

RULES AND REGULATIONS FOR SUNSHINE MEADOW

KNOW ALL PERSONS BY THIS NOTICE, that the Board of Directors of SUNSHINE MEADOW OWNERS ASSOCIATION, INC., in accordance with Section 4.3 of the Declaration of Covenants, Conditions, Restrictions and Reservations, has adopted the following Rules and Regulations for SUNSHINE MEADOW. These Rules and Regulations shall apply to the real estate located in Coeur d'Alene, Idaho as more particularly described on Exhibit "A" of the Covenants, Conditions and Restrictions.

1.0 ARCHITECTURAL CONTROL

1.1 Exterior Appearance. In order to preserve a uniform exterior appearance of the buildings, the Board will provide each owner a list of paint type and color to be used in the Project. No Owner may modify or decorate the exterior of any buildings, screens, doors, awnings or other portions of any Lot visible from any neighboring Lot without the prior written consent of the Board, and in accordance with Rules and Regulations. No exterior radio or television antennae may be installed without the prior written consent of the Board. No clotheslines shall be visible from the street or from neighboring Lots. Windows shall be covered by drapes, shades or shutters and shall not be painted or covered with foil, cardboard or similar material.

1.2 Signs. No sign of any kind shall be displayed to the public view on or from any Lot without the prior consent of the Board; however, display of "For Sale" signs not exceeding five (5) square feet in size shall be allowed when a Lot is being sold. This section shall not apply to Declarant or Declarant's agents, lenders, and contractors.

1.3 Minimum on Lot Parking. Each home shall have an attached garage for two cars or more and two off street parking places.

1.4 Fencing. Fencing must be approved by the Architectural Control Committee to ensure that the views of neighboring Lots are not obstructed. Applications to the Architectural Control Committee regarding fence construction shall describe the location, height, and materials to be used in such fence. Non perimeter fences shall be constructed only of wood, vinyl or masonry. No alterations or modifications are permitted to perimeter fences by residents without Board approval. No fence shall be erected which shall exceed six feet in height. No fence shall be constructed between the house and street. When a fence exists on a property line, the Owners on each side of the fence are responsible for maintenance of the fence and each shall take no action that adversely effects the aesthetics of the other side of the fence without the affected neighbor's or Board's permission.



1.5 Drainage. The drainage system of the Property is a combination of natural and artificial patterns. Declarant has had the system engineered to protect the environment and to assure compliance with government regulation. Each Owner shall protect the drainage pattern and shall not take any action to disrupt the drainage pattern without prior written approval of the Board.

1.6 Completion of Improvements. All construction of residences shall be started within one year of purchase of the Lot and all construction shall be completed within one (1) year of commencement of construction. Any Owner failing to abide by this restriction may be subject to a \$100 per day fine at the discretion of the Board, until completed. Residents' improvements to Lots other than primary residences, including but not limited to, additions to houses, temporary buildings and landscaping, shall be completed within ninety (90) days of commencement of the improvement except where delayed by weather. For example, should the resident choose to complete his front yard landscaping, the work is to be completed within the time outlined above. Also, the resident is responsible for maintaining a clean and unobstructed sidewalk in front of the residence and the resident is responsible for repairing any damage to walks or curbs as a result of these activities.

1.7 Minimum Residence Size. All dwellings shall comply with the following minimum finished square footage area requirements based on house style, excluding garage.

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|----|-------------|----------------------|
| a) | One Story | 1040 sq. ft. minimum |
| b) | Tri-level | 1050 sq. ft. minimum |
| c) | Split entry | 945 sq. ft. minimum |
| d) | Two Story | 1250 sq. ft. minimum |

1.8 Sidewalk Installation. The responsibility for placing of sidewalks on each residential Lot shall be at the sole cost of the Owner of the residential Lot. The Board may request certain sums to be paid to assure the sidewalk installation is completed in a timely fashion consistent with the design of other sidewalks in the neighborhood.

1.9 Roof Style and Color. All homes shall have a pitched roof. All roofing material shall be of composite roofing and of gray color. All roofing material shall be Certainteed Brand composite roofing or similar roofing of equal quality, color to be Certainteed Weatherwood or similar color.

