

DECLARATION OF COVENANTS



A RELIGIOUS COMMUNITY SPONSORED BY
ROYAL TETON, LTD. FOR MEMBERS
OF
THE SUMMIT LIGHTHOUSE

DECLARATION OF COVENANTS FOR
THE COMMUNITY OF GLASTONBURY

This Declaration of Covenants is made on the 16th day of December, 1982, by ROYAL TETON, LTD. (hereinafter sometimes referred to as "Grantor"), a Montana Corporation, Box A, Livingston, Montana 59047, with respect to the following facts and circumstances:

WHEREAS, ROYAL TETON, LTD. is the fee simple owner of certain real property located in Park County, Montana, more particularly described on Exhibits "A" and "B", attached hereto and incorporated herein by reference, which property is the subject of this Declaration; and

WHEREAS, the said property has been divided into separate parcels, each twenty acres or larger, by Certificates of Survey--which certificates are on file and of record with the Park County Clerk and Recorder's Office as Certificates of Survey Nos. 615-A and 616-A; and

WHEREAS, the development (hereinafter sometimes referred to as the "Community") has been created for the purpose of serving the needs of members of The Summit Lighthouse, a religious organization affiliated with Church Universal and Triumphant, who desire to own property near the organization's religious retreat in Park County, Montana known as the "Royal Teton Ranch" or the "Inner Retreat"; and

WHEREAS, the development is intended to be and has been designed as a religious community oriented around the teachings of the ascended masters as taught by the Messengers Mark and Elizabeth Prophet and as published by The Summit Lighthouse; and

WHEREAS, the name of the development is "COMMUNITY OF GLASTONBURY"; and

WHEREAS, ROYAL TETON, LTD. has been created and is wholly owned by THE SUMMIT LIGHTHOUSE, INC. (hereinafter sometimes referred to as the "Church"), a Montana Nonprofit Corporation, and has been designated by the Church as the corporate entity to be assigned the responsibility of managing, administering and maintaining the Church's religious retreat and community in Park County, Montana; and

WHEREAS, the Grantor, in fulfilling its responsibility, desires to place certain covenants, conditions, restrictions, servitudes, limitations, terms, provisions, liens, charges, regulations, easements, reservations and burdens upon the property in the Community to be sold to members of the Church, for the benefit of the Grantor and future owners and purchasers thereof;

NOW, THEREFORE, the Grantor hereby declares that the property hereinafter designated shall be held, transferred, sold, conveyed, used and occupied, SUBJECT TO the following covenants, conditions, restrictions, servitudes, limitations, terms, provisions, liens, charges, regulations, easements, reservations and burdens, each of which shall be deemed to be a covenant running with the land and shall be binding upon the Grantor, its successors and assigns, and upon all successive owners, lessors or possessors of said property or portions thereof, as hereinafter provided:

SECTION 1. PROPERTY COVERED BY DECLARATION

1.01. Property Subject to and Burdened by Declaration. The real property which shall and is hereby declared to be subject to and burdened by the covenants, conditions, restrictions, servitudes, limitations, terms, provisions, liens, charges, regulations, easements, reservations and burdens in this Declaration (hereinafter collectively referred to as the "covenants") is described on Exhibit "A", attached hereto and incorporated herein by reference.

1.02. Property Benefited by Declaration. The real property which shall and is hereby declared to be benefited by the covenants in this Declaration is described on Exhibits "A" and "B" attached hereto and incorporated herein by reference; provided that:

a. The benefits of said covenants shall be subject to and in accordance with the terms, conditions and provisions of this Declaration.

b. The real property described on Exhibit "B", or any portion thereof, shall continue to be benefited by the covenants (1) only as long as the property is owned by the Grantor or its successors, or (2) if assigned or conveyed by the Grantor, only if the benefits of the covenants are specifically assigned or conveyed with the property, or (3) if the property is expressly made subject to and burdened by the covenants.

1.03. Property Not Subject to or Only Partly Subject to Declaration. The real property described on Exhibit "B", attached hereto and incorporated herein by reference, shall not be subject to or burdened by the covenants in this Declaration and is hereby specifically excepted, exempted and excluded from their force and effect, even though the same is benefited by this Declaration; except to the extent that some of the property described thereon is made partly subject to and burdened by the covenants only as expressly provided in Sections 3.03, 3.18, 7.01, 7.02, 8.01, 8.02 and 8.03. Said real property (hereinafter sometimes referred to as the "reserved land") is otherwise being reserved and retained by the Grantor for its own uses and purposes.

1.04. Additional Property. Grantor shall have the exclusive right, at its option and at any time in the future, without limitation, to add and subject additional property, including the property described on Exhibit "B", to any or all of the covenants in this Declaration, or an amended version thereof, by recording an instrument in writing describing the property to be added. Said property need not be located adjacent to or nearby the property currently subjected to these covenants. When added, said additional property shall become burdened by and shall receive the benefit of the covenants as provided in the written instrument.

1.05. Property Withdrawn from Declaration. Grantor may completely withdraw any of the property described on Exhibit "A", or any additions thereto, which is still owned by Grantor or which returns to its ownership at any time in the future by default, foreclosure, reversion, purchase or otherwise, and which is subject to or burdened by the force and effect of the covenants, by recording an instrument in writing describing the property to be withdrawn. In such an event, the withdrawn property shall be benefited by but not subjected to or burdened by the covenants, in the same manner as the property currently described on Exhibit "B".

SECTION 2. NATURE AND EFFECT OF COVENANTS

2.01. Covenants Running with the Land. Each and every covenant, condition, restriction, servitude, limitation, term, provision, lien, charge, regulation, easement, reservation and burden mentioned in this Declaration shall be deemed and is hereby declared to be a covenant running with the land.

2.02. Additional Force and Effect. In addition, each provision in this Declaration shall also be interpreted in the light of its express language, context and intent, and shall be given additional legal force and effect as defined by state law as a condition, restriction, servitude, limitation, lien, charge, easement or reservation, as is appropriate, running with the land.

2.03. Enforcement. The covenants within this Declaration shall and are intended to be binding and enforceable as hereinafter provided. The Grantor shall have the right of ingress, egress and inspection upon and of each parcel at reasonable times for the purpose of insuring compliance herewith.

2.04. Duration of Covenants. The covenants in this Declaration shall continue in full force and effect for a period of twenty years from the date hereof, at which time they shall be automatically extended for successive periods of ten (10) years each unless terminated or modified by the written consent of the Grantor and the affirmative written vote and consent of the owners of at least fifty percent (50%) of the parcels described on Exhibits "A" and "B" in the same manner as provided in Section 2.05 below. Parcels which remain in the ownership of the Grantor or which return to its ownership at any time in the future by default, foreclosure, reversion, purchase or otherwise, may be withdrawn from the force and effect of the covenants if the Grantor records an instrument in writing describing the property to be withdrawn--whereupon the covenants shall terminate as to the parcels described.

2.05. Amendments to Covenants. The covenants in this Declaration may be altered, amended, modified, waived, abandoned or terminated in whole or in part at any time with the written consent of the Grantor and the affirmative written vote and consent of the owners of at least fifty percent (50%) of the parcels described on Exhibits "A" and "B", together with any additions thereto. For purposes of tabulating the written vote and consent of the owner or owners of at least 50% of the said parcels, it is hereby provided that (1) each existing parcel described on Exhibits "A" and "B", including all additions thereto, together with each of the legally subdivided portions thereof which hereafter become separately identifiable parcels or lots, shall be entitled to one vote each, (2) in the case of joint ownership of a parcel or lot, each joint owner shall have a fractional vote in proportion to his ownership interest, (3) life-estate and estate-for-years owners shall be considered to be the voting owners, (4) an owner of numerous parcels or lots is entitled to one vote per parcel or lot, and (5) if the total number of qualifying votes (including fractional votes of joint owners) equals or exceeds one-half of the total number of the then-existing parcels or lots, the written vote and consent shall be effective and shall have passed. To be made operative, the instrument containing the written vote and consent shall contain a description of the property affected by the alteration, amendment, modification, waiver, abandonment, or termination and shall be duly recorded in the Office of the County Clerk and Recorder.

