Use of Lots.

(i) Subject to clause (ii) of this subsection below, the Lots shall be used for residential purposes only, including all ancillary uses permitted by this Declaration and applicable zoning ordinances.

(ii) It shall be expressly permissible and proper for Declarant, its employees, agents, contractors and designees, to perform such reasonable activities and to maintain upon portions of the Property such facilities as Declarant deems reasonably necessary or incidental to the sale of Lots, the construction of improvements thereon and the development of the Property, specifically including maintaining business offices, storage areas, construction yards and equipment, signs, model units, sales offices, parking areas and lighting facilities. Notwithstanding the foregoing, subject to the right of the Declarant to close or limit the use of the Common Area while maintaining or repairing the same or making replacements thereto or performing construction activities therein, Declarant shall not perform any activity or maintain any facility on any portion of the Property in such a way as to unreasonably interfere with or disturb any Owner, or to unreasonably interfere with the use, enjoyment or access of such Owner or such Owner's Guests of and to such Owner's Lot, the Common Area and a public right of way.

(c) Lots to be Sightly. Each Owner shall be responsible to maintain all structures on such Owner's Lot in a manner consistent with its original design, including painting, repair, landscaping, and removing trash and debris. No outside burning will be permitted except for outdoor barbecues. Except during any period of construction or reconstruction, each Lot at all times shall be kept in a clean, sightly and wholesome condition and no trash, litter, junk, boxes, containers, bottles, cans, implements, machinery, lumber or other building materials shall be permitted to remain exposed upon any Lot so that the same are visible from any neighboring Lot or any street.

(d) Construction-related Uses. Declarant, for itself and its successors and assigns, hereby retains a right to store construction materials on Lots owned by Declarant and to make such other use thereof as may be reasonably necessary or incidental for the purpose of the completion of improvements of the Property, the performance of Declarant's obligations hereunder, and the sale of the Lots.

(e) Nuisances. No nuisance or unreasonably offensive or noxious activity, including noises (including those from sound systems) and activities or objects that create an offensive odor, nor any other use, activity or practice shall be permitted on or within any Lot which is the source of significant annoyance or embarrassment to, or which significantly offends or disturbs, residents of the Community or which materially interferes with the peaceful enjoyment or possession and proper use of any of the Property by its residents. As used herein, the term "nuisance" shall not include any activities of Declarant or its designees which are reasonably necessary to the development of and construction on the Property so long as such activities of the Declarant or its designees do not violate statutes, zoning ordinances, rules or regulations of any governmental authority having jurisdiction with respect thereto and do not unreasonably interfere with any Owner's use and enjoyment of such Owner's Lot or with any Owner's ingress and egress to or from such Owner's Lot and a public way.

(f) Lots Not to be Subdivided. No Lot shall be subdivided. Not more than one (1) single-family detached residential unit may be located on any Lot, and each residential unit shall be used only as a single-family residence.

(g) Garbage and Refuse Disposal. No garbage, refuse, rubbish, trash or cuttings shall be deposited on any street or any Lot. All garbage, refuse, trash and cuttings shall be kept in approved covered containers at all times and any such covered container shall be kept within an enclosed structure except for scheduled collections. Dumpster-type containers may be provided at locations specified by the Design Review Board in connection with construction, repair or remodeling of any improvement on the Property, at the Lot Owner's expense.

(h) Recreational Vehicles. Motor homes, travel trailers, campers, boats, and other recreational vehicles shall not be parked on a Lot or street longer than 48 hours during any two-week period, provided that small utility trailers and boats shorter than 20 feet and not higher than six (6) feet, including trailer, may be parked in a storage area on the owner's Lot that is at least 24 feet from the Lot's front property line and four (4) feet from the front set back of the residence located on the Lot. No more than one storage area may be located on a Lot and no more than two items may be stored on any Lot. Storage areas must be enclosed by a fence (approved by the Design Review Board) that blocks from view the stored items from the street and other Lots.

