Instrument # 216426
IDAHO CITY, BOISE COUNTY, IDAHO
2007-10-11 02:49:23 No. of Pages: 90
Recorded for : SPINK BUTLER,LLP
CONSTANCE SWEARINGEN Fee: 270.00
Ex-Officio Recorder Deputy
Index to: MISCELLANEOUS

DECLARATION OF

COVENANTS, CONDITIONS AND RESTRICTIONS

FOR

SOUTHFORK LANDING

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR SOUTHFORK LANDING is made this 21st day of September, 2007, by EAGLE SPRINGS RANCH, LLC, an Idaho limited liability company, and BARNES VENTURES, INC., an Idaho corporation.

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ARTICLE I: RECITALS

1.1 Property Covered. The property potentially subject to this Declaration of Covenants, Conditions and Restrictions for Southfork Landing (the "**Declaration**"), as the Declaration may be amended from time to time, is the property legally described in **Exhibit A**, attached hereto and made a part hereof, which property consists of approximately 868 acres approved by Boise County for the development of residential and commercial units (sometimes referred to herein as "**Southfork Landing**"). Grantor intends to develop the Property in several development Phases, defined below. Each Phase and all property made subject to this Declaration shall be referred to as the "**Property.**" Unless and until a Supplemental Declaration is recorded with the Boise County Recorder's Office, no property located within Southfork Landing or otherwise shall be subject to this Declaration. Each Owner, by accepting a deed to any portion of the Property, acknowledges and agrees that Grantor is under no obligation to subject any specific portion of Southfork Landing to this Declaration.

1.2 Mixed-Use Development. Southfork Landing is presently planned as a mixed-use development that Grantor currently intends to develop in accordance with existing development approvals obtained by Grantor from Boise County, or any other development plan(s) for which Grantor may from time to time obtain approval from Boise County (collectively, the "**Development Plan**"). The Property may be developed for homes, Common Area (defined below) and commercial uses. Any development plans or schemes for the Property in existence prior to or following the effective date of this Declaration are subject to change at any time by Grantor, and impose no obligation on Grantor as to how the Property is to be developed or improved.

1.3 Purpose of Declaration. The purpose of this Declaration is to set forth the basic restrictions, covenants, limitations, easements, conditions and equitable servitudes (collectively, sometimes referred to herein as the "**Restrictions**") that will apply to the entire development and use of any and all portions of the Property, and any other property annexed into Southfork Landing, as provided further herein. The Restrictions are designed to protect, enhance and preserve the value, amenities, desirability, and attractiveness of the Property; to ensure a well-integrated, high quality development; and to guarantee adequate maintenance of Common Area in a cost effective and administratively efficient manner. Each Owner, by acceptance of a deed or other conveyance of title to Building Lot or any portion of the Property, and/or by acceptance of a lease or other rental agreement in connection with any portion of the Property, hereby covenants, promises and agrees to be bound by and to comply in all respects with all provisions of this Declaration, as amended and/or supplemented from time to time, the Articles and Bylaws of any applicable Association, the Design Guidelines and all rules and regulations promulgated pursuant to any of the above.

1.4 No Recordation. No Person shall record any declaration of covenants, conditions and restrictions, or declaration of condominium or similar instrument affecting any portion of the Property without Grantor's review and written consent. Any attempted recordation without such consent shall result in such instrument being void and of no force and effect unless subsequently approved by recorded consent signed by Grantor. This section may not be amended without the written consent of Grantor. The rights contained in this section shall terminate upon the earlier of: (a) twenty (20) years from the date this Declaration is recorded; or (b) upon recording by Grantor of a written statement that all construction, sales and/or leasing activity by Grantor in connection with Southfork Landing has ceased.

ARTICLE II: DECLARATION

Grantor hereby declares that the Property subjected to this Declaration through a Supplemental Declaration, and each lot, parcel or portion thereof, is and/or shall be held, sold, conveyed, encumbered, hypothecated, leased, used, occupied and improved subject to the following terms and Restrictions, all of which are declared and agreed to be in furtherance of a general plan for the protection, maintenance, subdivision, improvement and sale of the Property, and to enhance the value, desirability and attractiveness of the Property. The terms and Restrictions set forth herein: (a) shall run with the land

constituting the Property, and with each estate therein, and shall be binding upon any Person having or acquiring any right, title or interest in the Property or any lot, parcel or portion thereof; (b) shall inure to the benefit of every lot, parcel or portion of the Property and any interest therein; and (c) shall inure to the benefit of and be binding upon Grantor, Grantor's successors in interest and each grantee or Owner and such grantee's or Owner's respective successors in interest, and may be enforced by Grantor, any grantee or grantee's successors, any Owner or Owner's successors, or by the Association. In the event of any conflict between this Declaration and any other of the Project Documents, defined below, this Declaration shall control.

Notwithstanding the foregoing, until one hundred percent (100%) of all the Building Lots in the Property and Southfork Landing are transferred by Grantor, no provision of this Declaration shall be construed as to prevent or limit Grantor's right to complete development of the Property and Southfork Landing, including any subdivision or resubdivision of the Property and Southfork Landing, and to construct improvements thereon, nor Grantor's right to use and to maintain model homes, construction, sales or leasing offices or similar facilities on any portion of the Property and Southfork Landing, including the Common Area, recreational facilities, and/or any public and/or private right-of-way, nor Grantor's right to post signs incidental to construction, sales and/or leasing. Grantor and authorized marketing agents and builders shall have license for access to and use of such location and facilities. Grantor has no duty or obligation to develop the Property and Southfork Landing in any specific manner or with any particular use, regardless of any drawings, depictions, presently proposed plans or the Development Plan.

ARTICLE III: DEFINITIONS

3.1 "**Articles**" shall mean the Articles of Incorporation of an Association.

3.2 "**Assessments**" shall mean those payments required of Owners who are Association Members, including Regular Assessments, Special Assessments and Limited Assessments. An Association shall have the right to require assessments from Members.

3.3 "**Association**" shall mean an Idaho nonprofit corporation, or its successors, organized and established by Grantor to exercise the powers and to carry out the duties set forth in this Declaration or any Supplemental Declaration. Grantor shall have the power, in Grantor's discretion, to name an Association with a name which fairly reflects an Association's purpose. For purposes of this Declaration, "**Association**" shall include the term "**Master Association**" or "**Local Association**," as the context may dictate.

3.4 "**Association Rules**" shall mean those rules and regulations that may be promulgated by an Association governing conduct upon and use of the Property under the jurisdiction or control of that Association, the imposition of fines and forfeitures for violation of Association Rules and regulations, and procedural matters for use in the conduct of business of an Association.

3.5 "**Board**" shall mean the duly qualified Board of Directors, or other governing board or individual, if applicable, of an Association.

3.6 "**Building Envelope**" shall mean the area within a Building Lot within which a principal structure and accessory structures must be located, always subject to the prior written approval of the Design Committee. Building Envelopes, if any, shall be designated by Grantor by describing such an area on a recorded Plat, reserving Building Envelopes in a deed or other instrument, or by designating Building Envelopes as such in this Declaration, any Supplemental Declaration or the Design Guidelines. If a Building Envelope is not so designated within a Building Lot, then the Building Envelope shall be that portion of the Building Lot located inside the legal setback areas.

3.7 "**Building Lot**" shall mean a lot within Southfork Landing as specified or shown on the Plat upon which Improvements may be constructed. The term "Building Lot" shall not include any Common Area. The term "Building Lot" shall include Condominium Units.

3.8 "**Bylaws**" shall mean the Bylaws of an Association.

3.9 "**Common Area**" shall mean any or all parcels of Common Area and may include, without limitation, all such parcels that are designated as private streets or drives, parking areas or drives, common open space, park areas, common landscaped areas, storage facilities, mailboxes, recreational facilities, other amenities and facilities. Common Area may be established from time to time by Grantor on any portion of the Property by describing such area on a recorded Plat, by granting or reserving Common Area in a deed or other instrument, or by designating Common Area as such in this Declaration or in any Supplemental Declaration. The Common Area may include easement and/or license rights.

3.10 "**Common Expenses**" shall mean the actual and estimated expenses incurred or anticipated to be incurred by an Association for the general benefit of all Members, including any reasonable reserve, as the Board may find necessary and appropriate pursuant to this Declaration, the Bylaws, and the Articles.

3.11 "**Community-Wide Standard**" shall mean the standard of conduct, maintenance, or other activity generally prevailing throughout the Property and Southfork Landing. Such standard may be more specifically determined by the Board and/or the Design Committee.

3.12 "**Condominium Association**" shall mean the condominium owners' association to be formed with respect to Condominium Units pursuant to the Idaho Condominium Property Act, Idaho Code Section 55-1501, *et seq.*, as amended.

3.13 "**Condominium Class A Members**" shall mean the Owners of Condominium Units.

3.14 "**Condominium Documents**" shall mean the declaration, bylaws, and other instruments governing the organization and administration of the condominium project formed or to be formed within the Property.

3.15 "**Condominium Unit**" shall mean a condominium unit within the Property created in accordance with the Idaho Condominium Property Act.

3.16 "**Conservation Area**" or "**Conservation Easement**" shall mean that portion of the Property either described as such on a Plat or as described as such in a document recorded with the Boise County Recorder's Office. CONSERVATION AREA(S) ARE NOT COMMON AREA.

3.17 "**Contribution Agreement**" shall mean that certain Contribution Agreement by and between Grantor and Garden Valley School District #71, a copy of which is attached hereto as **Exhibit B**.

3.18 "**County**" shall mean Boise County, Idaho.

3.19 "**Declaration**" shall mean this Declaration of Covenants, Conditions and Restrictions for Southfork Landing as the Declaration may be amended and/or supplemented from time to time.

3.20 "**Default Rate**" shall mean interest at the rate of two percent (2%) over the prime rate, as quoted by the largest commercial bank in Boise, Idaho, as measured by assets held in Idaho.

3.21 "**Design Committee**" shall mean the Design Committee created by Grantor pursuant to this Declaration.

3.22 "**Design Guidelines**" shall mean the design guidelines and rules promulgated, published, amended and/or supplemented from time to time pursuant to this Declaration.

3.23 "**First Mortgage**" shall mean any Mortgage which is not subordinate to any lien or encumbrance except liens for taxes or other liens which are given priority by statute.

3.24 "**Grantor**" shall mean Eagle Springs Ranch, LLC, an Idaho limited liability company, and Barnes Ventures, Inc., an Idaho corporation, or their successors in interest, or any Person to whom the rights under this Declaration are expressly transferred, in whole or in part, other than a transfer to individual Building Lot Owners, by Grantor or their successors.

3.25 "**Guest House**" shall mean an accessory residential structure with no more than two (2) stories, constructed in compliance with all applicable governmental laws, rules and regulations. The Guest House may be attached to the principal residential structure.

3.26 "**Improvements**" shall mean any structure, facility or system, or other improvement or object, whether permanent or temporary, which is erected, constructed, placed upon or allowed on, under or over any portion of the Property, including, without limitation, residential structures, fences, streets, drives, driveways, parking areas, sidewalks, bicycle paths, curbs, landscape, walls, hedges, plantings, trees, living and/or dead vegetation, rocks, signs, lights, mail boxes, electrical lines, pipes, pumps, ditches, recreational facilities, grading, road construction, utility improvements, removal of trees and other vegetation, and any new exterior construction or exterior improvement which may not be included in the foregoing. Improvement(s) includes both original Improvements existing on the Property on the date hereof and all later changes and Improvements thereto. Improvement does not include turf, shrub, or tree maintenance or replacement. Improvement does include both new construction and any subsequent exterior improvements.

3.27 "**Irrigation System**" shall mean any system designed to deliver non-potable water to Owners for irrigation of their landscaped areas on their Building Lots and to an Association for irrigation of the Common Area, and may include, without limitation, pumps, pipes, treatment packages, detention and/or retention pond(s), and other system equipment.

3.28 "**Limited Assessment**" shall mean a charge against a particular Owner, and such Owner's Building Lot, directly attributable to such Owner, equal to the cost incurred by an Association in connection with corrective action performed pursuant to the provisions of this Declaration and/or any Supplemental Declaration, including, without limitation, damage to any Common Area, or the failure of an Owner to keep such Owner's Building Lot and/or Improvements in proper repair, and including interest thereon as provided in this Declaration and/or a Supplemental Declaration, if applicable.

3.29 "**Local Association**" shall mean and refer to any profit or not for profit Idaho corporation or unincorporated association, or the successors of any of them, organized and established by Grantor pursuant to the terms of this Declaration or a Supplemental Declaration.

3.30 "**Majority in Interest**" shall mean fifty-one percent (51%) or more of the class of membership in question.

3.31 "**Master Association**" shall mean and refer to Southfork Landing Owners Association, Inc., a nonprofit corporation organized under the laws of the State of Idaho, its successors and assigns.

3.32 "**Member**" shall mean each Owner holding a membership in an Association, including Grantor.

3.33 "**Mortgage**" shall mean any mortgage, deed of trust, or other document pledging any portion of the Property or interest therein as security for the payment of a debt or obligation.

3.34 "**Occupant**" shall mean any resident or occupant of a Building Lot other than the Owner, including, without limitation, family members, guests, invitees and/or tenants.

3.35 "**Owner**" shall mean the record owner, whether one or more Persons, including Grantor, holding fee simple interest of record to a Building Lot which is a part of the Property, and buyers under executory contracts of sale, but excluding those Persons having such interest merely as security for the performance of an obligation, unless and until such Person has acquired fee simple title pursuant to foreclosure or other proceedings.

3.36 "**Person(s)**" shall mean any individual, partnership, corporation, trust, estate or other legal entity, including Grantor.

3.37 "**Phase**" shall mean a defined portion of the Property which has been designated as a Phase by Plat and/or recorded Supplemental Declaration. Each Phase shall contain one or more Building Lots, and may, in Grantor's discretion, be managed to the extent permitted herein, or by Supplemental Declaration.

3.38 "**Plat**" shall mean any subdivision plat covering any portion of the Property as recorded in the Boise County Recorder's Office, Boise County, Idaho, as the same may be amended by duly recorded amendments thereof.

3.39 "**Private Amenities**" shall mean certain real property and any facilities, structures and Improvements located thereon that are privately owned and operated by Persons other than Grantor or an Association, for recreational or related purposes. No Person shall possess any right to enter onto or use Private Amenities by virtue of ownership or occupancy of a Building Lot or Condominium Unit or membership in an Association. Rights to use Private Amenities will be granted only to such Persons, and on such terms and conditions, as may be determined by the Owners of such Private Amenities. Such Owners shall have the right in their sole and absolute discretion and without notice to amend or waive the terms and conditions of use of such Private Amenities.

3.40 "**Project Documents**" shall mean the basic documents creating and governing the Property including, without limitation, this Declaration, any Supplemental Declaration(s), Articles and Bylaws of an Association, the Plat, the Design Guidelines and any other procedures, rules or regulations under such documents by Grantor, an Association and/or the Design Committee.

3.41 "**Property**" shall mean those portions of the real property and Improvements thereon made subject to this Declaration, including, without limitation, each lot, Building Lot, parcel and portion thereof and interest therein.

3.42 "**Regular Assessment**" shall mean the portion of the cost of designing, constructing, maintaining, improving, repairing, managing and/or operating all Common Area, including all Improvements located thereon, and the other costs and expenses incurred to conduct the business and affairs of an Association, which costs and assessments are levied against the Building Lot of each Owner by an Association, pursuant to the terms of this Declaration and/or a Supplemental Declaration.

3.43 "**Riparian Easement Area**" shall mean any portion of the Property located within five (5) feet of any Waterway, including those areas that may be shown as such on the Plat.

3.44 "**Sewer System**" shall mean any system designed to deliver sanitary sewer service to Owners, and may include, without limitation, pumps, pipes, treatment packages, detention and/or retention pond(s), and other system equipment

3.45 "**Special Assessment**" shall mean that portion of the cost of the capital improvements or replacements, equipment purchases and/or shortages in Regular Assessments which

are authorized to be paid by each Owner to an Association pursuant to the provisions of this Declaration, or a Supplemental Declaration, if applicable.

3.46 **"Supplemental Declaration"** shall mean any Supplemental Declaration including additional covenants, conditions and restrictions that may be adopted by Grantor or its successors with respect to any portion of the Property.

3.47 **"Water System"** shall mean any system designed to deliver potable water to Owners for culinary and other ordinary domestic household purposes, including irrigation of individual Building Lots, and may include, without limitation, source(s) of water supply, any water and water rights, including groundwater and groundwater rights, ditch and ditch rights, and storage and storage rights owned by Grantor, well lot(s), pumps, regulators, pipes and other delivery system equipment and infrastructure.

3.48 **"Waterway"** shall mean any surface water amenity, including, without limitation, any Lake, pond, stream, canal, lateral, or reservoir, natural or artificial which is located on the Property.

ARTICLE IV: GENERAL AND SPECIFIC RESTRICTIONS

4.1 **Improvements – Generally.** All Improvements are to be designed, constructed and used in such a manner as to promote compatibility between the types of uses contemplated by this Declaration and to maintain the Community-Wide Standard. Specific design and construction guidelines are contained in the Design Guidelines. The Design Guidelines and the general instructions set forth in this Declaration shall govern the right of an Owner, exempting Grantor, to construct, reconstruct, refinish, remove, add, alter or maintain any Improvement upon, under or above the Property, and to make or create any excavation or fill on the Property, or to make any change in the natural or existing surface contour or drainage, or install any utility line or conduit on, under or above the Property, including, without limitation, any Building Lot. All Improvements by any Owner, exempting Grantor, must be pre-approved in writing by the Design Committee prior to such Owner's construction or reconstruction, as the case may be.

No Building Lot shall be improved except as permitted under the Design Guidelines. This Declaration is not intended to serve as authority for the Design Committee to control the interior layout or design of structures except to the extent incidentally necessitated by use, size and height restrictions. This Declaration is intended to serve as authority for the Design Committee to use its judgment to see that all Improvements conform and harmonize with external design, quality and type of construction, architectural character, materials, color, location on the Property, height, grade and finished ground elevation, natural conditions, landscape, and all aesthetic considerations as set forth in this Declaration and in the Design Guidelines.

4.1.1 **Design Committee Review.** No Improvements which will be visible above ground or which will ultimately affect the visibility of any above ground Improvement shall be built, erected, placed or materially altered on or removed from the Property unless and until the building plans, specifications, and site plan have been reviewed in advance by the Design Committee, and the same have been approved in writing. The review and approval or disapproval may be based upon the following factors: design and style elements, mass and form, topography, setbacks, finished ground elevations, architectural symmetry, drainage, color, materials (including mandatory roofing materials), physical or aesthetic impacts on other properties (including Common Area), artistic conformity to the terrain and the other Improvements on the Property, and any and all other factors in connection with the Community-Wide Standard that the Design Committee in its reasonable discretion, deem relevant.

4.1.2 **Setbacks and Heights.** No residential or other structure shall be placed outside of the Building Envelope or built higher than permitted by governmental approvals and/or the Design Committee.

4.1.3 Accessory Structures. No detached storage sheds shall be allowed on any residentially-improved Building Lot without the prior written consent of the Design Committee. No playhouses, playground equipment, pools, pool slides, diving boards, hot tubs, spas, or similar items shall be allowed without the prior written consent of the Design Committee. Basketball courts, backboards, or portable basketball devices, large play equipment including, without limitation, swing sets and trampolines, shall be allowed only with the prior written consent of the Design Committee, and, if so approved, only in the side yard or back yard of any residential Building Lot, provided that such equipment does not promote noise or other nuisance that is offensive or detrimental to other Property in the vicinity of the Building Lot or offensive or detrimental to the Occupants of such other Property.

4.1.4 Garages. All single-family residential structures shall have an attached enclosed garage that holds at least one (1) vehicle and shall be constructed of the same materials and with similar colors and design as the residential structure. Garages shall not be used as living quarters; provided, however, additional living space may be constructed and occupied over a garage so long as the entrance to such area is from within the existing residential structure; such additional living space shall not be considered to be part of the garage. The interior of all garages shall be finished including, without limitation, sheetrock taped, and interior walls textured and painted. Garages shall be used primarily for parking of vehicles; and in no case shall a garage be used as storage such that no space is left for the parking of vehicles in the garage.

4.1.5 Driveways. All access driveways shall have a wearing surface of concrete or other hard surface materials (except for asphalt), and shall be properly graded to assure proper drainage. All such driveway entrances and driveways shall be accented with at least a decorative border application such as concrete pavers or washed or colored concrete. No parking pads shall be permitted on any Building Lot.

4.1.6 Fencing. It is Grantor's desire to create and maintain an open, spacious and natural appearance for Southfork Landing and, therefore, fencing shall be minimal as set forth herein and/or in the Design Guidelines. No fence or hedge situated anywhere upon a Building Lot shall be permitted without the approval of the Design Committee. To ensure that Grantor's desire of creating an open, spacious and natural setting is realized, all permitted fencing, where possible, shall be screened by landscape and other softscape; provided, however, it shall be the preference of Grantor or the Design Committee that, where possible, trees, shrubs, hedges and other landscape be used on a Building Lot in lieu of fencing, and to screen hard surface, dog runs and other non-aesthetic areas. Notwithstanding anything herein to the contrary, a fence constructed immediately adjacent to a swimming pool for the purpose of safety may be at a height required by applicable government agencies and/or the Owner's liability insurer(s). No fencing of any kind are allowed on Common Area.

4.1.7 Lighting. Exterior lighting, including flood lighting, shall be part of the architectural concept of the Improvements on a Building Lot. Each Building Lot shall include, as part of its landscape plan, the placement of a photo-sensitive light in the front yard of a type and size approved by the Design Committee and situated on a column or other structure approved by the Design Committee. Fixtures, standards and all exposed accessories shall be harmonious with building design, restrained in design, excessive brightness avoided with the use of shielded luminaries directed at an angle forty-five degrees or greater and shall be as approved by the Design Committee.

4.2 Exterior Maintenance; Owner's Obligation. No Improvement shall be permitted to fall into disrepair, and each Improvement shall at all times be kept in good condition and repair. In the event that any Owner shall permit any Improvement, including trees and landscape, which is the responsibility of such Owner to maintain, to fall into disrepair so as to create a dangerous, unsafe, unsightly or unattractive condition, or damages property or facilities on or adjoining such Owner's Building Lot, an Association, upon thirty (30) days' prior written notice to the Owner of such Building Lot, shall

have the right to correct such condition, and to enter upon such Owner's Building Lot for the purpose of doing so, and such Owner shall promptly reimburse an Association for the cost thereof. Such cost shall be a Limited Assessment and shall create a lien enforceable in the same manner as other Assessments as set forth herein. The Owner of the offending Building Lot shall be personally liable for the payment of such Limited Assessment, and such Owner's Building Lot may be subject to a lien for all costs and expenses incurred by an Association in taking such corrective acts, plus all costs incurred in collecting the amounts due, if any. Each Owner shall pay all amounts due for such work within ten (10) days after receipt of written demand therefor, or the amounts may, at the option of the Board, be added to the amounts payable by such Owner as Regular Assessments.

4.3 Landscape. The Owner of any Building Lot shall sod and landscape such Building Lot in conformance with the landscape plan approved by the Design Committee. All landscape shall be planted within thirty (30) days after construction of structure(s) is completed, weather permitting. If Grantor or an affiliate of Grantor constructs the structure, only the front yard of the Building Lot is required to be landscaped within thirty (30) days of substantial completion of the structure. The Owner is then responsible for completing the balance of the Building Lot landscape within ninety (90) days after the Building Lot is conveyed to the first Owner of the Building Lot. Additionally, Grantor may grant extensions on the landscape deadlines to any party for up to ninety (90) days. Prior to construction of Improvements, the Owner shall provide adequate irrigation and maintenance of existing trees and landscape, shall control weeds, and maintain the Owner's property in a clean and safe condition free of debris or any hazardous condition. All trees located on common Building Lot lines shall be the joint responsibility of the adjoining Building Lot owners. In order to protect all Waterways in Southfork Landing, under no circumstances shall fertilizers, pesticides, herbicides or other chemicals be placed in, or allowed to flow into, any Waterway.

Each Owner has an obligation at all times to prevent the spread of noxious weeds, including those so designated by the State of Idaho and as set forth in the Design Guidelines. In the event that any Owner shall fail to install and maintain landscape, or shall allow such Owner's landscape to deteriorate to a dangerous, unsafe, unsightly or unattractive condition, including, without limitation, the spread of noxious weeds, an Association, upon thirty (30) days' prior written notice to such Owner, shall have the right to correct such condition and to enter upon such Owner's Building Lot for the purpose of doing so, and such Owner shall promptly reimburse an Association for the cost thereof. Such costs shall be a Limited Assessment and shall create a lien enforceable in the same manner as other Assessments as set forth herein. The Owner of the offending Building Lot shall be personally liable for the payment of such Limited Assessment, and such Owner's Building Lot may be subject to a lien for all costs and expenses incurred by an Association in taking such corrective acts, plus all costs incurred in collecting the amounts due, if any. Each Owner shall pay all amounts due for such work within ten (10) days after receipt of written demand therefor, or the amounts may, at the option of the Board, be added to the amounts payable by such Owner as Regular Assessments.

The Board and/or Design Committee may adopt rules regulating landscape permitted and required around the Waterways. In the event that any Owner shall fail to install and maintain landscape in conformance with such rules or shall allow such Owner's landscape to deteriorate to a dangerous, unsafe, unsightly or unattractive condition or shall reduce the flow of any Waterway, the Board, upon fifteen (15) days' prior written notice to such Owner, shall have the right to correct such condition and to enter upon such Owner's property for the purpose of doing so, and such Owner shall promptly reimburse an Association for the cost thereof. Such cost shall be a Limited Assessment and shall create a lien enforceable in the same manner as other Assessments as set forth in this Declaration.

4.4 Nuisances. No rubbish or debris of any kind shall be buried, burned, placed or otherwise permitted to accumulate anywhere upon the Property, including Common Area or Building Lots, and no odor shall be permitted to arise from any portion of the Property so as to render the Property or any portion thereof unsanitary, unsightly, offensive or detrimental to the Property or to its Owners or Occupants, or to any other property in the vicinity thereof or to its owners or occupants. No unsightly articles shall be permitted to remain on any Building Lot so as to be visible from any other portion of the

Property. Without limiting the generality of the foregoing, refuse, garbage, trash, equipment, gas canisters, propane gas tanks, barbecue equipment, heat pumps, compressors, containers, lumber, firewood, grass, shrub or tree clippings, metals, bulk material, and scrap shall be kept at all times in such containers and in areas approved by the Design Committee. No clothing or fabric shall be hung, dried or aired in such a way as to be visible to any other portion of the Property.

4.5 Trade or Business. An Owner or Occupant of a Building Lot may conduct trade or business activity in or from such Owner's or Occupant's Building Lot so long as: (a) the existence or operation of the trade or business activity is not apparent or detectable by sight, sound or smell from the exterior of the Owner's or Occupant's dwelling on the Building Lot; (b) the trade or business activity conforms to all zoning requirements for the Building Lot; (d) the trade or business activity does not increase the liability or casualty insurance obligation or premium of an Association; and (e) the trade or business activity is consistent with the Community-Wide Standard and does not constitute a nuisance or hazardous or offensive use, as may be determined in the sole discretion of the Board.

The terms "**business**" and "**trade**," as used in this section, shall be construed to have their ordinary generally accepted meanings and shall include, without limitation, any occupation, work, or activity undertaken on an ongoing basis which involves the provision of goods or services to Persons other than the provider's family and for which the provider receives a fee, compensation, or other form of consideration, regardless of whether: (a) such activity is engaged in full- or part-time; (b) such activity is intended to or does generate a profit; and (c) a license is required therefor.