SECTION 3. DEFINITIONS AND SHORT NAME REFERRALS

As used in this Declaration, the following words, phrases and terms shall have the following definitions, meanings, synonyms and intent:

3.01. Certificates of Survey of the Community. Certificates of Survey Nos. 615-A and 616-A, containing the real property described on Exhibits "A" and "B", attached hereto and incorporated herein by reference.

3.02. Church. THE SUMMIT LIGHTHOUSE, INC., a Nonprofit Corporation, it successors and assigns.

3.03. Common Use Land. Land owned by the Grantor upon which a nonexclusive easement running with each parcel in the Community has been granted to each Landowner for recreational purposes. The Grantor has retained ownership and the right to use the land for any purpose except further division into residential parcels for sale.

3.04. Community. The Community of Glastonbury.

3.05. Community of Glastonbury. The real estate described on Exhibit "A", attached hereto, together with all additions thereto.

3.06. Contract. A Contract for Deed or installment contract under which parcels of land are purchased in the Community.

3.07. Cottage Industry. An industry whose labor force consists of family or communal units working at home with their own equipment and products.

3.08. Covenants. Covenants, conditions, restrictions, servitudes, limitations, terms, provisions, liens, charges, regulations, easements, reservations and burdens contained within this Declaration of Covenants.

3.09. Declaration. The within Declaration of Covenants and all amendments thereto.

3.10. Development. The Community of Glastonbury.

3.11. Glastonbury. The Community of Glastonbury.

3.12. Glastonbury North. Part of the Community of Glastonbury, being those parcels described on Exhibit "A" attached hereto included on Certificate of Survey No. 615-A.

3.13. Glastonbury South. Part of the Community of Glastonbury, being those parcels described on Exhibit "A" attached hereto included on Certificate of Survey No. 616-A.

3.14. Grantor. ROYAL TETON, LTD., a Montana Corporation, its successors and assigns.

3.15. Landowner. The record owner of a parcel or parcels in the Community, including the purchasers of record of a parcel under a contract with the Grantor, their heirs, successors and assigns. The term shall not include the Grantor. It is the intent of these covenants that only tithing members in good standing of the Church, approved upon application to own land in the Community, shall be entitled to qualify as Landowners and exercise the rights and privileges thereof.

3.16. Minerals. Oil, gas, coal, hydrocarbons, minerals, geothermal water and energy, gravel, sand, rock, dirt, and all other placer and hardrock mineral deposits of any sort whatsoever.

3.17. Parcel. A division of the real property comprising the Community as shown on the Certificates of Survey therefor, or any legally segregated and approved portion, parcel, lot, tract or division thereof, which is or becomes subject to the covenants of this Declaration.

3.18. Platted Road Easements. Easements which are shown on the Certificates of Survey of the Community, and generally labeled as "private access and public utility easement."

3.19. Reserved Land. The real estate described on Exhibit "B", attached hereto, and all additions thereto.

3.20. Structure. Any construction, building, dwelling or enclosure with a roof, including parts of and additions to buildings, towers, sheds and basements.

SECTION 4. AGRICULTURAL COVENANTS

4.01. In General. In general and except as limited herein, agricultural usage of land is to be encouraged and promoted.

4.02. Landowner's Livestock. Landowners desiring to raise or keep livestock or animals of any kind, including dogs and pets, must fence livestock within their own land to insure that they will not trespass on other parcels or adjoining land. Landowners are not entitled to use land owned by the Grantor, common use land, road easements or any other land not owned by them for the grazing of livestock without permission of the owner thereof. Landowners are solely responsible to maintain and keep fences, gates and cattleguards on their property in good working condition and repair.

4.03. Swine. No swine of any kind may be kept on any parcel in the Community.

4.04. Feed Lots. Commercial feed lots, fertilizer plants and the like may not be operated or allowed on any parcel, due to associated odors, dust, noise, disease, etc.

4.05. Weed and Vermin Control. Landowners are responsible to make reasonable efforts to control and prevent the spread of noxious weeds and vermin from their parcel.

4.06. Community Open Range Agreement. Under an "open range" law or agreement, it is customary in parts of the West that livestock of an existing ranch operation may graze upon unfenced rangeland without restriction. In such an event, it is an individual landowner's responsibility to fence out unwanted livestock. This provides for the maximum productive agricultural utilization of unused rangeland. Each parcel in the Community shall be subject to the Community Open Range Agreement, which provides as follows:

a. Grantor hereby retains and reserves the right to graze sheep, goats, cattle, horses and other commercial livestock upon the parcels within the Community.

b. The Grantor shall pay Landowners of parcels upon which it exercises this grazing right an annual grazing fee calculated according to the following categories, as shown on an evaluation list maintained by the Grantor prior to the sale of each parcel, and as amended by the Grantor from time to time in the future:

i. "Good grazing potential" - \$2.25/acre/year

ii. "Fair grazing potential" - \$1.25/acre/year

iii. "Poor grazing potential" - \$.75/acre/year

c. Rates for the annual grazing fee shall be adjusted upward or downward annually in the same percentage as the increase or decrease in the average local market price of market calves over 1981, as of September 30 of each year (1981 = \$.68/lb.). The annual grazing fee, if livestock have been grazed, is payable on or before November 30 of each year.

d. The Grantor may maintain existing fencelines and place additional cross fences on unused parcels in convenient locations, on parcel boundary lines where possible, to control the grazing and movement of its livestock. Cross fences placed by the Grantor on a parcel after the date of this Declaration are the Grantor's property and may be removed at any time.

e. A Landowner may withdraw all or any portion of his parcel from the Community Open Range Agreement at any time by fencing his property in the area to be withdrawn and notifying the Grantor in writing of the withdrawal. In such an event, it is the Landowner's responsibility to maintain fences in such a manner as to fence wandering livestock of the Grantor out of areas desired to be kept free.

f. The Grantor is entitled to use the platted road easements in the Community as shown on the Certificates of Survey to herd and graze livestock being moved from one area to another.

g. The Grantor shall utilize good grazing management practices at all times.

SECTION 5. RULES OF HEALTH, SAFETY, NUISANCE AND LAND USE

5.01. Laws, Ordinances and Regulations. Each Landowner shall abide by and obey all laws, regulations, rulings and ordinances lawfully enacted by the State of Montana or any political subdivision thereof, including Park County, and including, but not limited to, fire, health, safety and sanitary laws and regulations; except that a Landowner may in good faith challenge the legality of any such law which he believes to be unlawful or unconstitutional.

5.02. Fire Rules. The following fire rules shall be binding upon every parcel and are the responsibility of each Landowner:

a. When the U.S. Forest Service fire danger designation for the area is high, outdoor fires shall be burned only in an enclosed facility or receptacle having a properly operating and approved spark screen.

b. All fireplaces, whether inside a building or outdoors, shall have an approved spark screen covering the top of the chimney.

c. Chimneys and wood-burning-stove flues shall be cleaned regularly to reduce the hazard of house fires.

d. Any condition which creates a fire hazard shall not be permitted on a parcel.

e. A Landowner shall be liable to any damaged party for any negligently caused fires escaping from his parcel, except for those fires caused naturally by "act of God" or by an instrumentality outside of his control, such as a shorting power line crossing his property, etc.

5.03. Sewage Disposal. Each Landowner shall dispose of domestic sewage in a manner approved by the Grantor and any public health authorities

with jurisdiction, including the Park County Health Department. No out-houses shall be allowed except as permitted by county and state regulations.

5.04. Refuse Disposal. All refuse, rubbish, trash, garbage and waste shall be kept, disposed of or regularly removed in a sanitary manner. Refuse shall not be allowed to accumulate so as to cause odor or unsightliness.

5.05. Nuisances and Eyesores. Nuisances and eyesores shall not be allowed. It shall be in the Grantor's discretion and authority to determine what a nuisance or an eyesore is and to require its removal by the Landowner upon the giving of notice. Specifically, the following conditions shall not be allowed on parcels within the Community:

a. Junk (inoperative) cars and equipment, scrap piles, brush-piles, etc. in open view of platted roads and other parcels or land.

b. Noxious odors, excessive noise or vibration, nuisances or other annoyances which, in fact, are infringing upon another's quiet use and enjoyment of his land.

