

THE HAVEN AT HOLLY PONDS PATIO HOMES
DECLARATION OF PROTECTIVE COVENANTS

THIS DECLARATION made this 19th day of DECEMBER, 2001, by Holly Ponds Patio Homes LLC, hereinafter known as the "Developer".

Developer holds record title to that certain real estate (the "Property") situated in City of Sheridan, County of Sheridan, Wyoming, legally described as follows: The Haven at Holly Ponds, a subdivision filed in the office of the Sheridan County Clerk in Drawer H, Plat Number 44.

Developer desires to cause to be constructed on the Property patio homes (hereinafter sometimes called "The Haven") designed to obtain for residents thereof the benefits of more effective and attractive land use, and freedom from the burdens of individual maintenance and repair of grounds and of exterior surfaces of the structures thereon.

It is contemplated that "The Haven" will consist of thirty-two (32) patio home units situated upon property described in the Plat which was recorded in the office of the Sheridan County Clerk and Recorder on

JULY 9, 2001, in Book DRAWER H of Plats ~~at page~~ #44 (herein referred to as "the Plat"). It is contemplated that each of the Residential Units will be sold to individual purchasers (the "Residential Owners") and that part of the Property, being the property described and shown as "Common Areas", on the Plat referred to above, shall be held subject to the provisions of this Declaration eventually conveyed to a corporation formed and to be conducted as hereinafter described (the "Association"), for the benefit of the Residential Owners.

All reference to the "Common Areas" refers to Common Areas of said Plat and all references to "Residential Lots" excludes said Common Areas.

Developer reserves the right to bring within the scheme of this Declaration any additional lands which are contiguous or adjacent to the property and which now are or hereafter may be owned by Developer and subjected to the scheme of this Declaration.

In order to accomplish the foregoing, Developer hereby makes the covenants, declaration and agreements and creates the restrictions and easements herein set forth.

ARTICLE ONE

PROVISIONS RELATING TO THE COMMON AREAS

- 1.01 Those parts described and shown on the Plat referred to above as being the Common Areas shall be and are hereby declared to be subject to the covenants, agreements, easements and restrictions set forth in this Declaration, to be and remain in effect until such time as amended, modified or revoked in accordance with the provisions of this Declaration.
- 1.02 The Common Areas shall be held and maintained for the use and benefit of the Residential Owners and their guests and invitees, including, without limitation, the right of ingress and egress over, upon and across, the driveways and paths in or upon the Common Areas, and not for the use or benefit of the public generally.
- 1.03 There shall be upon the Common Areas at least such driveways, private vehicular right of way and paths as shall be necessary to provide ingress and egress to and from the Residential Units for the use and benefit of the Residential Owners and their guests invitees, and such other vehicular right of way and paths as the Association shall from time to time determine and shall be in compliance with such governmental laws, ordinances and regulations as shall be applicable.
- 1.04 There may also be upon the Common Areas patios, balconies, lighting and lighting fixtures, enclosures for garbage containers, such leisure facilities, trees, shrubs, and other landscaping as the Developer may originally approve and construct and as the Association or Successor shall determine from time to time, provided such shall be in accordance with applicable governmental laws and regulations.
- 1.05 Except as herein provided in section 1.04 for, there shall be no structure or enclosures above the ground of the Common Areas. No public, commercial or business use of any kind shall be permitted in or upon the Common Areas.
- 1.06 It is expressly and irrevocably stipulated and agreed that notwithstanding any other term or provision hereto, no vehicles shall be parked or left standing unattended or operated upon any of said vehicular right of way in any manner violative of any law or ordinance which would be applicable if said vehicular right of ways were public right of ways.
- 1.07 An easement of ingress and egress and a right and easement of enjoyment is hereby granted to every Residential Owner's tenants or contract purchaser on the Common Areas. The Residential Owner hereby grants, in addition to those shown on said Plat or otherwise in force, such conveyances of such easements

and rights of, over, upon and under the Common Areas or any part thereof for the construction and maintenance of facilities for the supply of water, electricity and gas, the furnishing of telephone service, and cable TV, the removal of sewage and waste, storm water, drainage, detention and conveyance, and other utilities, as shall be necessary or appropriate in order to provide said service to all the Residential Units and the Residential Owners from time to time thereof. Further, Developer and the Association hereby grant the Residential Owners and all persons claiming by, through and under them such easements and rights over, upon and under the Common Areas as shall be necessary or appropriate in order to more fully establish and maintain the right of ingress and egress described in Sections 1.02 and 1.03 hereof.

- 1.08 The Common Areas and the use thereof shall be subject to such additional rules and regulations as shall be in force by reason of action taken by the Association pursuant to Article Eleven hereof.

ARTICLE TWO

PROVISIONS RELATING TO THE RESIDENTIAL UNITS

- 2.01 All the Property shown on the Plat as the Residential Units is hereby declared to be subject to the covenants, agreements, easements and restrictions set forth in this Declaration, to be and remain in effect until such time as amended, modified or revoked in accordance with the provisions of this Declaration.
- 2.02 From and after the completion of the construction of each respective Residential Unit and the delivery thereof to the initial Residential Owner thereof, there shall be no alterations, changes, additions or deletions to or from said Residential Unit of any nature will, or may be, visible from the exterior of the Residential Unit or which may adversely affect any other Residential Unit, whether by impairment of strength of any party wall, increase of sound transmission between units or otherwise.
- 2.03 There shall be no change in any exterior color of any Residential Unit from the color scheme then in effect throughout the Property, except in connection with a general change in such color scheme under the direction or approval of the Association.
- 2.04 No trade or business, that generates traffic for such, shall be carried on within any Residential Unit and no signs shall be placed upon or about any Residential Unit other than the name and address of Residential Unit Owners, in such styles and materials as the Association shall approve. The aforesaid sign prohibition shall extend to and include "for sale", rental and advertisement signs.
- 2.05 No domestic or other animals of any kind shall be kept or maintained within any Residential Unit, except for such birds, dogs, cats, ornamental fish and other household pets as may be permitted by regulations

adopted by the Association, it being expressly understood that the Association is hereby granted and shall have power to entirely prohibit the keeping or maintenance of any or all of such pets. No dog run or exterior animal cage of any kind shall be allowed without the written consent of the Association. If the Association allows any such pets, each Residential Owner shall be required to clean up any feces or defecation produced by such pets and shall be strictly liable for all damage or injury caused by such pets. All pets shall be required to be kept inside the Residential Owner's dwelling from 10:00 o'clock p.m. until 6:00 o'clock a.m. Whenever pets are being walked they must be on a leash. Pets confined to a deck or patio area must be in the owners presence. At all times, owners shall prevent dogs from creating any nuisance, including barking.