An Owner or Occupant of a Building Lot shall not, without the prior written consent of the Board or the Design Committee, make any structural alterations in or additions to the Owner's or Occupant's dwelling on the Building Lot, make any interior alterations in or additions to such dwelling visible from the exterior of such dwelling, or make any alterations in or additions to the exterior of such dwelling or to any other portion or portions of the Common Area to facilitate such trade or business. Provided, however, the intent of such restriction is not intended to interfere with the original construction or modification of any such dwelling on a Building Lot.

4.6 No Hazardous Activities. No activities shall be conducted on the Property, and no Improvements shall be constructed on the Property, that are or might be unsafe or hazardous to any Person or property. Wood-burning stoves and fireplaces are allowed in Southfork Landing; provided, however, wood burning in Southfork Landing will be banned in Southfork Landing from time to time when the air quality in the vicinity of Southfork Landing is deemed by the Board, in the Board's sole discretion, to justify the mandatory ban.

4.7 No Mining or Drilling. No portion of the Property shall be used for the purpose of blasting, mining, quarrying, drilling, boring or exploring for or removing water, oil, gas or other hydrocarbons, minerals, rocks, stones, sand, gravel or earth. This section shall not prohibit exploratory drilling or coring which is necessary to construct Improvements including, without limitation, water facilities.

4.8 Insurance Rates. Nothing shall be done or kept on the Property and/or any Building Lot that will increase the rate of, or cancel, any insurance on any other portion of the Property without the approval of the Owner(s) of such other portion, nor shall anything be done or kept on the Property and/or any Building Lot that would result in the cancellation of insurance on any portion of the Property owned and/or managed by an Association or which would be in violation of any law.

4.9 Vehicles and Equipment. The use of all vehicles and equipment, including, without limitation, trucks, automobiles, bicycles, motorcycles, recreational vehicles, all-terrain vehicles, motor homes, motor coaches, campers, trailers, snowmobiles, aircraft, boats, snow removal equipment, garden maintenance equipment, and yard maintenance equipment shall be subject to any of the Project Documents that prohibit or limit the use thereof within the Property. Without limiting the foregoing, the following specific restrictions apply:

4.9.1 All on-street parking shall be limited to those specific areas where on-street parking is not expressly prohibited;

4.9.2 Vehicles shall not extend or otherwise be permitted on or into any sidewalk, bicycle path, or pedestrian path, unless such vehicle is engaged in an emergency procedure, or as may be provided elsewhere in the Project Documents;

4.9.3 No commercial vehicles, motor homes, motor coaches, campers, trailers, snowmobiles, aircraft, boats, recreational vehicles, all-terrain vehicles, abandoned or inoperable vehicles (that is, any vehicle which has not been driven under its own propulsion for a period of seven (7) days or longer), oversized vehicles (that is, vehicles which are too high or too wide to clear the entrance of an approved seven (7) foot garage door opening), dilapidated or unrepaired and unsightly vehicles or similar equipment such as snow removal equipment, garden maintenance equipment and all other potentially unsightly equipment and machinery shall be placed upon any portion of the Property including, without limitation, streets, parking areas and driveways, unless the same are enclosed by a structure concealing them from view in a manner approved by the Design Committee;

4.9.4 The use of electronic, gas or other fuel operated gardening, yard or snow removal equipment shall only be allowed from 7:00 a.m. to 8:00 p.m.;

4.9.5 The placement of exhaust fans used for exhausting odors, fumes, dust, or similar substances shall be placed in a location that will not offend or be a nuisance to adjacent Building Lots or their Occupants;

4.9.6 Vehicles of Persons occupying a residence or regularly employed in such residence shall be garaged when not in use and shall not be regularly parked on the streets;

4.9.7 No vehicle shall exceed twenty-five (25) mph in Southfork Landing; and

4.9.8 No all terrain vehicles (ATVs), snowmobiles or similar motorized vehicles shall be allowed in Southfork Landing except when being trailered; provided, however, such restriction does not extend to Grantor or Grantor's agents, employees and/or contractors in connection with the development and/or management of the Project; provided, further, however, such restriction is not intended to prevent the use of motorized vehicles in Southfork Landing by handicapped persons using their typical means of locomotion.

4.10 Animals/Pets. Capturing, trapping, killing, or otherwise engaging in activities that threaten the protection of wildlife within the Property, except in circumstances posing an imminent threat to the safety of Persons and their pets using the Property, and raising, breeding, or keeping of animals, birds, insects, pigeons, poultry or livestock is prohibited. This section is not intended to prohibit the keeping of up to two (2) domesticated dogs, up to two (2) domesticated cats, and other typical household pets which do not unreasonably bother or constitute a nuisance to others. Without limiting the generality of the foregoing, consistent and/or chronic barking by dogs or similar sounds by other household pets shall be considered a nuisance. Each dog or other similar household pet in Southfork Landing shall be kept on a leash, curbed, and otherwise controlled at all times when such animal is off the premises of its owner, and shall be kept in compliance with all applicable state and local laws and ordinances. Such Owner shall clean up and remove any animal defecation immediately from any Common Area or public right-of-way. Failure to do so may result, at the Board's discretion, with a Limited Assessment levied against such Owner for the cost of such service. No dog runs or other outdoor pet enclosures shall be allowed on a Building Lot. Horses may be kept in Southfork Landing in equestrian facilities if so provided in a Supplemental Declaration and subject to the review and approval of such facilities by the Design Committee. Horseback riding shall occur only on trails so designated for equestrian use.

4.11 No Mobile Homes or Temporary Structures. No house trailer, manufactured home, mobile home, tent (other than for short term recreational use), shack or other temporary building, improvement or structure shall be placed upon any portion of the Property, except temporarily as may be required by construction activity undertaken on the Property. Provided, however, that a mobile office may be placed upon a portion of the Property and/or Common Area by Grantor or Grantor's agents and/or employees for the purpose of construction, operation and/or marketing Southfork Landing or other adjacent land until all such construction and/or marketing is complete.

4.12 Grading. All Improvements must be placed on any Building Lot in accordance with the grading plan approved by Boise County, federal guidelines, and guidelines of the Grantor's engineer working on the Development Plan and Project Documents for Southfork Landing. The Owner of any Building Lot within the Property in which grading or other work has been performed pursuant to a grading plan approved under applicable federal, state and/or local laws, ordinances and/or by the Design Committee, shall maintain and repair all graded surfaces and erosion prevention devices, retaining walls, drainage structures, means or devices which are not the responsibility of any public agency, and plantings and ground cover installed or completed thereon. Such requirements shall be subject to Limited Assessments as provided for herein. Each Owner assumes full responsibility, at such Owner's sole cost and expense, for such Owner's and/or any of such Owner's agents', employees' and/or independent contractors' compliance with the regulatory requirements of the U.S. EPA Storm Water Construction General Permit (CGP) in connection with such Owner's Building Lot. Such responsibility includes adherence to and full implementation of the Project's Storm Water Pollution Prevention Plan (SWP3).

Each Owner shall grade and drain such Owner's individual Building Lot (and maintain that grading and drainage) to prevent runoff or drainage of water onto any adjacent Building Lots. Each Owner shall also refrain from using excessive irrigation water that overflows onto adjacent property including, without limitation, an adjacent Building Lot or Common Area. (Excessive irrigation may also cause water to settle into crawl spaces and create numerous problems relating thereto.) Grantor shall have no duty to grade any Building Lots. All grading and elevations shall be done by the respective Owner of each Building Lot. All Building Lots and property thereon shall be graded at the time of initial construction on the Building Lot (and such grading shall be maintained thereafter) so that:

4.12.1 The Building Lot will drain sufficiently away from the foundation of any Improvement with a proper slope to prevent water from entering the crawl space of any structure on such Building Lot;

4.12.2 Drainage will be directed to the side, rear and front yards of such Building Lot and not to any adjacent property including, without limitation, adjacent Building Lots or Common Area; and

4.12.3 Grading and drainage shall comply with all applicable building code requirements, and state and local laws, regulations and codes.

It shall be the specific affirmative duty of each Owner to prevent any water on that Owner's Building Lot from draining onto any other Owner's Building Lot (and/or into any neighboring crawl spaces). In the event that an Owner does not adequately maintain the grade, drainage and slope of such Owner's Building Lot as provided herein, or uses excessive irrigation water, such that water flows off such Owner's Building Lot onto an adjacent property causing damage or injury, the offending Owner may be liable for any damages occurring as a result thereof and may be liable for all of the costs of remedial actions to correct the problem should the offending Owner fail to correct the problem. Any such damage or costs may, at the Board's discretion, be levied against the offending Owner as a Limited Assessment, payable by such Owner in accordance with the terms of this Declaration.

4.13 Drainage. Subject to building codes and other applicable governmental regulations, there shall be no interference with the established drainage pattern over any portion of the Property, unless an adequate alternative provision is made for proper drainage and is first approved in

writing by the Design Committee. For the purposes hereof, "established" drainage is defined as the system of drainage, whether natural or otherwise, which exists at the time the overall grading of any portion of the Property is completed by Grantor, or that drainage which is shown on any plans approved by the Design Committee, which may include drainage from a Common Area over a Building Lot in the Property.

4.14 Signs. No sign of any kind shall be displayed to the public view without the approval of the Design Committee except: (a) such signs as may be used by Grantor in connection with the development of the Property and sale of Building Lots; (b) such temporary signs naming the contractors, the architect, and the lending institution for a particular construction operation that are not placed in Common Area; (c) such signs identifying Southfork, or informational signs, of customary and reasonable dimensions as prescribed by the Design Committee may be displayed on or from the Southfork Common Area; (d) informational signs required by governmental entities; and (e) one (1) sign of customary and reasonable dimensions not to exceed two (2) feet by two (2) feet as may be displayed by an Owner other than Grantor on or from a Building Lot advertising the Building Lot and/or improvements thereon for sale or lease. Without limiting the foregoing, no sign shall be placed in the Southfork Common Area without the approval of the Design Committee.

4.15 Water Supply Systems. No separate or individual water supply system, regardless of the proposed use of the water to be delivered by such system, shall be permitted on any Building Lot unless such system is approved by all governmental authorities having jurisdiction therefor, and designed, located, constructed and equipped in accordance with the requirements, standards and recommendations of the Design Committee, Boise County, and Grantor, so long as Grantor is the Owner of any Building Lots.

4.16 Water Rights Appurtenant to Subdivision Lands. Grantor owns certain water rights which are appurtenant to the Property. Grantor hereby reserves unto itself any and all water and water rights (including, without limitation, groundwater and geothermal water), ditch and ditch rights, and storage and storage rights appurtenant to the Property, and accordingly, the Owner(s) of any Building Lot(s) shall have no right, title or interest in any of such water and water rights, ditch and ditch rights, and storage and storage rights.

Each Owner, by accepting and recording a deed to a Building Lot or by occupying any Building Lot, acknowledges and agrees that: (a) the water has not been transferred from this Property; (b) each Owner of any Building Lot is subject to all Assessments levied by Grantor and/or an Association; (c) each Building Lot Owner shall be responsible for any levies attributable to such Building Lot by Grantor and/or an Association; and (d) water assessments are a lien upon each Building Lot. Each Owner or Occupant of any Building Lot specifically releases and waives any and all claims of any kind against Grantor, its agents, employees, officers, members, directors, successors and assigns, and Association, its agents, employees, officers, members, directors, successors and assigns, relating to irrigation water, or the lack of it, or the quantity or quality of it, in Southfork Landing.

4.17 Buoys, Docks and Piers. No buoy, pier, dock, jetty, bridge or similar structure shall be placed or extended into any Waterway unless so designated by Grantor as part of the overall plan for Southfork Landing.

4.18 Lakes. All lakes constructed in the future on the Property shall be owned, managed, and maintained by the Master Association (the "**Lakes**"). Grantor intends that several Building Lots (the "**Lake Adjacent Lots**"), eventually will be adjacent to Lakes. Each such Building Lot includes a five (5) foot riparian setback from the ordinary high water mark of such Lakes. The ordinary high water mark is the line which water impresses on soil of the Lakes by covering it for sufficient periods of time to deprive the soil of its vegetation. Additional building and maintenance requirements may be imposed upon the Lake Adjacent Lots by the Master Association and/or the Design Committee, and all landscape and any change in the Improvements of such Lake Adjacent Lots requires advance approval by the Design Committee. The Design Committee may adopt rules regulating landscape permitted and/or

required in such riparian setbacks on the Lake Adjacent Lots bordering Lakes. The Master Association, with the approval of the appropriate County or other applicable governmental entity, shall have the right to drain storm water run-off into such man-made Lakes. Catch and release fishing shall be permitted in the Lakes only by Members of an Association or their guests. The fish population in the Lakes shall be monitored by the Board which, in the Board's discretion, in order to control the fish population, may either prohibit fishing or designate time period(s) during which fish caught may be kept rather than released. Under no circumstances shall changes to or diversions from such Lakes reduce the flow of water in such Lakes. Under no circumstances shall fertilizers, pesticides, herbicides or other chemicals be placed in, or allowed to flow into such Lakes.

4.19 Boating and Other Activities. To better preserve the water quality and serenity of the Lakes, the following restrictions apply:

4.19.1 Use of boats, kayaks, canoes and rafts and similar craft on the Lakes is limited to floating, touring and fishing at speeds of no more than fifteen (15) miles per hour;

4.19.2 Boats (not including sail boats), kayaks, canoes, rafts and similar craft on the Lakes may be human-powered but, except for Grantor, no petroleum-based or other gas-powered motors are permitted to be used or placed on or about such reservoirs and Lakes. Grantor or Grantor's employees or agents may operate a petroleum-powered boat for sales presentations or maintenance purposes;

4.19.3 No water skiing, jet skiing or motorized racing boats, and similar craft on the Lakes are permitted on such reservoirs or Lakes; and

4.19.4 No snowmobiling is permitted on the Lakes at any time.

4.20 Wetlands. A portion of Southfork Landing is wetlands subject to the regulatory jurisdiction of the United States Army Corps of Engineers (the "**Corps**"). The Corps requires that Grantor preserve and protect the wetland functions of such wetlands by keeping such wetlands in a natural condition. Grantor has agreed that Grantor, or Grantor's successors and assigns, through this Declaration, shall place certain limitations on the use of such wetlands and affirmative obligations on the Grantor, or the Grantor's successors or assigns, for the protection of such wetlands functions, and in order that such wetlands shall remain substantially in a natural condition forever as may be modified in accordance with a Corps-approved maintenance plan. Grantor, or Grantor's successors or assigns, shall pay all costs associated with the obligation to preserve and protect in perpetuity the natural, ecological, open space and wetland values of such wetlands.

This Declaration prohibits and limits the following activity on, over, under, and across such wetlands, except as otherwise provided herein and by a Corps-approved maintenance plan:

4.20.1 Changing, disturbing, altering, or impairing the natural riparian ecosystem and other natural, ecological or wildlife features or values;

4.20.2 Construction or placing buildings, roads, signs, billboards, or other advertising, utilities, or other structures;

4.20.3 Dumping or placing of soil or other substances or material as landfill, or dumping or placing trash, waste, or other unsightly or offensive materials;

4.20.4 Removal or destruction of live trees, shrubs, or other vegetation, except for the removal of noxious or exotic invasive plant species;

4.20.5 Excavation, dredging, or removal of loam, peat, gravel, soil, rock, or other material substance in such manner as to affect the surface;

4.20.6 Agricultural use, industrial use, or commercial use; and

4.20.7 Using herbicides without prior consent of the Corps.

This Declaration permits the following uses and practices upon the Property, without limitation, and such uses and practices are consistent with and shall be permitted by this Declaration, except for the requirement of prior approval by the Corps where such requirement is expressly provided herein:

4.20.8 Landscape to prevent severe erosion or damage to such wetlands, provided that such landscape is consistent with preserving the natural condition of such wetlands. Severe erosion may occur, for example, from blockages in a Waterway (ice, debris, etc.), failure of irrigation systems above the mitigation area, rodents, vehicular trespass, and other unusual events. Landscape activities to correct, mitigate, or minimize such erosion would normally include replacing or adding additional vegetation species, such as trees, shrubs, vegetation blankets, and topsoil. In emergency situations this would also include erosion fabric and similar geotextiles including waddles. Where the use of hard structural measures is deemed necessary, such as rip rap, the Corps must be contacted for approval prior to initiating the control measure. The Board of the Master Association and/or the Design Committee may adopt rules regulating landscape permitted and/or required in such riparian setback consistent herewith;

4.20.9 Pruning trees and shrubs to prevent health and safety hazards, including, without limitation, fire hazards, site obstructions, and road obstructions;

4.20.10 Any and all construction and maintenance work required by a maintenance plan approved by the Corps;

4.20.11 Use of pesticides in connection with the control of disease vectors;

4.20.12 Entry in the event of emergency situation(s) including, without limitation, fire events; and

4.20.13 All other acts or uses not prohibited by this Declaration, which are consistent with the conservation purposes hereunder. The boundaries of such wetlands shall be indicated by a permanent marker(s) in a manner to make Owners aware of such wetlands.

4.21 Energy Devices; Outside. No energy production devices including, without limitation, solar panels or solar collectors shall be permitted on the Property or on any Building Lot, and energy production devices such as generators of any kind shall be constructed or maintained on any portion of the Property only with the prior written approval of the Design Committee. This section shall not apply to passive solar energy systems incorporated into the approved design of a residential structure or any back-up devices necessary for utility pump stations.

4.22 Antennae. No exterior radio antenna, television antenna, satellite dish antenna or other antenna of any type shall be erected or maintained on the Property unless such is located or screened in a manner acceptable to and approved by the Design Committee.

4.23 No Further Subdivision. No Building Lot may be further subdivided unless expressly approved in writing by Grantor and consistent with all applicable state and local laws and ordinances.

4.24 Leasing. The Owner of a Building Lot shall have the right to lease such Building Lot and structure(s) thereon, subject to the following conditions: (a) all leases shall be in writing; (b) such lease shall be specifically subject to the Project Documents, and any failure of a tenant to comply with the Project Documents shall be a default under the lease; and (c) the Owner shall be liable for any violation of

the Project Documents committed by the tenant of such Owner, without prejudice to the Owner's right to collect any sums from such tenant paid by the Owner on behalf of the tenant.

4.25 Grantor's Right of Development. Nothing contained in this Declaration shall limit the right of Grantor to grant licenses, to reserve rights-of-ways and easements for utility companies, public agencies or others, or to complete excavation, grading and construction of Improvements to and on, under or about any portion of the Property owned by Grantor and/or an Association, or to alter the foregoing and Grantor's construction plans and designs, or to construct such additional Improvements as Grantor deems advisable in the course of development of the Property so long as any Building Lot in the Property and Southfork Landing remains unsold by Grantor. Such right shall include, but shall not be limited to, erecting, constructing and maintaining on the Property and Southfork Landing such structures and displays as may be reasonably necessary for the conduct of Grantor's business of completing the development work and disposing of the Property and Southfork Landing by sales, lease or otherwise. Grantor shall have the right at any time prior to acquisition of title to a Building Lot by a purchaser to grant, establish and/or reserve on that Building Lot additional licenses, reservations and rights-of-way to Grantor, to utility companies, or to others as may from time to time be reasonably necessary for the proper development and disposal of the Property and Southfork Landing. Grantor may use any structures owned by Grantor on the Property and Southfork Landing as model home complexes or real estate sales or leasing offices. Grantor need not seek or obtain from an Association or the Design Committee, approval of any Improvement constructed or placed by Grantor on any portion of the Property and/or Southfork Landing. The rights of Grantor in connection with this Declaration may be assigned by Grantor to any successor in interest in connection with Grantor's interest in any portion of the Property and Southfork Landing, by an express written assignment recorded in the Boise County Recorder's Office.

Grantor, in Grantor's sole discretion and in accordance with all applicable state and local zoning laws, may amend and modify the Development Plan. By acceptance of a deed to any Building Lot or any other property in Southfork Landing, each Owner of such Building Lot thereby acknowledges and agrees the Development Plan for the Property may be amended, modified or changed in Grantor's sole discretion, so long as the Development Plan is consistent with applicable state and local zoning laws. Each Owner by acceptance of a deed to any Building Lot or other property within Southfork Landing agrees that such Owner shall not object to or oppose any development of any portion of the Property and/or Southfork Landing, or other property owned or purchased by Grantor and annexed to the Property in the future. Such agreement not to oppose development is a material consideration to the conveyance of a Building Lot or any portion of the Property by Grantor to any and all Persons.

4.26 Compliance with Laws. Subject to the rights of reasonable contest, each Owner shall promptly comply with the provisions of all applicable laws, regulations, ordinances and other governmental or quasi-governmental regulations with respect to each and every Building Lot and all or any portion of the Property.

ARTICLE V: MASTER ASSOCIATION

5.1 Organization of Master Association. The Master Association shall be initially organized by Grantor as an Idaho nonprofit corporation under the provisions of the Idaho Code relating to nonprofit corporations and shall be charged with the duties and invested with the powers prescribed by law and set forth in the Articles and Bylaws of the Master Association and this Declaration. Neither the Articles nor the Bylaws of the Master Association shall be amended or otherwise changed or interpreted so as to be inconsistent with this Declaration. Grantor grants to the Master Association a revocable, non-exclusive license to use the name "Southfork Landing" for the sole purpose of identifying the Master Association.

5.2 Members of Master Association. The Members shall all be Owners, and no Owner, except Grantor, shall have more than one (1) membership in the Master Association, except as provided below. Memberships in the Master Association shall be appurtenant to the Building Lot or other

portion of the Property owned by such Owner. The memberships in the Master Association may not be terminated and shall not be transferred, pledged, assigned or alienated in any way except upon the transfer of an Owner's title in and to such Building Lot or other portion of the Property owned by such Owner, and then only to the transferee of such title. Any attempt to make a prohibited membership transfer shall be void and shall not be reflected on the books of the Master Association.

5.3 Voting. The Master Association shall have two (2) classes of memberships.

5.3.1 Class A Members. Class A Members shall all be Owners with the exception of Grantor, so long as Grantor is the Class B Member. Class A Members shall be entitled to one (1) vote for each Building Lot owned by such Owner.

5.3.2 Class B Member. Grantor shall be the sole Class B Member, and shall be entitled to ten (10) votes for each of the Building Lots for Southfork Landing, less one (1) vote for each Building Lot owned by a Person other than Grantor. The Class B Member shall cease to be a voting member in the Master Association at the earlier of: (a) the date Grantor ceases to own any of the Building Lots within the Property; or, (b) twenty (20) years from the date this Declaration is recorded with the Boise County, Idaho Recorder's office. This date may be referred to herein as the "**Class B Member Termination Date.**"

5.4 Board of Directors and Officers. The affairs of the Master Association shall be conducted and managed by such officers as the Board may elect or appoint, in accordance with the Articles and Bylaws of the Master Association, as the same may be amended from time to time. The Board shall be comprised of three (3) Members appointed by the Class B Member in the Class B Member's discretion. The Class B Member shall have the right to remove or replace any director, with or without cause, at the Class B Member's sole discretion. After the Class B Member Termination Date, the Board shall be comprised of certain Class A Members, as elected or appointed by all Class A Members or the Board, as set forth in the Bylaws. The Master Association may exercise any right or privilege given to the Master Association expressly by this Declaration and the Project Documents, or as reasonably implied from or reasonably necessary to effectuate any such right or privilege.

5.5 Power and Duties of the Master Association.

5.5.1 Powers. The Master Association shall have all the powers of a nonprofit corporation organized under the nonprofit corporation laws of the State of Idaho subject only to such limitations upon the exercise of such powers as are expressly set forth in the Project Documents, the Articles or the Bylaws, and to do and perform any and all acts which may be necessary, proper, and/or incidental to the proper management and operation of the Master Association's business, Common Area and the Master Association's other assets, including, without limitation, water and water rights, ditch and ditch rights, and water storage and storage rights, when and if received from Grantor, and the performance of the other responsibilities herein enumerated, including, without limitation:

5.5.1.1 Assessments. The power to levy Assessments on behalf of any Owner, or any portion of the Property, pursuant to the restrictions provided in this Declaration, and to enforce payment of such Assessments, all in accordance with the provisions of this Declaration. This power shall include the right of the Master Association to levy Assessments on any Owner or any portion of the Property to cover the operation and maintenance costs of Common Area.

5.5.1.2 Right of Enforcement. The Master Association shall be the primary entity responsible for enforcement of this Declaration. The power and authority from time to time in its own name, on its own behalf, or on behalf of any Owner or Owners who consent thereto, to commence and maintain actions and suits to restrain and enjoin any breach or threatened breach of the Project Documents, and to enforce by injunction or

otherwise, all provisions hereof. The Master Association, after reasonable notice to the offender and/or to the Owner, may remove any Improvement constructed, reconstructed, refinished, removed, added, altered or maintained in violation of this Declaration and/or the Design Guidelines, and the Owner of the Improvements shall immediately reimburse the Master Association for all expenses incurred with such removal. Each violation of this Declaration and the Design Guidelines is hereby declared to be and to constitute a nuisance, and every public or private remedy allowed for such violation by law or equity against an Owner shall be applicable.

5.5.1.3 Delegation of Powers. The authority to delegate its power and duties to committees, officers, employees, or to any Person to act as manager for the maintenance, repair, replacement and operation of any Common Area. The Master Association and the Members of the Master Association shall not be liable for any omission or improper exercise by the manager of any such duty or power so delegated. All contracts for management of any Common Area shall be for a term not exceeding one (1) year, shall be terminable on thirty (30) days' notice with or without cause, and shall be subject to review and approval by the Board.

5.5.1.4 Emergency Powers. The power, exercised by the Master Association or by any Person authorized by the Master Association, to enter upon any portion of the Property (but not inside any Improvement constructed thereon) in the event of any emergency involving illness or potential danger to life or property or when necessary in connection with any maintenance or construction for which the Master Association is responsible. Such entry shall be made with as little inconvenience to the Owner of such portion of the Property as practicable, and any damage caused thereby shall be repaired by the Master Association.

5.5.1.5 Licenses, Easements and Rights-of-Way. The power to grant and convey to any third party such licenses, easements and rights-of-way in, on, under and about Common Area as may be necessary or appropriate for the orderly construction of Improvements, maintenance, preservation and enjoyment of the same, and for the preservation of the health, safety, convenience and the welfare of Owners including, without limitation:

5.5.1.5.1 Underground lines, cables, wires, conduits or other devices for the transmission of electricity or electronic signals for lighting, heating, power, telephone, television or other purposes, and the above ground lighting stanchions, meters, and other facilities associated with the provisions of lighting and services;

5.5.1.5.2 Public or private sewers, septic systems, storm drains, water drains and pipes, water supply systems, sprinkling systems, heating and gas lines or pipes, and any similar public or quasi-public improvements or facilities; and

5.5.1.5.3 Mailboxes and sidewalk abutments around such mailboxes or any service facility, berm, fencing and landscape abutting common area, public and private streets or land conveyed for any public or quasi-public purpose including, without limitation, pedestrian and bicycle pathways.

5.5.1.6 Master Association Rules. The Master Association shall be the primary entity responsible for enforcement of the Master Association Rules. The power to adopt, amend and repeal by majority vote of the Master Association such Master Association Rules and regulations as the Master Association deems reasonable. The Master Association may govern the use of Common Area by Owners, their families,

invitees, licensees, lessees, or contract purchasers, including, without limitation, the use of Common Area for organized recreational activities; provided, however, that the Master Association Rules shall apply equally to all Owners and shall not be inconsistent with this Declaration. A copy of the Master Association Rules as they may from time to time be adopted, amended or repealed shall be mailed or otherwise delivered to each Owner. Upon such mailing or delivery, the Master Association Rules shall have the same force and effect as if they were set forth in and were a part of this Declaration. In the event such Master Association Rules are inconsistent with or less restrictive than any other provisions of this Declaration, the provisions of the Master Association Rules shall be deemed to be superseded by the provisions of this Declaration to the extent of any such inconsistency.