5.06. Membership, Ownership and Occupancy. The Community of Glastonbury has been planned as a religious community for tithing members* of the Church in good standing, approved by the Church upon application to own land and live in the Community. As such, each Landowner covenants and agrees, upon his purchase of a parcel in the Community, that he will sell, convey, transfer, assign or bequeath title to his parcel, and any improvements thereon, only to the Church, his children or to other tithing members of the Church in good standing who have applied and been approved for owning land in the Community. In addition, each Landowner further covenants and agrees not to lease, rent or grant occupancy upon all or a portion of his parcel to any person who is not a member of his family or who is not an affiliated follower in good standing of the Church who lives according to its teachings.

5.07. Industry and Mining. No "industrial" activity, strip mining, quarrying, excavating, or other activities which produce smoke or chemical wastes, pollute water and air or tend to degrade the environment, shall be allowed in the Community except in connection with the building of structures and improvements on a parcel or as is otherwise approved by the Grantor from time to time.

5.08. Commercial Activity. It is the intent of these covenants that the Community of Glastonbury should be a predominantly rural/residential community that allows for the reasonable and productive exercise of free enterprise by its residents, and which both encourages future orderly growth and protects valuable rural and residential land qualities. The restrictions on commercial activity or use of parcels shall include the following:

a. Such activity may not be a nuisance or an eyesore.

b. Commercial business activity other than that contained within a domestic dwelling must be concealed by fence, wall, landscaping, shrubs, land berms or the like as required by the Grantor from time to time.

*A tithing member is a Communicant of Church Universal and Triumphant who donates one-tenth of his monthly or annual income (after federal and state income taxes).

c. Signs may be erected only as allowed by Section 6.04 or as otherwise permitted by the Grantor.

d. Adequate off-street parking must be provided.

e. The Grantor may establish setback requirements for commercial structures from time to time that are substantially in excess of those required by Section 6.02 in order to prevent the unsightly accumulation of commercial establishments along platted roads and boundary lines in a predominantly rural/residential community.

f. Bars, lounges, liquor stores, stills, and the production, sale or service of liquor, wine, beer or other alcoholic beverages shall not be permitted.

g. Establishments which provide, feature, or allow rock, blues, or jazz bands or music, gambling, pornographic or X-rated films, lewdness, immorality, irreverence or any illegal activity shall not be permitted, and the Grantor shall have the discretion and authority to require that any such commercial activity be terminated.

h. Recording studios or establishments which allow the recording of rock, blues or jazz music shall not be permitted.

i. The Grantor shall have the discretion and authority to make additional rules and further restrict or limit any commercial activities which it deems to be inconsistent with the religious, educational, cultural, rural and residential principles and qualities of the Community and with the teachings of the Church.

j. The Grantor may formally establish a commercial area of the Community where space is available for rent, lease or purchase for commercial or industrial usage--and correspondingly substantially limit commercial activity throughout the rest of the residential portions of the Community. Restrictions and limitations on commercial activity may be added to these covenants by the Grantor upon its execution of a written instrument describing the restrictions and the recordation of same in the Office of the Park County Clerk and Recorder; whereupon such restrictions and limitations shall become a part of this Declaration as fully as if originally included.

5.09. Cottage Industry and Light Manufacturing. Nothing stated herein and no amendments hereto shall prevent a Landowner from carrying on cottage industries, home occupations, home businesses, professions, warehousing and activities of light manufacturing located in a Landowner's dwelling or auxiliary buildings which produce no substantial sound, odor or vibration such as to be a nuisance to others.

5.10. Institutional Activity. In view of the religious, educational, charitable and institutional nature of the Church (which sponsors the Community), together with its future role in Community planning, no institutional or quasi-public activities, improvements or structures, such as schools, churches, hospitals, museums, libraries, fire stations, community centers and services, etc. shall be allowed without the prior approval of the Grantor. However, nothing provided herein shall prevent Landowners from conducting lawful religious, educational and charitable activities with their own families and guests on their own property or from erecting and maintaining chapels and shrines thereon that are in accordance with the Church's teachings, publications and practices.

5.11. Live Timber. Except as provided below, natural live timber may not be commercially harvested or cut for firewood without the approval of the Grantor.

a. Certain parcels have been evaluated by the Grantor on its sales evaluation forms as being "moderately" or "heavily" timbered. Trees may be cut for firewood, fencing or building structures on these parcels only--however, no more than 33% of the original amount of timber on a given parcel may be cut. Trees may not be commercially harvested or cut for commercial firewood and hauled away.

b. Trees may be cut and removed on any parcel in small quantities in order to clear sites for construction, road work and farming.

c. Trees may be planted, grown and commercially harvested by a Landowner on any parcel.

d. Deadfall, standing dead, and diseased trees may be cut.

5.12. Surface Water Use. The Grantor hereby expressly excepts and reserves all existing surface water and water rights, as well as water rights from all spring water sources and stock water ponds or tanks, for its current agricultural uses and for future plans and projects, including potential domestic, commercial, industrial, recreational and all other beneficial uses, together with the right to appropriate, develop and transport the same upon or across each parcel described on Exhibit "A" attached hereto. Landowners may not appropriate or use the surface water on a parcel without the approval of the Grantor.

a. Parcels that include frontage on an existing creek, spring, canal or ditch may apply to the Grantor for permissive use of some of the water. The Grantor may approve or deny the application but shall not unreasonably withhold permission. In considering requests for the use of water, first priority will be given by the Grantor to its agricultural and irrigation needs, as well as other beneficial uses to which it has or may in the future put the water; second priority to Landowners' agricultural and irrigation needs; and third priority to any other proposed Landowners' beneficial uses. A charge may be made for use of the water.

b. In the future, a community irrigation system may be installed to provide surface irrigation water to more parcels, primarily for agricultural usage in areas of the Community with crop potential. In such an event, charges may be made for use of the water so as to pay for installation and maintenance of the system. The Grantor is not obligated to install such a system but may do so as a service to the Community.

c. The Grantor's use and licensing of its surface water rights shall be in accordance with state law, and, in some instances, application to the State Department of Natural Resources and Conservation may have to be made.

5.13. Subsurface Water Use. Landowners are entitled to appropriate and use subsurface water by drilling wells in accordance with state law. Every parcel shall have an equal claim to ground water.

a. Spring development may only be made with the approval of the Grantor and must be made from an underground water source or aquifer, or at the point of discharge, from within the parcel. Surface water may not be appropriated for domestic usage. In addition, the Grantor or its predecessors may have already appropriated and reserved certain spring water

or spring-fed surface water for irrigation, stock water, and other uses. Such spring water may not be appropriated or used by a Landowner without approval of the Grantor.

b. If the Grantor determines that a scarcity of water exists, it may implement a water-use plan to remain in effect for the duration of the scarcity. In such an event, a use priority shall be given to the necessities of life, and all landowners shall be required to abide by the terms of such a plan.

c. Any parcel in the Community which does not have sufficient ground water available to supply the needs of at least one dwelling (a "dry parcel") may, as a matter of right, obtain ground water from the most appropriate neighboring parcel. To establish such a right, the Landowner of the dry parcel must have tried and failed to drill a well on his own parcel through a commercial driller at least two times and must submit the results of a study by a qualified geologist and a dowser's report, if requested, showing the likelihood of no water on his parcel and the likely location of ground water on a neighboring parcel. The Grantor shall arbitrate any disagreements between the Landowner of a dry parcel and a neighboring parcel in the allocation of ground water, and its decision shall be final and binding. In addition, the Landowner of the neighboring parcel to be used shall have the option of:

i. Sharing his existing well or a planned common well with the dry parcel; or

ii. Requiring the Landowner of the dry parcel to drill his own well, which well must be located as close as is reasonably possible to the common boundaries of the parcels or the location preferred by the owner of the neighboring parcel.