- 2.06 Laundry, bedding and the like shall not be hung out to dry in any position in which it is visible from the exterior of any Residential Unit. No bicycles, carriages, snowmobiles, trailers, 4-wheelers, or other articles shall be upon the Common Areas or outside the Residential Units except when in use and except for automobiles parked in areas designated therefore. Overnight parking of Commercial Vehicles, RVs, boats, whether trailered or otherwise, will not be permitted on the Common Areas or outside the Residential Units.
- 2.07 Exterior television antennas, satellite dishes and other electric equipment shall be permitted only to the extent permitted by regulations adopted by the Association from time to time, it being expressly understood that the Association is hereby granted and shall have power to entirely prohibit the installation or continuation thereof, without regard to whether or not the Association shall have provided for master television antennas or other equipment for the use of the owners of the Residential Units in lieu of such prohibited equipment.
- 2.08 Each Residential Unit is hereby declared to be subject to an easement and right to and in favor of the Association and each and all of its employees, agents and instrumentalities to go upon the Residential Lot for reasonable inspection thereof from time to time for the purpose of carrying out any and all of the obligations and functions with respect to such Residential Unit or for the benefit of any other Residential Unit or Units, as are herein imposed upon or permitted to the Association, expressly including, without limitation, the maintenance, repair and replacement of any and all of the facilities for the supply of utilities and other facilities, apparatus and equipment serving said Residential Unit and/or other Residential Units or the Common Areas. The Association shall have an easement of ingress or egress over and upon any or all

Residential Units including, but not limited to, the roof, yard, balcony, and patio areas thereof for the purpose of construction, installation, maintenance, replacement and inspection, of all facilities including, but not limited to utility services and water or utility meters for the benefit of the Developer, the Residential Owner or the Association.

- 2.09 The Residential Units and the use thereof shall be subject to such additional rules and regulations as shall be in force by reason of action taken by the Association pursuant to Article Eleven hereof, it being expressly agreed that, without limitation, the Association shall have powers to prescribe by such rule or regulation standards of upkeep and maintenance of the respective Residential Units.
- 2.10 Any and all special or custom exteriors, additions or finishes installed during construction, shall be maintained by the Homeowner at the Homeowners expense unless arrangements have been made with the Association to be reimbursed for the Associations expense for same.

ARTICLE THREE

FORMATION OF ASSOCIATION

- 3.01 In order to carry out the intents and purposed hereof, a corporation (hereinafter called the "Association") will be formed under and pursuant to the Not-For-Profit Corporation Act of Wyoming, at such time as shall be deemed appropriated by the Developer, but not later than the time at which all of the Residential Units shall have been sold to Residential Owners, and if the Developer shall fail so to cause such corporation to be formed by such time, then the Association may be formed at any time thereafter by action of any one or more of the Residential Owners. Regardless of when or by which formed, the Association and its Articles of Incorporation and By-Laws shall conform to the provisions of this Article Three.
- 3.02 The Residential Owner or Owners of each Residential Unit shall be a share member of the Association (hereinafter "member"), and shall be entitled to cast upon all matters upon which the members shall be entitled to vote, one vote for each Residential Unit, regardless of the number of persons or entities who shall share in the title to or be beneficially interested in such Residential Unit, except that until the conveyance thereof to the twenty-fourth (24th) Residential Owner thereof or his nominee, the Developer shall exercise control over the Association. If the Developer so elects, it may turn over control of the Association at an earlier time. Upon sale or other transfer of any ownership interest in any Residential Unit, the ownership of the membership in the Association and the said power to vote shall be deemed for

all purposes as having been transferred to the person or other entity having acquired such ownership interest in proportion thereto.

- 3.03 The provisions of Section 3.02 hereof shall be mandatory. No Residential Owner of any interest in any Residential Unit shall have any right or power to disclaim, terminate or withdraw from his membership in the Association or any of his obligations as such member, and no purposed disclaimer, termination or withdrawal thereof or therefrom on the part of any such Residential Owner shall be of any force or effect for any purpose.
- 3.04 The purpose of the Association shall be to perform all of the functions provided in this Declaration to be performed by the Association and the Association shall have and possess all such powers as shall be necessary or appropriate for the accomplishment thereof.
- 3.05 The Association shall have a Board of not less than three (3) Directors who shall be elected by the members of the Association at such intervals as the corporate charter or By-Laws of the Association shall provide, except that vacancies in said Board occurring between regularly scheduled meetings of the members or share holders may be filled by the Board of Directors if so provided by the corporate Charter or By-Laws. Said Charter or By-Laws may provide for said Directors to be elected for terms of more than one year and for such terms to be staggered so that in any year the terms of one or any number less than all of the Directors shall expire.
- 3.06 The Association shall elect such officers, as shall be deemed appropriate by the Association on an annual basis, who shall be the Board of Directors who manage and conduct the affairs of the Association.
- 3.07 Except as expressly otherwise provided by the Charter or By-Laws of the Association or this Declaration, or as otherwise required by law, all power and authority to act on behalf of the Association both pursuant to this Declaration and otherwise shall be vested in its Board of Directors and its officers under the direction of said Board, and shall not be subject to any requirement or approval on the part of its members. The corporate charter or By-Laws of the Association may include such provisions for the protection and indemnification of its officers and directors as shall be permissible by law.
- 3.08 The Association shall obtain such funds as it shall require from time to time by assessment upon the owners of all the Residential Units, after the original construction has been completed. The amount of such assessments shall be determined no less frequently than annually by the Board of Directors of the Association, by a majority vote, who shall notify the Residential Owners thereof of the imposition or of any