In the promulgation of such Master Association Rules, the Master Association shall have broad discretion and shall endeavor to maintain the Community-Wide Standard. In the event of any challenge to any Master Association Rule, the Master Association Rule shall be upheld unless it is found by clear and convincing evidence to be: (i) in express violation of the Declaration; (ii) in express violation of federal, state or local government law; or (iii) arbitrary, capricious, unreasonable and oppressive.

5.5.1.7 Rights to Common Area. In addition to the other rights of the Master Association in connection with the right to permit use of any recreational facilities situated on the Common Area by Persons other than Owners, their families, lessees and guests upon payment of use fees established by the Master Association. The Master Association may lease any Common Area to a private club composed of such Owners who use the facility, or to a commercial operator, or to Grantor, or to a city or county parks department, or to any other appropriate body, on such terms and conditions as may be agreed to by the Master Association. There is hereby reserved to all authorized users of any portion of the Common Area an easement over the remaining Common Area of the Master Association for direct ingress and egress to and from such Common Area, subject to Master Association Rules and regulations. Further, the Master Association has the right to construct Improvements on the Common Area with the approval of the Design Committee.

5.5.2 Duties. In addition to duties necessary and proper to carry out the power delegated to the Master Association by the Project Documents, without limiting the generality thereof, the Master Association or its agents, if any, shall have the authority and the obligation to conduct all business affairs of the Master Association and to perform, without limitation, each of the following duties:

5.5.2.1 Operation and Maintenance of Common Area. Operate, maintain, and otherwise manage or provide for the operation, maintenance and management of Common Area, including the repair and replacement of property damaged or destroyed by casualty loss and including any signs placed at the entrances to, or otherwise in the vicinity of the Property. The Master Association shall, at Grantor's sole discretion, own and/or operate and/or maintain all properties owned by Grantor which are designated by Grantor for temporary or permanent use by Members of the Master Association. The Common Area cannot be mortgaged or conveyed without the approval of Owners, excluding Grantor, of at least two-thirds (2/3) of the total voting power in the Master Association. If ingress or egress to any Building Lot is through Common Area, any conveyance or encumbrance of Common Area shall be subject to an easement in favor of the Owners of such Building Lots for the purpose of ingress and egress.

5.5.2.2 Reserve Account. Establish and fund a reserve account with a reputable banking institution or savings and loan association or title insurance company authorized to do business in the State of Idaho, which reserve account shall be dedicated

to the costs of repair, replacement, maintenance and improvement of Common Area, the Water System, the Sewer System, the Irrigation System and/or the Waterways;

5.5.2.3 Maintenance of Berms, Retaining Walls, Fences and Waterways. Maintain any berms, retaining walls, fences and Waterways within and abutting any Common Area;

5.5.2.4 Taxes and Assessments. Pay all real and personal property taxes and Assessments separately levied against Common Area, or against other portions of the Property owned by the Master Association. Such taxes and Assessments may be contested or compromised by the Master Association, provided, however, that such taxes and Assessments are paid or a bond insuring payment is posted prior to the sale or disposition of any property to satisfy the payment of such taxes and Assessments. In addition, the Master Association shall pay all other federal, state and/or local taxes, including income or corporate taxes levied against the Master Association;

5.5.2.5 Tax Returns. Timely file any and all tax return(s) with the appropriate governmental entity;

5.5.2.6 Water and Other Utilities. Acquire, provide and/or pay for water, sewer, garbage disposal, refuse and rubbish collection, electrical, telephone and gas and other necessary services for Common Area;

5.5.2.7 Insurance. Obtain insurance from any reputable insurance company authorized to do business in the State of Idaho, and maintain in effect any insurance policy the Board deems necessary or advisable, and to the extent possible to obtain, including, without limitation, the following policies of insurance:

5.5.2.7.1 Fire insurance including those risks embraced by coverage of the type known as the broad form "All Risk" or special extended coverage endorsement on a blanket agreed amount basis for the full insurable replacement value of all Improvements, equipment and fixtures located within Common Area;

5.5.2.7.2 Comprehensive public liability insurance insuring the Board, the Master Association, Grantor, and their agents and employees, invitees and guests of each of the foregoing against any liability incident to the ownership and/or use of Common Area. Limits on liability of such coverage shall be as follows: not less than One Million and No/100 Dollars ($1,000,000.00) per person and One Million and No/100 Dollars ($1,000,000.00) per occurrence with respect to personal injury or death, and One Million and No/100 Dollars ($1,000,000.00) per occurrence with respect to property damage;

5.5.2.7.3 Full coverage directors' and officers' liability insurance with a limit of at least Two Hundred Fifty Thousand and No/100 Dollars ($250,000.00);

5.5.2.7.4 Such other insurance, including motor vehicle insurance and worker's compensation insurance, to the extent necessary to comply with all applicable laws, indemnity, faithful performance, fidelity and/or other bonds as the Board shall deem necessary or required to carry out the Master Association functions or to insure the Master Association against loss from malfeasance or dishonesty of any employee or other Person charged with the management or possession of the Master Association funds or other property;

5.5.2.7.5 The Master Association shall be deemed trustee of the interests of all Owners in connection with any insurance proceeds paid to the Master Association under such policies, and shall have full power to receive such Owner's interests in such proceeds and to deal therewith; and

5.5.2.7.6 Insurance premiums for the above insurance coverage shall be deemed a common expense to be included in the Regular Assessments levied by the Master Association.

5.5.2.8 Newsletter. If the Master Association so elects, prepare and distribute a newsletter on matters of general interest to Master Association Members, the cost of which shall be included in Regular Assessments;

5.5.2.9 Design Committee. Appoint and remove members of the Design Committee following Grantor's relinquishment of right to appoint as provided further herein, and subject to the provisions of this Declaration; and

5.5.2.10 Enforcement of Restrictions and Rules. Perform such other acts, whether or not expressly authorized by this Declaration, as may be reasonably advised or necessary including, without limitation, the recordation of any claim of lien with the Boise County Recorder's Office, as more fully provided herein, to enforce any of the provisions of the Project Documents and any and all State or local laws, ordinances, rules and regulations.

5.6 Annual Meeting. The Master Association shall hold an annual meeting each year and the first annual meeting shall be held during the month of May of the first calendar year following the first sale of a Building Lot in the Property. Subsequent regular annual meetings of the Master Association shall be held as provided in the Bylaws of the Master Association. Special meetings may be called as provided for in the Bylaws of the Master Association. Notice of annual or special meetings of the Master Association shall be delivered to all Members of the Master Association as provided in the Bylaws of the Master Association. All meetings shall be held within the Property or as close thereto as practicable at a reasonable place selected by the Board. All Members of the Master Association are encouraged to attend all annual and special meetings of the Master Association.

5.7 Budgets and Financial Statements. Financial statements for the Master Association shall be prepared regularly and, upon request, copies shall be distributed to each Member of the Master Association as follows:

5.7.1 A pro forma operating statement or budget for each fiscal year of the Master Association shall be available for distribution not less than sixty (60) days before the beginning of each fiscal year. The operating statement shall include a schedule of Assessments received and receivable; and

5.7.2 Within ninety (90) days after the close of each fiscal year, the Master Association shall cause to be prepared and available to each Owner, a balance sheet as of the last day of the Master Association's fiscal year for the Master Association and annual operating statements reflecting the income and expenditures of the Master Association for their fiscal last year. Copies of the balance sheet and operating statement shall be available for distribution to each Member within ninety (90) days after the end of each fiscal year. Costs incurred in preparing and distributing the annual operating statements shall be included in the Regular Assessments payable by the Owners.

5.8 Manager. The Master Association may employ or contract for the services of a professional manager or management company, provided that no such employment or contract shall have a term of more than one (1) year, and each such contract shall be subject to cancellation by the

Master Association upon thirty (30) days' notice, with or without cause, and without payment of a termination fee. The professional manager so employed or contracted with shall not have the authority to make expenditures chargeable against the Master Association except upon specific prior written approval and direction by the Board. The Board shall not be liable for any omission or improper exercise by such a professional manager of any such duty, power or function so delegated by or on behalf of the Board.

5.9 Personal Liability. No Member of the Board, or Member of any committee of the Master Association, or any officer of the Master Association, or Grantor, or the manager, if any, shall be personally liable to any Owner, or to any other party including, without limitation, the Master Association, for any damage, loss or prejudice suffered or claimed on the account of any act, omission, error or negligence of the Master Association, the Board, the manager, if any, or any officer, committee, or other representative or employee of the Master Association, Grantor or the Design Committee, provided that such Person, upon the basis of such information as may be possessed by such Person, has acted in good faith without willful or intentional misconduct or gross negligence.

5.10 Security. The Master Association may, but shall not be obligated to, maintain or support certain activities within the Property designed to make the Property safer than otherwise might be without the maintenance of such activities. Neither the Master Association, Grantor, nor any successor of Grantor shall in any way be considered insurers or guarantors of security within the Property, nor shall any of them be held liable for any loss or damage by reason of failure to provide adequate security or of ineffectiveness of security measures undertaken. No representation or warranty is made that any fire protection system, burglar alarm system or other security system cannot be compromised or circumvented, or that any such systems or security measures undertaken will in all cases prevent loss or provide the detection or protection for which the system is designed or intended. Each Owner acknowledges that the Master Association, Grantor, and any successor of Grantor are not insurers and that each Person using the Property assumes all risks for loss or damage to Persons, property, Building Lots, Common Area, and to the contents of Building Lots resulting from acts of third parties.

ARTICLE VI: LOCAL ASSOCIATIONS

6.1 Creation by Grantor. Grantor may create Local Association(s) as profit or nonprofit corporations under the laws of the State of Idaho or may create such Local Associations as any unincorporated entity which Grantor deems appropriate. Grantor may, in Grantor's discretion, create a Local Association by means of a Supplemental Declaration, or create such a Local Association by means of separate instruments.

6.2 Management, Powers and Duties. Each Local Association shall be managed in the same manner specified in the applicable Supplemental Declaration or other instrument and/or in the Articles and the Bylaws of the Local Association, shall have the same powers, rights, obligations and duties and be subject to the same limitations and restrictions, including levying assessments, adopting rules and regulations, granting easements, managing property, paying expenses, taxes, assessments, utility charges, consulting fees and insurance premiums as are provided for herein for the Master Association, except as modified herein or by a Supplemental Declaration. The Board members, officers, managers and Grantor shall be free of personal liability as to the Local Association in the same manner as described herein with respect to the Master Association.

6.3 Membership. Where a Local Association is created, the members thereof shall be all the Owners of Building Lots, including Grantor, while Grantor remains an Owner, in the respective Property designated in the applicable Supplemental Declaration or other instrument. Memberships may be transferred only in the same manner as provided for memberships in the Master Association.

6.4 Voting Rights. The Members of each Local Association shall have such voting rights as may be specified in the applicable Supplemental Declaration or other instrument and/or in the Articles and the Bylaws of the Local Association.

ARTICLE VII: RIGHTS TO COMMON AREA

7.1 Use of Common Area. Every Owner, unless expressly designated otherwise by Grantor in a Supplemental Declaration, shall have a right to use each parcel of Common Area, which right shall be appurtenant to and shall pass with the title to every Building Lot subject to the following provisions:

7.1.1 The right of an Association holding or controlling such Common Area to levy and increase Assessments for the construction, protection, maintenance, repair, management and operation of Improvements on Common Area, including the right to Special Assessments;

7.1.2 The right of an Association to suspend the voting rights and rights of use, or interest in, Common Area by an Owner for any period during which any Assessment or charge against such Owner's Building Lot remains unpaid;

7.1.3 The right of an Association to dedicate or transfer all or any part of Common Area to any public agency, authority or utility or other Person as provided further herein;

7.1.4 The right of an Association to prohibit the construction of Improvements on all Common Area;

7.1.5 The right of an Association to adopt rules regulating the use and enjoyment of the Common Area, including rules restricting use of the Common Area to Owners or Occupants of Building Lots and their tenants, employees, family, guests or invitees, and rules limiting the number of guests who may use the Common Area;

(a) There is hereby reserved to all authorized users of any portion of the Common Area an easement over the remaining Common Area of an Association for direct ingress and egress to and from such Common Area being used; and

(b) Except for mortgages or conveyances made by Grantor, the Common Area cannot be mortgaged or conveyed without the approval of Owners of at least two-thirds (2/3) of the total voting power in an Association. If ingress or egress to any Building Lot is through Common Area, any conveyance or encumbrance of Common Area shall be subject to an easement of Owners of such Building Lots for the purpose of ingress and egress.

(c) Any restrictions or limitations contained in any deed conveying Common Area to an Association;

(d) The right of the Board to permit the use of Common Area, or recreational facilities that may be situated on the Common Area, by Persons other than Owners, with or without the payment of use fees; and

(e) The right of Grantor to place utilities and establish easements within Common Area.

7.2 Designation of Common Area. Grantor shall designate and reserve Common Area in the Declaration, Supplemental Declaration(s) and/or recorded Plats, deeds or other instruments.

7.3 Delegation of Right to Use. Any Owner may delegate, in accordance with the Project Documents, such Owner's right of enjoyment to Common Area to the members of such Owner's family in residence and such Owner's tenants or contract purchasers.

7.4 Damages. Each Owner shall be fully liable for any damage to any Common Area which may be sustained by reason of the negligence or willful misconduct of the Owner, such Owner's tenant or contract purchaser, or such Owner's family or guests, both minor and adult. In the case of joint ownership of a Building Lot, the liability of such Owners shall be joint and several. The cost of correcting such damage shall be a Limited Assessment against such Owner(s) Building Lot(s) and may be collected as provided herein for the collection of other Assessments.

ARTICLE VIII: PRIVATE STREETS

All streets, roads and drives within the Property shall be private unless dedicated to the County or other governmental entity, in whole or in part, by a written declaration by Grantor (or an Association if such streets, roads and drives, in whole or in part have been transferred to such Association) and accepted by the County or other governmental entity. Neither the County nor other governmental entity shall have responsibility for maintenance, repair or upkeep of any such streets, roads and drives unless, and to the extent, such responsibility is accepted in writing by the County or other governmental entity. Grantor shall complete construction of such streets, roads and drives to the standard approved by the County. Such streets, roads and drives shall be transferred to the applicable Association upon completion, or within 120 days after the sale of the first Building Lot in a Phase within which such streets, roads and drives are located, whichever shall last occur. Thereafter, the Association shall be solely responsible for the maintenance, repair and upkeep of such streets, roads and drives. Grantor hereby reserves any and all rights in such streets, roads and drives as is necessary and expedient to complete development of the Property.

ARTICLE IX: ASSESSMENTS

9.1 Covenant to Pay Assessments. By acceptance of a deed to any Building Lot, each Owner of such Building Lot, thereby covenants and agrees to pay when due all Assessments or charges made by an Association, including all Regular Assessments, Special Assessments and Limited Assessments and charges made against such Owner pursuant to the provision of this Declaration, any Supplemental Declaration or other applicable Project Document.

9.1.1 Assessment Constitutes Lien. Such Assessments and charges together with late charge(s), interest, costs and reasonable attorneys' fees which may be incurred in collecting the same, shall be a continuing lien upon the Property or any portion thereof against which each such Assessment or charge is made.

9.1.2 Assessment is Personal Obligation. Each such Assessment, together with late charge(s), interest, costs and reasonable attorneys' fees, shall also be the personal obligation of the Owner of such property beginning with the time when the Assessment falls due. No Owner shall be exempt from such obligation by a waiver of the use and enjoyment of Common Area or by lease or abandonment of such Owner's Building Lot.

No Owner may exempt such Owner from liability for Assessments, by nonuse of Common Area, abandonment of such Owner's Building Lot, or any other means. The obligation to pay Assessments is a separate and independent covenant on the part of each Owner. No diminution or abatement of Assessments or set-off shall be claimed or allowed for any alleged failure of an Association or Board to take some action or perform some function required of it, or for inconvenience or discomfort arising from the making of repairs or improvements, or from any other action it takes.

9.2 Date of Commencement of Assessments. The obligation to pay Assessments shall commence as to each Building Lot on the first day of the month following: (a) the month in which the Building Lot is made subject to this Declaration; or (b) the month in which the Board first determines a budget and levies Assessments pursuant to this Article, whichever is later. The first annual Regular

Assessment levied on each Building Lot shall be adjusted according to the number of months remaining in the fiscal year at the time Assessments commence on the Building Lot.

9.3 Uniform Rate of Assessment. All Assessments must be fixed at a uniform rate for each Building Lot that is not otherwise exempted from payment pursuant to the terms of the section immediately below.

9.4 Exempt Property. The following property shall be exempt from payment of Regular Assessments and Special Assessments:

(a) All Common Area;

(b) Any Property dedicated to and accepted by any governmental authority or public utility; and

(c) Any Conservation Area or Conservation Easement.

9.5 Capitalization of Association. Upon acquisition of record title to a Building Lot by the first Owner thereof other than Grantor or a builder, a contribution shall be made by or on behalf of the purchaser to the working capital of the applicable Association(s) in an amount equal to one-half (1/2) of annual Regular Assessment per Building Lot for that year. This amount shall be in addition to, not in lieu of, the annual Regular Assessment and shall not be considered an advance payment of such Assessment. This amount shall be deposited into the purchase and sales escrow and disbursed therefrom to the applicable Association(s) for use in covering operating expenses and other expenses incurred by the applicable Association(s) pursuant to the terms of this Declaration and the Project Documents.

9.6 Regular Assessments. All Owners are obligated to pay Regular Assessments to the treasurer of an Association on a schedule of payments established by the Board.

9.6.1 Purposes of Regular Assessments. The proceeds from Regular Assessments are to be used for all costs and expenses incurred by an Association, including attorneys' fees and other professional fees, for the conduct of such Association's affairs, including, without limitation, the costs and expenses of construction, improvement, protection, maintenance, repair, management and operation of Common Area, including all Improvements located on such areas owned and/or managed and maintained by an Association (the "**Operating Expenses**"), and an amount allocated to an adequate reserve fund to be used for repair, replacement, maintenance and improvement to those elements of Common Area, or other property of an Association that must be replaced and maintained on a regular basis (the "**Repair Expenses**"). The Operating Expenses and the Repair Expenses are collectively referred to herein as the "**Expenses**."

9.6.2 Computation of Regular Assessments. Until such time as one hundred percent (100%) of the Building Lots in the Property have been initially conveyed by Grantor, Grantor shall fix the amount of the Regular Assessments beginning on the first day of the month following the conveyance of the first Building Lot by Grantor. Thereafter, Grantor shall fix the amount of the Regular Assessments at least thirty (30) days before the beginning of the next fiscal year. At such time as one hundred percent (100%) of the Building Lots have been initially conveyed by Grantor, an Association shall compute the amount of its Expenses on an annual basis. The Board shall compute and levy the amount of Regular Assessments owed by the Board's Members for the first fiscal year within six (6) months following the month in which the closing of the first sale of a Building Lot occurs in the Property for the purposes of an Association's Regular Assessment ("**Initiation Date**"). Thereafter, the computation of Regular Assessments by an Association shall take place not less than thirty (30), nor more than sixty (60), days before the beginning of each fiscal year of an Association. The computation of the Regular Assessment for the period from the Initiation Date until the beginning of the next fiscal year shall

be reduced by an amount which fairly reflects the fact that such period was less than one (1) year. An Association is specifically authorized to enter into subsidy contracts or contracts for "in kind" contribution of services, materials, or a combination of services and materials with Grantor or other entities for payment of Expenses.

If the proposed budget is disapproved or the Board fails for any reason to determine the budget for any year, then until such time as a budget is determined, the budget in effect for the immediately preceding year shall continue for the current year. The Regular Assessment shall be set at a level which is reasonably expected to produce total income for an Association equal to the total budgeted expenses, including reserves. In determining the level of Assessments, the Board, in its discretion, may consider other sources of funds available to an Association. In addition, the Board shall take into account the number of Building Lots subject to Assessment on the first day of the fiscal year for which the budget is prepared and the number of Building Lots reasonably anticipated to become subject to Assessment during the fiscal year.

9.6.3 Amounts Paid by Owners. The Board may require, in its discretion or as provided in the Project Documents, payment of Regular Assessments to an Association in monthly, quarterly, semi-annual or annual installments. Regardless of the installment schedule adopted by the Board, the Board may bill for Assessments monthly, quarterly, semi-annually or annually, at its sole discretion. The Regular Assessments to be paid by any particular Owner, except for Grantor, for any given fiscal year shall be:

(a) An amount computed by multiplying an Association's total advance estimate of Expenses by the fraction produced by dividing the number of Building Lots owned by an Owner other than Grantor by the total number of Building Lots in the Property subject to this Declaration.

(b) In addition, upon any transfer of a Building Lot by an Owner to any purchaser other than Grantor, such Owner shall pay an Association a fee for the transfer of any Building Lot in an amount reasonably based on the costs to an Association in connection with the transfer the transfer.

9.7 Grantor's Obligation for Assessments. While Grantor is a Class B Member, Grantor may annually elect either to pay Regular Assessments on its unsold Building Lots, or to pay the difference between the amount of Assessments collected on all other Building Lots subject to Assessment and the amount of actual expenditures by an Association during the fiscal year. Unless Grantor otherwise notifies the Board in writing at least sixty (60) days before the beginning of each fiscal year, Grantor shall be deemed to have elected to continue paying on the same basis as during the immediately preceding fiscal year. Regardless of such election, an Association shall have a lien against all Building Lots owned by Grantor to secure Grantor's obligations under this section, which lien shall have the same attributes and shall be enforceable in the same manner as an Association's lien against other Building Lots under this Article. Grantor's obligations and/or payments hereunder may be satisfied, at Grantor's election, in the form of cash or by "in kind" contributions of services or materials, or by a combination of these.

So long as Grantor has the right unilaterally to annex additional property pursuant hereto, Grantor may, but shall not be obligated to, make payment of a subsidy (in addition to any amounts paid by Grantor under this section), which may be either a contribution, an advance against future Assessments due from Grantor, or a loan, in Grantor's discretion. Any such subsidy and the nature thereof shall be conspicuously disclosed as a line item in the expense budget and shall be made known to the Member. The payment of such subsidy in any year shall, under no circumstances, obligate Grantor to continue payment of such subsidy in future years, unless otherwise provided in a written agreement between an Association and Grantor.

9.8 Special Assessments.

9.8.1 Purpose and Procedure. In the event that the Board determines that the Regular Assessment for a given calendar year is or will be inadequate to meet the Expenses for any reason, including, without limitation, costs of construction, improvement, protection, maintenance, repair, management and operation of Improvements upon Common Area, attorneys' fees and/or litigation costs, other professional fees, or for any other reason, the Board shall determine the approximate amount necessary to defray such Expenses and levy a Special Assessment against the portions of the Property within the Board's jurisdiction which shall be computed in the same manner as Regular Assessments. The Board shall, in its discretion, determine the schedule under which such Special Assessment shall be paid.

9.8.2 Consistent Basis of Assessment. Every Special Assessment levied by and for an Association shall be levied and paid upon the same basis as that prescribed for the levying and payment of Regular Assessments for an Association. Owners of Property in any particular Phase may request that an Association provide a higher level of service or special services for the benefit of Building Lots in such Phase and, upon the affirmative vote, written consent, or a combination thereof, of Owners of a majority of Building Lots within such Phase, an Association shall provide the requested services. The cost of such services shall be assessed against the Building Lots within such Phase as a Special Assessment.

9.9 Limited Assessments. Notwithstanding the above provisions with respect to Regular Assessments and Special Assessments, the Board may levy a Limited Assessment against a Member as a remedy to reimburse an Association for costs incurred in bringing the Member and/or such Member's Building Lot into compliance with the provisions of this Declaration or the Project Documents or for damage caused by the Owner, or any of such Owner's family, representatives or invitees, to any Common Area or any other portion of the Property.

9.10 Assessment Period. Unless otherwise provided in the Project Documents, the Assessment period for all Assessments shall be determined by the Board. The first Assessment shall be pro-rated according to the number of months remaining in the fiscal year and shall be payable in equal monthly, quarterly, semi-annually or annually installments, as determined by the Board.

9.11 Notice and Assessment Due Date. Thirty (30) days' prior written notice of Regular Assessments and Special Assessments shall be sent by an Association to the Owner of every Building Lot subject thereto, and to any Person in possession of such Building Lot. The due dates for installment payments of Regular Assessments and Special Assessments shall be the first day of the month unless some other due date is established by the Board. Each installment of the Regular Assessment or Special Assessment shall become delinquent if not paid within ten (10) days after the same is due. There may accrue, solely at the Board's discretion, on each delinquent installment payment a late charge equal to ten percent (10%) of the delinquent installment. In addition, there may accrue, solely at the Board's discretion, on each installment payment delinquent for more than twenty (20) days, interest at eighteen percent (18%) per annum calculated from the date of delinquency through and including the date full payment is received by an Association. An Association may bring an action against the delinquent Owner and may foreclose the lien against such Owner's Building Lot as more fully provided herein.

9.12 Reserve Budget and Capital Contribution. The Board shall annually prepare reserve budgets for general purposes which take into account the number and nature of replaceable assets, the expected life of each asset, and the expected repair or replacement cost of any asset requiring repair or replacement. The Board shall set the required capital contribution in an amount sufficient to permit meeting the projected needs of an Association, as shown on the budget, with respect to both amount and timing by annual Regular Assessments over the budget period.

9.13 Estoppel Certificate. An Association, upon at least twenty (20) days' prior written request, shall execute, acknowledge and deliver to the party making such request, a statement in writing stating whether, to the knowledge of an Association, a particular Owner is in default under the provisions of this Declaration, and further stating the dates through which any Assessments have been paid by such Owner. Any such statement delivered pursuant to this section may be relied upon by any prospective purchaser or mortgagee of such Owner's Building Lot.

9.14 Special Notice and Quorum Requirements. Notwithstanding anything to the contrary contained in the Project Documents, written notice of any meeting called for the purpose of levying a Special Assessment by an Association, or for the purpose of obtaining a membership vote in connection with an increase in the Regular Assessment, shall be sent to all Members of an Association and to any Person in possession of a Building Lot, not less than fifteen (15) days nor more than thirty (30) days before such meeting. At the first such meeting called, the presence of voting Members or of proxies entitled to cast sixty percent (60%) to the total votes of an Association shall constitute a quorum. If such quorum is not present, subsequent meetings may be called subject to the same notice requirements, and the required quorum at the subsequent meetings shall be fifty percent (50%) of the quorum required at the preceding meeting. No such subsequent meeting shall be held more than thirty (30) days following the preceding meeting.

ARTICLE X: ENFORCEMENT OF ASSESSMENTS; LIENS

10.1 Right to Enforce. An Association has the right to collect and enforce Assessments pursuant to the provisions hereof. Each Owner of a Building Lot, upon becoming an Owner of such Building Lot, shall be deemed to covenant and agree to pay each and every Assessment provided for in this Declaration and agrees to the enforcement of all Assessments in the manner herein specified. In the event an attorney or attorneys are employed for the collection of any Assessment, whether by suit or otherwise, or to enforce compliance with or specific performance of the terms and conditions of this Declaration, each Owner agrees to pay reasonable attorneys' fees in addition to any other relief or remedy obtained against such Owner. The Board or its authorized representative(s) may enforce the obligations of Owners to pay such Assessments by commencement and maintenance of a suit at law or in equity to enforce the liens created hereby. A suit to recover a money judgment for an unpaid Assessment shall be maintainable without foreclosing or waiving the lien hereinafter provided.

10.2 Assessment Liens.

10.2.1 Creation. There is hereby created a claim of lien on each and every Building Lot to secure payment of any and all Assessments levied against such Building Lot pursuant to this Declaration together with interest thereon at the Default Rate and all costs of collection which may be paid or incurred by an Association making the Assessment in connection therewith, including reasonable attorneys' fees. All sums assessed in accordance with the provisions of this Declaration shall constitute a lien on such respective Building Lots upon recordation of a claim of lien with the Boise County, Idaho Recorder's Office. Such lien shall be prior and superior to all other liens or claims created subsequent to the recordation of the notice of delinquency and claim of lien except for tax liens for real property taxes on any Building Lot and Assessments on any Building Lot in favor of any municipal or other governmental assessing body which, by law, would be superior thereto.