If a common well is shared, the Landowner of the dry parcel must pay his fair share of all reasonable expenses incurred in the establishment of such well and all costs associated therewith. All necessary easements for placing and maintaining any such well and transporting said water to the dry parcel shall be given.

d. Each Landowner that successfully drills a well is required to provide the Grantor with a report that states the location, depth, flow, quality and cost of the well. A similar report is required for drilling operations that fail to produce a well. This information will be kept in a well log by the Grantor for inspection by prospective purchasers and other Landowners.

5.14. Mineral Rights and Development. The Grantor hereby expressly excepts and reserves all oil, gas, coal, hydrocarbons, geothermal water and energy, and other minerals, together with the mineral and geothermal rights thereto owned by it, and the right to appropriate, extract, develop and use the same. The Grantor shall not unreasonably disrupt the use of any parcel in extracting such minerals and, where possible, any oil, gas, or geothermal water shall be removed by slant drilling or other methods which minimize surface impact. The Grantor may license or permissively allow the use and development of any of the minerals or geothermal water or energy by a Landowner for use on the parcel owned, provided that such use is reasonable and will not exhaust or denude the property of its mineral resources.

SECTION 6. STRUCTURES AND IMPROVEMENTS

6.01. Grantor's Approval. A site plan and building plans satisfactory to Grantor must be submitted by Landowners to the Grantor for recommendations and approval prior to beginning construction of any structure or the placing of a mobile home on a parcel. The Grantor may retain a copy of the said plans in its files. The design of any improvement shall be safe and in accordance with this Declaration. The Grantor's approval of the plans--and any recommendations--does not constitute an approval of the design, engineering, safety or legality of the structure, and the Grantor is hereby exempted from liability therefor. The Grantor shall approve the plans and make any recommendations deemed necessary or advisable, unless:

a. The plans are not in accordance with or are in violation of these covenants or are incomplete.

b. The proposed structure is, in the Grantor's opinion, unsafe, unsound, could pose a menace to the safety and health of other persons, or requires the assistance or input of an engineer.

c. The plan or the proposed structure is unlawful in any way.

6.02. Setback Requirements. No structures shall be placed within 25 feet of any parcel boundary line or 15 feet of any easement crossing a parcel, without prior approval of the Grantor. This applies to buildings and major improvements but not to fences, landscaping, roads, driveways, walks, sprinklers, etc.

6.03. Utilities. All electrical and telephone lines, sewer pipelines, septic tanks, cisterns, drainfields, and gas lines shall be placed underground. Pipelines and electrical and telephone lines shall be placed at least 36" beneath the surface. Propane tanks, windmills, tanks, pumps and the like may be placed above ground. Installation of utilities shall be in accordance with applicable laws, regulations and ordinances.

6.04. Signs and Billboards. No sign in excess of five (5) feet in height or in excess of thirty-two (32) square feet shall be allowed on a parcel without approval of the Grantor. No portion of any signs may be suspended above the ground in excess of twenty (20) feet, and no commercial billboards shall be permitted on a parcel without approval of the Grantor.

6.05. Mobile Homes. There are no restrictions on the use of mobile homes and trailers in the Community, except as follows:

a. At any time after three (3) years from the original date of purchase of a parcel, the Grantor may but is not obligated to adopt and enforce rules that require Landowners to provide a roof and exterior facade on mobile homes that is more in keeping with the general character and quality of the Community, or to conceal them from view from roads and other parcels by landscaping, earth berm, fence, wall, etc. Landowners are encouraged to landscape their parcel and obtain quality mobile homes as mentioned above from the beginning. Exterior wood or woodlike finishing on mobile homes is preferred.

6.06. Fallout Shelters. It is the policy of this development to require the construction and installation of blast-resistant fallout shelters--capable of withstanding the potential effects of modern conventional, thermonuclear, chemical and biological warfare--underneath, behind, in the basement of or in proximity to every dwelling or habitation placed upon any parcel. It is a further requirement that each dwelling, whether permanent

or temporary, be equipped by the Landowner with the necessary food reserves, provisions, supplies and equipment to survive any such warfare or social disruption for a period of at least one (1) year for each person involved. The Grantor shall establish guidelines, plans and standards for enforcing this provision, evaluating building plans and assisting Landowners in planning and design. Groups of Landowners living in proximity to one another may design and build a common shelter, with the Grantor's assistance and approval, to satisfy this requirement. The Grantor may also waive the requirements where reasonable or appropriate.

6.07. Maintenance. All structures and improvements, including roads, fences, ditches and agricultural structures, shall be properly maintained and kept in good condition by Landowners so that they are not allowed to become dangerous, unsightly, unsanitary, or to cause a fire hazard.

SECTION 7. RECREATION AND COMMON USE LAND

7.01. Common Use Land, Easement, Covenants. The Grantor has designated two of the parcels described on Exhibit "B" as "common use land." The Grantor hereby grants a nonexclusive perpetual easement and right-of-way upon said common use parcels described below to each Landowner concurrently with the sale of each parcel, for recreational purposes under the following terms and conditions:

- a. The parcels affected by this easement are Parcel Nos. 96 and 102 of Certificate of Survey No. 616-A (Glastonbury South).
- b. The easement shall be appurtenant to the parcels described on Exhibit "A" and shall run with the land.
- c. The recreational purposes for which the common use land may be used shall include hiking, camping, picnicking, horseback riding, cross-country skiing, fishing and other similar recreational activities for Landowners and their families.
- d. Hunting and the discharge of firearms on the common use land are not permitted without authorization from the Grantor. The Grantor may or may not permit hunting on the common use land at any time in the future.
- e. The cutting of trees, use of motorized vehicles, mining, excavating or other activities which would permanently disfigure, alter, commit waste upon, or damage the common use land shall not be permitted without authorization from the Grantor.
- f. No illegal, immoral, irreverent, lewd, offensive or dangerous activities, loud noises or nuisances, including the use of alcoholic beverages, tobacco or dangerous or illegal drugs, may be engaged in upon the common use land.
- g. Guests may be brought upon the common use land only in the presence of a Landowner or members of a Landowner's immediate family.
- h. The Grantor may, from time to time, make additional rules of safety, health and morality, and prohibit any activities upon the common use land which in its opinion are not in keeping with the purposes of the Community.
- i. The Grantor has retained ownership of the common use land, subject to the above nonexclusive easement and covenants, and the right to use, occupy, develop, improve, exploit in commerce, sell, grant easements upon or mortgage the land for any purpose whatsoever, without limitation, except further division into residential parcels for sale.

j. The Grantor may in the future erect buildings or improvements upon portions of the common use land for recreational or any other purposes. If any such buildings or improvements are erected at Grantor's or a lessee's expense, they may be withdrawn from free common use by the Grantor.

7.02. Recreational Access Along Streams. All Landowners in the Community and their families shall have the right to use the area along both sides of portions of Fridley Creek, Dry Creek and Golmeyer Creek for lateral recreational access. A nonexclusive perpetual easement and right-of-way is hereby reserved for this purpose within twenty (20) feet of the exterior banks along both sides of said creeks, for the use and benefit of Landowners and the Grantor, under the following terms and conditions:

a. The parcels affected by this easement are as follows:

(1) Parcel Nos. 2, 3, 5, 6, 7, 8, 9, 10, 15 and 16 of Certificate of Survey No. 615-A (Glastonbury North).

(2) Parcel Nos. 3, 4, 5, 7, 9, 14, 17, 18, 19, 20, 21, 23, 71, 72, 73, 74, 76, 77, 78, 80, 81, 84, 85, 88, 93, 94, 95, 96 and 97 of Certificate of Survey No. 616-A (Glastonbury South).

b. The easement shall be appurtenant to the parcels described on Exhibits "A" and "B" and shall run with the land.

c. Lateral recreational access shall include foot travel only. No motorized vehicles, horses or other animals shall be allowed without the permission of the owner of the land involved.

d. Parcel owners affected by the easement may place fencing across the easement all the way to and along the creek if a gate or other method of access is provided for persons using the easement.

e. Lateral access along the easement is for traveling from one place to another and not for use of the premises or the stream bordering the premises, without the parcel owner's permission, except as follows:

Within twenty (20) feet of any parcel boundary line or platted road easement line that intersects or crosses a creek, persons entitled to travel on the easement may use that portion of the easement for fishing in the creek, resting or picnicking; however, there shall be no overnight camping or campfires.