- change in the amount of, not less than thirty (30) days before such action shall become effective. Except as otherwise provided in Section 4.06 hereof, all assessments shall be levied equally upon the Residential Owners of each Residential Unit and shall be paid monthly; provided, that prior to the day of first occupancy of any Residential Unit, such Residential Unit shall be assessed only for its equal share of the cost of those activities of the Association which inure to the benefit of such Residential Unit, as determined by the Board of Directors. The amounts assessed may include provision for such reserves for future expenditures as the Board of Directors shall deem appropriate.
- 3.09 In addition to the funds obtained pursuant to Section 3.08 hereof, the Association shall receive and utilize for any proper purpose such additional contributions as may be made to it by the Residential Owners or others, whether as an initial contribution made in connection with a first sale of any Residential Unit to a Residential Owner or otherwise.
- 3.10 To the extent necessary to provide for expenditures for which the requisite funds shall not have been provided by such assessments, the Association shall have power to borrow moneys from such sources and upon such terms and conditions as the Board of Directors may determine. The Board of Directors shall be empowered to secure such borrowing only with the affirmative vote of at least two-thirds (2/3) of the members of the Association then entitled to vote.
- 3.11 The Association is not required to issue instruments in the nature of certificates in evidence of membership and the Association shall not distribute to its members any sums in the nature of dividends. To the extent that funds shall not be required for current expenditures or for such reserves, the next to become due monthly assessment shall be eliminated or the amount thereof appropriately reduced. Such reduction shall not prevent reinstatement of or increase in such assessments when required, but such reinstatement or increase shall not be retroactive.
- 3.12 None of the Association, the Board of Directors or the members shall be deemed by acting hereunder to be conducting a business of any kind. All funds received by the Association shall be held and expended for the purpose designated herein and shall be deemed to be held for the benefit, use and account of all the Residential Owners in equal shares except for such adjustments as may be made to reflect delinquent, prepaid and special assessments or pursuant to Section 4.06 or other Sections contained herein.
- 3.13 Whenever possible, the Association shall perform its functions and carry out its duties by entering into agreements for the performance thereof with such persons and business entities regularly engaged in the

performance of generally similar functions and duties as the Board of Directors shall determine, which agreement shall be for such length of time, at such rates of compensation and upon such other terms and provisions as the Board of Directors shall determine. Such persons or businesses may, but need not, be persons or business entities owning or otherwise directly or indirectly interested in the Property or any part thereof. The Association shall also have power to perform its managerial functions only to the extent and so long as the performance shall be reasonably feasible. The Board may engage the services of any agent to manage the Property to the extent deemed advisable by the Board, including retaining the services of accountants or attorneys.

- 3.14 The Association shall receive title to the Common Areas as contemplated by Section 6.05 hereof, and shall hold and deal with the Common Areas and such other assets as it may receive from time to time in accordance with the provisions of this Declaration and of its Articles of Incorporation and By-Laws. The Corporate Charter of the Association may, but need not, provide that, upon dissolution of the Association its assets shall be dedicated or distributed to the appropriate public agency or other non-profit organization to be devoted to uses and purposes corresponding as nearly as practicable to those set forth in this Declaration or in said Corporate Charter.

ARTICLE FOUR

MAINTENANCE AND REBUILDING

- 4.01 The Association shall determine the need for and carry out or cause to be performed all maintenance, improvements and repairs of the Common Areas and all the vehicular right of ways, foot paths, fences and landscaping, structures and facilities for the supply of water, gas, telephone, cable TV, electricity, including vehicular right of ways and yard lighting, removal of sewage, storm water management, and other utilities and for the purpose specified in Section 1.03 hereof and other improvements situated therein or appurtenant thereto, but in any event shall cause all said vehicular right of ways and facilities to be maintained and repaired in compliance with all such standards as used in the original construction. Without limiting the foregoing, it is expressly stipulated and agreed that said vehicular right of ways, any access to and from the public street bordering the Property shall be kept free of snow and other obstruction so as to be open for the passage. The Residential Owners shall be obligated and responsible for keeping said areas free from snow and other obstruction in any case in which the Association fails to do so.

- 4.02 The Association shall pay, as agent and on behalf of the Residential Owners and out of the funds furnished to the Association by the Residential Owners for such purpose, all taxes and other governmental impositions levied upon the Common Areas or any part thereof.
- 4.03 Except as provided in Section 2.10, the Association shall determine the need for and carry out or cause to be performed all maintenance of the exterior of the Residential Units, including without limitation, painting, staining and tuck pointing thereof of such intervals as shall be prudent, as well as the maintenance, repair and replacement of roof of Residential Units. The Association shall also perform all maintenance, improvement and repair of the grounds and landscaping of the Residential Units situated outside the exterior walls thereof as though said grounds were a part of the Common Areas.
- 4.04 The Association shall determine the need for and carry out or cause to be performed all such maintenance of all water, sewer, gas and electric, telephone, cable television, television antenna and transformer lines and meters incorporated in or forming a part of the Residential Units as originally constructed and serving more than one unit, excluding the maintenance or repair of any furnaces, water heaters, stoves, refrigerators, washing machines, or household appliances. The Association shall have such right of access to the Residential Units as may be necessary to carry out the purpose in Sections 4.03 and 4.04 by giving notice to the residential owner prior to such maintenance.
- 4.05 The Association shall carry out or cause to be performed or provided in or about the Property all such additional functions in the nature of maintenance, improvements, repairs and services and other facilities for the use and benefit of the Property and its inhabitants generally as shall be determined by its Board of Directors from time to time; and in the case of such other functions and/or unusual occurrences which are not provided for in Sections 4.01 through 4.04 hereof, said Board of Directors shall also have power to impose upon the individuals actually using and benefiting therefrom such additional charges for the use thereof as determined by the Board of Directors.
- 4.06 To the extent that the use of separate lines or meters therefore shall be impractical or uneconomic, the Association shall have the right to draw water, gas or electricity from individual Residential Units as required for the efficient performance of its duties hereunder, upon making such equitable arrangements as its Board of Directors shall determine to adjust for any unequal distribution among all the Residential Owners of the cost thereof. Such uses may include but not be limited to the operation of sprinkling systems and lighting in the Common Areas.