10.2.2 Claim of Lien. Upon default of any Owner in the payment of any Regular Assessment, Special Assessment or Limited Assessment issued hereunder, an Association may cause to be recorded in the Boise County, Idaho Recorder's Office a claim of lien. The claim of lien shall state the amount of such delinquent sums and other authorized charges (including the cost of recording such notice), a sufficient description of the Building Lot(s) against which the same have been assessed, and the name of the record Owner thereof. Each delinquency shall constitute a separate basis for a notice and claim of lien, but any number of defaults may be included within a single notice and claim of lien. Upon payment to an Association of such

delinquent sums and charges in connection therewith or other satisfaction thereof, an Association shall cause to be recorded a further notice stating the satisfaction of relief of such delinquent sums and charges. An Association may demand and receive the cost of preparing and recording such release before recording the same.

10.3 Method of Foreclosure. Such lien may be foreclosed by appropriate action in any court of competent jurisdiction or as otherwise permitted by law.

10.4 Subordination to Certain Trust Deeds. The lien for the Assessments provided for herein in connection with a given Building Lot shall not be subordinate to the lien of any deed of trust or mortgage except the lien of a First Mortgage given and made in good faith and for value that is of record as an encumbrance against such Building Lot prior to the recordation of a claim of lien for the Assessments. Except as expressly provided in this section, with respect to a first mortgagee who acquires title to a Building Lot, the sale or transfer of any Building Lot shall not affect the Assessment lien provided for herein, nor the creation thereof by the recordation of a claim lien, on account of the Assessments becoming due whether before, on, or after the date of such sale or transfer, nor shall such sale or transfer diminish or defeat the personal obligation of any Owner for delinquent Assessments as provided for in this Declaration.

ARTICLE XI: INSPECTION OF AN ASSOCIATION'S BOOKS AND RECORDS

11.1 Member's Right of Inspection. The membership register, books of account and minutes of meetings of the Board and committees of an Association shall be made available for inspection and copying by any Member of such Association or by such Member's duly appointed representatives, at any reasonable time and for a purpose reasonably related to such Member's interest as a Member at the office of an Association or at such other place as the Board of such Association shall prescribe. No Member or any other Person shall copy the membership register for the purposes of solicitation of or direct mailing to any Member of such Association.

11.2 Rules Regarding Inspection of Books and Records. The Board of an Association shall establish reasonable rules with respect to: (a) notice to be given to the custodians of the records by the Persons desiring to make the inspection; (b) hours and days of the week when such inspection may be made; and (c) payment of the cost of reproducing copies of documents requested pursuant to this Article.

11.3 Director's Rights of Inspection. Every director of the Board of an Association shall have the absolute right at any reasonable time to inspect all books, records and documents of such Association, and the physical properties owned or controlled by such Association. The right of inspection by a director includes the right to make extracts and copies of documents.

ARTICLE XII: DESIGN COMMITTEE

12.1 Design Committee Creation; Right of Appointment. Before the date on which Grantor first conveys a Building Lot to an Owner, Grantor shall appoint at least three (3) and no more than five (5) Persons to serve on the Southfork Landing Design Committee, which Design Committee shall have exclusive jurisdiction over all original construction on any portion of the Property or any other real property annexed as provided further in this Article. Until one hundred percent (100%) of the Property has been developed and conveyed to Owners other than builders, Grantor retains the right to appoint all members of the Design Committee who shall serve at Grantor's discretion. There shall be no surrender of Grantor's right to appoint the Members of the Design Committee unless a written instrument in recordable form surrendering such right is executed by Grantor and recorded in the official records of Boise County. Upon the expiration of such right, the Board shall appoint the members of the Design Committee, who shall serve and may be removed at the Board's discretion. A member of the Design Committee need not be an Owner. Members of the Design Committee may be removed by the Person or entity appointing them at any time without cause. The actions of the Design Committee in the exercise of

its discretion by its approval or disapproval of the proposed Improvements on the Property, or with respect to any other matter before it, shall be conclusive and binding on all interested parties.

12.2 Appointment of Design Committee Representative. The Design Committee may appoint in writing one (1) of its members to act as its designated representative (the "**Committee Representative**"). The Committee Representative may be delegated all duties and obligations of the Design Committee. In the event a Committee Representative is appointed, it is intended that the Design Committee shall look to the Committee Representative to perform all functions of the Design Committee; provided, however, the Design Committee shall make all final determinations and decisions regarding all duties and obligations of the Design Committee. Any action or decision made by a majority of the members of the Design Committee shall be a binding decision of the entire Design Committee.

12.3 Improvements Generally. No Improvements on any portion of the Property shall be constructed, reconstructed, placed or removed from the Property without prior written consent of the Design Committee. The Design Guidelines shall be used by the Design Committee to ensure that all Improvements conform and harmonize as to external design, quality and type of construction, architectural character, materials, color, location on the Building Lot, height, grade and finish ground elevation, natural conditions, landscape and all aesthetic considerations, including guidelines designed to protect the special qualities and Community-Wide Standard of Southfork Landing, and to encourage creative design, by providing general architectural, design and construction guidelines (including Building Envelope guidelines), landscape guidelines (including a description of existing, natural conditions and vegetation), submittal and review procedures, and fees and charges for review. In the event of a conflict between the Design Guidelines and this Declaration, this Declaration shall govern. The content of the Design Guidelines may be modified and amended from time to time as provided in the Design Guidelines, and in all events may be modified and changed by a majority vote of the Board. Nothing contained in this section shall limit any Owner's obligation and duty to ensure that such Owner's Building Lot Improvements are in compliance with this Declaration, any Supplemental Declaration, the Design Guidelines, any other Project Documents or applicable state or local laws.

12.4 Review of Proposed Construction. The Design Committee shall consider and act upon any and all proposals or plans and specifications submitted for its approval pursuant to this Declaration, and perform such other duties as from time to time shall be assigned to it by the Board, including the inspection of construction in progress to assure its conformance with plans approved by the Design Committee. The Board shall have the power to determine, by rule or other written designation consistent with this Declaration, which types of Improvements shall be submitted for Design Committee review and approval. The Design Committee shall have the power to hire an architect, licensed with the State of Idaho, to assist the Design Committee in its review of proposals or plans and specifications submitted to the Design Committee. The Design Committee shall approve proposals or plans and specifications submitted for Design Committee approval only if the Design Committee deems that the construction, alterations or additions contemplated thereby in the locations indicated will not be detrimental to the appearance of the surrounding area of the Property as a whole, that the appearance of any structure affected thereby will be in harmony with the surrounding structures, and that the upkeep and maintenance thereof will not become a burden on an Association.

12.4.1 Conditions of Approval. The Design Committee may condition its approval of proposals or plans and specifications upon such changes therein as it deems appropriate, and/or upon the agreement of the Owner submitting the same ("**Applicant**") to grant appropriate easements to an Association for the maintenance thereof, and/or upon the agreement of the Applicant to reimburse an Association for the cost of maintenance, and may require submission of additional plans and specifications or other information before approving or disapproving material submitted.

12.4.2 Rules and Guidelines; Application Fees. The Design Committee also may establish rules and/or guidelines setting forth procedures for and the required content of the applications and plans submitted for approval. Such rules may require a fee to accompany each

application for approvals or additional factors which it will take into consideration in reviewing submissions. The Design Committee shall determine the amount of such fee in a reasonable manner. Such fees shall be used to defray the costs and expenses of the Design Committee, including the cost and expense of hiring an architect licensed by the State of Idaho, as provided above, or for such other purposes as established by the Board, and such fee shall be refundable to the extent not expended for the purposes herein stated. If plans submitted are the same or substantially similar to plans previously approved by the Design Committee, fees may be reduced for such application approvals. Such rules and guidelines may establish, without limitation, specific rules and regulations regarding design and style elements, landscape, irrigation systems and fences and other structures such as animal enclosures as well as special architectural guidelines applicable to Building Lots located adjacent to public and/or private open space.

12.4.3 Detailed Plans. The Design Committee may require such detail in plans and specifications submitted for its review as it deems proper, including, without limitation, floor plans, site plans, landscape plans, drainage plans, elevation drawings and descriptions or samples of exterior material and colors. Until receipt by the Design Committee of any required plans and specifications, the Design Committee may postpone review of any plan submitted for approval.

12.4.4 Design Committee Decisions. Decisions of the Design Committee and the reasons therefor shall be transmitted by the Design Committee to the Applicant at the address set forth in the application for approval within twenty (20) days after filing all materials required by the Design Committee. Any materials submitted pursuant to this Article shall be deemed approved unless written disapproval by the Design Committee shall have been mailed to the Applicant within twenty (20) days after the date of filing said materials with the Design Committee.

12.5 Meetings of the Design Committee. The Design Committee shall meet from time to time as necessary to perform its duties hereunder. The Design Committee may from time to time by resolution unanimously adopted in writing, designate a Design Committee representative (who may, but need not be one of Its members) to take any action or perform any duties for and on behalf of the Design Committee, except the granting of variances pursuant to this Article. In the absence of such designation, the vote of a majority of the members of the Design Committee, or the written consent of a majority of the members of the Design Committee taken without a meeting, shall constitute an act of the Design Committee.

12.6 No Waiver of Future Approvals. The approval of the Design Committee of any proposals or plans and specifications or drawings for any work done or proposed, or in connection with any other matter requiring the approval and consent of the Design Committee, shall not be deemed to constitute a waiver of any right to withhold approval or consent as to any similar proposals, plans and specifications, drawings or matter whatever subsequently or additionally submitted for approval or consent.

12.7 Inspection of Work. Inspection of work and correction of defects therein shall proceed as follows:

(a) Upon the completion of any work for which approved plans are required under this Article, the Owner shall give written notice of completion to the Design Committee.

(b) Within thirty (30) days thereafter, the Design Committee or its duly authorized representative may inspect such Improvement. If the Design Committee finds that such work was not done in substantial compliance with the approved plans, it shall notify the Owner in writing of such non-compliance within such thirty (30) day period, specifying the particular noncompliance, and shall require the Owner to remedy the same.

(c) If upon the expiration of thirty (30) days from the date of such notification, or any longer time the Design Committee determines to be reasonable, the Owner shall have failed to

remedy such noncompliance, the Design Committee shall notify the Board in writing of such failure. Upon notice and hearing, as provided in the Bylaws, the Board shall determine whether there is a noncompliance and, if so, the nature thereof and the estimated cost of correcting or removing the same. If a noncompliance exists, the Owner shall remedy or remove the same within a period of not more than forty-five (45) days from the date of the announcement of the Board ruling unless the Board specifies a longer time as reasonable. If the Owner does not comply with the Board ruling within such period, the Board, at its option, may either remove a noncomplying improvement or remedy the noncompliance, and the Owner shall reimburse the Association, upon demand, for all expenses incurred in connection therewith. If such expenses are not promptly repaid by the Owner to an Association, the Board shall levy a Limited Assessment against such Owner for reimbursement pursuant to this Declaration.

(d) If for any reason the Design Committee fails to notify the Owner of any noncompliance within sixty (60) days after receipt of the written notice of completion from the Owner, the work shall be deemed to be in accordance with the approved plans.

12.8 Architect Expenses. All plans, drawings and specifications submitted to the Design Committee shall be stamped by an architect licensed in the State of Idaho. The Design Committee shall have the right to charge a fee for each application submitted to the Design Committee for review in an amount which may be established and/or revised by the Design Committee from time to time and such fees shall be collected by the Design Committee and remitted to the applicable Association to help defray the expenses of the Design Committee's operation, including reasonable payment to each member of the Design Committee for their services as provided herein. Such fee, as of the date this Declaration is recorded, is Five Hundred and No/100 Dollars ($500.00).

12.9 Non-Liability of Design Committee. Approval by the Design Committee shall not imply that Improvements meet any applicable federal, state and/or local laws and ordinances, and does not assure approval of the Improvements by any appropriate governmental or quasi-governmental agency, board or commission. Any applicant and/or Owner shall ensure that such Improvements meet any and all applicable federal, state and/or local laws and ordinances. Notwithstanding that the Design Committee has approved Improvements, plans and specifications, neither the Design Committee, nor any of their members shall be responsible or liable to the applicable Association or to any Person, Owner, or Grantor with respect to any loss, liability, claim or expense which may arise by reason of such approval of the Improvements, unless due to the willful misconduct or bad faith of the Design Committee. Neither the Board, the Design Committee, nor any agent thereof, nor Grantor nor any of its partners, employees, agents or consultants shall be responsible in any way for any defects in any plans or specifications submitted, revised or approved in accordance with the provisions of the Design Guidelines, nor for any structural or other defects in any work done according to such plans and specifications. In any and all events, the Design Committee shall be defended, indemnified and held harmless by the applicable Association in such suit or proceeding which may arise in connection with a decision by the Design Committee. The applicable Association, however, shall not be obligated to defend, indemnify and hold harmless any member of the Design Committee, to the extent any such member of the Design Committee shall be adjudged to be liable for willful misconduct or bad faith in the performance of such member's duty as a member of the Design Committee unless and only to the extent that a court in which such action or suit may be brought shall determine that, in view of all circumstances of the case, such member is fairly and reasonably entitled to indemnification and defense for such expenses if such court shall deem it proper.

12.10 Variances. The Design Committee may authorize variances from compliance with any of the Design Guidelines, including restrictions upon height, size, floor area or placement of structures, or similar restrictions, when circumstances such as topography, natural obstructions, hardship, aesthetic or environmental considerations may require. Such variances must be evidenced in writing, and must be signed by at least a majority of members of the Design Committee. If such variances are granted, no violation of the Restrictions contained in this Declaration, or the Design Guidelines shall be deemed to have occurred with respect to the matter for which the variance was granted. The granting of

such a variance shall not operate to waive any of the terms and provisions of this Declaration or the Design Guidelines for any purpose except as to the particular Building Lot and particular provision covered by the variance, nor shall it affect in any way the Owner's obligation to comply with all governmental laws and regulations affecting such Owner's use of the Property, including but not limited to zoning ordinances and lot setback lines or requirements imposed by governmental or municipal authority.

12.11 Enforcement. Any Improvement placed or made in violation of this Article shall be deemed to be nonconforming. Upon written request from the Board or Grantor, such offending Owner shall, at such Owner's own cost and expense, remove such Improvement AND restore the Building Lot to substantially the same condition as existed prior to the nonconforming work. Should an Owner fail to remove and restore as required, the Board or its designees shall have the right to enter the Building Lot, remove the violation, and restore the Building Lot to substantially the same condition as previously existed. All costs, together with the interest at the maximum rate then allowed by law, may be assessed against the Building Lot and collected as a Limited Assessment.

Any contractor, subcontractor, agent, employee, or other invitee of an Owner who fails to comply with the terms and provisions of the Declaration and the Design Guidelines may be excluded by the Board from the Property. In such event, neither the applicable Association, nor its officers, nor its directors shall be held liable to any Person for exercising the rights granted hereunder. In addition to the foregoing, such Association shall have the authority and standing to pursue all legal and equitable remedies available to enforce the provisions of the Declaration and the decisions of the Design Committee.

12.12 Grantor's Exemption. Any and all Improvements constructed by Grantor on or to the Property are not subject to review and approval by the Design Committee.

ARTICLE XIII: EASEMENTS

13.1 Owners; Easements of Enjoyment. Every Owner shall have a nonexclusive easement for the use and enjoyment of Common Area which shall be appurtenant to and shall pass with the title to every Building Lot, subject to the easements set forth in this Declaration, as the same may be amended and/or supplemented from time to time.

13.2 Delegation of Use. Any Owner may delegate, in accordance with the Project Documents, such Owner's right of enjoyment in Common Area, to such Owner's tenants, employees, family, guests or invitees.

13.3 Recorded Easements. The Property, and all portions thereof, shall be subject to all easements shown on any recorded Plat affecting the Property, or any portion thereof, and to any other easements of record or of use as of the date of recordation of this Declaration, as amended and/or supplemented from time to time.

13.4 Easements of Encroachment. There shall be reciprocal appurtenant easements of encroachment as between each Building Lot and such portion or portions of Common Area adjacent thereto, or as between adjacent Building Lots, due to the inadvertent placement or settling or shifting of Improvements including, without limitation, structures, overhanging eaves, projections from buildings (which projections shall be consistent with all building codes), walkways, bike paths, sidewalks and driveways constructed, reconstructed or altered thereon in accordance with the terms of this Declaration. Easements of encroachment shall be valid only so long as they exist, and the rights and obligations of Owners shall not be altered in any way because of encroachments, settling or shifting of the Improvements; provided, however, that in no event shall a valid easement for encroachment occur due to the willful or bad faith act(s) of an Owner. In the event a structure on any Building Lot is partially or totally destroyed, and then repaired or rebuilt, Owners of each Building Lot agree that minor encroachments within and over adjoining Building Lots that existed prior to the encroachment may be reconstructed pursuant to the easement granted by this section.

13.5 Maintenance Easement. An easement is hereby reserved to Grantor, the applicable Association(s), the Board or Manager, if any, and their respective officers, agents, employees, and assigns, upon, across, over, in, and under the Building Lots and Common Area and a right to make such use of the Building Lots and Common Area as may be necessary or appropriate to make emergency repairs or to perform the duties and functions which the applicable Association is obligated or permitted to perform pursuant to the Projects Documents, including the right to enter upon any Building Lot or Common Area for the purpose of performing maintenance to the landscape or the exterior of Improvements to such Building Lot or Common Area as required by the Project Documents.

13.6 Easements of Access. Grantor expressly reserves for the benefit of all the Property reciprocal easements of ingress and egress for all Owners to, from, over, across and through their respective Building Lots for access, and installation and repair of utility services, for drainage of water over, across and upon adjacent Building Lots and Common Area resulting from the normal use of adjoining Building Lots and Common Area, and for necessary construction, maintenance and repair of any Improvement including, without limitation, fencing, retaining walls, lighting facilities, mailboxes and sidewalk abutments, trees, pathways and landscape. Such easements may be used by Grantor, and by all Owners, their guests, tenants and invitees, residing on or temporarily visiting the Property, for pedestrian walkways, vehicular access and such other purposes reasonable necessary for the use and enjoyment of a Building Lot or Common Area.

13.7 Drainage and Utility Easements. Notwithstanding anything expressly or impliedly contained herein to the contrary, the Property shall be subject to all easements heretofore or hereafter granted by Grantor for the installation and maintenance of utilities and/or drainage facilities that are required for the development of the Property. In addition, Grantor hereby reserves for the benefit of the Master Association the right to grant additional easements and rights-of-way over the Property, as appropriate, to utility companies and/or public agencies as necessary or expedient for the proper development of the Property until close of escrow for the sale of the last Building Lot in the Property. Every portion of the Property shall be burdened with easements for natural drainage of storm water runoff from other portions of the Property; provided, however, no Person shall alter the natural drainage so as to materially increase the drainage of stormwater onto adjacent portions of the Property without the consent of the Owner of the affected portion of the Property and Grantor.

13.7.1 Improvement of Drainage and Utility Easement Areas. The Owners of Building Lots are hereby restricted and enjoined from constructing or altering any Improvements upon any drainage and/or utility easement areas as shown on the Plat(s) or otherwise designated in any recorded document which would interfere with or prevent the easement from being used for its intended purpose; provided, however, that any Owner, Association, designated Person or Grantor having interest in the landscape easement described in this Article, shall be entitled to install and maintain landscape on such easement areas, subject to approval by the Design Committee, so long as the same would not interfere with or prevent the easement area from being used for their intended purposes; provided further, that any damage sustained to Improvements on the easement areas as a result of legitimate use of the easement area shall be the sole and exclusive obligation of the Owner of the Building Lot where Improvements were so damaged, or in the event the easement area where Improvements were so damaged is located in a Common Area, the applicable Association shall be responsible for the damage sustained and may impose a Special Assessment therefor.

13.8 Rights and Duties Concerning Utility Easements. The rights and duties of Owners of the Building Lots within the Property with respect to utilities shall be governed by the following:

(a) Wherever utility house connections are installed within the Property, which connections or any portions thereof lie in or upon Building Lots owned by an Owner other than the Owner of the Building Lot served by the connections, the Owner of the Building Lot served by the connections shall have the right, and is hereby granted an easement to the full extent necessary therefor, to enter upon any Building Lot or to have its agent enter upon any Building

Lot within the Property in or upon which such connections or any portion thereof lie, to repair, replace and generally maintain the connections as and when it may be necessary; and

(b) Whenever utility house connections are installed within the Property, which connections serve more than one Building Lot, the Owner of each Building Lot served by the connections shall be entitled to full use and enjoyment of such portions of such connections as service such Owner's Building Lot.

13.9 Party Structures. Each wall, fence, driveway or similar structure built as a part of the original construction on the Building Lots which serves and/or separates any two adjoining Building Lots or structures shall constitute a party structure. To the extent not inconsistent with the provisions of this section, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto. All Owners who make use of the party structure shall share the cost of reasonable repair and maintenance of such structure equally. If a party structure is destroyed or damaged by fire or other casualty, then to the extent that such damage is not covered by insurance and repaired out of the proceeds of insurance, any Owner who has used the structure may restore it. If other Owners subsequently use the structure, they shall contribute to the restoration cost in equal proportions. However, such contribution shall not prejudice the right to call for a larger contribution from the other users under any rule of law regarding liability for negligent or willful acts or omissions. The right of an Owner to contribution from any other Owner under this section shall be appurtenant to the land and shall pass to such Owner's successors-in-title.

13.10 Driveway Easements. Whenever a party structure that is a driveway is installed within the Property which in whole or in part lies upon a Building Lot owned by an Owner other than the Owner of the Building Lot served, or is installed to serve more than one Building Lot, the Owner of each Building Lot served by such driveway shall be entitled to full use and enjoyment of such other Building Lot as required to service such Owner's Building Lot or to repair, replace and maintain such driveway. The cost of maintaining any such driveway shall be shared equally by the Owners of all the Building Lots which are benefited by such driveway.

The Owners desiring or using such driveway shall, by virtue of the installation of such driveway, automatically agree to provide Maintenance, defined below, to such driveway, which Maintenance cost shall be shared equally. The Owners may enter into a maintenance agreement not inconsistent with this section. For purposes of this section, the term "**Maintenance**" shall mean the maintenance of such driveway and include, without limitation: (a) construction of a concrete or other hard surface material (except for asphalt) driveway in the location agreed upon by such Owners; (b) maintenance and repair of the surface and subsurface of such driveway, as necessary, to maintain such driveway in a relatively level and evenly covered condition at the same grade and elevation as on the date such driveway construction is completed; and (c) removal from such driveway of snow, paper, rubbish and debris.

One or both Owners who have use of such driveway shall have the right, from time to time, to agree with the other Owner to relocate and/or reconfigure all or a portion of such driveway; provided, however, nothing either Owner does in connection with such relocation and/or reconfiguration shall permanently interfere with the free and unimpeded flow of vehicular and pedestrian traffic between the Building Lot(s) and any public and/or private right-of-way beyond the specific time reasonably required to accomplish any permitted relocation and/or reconfiguration; and provided further that any such relocation or reconfiguration shall be approved in writing by the Design Committee, prior to such relocation or reconfiguration. Such Owners agree to comply in all respects with any and all statutes, laws, ordinances, codes, regulations, rules and Restrictions in connection with the use of such driveway.

Each such Owner agrees to indemnify, defend and hold the other Owner harmless for and against liability, costs and expenses, including reasonable attorneys' fees, for, without limitation: damages, losses, injuries, or death to Persons; or damages, infringements or losses to or of property, whether personal, real or intangible; or violations of any statute, law, ordinance, code, regulation or rule of any entity which may be asserted against the other Owner arising out of or in relation to the use and/or

Maintenance of such driveway by the other Owner, the other Owner's agents, guests, invitees, successors and assigns. In the event of a breach of any term, covenant, restriction or condition hereunder or under any Maintenance agreement, the non-breaching party shall have, in addition to the right to collect damages, the right to enjoin such breach or threatened breach in a court of competent jurisdiction. Whenever a transfer of ownership of a Building Lot served by such driveway occurs, the liability hereunder or under such maintenance agreement of the transferor for breach of covenant occurring thereafter automatically shall terminate and the transferee shall become liable for the covenants and obligations hereunder or under such maintenance agreement from and after such transfer of ownership.

13.11 General Landscape Easement. An easement is hereby reserved to an Association, its contractors, employees, and agents, to enter those portions of Building Lots, for the purpose of installing, maintaining, replacing and restoring exterior landscape, and natural vegetation and/or habitat. Such landscaping activity shall include, by way of illustration and not of limitation, the mowing of lawns, irrigation, sprinkling, tree and shrub trimming and pruning, walkway improvement, seasonal planting and such other landscaping activities within the Property as an Association shall determine to be necessary from time to time.

13.12 Lake Easements. Grantor hereby reserves for the benefit of the Master Association an easement for all Lakes and related pipes, pumps and other equipment over, across and under all Building Lots and Common Area, to the extent reasonably required to maintain any Lake system installed by Grantor on the Property or pursuant to plans and specifications approved by the Design Committee. Any relocation of the water lines installed as a part of such system shall not be undertaken in any way which interrupts the flow of water through the system or damages the system in any other fashion. Grantor reserves the right to make any reconfiguration of any Lake which it determines, in its own discretion, to be necessary, expedient or desirable, provided, however, that nothing herein shall reserve unto Grantor the right to take any action which would disturb, encroach upon or endanger the foundation of any building, nor shall Grantor take any action which would materially alter any Lake's proximity to improved property abutting such Lakes.

13.13 Waterway Easements. Grantor hereby reserves for the benefit of the Master Association an easement for all Waterways and related pipes, pumps and other equipment over, across and under all Building Lots and Common Area, to the extent reasonably required to maintain any Waterway system installed by Grantor on the Property or pursuant to plans and specifications approved by the Architectural Committee. Any relocation of the water lines installed as a part of such system shall not be undertaken in any way which interrupts the flow of water through the system or damages the system in any other fashion. Grantor reserves the right to make any reconfiguration of any Waterway which it determines, in its own discretion, to be necessary, expedient or desirable, provided, however, that nothing herein shall reserve unto Grantor the right to take any action which would disturb, encroach upon or endanger the foundation of any building, nor shall Grantor take any action which would materially alter any Waterway's proximity to improved property abutting such Waterways.

13.14 Grantor's Rights Incident to Construction. Grantor, for itself and its successors and assigns, hereby retains a right and easement of ingress and egress over, in, upon, under, and across the Property and the right to store materials thereon and to make such other use thereof as may be reasonably necessary or incident to the construction of the Improvements on the Property owned by Grantor; provided, however, that no such rights shall be exercised by Grantor in such a way so as to unreasonably interfere with the occupancy, use, enjoyment, or access to an Owner's Building Lot by that Owner or such Owner's family, tenants, employees, guests, or invitees.

13.15 Easements Deemed Created. All conveyances of Building Lots made after the date of the recording of this Declaration, as this Declaration may be amended and/or supplemented from time to time, whether by Grantor or otherwise, shall be construed to grant and reserve the easements contained in this Article, even though no specific reference to such easement or to this Article appears in the instrument for such conveyance.

13.16 Reservation for Expansion. Grantor hereby reserves to itself and for Owners of Building Lots a perpetual easement and right-of-way for access over, upon, across and through the Property for construction, utilities, drainage, ingress and egress, and for use of Common Area for the expansion of Southfork Landing. The location of these easements and rights-of-way must be approved by the Board and may be documented by Grantor by recorded instruments.

13.17 Additional Covenants and Easements. Grantor may unilaterally subject any portion of the Property to additional covenants and easements, including, without limitation, covenants obligating an Association to maintain and insure such portion of the Property on behalf of the Owners. Such additional covenants and easements shall be set forth in a Supplemental Declaration filed either concurrently with or after the annexation of the subject property, and shall require the written consent of the owner(s) of such property, if other than Grantor.