(i) Leases. As used herein the term "lease" shall include any agreement for the leasing or rental of a Lot. Any Owner shall have the right to lease such Owner's Lot provided that all leases shall provide that the terms of the lease and the lessee's occupancy of the Lot shall be subject in all respects to the provisions of this Declaration, the Articles of Incorporation, Bylaws and rules and regulations of the Association, and that any failure by the lessee to comply with any of the aforesaid documents, in any respect, shall be a default under the lease.

(j) Mechanic's Liens. No labor performed or materials furnished with the consent of or at the request of any Owner or such Owner's agent, contractor or subcontractor, in connection with any Lot shall create any right to file a mechanic's lien against the Lot of any other Owner or the Common Area. Each Owner shall indemnify, defend and hold harmless the Association and each of the other Owners from and against liability arising from the claim of any lien on or against any such other Lot or the Common Area for labor performed or for materials

furnished with the consent of or at the request of the contracting Owner. At the written request of any Owner; the Association shall enforce such indemnity by collecting from the contracting Owner the amount necessary to discharge any such lien and all costs and expenses incidental thereto, including reasonable attorneys' fees. Said amount, costs and expenses may be levied by the Association against the contracting Owner as an extraordinary assessment and payment may be enforced by the Association as is provided in Article IV.

Section 8.3 Violation. Determination with respect to whether or not a particular activity or occurrence shall constitute a violation of this Article IX shall be made by the Board and shall be final; provided, however, that a decision as to whether or not a particular activity or occurrence on, in or around the Common Area shall constitute a violation of this Article IX shall be made only upon a reasonable determination based upon the requirements limiting action of the Board as set forth in Section 3.5 (b).

ARTICLE IX – EXPANSION AND WITHDRAWAL

Section 9.1 Reservation of Right to Expand. Declarant reserves the right, but will not be obligated, to expand the effect of this Declaration to include all or part of the Expansion Property. The consent of the existing Owners and Mortgagees will not be required for any such expansion, and Declarant may proceed with such expansion without limitation at its sole option. Declarant will have the unilateral right to transfer to any other person this right to expand by an instrument duly recorded. Declarant will pay all taxes and other governmental assessments relating to the Expansion Property as long as the Declarant is the owner of such property.

Section 9.2 Completion of Expansion. When Declarant has determined that no additional property shall be added to Northland Subdivision, Declarant shall notify the Association in writing. Until such notice is given, Declarant retains the right to designate additional property as Expansion Property.

Section 9.3 Declaration of Annexation. Any expansion of the Property may be accomplished by recording in the Declaration of Annexation and one or more supplemental Plats in the records of the Clerk and Recorder of Flathead County, Montana, before the expiration of the Period of Declaration Control. The Declaration of Annexation will describe the real property to be expanded, submitting it to these Covenants and provide for voting rights and Assessment allocations as provided in this Declaration. Specifically, each new Lot in the annexed area will be allocated one vote and liability for the Common Expenses equal to the liability allocated to each of the other Lots, and the proportionate voting interest and allocation of Common Expenses for the other Lots will be adjusted accordingly. Such Declaration of Annexation will not require the consent of Owners, the Association's member or its Board of Directors. Any such expansion will be effective upon filing for record of such Declaration of Annexation, unless otherwise provided therein. The expansion may be accomplished in stages by successive supplements or in one supplemental expansion.

Upon recordation of any such Declaration of Annexation, the definitions used in this Declaration will be expanded automatically to encompass and referred to Northland Subdivision as expanded. Such Declaration of Annexation may add supplemental covenants peculiar to the

Expansion Property in question, or delete or modify provisions of this Declaration as it applies to the Expansion Property added. However, the Declaration may not be modified with respect to that portion of the Property already subject to this Declaration, except as provided herein for amendment.

Section 9.4 Withdrawal of Property. Declarant reserves the right to withdraw from the jurisdiction of these Covenants any parcel of Property (including Expansion Property), provided however, that no parcel may be removed after it has been conveyed to a purchaser.