1.10. Home Design. Each home shall be built in a style not similar to the residences built within three Lots either side of the home. No residence shall be taller than thirty-five (35) feet above ground elevation

1.11 Temporary Structures. The use of temporary structures or partially completed structures shall be limited to ninety (90) days.

1.12 Visual Obstruction Within Setback. No fence, wall, hedge or mass planting shall be permitted except upon approval by the Board within the front yard

setback as established by the City of Coeur d'Alene.

1.13 Installation. All homes shall be built in accordance with the laws and regulations of all governing agencies with jurisdiction over the Lot and with permits obtained therefor.

1.14 Landscaping. No tree on any Lot shall be removed without the permission of the Board. Prior to the issuing of the certificate of occupancy by the City the owner of the lot shall complete the landscaping required herein. The front yard of each Lot shall be landscaped with at least one-third (1/3) of the yard in lawn or other living ground cover. All Lots shall be professionally or tastefully landscaped and contain an underground automatic irrigation system. Every front yard in the Project shall be maintained in a controlled or domesticated fashion. Natural or wild landscape design will not be accepted. Special requirements involving street trees are as follows:

1.14.1 Each front yard (area fronting the street) of each Lot, in the Project, shall have at least two (2) trees and more if so required by the City of Coeur d'Alene or the approved landscape plan on record with the Association.

1.14.2 The size of the trees to be planted shall be one and one-half (1 1/2") caliber or larger. The trees shall be container grown or "balled and burlapped". No bare rootstock is allowed.

1.14.3 The varieties of trees to be planted in the front yard shall be limited to the species set forth in the approved landscape plan on record with the Association.

1.14.4 The trees shall be planted and maintained in accordance with the City of Coeur d'Alene Tree Standards Manual.

1.14.5 In the event that the builder or other owner of a Lot shall fail to abide by the landscape requirements set forth herein, then the Association, in addition to all other alternative enforcement mechanisms, may unilaterally enter the violating Lot and remedy the violation. In such an event the violating owner shall reimburse the Association all cost so expended within thirty (30) days of notice from the Association.

1.15 Perimeter Fencing. All perimeter fencing placed by Declarant shall remain unchanged physically unless written permission to change is attained from the Board or Architectural Control Committee.

1.16 Garbage and Trash Containers. No Lot shall be used or maintained as a dumping ground for rubbish, trash or other waste. All trash, garbage and other waste shall be kept in sanitary containers architecturally screened from view from the street except on the day of pickup.

1.17 Mail/Paper Box. Declarant shall establish the initial design of the mail/paper box. The approved mail/paper box shall be maintained by each homeowner. All repairs or replacements shall conform to the original design and materials.

1.18 Incorporation of City Ordinances. Any violation of a City of Coeur d'Alene ordinance shall also be considered a violation of these Rules and Regulations. The City ordinances of the City of Coeur d'Alene are hereby incorporated in these Rules and Regulations.

1.19 Outbuildings. No outbuilding shall be placed on any Lot without the prior written approval of the Architectural Control Committee. The Architectural Control Committee shall ensure that no outbuilding obstructs the view of any neighbor and that all the outbuildings are designed to aesthetically conform to the homes in the area where the outbuilding is to be placed. All outbuildings shall be constructed of materials similar to the materials used in the home on the Lot on which the outbuilding will be placed and shall be painted such color or colors as to blend with the home. Additionally, no outbuildings shall be obtrusively visible from any street. All requests for the approval of placement and construction of such buildings must contain a description of size and location of the building so as to determine whether or not the outbuilding will be obtrusively visible from any street or obstruct the view of any neighbors. All applications must also contain a materials specification sheet that describes the materials that will be used in the construction of the outbuilding. No metal buildings or metal roofs shall be permitted. No changes in the location, size, design, or materials to be used in an approved plan for an outbuilding may be changed without the prior written approval of the Architectural Control Committee.

2.0 RESIDENCE USE CONTROL

2.1 Residential Use. The buildings and Lots, except those platted and zoned as nonresidential, are intended for and restricted to use as single family residences only, on an ownership, rental or lease basis and for social, recreational or other reasonable activities normally incident to residential use. However, regardless of the foregoing, the Declarant may use Lots Declarant owns as sales or construction offices and models.