7.03. Recreational Use of Platted Road Easements. The platted private road easements shown on the Certificates of Survey of the Community, outside of improved roadway surfaces for motorized traffic and ditches, may be used by Landowners and their families and guests for recreational travel by foot and horseback throughout the development. Any scenic turnouts or picnic areas placed on the easements by the Grantor are for the recreational use of all Landowners.

7.04. Unfenced and Unposted Land. Landowners and their families shall be entitled to cross any parcel within the Community on foot or horseback in order to gain access to or from common use land or national forest land, so long as the same is unfenced and unposted against trespassers. No parcel shall be used for any other purpose while crossing than for travel as mentioned above, and any person causing any damage while on another's parcel shall be strictly liable therefor. Persons exercising this privilege shall stay well clear of any buildings and improvements. If a parcel is fenced or posted against trespassing it may not be used for any such

access or travel, and any violator will be considered guilty of trespassing. This provision is intended to be generally consistent with the current status of the State of Montana trespass law.

SECTION 8. ROADS AND EASEMENTS

8.01. Platted Road Easements. The platted road easements are those which are shown on the Certificates of Survey of the Community, filed in the Office of the Park County Clerk and Recorder, and generally labeled as "private access and public utility easements." These are private easements for access, utilities and a road system in the Community. A perpetual and exclusive easement and right-of-way is hereby reserved upon, across, over and under the real property shown on Certificates of Survey Nos. 615-A and 616-A and labeled as "private access and public utility easement," for the use and benefit of the Grantor and Landowners, for the following uses and purposes and subject to the following terms and conditions:

a. The Grantor and all of the Landowners and their guests have the right to use any of the platted road easements opened by the Grantor or upon which developed roads and/or trails have been placed by the Grantor. The general public is not entitled to use them unless given permission by a Landowner to visit a particular parcel owned by him or accompanying him elsewhere in the Community.

b. Use of the platted road easements is limited to motorized and nonmotorized vehicular traffic, pedestrian and equestrian traffic, livestock, public utilities, ditches and canals, pipelines, landscaping, fencing, roads, trails, and such other uses and purposes as shall be engaged in or permitted from time to time by the Grantor or as are otherwise contemplated by these covenants.

c. The Grantor intends to construct and maintain a private road system within the platted road easements for vehicular access to the various parcels within the Community. Initial construction will be to a basic gravel and dirt consistency. The Grantor may designate and define different qualities or levels of road construction and maintenance within the Community (such as residential roads, foothill roads, mountain roads, etc.) according to its limited ability to deal with such conditions as topography, terrain, elevation, native soil and materials, slope, grade, easement location, parcel location, drainage, climate, weather, snow, ice and mud, and limited resources and equipment, prior to its initial sale of parcels in the Community. The quality, quantity and/or level of road construction and maintenance may be upgraded by the Grantor at any time. Road construction schedules may also be published prior to the sale of parcels from time to time by Grantor. The Grantor shall have the exclusive discretion and option to give permanent names to any or all of the roads and streets in the Community.

d. The Grantor reserves the right to abandon or change the location of the platted road easements and/or actual road locations on land owned by it (including unsold parcels, reserved land and parcels returning to its ownership) at any time in the future, to re-route roads across reserved land as is convenient or necessary or to leave some of the roads or portions thereof unconstructed and unopened for any period of time, notwithstanding the designation of platted road easements shown on the Certificates of Survey of the Community; provided, that the Grantor shall insure that reasonable access is given to the parcels described on Exhibit "A" which are sold to Landowners, subject to its published road construction schedules, types, and maintenance priorities. The Grantor may file amended Certificates of Survey from time to time on its own property without the consent of other

Landowners to abandon or alter road easements, or it may simply build or move the roads crossing its reserved land in different locations from time to time than those shown on the present Certificates of Survey. The Grantor may publish a map and/or schedule with its General Information Report prior to sales of parcels which indicates the actual or approximate location of roads to be built across its reserved land and the platted road easements upon which it intends to construct roads. Some of the roads may be left unscheduled for construction until future dates. The Grantor may change and update this map and the schedules from time to time.

e. Some of the platted road easements on the Certificates of Survey of the Community come to cul-de-sacs and then extend to an exterior Community boundary and terminate. The cul-de-sacs are the intended termination points of the initial road construction program. However, the extensions to Community boundary lines are being reserved for possible future road extensions or additions to the Community, access to other areas, road loops, efficient utility access, etc., and are included within all of the terms and conditions hereof. The Grantor may elect to open these easements and construct roads upon them at any time in the future.

f. The Grantor shall from time to time make, alter and enforce rules of health, safety, convenience, and conduct on the platted road easements, including, but not limited to, speed limits, signals and signs, traffic regulations, weight and size limits, recreational usage, livestock usage, etc.

g. The Grantor may provide, maintain and operate security entrances for any of the roads or may designate any road(s) within the Community for public use.

h. Grantor is under no obligation to construct roads or to provide maintenance and snowplowing of roads beyond the commitments published in its General Information Report or accompanying map of the Community prior to sale of parcels. Grantor's road maintenance responsibility may be assigned or delegated by conveyance or contract to another private party, the county, other Landowners in the Community or to a property owners' association, as described in Section 10.

i. The Grantor's road maintenance responsibility is limited by and conditioned upon the Landowner's individual and collective payment of and the aggregate amount of the "annual community assessment" as provided in Section 11, together with its ability to increase the assessment to keep up with inflation or increased costs. The Grantor is not obligated to provide maintenance or snowplowing in excess of the amount that has been paid by Landowners through the annual assessment.

j. No motor vehicle shall be operated on the platted road easements in the Community except by persons having a valid operator's or driver's license, and all such operations shall be in accordance with any limitations contained in the license.

k. No Landowner may encroach upon any platted road easement bordering upon, joining or crossing his parcel with fences, structures, improvements, or any other use inconsistent with this section, except as permitted in writing by the Grantor.

8.02. Existing Ranch Roads, Temporary Easement. A temporary easement and right-of-way is hereby reserved upon, over and across all existing ranch roads in the Community, as well as other temporary roads built across Grantor's reserved land, which are needed to gain access to any parcels until

construction of the applicable permanent road on the platted road easement is completed--to the extent that such existing roads are outside of the platted road easements. When the permanent road on the platted easement is constructed, the easements shall expire on the existing and temporary roads.

8.03. Additional Easements. The following additional easements and rights-of-way are hereby reserved upon, across, over and under the following described parcels:

a. A perpetual easement and right-of-way for ingress, egress and utilities on an existing road shown and labeled as "approximate centerline of existing road and easement per roll 20 page 154," Parcel Nos. 95, 96 and 97, on Certificate of Survey No. 616-A. Said easement and right-of-way shall be forty (40) feet in width, centered on the approximate centerline of the existing road, and is for the use and benefit of Landowners and the Grantor.

b. A perpetual easement and right-of-way in favor of Grantor for ingress, egress and utilities on an existing road running northerly across Parcel No. 11, Certificate of Survey No. 615-A, from the northwesterly corner of Parcel No. 4 to the platted road easement near the intersection of Parcel Nos. 11, 28 and 29. Said easement and right-of-way shall be forty (40) feet in width, centered on the approximate centerline of the existing road, and is for the use and benefit of the owner of Parcel Nos. 3, 4 and 8, Certificate of Survey No. 615-A--for as long as the said parcels are owned by the Grantor or remain in single and common ownership.

c. A right and a perpetual easement and right-of-way in favor of the Grantor upon all of the parcels and property described on Exhibit "A" to locate, install, erect, construct, maintain and use flumes, ditches, culverts, canals, pipelines, sewers, electric, gas and telephone lines, or any other conveyances of any kind, for the purpose of irrigating or transporting water to or from Grantor's reserved land, filling or draining ponds, lakes, swamps or streams, Community irrigation, Community utilities, installing a Community water project of any kind, or any of Grantor's uses and purposes--together with the right of ingress and egress on each parcel pursuant to the above purposes.

