

**DECLARATIONS, RESTRICTIONS,
PROTECTIVE COVENANTS AND CONDITIONS
FOR THE MORRISON SUBDIVISION**

This declaration is made this 22 day of August, 2002 by the undersigned hereinafter referred to as the "Declarant":

WHEREAS, Declarant is the owner of certain real property consisting of 5 Lots in the Morrison Subdivision in the County of Beaverhead, State of Montana, hereinafter referred to as the "Property", more particularly described as follows, to-wit:

Lots 1 through 5, inclusive, of the Morrison Subdivision, a subdivision of Beaverhead County, Montana, together with all Roadways and Improvements situated thereon, according to the Final Plat thereof on file and of record in the office of the Clerk & Recorder of Beaverhead County, Montana; and

WHEREAS, Declarant desires to establish on the Property a residential community of country homes designed to maintain the natural beauty and environmental integrity of the Property, and to preserve, protect and enhance such values and amenities for the benefit of individual lot owners, and

WHEREAS, Declarant desires to assure the attractiveness of the individual lots; to prevent any future impairment thereof; to prevent nuisances; to provide long-term predictability for lot purchasers as to the character and setting of the residential community, and to protect the sizable financial investments which lot purchasers and owners have in the establishment of their individual residences on the Property, and

WHEREAS, Declarant desires to subject said Property to certain protective covenants, conditions, restrictions, reservations, easements, liens, and charges for the benefit of the Property and its present and subsequent Owners as hereinafter specified, and will convey the Property subject thereto,

NOW, THEREFORE, Declarant hereby declares that all of the Property is and shall be held and conveyed upon and subject to the easements, conditions, covenants, restrictions, and reservations hereinafter set forth. These easements, covenants, restrictions, conditions and reservations shall constitute covenants to run with the land and shall be binding upon all persons having any right, title, or interest in the described Property or in any part thereof, their heirs, successors, and assigns, and shall apply to each present and future Owner thereof.

ARTICLE I

DEFINITIONS

Whenever used in this Declaration, the following terms shall have the following meanings:

1. "Association" shall mean the Lot owners of the Morrison Subdivision.

2. "Declarant" shall mean Ron Morrison, his successors and/or assigns.

3. "Lot" shall mean any numbered parcel of land shown by any recorded survey of the Property.

4. "Member" shall mean all those Owners who are members of the Association and agree to abide and be bound by these covenants and the Articles of Incorporation, By-laws and Resolutions of the Association as provided in Article II, Section I, hereof.

5. "Owner" shall mean the record owner, whether one or more persons or entities, of fee simple title to any Lot situated upon said Property, or a contract purchaser if the record owner retains title merely to secure an obligation. Owner does not include those having any interest merely as security for the performance of an obligation to a mortgagee unless and until such mortgagee has acquired title pursuant to foreclosure or any proceeding in lieu of foreclosure.

6. "Property" or "The Property" shall mean and refer to the above described real property and such additions thereto as may be hereafter brought within the jurisdiction of the Association by recorded declaration in the manner hereinafter set forth.

7. "Roadway" and "Common Improvements" mean any street, road, path, bikeway or other thoroughfare as shown on the recorded plat of the property and all development entrance signs and landscaping and associated improvements, and street lighting.

8. "Manufactured Home" shall mean a transportable, single-family dwelling built on a steel undercarriage with wheel assembly intended for permanent occupancy contained in one unit, or in two units designed to be joined into one integral unit, which arrives at a site complete and ready for occupancy except for minor or incidental unpacking and assembly operations, and constructed so that it may be used with or without a permanent foundation and with or without removal of its undercarriage or wheel assembly.

9. "Modular Home" shall mean a transportable, single-family dwelling intended for permanent occupancy contained in one unit, or in two or more units designed to be joined into one integral unit incapable of again being separated for repeated transport, which arrives at a site complete and ready for occupancy except for minor or incidental unpacking and assembly operations, and constructed so that it may be fixed permanently to a foundation with removal of any undercarriage and wheel assembly.