2.2 Offensive Activity. No noxious or offensive activity shall be carried on any Lot, nor shall anything be done therein that may be or become an annoyance or nuisance to other Owners, including but not limited to operation of off road vehicles, maintaining of farm animals, barking dogs, production of offensive odors, excessive or late night noise. Vehicles shall not be repaired outside. Repair of vehicles shall be accomplished inside Owner's garage or in a recreational vehicle storage area if available.

2.3 Maintenance of Greenspace between Sidewalk and Street. Each homesite shall have greenspace located between the sidewalk and street. This

greenspace area is to be maintained and kept clean and unobstructed by the homeowner. The area shall be used for snow storage and all plans of landscaping for each Lot shall include specific delineation of the landscaping for this greenspace area.

3.0 RULES FOR PET OWNERS

3.1 Definition. All pets (mammals, birds, reptiles or living creatures of any kind) kept on any Lot or in the common areas are subject to these Rules and Regulations.

3.2 Right for Removal. The Board may at any time require the removal of any pet, which it finds unreasonably, disturbs other Owners, and may exercise this authority for specific pets even though other pets are permitted to remain.

3.3 Limit of Pets. No Lot Owner/tenant or guest may keep more than three (3) pets per Lot (excluding contained small animals which include but are not limited to fish, birds, hamsters and gerbils).

3.4 Leash. All dogs are to be kept on leash or personally controlled by Owners when off the Owner's Lot and shall be contained when on the Lots. Dogs shall not be allowed to roam. This restriction applies to all Owners, tenants and guests

3.5 Tied Pets. No pets may be tied up or left unattended outside any residence.

3.6 Damage by Pets. Lot Owners/tenants are responsible for any damage to common areas or other Owner/tenant areas caused by their pet or pets brought onto the Property by their guests.

3.7 Alterations to Common Area. Nothing shall be altered or constructed in a common area to house or accommodate pets, except portable, completely removable, pet houses.

4.0 MOTORIZED VEHICLES

4.1 Operable Motor Vehicles. Parking spaces may be used only for the parking of operable motor vehicles.

4.2 Motorcycles and Unlicensed Vehicles. The starting, running and repairing of motorcycles on any Lot, except to leave from or arrive at the Lot, shall be strictly prohibited. No unlicensed vehicle shall be operated on the property.

4.3 Unlicensed Drivers. No unlicensed driver shall operate any motorized vehicle on the Property.

4.4 Recreation and Nonoperating Vehicle Parking. No Owner or tenant/guest thereof shall be allowed to store any boat, unused or unlicensed vehicle, golf cart, camper, R.V., trailer or the like anywhere on the Property, except within a garage or behind a sight obscuring fence, for more than 48 hours.

5.0 VARIANCE PROCEDURES

5.1 Variance. It is the intent of the drafters of these Rules and Regulations to create a flexible system for the protection of the Owners of Lots. It is anticipated that there may be situations, which arise in which the characteristics of a Lot, the existence of alternatives, or the unfairness of the strict technical rule or regulation may demonstrate a need to vary the restrictions. In those types of circumstances, the Board may allow alternative methods to be submitted and approved in accordance with the process set forth herein to vary the restrictions of the Rules and Regulations. If the Board or its agent or committee, as specified in the submittal process, determines that a variance is appropriate, given the criteria set forth herein, the Board may grant a variance from any rule or regulation set forth herein.

5.2 Variance Procedure and Standard for Granting Variance. The procedure for granting a variance shall be the same as an original submittal and approval as set forth in these Rules and Regulations. The request for the variance may be made with the original submittal or may be made subsequent following a conditional approval or denial of an original submittal. A variance may be granted only when the applicant has demonstrated that all of the following conditions are present:

5.2.1 that there is undue hardship caused to the party requesting the variance,

5.2.2 that the variance is not in conflict with the general community interest of Project.

5.2.3 that the granting of the variance will not be materially detrimental to the neighboring property Owners, and

5.2.4 that the granting of the variance does not appear to be contrary to the general goals and policies of the Declaration of Covenants, Conditions and Restrictions.

5.3 Variance - Not a Waiver. The granting of a variance to an Owner is not to be construed as a waiver for other Owners.

6.0 RENTAL/LEASE RULES

6.1 Informed Tenants. Tenants shall be made aware the requirements of the Declaration of the Covenants and Restrictions and the Rules and Regulations and leases shall be subject to the same.