13.18 Emergency Easement. A general easement is hereby granted to all police, sheriff, fire protection, ambulance, and all other similar emergency agencies to enter the Property in the proper performances of their duties.

13.19 Easements to Serve Additional Property. Grantor hereby reserves an easement over any Common Area for the purpose of access to adjoining property which may now or later be owned by Grantor. This easement includes, without limitation, a right of ingress and egress over the Common Area for construction of roads and for connecting and installing utilities on such property. Grantor agrees that Grantor shall be responsible for any damage caused to the Common Area as a result of vehicular traffic connected with development of such property. Grantor further agrees that if the easement is exercised for permanent access to such property and such property or portion thereof is not made subject to this Declaration, Grantor, its successors or assigns, shall enter into a reasonable agreement with the applicable Association to share the cost of maintenance of any access roadway serving such property.

ARTICLE XIV: SEWER SYSTEM

14.1 Sewer System. Each Building Lot shall have access to the Sewer System to be constructed by Grantor and to be owned and operated by Grantor, subject to the provisions of this Declaration. There shall be no disposal into the Sewer System, directly or indirectly, of, without limitation: hazardous materials or waste; heavy metals; solvents; fats; oils; grease; ignitable materials or waste; reactive materials or waste; and/or pharmaceuticals. Each Owner assumes full responsibility, at such Owner's sole cost and expense, for such Owner's and/or any of such Owner's family, guests, agents', employees' and/or independent contractors' compliance with these requirements and any applicable state or federal requirement.

14.2 Operation of the Sewer System. The Sewer System shall be operated in accordance with the laws of the State of Idaho and all rules and regulations promulgated from time to time by the Grantor and any governmental entity having jurisdiction thereover.

14.3 Assessments. At the beginning of each calendar year, Grantor shall establish monthly flat-rate charges for on-going Sewer System use, operation, maintenance and reserves, which charges may be adjusted annually based on actual operation and maintenance expenses and shall include a reasonable reserve amount for future capital expenditures related to Sewer System facilities maintenance and replacement. Such charges shall be assessed through the Master Association as a portion of the Regular Assessment in connection with each Building Lot, which Assessments shall be transferred to Grantor. Grantor shall maintain a separate bank account in connection with the Sewer System and all charges and/or Assessments and reserve funds collected by Grantor relating to the Sewer System shall be deposited therein for use in connection with Sewer System-related expenses, and revenue in excess of paid operation and maintenance costs shall be held in reserve for future capital expenditures. If ownership of the Sewer System is transferred, subject to the provisions of this Article,

Grantor shall transfer such bank account and all funds deposited therein to the new Sewer System owner.

14.4 Financial Records and Audits. The Sewer System Owner shall arrange a third-party financial audit of the Sewer System financial records at least once every five (5) years. Sewer System financial records shall be made available to Building Lot Owner(s) upon request.

14.5 Liability Insurance. The Sewer System Owner shall obtain liability insurance for the Sewer System.

14.6 Easement for Maintenance. Grantor and authorized representatives and contractors of the Sewer System shall have a permanent easement to go upon the Building Lots and/or Common Area in Southfork Landing to operate and perform maintenance in connection with the Sewer System.

14.7 Access to Sewer System Facilities. Access to the Sewer System facilities shall be restricted to Grantor and authorized representatives and contractors of the Sewer System. Such facilities shall be excluded from any Common Area access rights held by Building Lot Owners. If the Master Association becomes the owner of the Sewer System, Building Lot Owner(s) will not have access to Sewer System facilities unless the governing board of the Master Association has so authorized the Building Lot Owner(s)

14.8 No Separate Septic System. No separate or individual septic system, regardless of the proposed use of such septic system, shall be permitted on any Building Lot.

14.9 Transfer of Sewer System. During the development phase of the project, the Sewer System shall be owned by Grantor; provided, however, Grantor may convey fee simple title to the Sewer System to the Master Association or other public or private entity (**"other Sewer Provider"**).

In the event the Sewer System is transferred to the Master Association or other Sewer Provider, Grantor shall notify the Master Association or other Sewer Provider, in writing, of the transfer and the Master Association or other Sewer Provider, shall be responsible for the ownership, operation and maintenance of the Sewer System. In the event Grantor transfers the Sewer System to the Master Association or other Sewer Provider, such transfer shall be free and clear of all encumbrances and liens, except current real property taxes that shall be prorated to the date of such transfer, reservations, covenants, conditions and restrictions then of record including those set forth in this Declaration.

If Grantor transfers ownership of the Sewer System to the Master Association, the Master Association shall collect Regular Assessments, and may collect Limited Assessments, as set forth in this Article. The amount of such Assessments shall be reviewed annually by the Master Association, and may be adjusted annually based on actual operation and maintenance expenses and projected future capital expenditures. Such Assessments shall include a reasonable reserve amount for future capital expenditures for facilities maintenance and replacement. If Grantor transfers ownership of the Sewer System to the Master Association, the Master Association shall maintain a separate bank account in connection with the Sewer System and all charges and/or Assessments and reserve funds collected by the Master Association relating to the Sewer System shall be deposited therein, and revenue in excess of paid operation and maintenance costs shall be held in reserve for future capital expenditures.

If Grantor transfers ownership of the Sewer System to another Sewer Provider, such other Sewer Provider may propose an alternative rate structure, accounting procedures, and/or auditing procedures, conditioned only upon approval in writing by the Board and reasonable assurances that the Sewer System shall be owned, operated and maintained in a manner that shall provide service from the Sewer System to Owners on a continuing basis with quality of service equal to the Community-Wide Standard, and service that meets all applicable governmental laws, ordinances and regulations. For purposes of this Article, Grantor is hereby appointed and made attorney-in-fact in connection with any such transfer.

ARTICLE XV: DOMESTIC WATER

15.1 Water System. Each Building Lot shall have access to the Water System to be constructed by Grantor and to be owned and operated by Grantor, subject to the provisions of this Declaration. Any and all water rights appurtenant to the Water System shall be owned by the Grantor, subject to the provisions of this Article. Building Lot Owners shall have no right, title and/or interest in any water and water rights, including groundwater and groundwater rights, ditch and ditch rights, and storage and storage rights owned by Grantor.

15.2 Assessments. At the beginning of each calendar year, Grantor shall establish monthly flat-rate charges for on-going Water System use, operation, maintenance and reserves, which charges may be adjusted annually based on actual operation and maintenance expenses and shall include a reasonable reserve amount for future capital expenditures related to Water System facilities maintenance and replacement. Such charges shall be assessed through the Master Association as a portion of the Regular Assessment in connection with each Building Lot, which Assessments shall be transferred to Grantor. Notwithstanding the foregoing, all Building Lots shall be metered to measure use of the Water System in connection with each Building Lot. Grantor may use such meters to establish a reasonable monthly maximum amount of water allowed for use in connection with each Building Lot. If any such meter indicates that a Building Lot Owner uses significantly more water, as reasonably compared to the amount of water used by other Building Lot Owners, Grantor reserves the right to read meters regularly and to charge the Building Lot Owners a Limited Assessment, which Limited Assessment shall be proportionate to the amount of water used in excess of the reasonable maximum monthly amount. Such Limited Assessment shall be in addition to the portion of the Regular Assessment associated with the Water System. Additionally, if any dispute arises between Building Lot Owners, which dispute alleges unreasonable water use by another Building Lot Owner, Grantor shall use the water meters to determine the monthly water volume consumed by such Building Lot Owners and, if necessary, charge a Limited Assessment to any Building Lot Owner consuming significantly more water as reasonably compared to the amount of water used by other Building Lot Owners. Any Owner's or non-Owner's use of the Water System shall constitute an agreement to pay the charges and/or Assessments for such use.

Grantor shall maintain a separate bank account in connection with the Water System and all charges and/or Assessments and reserve funds collected by Grantor relating to the Water System shall be deposited therein for use in connection with Water System-related expenses, and revenue in excess of paid operation and maintenance costs shall be held in reserve for future capital expenditures. If ownership of the Water System is transferred, subject to the provisions of this Article, Grantor shall transfer such bank account and all funds deposited therein to the new Water System owner.

15.3 Financial Records and Audits. The Water System Owner shall arrange a third-party financial audit of the Water System financial records at least once every five (5) years. Water System financial records shall be made available to Building Lot Owner(s) upon request.

15.4 Liability Insurance. The Water System Owner shall obtain liability insurance for the Water System.

15.5 Backflow Systems and Assemblies. Each Building Lot shall be equipped with approved backflow prevention systems and assemblies. All backflow prevention assemblies installed on any Building Lot must be listed in the most recent edition of the University of California Foundation for Cross-Connection Control and Hydraulic Research. The backflow prevention system and assembly must be buried and installed on the service line after the water meter and prior to adding connections to the service line. It shall be the responsibility of each Building Lot Owner, at such Building Lot Owner's sole cost and expense, to promptly replace any backflow prevention system and assembly existing on any Building Lot that is no longer listed on the foregoing list of approved backflow prevention systems and assemblies. Each Building Lot Owner, at such Building Lot Owner's sole cost and expense, shall ensure the correct operation of the backflow prevention system and assembly on such Building Lot and shall test

the functioning of the backflow prevention system and assembly at least annually and report the result of such testing to the Water System Owner. Testing must be performed by a backflow assembly tester licensed by the State of Idaho.

15.6 Easement for Maintenance. The Grantor and authorized representatives and contractors of the Water System shall have a permanent easement to go upon the Building Lots and/or Common Area in Southfork Landing to operate and perform maintenance in connection with the Water System.

15.7 Access to Water System Facilities. Access to the Water System shall be restricted to Grantor and authorized representatives and contractors of the Water System. Such Water System facilities shall be excluded from any Common Area access rights held by Building Lot Owners. If the Master Association becomes the owner of the Water System, Building Lot Owner(s) will not have access to Water System facilities unless the governing board of the Master Association has so authorized the Building Lot Owner(s).

15.8 No Separate Water Supply. No separate or individual water supply system, regardless of the proposed use of the water to be delivered by such system, shall be permitted on any Building Lot unless such system is approved by all government authorities having jurisdiction including, without limitation, the Idaho Department of Environmental Quality, and designed, located, constructed and equipped in accordance with the requirements, standards and recommendations of Water System Owner. No Building Lot Owner may disconnect from the Water System without written approval by Water System Owner; provided, however, even if a Building Lot Owner receives permission to disconnect from the Water System, such Building Lot Owner shall remain responsible for any and all charges for the Water System in connection with such Building Lot.

15.9 Protection of Water Supply. Water System Owner shall take reasonable measures to protect any and all wellheads serving the Water System, including, without limitation:

15.9.1 No Parking or Chemical Storage. No parking of equipment or vehicles, storage of pesticides, herbicides, fertilizers, petroleum products or other toxic or hazardous materials shall be permitted within a fifty (50) foot radius of the wellhead;

15.9.2 No Petroleum Products. Petroleum products and other chemicals shall not be used on roads within fifty (50) feet of the wellhead;

15.9.3 No Standing Water. No standing water or storm water runoff shall be permitted within a fifty (50) foot radius of the wellhead; and

15.9.4 Compliance of Water Facilities. Design and construction of all Water System facilities in the Subdivision shall be in compliance with all Idaho Department of Environmental Quality and Idaho Department of Water Resources standards established to minimize the potential for groundwater contamination including IDAPA 37.03.09 – "Well Construction Standards," and IDAPA 58.01-08-550 – "Design Standards for Public Water Systems."

15.10 Transfer of Water System. During the development phase of the project, the Water System shall be owned by Grantor; provided, however, Grantor may convey fee simple title to the Water System to the Master Association or other public or private entity ("**other Water Provider**") following Grantor's receipt of written authorization for such transfer from the Idaho Department of Environmental Quality. If the Water System will be transferred to an entity other than the Master Association, documentation of the other Water Provider's technical, financial, and managerial capacity to operate the Water System must be provided to DEQ prior to the transfer.

In the event the Water System is transferred to the Master Association or other Water Provider, Grantor shall notify the Master Association or other Water Provider, in writing of the transfer and the

Master Association or other Water Provider, shall be responsible for the ownership, operation and maintenance of the Water System. In the event Grantor transfers the Water System to the Master Association or other Water Provider, such transfer shall be free and clear of all encumbrances and liens, except current real property taxes that shall be prorated to the date of such transfer, reservations, covenants, conditions and restrictions then of record including those set forth in this Declaration. Such transfer shall be conditioned only upon approval in writing by the Idaho Department of Environmental Quality and reasonable assurances that the Water System shall be owned, operated and maintained in a manner that shall provide service from the Water System to Owners on a continuing basis with good quality of service that meets all applicable governmental laws, ordinances and regulations. No transfer of the Water System shall occur until the Idaho Department of Environmental Quality has certified that the existing Water System is in substantial compliance with state laws, regulations and/or rules.

In the event Grantor transfers the Water System to the Master Association or other Water Provider, the Master Association or other Water Provider, shall contact the Idaho Department of Water Resources, Western Regional Office, to arrange for any and all water rights appurtenant to the Water System to be assigned to the Master Association or other Water Provider. If any water rights appurtenant to the Water System have not been licensed, the Grantor shall contact the Idaho Department of Water Resources, Western Regional Office, to arrange for any and all permits appurtenant to the Water System to be assigned to the Master Association or other Water Provider.

If and in the event of the transfer of the Water System to the Master Association or other Water Provider, occurs prior to corrosion control treatment evaluation, Grantor shall be responsible for all corrosion control testing and treatment costs.

If the Water System is transferred to the Master Association, and if the Master Association is contemplating dissolution during any time that the Master Association owns and operates the Water System, the Master Association shall contact the Idaho Department of Environmental Quality. The Master Association shall contract with an entity approved in writing by the Idaho Department of Environmental Quality to own and operate the Water System, prior to the Master Association's dissolution. During any time that the Master Association owns and operates the Water System, the Master Association shall not dissolve without written approval of the Idaho Department of Environmental Quality.

If Grantor transfers ownership of the Water System to the Master Association, the Master Association shall collect Regular Assessments, and may collect Limited Assessments, as set forth in this Article. The amount of such Assessments shall be reviewed annually by the Master Association, and may be adjusted annually based on actual operation and maintenance expenses and projected future capital expenditures. Such Assessments shall include a reasonable reserve amount for future capital expenditures for facilities maintenance and replacement. If Grantor transfers ownership of the Water System to the Master Association, the Master Association shall maintain a separate bank account in connection with the Water System and all charges and/or Assessments and reserve funds collected by the Master Association relating to the Water System shall be deposited therein, and revenue in excess of paid operation and maintenance costs shall be held in reserve for future capital expenditures.

If Grantor transfers ownership of the Water System to another Water Provider, such other Water Provider may propose an alternative rate structure, accounting procedures, and/or auditing procedures, conditioned only upon approval in writing by the Idaho Department of Environmental Quality and reasonable assurances that the Water System shall be owned, operated and maintained in a manner that shall provide service from the Water System to Owners on a continuing basis with a quality of service equal to the Community-Wide Standard, and service that meets all applicable governmental laws, ordinances and regulations. For purposes of this Article, Grantor is hereby appointed and made attorney-in-fact in connection with any such transfer.

ARTICLE XVI: IRRIGATION WATER SUPPLY SYSTEM

16.1 Irrigation System. Each Building Lot shall have access to the Irrigation System to be constructed by Grantor and to be owned and operated by Grantor, subject to the provisions of this Declaration.

16.2 Operation of the Irrigation System. The Irrigation System shall be operated in accordance with the laws of the State of Idaho and all rules and regulations promulgated from time to time by the Grantor and any governmental entity having jurisdiction thereover. The right to receive water from the Irrigation System is, in any event, subject to availability of water. Grantor shall have the right to adopt reasonable rules regarding use of water, including but not limited to use schedules and limitations on the amount of water available for use on each Building Lot. Grantor shall have no liability for any temporary interruptions in irrigation water supply service so long as necessary repairs are made in a reasonably prompt manner. Grantor shall be permitted to enter into a contract with a qualified water system management and maintenance entity for the management and maintenance of the Irrigation System.

16.3 Assessments. At the beginning of each calendar year, Grantor shall establish monthly flat-rate charges for on-going Irrigation System use, operation, maintenance and reserves, which charges may be adjusted annually based on actual operation and maintenance expenses and shall include a reasonable reserve amount for future capital expenditures related to Irrigation System facilities maintenance and replacement. Such charges shall be assessed through the Master Association as a portion of the Regular Assessment in connection with each Building Lot, which Assessments shall be transferred to Grantor. Grantor shall maintain a separate bank account in connection with the Irrigation System and all charges and/or Assessments and reserve funds collected by Grantor relating to the Irrigation System shall be deposited therein for use in connection with Irrigation System-related expenses, and revenue in excess of paid operation and maintenance costs shall be held in reserve for future capital expenditures. If ownership of the Irrigation System is transferred, subject to the provisions of this Article, Grantor shall transfer such bank account and all funds deposited therein to the new Irrigation System owner.

16.4 Financial Records and Audits. The Irrigation System Owner shall arrange a third-party financial audit of the Irrigation System financial records at least once every five (5) years. Irrigation System financial records shall be made available to Building Lot Owner(s) upon request of the Building Lot Owner(s).

16.5 Liability Insurance. The Irrigation System Owner shall obtain liability insurance for the Irrigation System.

16.6 Easement for Maintenance. Grantor and authorized representatives and contractors of the Irrigation System shall have a permanent easement to go upon the Building Lots and/or Common Area in Southfork Landing to operate and perform maintenance in connection with the Irrigation System.

16.7 Access to Irrigation System Facilities. Access to the Irrigation System facilities shall be restricted to Grantor and authorized representatives and contractors of the Irrigation System. Such facilities shall be excluded from any Common Area access rights held by Building Lot Owners. If the Master Association becomes the owner of the Irrigation System, Building Lot Owner(s) will not have access to Irrigation System facilities unless the governing board of the Master Association has so authorized the Building Lot Owner(s).

16.8 Transfer of Irrigation System. During the development phase of the project, the Irrigation System shall be owned by Grantor; provided, however, Grantor may convey fee simple title to the Irrigation System to the Master Association or other public or private entity ("**other Irrigation Provider**").

In the event the Irrigation System is transferred to the Master Association or other Irrigation Provider, Grantor shall notify the Master Association or other Irrigation Provider, in writing of the transfer and the Master Association or other Irrigation Provider, shall be responsible for the ownership, operation and maintenance of the Irrigation System. In the event Grantor transfers the Irrigation System to the Master Association or other Irrigation Provider, such transfer shall be free and clear of all encumbrances and liens, except current real property taxes that shall be prorated to the date of such transfer, reservations, covenants, conditions and restrictions then of record including those set forth in this Declaration.

If Grantor transfers ownership of the Irrigation System to the Master Association, the Master Association shall collect Regular Assessments, and may collect Limited Assessments, as set forth in this Article. The amount of such Assessments shall be reviewed annually by the Master Association, and may be adjusted annually based on actual operation and maintenance expenses and projected future capital expenditures. Such Assessments shall include a reasonable reserve amount for future capital expenditures for facilities maintenance and replacement. If Grantor transfers ownership of the Irrigation System to the Master Association, the Master Association shall maintain a separate bank account in connection with the Irrigation System and all charges and/or Assessments and reserve funds collected by the Master Association relating to the Irrigation System shall be deposited therein, and revenue in excess of paid operation and maintenance costs shall be held in reserve for future capital expenditures.

If Grantor transfers ownership of the Irrigation System to another Irrigation Provider, such other Irrigation Provider may propose an alternative rate structure, accounting procedures, and/or auditing procedures, conditioned only upon approval in writing by the Board and reasonable assurances that the Irrigation System shall be owned, operated and maintained in a manner that shall provide service from the Irrigation System to Owners on a continuing basis with quality of service equal to the Community-Wide Standard, and service that meets all applicable governmental laws, ordinances and regulations. For purposes of this Article, Grantor is hereby appointed and made attorney-in-fact in connection with any such transfer.

ARTICLE XVII: DAMAGE OR DESTRUCTION

17.1 Master Association as Attorney-in-Fact. Each and every Owner hereby irrevocably constitutes and appoints the Master Association as such Owner's true and lawful attorney-in-fact in such Owner's name, place, and stead for the purpose of dealing with the Improvements on Common Area upon damage or destruction as provided in this Article. Acceptance by any grantee of a deed or other instrument of conveyance from Grantor or from any Owner shall constitute appointment of the attorney-in-fact as herein provided. As attorney-in-fact, the Master Association shall have full and complete authorization, right, and power to make, execute, and deliver any contract, assignment, deed, waiver, or other instrument with respect to the interest of any Owner which may be necessary or appropriate to exercise the powers granted herein to the Master Association as attorney-in-fact.

17.2 Estimate of Damages or Destruction. As soon as practical after an event causing damage or destruction to any part of Common Area, the Master Association shall, unless such damage or destruction shall be minor, obtain an estimate (or estimates) that the Master Association deems reliable and complete of the costs of repair and reconstruction of that part of Common Area so damaged or destroyed. "**Repair and reconstruction**" as used in this Article shall mean restoring the damaged or destroyed Improvements to substantially the same condition in which they existed prior to the damage or destruction.

17.3 Repair and Reconstruction. As soon as practical after obtaining estimate(s), the Master Association shall diligently pursue to completion the repair and reconstruction of the damaged or destroyed Improvements. As attorney-in-fact for the Owners, the Master Association may take any and all necessary or appropriate action to effect such repair and reconstruction, and no consent or other action by any Owner shall be necessary. Assessments of the Master Association shall not be abated during any period of insurance adjustments and/or repair and reconstruction.

17.4 Funds for Repair and Reconstruction. The proceeds received by the Master Association from any hazard insurance shall be used for the purpose of repair and reconstruction. If the proceeds of the insurance are insufficient to pay the estimated or actual costs of such repair and reconstruction, the Master Association may assess in advance from all Owners a Special Assessment sufficient to provide funds to pay such estimated or actual costs of repair or reconstruction. Further, Special Assessments may be made in like manner if the amounts collected prove insufficient to complete such repair and reconstruction.

17.5 Disbursement of Funds for Repair and Reconstruction. The insurance proceeds held by the Master Association and the amounts received from the Special Assessments constitute a fund for the payment of the costs of repair and reconstruction after casualty. It shall be deemed that the first money disbursed in payment for the costs of such repair and reconstruction shall be made from insurance proceeds, and the balance from the Special Assessments. If there is a balance remaining after payment of all costs of such repair and reconstruction, such balance shall be distributed to Owners in proportion to the contributions each Owner made as a Special Assessment to the Master Association under this section or, if no Special Assessments were made, in equal shares per Building Lot, first to the holders of the First Mortgage and then to Owners, as their interests appear.

17.6 Decision Not to Rebuild. If Owners representing at least sixty-seven percent (67%) of the total allocated votes within the jurisdiction of the Master Association and sixty-seven percent (67%) of the holders of a First Mortgage (based upon one vote for each mortgage owned) of the Building Lots agree in writing not to repair or reconstruct and no alternative Improvements are authorized, then and in that event the damaged Common Area shall be restored to its natural state and maintained as an undeveloped portion of Common Area by the Association in a neat and attractive condition, and any remaining insurance proceeds shall be distributed in equal shares per Building Lot, first to the holders of the First Mortgage and then to Owners, as their interests appear.

17.7 Damage or Destruction Affecting Building Lots. In the event of damage or destruction to the Improvements located on any of the Building Lots, the Owner thereof shall promptly repair and restore the damaged Improvements to their condition prior to such damage or destruction. If such repair or restoration is not commenced within one hundred eighty (180) days from the date of such damage or destruction, or if repair or reconstruction is commenced but then abandoned for a period of more than ninety (90) days, then the Master Association may impose a fine of not less than Fifty and No/100 Dollars ($50.00) per day on the Owner of the Building Lot until repair and reconstruction is commenced, unless the Owner can prove to the reasonable satisfaction of the Master Association that such failure is due to circumstances beyond the Owner's control.

ARTICLE XVIII: CONDEMNATION

18.1 Rights of Owners. Whenever all or any part of Common Area shall be taken or conveyed in lieu of and under threat of condemnation, the Board acting as attorney-in-fact for all Owners shall notify each Owner of the taking, but the Master Association shall act as attorney-in-fact for all Owners in the proceedings incident to the condemnation proceeding, unless otherwise prohibited by law.

18.2 Condemnation; Distribution of Award; Reconstruction. The award made for such partial or complete taking shall be payable to the Master Association as trustee for all Owners to be disbursed as provided in this section. If the taking involves a portion of Common Area on which Improvements have been constructed, then, unless within sixty (60) days after such taking Grantor and Owners representing at least sixty-seven percent (67%) of the Class A Members and Class B Member shall otherwise agree, the Master Association shall restore or replace such Improvements so taken on the remaining land including Common Area to the extent lands are available therefor, in accordance with plans approved by the Board and the Design Committee. If such Improvements are to be repaired or restored, the provisions in the immediately preceding Article regarding the disbursement of funds in respect to casualty damage or destruction which is to be repaired shall apply. If the taking does not involve any Improvements on Common Area, or if there is a decision made not to repair or restore, or if

there are net funds remaining after any such restoration or replacement is completed, then such award or net funds shall be distributed in equal shares per Building Lot, first to the holders of any First Mortgage and then to Owners, as their interests appear.

ARTICLE XIX: ENFORCEMENT OF COVENANTS

19.1 Remedies. In the event of any breach or other non-compliance with any provision of the Project Documents, then, after affording the breaching Person reasonable notice and an opportunity to be heard in accordance with the Bylaws, an Association may exercise any or all of the following remedies:

(a) Bring an action to recover monetary damages;

(b) Institute a proceeding in equity to obtain injunctive or other equitable relief;

(c) Suspend such Owner's voting rights, if any, and right to use the recreational facilities within the Common Area;

(d) Exclude such Owner's contractors, subcontractors, agents, employees, or other invitees from the Property;

(e) Impose reasonable fines against such Owner in the manner and amount the Board deems appropriate in response to the violation;

(f) Enter the offending Building Lot; remove, abate, modify, or replace the item which is the cause of such violation in a manner that results in conformance with the Project Documents; and assess the cost thereof against the Building Lot and collect the same as a Specific Assessment, unless otherwise prohibited under this Declaration; or

(g) Exercise any other right or remedy available to it by law or in equity or under this Agreement.

19.2 Right of Owners. Any action to enforce the Project Documents may be instituted by Grantor or the Board (or any property manager retained by the Board) in the name and on behalf of an Association. If, after written request from an aggrieved Owner, none of the foregoing Persons commences an action to enforce the Project Documents within a reasonable period, then the aggrieved Owner may bring such an action independently.

19.3 Limitation of Liability.

(a) Reasonable and good faith exercise of the rights of entry set forth in this Article shall not subject Grantor, an Association, the Design Committee, any other committee established under the Bylaws, or their respective partners, officers, directors, members, managers, agents, employees, or contractors to any liability for trespass, conversion, or other claim for damages.

(b) Grantor, an Association, the Design Committee, and other committee established under the Bylaws, and their respective partners, officers, directors, members, managers, agents, employees and contractors shall not be liable to any Owner or other Person for failure at any time to enforce any of the Project Documents.

19.4 Recovery of Costs and Fees. In the event any suit or other proceeding is instituted to enforce any of the Project Documents, the prevailing party in such proceeding shall recover its costs and expenses incurred in connection therewith, as well as such amount as the court may determine to be reasonable as attorneys' fees at trial and upon any appeal or petition for review thereof.

19.5 Nonexclusiveness and Accumulation of Remedies. An election to pursue any remedy provided for violation of the Project Documents shall not prevent concurrent or subsequent exercise of other rights or remedies permitted thereunder. The remedies provided in this Declaration are not exclusive, but shall be in addition to all other remedies, including actions for damages and suits for injunctions and specific performance, available under applicable law or in equity.