10. "Manufactured Kit Homes" shall mean integrated housing component or panel systems manufactured off-site for assembly on-site, and may include prepackaged material kit homes, factory constructed panel systems, or pre-cut log homes capable of meeting traditional stick-built Uniform Building Code construction requirements including the Montana Energy Code for stick-built residences. "Manufactured Kit Homes" shall not include those structures as previously defined as "Manufactured Homes" or "Modular Homes."

11. "May" is permissive.

12. "Shall" is mandatory.

13. "Water Users Committee" shall mean that committee composed of one representative from each lot which has assigned water shares and joint ownership in the Morrison Subdivision irrigation system as specified in Article VIII below.

ARTICLE II

AGRICULTURAL SETTING

The Morrison Subdivision is situated in an unzoned rural area and may be subjected to conditions resulting from non-residential use, including agricultural use, of neighboring lands. Such use includes cultivation, harvesting, and storing of crops; the raising, breeding, and husbanding of livestock; the application of chemicals; the operation of heavy equipment, machinery, and trucks; the application of irrigation water, as well as other customary agricultural activities. Activities incident to such use produce odors, noise, dirt, smoke, and other conditions some may find offensive or incompatible with permitted land uses with the Subdivision. Normal and necessary resource management activities, legally conducted on neighboring lands, must be an expected aspect of residence within the Subdivision.

ARTICLE III

HOMES OWNERS ASSOCIATION

Section 1. Association: It is the intention of the undersigned that an Association be formed and be called Morrison Subdivision Home Owners Association, but for convenience shall be referred to in this document as the "Association". Ownership of shares of the Association shall be transferred to purchasers of lots within the Property. The purpose of the Association is to care for, protect, and maintain the roadways and other common improvements and any other matters which may serve the Property so that the same will be maintained for the benefit of the Property and the owners of the individual lots therein.

Each member of the Association shall have the right to vote as provided by the By-laws of the Association. The By-laws of the Association are incorporated by reference and expressly made a part of the covenants.

Section 2. Membership: Every person or entity who is the owner of fee title or equitable title in a lot, or who is subject to an assessment, either present or future, by the Association, pursuant to the provisions of any instrument relating to such assessment, shall automatically become a member of the Association.

For the purpose of determining membership, such membership shall be deemed to have vested upon delivery of a duly executed deed or contract for deed to the owner.

Foreclosure of a contract, mortgage, trust indenture, or other security device and repossession of a lot shall terminate an owner's membership, whereupon all rights to such membership shall vest in the secured party.

Membership shall terminate upon the transfer of an owner's interest in a lot to a purchaser.

Section 3. Voting Rights: Members shall be entitled to one vote for each acre in which they hold the interest required for membership by Section 1. When more than one person or entity holds such interest or interests in any lot, such persons or entities shall be members, and the vote for such lot shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any such lot on any one issue. Irrigation water issues shall be voted upon separately with one vote per acre owned.

Section 4. First Annual Meeting: First annual meeting will be called by the President of the Association in March or April of every year.

Section 5. Quorum: A quorum for the transaction of any business of the Association shall be those members comprising at least 35% of the members of the corporation. Meetings of the Members shall be preceded by written or verbal notice to the time appointed for a meeting. Notice of any meeting may be waived by a Member provided the waiver is in writing. A written record of any meeting shall be maintained by the Association. Any issue affecting the rights of the Members shall be submitted to a vote, and the majority of those voting on any issue shall prevail, except as may be provided otherwise herein. Until such time that more than three lots are sold, the Declarant will be the Associations President. The President of the Association will hold a two year term. Every two years nomination and votes at an election will determine a new President and additional officers if needed.