6.2 Lease or Rental Terms. No lease or rental of a unit shall be for a term less than thirty (30) days. All lease and rental agreements shall be in writing, a copy of which shall be delivered to the Board prior to the unit being leased. Any lease or rental agreement must provide that its terms shall be subject in all respects to the provisions of the DECLARATIONS, THE BYLAWS, AND THE RULES AND REGULATIONS OF THE ASSOCIATION as well as other terms set forth herein.

6.3 Entire Unit. No lease or rental of a unit may be of less than the entire unit except as part of the operation of a single-family residence including but not limited to housekeepers, exchange students, nannies, family members or security.

6.4 Tenant's Failure to Comply. Any failure by the tenant to comply with the terms of such Declarations, Bylaws and/or, Rules and Regulations shall be a default under the lease or rental agreement and the unit Owner grants to the Board or its managing agent the authority to evict the tenant of the unit Owner's behalf for such default upon only such notice as required by law; if any lease does not contain the foregoing provisions, such provisions shall nevertheless be deemed to be a part of the lease and binding upon the unit Owner and the tenant by reason of their being stated in these Rules and Regulations.

6.5 Termination of Agreement. Should the Board bring action to terminate the lease/rental agreement, the Owner shall be jointly and severally liable with the tenant for all attorneys' fees and court costs incurred by the Board; and a provision regarding attorneys' fees being the responsibility of the Lessee and Owner shall be included in any such lease.

6.6 Use of Common Amenities. During the period of time a unit Owner has entered into a lease/rental agreement, the unit Owner releases his/her rights to use of common amenities to the tenant unless use of the amenities is specifically assigned to the Owner in the lease. If assigned to the Owner, tenants shall forfeit use of amenities.

7.0 SUBMITTAL AND APPROVAL PROCEDURE.

7.1 General Requirements. All reference to "submitted and approved" or similar language requires an Owner to follow these specific procedures. This procedure shall be completed before commencement of any and all improvements to Owner's Lot.

7.2 Delivery of Information. The Owner of Lot to be improved, shall make an application by delivering plans and specifications showing the nature, kind, shape,

color, size, materials, and location of all intended improvements (including, but not limited to, plans related to landscaping, parking, signage, building design and materials, use, operations and possible hazardous activities) to the Board, or to other persons or committees, if specified by the Board. Additional information may also be required by the Board or by other references found in the text of the Declaration. The Board or person or committee shall determine when the application is complete.

7.3 Payment of Review Fee. The Owner shall also deliver with the plans a non-refundable and reasonable review fee at amounts specified by the Board. The Board shall have sole responsibility for setting a reasonable fee. The Board may waive or adjust fee for low cost improvements.

7.4 Action After Review. The Board or person or committee delegated the responsibility to approve the application shall approve, disapprove, or conditional approve each application.

7.4.1 Approval must be expressed in writing within ten (10) days of submittal of a complete application, unless an extension of time is granted by the Board. All approvals shall be noted in the records of the Association or other log for that specific purpose.

7.4.2 Conditional approval of an application shall be made in writing, signed by a corporate officer or the Board's authorized agent. The approval shall specify in writing the conditions that need to be completed prior to occupancy. Specification of conditions does not relieve Owner of all other requirements of the Declaration and/or Rules and Regulations.

7.4.3 Disapproval of an application shall be made in writing, signed by a corporate officer or the Board's authorized agent. The signing individual will specify the reasons for the disapproval and may suggest alternatives. The Owner may reapply with an amended application, following the same procedure as the original application.

7.5 Appeal. If an Owner contests the disapproval or conditional approval of the application or if another property Owner contests the approval of the application, then either or both may appeal the determination.

7.5.1 The appeal process is commenced by serving written notice of appeal and a non-refundable appeal fee of Five Hundred and No/100 Dollars (\$500.00), or the current reasonable fee for five (5) hours of attorney's fees, whichever is greater, as determined by the Board, upon the Secretary of the Board.

7.5.2 Said notice shall be delivered within twenty (20) days of the date of the contested determination. Notice shall be deemed delivered within five (5)

days of being mailed to the Secretary's address by certified mail with return receipt requested.