ARTICLE XX: MORTGAGE PROVISIONS

The following provisions are for the benefit of holders, insurers, and guarantors of the first Mortgages on Building Lots in the Property. The provisions of this Article apply to this Declaration, the Bylaws, and the other Project Documents, notwithstanding any other provisions contained therein.

20.1 Notice of Action. An institutional holder, insurer, or guarantor of a first Mortgage who provides written request to an Association (such request to state the name and address or such holder, insurer, or guarantor and the street address of the Building Lot to which its Mortgage relates, thereby becoming an "**Eligible Holder**"), will be entitled to timely written notice of:

(a) Any condemnation loss or any casualty loss which affects a material portion of the Property or which affects any Building Lot on which there is a first Mortgage held, insured, or guaranteed by such Eligible Holder;

(b) Any delinquency in the payment of assessments or charges owed by a Building Lot subject to the Mortgage of such Eligible Holder, where such delinquency has continued for a period of sixty (60) days, or any other violation of the Project Documents relating to such Building Lot or the Owner or Occupant thereof which is not cured within sixty (60) days. Notwithstanding this provision, any holder of a first Mortgage is entitled to written notice upon request from an Association of any default in the performance by an Owner of a Building Lot of any obligation under the Project Documents which is not cured within sixty (60) days;

(c) Any lapse, cancellation, or material modification of any insurance policy maintained by an Association; and

(d) Any proposed action which would require the consent of a specified percentage of Eligible Holders.

20.2 Special FNMA/FHLMC Provision. So long as required by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation, the following provisions apply in addition to and not in lieu of any other provision of this Declaration.

(a) Unless at least sixty-seven percent (67%) of the first Mortgagees or Members representing at least sixty-seven percent (67%) of the total Master Association voting power entitled to cast consent, the Master Association shall not:

(i) By act or omission seek to abandon, partition, subdivide, encumber, sell, or transfer all or a material portion of the real property comprising the Common Area which the Master Association owns, directly or indirectly (the granting of easements for public utilities or other similar purposes consistent with the intended use of the Common Area shall not be deemed a transfer within the meaning of this subsection);

(ii) Change the method of determining the obligations, assessments, dues, or other charges which may be levied against an Owner of a Building Lot (a decision, including contracts, by the Board or provisions of any declaration subsequently recorded on any portion of the Property shall not be violative of this provision if such decision or subsequent declaration is otherwise authorized by this Declaration);

(iii) By act or omission change, waive, or abandon any scheme of regulations or enforcement pertaining to architectural design, exterior appearance, or maintenance of Building Lots and the Common Area (the issuance and amendment of Design Guidelines or other rules, regulations, guidelines, or restrictions in accordance with the Project Documents shall not constitute a change, waiver, or abandonment within the meaning of this provision);

(iv) Fail to maintain insurance, as required by this Declaration; or

(v) Use hazard insurance proceeds for any Common Area losses for other than the repair, replacement, or reconstruction of such property, except to the extent expressly set forth in this Declaration.

(b) First Mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against the Common Area and may pay overdue premiums on casualty insurance policies or secure new casualty insurance coverage upon the lapse of an Association policy, and first Mortgagees making such payments shall be entitled to immediate reimbursement therefor from the Master Association.

20.3 Other Provisions for First Lien Holders. To the extent possible under Idaho law:

(a) Any restoration or repair of the Property after a partial Condemnation or damage due to an insurable hazard shall be performed substantially in accordance with this Declaration and the original plans and specifications unless the approval is obtained of Eligible Holders of first Mortgages on Building Lots to which at least fifty-one percent (51%) of the votes of Building Lots subject to Mortgages held by such Eligible Holders are allocated.

(b) Any election to terminate the Master Association after substantial destruction or a substantial Condemnation shall require the approval of the Eligible Holders of first Mortgages on Building Lots to which at least fifty-one percent (51%) of the votes of Building Lots subject to Mortgages held by such Eligible Holders are allocated.

20.4 No Priority. No provision of the Project Documents gives or shall be construed as giving any Owner or other party priority over any rights of the first Mortgagee of any Building Lot in the case of distribution to such Owner of insurance proceeds or Condemnation awards for losses to or a taking of the Common Area.

20.5 Notice to Association. Upon request, each Owner shall be obligated to furnish to the Master Association the name and address of the holder of any Mortgage encumbering such Owner's Building Lot.

20.6 Amendment by Board. Should the Federal National Mortgagee Association or the Federal Home Loan Mortgage Corporation subsequently delete any of its respective requirements which necessitate the provisions of this Article or make any such requirements less stringent, the Board, without approval of the Owners, may record an amendment to this Article to reflect such changes.

20.7 Applicability of Article. Nothing contained in this Article shall be construed to reduce the percentage vote that must otherwise be obtained under the Project Documents or Idaho law for any of the acts set forth in this Article.

20.8 Failure of Mortgagee to Respond. Any Mortgagee who receives a written request from the Board to respond to or consent to any action shall be deemed to have approved such action if the Master Association does not receive a written response from the Mortgagee within thirty (30)

days of the date of the Master Association's request, provided such request is delivered to the Mortgagee by certified or registered mail, return receipt requested.

ARTICLE XXI: RESOLUTIONS OF DISPUTES

21.1 Avoiding Costs of Litigation and Limiting Right to Litigate Disputes. Any Association, Grantor, all Persons subject to this Declaration, and any Person not otherwise subject to this Declaration who agrees to submit to this Article (collectively, "**Bound Parties**") shall encourage the amicable resolution of disputes involving the Property, and avoid the emotional and financial costs of litigation if at all possible. Accordingly, all claims, grievances or disputes between such Bound Party and any other Bound Party involving the Property, including, without limitation, claims, grievances or disputes arising out of or relating to the interpretation, application or enforcement of this Declaration and/or the Project Documents (collectively "**Claim**"), shall be subject to the procedures set forth herein.

21.2 Mandatory Procedures for All Other Claims. Any Bound Party having a Claim ("**Claimant**") against any other Bound Party ("**Respondent**") shall not file suit in any court or initiate any proceeding before any administrative tribunal seeking redress or resolution of such Claim until it has complied with the following procedures:

21.2.1 Notice. The Claimant shall notify each Respondent in writing (the "**Notice**"), stating plainly and concisely:

(a) The nature of the Claim, including date, time, location, Persons involved, Respondent's role in the Claim and the provisions of this Declaration, the Project Documents, or other authority out of which the Claim arises;

(b) The basis of the Claim (i.e., the provision of the Declaration, the Project Documents, triggered by the Claim);

(c) What Claimant wants Respondent to do or not do to resolve the Claim; and

(d) That Claimant wishes to resolve the Claim by mutual agreement with Respondent, and is willing to meet in person with Respondent at a mutually agreeable time and place to discuss in good faith ways to resolve the Claim.

21.2.2 Negotiation. Each Claimant and Respondent (the "**Parties**") shall make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation. Upon receipt of a written request from any Party, accompanied by a copy of the Notice, the Board may appoint a representative to assist the Parties in resolving the dispute by negotiation, if in the Board's discretion the Board believes the Board's efforts will be beneficial to the Parties and to the welfare of Southfork Landing.

21.2.3 Mediation. If the Parties do not resolve the Claim through negotiation within thirty (30) days of the date of the Notice (or within such other period as may be agreed upon by the Parties) ("**Termination of Negotiations**"), Claimant shall have thirty (30) additional days within which to submit the Claim to mediation under the auspices of Idaho law. If Claimant does not submit the Claim to mediation with thirty (30) days after Termination of Negotiations, Claimant shall be deemed to have waived the Claim, and Respondent shall be released and discharged from any and all liability to Claimant on account of such Claim; provided, however, nothing herein shall release or discharge Respondent from any liability to Persons not a Party to the foregoing proceedings.

21.3 Allocation of Costs of Resolving Claims. Each Party shall bear all of its own costs incurred prior to and during the proceedings described herein, including the fees of its attorney or other representative(s). Each Party shall share equally all charges rendered by mediator(s).

21.4 Enforcement of Resolution. If the Parties fail to abide by the terms of such mediation agreement, then any other Party may file suit or initiate administrative proceedings to enforce such agreement without the need to comply again with the procedures set forth in this Article. In such event, the Party taking action to enforce the agreement shall be entitled to recover from the non-complying Party (or if more than one non-complying Party, from all such Parties pro rata) all costs incurred in enforcing such agreement, including, without limitation, attorneys' fees and court costs.

ARTICLE XXII: ANNEXATION AND WITHDRAWAL OF PROPERTY

22.1 Annexation. Until all property described on **Exhibit A** has been subjected to this Declaration or December 31, 2027, whichever is earlier, Grantor may unilaterally subject to the provisions of this Declaration all or portions of the property described in **Exhibit A**. Grantor may transfer or assign this right to annex, provided that the transferee or assignee is the developer of at least a portion of the property described in **Exhibit A** and that such transfer is memorialized in a written, recorded instrument executed by Grantor. Nothing in this Declaration shall be construed to require Grantor or any successor to annex or develop any of the property set forth in **Exhibit A** in any manner whatsoever. Such annexation shall be accomplished by filing a Supplemental Declaration in the records of Boise County, Idaho, describing the property to be annexed and specifically subjecting such property to the terms of this Declaration. Such Supplemental Declaration shall not require the consent of voting Members, but shall require the consent of the owner of such property, if other than Grantor. Any such annexation shall be effective upon the recording of such Supplemental Declaration.

22.2 Contiguous Land Subject to Annexation. Grantor hereby reserves the right to annex any abutting, adjoining or contiguous real property, into Southfork Landing by recording a Notice of Annexation or Supplemental Declaration particularly describing the real property to be annexed and added to Southfork Landing created by this Declaration, pursuant to the provisions of this Article, and no Owner shall object or protest such annexation and/or development of such annexed property. Real property separated by public rights-of-way, including water bodies, is deemed to be contiguous.

Upon the recording of a Notice of Annexation containing the provisions set forth in this section (which Notice may be contained within a Supplemental Declaration affecting such property), except as may be provided for therein, the covenants, conditions and restrictions contained in this Declaration shall apply to the added land in the same manner as if it were originally covered by this Declaration and originally constituted a portion of Southfork Landing; and thereafter, the rights, privileges, duties and liabilities of the parties to this Declaration with respect to the added land shall be the same as with respect to the original land, and the rights, privileges, duties and liabilities of the Owners and Occupants of Building Lots within the added land shall be the same as in the case of the original land. Notwithstanding the foregoing, any Supplemental Declaration may provide a special procedure for amendment of any specified provision thereof, e.g., by a specified vote of only the owners of building lots within the area subject thereto. Any provision of a Supplemental Declaration for which no special amendment procedure is provided shall be subject to amendment in the manner provided in this Declaration.

22.3 Procedure for Annexation. Any of the above-described real property may be annexed into Southfork Landing by the recordation of a Notice of Annexation executed by Grantor and containing the following information:

(a) A reference to this Declaration, which reference shall state the date of recordation hereof and the Recorder's instrument number or the book and page of the official records of Boise County where this Declaration is recorded;

(b) An exact legal description of the added land;

(c) A statement that the provisions of this Declaration shall apply to the added land, except as set forth therein; and

(d) A statement of the use restrictions applicable to the annexed property, which restrictions may be the same or different from those set forth in this Declaration.

22.4 Deannexation. Grantor may delete all or a portion of the property described on **Exhibit A** and any annexed property from coverage of this Declaration and the jurisdiction of an Association, so long as Grantor is the owner of all such property to be deannexed and provided that a Notice of Deannexation is recorded in the Office of the Boise County Recorder in the same manner as a Notice of Annexation.

22.5 Amendment. This Article shall not be amended without the prior written consent of Grantor so long as Grantor owns any of the Property described in **Exhibit A**.

22.6 Withdrawal of Property. Grantor may delete all or a portion of the property described on **Exhibit A**, and any annexed Phase(s), from the Property and from coverage of this Declaration and the jurisdiction of an Association, so long as Grantor is the owner of all such Property and Phase(s) and provided that a Supplemental Declaration of Deletion of Property is recorded in the Office of the Boise County Recorder in the same manner as a Supplemental Declaration of annexation. Members other than Grantor as described above, shall not be entitled to de-annex all or any portion of a Tract except on the favorable vote of seventy-five (75%) of all members of an Association and approval of Grantor so long as Grantor owns any portion of the Property.

22.7 Assignment of Rights. Grantor may transfer or assign Grantor's right to annex or withdraw property pursuant to this Article (subject to the limitations described in this Article), provided that the transferee or assignee is the developer of at least a portion of the real property described in **Exhibit A** and that such transfer is memorialized in a written, recorded instrument executed by Grantor.

ARTICLE XXIII: MISCELLANEOUS

23.1 Term. The Restrictions created pursuant to this Declaration shall be perpetual, subject only to extinguishment by the holders of such Restrictions as provided by law. The Restrictions of this Declaration shall run until January 1, 2027, unless amended as herein provided. After January 1, 2027, such Restrictions shall be automatically extended for successive periods of ten (10) years each, unless amended or extinguished by a written instrument executed by Members holding at least a majority of the voting power of the Master Association and such written instrument is recorded with the Boise County, Idaho Recorder's Office.

23.2 Amendment.

23.2.1 By Grantor. Until the recordation of the first deed transferring title to a Building Lot from Grantor to an Owner, the provisions of this Declaration may be amended, modified, clarified, supplemented, added to or terminated by Grantor by recordation of a written instrument setting forth such amendment, except as otherwise required by Boise County.

23.2.2 By Owners. Except as provided in the section immediately below, after the recordation of the first deed to a Building Lot, any amendment to any provision of this Declaration, other than to this Article, shall be by an instrument in writing signed and acknowledged by the president and secretary of the Master Association certifying and attesting that such amendment has been approved by the vote or written consent of Members representing at least two-thirds (2/3) of the total voting power in the Master Association, except where a greater percentage is required by express provision in this Declaration, and such amendment shall be effective upon its recordation with the Boise County, Idaho Recorder's Office. Any amendment to this Article shall require the vote or written consent of Members representing ninety percent (90%) of the voting power of the Master Association.

23.2.3 Effect of Amendment. Any amendment of this Declaration approved in the manner specified above shall be binding on and effective as to all Owners and their respective Building Lots notwithstanding that such Owners may not have voted for or consented to such amendment. Such amendments may add to and increase the Restrictions applicable to the Property but shall not prohibit or unreasonably interfere with the allowed uses of such Owner's Building Lot(s) which existed prior to such amendment(s).

23.3 Mortgage Protection. Notwithstanding any other provision of this Declaration, no amendment of this Declaration shall operate to defeat or render invalid the rights of the beneficiary under any First Mortgage upon a Building Lot made in good faith and for value, and recorded prior to the recordation of such amendment, provided that after foreclosure of any such First Mortgage, such Building Lot shall remain subject to this Declaration, as amended.

23.4 Registration of Mailing Address. Each Member shall register his mailing address with the Secretary of the Master Association from time to time, and notices or demands intended to be served upon or given to a Member shall be personally delivered to or sent by mail, postage prepaid, addressed in the name of the Member at such registered mailing address.

23.5 Notices. Any notices permitted or required to be delivered as provided in this Declaration shall be in writing and may be delivered either personally, by facsimile or by U.S. Mail. If delivery is made by U.S. Mail, delivery shall be deemed to have been delivered seventy-two (72) hours after the same has been deposited in the U.S. Mail, first class, postage prepaid, addressed to any Person at the address given by such Person to the Master Association for the purpose of service of such notice, or to the residence of such Person if no address has been given to the Master Association, or to the address of such Person as contained in the Boise County, Idaho Assessor's tax rolls. Such address may be changed from time to time by notice in writing to the Master Association.

23.6 Notice of Sale or Transfer of Title. Any Owner desiring to sell or otherwise transfer title to such Owner's Building Lot (excepting transfers by operation of law) shall give the Board at least seven (7) days' prior written notice of the name and address of the purchaser or transferee, the date of such transfer of title, and such other information as the Board may reasonably require. The transferor shall continue to be jointly and severally responsible with the transferee for all obligations of the Owner of the Building Lot, including assessment obligations, until the date upon which such notice is received by the Board, notwithstanding the transfer of title.

23.7 Enforcement and Non-Waiver.

23.7.1 Right of Enforcement. Except as otherwise provided herein, any Owner, Association or Grantor shall have the right to enforce any or all of the provisions hereof against any portion of the Property and against Owners thereof.

23.7.2 Violations and Nuisances. The failure of any Owner of a Building Lot to comply with any provision hereof, or with any provision of the Project Documents, is hereby declared a nuisance and will give rise to a cause of action in Grantor, an Association or any Owner for recovery of damages or for negative or affirmative injunctive relief or both.

23.7.3 Violation of Law. Any violation of any state, municipal or local law, ordinance or regulation pertaining to the ownership, occupation or use of any portion of the Property is hereby declared to be a violation of this Declaration and subject to any and all of the enforcement procedures set forth in this Declaration and any and all enforcement procedures in law and equity.

23.7.4 Remedies Cumulative. Each remedy provided herein is cumulative and not exclusive.

23.7.5 Non-Waiver. The failure to enforce any of the provisions herein at any time shall not constitute a waiver of the right to enforce any such provision.

23.8 Use of Trade Name. Each Owner by acceptance of a deed for such Owner's Building Lot shall be deemed to acknowledge that "**Southfork Landing**" and/or "**SFL**" is or may become a servicemark, trade name and/or trademark of Southfork Landing, or its licensees, and to covenant that any such Owner shall not use the term Southfork Landing without the prior written permission of Southfork Landing, or its successors, assigns or licensees, which permission may be withheld or conditioned by Southfork Landing in its sole discretion.

23.9 Interpretation. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development and operation of the Property. This Declaration shall be construed and governed under the laws of the State of Idaho.

23.9.1 Restrictions Construed Together. All of the provisions hereof shall be liberally construed together to promote and effectuate the fundamental concepts of the development of the Property as set forth in the Recitals of this Declaration.

23.9.2 Restrictions Severable. Notwithstanding the provision of the immediately foregoing subsection, each of the provisions of this Declaration shall be deemed independent and severable, and the invalidity or partial invalidity of any provision or portion thereof shall not affect the validity or enforceability of any other provision herein.

23.9.3 Singular Includes Plural. Unless the context requires a contrary construction, the singular shall include the plural and the plural the singular, and the masculine, feminine or neuter shall each include the masculine, feminine and neuter.

23.9.4 Captions. All captions and titles used in this Declaration are intended solely for convenience of reference and shall not affect that which is set forth in any of the provisions hereof.

23.10 Successors and Assigns. All references herein to Grantor, Owner, Members, Association or Person shall be construed to include all successors, assigns, partners and authorized agents of such Grantor, Owners, Members, Association or Person.

23.11 Owners' Further Acknowledgments. By accepting a deed to any Building Lot(s) contained within the Property, each Owner acknowledges and agrees to the following:

23.11.1 Project Documents. That Owner has read and understands the Project Documents;

23.11.2 Use by General Public. That certain portions of Southfork Landing may be utilized by the general public;

23.11.3 Use Permits. That in order to receive approval to develop Southfork Landing, Grantor was required to obtain conditional use approval from Boise County, that through this process certain conditions of approval attached to the Southfork Landing development, and that Owner understands and will abide by all such conditions. All Owners acknowledge and agree that such Owners will contact Boise County for particulars;

23.11.4 Development Plans. That Owner understands that the property surrounding Southfork Landing may be included in future development plans by Grantor or other entities and acknowledges the right of such property to be developed in compliance with applicable local, county, state and federal law;

23.11.5 Other Uses. That Owner acknowledges that property in the vicinity of Southfork Landing may be developed for other than residential uses;

23.11.6 Due Diligence Completed. That Owner has accepted title to the Building Lot(s) after conducting all necessary inquiries and due diligence, and that Owner takes such Building Lot(s) "AS IS, WHERE IS," without any express or implied warranty from Grantor.

23.12 Conflicts Between Documents. In case of conflict between this Declaration and the Articles or the Bylaws, this Declaration shall control. In case of conflict between the Articles and the Bylaws, the Articles shall control. In case of conflict between this Declaration and the Design Guidelines, this Declaration shall control.

IN WITNESS WHEREOF, the undersigned being duly authorized have executed this Declaration effective this 21st day of September, 2007.

GRANTOR:

EAGLE SPRINGS RANCH, LLC, an Idaho limited liability company

By: Southfork Landing, Inc., an Idaho corporation

By: _____
T. Erik Oaas, President

BARNES VENTURES, INC., an Idaho corporation

By: _____
Lori Barnes, Authorized Representative

STATE OF IDAHO)
) ss.
County of Ada)

On this 21st day of September, 2007, before me, the undersigned, a Notary Public in and for said State, personally appeared T. Erik Oaas, known or identified to me to be the President of Southfork Landing, Inc., the corporation that executed the instrument, or the person who executed the instrument on behalf of said corporation, and acknowledged to me that such corporation 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.

KIMBERLY CLARKE
Notary Public
State of Idaho

_____
Notary Public for Idaho
Residing at Boise
My commission expires: 4-13-11

STATE OF IDAHO)
) ss.
County of Ada)

On this 21st day of September, 2007, before me, the undersigned, a Notary Public in and for said State, personally appeared Lori Barnes, known or identified to me to be the Authorized Representative of Barnes Ventures, Inc., the corporation that executed the instrument, or the person who executed the instrument on behalf of said corporation, and acknowledged to me that such corporation 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.

KIMBERLY CLARKE
Notary Public
State of Idaho

_____
Notary Public for Idaho
Residing at Boise
My commission expires: 4-13-11

Anderson Survey Group.com

EXHIBIT A

Legal Description
Southfork Landing Boundaries

A parcel of land being all of Government Lots 6 and 7 located in Section 27, Township 9 North, Range 4 East, Boise Meridian, and all of the Southwest Quarter of the Southwest Quarter of Section 27, Township 9 North, Range 4 East, Boise Meridian, and all of Government Lots 2 and 3 and a portion of Government Lot 4 of Section 28, Township 9 North, Range 4 East, Boise Meridian, and the Southeast Quarter of the Northwest Quarter of Section 28, Township 9 North, Range 4 East, Boise Meridian, and that portion of Quit Claimed land from the State of Idaho located in the North Half of Section 28, Township 9 North, Range 4 East, Boise Meridian, and Government Lots 2 and 3 of Section 34, Township 9 North, Range 4 East, Boise Meridian, and a portion of Section 34, Township 9 North, Range 4 East, Boise Meridian, A portion of Governments 5, 6 and 7 located in Section 34, Township 9 north, Range 4 East and a portion of the South Half of Section 34, Township 9 north, Range 4 East, all in Boise County, Idaho, more particularly described as follows:

BEGINNING at the Southwest corner of the Southeast Quarter of the Northwest Quarter of Section 28, Township 9 North, Range 4 East; thence along the West line of Said Southeast Quarter of the Northwest Quarter and the West line of said Government Lot 2, North 01°01'12" West a distance of 2638.42 feet; thence along the North line of said Government Lot 2, North 89°09'59" East a distance of 667.59 feet to the meander corner of said Government Lot 2; thence South 84°13'18" East a distance of 37.47 feet to the ordinary high water line of the Left Bank of the South Fork of the Payette River; thence along said ordinary high water line of the Left Bank of the Payette River the following courses and distances: South 10°34'22" West a distance of 82.65 feet;
thence South 08°55'41" East a distance of 201.02 feet;
thence South 14°21'08" East a distance of 146.11 feet;
thence South 49°13'08" East a distance of 89.19 feet;
thence South 39°11'24" East a distance of 89.70 feet;
thence South 36°01'03" East a distance of 205.28 feet;
thence South 28°37'48" East a distance of 76.23 feet;
thence South 51°56'21" East a distance of 60.54 feet;
thence South 58°27'18" East a distance of 357.49 feet;
thence South 57°24'46" East a distance of 76.51 feet;
thence North 73°33'52" East a distance of 44.69 feet;
thence North 86°46'14" East a distance of 154.64 feet;
thence South 63°21'26" East a distance of 443.93 feet;

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thence South 68°11'06" East a distance of 427.41 feet;
thence South 61°41'54" East a distance of 153.89 feet;
thence South 73°27'24" East a distance of 173.12 feet;
thence South 70°17'24" East a distance of 110.32 feet;
thence South 87°32'21" East a distance of 58.80 feet to a point on the Southwesterly bank of a Side Channel of the South Fork of the Payette River;
thence along said Southwesterly bank the following courses and distances: South 43°36'39" East a distance of 198.94 feet;
thence South 47°33'16" East a distance of 500.97 feet;
thence South 37°22'01" East a distance of 230.97 feet;
thence South 06°20'19" East a distance of 116.06 feet;
thence South 31°46'12" West a distance of 250.28 feet; thence leaving said Southwesterly Bank, South 26°00'30" East a distance of 133.44 feet to a point on the Northeasterly Bank of said Side Channel; thence along said Northeasterly bank the following courses and distances; North 60°49'13" East a distance of 17.83 feet;
thence North 36°50'41" East a distance of 58.95 feet;
thence North 55°03'46" East a distance of 207.97 feet;
thence North 06°06'02" East a distance of 233.01 feet;
thence North 08°47'43" West a distance of 185.09 feet;
thence North 52°38'31" West a distance of 149.02 feet;
thence North 39°05'15" West a distance of 197.33 feet;
thence North 57°10'54" West a distance of 296.19 feet;
thence North 43°54'33" West a distance of 95.24 feet;
thence North 44°34'51" East a distance of 180.83 feet to a point on the ordinary high water line of the Left Bank of the Payette River; thence along said ordinary high water line of the Left Bank of the Payette River the following courses and distances:
thence North 69°08'01" East a distance of 194.59 feet;
thence North 78°21'12" East a distance of 208.63 feet;
thence North 57°33'04" East a distance of 101.69 feet;
thence North 78°22'21" East a distance of 154.82 feet;
thence North 82°38'32" East a distance of 86.84 feet;
thence South 01°43'05" West a distance of 1.85 feet;
thence North 84°17'00" East a distance of 76.42 feet;
thence South 66°05'15" East a distance of 205.23 feet;
thence South 66°30'42" East a distance of 191.64 feet;
thence South 64°22'01" East a distance of 137.82 feet;
thence South 60°27'21" East a distance of 73.77 feet;
thence South 52°07'28" East a distance of 136.03 feet;
thence South 48°01'42" East a distance of 148.16 feet;
thence South 43°28'15" East a distance of 271.29 feet;
thence South 10°52'17" East a distance of 124.36 feet;
thence South 18°12'13" West a distance of 46.84 feet;
thence South 06°37'40" East a distance of 219.34 feet;
thence South 17°10'04" East a distance of 83.08 feet;



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thence South 03°00'11" East a distance of 187.88 feet;
thence South 04°06'55" West a distance of 181.67 feet;
thence South 19°38'37" East a distance of 46.47 feet;
thence South 00°20'34" East a distance of 143.96 feet;
thence South 02°00'53" East a distance of 164.41 feet;
thence South 00°27'46" East a distance of 30.82 feet;
thence South 19°38'48" East a distance of 409.00 feet;
thence North 19°38'48" West a distance of 409.00 feet;
thence North 00°27'46" West a distance of 30.82 feet;
thence South 00°27'46" East a distance of 30.82 feet;
thence South 19°38'48" East a distance of 409.00 feet;
thence South 23°15'12" East a distance of 238.25 feet;
thence South 21°28'53" East a distance of 97.56 feet;
thence South 52°07'36" East a distance of 85.40 feet;
thence North 52°07'36" West a distance of 85.40 feet;
thence North 21°28'53" West a distance of 97.56 feet;
thence South 21°28'53" East a distance of 97.56 feet;
thence South 52°07'36" East a distance of 85.40 feet;
thence South 46°34'31" East a distance of 52.95 feet;
thence South 42°58'42" East a distance of 219.72 feet;
thence South 58°11'44" East a distance of 129.59 feet;
thence South 35°17'30" East a distance of 118.35 feet;
thence South 41°12'45" East a distance of 99.04 feet;
thence South 27°25'49" East a distance of 104.36 feet;
thence South 43°51'52" East a distance of 96.48 feet;
thence South 23°56'26" East a distance of 341.04 feet;
thence South 39°51'55" East a distance of 355.44 feet;
thence South 70°14'42" East a distance of 209.96 feet;
thence South 39°08'37" East a distance of 124.05 feet;
thence South 55°32'56" East a distance of 220.63 feet;
thence South 63°00'40" East a distance of 104.73 feet;
thence South 73°15'34" East a distance of 252.43 feet;
thence North 87°32'32" East a distance of 247.22 feet;
thence South 61°29'28" East a distance of 233.53 feet;
thence South 79°35'17" East a distance of 182.66 feet;
thence South 81°21'57" East a distance of 206.30 feet;
thence South 68°05'34" East a distance of 65.78 feet;
thence North 24°39'21" East a distance of 86.28 feet;
thence South 75°56'19" East a distance of 220.57 feet;
thence South 62°52'13" East a distance of 116.49 feet;
thence South 68°34'52" East a distance of 175.17 feet;
thence South 55°29'55" East a distance of 117.267 feet;
thence South 25°50'47" East a distance of 149.57 feet;
thence South 08°55'17" East a distance of 123.727 feet;