d. A perpetual easement and right-of-way in favor of Parcel Nos. 97, 98, 99, 100 and 101 on Certificate of Survey No. 616-A running across Parcel Nos. 97, 98, 99 and 100, to construct and maintain a road for ingress and egress for the owners of these parcels to the areas which comprise the western portions of their parcel(s) for any purpose, including the removal of timber therefrom, from the Community access road described in Paragraph 8.03(a). Said easement is for a single-lane road not to exceed fifteen (15) feet in width. It shall be constructed and maintained at the mutual and common expense of the owners of the parcels benefited. Locked gates may be maintained by the parcel owners to restrict access to persons entitled to use the easement. The approval of the Grantor must be secured as to the construction and placement of this road across any parcel which is owned by the Grantor. Before construction and use of the road, the location must be approved by each parcel owner and monumented in a reasonable manner. Any disputes relating to this easement between owners of affected parcels shall be arbitrated and resolved by the Grantor, whose decision shall be final and binding.

e. A perpetual easement and right-of-way in favor of Parcel No. 12 on Certificate of Survey No. 616-A to construct and maintain a 20-foot-wide road for ingress and egress across Parcel No. 13, beginning near

the southwest corner of Parcel No. 15, thence in a southerly direction and thence in an easterly direction onto the southern portion of Parcel No. 12. The location of this easement must meet the approval of the Landowner of Parcel No. 13 and the Grantor, which approval must be exercised in a reasonable manner. Before construction and use of the road, the location must be approved by each parcel owner and monumented in a reasonable manner. Any disputes relating to this easement between owners of affected parcels shall be arbitrated and resolved by the Grantor, whose decision shall be final and binding.

8.04. Effect of Easements. Unless otherwise provided, each easement established, described or mentioned in this Declaration shall be appurtenant to the land benefited and shall run with the land to which it is appurtenant. No easements shall be in gross unless expressly provided.

8.05. Parking. Each parcel shall provide adequate off-road parking consistent with its current usage. The platted road easements shall not be used for parking except in areas designated by the Grantor.

SECTION 9. SUBDIVISIONS OF PARCELS

9.01. Subdivisions Allowed, Grantor's Review. Parcels in the Community may be further subdivided, subject to the following provisions and the review and written approval of the Grantor before the completion of any such subdivision. Any attempted sale, transfer, conveyance, lease, filing or recordation of a deed, certificate of survey, plat or other description of a subdivided portion of a parcel without such written approval shall be invalid, void, and of no force or effect. The Grantor will not unreasonably withhold such approval.

9.02. Subdivision Defined. A subdivision shall include any division of a parcel into multiple pieces smaller than the original, a redivision, or any other treatment of a parcel which would fall under the definition of a "subdivision" under state or local laws and regulations--including recreational vehicle parks, mobile home parks, and condominium projects.

9.03. Intent of Review. The intent of this provision is that the Grantor shall review each proposed division of land for consistency with the founding principles of the Community and with this Declaration, and to insure proper engineering, surveying, access, and plans for providing utilities and at least one feasible building site--so that the divided parcels will be at least up to the same standard as to the rest of the parcels in the Community, for the benefit of other Landowners and the future purchasers of divided parcels.

9.04. Mobile Home Parks and RV Parks. In general, mobile home parks and recreational vehicle parks will not be allowed or approved. However, the Grantor reserves the right to consider any application and waive the restriction with its written approval at any time in the future. Landowners are encouraged to seek to gain such approval before completing the purchase of any parcel. Approval or disapproval shall be in the Grantor's discretion.

9.05. Condominium Projects. Condominium projects will be looked at critically from the standpoint of location, access, roads and design. Approval will generally not be given for hard-to-reach areas with bad winter conditions or for large-scale projects. Design must be in character with the Community and in good taste. Approval or disapproval shall be in the Grantor's discretion.

9.06. Review Process. The Grantor may require the submission of an application form, drawing, plat and plans, and any other materials needed to inform itself about the proposed subdivision and to insure quality. Within thirty (30) days after the submission of all required materials, the Grantor will give the Landowner a written response which may include the following:

- a. An unconditional approval.
- b. An approval subject to examination of the final Certificate of Survey or other plat.
- c. Recommendations for changing or improving the plans for the proposed subdivision.
- d. Conditions for approval, such as a requirement that access be constructed, utilities be extended, etc.
- e. A disclaimer by the Grantor for providing maintenance, utilities or other services which are currently provided to the rest of the parcels, due to a substandard condition.
- f. A disapproval based upon failure to meet the minimum standards of the development, inconsistency with the founding principles of the Community or with this Declaration, or a finding of an inappropriate RV park, mobile home park or condominium project.

9.07. Standards. The Grantor may, from time to time, publish a statement of policies and standards for reviewing proposed parcel subdivisions, which shall include objective criteria upon which all proposed subdivisions will be reviewed.

- a. These may include such criteria as minimum parcel size in certain areas, minimum road standards, minimum utility requirements, survey requirements, etc.
- b. These standards are intended to approximate the minimum standards and concepts originally designed into the Community by the Grantor and any improvements thereto which have been subsequently made.

9.08. Maintenance of New Roads. The Grantor may, but is not obligated to, maintain new private roads at the same level as the original roads in the Community. The Grantor may agree to accept such a new road for construction and/or maintenance and install and/or maintain utilities, upon the payment of a fee from the Landowner dividing the parcel.

9.09. Status of New Parcels. Once a parcel has been divided from an original parcel in the Community, or redivided, with the written approval of the Grantor, it (and its Landowner) shall be entitled to the same rights and privileges and subject to the same obligations and restrictions as an original parcel. The Landowner of such a divided parcel shall be responsible for paying the same assessments as other original parcels.

SECTION 10. COMMUNITY ADMINISTRATION

10.01. Grantor's Authority. The Grantor is hereby vested with the discretion and authority to exercise all rights, powers and responsibilities, make all decisions, take all actions, make and enforce all rules and regulations and otherwise do all things in the administration of the Community that are authorized or required by these covenants, in this Declaration, or by contract, deed or reservation with purchasers of parcels. The Grantor is the sole administrative authority in the Community.

10.02. Enforcement of Covenants. In the event of any violation or threatened violation of these covenants, the Grantor or any fifteen (15) Landowners within the Community may enforce these covenants by proceedings at law or in equity, including the seeking of injunctive relief and damages, provided that no Landowner or Landowners shall initiate any such legal proceedings without first having referred the complaint to the Grantor in writing for action or arbitration. In such an event, the Grantor may submit the dispute or complaint to arbitration in accordance with the rules of the American Arbitration Association as a complete and separate remedy. These covenants shall be enforceable by specific performance. In association with such legal proceedings or as a separate remedy, the Grantor may enter upon the parcel in question and remove, remedy or abate the violation or threatened violation after first having given written notice and a reasonable opportunity for the violator to take action himself to comply with these covenants. Such notice shall specify the violation or threatened violation, identify the property, demand compliance with the terms and conditions of these covenants, and state the action which will be taken if the violation or threatened violation is not abated, remedied, or satisfied. Such notice must provide for a period of fourteen (14) days from the date of personal service of such notice, or twenty-eight (28) days from the date of posting and mailing of the same, within which time compliance can be had with these covenants before any self-help, abatement, entry or legal proceedings can be commenced. The Grantor and representatives of the Grantor shall not be liable to any person or entity for any proceedings undertaken pursuant to the provisions in this section, and all Landowners shall be deemed to have waived any and all rights to or claims for damages for any loss or injury resulting from action taken under the terms and conditions of this section.

Actual costs, expenses and reasonable attorneys' fees incurred in connection with correcting, remedying, abating, preventing, or removing any violation or threatened violation of these covenants shall constitute a claim by the Grantor or other persons initiating such action against the Landowner of the subject parcel. Such claim shall be enforceable through appropriate court action. The person or entity making such claim may file a lien against the subject property in the amount of and for the collection of the claim by filing a verified statement of the lien with the Office of the Clerk and Recorder, Park County, Montana. Such lien statement must set forth the names of the claimant and the owner of record of the parcel against which the lien is claimed, a description of the parcel, the amount of the claim, the date of the claim and a brief statement of the manner in which the costs and expenses constituting the claim were incurred. Once filed, the lien shall remain of record as a claim against the property until paid in full or foreclosed in the manner provided by law. The Grantor shall be entitled to intervene in any legal proceedings initiated by any Landowners against any other party under this section.