7.5.3 The Appeal process shall be made in accordance with the Uniform Arbitrating Act (Idaho Code Section 7-901 et seq., or successor statute), but the panel of arbitrators (either one (1) or three (3) at the discretion of the Board) shall be appointed by the Board.

7.5.4 All costs associated with the appeal and arbitration shall be borne by the appealing party except attorney's fees, which shall be borne by the person or entity hiring the attorney, except in the event the appealing party is unsuccessful, then the appealing party shall pay all reasonable attorney's fees incurred by Association.

7.6 Commencement of Construction After Approval. Commencement of construction or placement of improvements may occur any time following the issuance of building permit from appropriate governmental agency and the approval of application by the Board including the termination of the appeal period or completion of appeal if the Board upholds the approval. The improvements must be completed in accordance with the approved application, the Declaration and these Rules and Regulations. Approval of the application is not a guarantee or warranty of compliance with the Declaration and/or these Rules and Regulations. Approval is only a guidance procedure. An Owner may not rely solely upon the application process for determination for compliance with the Declaration or Rules and Regulations.

7.7 Submittal and Approval Procedure:

7.7.1 Board's Right to Delegate Review Process: The Association may delegate part or all of the responsibility for the review process to an authorized agent. Without such delegation the Board shall be solely responsible for approvals set forth in this review process.

7.7.2 Guide for Common Interpretations: The Board shall attempt to interpret the Declaration, Bylaws and Rules and Regulations consistently giving the words their definitions appended, but strictly interpreting the words to enforce the purpose of the Declaration. The Board may, in a separate minute book, tabulate and summarize interpretations and decisions as to approvals in order to encourage consistency. Future Boards should review prior determinations in the attempt to keep interpretations consistent in the application of the Declaration.

7.7.3 Conformity Certificate: Within sixty (60) days after written request has been delivered to the Secretary, the Board shall certify to its knowledge whether or not, at the date plans being proposed or all improvements on a Lot specified in the request comply with the Declaration and these Rules and Regulations. The certificate shall, in recordable form, identify any items of noncompliance. Any Lessee, purchaser or creditor, whether construction or

personal, in good faith for value shall be entitled to rely on such certificate with respect to the matters set forth therein, such matters being conclusive as of that date.

7.7.4 No Liability: In consideration for providing the approval service to Owners, neither Declarant nor Association or authorized agent shall be liable for any damage, loss or prejudice suffered or claimed by any person on account of its approval or disapproval of any plans, drawings or specifications for the improvement of any Lot within the Development or the construction of any improvement or the performance of any work. Approval or disapproval of any plans, drawings and specifications shall not be deemed a representation as to whether or not the proposed improvement or work complies with applicable laws or whether or not it is in any way defective.

7.7.5 No Effect on Government Agencies: The Declaration has been drafted to assist Owners in the compliance with performance standards and zoning restrictions of the City of Coeur d'Alene; however, compliance with the Declaration does not guaranty compliance with appropriate governmental restrictions. The Declaration has no effect on the requirements of regulating governmental agencies. Owner must comply with both the governmental agencies and the Declaration's restrictions; if mutual compliance is impossible, then government restrictions shall prevail.

8.0 ENFORCEMENT PROCEDURE

8.1 Arbitration. Enforcement of these Rules and Regulation shall be made through the use the rules governing binding arbitration as set forth herein. The Board of Arbitrators shall be the Board of Directors or a committee appointed by the Board. The committee shall be of no less than three (3) individuals not residing adjacent to the alleged violators.

8.2 Form of Notice. Notice of the alleged violation of these Rules and Regulations and/or Declaration may be made in the form of a signed letter from an Owner or a statement of a Board member in the minutes of a regular or special Board meeting. Said documentation should contain the approximate time and date of the alleged violation and a general description of the violation. The President, or designated Board member, shall notify, by letter, the alleged violator of the complaint received. The letter should request that no further violations occur and should state that if further violations do occur, an assessment fine shall be established and levied against the violator by the Board as provided in these Rules and Regulations.

8.3 Fine not Paid. If an assessment fine is levied and not paid, it shall be treated as an arbitrated claim and a judgment in that amount shall be entered by the appropriate court in accordance with the Idaho Uniform Arbitration Act or at the direction of the Board, shall be collected as provided in the Declaration.

8.4 No contest. If the alleged violator does not contest the allegation, then the Board shall adjudge the existence of a violation.