- 4.07 The Board shall provide and be responsible for all maintenance, repair and replacement required to keep in good condition the Common Area designated as Outlot A on the plat of "The Haven at Holly Ponds". The cost and expense of the maintenance, repair and replacement of the Common Area, if any, which the Board elects to maintain, repair or replace shall be part of the Common Expenses.
- 4.08 The Association may enter into an agreement with the City of Sheridan, Wyoming, to provide maintenance, to repair or replace sanitary and water services, streets and curbs, and walks for the property provided such agreement states that the City shall be responsible for the operation, maintenance and repairs of the sewer and water improvements at its own expense, and that maintenance flushing of the lines shall be done by said City in its routine flushing schedule and shall not be the responsibility of the Association.

ARTICLE FIVE

CASUALTY AND INSURANCE

- 5.01 In the event the Property or any part thereof or any of the Residential Units thereon shall be damaged or destroyed by fire, other casualty or any other cause or event whatsoever, the Residential Owners of the property so damaged or destroyed shall cause it to be repaired, restored or rebuilt, as the case may be, as rapidly as reasonably possible to the condition in which such property was immediately prior to such damage or destruction, subject only to the right of the Association to authorize or direct different action as may be recommended by the Board of Directors and approved by the affirmative vote of two-thirds (2/3) of the members then entitled to vote.
- 5.02 All repair, restoration or rebuilding pursuant to the provisions of this Article Five shall be carried out under such supervision and direction as the Board of Directors of the Association shall deem appropriate in order to ensure the expeditious and correct completion of work concerned, and Residential Owners of the Residential Unit which shall have been damaged or destroyed shall fully cooperate with, and abide with all instructions and directions of the Association in connection therewith.
- 5.03 Without limitation, the Association is hereby given and shall have power to select or approve the architects, contractors and subcontractors to be employed in connection with such repair, restoration or rebuilding; to select a single contractor or contractors to perform all various parts of the work to be done upon the Residential Units which shall have been damaged or destroyed by such casualty or other happening; to coordinate the progress of the work among such various Residential Units; and to hold the proceeds of any insurance which may be payable on account of such casualty or other happening and to control the

disbursement thereof in such manner as to ensure the sufficiency of funds for the completion of said work or for any other proper purpose.

- 5.04 In any case in which the Residential Owner of the Residential Unit concerned shall fail to carry out and see to the repair, restoration or rebuilding by the provisions of this Article Five, or shall request the Association to carry out and see to such repair, restoration or rebuilding by the provisions of this Article Five, and in any case in which more than one contiguous Residential Unit shall be involved, the Association shall carry out and see to the repair, restoration or rebuilding required by this Article Five.
- 5.05 Each Residential Owner shall maintain in force at all times insurance covering the Residential Unit owned by him, in the insurance policy generally described as fire, extended coverage, additional extended coverage, vandalism and malicious mischief, to 100% of the full insurance value thereof, with loss payable on the basis of the cost of replacement without deduction for depreciation. Each Residential Owner shall also maintain in force such insurance protecting the Association from loss, damage, express or liability resulting directly or indirectly from any act or omission of such Residential Owner or any employer, agent, representative, guest or invitee of such Residential Owner as the Association shall by rule or regulation require from time to time, provided however, that no such rule or regulations shall require the obtaining of any insurance of any type not then issued by responsible insurance companies regularly doing business in the State of Wyoming.
- 5.06 All insurance required to be maintained by any Residential Owner shall be issued by companies authorized to issue such policies in the State of Wyoming, shall name the Association as an additional insured and shall provide that all proceeds becoming payable on account of loss or damage to such Residential Unit shall be payable to or as directed by the Association, subject only to the rights of any mortgagee for value of the premises as provided in Section 5.13. The policies themselves or appropriate certificates showing the evidence of such insurance shall be furnished to the Association, and new policies or certificates evidencing the renewal of each expiring policy of insurance shall be furnished to the Association in each case at least ten (10) days prior to the expiration date of the expiring insurance.
- 5.07 The Association and its officers, directors, employees, agents, and representatives shall have no liability to any Residential Owner for damage or loss of either the Residential Unit or any personal property of Residential Owner. Each insurer of any Residential Owner's interest in said Residential Unit or personal property shall be bound by the provisions of this Section 5.07 and shall, by appropriate provision in each

policy of insurance concerned, waive all its rights or subrogation against the Association and its officers, directors, employees, agents and representatives.

- 5.08 Whenever the Association shall not be satisfied that any insurance required by this Article Five is in force, or if about to expire will not be renewed prior to expiration, the Association shall have the right (but shall not be required) to proceed to obtain such insurance or such lesser coverage as it may deem advisable, and the cost thereof shall be due from the Residential Owner of the Residential Unit so insured to the Association immediately upon demand.
- 5.09 In the event that the Association finds it possible to effect broader or better coverage at lesser cost by obtaining a blanket policy or policies of insurance upon all the Residential Units in the Property, the Association shall have and is hereby granted power to do so at the election of its Board of Directors. The Residential Owner of each Residential Unit so covered shall accept and pay a proportionate share of the cost of such insurance, whether by regular assessment or otherwise, in lieu of providing and paying for the individual policies of insurance hereinabove provided.
- 5.10 In any case in which insurance proceeds shall not be paid or payable on account of any damage to or destruction of any Residential Unit, or shall be inadequate to fully cover the cost of repair, restoration or rebuilding which the Association is required to carry out, the cost of such repair, restoration or rebuilding in excess of the amount of insurance proceeds available shall be borne and paid for by the Association, unless it shall be determined by the Association, in accordance with the provisions of the Declaration, that such loss or damage is not to be repaired or restored, provided that such inaction does not diminish or in any way affect any right of recovery thereof which the Association may have by law against any person or persons who shall be directly or indirectly responsible for such damage or destruction by reason of any negligent or wrongful act or omission.
- 5.11 Notwithstanding anything to the contrary herein contained, the obligations of the Association under the provisions of this Article Five shall be limited to the repair, restoration and rebuilding of any loss, damage or destruction to or of the Common Areas and to or of so much of the Residential Units as constitutes structure or improvement upon the real estate, and the Association shall not be responsible for repair, restoration or replacement of any personal property of the Residential Owner or others which, although in or about the Residential Units, shall not be attached thereto so as to form an affixed part thereof.