ARTICLE IV

Section 1. Member's Easement of Enjoyment: Every member of the Association shall have a right and easement of enjoyment in and to any Improvements and Roadways as appear on the Final Plat of the Morrison Subdivision as file for record in the office of the Clerk & Recorder of Beaverhead County, Montana. Such easement shall be appurtenant to and shall pass with the title to every Lot subject, however, to the following provisions:

A) The right of the Association to provide reasonable restrictions for the overall benefit of the Members;

B) The right of the Association to dedicate or transfer all or any part of the Improvements or Roadways to any public agency, authority, or utility for such purposes and subject to such considerations as may be agreed to by the Members. No such dedication shall be effective unless an instrument, signed by the Secretary of the Association evidencing the fact that at least two-third (2/3) of the Lot owners concur, has been recorded in the appropriate records of Beaverhead County, Montana.

C) The right of the Association to suspend the voting rights and the rights and easements of a Member for any period during which any assessment against is Lot remains delinquent.

ARTICLE VPROTECTIVE COVENANTS

RESTRICTIONS OF USE OF PROPERTY

Section 1. Land Use: Lots shall be used for family residential dwellings and for agricultural purposes as herein provided. No Lot shall be used for heavy industrial enterprises, nor mining of any type, shall be carried on, upon, in front of, or in connection with the said real property or any tract, lot or portion thereof; provided, however, that any owner or occupant of said real property or any tract, Lot or portion thereof, may carry on in his home a home occupation, or professional occupation which does not disrupt the tenor of the said real property as quiet residential country estates.

Section 2. Residential Density and Re-subdivision: No Lot shall be re-subdivided into lots less than 10 acres in size without County Planning Board review. Lots 1, 4, and 5 can only be re-subdivided into smaller than 20 acre lots, if developer, (person wishing to resubdivide said lot), constructs road to the back side of said lot.

Section 3. Buildings - General: No building shall be erected, altered, placed or permitted to remain on any tract except those buildings or structures that are of permanent construction and are newly constructed, provided, however, that suitable used materials may be utilized in such new construction. All structures shall be completed within two (2) years of commencement of construction. No structures of a temporary character, including but not limited to trailers, mobile homes, converted buses or trucks shall be used at any time on the property. All dwellings and structures within the District shall conform to the following standards:

a) Primary residences must be 1,200 square feet or larger, exclusive of any attached garage.

b) All residences shall be not less than twenty feet (20') in width.

c) All residences shall have roofs with pitches of not less than one foot (1') of rise for every four feet (4') of horizontal run.

d) All residences shall conform to applicable Department of Housing and Urban Development (HUD) regulations if manufactured off site.

e) All residences shall be constructed on mortared-block or concrete foundations with adequate openings for access and ventilation.

f) Metal siding on all residences shall run in a horizontal, vertical or diagonal direction and shall be lapped.

Wood siding may run in either a horizontal, vertical, or diagonal direction.

g) Structures shall not have reflective siding or roofing.

h) Manufactured Kit Homes and Modular Homes may be constructed if approved by the Association's Architectural Review Committee.

i) Manufactured Homes shall not be installed or erected on any lot.

Section 4. Architectural Controls: All residential structures are to be architecturally designed and custom built or established as Manufactured Kit Homes or Modular Homes of high quality. No residential structure is to contain less than 1,200 square feet of floor space, non-inclusive of any attached garage or workshop. All residential structures are to be a complementary enhancement of the Lot and the residential development at large, and shall blend with the landscape in such a fashion as to be unobtrusive. Exterior building materials and painted surfaces are to be earth tone or muted in character, and no exterior surface is to be bright or obtrusive including, but not limited to, such colors as sharp yellow, purple, pink, or other non-earth tone hues. No shiny metal roofs or shiny metal siding, and asphalt siding, shall be allowed on any building. Colored Terne style metal roofing is permitted.

All residential building plans shall be submitted prior to initiation of any construction activity to the Homeowner's Architectural Review Committee for review and approval.