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thence South 03°09'10" East a distance of 142.057 feet;
thence South 44°08'35" East a distance of 132.57 feet;
thence South 32°10'29" East a distance of 120.08 feet;
thence South 36°13'19" East a distance of 192.36 feet;
thence South 51°43'27" East a distance of 97.48 feet;
thence South 49°32'05" East a distance of 269.15 feet;
thence South 41°17'36" East a distance of 695.39 feet;
thence South 47°04'00" East a distance of 217.40 feet;
thence South 59°59'08" East a distance of 265.67 feet;
thence South 69°19'56" East a distance of 207.11 feet;
thence North 80°17'09" East a distance of 762.73 feet;
thence South 72°28'14" East a distance of 511.40 feet;
thence South 68°20'44" East a distance of 420.28 feet;
thence South 75°01'35" East a distance of 618.32 feet;
thence South 57°38'54" East a distance of 427.63 feet;
thence South 30°10'00" East a distance of 117.73 feet;
thence South 08°33'31" East a distance of 185.44 feet to a point on the centerline of Alder Creek; thence along the centerline of said Alder Creek the following courses and distances: South 47°29'50" West a distance of 182.40 feet;
thence South 80°23'38" West a distance of 114.44 feet;
thence South 51°30'31" West a distance of 249.86 feet;
thence South 29°12'56" West a distance of 214.95 feet;
thence South 10°55'13" West a distance of 129.14 feet;
thence South 04°41'22" West a distance of 254.56 feet;
thence South 13°34'39" East a distance of 177.09 feet;
thence South 05°29'58" West a distance of 181.58 feet to a point on the North Line of Creekside at Crosstimber Ranch Subdivision; thence along the North Line of Creekside at Crosstimber Ranch Subdivision and the North line of Crosstimber Ranch Subdivision No. 1 the following courses and distances: South 89°56'07" West a distance of 389.97 feet; South 89°51'55" West a distance of 80.97 feet;
thence South 00°43'02" East a distance of 17.02 feet;
thence South 89°31'52" West a distance of 1327.55 feet;
thence along the West line of Crosstimber Ranch Subdivision No. 1, South 00°37'41" East a distance of 635.26 feet to the Southeast corner of the Southwest Quarter of the Southwest Quarter of said Section 35; thence along the South line of the Southwest Quarter of the Southwest Quarter of said Section 35, South 89°51'55" West a distance of 1328.60 feet to the Southwest corner of the Southwest Quarter of the Southwest Quarter of said Section 35; thence along the West line of the Southwest Quarter of the Southwest Quarter of said Section 35, North 00°30'40" West a distance of 313.89 feet;
thence along the South line North Half of the Southeast Quarter of the Southeast Quarter of the Southeast Quarter of said Section 34, South 89°51'52" West a distance of 651.48 feet; thence North 00°33'18" West a distance of 314.90 feet;

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STATE OF IDAHO
GORDON N. ANDERSON

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thence South 89°58'10" West a distance of 325.62 feet along the East line of the the East half of the Southwest Quarter of the Southeast Quarter of the Southeast Quarter of said Section 34; thence South 00°33'06" East a distance of 630.30 feet along the West line of the East half of the Southwest Quarter of the Southeast Quarter of the Southeast Quarter of said Section 34 to a point on the South line of the Southeast Quarter of said Section 34; thence along said South line, South 89°49'56 West a distance of 1628.16 feet to a found Brass Cap monument at the South Quarter corner of said Section 34; thence North 00°40'02 West a distance of 2536.87 feet along the west line of the Southeast Quarter of said Section 34 to a found 5/8" iron pin marking the Center of said Section 34; thence North 89°37'10 West a distance of 1290.62 feet along the South line of the Southeast Quarter of the Northwest Quarter of said Section 34; thence North 01°06'46 West a distance of 1297.36 feet along the West line of the Southeast Quarter of the Northwest Quarter of said Section 34; thence North 89°01'17 West a distance of 1299.06 feet along the South line of the Northwest Quarter of the Northwest Quarter of said Section 34 ; thence North 01°38'01 West a distance of 1311.46 feet along the West line of the Northwest Quarter of the Northwest Quarter of said Section 34; thence North 00°00'33" East a distance of 1271.22 feet along the West line of the Southwest Quarter of the Southwest Quarter of said Section 27;
thence North 00°00'20" East a distance of 400.00 feet along the East line of said Government Lot 4 in said Section 28; thence South 89°53'13" West a distance of 1329.65 feet to a point on the West Line of said Government Lot 4; thence North 00°43'21" West a distance of 888.61 feet along the West line of said Government Lot 4;
thence North 89°21'39" West a distance of 2652.42 feet along the South line of Government Lot 3 of said Section 28 and the Southeast quarter of the Northwest Quarter of said Section 28 to the POINT OF BEGINNING.

EXCEPTING THEREFROM
A parcel of land located in the Northwest Quarter of the Northwest Quarter of Section 34, Township 9 North, Range 4 East, Boise Meridian, Boise County, Idaho, more particularly described as follows:

Commencing at Brass Cap monument located at the corner common to said Sections 27, 28, 33 and 34 of said Township and Range; thence South 64°05'35" East a distance of 861.62 feet to a found 5/8" iron pin marking the **TRUE POINT OF BEGINNING**; thence South 42°27'46" East a distance of 455.00 feet to a found 5/8" iron pin; thence South 47°32'14" West a distance of 643.71 feet to a found 5/8" iron pin; thence North 42°27'46" West a distance of 125.65 feet to a found 5/8" iron pin; thence North 28°25'31" East a distance of 384.93 feet to a found 5/8" iron pin; thence North 42°27'46" west a distance of 203.32 feet to a found 5/8" iron pin; thence North 47°32'14" East a distance of 280.00 feet to the POINT OF BEGINNING.

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AND EXCEPTING THEREFROM
A parcel of land located in the Northeast Quarter of the Southeast Quarter of Section 34, Township 9 North, Range 4 East, Boise Meridian, Boise County, Idaho, more particularly described as follows:

Commencing at Brass Cap monument located at the corner common to said Sections 34 and 35 of said Township and Range and sections 2 and 3 of Township 8 North, Range 4 East, Boise Meridian, Boise County, Idaho; thence along the East line of the Southeast Quarter of the Southeast Quarter of said Section 34, North 00°29'40" West a distance of 1255.58 feet to the Northeast corner thereof; thence along the East line of the Northeast Quarter of the Southeast Quarter of said Section 34, North 00°28'12" West a distance of 78.61 feet; thence leaving said East line, South 87°51'31" West a distance of 66.80 feet to found iron pin marking the **TRUE POINT OF BEGINNING**; thence South 87°51'31" West a distance of 608.48 feet to found iron pin; thence North 02°02'37" West a distance of 429.28 feet to found iron pin; thence North 81°47'51" East a distance of 118.14 feet; thence South 79°56'44" East a distance of 247.30 feet to a found iron pin; thence South 38°15'04" East a distance of 338.84 feet to a found iron pin; thence South 25°01'33" East a distance of 125.66 feet to the POINT OF BEGINNING.

AND EXCEPTING THEREFROM
A parcel of land located in the East One Half of Section 28 and the West One Half of Section 27, Township 9 North, Range 4 East of the Boise Meridian, Boise County, Idaho, more particularly described as follows:

Commencing at the corner common to Sections 27, 28, 33 and 34 of said Township and Range; thence along the Easterly line of said Section 28, North 00°00'30" East a distance of 1271.22 feet to the Southeast corner of the Northeast 1/4 of the Southeast 1/4 of said Section 28; thence North 00°00'20" East a distance of 691.74 feet to a Brass Cap monument marking the Meander corner of Government Lot 4 in said Section 28; thence along the Ordinary Highwater Line of the the Left Bank of a Side Channel of the South Fork of the Payette River, South 87°44'30" West a distance of 242.27 feet; thence leaving said Left Bank, North 26°00'30" West a distance of 564.61 feet to the TRUE POINT OF BEGINNING, said point being on the Ordinary Highwater line of the Right Bank of a Side Channel of the South Fork of the Payette River; thence along the Ordinary Highwater line of the Right and Left Banks of a Side Channel of the South Fork of the Payette River the following courses and distances:
thence South 60°49'13" West a distance of 84.73 feet;
thence South 59°32'17" West a distance of 71.89 feet;
thence South 18°55'54" West a distance of 79.63 feet;
thence South 07°53'55" East a distance of 111.66 feet;
thence South 31°41'37" East a distance of 111.91 feet;
thence South 65°53'44" East a distance of 71.86 feet;
thence South 48°21'20" East a distance of 120.10 feet;
thence South 85°22'27" East a distance of 167.83 feet;
thence South 85°32'23" East a distance of 51.20 feet;
thence North 85°59'25" East a distance of 176.71 feet;
thence North 47°48'22" East a distance of 102.76 feet;



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thence North 49°30'22" East a distance of 39.84 feet;
thence North 34°14'21" East a distance of 93.05 feet;
thence North 82°42'13" East a distance of 154.03 feet;
thence North 75°12'06" East a distance of 221.49 feet;
thence North 86°25'20" East a distance of 78.77 feet;
thence North 58°44'10" East a distance of 81.01 feet;
thence North 76°16'22" East a distance of 76.52 feet;
thence South 85°51'42" East a distance of 145.64 feet;
thence South 63°36'37" East a distance of 163.34 feet;
thence South 31°24'39" East a distance of 200.75 feet;
thence South 00°27'46" East a distance of 30.82 feet;
thence North 70°43'54" West a distance of 84.68 feet;
thence North 13°08'42" West a distance of 52.22 feet;
thence North 42°17'32" West a distance of 52.75 feet;
thence North 01°54'35" West a distance of 49.32 feet;
thence North 55°11'45" West a distance of 135.52 feet;
thence North 70°49'39" West a distance of 60.76 feet;
thence South 89°44'01" West a distance of 87.04 feet;
thence South 74°27'19" West a distance of 82.01 feet;
thence South 41°17'16" West a distance of 101.98 feet;
thence South 60°41'17' West a distance of 99.48 feet;
thence South 83°07'45" West a distance of 205.26 feet;
thence North 61°17'09" West a distance of 64.16 feet;
thence North 85°45'48" West a distance of 41.09 feet;
thence South 70°35'09" West a distance of 58.33 feet;
thence South 27°19'39" West a distance of 126.53 feet;
thence South 50°29'29" West a distance of 117.71 feet;
thence North 85°01'46" East a distance of 139.70 feet;
thence South 85°37'25" East a distance of 156.73 feet;
thence South 65°29'22" East a distance of 77.20 feet;
thence South 57°26'52" East a distance of 102.47 feet;
thence South 46°36'25" East a distance of 60.09 feet;
thence South 67°57'05" East a distance of 39.21 feet;
thence North 71°26'40" East a distance of 135.32 feet;
thence South 44°09'26" East a distance of 23.15 feet;
thence South 58°56'31" East a distance of 83.25 feet;
thence South 61°47'52" East a distance of 62.40 feet;
thence South 43°46'41" East a distance of 213.70 feet;
thence South 23°15'27" East a distance of 95.94 feet;
thence South 03°30'10" East a distance of 77.46 feet;
thence South 35°28'07" West a distance of 74.18 feet;
thence South 04°39'23" East a distance of 108.75 feet;
thence South 12°39'46" East a distance of 136.60 feet;
thence South 32°35'17" East a distance of 40.02 feet;
thence North 70°28'43" East a distance of 20.04 feet;
thence South 56°54'02" East a distance of 20.27 feet;
thence North 88°12'05" East a distance of 13.47 feet;
thence South 28°16'24" East a distance of 55.11 feet;



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thence South 20°52'48" East a distance of 53.89 feet;
thence North 80°36'29" East a distance of 14.72 feet;
thence North 64°42'44" East a distance of 74.58 feet;
thence North 23°39'06" East a distance of 70.23 feet;
thence North 51°56'26" East a distance of 101.69 feet;
thence North 03°13'41" East a distance of 133.86 feet;
thence North 45°58'30" East a distance of 22.49 feet;
thence North 84°03'41" East a distance of 26.22 feet;
thence North 66°00'10" East a distance of 49.05 feet;
thence South 52°07'36" East a distance of 85.40 feet;
thence South 47°50'40" West a distance of 140.06 feet;
thence South 37°02'40" West a distance of 175.45 feet;
thence South 52°22'08" West a distance of 167.49 feet;
thence North 51°51'52" West a distance of 85.70 feet;
thence North 82°31'52" West a distance of 153.08 feet;
thence North 69°20'02" West a distance of 160.19 feet;
thence North 31°44'38" West a distance of 208.68 feet;
thence North 02°57'50" West a distance of 78.28 feet;
thence North 24°44'52' East a distance of 55.97 feet;
thence North 77°44'46" East a distance of 156.24 feet;
thence North 89°01'06" East a distance of 73.31 feet;
thence North 51°17'40" East a distance of 50.26 feet;
thence North 22°43'50" West a distance of 91.04 feet;
thence North 38°11'26" West a distance of 136.34 feet;
thence North 50°16'16" West a distance of 174.77 feet;
thence North 77°57'19" West a distance of 49.81 feet;
thence South 87°17'32" West a distance of 138.46 feet;
thence North 36°48'16" West a distance of 101.03 feet;
thence North 70°16'06" West a distance of 123.63 feet;
thence South 87°42'36" West a distance of 244.09 feet;
thence South 87°44'30" West a distance of 242.27 feet;
thence North 88°02'35" West a distance of 378.81 feet;
thence North 52°22'34" West a distance of 64.08 feet;
thence North 39°28'02" West a distance of 33.13 feet;
thence North 12°49'55" West a distance of 26.72 feet;
thence North 19°00'18" West a distance of 118.48 feet;
thence North 12°41'37" West a distance of 110.42 feet;
thence North 09°33'34" West a distance of 185.39 feet;
thence North 33°12'33" East a distance of 139.40 feet;
thence North 44°53'24" East a distance of 161.41 feet;
thence South 26°00'30" East a distance of 133.44 feet to the POINT OF BEGINNING.



Subject to Easements of use or of record.
Subject to Claims of the State to lands lying below the described ordinary highwater line of the South Fork of the Payette River and said Side Channel.

End of description
October 10, 2007

LAND SURVEYING SERVICES

369 E. Watertower Lane · Suite A · Meridian, ID 83642 8
P. 208.888.7345 · F.208.888.7354

ASG
Anderson Survey Group.com

EXHIBIT B
Contribution
Agreement



CONTRIBUTION AGREEMENT

THIS CONTRIBUTION AGREEMENT (this "**Agreement**") is entered into this 13th day of February, 2006, by and between Eagle Springs Ranch, LLC, an Idaho limited liability company ("**ESR**"), and Lenora Barnes Revocable Living Trust ("**Barnes Trust**"), and Garden Valley School District #71 ("**School District**"). ESR and Barnes Trust are sometimes collectively referred to herein as "**Southfork.**" Southfork and School District are sometimes referred to herein individually as a "**Party**" and collectively as "**Parties.**"

RECITALS:

A. ESR owns that certain real property legally described on **Exhibit A**, attached hereto and made a part hereof (the "**Southfork Property**"). Barnes Trust owns that certain real property legally described on **Exhibit B**, attached hereto and made a part hereof (the "**Barnes Property**"). Both the Southfork Property and the Barnes Property, as and when developed, will be served by School District.

B ESR and Barnes Trust have filed, or in the immediate future will file, a joint application to Boise County for conceptual planned development and preliminary subdivision plat approval in connection with the Southfork Property and the Barnes Property (collectively referred to herein as the "**Project**" or "**Southfork Landing**"). As planned, Southfork Landing will contain approximately 526 residences and 90 commercial units. While the developer does not expect early phase homeowners to be acquiring primary homes, it is anticipated that, at full build out, Southfork Landing will add some students to Garden Valley School District #71..

C. Southfork recognizes the need for excellent school facilities to serve the community, including new students in Southfork Landing, and appreciates the mission of School District to provide educational excellence that gives students the opportunity to succeed in an ever-changing world. Southfork recognizes that funding for school facilities relies on the sale of bonds approved by a two-thirds majority vote of School District taxpayers. As evidenced by a recent Idaho Supreme Court ruling and state legislative studies, while such taxpayer approval ensures local control, the hurdle can be difficult to overcome.

D. Southfork desires to honor the concept of local control and also desires to assist School District more easily clear this hurdle by voluntarily committing to provide financial contributions to be used

to repay school facility bonds approved by the taxpayers of Garden Valley School District #71, which financial contributions are over and above property taxes. The Parties acknowledge that there is no requirement for Southfork to financially assist School District other than as duly established through property taxes.

E. Consistent with the terms hereof, Southfork desires to voluntarily contribute toward the repayment of a bond issued for new school construction, which new school will enable School District to readily meet its mission statement for all students, including those students that might reside in Southfork Landing, and which school will improve the marketability of Southfork Landing.

F. School District recognizes and appreciates the willingness of Southfork to make such voluntary contributions assuming that Southfork Landing is approved by Boise County. School District recognizes and appreciates Southfork's willingness to improve the community-wide educational standard.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and agreed, and in consideration of the recitals above, which are incorporated herein, and the premises and the mutual representations, covenants, undertakings and agreements hereinafter contained, the Parties represent, covenant, undertake and agree as follows:

1. Term. The term, of this Agreement shall commence on the date of contract for the first sale of a residential lot in Southfork Landing and the Term shall continue for eight (8) years following such commencement date (the "Term"); however, if a bond, described further below, is not placed on the ballot by School District in calendar year 2006, the Term of this Agreement shall commence on the date that Boise County approves the preliminary plat for Southfork Landing.

2. Contribution. Southfork shall deliver, or cause to be delivered, to a title insurance company licensed in the State of Idaho ("Escrowee"), on or about the closing date of the first sale of each residential lot in Southfork Landing, an amount equal to one and one-half percent (1½ %) of the gross purchase price paid in connection with the first sale of each such residential lot in Southfork Landing (individually, the "Contribution" and collectively, the "Contributions"). The Contribution in connection with any residential lot, whether located on the Southfork Property or the Barnes Property, shall be paid proportionately by ESR and Barnes Trust in the proportion of approximately seventy percent (72%) of the Contribution and approximately thirty percent (28%) of the Contribution, respectively. The Contribution shall be paid subject to the terms of this Agreement and shall only be paid in connection with the sale of a residential lot in Southfork Landing. Hence, should Southfork transfer all or a portion of the Project to another developer, such bulk transfer shall not trigger the payment of the Contribution.

3. Escrow. The Contributions contemplated herein shall be held by Escrowee through a long-term escrow using form escrow instructions then in use by Escrowee, modified to reflect the terms and conditions of this Agreement and as mutually agreed upon by the Parties. The cost of the escrow relating to this Agreement and the transactions contemplated herein shall be equally divided between ESR and Barnes Trust. This Agreement shall not be merged into any escrow instructions, and the escrow instructions shall always be deemed auxiliary to this Agreement. The provisions of this Agreement shall always be deemed controlling as between Southfork and School District.

The terms of the escrow instructions shall include, without limitation:

- Any and all Contributions shall be held by Escrowee and shall not be delivered to School District unless and until a bond is passed by the electorate during the Term, as more fully provided in, and contemplated by, this Agreement.

- If and when a bond is passed by the electorate during the Term, the Parties shall, as soon as practicable, direct Escrowee to deliver any and all Contributions held by Escrowee to School District, which Contributions shall be used by School Disbrict for partial repayment of such bond.

- From and after the passage of a bond by the electorate during the Term, any and all Contributions received by Escrowee during the Term shall be, as soon as practicable, delivered to School District.

- Except for notices or demands expressly contemplated in the escrow instructions, Escrowee shall be authorized to disregard any and all notices or warnings given by any one of the Parties or by any other person or entity, but Escrowee shall be authorized to regard and to comply with any and all orders, judgments or decrees entered or issued by any Court with competent jurisdiction, and in case Escrowee obeys or complies with any such order, judgment or decree of any Court with competent jurisdiction, the Escrowee shall not be liable to any of the Parties hereto or any other person or entity by reason of such compliance, notwithstanding any such order, judgment or decree is subsequently reversed, modified, annulled, set aside or vacated.

- The escrow instructions may not be amended except by a writing signed by all of the Parties thereto.

- Deposits made pursuant to the escrow instructions may be invested on behalf of any Party or Parties hereto; provided that any direction to Escrowee for such investment shall be expressed in writing and contain the consent of all other Parties to the escrow instructions.

4. Conditions Precedent To Delivery of Contribution. This Agreement, and Southfork's obligation to deliver the Contributions to School District, are subject to the following express conditions precedent. Notwithstanding anything to the contrary which may be contained herein, each of the conditions precedent may be waived in writing by Southfork, such conditions being for the exclusive protection and benefit of Southfork. School District agrees to cooperate with Southfork and to execute any documents which may be necessary or convenient to the performance or satisfaction of these conditions precedent.

(a) Bond. Each calendar year, beginning in calendar year 2006, and continuing for seven (7) consecutive calendar years thereafter (unless and until a bond is passed by the electorate of the School District as contemplated by this Agreement) School District will use all good faith efforts to submit to the qualified electors of School District the question as to whether the School District board shall be empowered to issue negotiable coupon bonds in an amount and for a period of time to be named in the notice of election; provided, however, the amount of such bond shall be less than or equal to five percent (5%) of the most recently available market value for assessment purposes at the time of the school bond election; and provided, further, however, the amount of such bond shall be enough to complete the construction of a new school. School District shall use best efforts to achieve passage of the bond and Southfork shall use all good faith efforts to assist School District in the campaign leading up to the bond election.

(b) Capital Improvements Plan. In the event that a bond is not passed by the electorate of the School District during the Term, as contemplated by this Agreement, School District has the right but not the obligation, during the Term and thirty (30) days following the end of the Term, to present to Southfork a capital improvements plan in connection with the existing school. If School District presents such a plan to Southfork, the Parties shall use all good faith efforts to review and reach an understanding on the capital improvement priorities of such plan prior to sixty (60) days following the end of the Term. If the Parties reach such understanding, this Agreement shall be amended to reflect that

understanding and to reflect the manner in which the Contributions will be released to School District to pay for the improvements prioritized in such plan. In the event a bond is not passed by the electorate of the School District during the Term and School District does not present such a plan, or if the Parties cannot reach an understanding in connection with such a plan within sixty (60) days following the end of the Term, any and all Contributions, and interest earned thereon, held by Escrowee shall be delivered to Southfork.

(c) Approval by Boise County. The Southfork Property and the Barnes Property are (or will be) zoned and/or subdivided and all studies, reports, permits, approvals and written agreements satisfactory to Buyer (including, without limitation, site plan approvals, subdivision plat(s), building and use permits, and environmental reports and permits) required by the appropriate public or governmental authorities to permit the development of Southfork Landing in accordance with Buyer's intended use have been finally adopted, all without conditions that, in Buyer's reasonable opinion, would cause construction of facilities and/or site work on the Property to be economically unfeasible.

(d) Failure of a Condition Precedent. In all events, the obligation of Southfork to pay Contribution(s) is subject to the provisions of paragraph 5 below and is contingent upon: (i) the conditions precedent provided for in this Agreement being satisfied or waived by Southfork in writing; and (ii) School District otherwise having performed all of School District's obligations hereunder. In the event of a failure of any condition precedent set forth herein, then Southfork may declare this Agreement null and void, and the Parties shall have no further obligations or liabilities hereunder.

5. Supreme Court Ruling. The Parties acknowledge that the Idaho Supreme Court ruling in *Idaho Schools for Equal Educational Opportunity vs. the State of Idaho* has prompted the State legislature to review possible alternative funding sources for public schools. The Parties acknowledge that the legislature may enable School District to charge fees in connection with residential lots in Southfork Landing to fund public school capital facilities. The Parties acknowledge and agree that if School District duly charges such fees in connection with any residential lot, each residential lot owner shall pay such fees (whether that residential lot owner is Southfork or a subsequent owner); provided, however, if the conditions precedent to the release of Contribution from Escrowee to School District have been met, as provided further in paragraph 4 above, then Southfork shall receive a credit against any and all such fees paid (whether by Southfork or a subsequent residential lot owner), which credit shall be an amount equal to the lesser of: such fee charged by School District and paid in connection with any particular residential lot; or the Contribution delivered to Escrowee in connection with such residential lot.

In addition to the obligations specified in this Agreement or contemplated to be performed, executed and/or delivered by School District or Southfork, in light of the unknown circumstances surrounding School District's ability to charge and collect such fees, School District and Southfork, also agree to perform, execute and/or deliver or cause to be performed, executed and/or delivered at any time during the Term, any and all such further acts and assurances as School District and Southfork, as the case may be, may reasonably require to evidence the intent of the Parties hereunder.

6. Termination.

(a) Upon Agreement. The Parties may terminate this Agreement by mutual written agreement upon the terms contained in such agreement.

(b) Upon Breach. Either Party may elect to terminate this Agreement if the other Party is in a material breach of this Agreement and such default continues for a period of thirty (30) days after written notice thereof has been given to the Party in default by the other Party; provided, however, that if the nature of the alleged breach is such that it cannot be cured within thirty (30) days, this Agreement shall not terminate thirty (30) days after the giving of written notice if in the opinion of the non-defaulting Party, the Party alleged to be in breach is taking or has taken reasonable steps (within said thirty (30) day period) to cure the alleged breach and such steps are being diligently pursued.

(c) Release. Upon the expiration or earlier termination of this Agreement, the Parties shall thereafter be automatically relieved and released from all further liabilities and obligations hereunder, except for: (i) liabilities and obligations accruing prior to the date of expiration or earlier termination; and (ii) liabilities and obligations contained herein which are expressly made to extend beyond the Term.

7. Indemnity.

(a) Southfork. Southfork agrees to indemnify and hold harmless School District or its trustees, employees, agents or representatives from any loss, cost, damage, liability or expense (including reasonable attorneys' fees) incurred as a result of the failure of Southfork or any of its members, employees, agents or representatives to act or perform as required by the terms of this Agreement.

(b) School District. School District agrees to indemnify and hold harmless Southfork or any of its members, employees, agents or representatives from loss, cost, damage, liability or expense (including reasonable attorneys' fees) incurred as a result of the failure of School District or its trustees, employees, agents or representatives to act or perform as required by the terms of this Agreement.

(c) No Third-Party Beneficiaries. The obligations of each Party shall inure solely to the benefit of the other Party, and no person or entity shall be a third-party beneficiary of this Agreement.

8. Consolidation. In the event that School District consolidates with another school district, any and all Contributions shall be expended in connection with a new school (or the existing school as provided further in Section 4(b)) located within the geographic area that presently comprises the School District.