- 5.12 The Association may, but shall not be required to, obtain and maintain additional insurance as its Board of Directors shall from time to time deem prudent with respect to damage to or destruction of the Common Areas or to or of any or all of the Residential Units, or to or of any other tangible or intangible assets owned by the Association or for which the Association may have responsibility from time to time, from any cause, and may also obtain such liability and other kinds of insurance protection against such other matters or happenings as its Board of Directors shall deem prudent.
- 5.13 Notwithstanding the foregoing, to the extent required by the terms of any mortgage for value of any part of the Property, the proceeds of any insurance becoming payable on account of any loss of or damage to the part of the Property so mortgaged shall be paid first to such mortgagee to the extent of its interest; provided, however, that such mortgagee shall not apply or seek to apply such proceeds to reduce such mortgage except for any excess of such proceeds over the full cost of such repair or restoration, unless it shall be determined in accordance with the provisions of this Declaration that such loss or damage is not to be repaired or restored.

ARTICLE SIX

INTERIM PROCEDURE

- 6.01 Until all thirty-two (32) of the various Residential Units shall have been conveyed by Developer to the first Residential Owner thereof (or to such Residential Owner's nominee), the Developer shall, with respect to each such unsold Residential Unit, have the rights, and fulfill all the obligations, herein granted to or placed upon the Residential Owners.
- 6.02 Until the Association shall have been organized i.e. within ninety (90) days from the date the thirty-second (32nd) Residential Unit has been conveyed to the Residential Owner or his nominee, and shall have assumed its duties and powers, the Developer shall have all the rights, powers, duties and obligations herein granted to or imposed upon the Association and shall be authorized and empowered to take all such actions and control all matters as the Board of Directors of the Association would have been authorized and empowered to take if the organization of the Association had then been completed.
- 6.03 The powers granted to Developer by Section 6.02 hereof shall include, without limitation, the power to assess upon and collect from the individual Residential Owners, their respective proportionate shares of the funds required for the carrying out of all the duties and obligations of the Association, except only that the Developer shall not obtain by means of any such assessment reimbursement for any of the costs of the

construction of any of the Residential Units or of the original improvement to or of the Common Areas which shall be the obligation of the Developer to provide at its cost.

6.04 The Developer may engage an initial professional management organization under a contract expiring not more than one (1) year after the Association is given control. So long as the Developer and/or the initial management organization, shall exercise the rights, powers, duties and obligations of the Association, those provisions contained herein which refer to snow removal and landscaping shall not include the patios.

6.05 The Common Areas shall be conveyed by the Developer to the Association at such time as the Developer shall determine, which conveyance may be by the Developer's Deed, subject to all such matters as shall then appear of record; provided, however, that the Common Areas shall be so conveyed immediately following the conveyance of all Residential Units to Residential Owners (or their nominees). The Developer shall execute and deliver such conveyance of the Common Areas at such time and further, to have undertaken and agreed with the Association that the title to the Common Areas so conveyed shall be subject only to current taxes not yet due, to other matters exclusive of mortgages to which said title was subject as of the date of this Declaration, and to such mortgages and other matters as are contemplated or permitted by the terms of this Declaration.

ARTICLE SEVEN

MORTGAGES

7.01 So long as the Developer shall be the holder of the record title to any of the Property, the Developer shall have, and there is hereby reserved, the right to place thereon one or more mortgages upon any part or parts of the Property to secure such loan or loans of funds as the Developer may obtain from time to time; provided, however, that each such mortgage upon any of the Common Areas shall be released at or prior to the conveyance of the Common Areas to the Association. It shall be the obligation of the Developer to execute and record timely releases of each and all of such mortgages.

7.02 Each Residential Owner shall have, and is hereby granted, the right to place upon the Residential Unit owned by him a first mortgage securing loan made to him or for his benefit by financial institutions regularly engaged in the business of making first mortgage loans upon real estate situated in the City of Sheridan, Wyoming.

7.03 For all the purposes of this Declaration, the term "mortgage" shall mean and include mortgages, Developer deeds and other documents in the nature of mortgages.

ARTICLE EIGHT

PLACEMENT OF PARTY AND OTHER WALLS

- 8.01 It is contemplated that each of the Residential Units will have one or more party walls, each connecting it with other Residential Units on the property. It is intended that each party wall shall be erected upon the lot line between the Residential Units concerned and that each non-party exterior wall of each Residential Unit shall be erected wholly within such Residential Unit so as not to encroach upon any Common Areas; however, it is recognized that errors may occur in the actual placement of said walls during the course of construction. It is further contemplated that certain patios, balconies and privacy walls of Residential Units and that certain eaves of Residential Units and certain lighting fixtures on exterior walls as constructed may encroach on the Common Areas. Whenever any party wall or privacy wall of any Residential Unit shall be found to be not precisely upon the lot line intended and whenever any wall or eave or lighting fixture of any Residential Unit shall be found to encroach (whether by intention or mistake) upon any Common Areas, valid easements for the maintenance of all such encroachments as described herein are hereby established by virtue of the provisions hereof and shall exist for the benefit of such Unit so encroaching so long as the patio, balcony eave, wall or lighting fixture concerned shall remain standing. Further, and without limitation of the foregoing, the legal description of the Residential Units and any Common Areas concerned may be changed or amended, and the owner of each parcel concerned shall without further consideration execute and deliver all such conveyances as may be necessary or appropriate, so as to place the lot line concerned directly underneath such party wall or entirely outside such wall in the case of encroachment of any wall upon any Common Areas. Alternatively, each owner concerned shall without further consideration execute and deliver all such grants of easement and other and further documents as may be necessary or appropriate in the matter.

