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WHEN RECORDED RETURN TO:

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592030-SM

(Space Above For Recorder's Use)

**MUTUAL AGREEMENT FOR THE RESERVATION TO GRANTOR OF A
WATER RIGHT, DOMESTIC SPRING, WATERLINE AND EASEMENT
FOR ACCESS AND MAINTENANCE**

This Mutual Agreement for the Reservation to Grantor of a Water Right, Domestic Spring, Waterline and Easement for Access and Maintenance (Easement Agreement) is made and entered into this 14 day of July, 2016 by and between STEVEN J. CUVALA and PEGGY L. CUVALA, husband and wife, the Contract Purchaser (Buyer, Cuvala or Grantee) whose current address is P.O. Box 146, St. Maries, Idaho 83861 and MERLE STEPHENSON and DEBORAH STEPHENSON, husband and wife, the Contract Seller (Seller, Stephenson or Grantor) whose address is 7128 Benewah Creek Road, St. Maries, Idaho 83861.

1. Background.

1.1 Burdened (Servient) Real Property. Stephenson, the Contract Seller and Grantor, is the owner in fee simple of certain real property located in Benewah County, Idaho and has entered into a real estate purchase and sale agreement to sell a portion of Grantor's real property to the Contract Buyer, Cuvala, the Grantee. The property to be sold to Cuvala is described on **Exhibit A**, attached hereto and incorporated herein by reference as the Cuvala Parcels or the Burdened Parcels.

1.2 Benefited Real Property. Stephenson, the Grantor, is the owner in fee simple of another parcel of real property located in Benewah County, Idaho lying adjacent to the property under contract to be sold to Cuvala, which is described on **Exhibit B**, attached hereto and incorporated herein by reference as the Stephenson Parcel or the Benefited Parcel.

1.3 Reservation to Grantor of Water Right, Domestic Spring and Waterworks, Waterline Easement, Easement for Access and Maintenance. Grantor's residence is located on the benefited real property described on **Exhibit B**. Grantor's water source and supply to Grantor's residence is a domestic spring and waterline located on the burdened real property described on **Exhibit A**, which is the property under contract to be sold to Cuvala. As a material condition of the purchase and sale agreement entered into between Cuvala and Stephenson, the Seller and Grantor is reserving unto to the Seller and Grantor, and all heirs and assigns of the

Seller and Grantor, all right, title and interest in and to the domestic spring, waterline, piping and related waterworks, including but not limited to a perpetual and exclusive easement for the domestic spring and for ingress and egress to the domestic spring, waterline, piping and related waterworks for maintenance, repair, replacement and inspection, over, across and through the Cuvala parcels from the domestic spring to the parcel line between the Cuvala parcels (the Burdened parcel) and the Stephenson parcel (the Benefited Parcel) to serve the Grantor's residence located on **Exhibit B**, the benefited real property. Seller and Grantor is not transferring or selling to the Buyer and Grantee any water right based upon beneficial use or any transfer of claim filed as 95-4500 with the IDWR with the Point of Diversion (POD) located on the Burdened Parcels described on **Exhibit A** or diverted to the Place of Use (POU) located on the Benefited Parcel described on **Exhibit B** to be adjudicated as a decreed water right in CSRBA Case No. 49576, Fifth Judicial District of the State of Idaho in and for Twin Falls, including but not limited to any right to appropriate and use said water right from the domestic spring which currently serves Grantor's residence.

1.4 Purpose of Agreement. The purpose of this Easement Agreement is to describe the reservation of water rights and easements retained by Stephenson and to establish the relative rights and obligations of the parties to this Easement Agreement.

2. Recitals Incorporated Below; Reservation of Water Right, Domestic Spring and Waterworks, Waterline Easement, Easement for Access and Maintenance.

2.1 Recitals. All of the recitals set forth above in Section 1 are incorporated herein by reference as though fully restated.