All structures shall maintain the following minimum setbacks from the property boundaries:

Front yards: 50 feet
Side yards: 50 feet
Rear yards: 50 feet

No residential structure shall exceed a building height of thirty-two feet measured from the highest grade elevation on the perimeter of the building foundation.

Section 5. Outbuildings: Outbuildings may be of stone, brick or wood constructions, designed and constructed in an architecturally complimentary fashion. Outbuildings which encompass less than 150 square feet may be constructed of non-reflective, new metal building material. No reflective metal may be used on any buildings, roofs, or sidewalls; nor may it be used in any outdoor capacity in the development, except that factory painted Terne style ribbed metal roofing may be permissible. All residential building plans for outbuildings and

fencing shall be submitted to the Homeowner Architectural Review Committee for review and approval, prior to initiation of construction.

Section 6. Visible Objects: All clotheslines, garbage and trash containers, storage piles, storage tanks, trucks, trailers, truck campers, detached camper unit, RV's, and boats should be arranged and organized in such a manner as to not become an eyesore to neighboring lots.

Section 7. Nuisances: No noxious or offensive activity shall be carried on or permitted on any Lot nor shall the property be used in any way which may endanger the health or safety of or unreasonably disturb the owners of Lots located in the Development. No loud or offensive noises shall be permitted on any Lot which impacts the peaceful enjoyment of other Lot owners within the subdivision with the exception of farm machinery and like kind working noise. No lot shall be maintained as a dumping ground, nor shall any rubbish, trash, garbage or other waste be allowed to accumulate, and all garbage and waste shall be stored in sanitary conditions until disposal. Scrap, junk vehicles, and the like should be controlled at a moderate level. If junk and scrap becomes offensive to other lot owners, the Association has the right to enforce a clean-up or a fencing-in of such nuisance.

Section 8. Sanitary Restrictions: All water and sewage disposal systems must be located, constructed and approved in accordance with all of the laws, rules and regulations of the State of Montana and of Beaverhead County. No outside toilets or privies shall be permitted. All toilet facilities must be part of the residence or garage and connected with a proper septic tank system or municipal sewer system.

Section 9. Landscaping and Wildlife Resources: In order to maintain the natural environment and rural atmosphere and to maintain and enhance the visual appearance of the Lots, landscaping of lots with appropriate hardy tree and bush species well suited to the area's climatic and site conditions, is highly recommended. All lots and associated structures shall be kept in a neat and attractive state. Attractive landscaping shall be established and maintained on every lot. Lot owners must control or eliminate noxious weeds upon their ownership.

On rare occasions, the removal of an animal or animals may be necessary due to unusually high animal damage circumstances which exceeds reasonable animal damage levels expected in a rural environment, or as a result of safety or nuisance factors. In such circumstances a request for wildlife removal shall be presented to the Association Board of Directors for approval, and

conducted in a fashion with complies with the games laws of the State of Montana.

Section 10. Livestock and Pasture Management: The purpose of this covenant is to prevent overgrazing of land which would cause dust, erosion, and visual impacts to other Lot owners. In no case shall any part of the Property be so maintained that the natural vegetative cover is destroyed, except as is necessary for the location of utility lines, buildings or for lawns, gardens, and cultivation's, or replanting purposes. Overgrazing of pastures is prohibited. Noxious weeds are to be controlled and not permitted to impact any adjoining property. Livestock will be restricted to one (1) animal unit per acre. Fences must be maintained as to control livestock. No hog operations (only one or two hogs for 4-H projects or for owner consumption) will be allowed. Only a small number of poultry will be allowed. No large poultry operations will be allowed.

All animals and fowl shall be kept under control at all times and confined to the property owned or occupied by the owners of said animals or fowl. Nor shall said owners allow any animals or fowl to become a hazard or nuisance to other persons or wildlife residing in the area. Any lot owner is required to construct fences on unfenced areas prior to putting livestock on the property. All fences must meet legal livestock requirements and association building requirments. All fences must be maintained to properly control livestock. Prior to constructing fence on mainline boundry, a meeting is required with the Home Owners President. Special conditions are required for fence on mainline boundaries for the purpose of irrigation.