ARTICLE NINE

OBLIGATIONS OF RESIDENTIAL OWNERS

- 9.01 Notwithstanding anything to the contrary contained in this Declaration, if the Association shall incur any cost or expense for or on account of any items of maintenance, repair or other matter directly or indirectly occasioned or made necessary by any wrongful or negligent act or omission of any Residential Owner or his agent, employee or invitee, such cost or expense shall not be borne by the Association but shall be paid or reimbursed to the Association by such owner immediately upon the Association's demand.

- 9.02 Any sum due by the Residential Owner to the Association which is not be paid when due shall bear interest at the rate of ten percent (10%) percent per annum until paid. If any such sum shall not be paid when due, the Association shall have the right upon not less than fifteen (15) days notice to such Residential Owner, to collect such sum by suit at law and all other legal means provided the Association shall also be entitled to collect reasonable attorney's fees and all other expenses incurred by the Association in connection therewith.
- 9.03 In addition to the remedies provided in Section 9.02 and only upon the express consent of any mortgagee of a Residential Owner for a mortgage on his Residential Unit, if any sum due by any Residential Owner to the Association shall not be paid when due, the Association shall have the right upon not less than fifteen (15) days notice to such Residential Owner, to terminate the rights of such Residential Owner and of all persons claiming by or through such Residential Owner to possess, occupy or use the Residential Unit owned by such Residential Owner. Such right herein granted to the Association may be enforced by means of an action for possession maintained in the manner prescribed by Wyoming Statutes 1977, Sections 1-21-1001, et seq, as amended, if said Statute shall then provide for the maintenance of such action in such case, and otherwise by an action in equity for mandatory injunction or by such other legal means as may at such time be available.
- 9.04 Upon obtaining possession of any Residential Unit pursuant to Section 9.03, the Association shall have the authority to rent or lease the Residential Unit to such person or persons at such rate and upon such terms and conditions as the Association shall determine and to continue so to do until all sums, interest, costs and expenses to be paid to the Association out of the proceeds of such renting or leasing as hereinafter provided shall have been paid in full. The Association shall have the authority to execute leases up to one (1) year, regardless of the amount owed, and such leases shall be binding upon the Residential Owner. In no case shall the duration of any single lease or renting agreement of such Residential Unit entered into by the Association be for more than one (1) year at a time.
- 9.05 After payment or provision for all costs and expenses of such renting or leasing a Residential Unit pursuant to Sections 9.03 and 9.04 above, the net proceeds thereof shall be applied in the following manner:
- (a) The Association shall have the right discretion to apply so much of the net proceeds as the Association shall deem prudent toward the payment or provision for payment of real estate taxes

and assessment and/or payments upon any mortgage levied upon or being a lien upon such Residential Unit and being or becoming due during the term of such lease or renting agreement.

- (b) To payment of all the sums owed by the Residential Owner to the Association together with interest thereon and the costs and expenses, including reasonable attorney's fee of any action or suit maintained by the Association in order to obtain possession of such Residential Unit and other expenses incurred by the Association in connection with this matter, whether suit has occurred or not.
- (c) After making of the foregoing payments, the balance, if any, shall be paid to the Residential Owner.

- 9.06 Upon the expiration of the first lease or renting agreement of any Residential Unit entered into by the Association pursuant to Sections 9.03 through 9.05 after payment of all sums, interest, cost and expenses owed by the Residential Owner to the Association, the right to possession of the Residential Unit shall be returned to the Residential Owner provided that the Association shall have no obligations or liability to such Residential Owner for the condition of such Residential Unit when so returned or any failure or refusal of the person or persons then in possession of the Residential Unit to surrender such Unit effort made by the Association to protect the Unit shall ever be deemed to constitute a waiver of the foregoing provision or an undertaking or agreement to continue such effort.
- 9.07 The rights granted to the Association by Sections 9.03 and 9.06 inclusive shall be subject to the lien of a mortgage, if any, as may then have been placed upon such Residential Unit as authorized by Article Seven hereof, and to any lien in favor of the City of Sheridan arising upon this Declaration.
- 9.08 The obligation of each Residential Owner to pay all sums assessed or imposed upon him to pay pursuant to this Declaration and to keep, observe and perform all the terms and provisions of this Declaration to be kept, observed and perform by him shall be a continuing lien upon the Residential Unit owned by such Residential Owner, subject only to the lien of such mortgages as may be placed upon such Residential Unit owned by such Residential Owner. Any lien may be enforced by the Association in all respects as though secured by a recorded mortgage in the form provided by the Statutes of Wyoming, with all rights in the nature of homestead exemption being hereby waived by each Residential Owner with respect thereto to the fullest extent that such waiver shall be permissible or valid.

- 9.09 The Association shall have and require full payment of all sums then due to it from any Residential Owner as a condition precedent to the transfer of any interest in the Residential Unit owned by the Residential Owner.
- 9.10 By reason of the nature of the planned community herein contemplated, any violation on the part of any Residential Owner of any of the terms and conditions of this Declaration to be kept, observed or performed by him or of any rules or regulations adopted by the Association pursuant to the authority granted herein to do so, will likely result in damages which are irreparable or impossible of ascertainment. Therefore, the Association shall have the right to prevent any such threatened violation on the part of any Residential Owner, or the further continuation of any such violation by means of injunctive proceedings, as well as by restricting or entirely suspending, for such period or periods as the Board of Directors of the Association may determine, the use by the offending person of any facility or service on the property.
- 9.11 The various rights and remedies herein granted to the Association shall be in addition to all other rights and remedies which may be available and in addition to each other. All the rights and remedies available to the Association may be exercised either concurrently or consecutively or partly concurrently and partly consecutively, as the Association may elect, as often as the Association may elect.
- 9.12 The failure of the Association to seek redress for any violation, or to enforce any term or provision of this Declaration or of any rule or regulation issued hereunder or pursuant hereto shall not be deemed a waiver of such right of redress or enforcement, either as to any subsequent violation of a similar or as to any further continuation of any violation.