ARTICLE X - GENERAL PROVISIONS

Section 10.1 Enforcement. Enforcement of the covenants, conditions, restrictions, easements, reservations, rights-of-way, liens, charges and other provisions contained in this Declaration or the Articles of Incorporation, Bylaws or rules and regulations of the Association, all as may be amended from time to time, shall be by any proceeding at law or in equity against any person or persons, including the Association, violating or attempting to violate any such provision. The Association and any aggrieved Owner shall have the right to institute, maintain and/or prosecute any such proceedings, and the Association shall further have the right (after notice and an opportunity to be heard) to levy and collect fines for the violation of any provision of the aforesaid documents. In any action instituted or maintained under this Section, the prevailing party shall be entitled to recover its costs and reasonable attorneys' fees incurred pursuant thereto, as well as any and all other sums awarded by the Court. Failure by the Association or any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 10.2 Severability. Invalidation of any of the covenants, restrictions or other provisions contained in this Declaration by judgment or court order shall in no way affect or limit any other provisions, which shall remain in full force and effect.

Section 10.3 Conflict of Provisions. In case of any conflict between this Declaration and the Articles of Incorporation or Bylaws of the Association, this Declaration shall control. In case of any conflict between the Articles of Incorporation and the Bylaws of the Association, the Articles of Incorporation shall control.

Section 10.4 Transfer of Rights. Any Special Declarant Rights created or reserved under this Declaration for the benefit of Declarant may be transferred to any person by an instrument describing the rights transferred and recorded in the office of the Clerk and Recorder for the County of Flathead, Montana. Such instrument shall be executed by Declarant and its transferee.

Section 10.5 Duration. Each and every provision of this Declaration shall run with and bind the land from and after the date of recording of this Declaration.

Section 10.6 Amendment, Revocation. This Declaration may be amended or revoked at any time by any instrument approved in writing by not less than sixty-seven percent (67%) of the Members; provided, however, that:

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(a) So long as Declarant continues to own one or more Lots and it has not notified the Association that no additional property will be added to Northland Subdivision, this Declaration may not be amended, modified or revoked without the prior written consent of Declarant.

(b) Declarant hereby reserves and is granted the right and power to record technical amendments to this Declaration at any time prior to the termination of Declarant's control of the Association for the purposes of correcting spelling, grammar, dates, typographical errors, or as may otherwise be necessary to clarify the meaning of any provision of this Declaration.

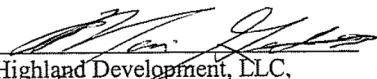
(c) No amendment may create or increase Special Declarant Rights, increase the number of Lots, or change the boundaries of any Lot or the allocated interests of a Lot, or the uses to which any Lot is restricted, in the absence of unanimous consent of the Owners.

An amendment or revocation of this Declaration shall be effective when duly recorded in records of the Clerk and Recorder, Flathead County, Montana.

Section 10.7 Registration by Owner of Mailing Address. Each Owner shall register such Owner's mailing address with the Association, and all notices or demands intended to be served upon an Owner shall be sent by mail, postage prepaid, addressed in the name of the Owner at such registered mailing address, and all such notices and demands, other than statements and other routine notices, shall be sent by either registered or certified mail. However, if any Owner fails to so notify the Association of a registered address, then any notice or demand may be sent to such Owner at the address of such Owner's Lot. All notices and demands shall be deemed to have been duly served or given if delivered personally or if addressed as provided above and mailed, postage prepaid, in the U.S. mail system. All notices, demands or other notices intended to be served upon the Board of the Association or the Association shall be sent by certified mail, postage prepaid, to 622 St. Andrews Drive, Columbia Falls, MT 59912, until such address is changed by the Association by notice to all Owners.

IN WITNESS WHEREOF, the Undersigned, being the Declarant herein, has hereunto set its hand and seal as of the day and year first above written.

BRIDGELAND DEVELOPMENT, LLP

By 
Highland Development, LLC,
General Partner of Bridgeland Development, LLP
by Marvin Galts, President of Highland Development, LLC

STATE OF MONTANA)
; ss.
County of Flathead)

This instrument was acknowledged before me on this 9 day of September, 2005, by Highland Development, LLC, General Partner of Bridgeland Development, LLP by Marvin Galts, President of Highland Development, LLC.



Daniel P. Johns
Daniel P. Johns
(Type, Stamp or Print Name)
Notary Public for the State of Montana
Residing at Kalispell, Montana
My commission expires June 26, 2007