Section 11. Enforcement: Failure to enforce any of the restrictions, rights, reservations, limitations and covenants contained herein shall not in any event be construed or held to be a waiver thereof or consent to any further or succeeding breach or violation thereof. All deeds shall be given and accepted upon the express understanding that the said real property has been planned as an exclusive country estates area and to assure owners that under no pretext will there be an abandonment of the original plan to preserve the property as a choice rural tract area. Upon the breach of any of the said covenants and restrictions, anyone owning land in the real property or the Association may bring a property action in the property court to enjoin and restrain said violation or to collect damages or other dues on account thereof. In the case the violation results from a failure to take affirmative action required by these covenants and restrictions, then the use for any purpose of the tract on which such violation occurs may be enjoined. In the event of litigation, the prevailing party shall be entitled to a reasonable attorney's fee.

The covenants are understood and agreed to be and shall be taken and held for the benefit of all Lot Owners, now and in the future, and all covenants herein contained shall attach to the land and run with the title thereto and shall be binding on all Owners of Lots on the said Property.

The Association, or any Owner, or the Owner of any recorded mortgage upon any part of said Property, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens, and charges now or hereafter imposed by the provisions of the declaration. If the Owner Constructs or permits to be constructed on his Property any improvement or allow the conditions of his Property to violate any provision of the declaration, the Association may not sooner than sixty (60) days after delivery to such Owner of written notice of the violation enter upon the offending property and remove the cause of such violation, or alter, repair, or change the item which is in violation of such declaration in such manner as to make it conform thereto with the reasonable cost of such action to be a charge against the Owner's land.

Section 12. Change and Amendment: The covenants and restrictions of this Declaration shall run and bind the land from the date this Declaration is recorded for a period of thirty-five (35) years, after which they shall automatically be renewed for successive periods of ten (10) years unless otherwise modified as hereafter provided. Provisions of these Declarations may be amended by the written agreement of the persons owning two-thirds (2/3) of the Lots within the Property. At any time these covenants and restrictions of this Declaration may be amended by a majority vote of the landowners within the subdivision.

Section 13. Easements and access: The constructed road between lots 2 & 3 is to be used as the primary access for lots 4 & 5.

ARTICLE VI

ASSESSMENTS

Section 1. Creation of the Lien and Person Obligation of Assessments: The Association shall maintain the Common Improvements of the Development including roadways and entrance signs and landscaping. Declarant covenants, and by acceptance of a deed conveying, or by contracting to purchase a Lot, each Owner covenants, whether or not expressed in any such deed or other conveyance, to be a Member of the Association and to be subject to the terms and conditions of the Declaration, particularly with respect to the assessments of the Association. All assessments

of the Association, together with interest thereon at the rate of ten percent (10%) per annum from the date of assessment until paid, and costs of collection, including a reasonable attorney's fee, shall be a charge on the land and shall constitute a lien upon the Lot against which the assessment is made. Such lien shall be deemed perfected upon filing with the Beaverhead County Clerk and Recorder of an account of the assessments due, together with a correct description of the Lot to be charged with such lien, verified by affidavit, but any error or mistake in the account of description shall not affect the validity of the lien if the property can be identified by the description. The priority of such lien shall be determined as of the time of filing with the Clerk and Recorder, and it shall be deemed subordinate to all previously recorded or filed interests. Each collection, as mentioned above, shall also be the personal obligation of the owner of such Lot at the time when such assessment became due. The Association may establish additional rules concerning the collection of assessments.