10.03. Assignment and Delegation of Grantor's Rights, Powers and Responsibilities. The Grantor may assign, transfer or delegate any or all of its rights, powers and responsibilities as established under this Declaration or under any contract, deed or reservation with purchasers of parcels, at any time in the future, to any other party by contract or by gift, grant, assignment, sale, merger or other conveyance of its remaining interest in the development. Such right shall include, but is not limited to, a delegation to a Community Management Committee or an assignment, transfer or delegation to a Community Association as hereinafter provided.

10.04. Community Management Committee. The Grantor (ROYAL TETON, LTD.) is authorized to perform all acts and render all decisions through its legally constituted board of directors and through its corporate officers, as specified in its Articles of Incorporation and Bylaws. The Bylaws also provide that the board may designate any number of committees to act for and on behalf of the board in the management of the corporation's affairs. A Community Management Committee would be composed of persons appointed by the board to act on its behalf for one or more specified purposes in the management of the Community, such as enforcement of covenants, subdivision review, road maintenance, security, etc., including the management of the entire Community for and on behalf of the Grantor. The board may delegate any or all of its rights, powers, responsibilities and functions mentioned in Section 10.01 to the Community Management Committee.

10.05. Community Association. The Grantor may, but is not obligated to, establish at any time in the future a property owners' association (the "Community Association") as a nonprofit corporation, which would exercise control over and provide the services required for community management and maintenance of roads, community facilities and common use lands. The Grantor may assign, transfer or delegate any or all of its rights, powers and responsibilities to the Community Association. Landowners in the development would be voting members in the association, each parcel or legally divided portion thereof being entitled to one vote (fractional owners of a parcel would be entitled to a proportionate fractional vote). In establishing the Community Association, the Grantor may retain the right to review, approve or veto any action taken by the Community Association Board of Directors and officers or to be voted on or already voted on by the Landowners. The Grantor retains the absolute discretion, in consultation with the Church, to design and draft the Articles of Incorporation, Bylaws and operating rules of the Community Association, and to determine which of the Grantor's rights, powers and responsibilities shall be assigned, transferred or delegated to it. The Grantor is not obligated to establish the Community Association or to relinquish any or all of its rights, powers and responsibilities under the Declaration of Covenants, or under any contract, deed or reservation pertaining to this development.

SECTION 11. COMMUNITY ASSESSMENT

11.01. Assessments. Each present or future Landowner in the Community concurrent with the purchase of a parcel, covenants and agrees to pay to the Grantor the following described assessments, all such assessments to be fixed, established, and collected from time to time as hereinafter provided. The assessment shall be a charge and continuing lien upon the parcel against which each such assessment is made. Each such assessment, together with such interest thereon and costs of collection thereof as is hereinafter provided, shall be the obligation of the Landowner when such assessment becomes payable. The obligation to pay assessments shall run with the parcel. The parcels in the Community described on Exhibit "A", attached hereto, together with any future additions thereto, shall be liable to pay such assessments.

11.02. Purpose of Assessments. The assessments levied by the Grantor shall be used for the operation, maintenance, repair and improvement of roads, trails, easements, common use land, security entrances, ditches, canals, drainages, machinery, vehicles, equipment and other facilities serving the Community, for snowplowing, for structures, improvements and added services on the roads and trails, the common use land or elsewhere within the Community which are for the benefit of Landowners, and for such other

uses and purposes which are contemplated in these covenants or as are otherwise deemed necessary or desirable by the Grantor in fulfilling its rights, powers and responsibilities within the Community; including, but not limited to, legal fees and costs incurred in enforcing any of these covenants against a Landowner or other party, purchases of machinery, vehicles and equipment needed to carry out the Grantor's responsibilities hereunder, the hiring and salarizing of necessary employees, and capital improvements for administrative, recreational or other Community purposes to promote the common health, safety, recreation, culture, education, welfare and enjoyment of Landowners, subject to the charging of reasonable fees for the use of such facilities.

11.03. Annual Community Assessment. Each Landowner shall pay an annual community assessment (the "annual assessment") to the Grantor for the uses and purposes described above. The annual assessment covers the period from January 1 to December 31 of each year. Assessment shall be made by written notice to each Landowner no later than January 30 of each year. The amount of the annual assessment may vary from year to year, based upon the amount of work to be done and the cost of labor, equipment and materials involved. The initial amount of the annual assessment will be \$240 per parcel or legally subdivided portion thereof. The annual assessment is payable either annually by January 31 of each year or at the rate of one-twelfth (1/12th) of the assessment per month at the end of each month. (At the time of closing on an initial purchase, each Landowner will elect to pay either the prorated amount of the annual assessment due for the remainder of the year or begin paying the assessment on a monthly basis.) The amount of the annual assessment may be increased by the Grantor due to inflation or increased costs or services up to a maximum of 10% per year or the last annual increase in the CPI,* whichever is greater.

11.04. Special Assessments. Special assessments may be levied by the Grantor for emergencies, extraordinary capital improvements or repairs, or for any other purposes and by any methods upon the affirmative written vote of two-thirds (2/3rds) of the Landowners in the Community.

11.05. Accounting, Allocation and Use of Funds. The Grantor may account for funds paid by Landowners pursuant to any assessment (the "assessment funds") in any manner which it deems consistent with its responsibilities and good business practice. Special funds or accounts of any sort may be established by the Grantor to maintain control and supervision over the assessment funds. Maintenance and repair of roads and snowplowing shall be the first priority for use of annual assessment funds. Allocation and use of the remainder of the annual assessment funds shall be in the discretion of the Grantor. Special assessments shall be used for the purpose for which they were established. The Grantor is not and shall not be a fiduciary, trustee or agent in the allocation, application and use of assessment funds. Assessment funds paid shall be taxable income to the Grantor. (However, if a community association is established as provided in Section 10.05, annual assessments may be accepted and used by it as nontaxable or fiduciary income.) The Grantor has a contractual duty to perform the responsibilities provided in these covenants to the best of its ability and to the extent that assessment funds reasonably allow, as more particularly provided in Section 11.07. Machinery, vehicles and equipment needed to carry out the Grantor's responsibilities hereunder, which are purchased with assessment

*CPI is the Department of Labor Bureau of Labor Statistics Consumer Price Index for "U.S. City Average All Urban Consumers" (1967 = 100).

funds, may also be used by the Grantor for any of its other business or private uses and purposes. In addition, the Grantor may establish, maintain and carry over from year to year any reserve funds or special purpose funds for improvements, equipment purchases, or for any other purpose pursuant to these covenants. Assessment funds shall be kept or deposited in such funds, accounts, depositories, investments or mediums as the Grantor shall from time to time select in its discretion.

11.06. Effect of Nonpayment of Assessment. If any assessment is not paid by midnight on the date when due, then such assessment shall become delinquent and shall, together with any interest thereon, become a continuing lien on the parcel which shall run with the land. If the assessment remains unpaid for thirty (30) days after such due date, a five percent (5%) penalty will accrue on the amount of the payment due and the assessment shall thereafter bear interest from the due date at the rate of one and one-half percent (1-1/2%) per month, compounded monthly. The obligation of the then Landowner to pay any assessment or interest shall not be affected by any conveyance or transfer of title to said parcel. The Grantor may bring an action at law against the Landowner obligated to pay the same and/or to foreclose on the lien against the parcel, and there shall be added to the amount of such assessment the costs of collecting the same or foreclosing the lien thereof, including reasonable attorney's fees.

11.07. Grantor's Assessment Responsibility. The Grantor shall not be liable for the payment of any annual or special assessment upon any parcel in the Community remaining in or returning to its ownership, without its consent. However, the Grantor shall be responsible for contributing such funds to the annual assessment fund and to provide such equipment, labor and materials, to the extent that Landowners' annual assessment payments are inadequate, as are necessary to maintain and snowplow the roads in the Community in a reasonable manner consistent with its sales representations for a period of three (3) years from the date of recording of this Declaration. Thereafter, the Grantor shall be responsible to perform such maintenance responsibilities only to the extent that annual assessment payments reasonably allow, and shall not be responsible to contribute to or subsidize such assessment fund.