2.2 Reservation to Grantor of Easement, Water Right and Access Easement. As a material condition of the purchase and sale agreement entered into by the parties to this Easement Agreement, and for other valuable consideration, Stephenson, the Grantor hereby reserves, retains, and grants unto Grantor, and Grantor's heirs and assigns, a perpetual and exclusive easement and water right in and to the domestic spring and waterworks and waterline, ten (10) feet in width (five (5) feet on either side of the waterline) located on the burdened real property described on **Exhibit A**, together with a perpetual and exclusive easement for access and maintenance, to run with the land, for the purpose of supplying water to Grantor's residence located on the benefited real property described on **Exhibit B**.

2.3 Term of Easement. The term of this Easement Agreement is perpetual and shall run with the land unless terminated by mutual agreement of the parties, or unless the water right specifically described above is terminated by operation of law and order of a court with specific jurisdiction over state water rights.

2.4 Covenants and Agreements of Cuvala, the Grantee. Cuvala, the Grantee, on behalf of the Grantee and the Grantee's heirs, successors, assigns, purchasers, or transferee of any kind, covenants and agrees with the Grantor and the Grantor's heirs, successors, assigns, purchasers, or transferee of any kind, that the provisions of this Easement Agreement and all rights reserved to Stephenson, the Grantor, (i) shall run with and bind the Burdened Real Property described on **Exhibit A**, and (ii) shall inure to the benefit of, and be enforceable (at law or in equity) by any owner of all or part of the Benefited Real Property described on **Exhibit B**.

2.5 Covenants and Agreements of Stephenson, the Grantor. Stephenson, the Grantor, on behalf of the Grantor and the Grantor's heirs, successors, assigns, purchasers, or transferee of any kind, covenants and agrees with the Grantee and the Grantee's heirs, successors, assigns, purchasers, or transferee of any kind as follows:

2.5.1 Indemnification. To indemnify, defend, and hold harmless any owner of all or part of Grantee's Real Property, the burdened real property, from any loss, claim, or other liability of any nature (including attorney fees and costs) that may result directly or indirectly from any use of or improvement to the water right, domestic spring and waterworks, waterline and easement for access and maintenance retained by the Grantor on Grantee's real property, by the Grantor or any other person or entity.

2.5.2 Repair and Maintenance, Costs to Grantor. To maintain all improvements located on the burdened real property in good and sufficient repair and to pay for all costs associated with maintenance and repair of the improvements in a timely manner, and to not allow any lien for materials or labor to be recorded or enforced against the burdened real property of the Grantee.

2.5.3 Exclusive Use Reserved to Grantor, Exceptions. Grantor Stephenson is entitled to the exclusive occupation and use of the water right, domestic spring, waterworks, and waterline running over and across the real property sold to Grantee Cuvala described on **Exhibit A** to serve Grantor's residence located on Grantor's real property described on **Exhibit B**, and Grantor is entitled to protect and maintain Grantor's water supply in a safe and clean condition so it can be used for drinking water and other domestic uses. Nothing contained in this Easement Agreement provides for or will allow Grantee to connect to, share or use Grantor's water right, domestic spring, waterworks or waterline for any purpose. Provided however, Grantee may use and occupy any portion of the easement described herein in such a manner that such use does not interfere with Grantor's domestic spring, waterworks, waterline and potable water supply to Grantor's residence. Grantee will not construct any improvements or plant any trees over and across the easement for the domestic spring, waterworks and waterline, or do anything to interfere with Grantor's easement purposes set forth herein.

3. General Provisions.

3.1 Attorney Fees and Costs. If a suit, action, or other proceeding arising out of or related to this Easement Agreement is instituted by any party to this Easement Agreement, the prevailing party shall be entitled to recover its reasonable attorney fees, expert witness fees, and costs (i) incurred in any settlement negotiations, (ii) incurred in preparing for, prosecuting or defending any suit, action, or other proceeding, and (iii) incurred in preparing for, prosecuting or defending any appeal of any suit, action, or other proceeding. For the purpose of this section, "attorney fees" shall mean and include (i) attorney fees and (ii) paralegal fees. This section shall survive and remain enforceable notwithstanding any rescission of this Easement Agreement or a determination by a court of competent jurisdiction that all or any portion of the remainder of this Easement Agreement is void, illegal, or against public policy.