Section 2. Purpose and Amount of Annual Assessments:
Assessments may be levied by the Association for the following purposes:

- A. Roadway maintenance.
- B. Snow Removal.
- C. Insurance and fire protection.
- D. Taxes.
- E. Common Area Maintenance and Enhancement.
- F. Collection and enforcement costs.
- G. Utility expenses unrelated to the activities of the "Water Users Committee".
- H. Expenses related to the distribution of water to the Water Lots.
- I. Legal and accounting expenses.
- J. Association social functions.

Section 3. Assessments shall be used for the purpose of providing the services mentioned in Article V. All Lots shall be subject to assessments by the Association, except that lots which are not Water Lots shall not be subject to water assessments. On demand a Member shall be entitled to written notice of the assessments against all Lots and the due dates of all assessments.

Section 4. Assessment Amounts: Annual assessments may be charged to each Lot owner when deemed necessary by a majority vote of the Association members. Water assessments will be billed by the President of Morrison Subdivision. Each lot will be assessed based on the total water payment and operating costs

of the subdivision to Beaverhead Water Company. The total cost will be divided equally per acre owned.

ARTICLE VII

GENERAL PROVISIONS

Section 1. Severability: Invalidation of any one of these covenants or restrictions by judgment or Court order shall not affect any other provisions which shall remain in full force and effect.

Section 2. No Right of Reversion: Nothing herein contained in the Declaration, or in any form of deed which may be used by Declarant in selling said Property, or any part thereof, shall be deemed to revert or reserve in Declarant or the Association any right or reversion or re-entry for breach or violation of any one or more of the provisions hereof.

Section 3. Books and Records: The books and records of the Association, upon demand, in writing, stating the purpose thereof, may be inspected by a Member, or his attorney or agent, for any proper purpose, at any reasonable time.

ARTICLE VIII

MORRISON SUBDIVISION IRRIGATION WATER USERS COMMITTEE

Section 1. Membership: The Morrison Subdivision Water Users Committee shall be comprised of one representative from each lot with water shares of Morrison Subdivision under Beaverhead Water Company. For a lot owner or his representative to be a voting member of the Morrison Subdivision Water Users Committee, he shall be a "member" in good standing in the Morrison Subdivision Home Owners Association.

Section 2. Association Members Responsibilities and Duties: Each lot owner will share the cost of maintaining irrigation valves that are shared with adjoining lot owners. Valves that are not shared with adjoining lot owners are the sole responsibility of the lot owner in which the valves are located. Each lot owner hereunto agrees to abide by the By-laws of the water company (Beaverhead Water Company). The committee shall elect a system manager to distribute the water according to number of shares owned and to distribute the water in a similar fashion that the water company distributes the water to all other farms on the water system. Irrigation water is a valuable commodity. Water users shall agree to practice good conservation and standards that will protect the water system and take

measures to prevent interference with other water users on the system. Irrigation water shall not be used without the permission of the system manager or association president under the direction of Beaverhead Water Company's system manager.

Section 3. Water Shares and Distribution: The Morrison Subdivision, including remainder property, holds 140 units in Beaverhead Water Company. All lot owners share water distribution and water expenses on a per acre bases.

Section 4. Water Assessments: Water assessments will be made in accordance and agreement with the water company (Beaverhead Water Company and Morrison Subdivision Water Users Committee). The Association President will pay the Water company assessments after collecting lot owner per acre share of the said assessment.

IN WITNESS WHEREOF, Declarant has executed this instrument the day and year first above written.

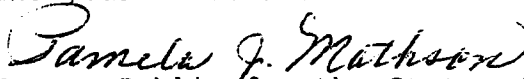


Ron Morrison, Declarant

STATE OF MONTANA)
) ss.
COUNTY OF BEAVERHEAD)

On this 22nd day of August, 2002, before me, the undersigned, a Notary Public, for the State of Montana, personally appeared Ron Morrison, Declarant, known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument, and acknowledged to me that he executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notarial Seal the day and year first above written.


Notary Public for the State of: Montana
Residing at: Dillon, MT
My Commission expires 9/14/03