ARTICLE TEN

AMENDMENTS AND ADDITIONAL RULES

- 10.01 The Association shall have the power to amend, modify and otherwise alter this Declaration and each and all of the terms and provisions hereof and each and all of the rules, covenants, easements, agreements and restrictions herein contained, at any time by action recommended by its Board of Directors and approved by the affirmative vote by 75% or more of its Residential Owners, subject to the limitation that such action shall not cause the Property or any part thereof to be in non-compliance with any zoning ordinance or other applicable law or governmental regulation.
- 10.02 Any action taken pursuant to Section 10.01 shall be evidenced by an appropriate written instrument issued by the Association and shall become and be effective as of such date as shall be designated in such

instrument, but not earlier than the date upon which such instrument shall be filed for record in the office of the County Clerk and Recorder of Sheridan County, Wyoming.

- 10.03 The Association shall have the power to adopt, amend, modify, otherwise alter and enforce additional rules and regulations bearing upon the use and the manner of occupancy and maintenance of the Property, including the Common Areas, the Residential Units, or any part thereof, at any time by action recommended by its Board of Directors, subject only to the limitations that such action bearing upon Residential Units shall be applied uniformly to all the Residential Units, and that such action shall not cause the Property or any part thereof to be in non-compliance with any zoning ordinance or other applicable governmental law or regulation.
- 10.04 Any additional rules or regulations adopted by the Association pursuant to the authority granted to it in Section 10.03, and any amendment or modification of any such additional rules or regulations, shall be evidenced by an appropriate written instrument issued by the Association and shall become and be effective as of such date as shall be designated in such instrument, but not earlier than the date upon which such instrument shall be filed for record in the Office of the County Clerk and Recorder of Sheridan County, Wyoming, if such recording shall be elected, and otherwise shall be effective as to each Residential Owner not earlier than the date upon which a full, true and complete copy of such instrument shall be transmitted to him in the manner herein provided for the service of notice upon him.
- 10.05 Whenever the Association shall cause any instrument to be placed of record in order to render effective any action taken pursuant to Sections 10.01 or 10.03 hereof, it shall be the duty of the Association to transmit a full, true and complete copy of such instrument to each then Residential Owner promptly; provided, however, that failure so to do shall not invalidate or delay the effective date of any action effectuated by such instrument.

ARTICLE ELEVEN

MISCELLANEOUS

- 11.01 Notices: Any notice to be given hereunder shall be deemed conclusively to have been given to the following recipients in the following manners respectively:
- (a) in the case of a Residential Owner, if delivered personally to him or to a member of his household of the age of more than fifteen (15) years or when placed in the United States mail, (whether actually received or not) first class and registered or certified postage fully prepaid, addressed to

him at his most recent address as shown on the records of the Association (or the Developer prior to the organization of the Association);

- (b) in the case of the Developer, upon delivery to the Developer, at its usual place of business provided that no notice shall be in any event binding upon the Developer until actually received by it; and
- (c) in the case of the Association, upon delivery to its president, its secretary or its registered agent in person or when placed in the United States mail, first class and registered or certified postage fully prepaid, addressed to the Association in care of its then Registered Agent at its then Registered Office.

- 11.02 If any term, provision, covenant, easement, agreement or condition contained in this Declaration, or any rule or regulation issued hereunder, shall be found to be invalid, the remainder of this Declaration and the remainder of such rules and regulations shall not be invalidated or terminated thereby but shall remain in full force and effect to all intents and purposes as though such invalid term, provision, covenant, easement, agreement, condition, rule or regulation had never been.
- 11.03 All the easements, rights, covenants, agreements, reservations, restrictions and conditions herein contained shall run with the land and shall inure to the benefit of and be binding upon each subsequent holder of any interest in any of the Property to the same full force and effect for all purposes as though set forth at length in each and every conveyance of the Property or any part thereof.
- 11.04 The division of this Declaration into Articles and the Articles and Section numbers and headings, are for convenience only and the validity and enforceability of any portion of this Declaration shall never be affected or called into question by reason of the position thereof in this Declaration or the captions or article headings pertaining thereto.
- 11.05 If at any time or times the Board of Directors of the Association shall deem it necessary or advisable to rerecord this Declaration or any part hereof in the office of the Recorder of Deeds of Sheridan, Wyoming, in order to avoid the expiration hereof or any of the covenants, easements, agreements or other provisions herein contained under any of the provisions of the Wyoming Statutes presently in force, or any other law or statute of similar purport, they shall submit the matter to a meeting of the shareholders or members of the Association called upon not less than ten (10) days notice, and unless at such meeting at least two-thirds (2/3) of the votes which the Residential Owners and entitled to cast shall vote against such rerecording the

Association shall have, and is hereby granted power to so record, rerecord and/or refile this Declaration or such part thereof, and such rerecording and/or refilling shall be binding upon all the Owners of any part of the Property in every way and with all the full force and effect as though such action were taken by each of said owners and such rerecorded and refilled document executed and acknowledged by each of them.

- 11.06 These protective covenants shall run with the land and shall be binding on the property until December 31, 2020 at which time said covenants shall be automatically extended for successive periods of twenty (20) years unless by vote of a three-fourths (3/4) majority of the then Residential Owners it is agreed that such protective covenants shall no longer be binding. The Residential Owners of three-fourths (3/4) of the lots may effect a termination of such protective covenants by signing and recording in the office of the Sheridan County Clerk and Recorder, a certificate stating and recording in the office of the Sheridan County Clerk and Recorder, a certificate stating that they are in agreement that the protective covenants be terminated. The filing of such instrument shall effect a termination of these protective covenants at the expiration of the then existing original or renewal term. Until such an instrument is filed, it shall be presumed that the covenants have been extended.