3.2 Governing Law, Jurisdiction, and Venue. This Easement Agreement shall be construed and interpreted in accordance with the laws of the State of Idaho. The parties agree that

the courts of Idaho shall have exclusive jurisdiction and agree that Benewah County is the proper venue.

3.3 Time of the Essence. Time is of the essence with respect to the obligations to be performed under this Easement Agreement.

3.4 Rights Cumulative. Except as expressly provided in this Easement Agreement, and to the extent permitted by law, any remedies described in this Easement Agreement are cumulative and not alternative to any other remedies available at law or in equity.

3.5 Nonwaiver of Remedies. The failure or neglect of a party to enforce any remedy available by reason of the failure of the other party to observe or perform a term or condition set forth in this Easement Agreement shall not constitute a waiver of such term or condition. A waiver by a party (i) shall not affect any term or condition other than the one specified in such waiver, and (ii) shall waive a specified term or condition only for the time and in a manner specifically stated in the waiver.

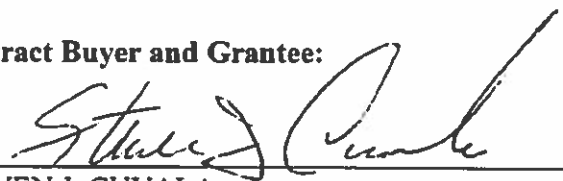
3.6 Successors and Assigns. Subject to any express provisions in this Easement Agreement regarding restrictions on transfers or assignments, this Easement Agreement shall be binding upon and inure to the benefit of the parties and their respective successors, assigns, heirs, personal representatives, purchasers, or transferees of any kind.

3.7 Entire Agreement. All Schedules and Exhibits to this Easement Agreement constitute a part of this Easement Agreement. This Easement Agreement, together with the accompanying Schedules and Exhibits, constitutes the entire agreement among the parties and supersedes all prior memoranda, correspondence, conversations and negotiations.

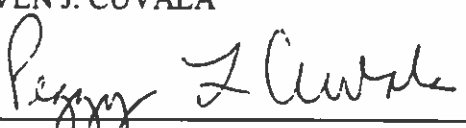
4. Signatures.

Dated: 7/15/16

Contract Buyer and Grantee:

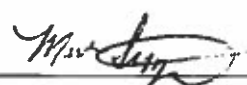

STEVEN J. CUVALA

Dated: 7/15/16


PEGGY L. CUVALA

Contract Seller and Grantor:

Dated: 7/14/16


MERLE STEPHENSON

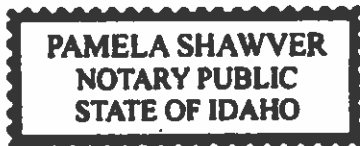
Dated: 7/14/16


DEBORAH STEPHENSON

STATE OF IDAHO)
) ss.
County of Benewah)

On this 15 day of July, 2016, before me a Notary Public in and for the State of Idaho, personally appeared STEVEN J. CUVALA and PEGGY L. CUVALA, husband and wife, known or identified to me to be the persons whose names are subscribed to the within instrument, and acknowledged to me that they executed the same.

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

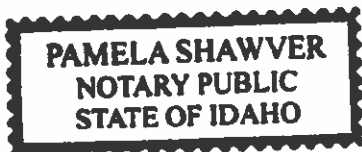


Pamela Shawver
NOTARY PUBLIC FOR IDAHO
Residing at St. maries
My Commission Expires 1-20-2022

STATE OF IDAHO)
) ss.
County of Benewah)

On this 14 day of July, 2016, before me a Notary Public in and for the State of Idaho, personally appeared MERLE STEPHENSON and DEBORAH STEPHENSON, husband and wife, known or identified to me to be the persons whose names are subscribed to the within instrument, and acknowledged to me that they executed the same.