8.5 Contest, Hearing and Remedy. If the alleged violator contests the existence of a violation, a hearing on the matter shall be held. The Board or a committee appointed by the Board shall hold a hearing on the matter using the procedure set by the Board with assistance of the Association's legal counsel. If the Board determines that a violation exists then the Board shall have the sole discretion to determine the appropriate remedy. The Board may, without limitation, order: removal of the violating structure or improvement; order changes to the structure or improvement; place a fine against the violating Owner to halt continuing violations or until changes are completed; place a fine against the violating Owner to discourage future violations; and/or levy a fine or assessment to reimburse the Association for repairs.

8.6 Court and Attorney Fees. If the matter is taken to court, because of non-payment of the fine or failure to comply with the decision of the Board, then all of the costs plus attorney's fees for such action or any action related to the enforcement shall be paid by the violating Owner, and no fees shall be awarded against Association.

8.7 Reservation of Other Remedies. In addition to the remedies set forth above, the Association and the Declarant reserve the right to enforce any restrictions contained herein by any other appropriate action at their option.

8.8 Additional Enforcement of Attorney's Fees. The failure of any Owner to comply with the provisions of the Declaration, Articles, Bylaws and/or Rules and Regulations shall give rise to a cause of action in favor of the Association and any aggrieved Owner for the recovery of damages, or for injunctive relief, or both. The Board shall have the power to enforce the provisions of this Declaration, the Articles, the Bylaws, and the Rules and Regulations of the Association, as the same may be lawfully amended from time to time, for the benefit of the Association. If legal action is brought to interpret or enforce compliance with the provisions of this Declaration, the Articles, the Bylaws or the Rules and Regulations of the Association, then the Declarant or Association, as the case may be, shall be entitled to judgment against the other party for its reasonable expenses, court costs and attorney's fees in the amount awarded by the court.

8.9 Failure to Enforce is Not a Waiver. The failure to enforce any requirements contained in this Declaration shall in no event be deemed to be a waiver of the right to enforce that requirement or any other provision thereafter including provisions relating to architectural control.

9.0 PROCEDURE FOR AMENDING ADMINISTRATIVE RULES & REGULATIONS

9.1 Proposed Rule or Regulation. Any proposed rule or regulation or amendment and a statement explaining the reasons supporting its adoption should be

made in writing and delivered to a member of the Board or proposed at a meeting of the Board.

9.2 Basis for Amendment. If the Board, in an open meeting, determines that there is a reasonable basis for the amendment of the Rules and Regulations, a draft of the proposed rule and regulation shall be completed. The Board may seek legal advice as to the drafting of the proposed amendment.

9.3 Formalities. A copy of the draft rule shall be sent to each Owner in accordance with the same formalities as required for notice of a special meeting of the Owners.

9.4 Notice of Hearing. Included with the proposed rule shall be notice for hearing to receive comment concerning the proposed rule and regulation. Said hearing shall be set not less than thirty days from the date of the notice and shall specify the time and place of hearing.

9.5 Procedures for Hearing. At the hearing an opportunity to be heard shall be given to any and all Owners that attend the hearing. The hearing panel shall consist of Board members and a chairperson of the hearing shall be appointed by those Board members attending. A lack of quorum of Board members shall not halt the proceeding. The purpose of the hearing is not to vote on the issue, but rather obtain information. However, if the chairperson so desires, a vote of those present may occur but the vote shall not bind the Board of Directors.

9.6 Results of Hearing. Following the hearing, and at a separate meeting of the Board, whether regular or special, the hearing Board shall explain the results of the hearing. The Board may accept, reject, or amend the proposed regulation by majority vote.

9.7 Determination of Adoption. Upon the adoption of any rule and regulation the Board may make a determination of a reasonable and appropriate fine for violators of the rule. Such determination shall be included with the rule and regulation.

9.8 Documentation of New Rule or Regulation. Copies of any newly adopted rule and regulation shall be forwarded to each Owner or renter after the adoption of the Board. The Board shall compile all rules and regulations of the Project at some location easily reviewable by the member, and kept with other Association books and records.

9.9 Effective Date and Recordation. The adopted rule or regulation and any amendments shall also be recorded in the records of Kootenai County and shall become effective on the date of recordation.