IN WITNESS WHEREOF, the Developer has caused this instrument to be executed the day and year first above written.

By: Ronald J. Patterson

ATTEST:

Michael D. McGinnis

It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding that each and all of the representations, covenants, undertakings, and agreements herein made on the part of the Developer while in form purporting to be the representations, covenants, undertakings and agreements of said Developer are nevertheless each and every one of them made and intended not as person, representations, covenants, undertakings and agreements by the Developer or for the purpose or with the intention of binding said Developer personally but are made and intended for the purpose of binding only that portion of the Property specifically described herein, and this instrument is executed and delivered by said Developer not in its own right, but solely in the exercise of the powers conferred upon it as such Developer and that no personal liability or personal responsibility assumed by nor shall at any time be asserted or enforced against Developer on account of this instrument or on account of any representation, covenant, undertaking, or agreement of the said Developer in this instrument contained, either expressed or implied, all such personal liability, if any, being expressly waived and released.

STATE OF WYOMING)

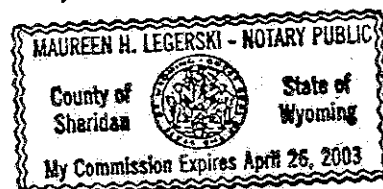
COUNTY OF SHERIDAN)

The above and foregoing Declaration of Protective Covenants was subscribed, sworn to and acknowledged before me this 19th day of Dec., 2001, by Ronald J. Patterson

WITNESS my hand and official seal.

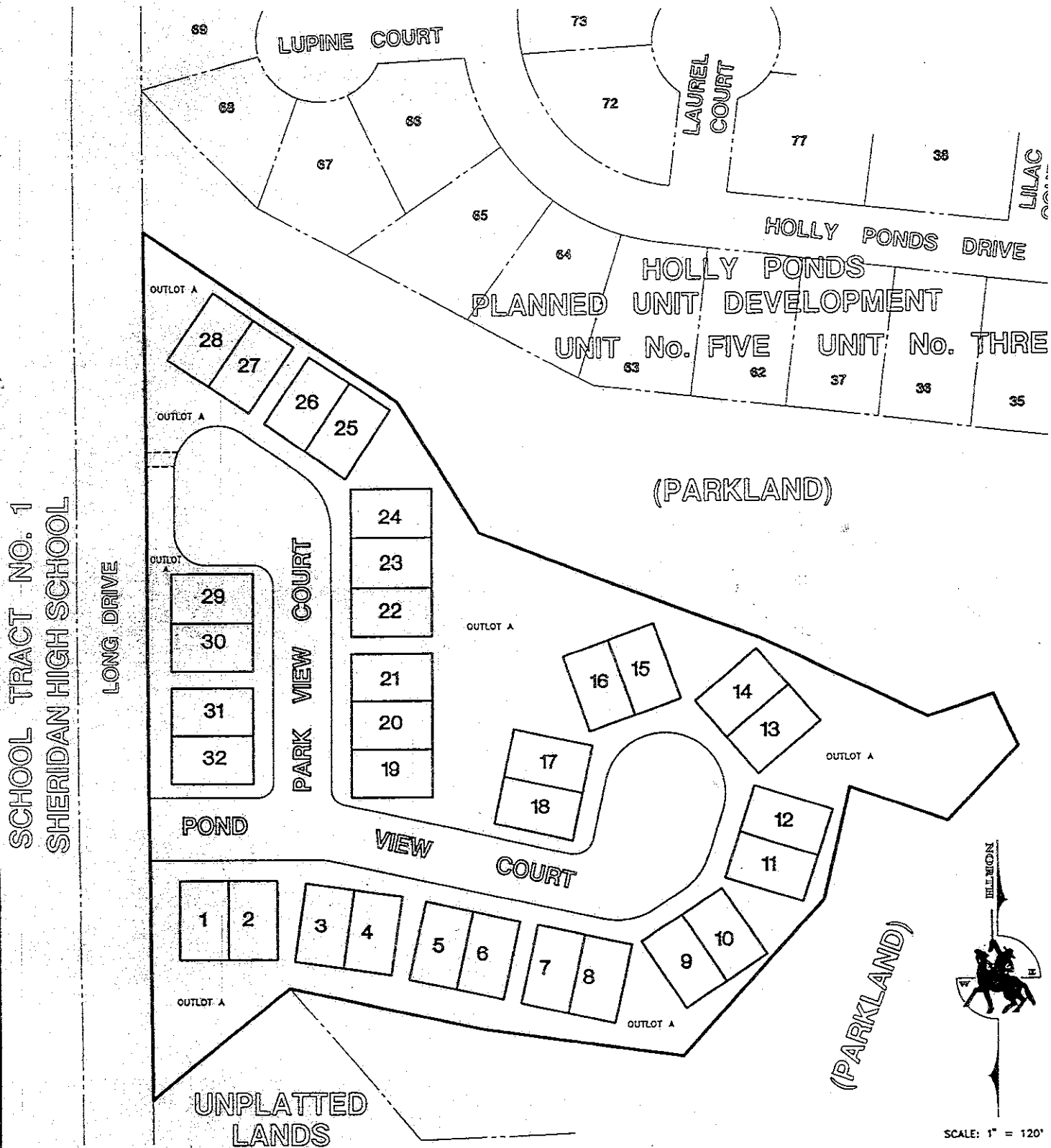
Maureen H. Legerski
Notary Public

My Commission expires: April 26, 2003



3402

EXHIBIT THE HAVEN AT HOLLY PONDS



MENTOCK-WILEY CONSULTANTS
CONSULTING ENGINEERS AND LAND SURVEYORS

TAYLOR PLACE No. 2
1030 NORTH MAIN ST.
SHERIDAN, WY 82801
Phone 307-674-4224
Fax 307-672-9492

HAYENEXH.dwg

NOVEMBER 5, 2