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



Pamela Shawver
NOTARY PUBLIC FOR IDAHO
Residing at St. maries
My Commission Expires 1-20-2022

EXHIBIT A

Burdened Real Property (Grantee Cuvala)

The following described real property in Benewah County, State of Idaho, more particularly described as follows:

The Northwest Quarter of the Southeast Quarter of the Northwest Quarter and the Northeast Quarter of the Southwest Quarter of the Northwest Quarter lying East of County Road, in Section 9, Township 45 North, Range 3 West, B.M., records of Benewah County, Idaho.

For reference only: Benewah County Tax Parcel #RP45N03W094400A (10 acres)
Benewah County Tax Parcel #RP45N03W093610A (3.7 acres)

EXHIBIT B

Benefited Real Property (Grantor Stephenson)

The following described real property in Benewah County, State of Idaho, more particularly described as follows:

The W1/2NW1/4NW1/4NW1/4, Section 9, Township 45 North, Range 3 West, Boise Meridian, Benewah County, Idaho.

EXCEPTING therefrom the right-of-way of the County Road.

Also identified as Benewah County Tax Parcel #RP45N03W09100AA

AND

The Northwest Quarter of the Northwest Quarter (NW¼ NW¼) of Section Nine (9), Township Forty-five (45) North, Range Three (3) West, Boise Meridian, Benewah County, Idaho.

EXCEPTING, however, the W1/2NW1/4NW1/4NW1/4, Section 9, Township 45 North, Range 3 West, Boise Meridian, Benewah County, Idaho.

EXCEPTING therefrom the right-of-way of the County Road.

Also identified as Benewah County Tax Parcel #RP45N03W09100BA

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AND WHEN RECORDED MAIL TO:
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BENEWAH COUNTY
DEANNA BRAMBLETT, CLERK
274672
FIRST AMERICAN TITLE - SAIN
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REMOVE THE COUNTY STAMPED FIRST
PAGE AS IT IS NOW INCORPORATED AS
PART OF THE ORIGINAL DOCUMENT.

Space Above This Line for Recorder's Use Only

WARRANTY DEED

File No.: **592030-SM (ps)**

Date: **June 02, 2016**

For Value Received, **Merle L. Stephenson and Deborah S. Stephenson, husband and wife**, hereinafter called the Grantor, hereby grants, bargains, sells and conveys unto **Steven J. Cuvala and Peggy L. Cuvala, husband and wife**, hereinafter called the Grantee, whose current address is **PO Box 146, St. Maries, ID 83861**, the following described premises, situated in **Benewah County, Idaho**, to-wit:

The Northwest Quarter of the Southeast Quarter of the Northwest Quarter and the Northeast Quarter of the Southwest Quarter of the Northwest Quarter lying East of County Road, in Section 9, Township 45 North, Range 3 West, B.M., records of Benewah County, Idaho.

SUBJECT TO all easements, right of ways, covenants, restrictions, reservations, applicable building and zoning ordinances and use regulations and restrictions of record, and payment of accruing present year taxes and assessments as agreed to by parties above.

TO HAVE AND TO HOLD the said premises, with its appurtenances, unto the said Grantee, and to the Grantee's heirs and assigns forever. And the said Grantor does hereby covenant to and with the said Grantee, that the Grantor is the owner in fee simple of said premises; that said premises are free from all encumbrances except current years taxes, levies, and assessments, and except U.S. Patent reservations, restrictions, easements of record and easements visible upon the premises, and that Grantor will warrant and defend the same from all claims whatsoever.

CLL
PLC

Date: 06/02/2016

Warranty Deed
- continued

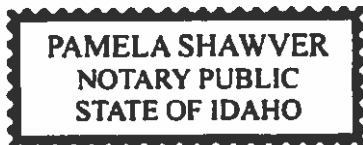
File No.: 592030-SM (ps)


Merle L. Stephenson


Deborah S. Stephenson

STATE OF Idaho)
SS.
COUNTY OF Benewah)

On this 14th day of July 2016, before me, a Notary Public in and for said State, personally appeared **Merle L. Stephenson and Deborah S. Stephenson**, known or identified to me to be the person(s) whose name(s) is/are subscribed to the within instrument, and acknowledged to me that he/she/they executed the same.




Notary Public for the State of Idaho
Residing at: St. Maries
My Commission Expires: 1/20/2022