SECTION 12. GENERAL PROVISIONS

12.01. Option. An option is hereby reserved and granted upon each parcel or subdivided portion thereof in the Community, and the Landowner of each parcel hereby covenants and agrees upon purchase or repurchase of the parcel that an option has been reserved and granted, for the duration of the initial term of these covenants and all extensions and renewals thereof, in favor of THE SUMMIT LIGHTHOUSE, INC. (the "Church"), to purchase any parcel in the Community for "fair market value" at any time in the future. The Church shall exercise the option by giving ninety (90) days' written notice to the Landowner by U.S. mail or personal delivery. Fair market value shall be established at the Church's expense by an independent MAI appraiser, mutually chosen by the parties, in accordance with customary professional appraising standards. The fair market value of all buildings and improvements placed upon the parcel shall be taken into account. If the parties cannot mutually agree upon the choice of an MAI appraiser, then they shall each designate their own appraiser who shall mutually choose a third MAI appraiser to conduct the appraisal. The fair market value of the parcel and all improvements thereon (i.e., the option purchase price)--less the amount of any liens, encumbrances, mortgages or installment contract balances (including accrued interest and penalties) due against the parcel,

which the Church may assume or pay at its option--shall be payable in cash at closing. Closing shall occur within ninety (90) days of the giving of written notice or thirty (30) days after the completion of the MAI appraisal, whichever occurs last, subject to and contingent upon the Church's review and approval of a title report and the appraisal report at its own expense. Prorations of rents, taxes, interest, premiums on insurance, etc. shall be made as of the date of closing. The Landowner shall have sixty (60) days after closing on the option purchase to vacate possession of the premises and remove all personal property. This option shall survive all sales and resales of the parcels in the Community.

12.02. Right of First Refusal. A right of first refusal on each parcel or subdivided portion thereof in the Community is hereby reserved in favor of the Grantor. Should a Landowner of any parcel within the Community receive an offer to purchase the parcel and agree to accept said offer, he shall first submit the offer and acceptance to the Grantor in writing, including all of the terms and conditions thereof and the name and address of the offerer. The Landowner shall also obtain a completed application from the offerer to buy land in the Community for the Church's review. The Grantor shall be given a period of fifteen (15) days after receipt of the written offer and acceptance to agree to purchase the parcel itself under the same terms and conditions. Should the Grantor choose not to exercise its right of first refusal, the Landowner of such parcel shall be free to sell to said offerer, and to no other, at the price offered or at a higher price. The Grantor shall not be deemed to have waived its rights hereunder as to subsequent sales of any parcel by virtue of its failure to exercise its right of first refusal on any previous sale or offer to purchase said parcel.

12.03. Arbitration. In the event of any dispute or disagreement in the carrying out of the option and the right of first refusal provisions mentioned above, the Church or the Grantor, respectively, shall have the option of enforcing the provision or settling the dispute either through judicial proceedings or through arbitration according to the rules of the American Arbitration Association.

12.04. Additional Covenants. None of the parcels described on Exhibit "A" attached hereto may hereafter be subjected to any additional covenants, conditions, restrictions, servitudes, limitations, terms, provisions, liens, charges, regulations, easements, reservations, or burdens without the express written consent of the Grantor.

12.05. Variances, Waivers. The Grantor reserves the right to waive or grant variances to any of the provisions of this Declaration, where, in its discretion, it believes the same to be necessary and where the same will not be injurious to the rest of the Community.

12.06. Districts. Each present or future Landowner within the Community shall be deemed to have waived any right to object to the formation of one or more local improvement or service districts which include such Landowner's land, and also to have waived any right to join in any action opposing the formation of such a district. Each Landowner shall be deemed to support the formation and operation of any such district for the mutual protection of Landowners of all parts of the Community. However, no such districts, including special zoning districts established by Landowners' petition, may be established without the written consent of the Grantor.

12.07. Severability. A determination of invalidity of any one or more of the covenants of this Declaration by judgment or court order or

decree shall in no way affect any of the other provisions hereof, which shall remain in full force and effect.

12.08. Liability of Grantor. The Grantor shall have no liability for any of its actions or failures to act. The relationship between the Grantor and Landowners shall be deemed to be that of independent contractors, and not that of principal and agent, trustee and beneficiary, partnership, or joint venture. In addition, the Grantor shall have no liability or obligation under this Declaration to any person or entity except such liabilities and obligations as the Grantor has expressly assumed herein.

12.09. Titles Not Controlling. None of the titles, captions or headings to any paragraph or section within this Declaration shall control, limit or expand the meaning thereof. References to "he," "his," or to male gender shall also include the female gender and the neuter gender, where appropriate.

IN WITNESS WHEREOF, the undersigned has set its hand and seal the day and year first above written.

ROYAL TETON, LTD.

By: /s/ EDWARD L. FRANCIS
President

By: /s/ JAMES W. McCAFFREY
Secretary

State of Montana) ss.
County of Park)

On this 16th day of December, 1982, before me, a Notary Public for the State of Montana, personally appeared EDWARD L. FRANCIS, known to me to be the President, and JAMES W. McCAFFREY, known to me to be the Secretary of the corporation that executed the within Instrument, known to me to be the persons who executed the within instrument on behalf of the corporation therein named, and acknowledged to me that such corporation executed the within instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official Seal the day and year in this certificate first written.

/s/ EDWIN L. JOHNSON
Notary Public for the State of Montana
Residing at Corwin Springs, Montana
My commission expires March 8, 1985

EXHIBIT "A"

TOWNSHIP 5 SOUTH, RANGE 8 EAST, M.P.M., PARK COUNTY, MONTANA:

PARCEL NOS. 1, 2, 5, 6, 7, 9, 10, 11, 12, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69 and 70, as described in and shown on Certificate of Survey No. 615-A, on file and of record in the Office of the Park County Clerk and Recorder.

TOWNSHIP 6 SOUTH, RANGE 7 EAST, M.P.M., PARK COUNTY, MONTANA:

PARCEL NOS. 10, 12, 13, 14, 15, 16, 17, 18, 19, 22, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 99, 100 and 101, as described in and shown on Certificate of Survey No. 616-A, on file and of record in the Office of the Park County Clerk and Recorder.

EXHIBIT "B"

TOWNSHIP 5 SOUTH, RANGE 8 EAST, M.P.M., PARK COUNTY, MONTANA:

PARCEL NOS. 3, 4, 8, 13, 14, 15, 16, 17, 18, 19, 20, 21, 41, 54, 55 and 56, as described in and shown on Certificate of Survey No. 615-A, on file and of record in the Office of the Park County Clerk and Recorder.

TOWNSHIP 6 SOUTH, RANGE 7 EAST, M.P.M., PARK COUNTY, MONTANA:

PARCEL NOS. 1, 2, 3, 4, 5, 6, 7, 8, 9, 11, 20, 21, 23, 96, 97, 98, and 102, as described in and shown on Certificate of Survey No. 616-A, on file and of record in the Office of the Park County Clerk and Recorder.

State of Montana)
County of Park) ss.

Filed for record this 16th day of December, A.D. 1982, at 4:10 o'clock P.M.
Recorded in Roll 41, pages 1042-1078. Document No. 173158

/s/ MARGARET MONICAL
County Clerk & Recorder

I hereby acknowledge the receipt of a copy of the foregoing Declaration of Covenants for the Community of Glastonbury (the "Covenants") including all current amendments thereto, and acknowledge that I have read and studied them. I hereby unconditionally agree to abide by and act in accordance with the Covenants, together with all amendments, modifications and additions thereto, and reaffirm all of the terms and provisions thereof. I further agree that all future transfers, conveyances, assignments and bequests of title to the parcel which I am purchasing in the community will be subject to the Covenants, and that I will make every effort to disclose this fact to all prospective purchasers in the future.