9. Notices. All Notices, demands, requests, and other communications under this Agreement shall be in writing and shall be deemed properly served or delivered, if delivered: by hand to the Party to whose attention it is directed; or when sent, three (3) days after deposit in the U.S. mail, postage prepaid, certified or registered with return receipt requested; or one (1) day after deposit with a nationally recognized courier providing next day delivery; or if sent by facsimile to the Party to whose attention it is directed, addressed as follows:

Eagle Springs Ranch:

Oaas Laney, LLC
Attention: T. Erik Oaas
519 W. Front Street
Boise, Idaho 83702
Telephone: (208) 429-9596
Facsimile: (208) 429-9597

With a copy to:

Dynamis Group, LLC
Attention: C. Lloyd Mahaffey
82 E. State Street, Suite C
Eagle, ID 83616
Telephone: (208) 938-4990
Facsimile: (208) 938-5672

And with a copy to:	JoAnn C. Butler Spink Butler, LLP 251 E. Front Street, Suite 200 Boise, ID 83702 Telephone: (208) 388-1093 Facsimile: (208) 388-1001
Garden Valley School District:	Garden Valley School District #71 Vic Koshuta, Superintendent 1076 Banks Lowman Hwy Garden Valley, ID 83622 Telephone: (208) 462-3756 Facsimile: (208) 462-3570
With a copy to:	Anderson, Julian & Hull, LLP Brian K. Julian 250 South Fifth Street, Suite 700 P.O. Box 7426 Boise, ID 83707-7426 Telephone: (208) 344-5800 Facsimile: (208) 344-5510

or at such other address or to such other Party which any Party entitled to receive notice hereunder designates to the other Party in writing as provided above.

10. Counterparts. This Agreement may be executed in several counterparts and all as so executed shall constitute one (1) agreement binding on all the Parties hereto.

11. Binding Effect. This Agreement shall be binding upon, and inure to the benefit of, the Parties and the Parties' respective heirs, executors, administrators, successors and assigns. The Parties acknowledge and agree that ESR shall assign ESR's interest and obligations in this Agreement to an entity responsible for the development of Southfork Landing. School District shall look to any successors and/or assignees of Southfork in connection with Contribution due following such assignment. Southfork shall include reference to this Agreement in any restrictive covenants to be recorded in connection with the Project.

12. Attorneys' Fees. In any action arising between the Parties seeking enforcement of any of the terms or provisions of this Agreement, the prevailing Party in any such action shall be awarded, in addition to any damages, injunctive or other relief, and the prevailing Party's reasonable costs and expenses including reasonable attorneys' fees.

13. Waiver. No consent or waiver, express or implied, by any Party to or of any breach or default by any other Party in the performance of obligations hereunder shall be deemed or construed to be a consent to or of any other breach or default in the performance by such Party hereunder. Failure on the part of any Party to complain or any act or failure to act of any other Party or to declare another Party in default, irrespective of how long such failure continues, shall not constitute a waiver by any Party of such Party's rights hereunder.

14. Headings. The headings of the articles and sections of this Agreement are inserted solely for convenience or reference and are not a part of and are not intended to govern, limit or aid in the construction of any term or provision hereof.

15. Further Assurances. Each Party hereto agrees to execute and deliver all such other and additional instruments and documents and do all such other acts and things as may be necessary to more fully effectuate this Agreement

16. Mediation in the Event of Failure to Agree. In the event a disagreement arises between the Parties, any Party may demand mediation and shall give written notice to that effect to the other Party. The Parties shall have thirty (30) days from the date of such notice to agree on a mediator. Once a mediator has been obtained, no Party may avail itself of any other legal or equitable remedy available to such Party under Idaho law until the earlier of sixty (60) days or such mediation has been concluded. If the result of such mediation is unsatisfactory to one or more Parties, then any Party may avail itself of any legal or equitable remedy available to such Party under Idaho law.

17. Pronouns. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine or neuter, singular or plural, as the identity of the person or persons may require.

18. Time is of the Essence. Time is of the essence with respect to the obligations of the Parties hereunder.

IN WITNESS WHEREOF, the Parties have signed this Contribution Agreement effective as of the date first written above.

SOUTHFORK:

ESR:

Eagle Springs Ranch, LLC,
an Idaho limited liability company

By: Dynamis Group, LLC, an Idaho limited liability company

By: Carloma Group, LP, a limited partnership, its Member

C. Lloyd Mahaffey, General Partner

By: Johnston Construction, Inc., an Idaho corporation, its Member

John Johnston, President

By: Oaas Laney, LLC, an Idaho limited liability company

By: Whiterock Investments, LLC, an Idaho limited liability company, its Member

By: [illegible], Manager

By: Laneyland L.P., an Idaho limited partnership, its Member

By: Steven H. Laney, General Partner

BARNES TRUST:

LENORA BARNES REVOCABLE LIVING TRUST

Lenora B. Barnes, Trustee

Joe Barnes, Trustee

Frank B. Barnes, Trustee

Cecily Cooper, Trustee

Julie Johnston, Trustee

Lori Barnes Girdner, Trustee

IN WITNESS WHEREOF, the Parties have signed this Contribution Agreement effective as of the date first written above.

SOUTHFORK:

ESR:

Eagle Springs Ranch, LLC,
an Idaho limited liability company

By: Dynamis Group, LLC, an Idaho limited liability company

By: Carloma Group, LP, a limited partnership, its Member

C. Lloyd Mahaffey, General Partner

By: Johnston Construction, Inc., an Idaho corporation, its Member

John Johnston, President

By: Oaas Laney, LLC, an Idaho limited liability company

By: Whiterock Investments, LLC, an Idaho limited liability company, its Member

By: T. Erik Oaas, Manager

By: Laneyland L.P., an Idaho limited partnership, its Member

By: Steven H. Laney, General Partner

BARNES TRUST:

LENORA BARNES REVOCABLE LIVING TRUST

Lenora B. Barnes, Trustee

Jon Barnes, Trustee

Frank B. Barnes, Trustee

Cecily Cooper, Trustee

Jule Johnston, Trustee

Lori Barnes Girdner, Trustee

IN WITNESS WHEREOF, the Parties have signed this Contribution Agreement effective as of the date first written above.

SOUTHFORK:

EER:

Eagle Springs Ranch, LLC,
an Idaho limited liability company

By: Dynamis Group, LLC, an Idaho limited liability company

By: Cadona Group, LP, a limited partnership, its Member

C. Lloyd Mahaffey, General Partner

By: Johnston Construction, Inc., an Idaho corporation, its Member

John Johnston, President

By: Oaas Laney, LLC, an Idaho limited liability company

By: Waterock Investments, LLC, an Idaho limited liability company, its Member

By: T. Erik Oaas, Manager

By: Laneyland L.P., an Idaho limited partnership, its Member

By: Steven H. Laney, General Partner

BARNES TRUST:

LENORA BARNES REVOCABLE LIVING TRUST

Lenora B. Barnes, Trustee

Jon Barnes, Trustee

Frank B. Barnes, Trustee

Cecily Cooper, Trustee

Julie Johnston, Trustee

Lori Barnes Gardner, Trustee

State of Colorado)
County of Arapahoe) SS.

The foregoing instrument was acknowledged before me this 13th of Feb, 2006 by Frank B. Barnes.

Witness my hand and seal.

Judith B. Cooke
Notary Public

My Commission Expires 10/09/2006
2600 S. Havana St.
Aurora, CO 80014

JUDITH B. COOKE NOTARY PUBLIC STATE OF COLORADO

IN WITNESS WHEREOF, the Parties have signed this Contribution Agreement effective as of the date first written above.

SOUTHFORK:

ESR:

Eagle Springs Ranch, LLC,
an Idaho limited liability company

By: Dynamis Group, LLC, an Idaho limited liability company

By: Carloma Group, LP, a limited partnership, its Member

_____
C. Lloyd Mahaffey, General Partner

By: Johnston Construction, Inc., an Idaho corporation, its Member

_____
John Johnston, President

By: Oaas Laney, LLC, an Idaho limited liability company

By: Whiterock Investments, LLC, an Idaho limited liability company, its Member

By:_____
T. Erik Oaas, Manager

By: Laneyland L.P., an Idaho limited partnership, its Member

By:_____
Steven H. Laney, General Partner

BARNES TRUST:

LENORA BARNES REVOCABLE LIVING TRUST

_____
Lenora B. Barnes, Trustee

_____
Jon Barnes, Trustee

_____
Frank B. Barnes, Trustee

Cecily Cooper

_____
Cecily Cooper, Trustee

_____
Julie Johnston, Trustee

_____
Lori Barnes Girdner, Trustee

SCHOOL DISTRICT:

Garden Valley School District #71

Liz McInally, Trustee

Gary Hester, Trustee

Jim Dovel, Trustee

Elizabeth Dunn, Trustee

Mario Glauser, Trustee

Vic Koehuta, Superintendent

SCHEDULE OF EXHIBITS

Exhibit A - Legal Description of Southfork Property
Exhibit B - Legal Description of Barnes Property

EXHIBIT A
LEGAL DESCRIPTION OF SOUTHFORK PROPERTY

Parcel 1:

Government Lots 6 and 7, Section 27, Township 9 North, Range 4 East, Boise Meridian, Boise County, Idaho.

Parcel 2:

The Southwest Quarter of the Southwest Quarter of Section 27, in Township 9 North, Range 4 East, Boise Meridian, Boise County, Idaho;

Parcel 3:

In Section 28, Township 9 North, Range 4 East, Boise Meridian, Boise County, Idaho;

Tract A:

The Southeast Quarter of the Northwest Quarter;

Tract B:

Lot 2, EXCEPTING THEREFROM that certain land described on the waterside of the South bank of the South fork of the Payette River;

Tract C:

Lot 3;

Tract D:

Lot 4, EXCEPTING THEREFROM the Southerly 400 feet; and excepting from said Lot 4 the following parcel described as;

COMMENCING at the meander corner common to Sections 28 and 27, thence following along the left bank of the river channel
South 87°46'41" West 242.47 feet; thence
North 69°10'17" West 184.86 feet; thence
North 78°32'39" West 249.44 feet; thence
South parallel to the East section line to a point which is 67 feet North of the North boundary line of the Southerly 400 feet of Lot 4; thence
East parallel to the said South boundary line of the Southerly 400 feet of Lot 4, said line to also be the North boundary line of the access easement hereinafter described, to a point on the East section line; thence
North along the East section approximately 180.68 feet to the POINT OF BEGINNING.

Tract E:

AND that certain parcel of property commencing at the section corner common to Sections 28, 27, 33 and 34; thence
North 1982.77 feet to the meander corner stone on the section line common to Sections 27 and 28, being the REAL POINT OF BEGINNING; thence
South 87°46'41" West 242.27 feet; thence
North 29°56'19" West 963.76 feet; thence
South 86°04'54" West 397.19 feet; thence
North 84°22'17" West 282.27 feet; thence
North 69°08'27" West 448.60 feet; thence
North 62°28'09" West 267.39 feet; thence
North 32°12'44" West 582.39 feet; thence
North 66°47'57" West 106.74 feet; thence
North 23°28'16" West 99.92 feet; thence

North 25°43'19" West 132.01 feet; thence
North 23°43'18" West 263.62 feet; thence
North 24°58'19" West 190.91 feet; thence
South 61°38'06" East 103.61 feet; thence
North 88°15'51" East 171.50 feet; thence
South 64°39'43" East 89.67 feet; thence
South 61°20'06" East 369.13 feet; thence
South 78°15'13" East 387.84 feet; thence
South 70°16'31" East 248.64 feet; thence
South 59°47'58" East 214.62 feet; thence
South 71°58'06" East 98.73 feet; thence
South 89°13'49" East 183.91 feet; thence
North 69°10'12" East 391.03 feet; thence
North 78°23'28" East 208.63 feet; thence
North 57°35'15" East 101.89 feet; thence
North 78°24'32" East 154.82 feet; thence
North 82°40'43" East 86.78 feet to the section line; thence
South 1°17'39" East 2007.70 feet to the POINT OF BEGINNING.

EXCEPTING the following parcel conveyed to the State of Idaho described as follows:

Beginning at the meander corner common to Section 27 and 28, Township 9 North, Range 4 East, Boise Meridian, on the left bank of the South Fork of the Payette river which is the REAL POINT OF BEGINNING; thence
South 87°46'41" West 242.27 feet to a point on the left bank of a channel of the South Fork of the Payette River; thence along the left bank of said channel a distance of 1205 feet, more or less, to a point which is
South 87°46'41" West 242.27 feet and
North 25°58'19" West 820.29 feet from the point of beginning; thence continuing along the left bank
North 31°46'23" East 290.29 feet; thence
North 6°18'08" West 116.06 feet; thence
North 37°19'50" West 230.97 feet; thence
North 47°31'05" West 500.97 feet; thence
North 39°43'36" West 204.46 feet to a point at the confluence of said channel with the main channel of the South Fork of the Payette River; thence
South 89°13'49" East 183.91 feet to a point on the right bank of said channel, upstream along the right bank; thence
South 43°52'22" East 178.89 feet; thence
South 57°08'43" East 296.19 feet; thence
South 39°03'04" East 197.33 feet; thence
South 52°36'20" East 149.02 feet; thence
South 8°45'32" East 186.09 feet; thence
South 6°06'13" West 366.82 feet; thence
South 46°21'54" West 173.24 feet; thence
South 34°42'02" West 51.54 feet to a point on the right bank of a channel of the South Fork of the Payette River lying
South 87°46'41" West 242.27 feet and
North 25°58'19" West 664.62 feet from the POINT OF BEGINNING; thence upstream along the right bank of said channel a distance of 585 feet, more or less, to a point lying
South 87°46'41" West 242.27 feet and
North 25°58'19" West 151.00 feet from the POINT OF BEGINNING; thence along the right bank of said channel
South 85°30'12" East 61.20 feet; thence
North 66°01'36" East 176.71 feet; thence
North 47°50'33" East 102.91 feet to a point on the right bank of said channel; thence
South 1°17'39" East 203.71 feet to the POINT OF BEGINNING.

Parcel 4:

That certain property in Section 28, Township 9 North, Range 4 East, Boise Meridian, Boise County, Idaho, as follows:

EXHIBIT A - 2

COMMENCING at the meander corner common to Sections 28 and 27; thence following along the left bank of the river channel,
South 87°46'41" West 242.47 feet; thence
North 89°10'17" West 184.86 feet; thence
North 78°32'39" West 248.44 feet; thence
South parallel to the East section line to a point which is 67 feet North of the North boundary line of the Southerly 400 feet of Lot 4; thence
East parallel to the said South boundary line of the Southerly 400 feet of Lot 4, said line to also be the North boundary line of the access easement described in Instrument No. 113169 recorded May 18, 1984 of Official Records, to a point on the East section line thence
North along the East section line approximately 180.68 feet to the POINT OF BEGINNING.

Parcel 5:

The Northwest Quarter of the Northwest Quarter of Section 34, in Township 9 North, Range 4 East, Boise Meridian, Boise County, Idaho;

EXCEPTING THEREFROM the 4.60 acres described as:

BEGINNING at the section corner common to Sections 27, 28, 33 and 34; thence
South 64°04'06" East 861.86 feet to an iron pin, being the REAL POINT OF BEGINNING; thence
South 42°27'46" East 466.00 feet to an iron pin; thence
South 47°32'14" West 643.71 feet to an iron pin; thence
North 42°27'46" West (formerly shown as South 42°27'46" West) 125.85 feet to an iron pin; thence
North 28°25'31" East 384.93 feet to an iron pin; thence
North 42°27'46" West 203.32 feet to an iron pin; thence
North 47°32'14" East 280.00 feet to the REAL POINT OF BEGINNING.

Parcel 6:

Lot 3 of Charter's Mountain Ranch Condominiums and Subdivision No. 1, according to the plat thereof, filed as Instrument No. 112105 records of Boise County, Idaho.

Parcel 7:

Lot 4 of Charter's Mountain Ranch Condominiums and Subdivision No. 1, according to the plat thereof, filed as Instrument No. 112105, records of Boise County, Idaho.

Parcel 8:

Lot 5 of Charter's Mountain Ranch Condominiums and Subdivision No. 1, according to the plat thereof, filed as Instrument No. 112105, records of Boise County, Idaho.

Parcel 9:

A parcel of land situate in the Southeast one-quarter of Section 34, Township 9 North, Range 4 East, Boise Meridian, Boise County, Idaho, more particularly described as follows:

COMMENCING at the South One Quarter corner of said Section 34, a brass cap; thence
North 89°49'56" East along the South line of said Section 34 a distance of 1028.83 feet to a 5/8 inch iron pin and the REAL POINT OF BEGINNING; thence continuing
North 89°49'56" East a distance of 601.33 feet to a 5/8 inch iron pin; thence
North 00°33'06" West a distance of 630.30 feet to a 5/8 inch iron pin; thence
North 89°58'10" East a distance of 326.89 feet to a 5/8 inch iron pin; thence
North 00°31'43" West a distance of 629.51 feet to a 5/8 inch iron pin; thence
South 89°53'36" East a distance of 662.32 feet to a 5/8 inch iron pin, the 1/16th corner and a 5/8 inch iron pin; thence
North 00°28'57" West a distance of 76.61 feet to a 5/8 inch iron pin; thence
South 87°50'16" West a distance of 675.28 feet to a 5/8 inch iron pin; thence
North 02°03'52" West a distance of 279.00 feet to a 5/8 inch iron pin; thence

EXHIBIT A - 3

North 90°00'00" West a distance of 898.97 feet to a 5/8 inch iron pin; thence
South 00°36'19" East a distance of 1592.51 feet to a 5/8 inch iron pin and the REAL POINT OF BEGINNING.

Parcel 10:

Lot 1 of Charters Mountain Ranch Condominiums and Subdivision No. 1, according to the plat filed as Instrument No. 112105, records of Boise County, Idaho.

Parcel 11:

Lot 2 of Charter's Mountain Ranch Condominiums and Subdivision No. 1, according to the plat thereof recorded under Instrument No. 112105, records of Boise County, Idaho.

Parcel 12:

In Section 27, Township 9 North Range 4 East, Boise Meridian, Boise County, Idaho:

Government Lots 2 and 3, East Half of the Northwest Quarter, Southwest Quarter of the Northeast Quarter, Northeast Quarter of the Southeast Quarter, Northwest Quarter of the Southeast Quarter, Southwest Quarter of the Southeast Quarter, and the West Half of the Southeast Quarter of the Southeast Quarter, Section 34, Township 9 North, Range 4 East, Boise Meridian, Boise County, Idaho.
EXCEPTING FROM said Parcel 12 any portion thereof lying within the following described parcels A, C, D, E, F and G.

Parcel A:

A parcel of land located in the Northeast Quarter of the Southeast Quarter of Section 34, Township 9 North, Range 4 East, Boise Meridian, Boise County, Idaho, more particularly described as follows:

BEGINNING at a brass cap marking the section corner common to Sections 2 and 3, Township 8 North, Range 4 East, and Sections 34 and 35, Township 9 North, Range 4 East, Boise Meridian; thence
North 0°28'57" West 1334.51 feet along the section line common to Sections 34 and 35 to a point; thence
South 87°50'16" West 66.80 feet to an iron pin being the REAL POINT OF BEGINNING; thence continuing
South 87°50'16" West 603.46 feet to an iron pin; thence
North 2°03'52" West 429.28 feet to an iron pin; thence
North 81°48'36" East 118.14 feet to an iron pin; thence
South 79°57'59" East 247.30 feet to an iron pin; thence
South 38°16'19" East 338.84 feet to an iron pin; thence
South 25°02'48" East 125.66 feet to the REAL POINT OF BEGINNING.

Parcel C:

A parcel of land in the Southeast Quarter of Section 34, Township 9 North, Range 4 East, Boise Meridian, Boise County, Idaho, more particularly described as follows:

Beginning at the section corner common to Sections 34, 35, 2 and 3, Township 9 North, Range 4 East, Boise Meridian, Boise County, Idaho; thence
North 0°06'29" East 1363.12 feet along the section line common to said Section 34 and 35 to an iron pin being the REAL POINT OF BEGINNING; thence continuing
North 0°06'29" East 340.10 feet to an iron pin; thence
North 89°53'31" West 208.62 feet to an iron pin; thence
South 23°36'14" East 154.45 feet to an iron pin; thence
South 35°55'16" East 245.68 feet to the REAL POINT OF BEGINNING.

Parcel D:

A parcel of land lying in a portion of the Northeast Quarter of the Southeast Quarter, Section 34, Township 9 North, Range 4 East, Boise Meridian, Boise County, Idaho and being more particularly described as follows:

Beginning at a point marking the Southeast corner of said section 34; thence
North 0°28'57" West 1334.51 feet along the East line of Section 34 to a point marking the Southeast corner of the said Northeast Quarter of the Southeast Quarter of Section 34, said point being the REAL POINT OF

BEGINNING; thence
South 87°50'16" West 66.80 feet to a point; thence
North 25°02'46" West 125.66 feet to a point; thence
North 38°16'19" West 338.84 feet to a point; thence
North 79°57'59" West 247.30 feet to a point; thence
South 81°46'36" West 118.14 feet to a point; thence
North 42°20'00" West 315.00 feet to a point; thence
North 70°00'00" East 450.00 feet to a point; thence
North 42°09'52" East 284.03 feet to a point; thence
North 89°48'60" East 70.00 feet to a point; thence
South 0°23'15" East 602.97 feet to a point; thence
North 89°43'15" East 211.45 feet to a point on the said East line of Section 34; thence
South 0°28'57" East 388.14 feet along the East line of Section 34 to the REAL POINT OF BEGINNING.

Parcel E:

A parcel of land situated in the Southeast Quarter of Section 34, Township 9 North, Range 4 East, Boise Meridian, Boise County, Idaho, more particularly described as follows:

Commencing at the South Quarter corner of said Section 34, a brass cap; thence
North 89°49'56" East along the South line of said Section 34 a distance of 1026.83 feet to a 5/8 inch iron pin and the REAL POINT OF BEGINNING; thence continuing
North 89°49'56" East distance of 601.33 feet to a 5/8 inch iron pin; thence
North 00°33'06" West a distance of 630.30 feet to a 5/8 inch iron pin; thence
North 89°58'10" East a distance of 325.89 feet to a 5/8 inch iron pin; thence
North 00°31'43" West a distance of 629.51 feet to a 5/8 inch iron pin; thence
South 89°53'35" East a distance of 652.32 feet to a 5/8 inch iron pin, the 1/16th corner and a 5/8 inch iron pin; thence
North 00°28'57" West a distance of 78.81 feet to a 5/8 inch iron pin; thence
South 87°50'16" West a distance of 675.28 feet to a 5/8 inch iron pin; thence
North 02°03'52" West a distance of 278.00 feet to a 5/8 inch iron pin; thence
90°00'00" West a distance of 898.97 feet to a 5/8 inch iron pin; thence
South 00°36'19" East a distance of 1662.51 feet to a 5/8 inch iron pin and the REAL POINT OF BEGINNING.

Parcel F:

The East Half of the Southwest Quarter of the Southeast Quarter of the Southeast Quarter, Section 34, Township 9 North, Range 4 East, Boise Meridian, Boise County, Idaho.

Parcel G:

The plat of Charter's Mountain Ranch Condominiums and Subdivision No. 1, according to the plat thereof recorded under Instrument No. 112105.

EXHIBIT A - 5

EXHIBIT B

PORTER'S LAND SURVEYING, INC.

921 South Curtis Road
Boise, Idaho 83705-1840

Phone: (208) 344-3650

June 12, 2001

Legal Description for Freedom Ranch Survey No. 1;
Lenora Barnes, Owner

A parcel of land being all of the Northeast 1/4 of the Southeast 1/4 of the Southeast 1/4 (formerly described as the North 1/2 of the East 1/2 of the Southeast 1/4 of the Southeast 1/4) of Section 34;

all of the North 1/2 of the Southeast 1/4 of the Southeast 1/4 of the Southeast 1/4 (formerly described as the North 1/2 of the South 1/2 of the East 1/2 of the Southeast 1/4 of the Southeast 1/4) of said Section 34;

all of the Southwest 1/4 of the Southwest 1/4 of Section 35;

all of the North 1/2 of the Southeast 1/4 of the Southwest 1/4 of said Section 35;

all of Government Lots 5 and 6 of said Section 35; and,

a portion of Government Lot 7, lying west of Alder Creek, also EXCEPT the south 660 feet of said Government 7; also in said Section 35;

ALL being located in Township 9 North, Range 4 East, Boise Meridian; Boise County, Idaho; more particularly described as follows:

Beginning at a Bureau of Land Management Brass Cap marking the Section Corner common to Sections 34 and 35, T.9 N., R.4 E., B.M., and Sections 2 and 3, T.8 N., R.4 E., B.M., also being the REAL POINT OF BEGINNING;

thence, along the section line common to said Sections 35 and 2, N 89°53'02" E 1118.08 feet (formerly S 89°30'00" E 1118.29 feet) to a found two inch diameter Pipe marking the REAL POINT OF BEGINNING of *CROSSTIMBER RANCH SUBDIVISION NO. 1*, as shown on the Official Plat, recorded as Instrument No. 161524, Records of Boise County, Idaho;

thence, continuing along said section line and along the north boundary of said *CROSSTIMBER RANCH SUBDIVISION NO. 1*, N 89°53'02" E 210.39 feet (formerly 210.30') to an Iron Pin;

thence, leaving said section line and continuing along said *CROSSTIMBER RANCH SUBDIVISION NO. 1* boundary line the following bearings and distances:

N 0°36'58" W 635.20 feet (formerly N 0°00'24" E 635.28 feet) to an Iron Pin;

thence, N 89°32'28" E 1327.38 feet (formerly S 89°50'03" E 1327.85 feet) to an Iron Pin;

thence, N 0°37'48" W 16.99 feet (formerly N 0°04'57" W 17.02 feet) to an Iron Pin;

thence, N 89°52'58" E 80.84 feet (formerly S 89°30'00" E 80.97 feet) to an Iron Pin marking the Northeast Corner of said *CROSSTIMBER RANCH SUBDIVISION NO. 1*, also being the Northwest Corner of *CREEKSIDE AT CROSSTIMBER RANCH SUBDIVISION*, as shown on the Official Plat, recorded as Instrument No. 178921, Records of Boise County, Idaho;

thence, leaving the north boundary line of said *CROSSTIMBER RANCH SUBDIVISION NO. 1* and along the north boundary line of said *CREEKSIDE AT CROSSTIMBER RANCH SUBDIVISION*, N 89°52'58" E (formerly S 89°30'00" E) 990.03 feet to a point marking the intersection of the north boundary line of said *CREEKSIDE AT CROSSTIMBER RANCH SUBDIVISION* and the centerline of Alder Creek, said point being witnessed by an Iron Pin bearing S 89°52'58" W 15.00 feet distant from the true corner;

thence, leaving the north boundary line of said *CREEKSIDE AT CROSSTIMBER RANCH SUBDIVISION* and meandering along the centerline of Alder Creek the following bearings and distances:

N 9°30'07" E 181.28 feet to a point;

thence, N 13°34'30" W 177.09 feet to a point;

thence, N 4°41'31" E 254.58 feet to a point;

thence, N 10°55'22" E 129.14 feet to a point;

thence, N 29°13'06" E 214.95 feet to a point;

thence, N 51°30'40" E 249.88 feet to a point;

thence, N 80°23'47" E 114.44 feet to a point;

thence, N 47°29'59" E 182.40 feet to a point marking the intersection of the centerline of said Alder Creek and the ordinary high water line of the left bank of the South Fork of the Payette River;

thence, leaving said centerline and meandering along the ordinary high water line of the left bank of said

South Fork of the Payette River the following bearings and distances:

N 6°33'22" W 185.44 feet to a point;
thence, N 30°08'51" W 117.73 feet to a point;
thence, N 57°36'45" W 427.63 feet to a point;
thence, N 75°01'28" W 616.32 feet to a point;
thence, N 65°20'35" W 420.28 feet to a point;
thence, N 72°28'05" W 511.40 feet to a point;
thence, S 80°17'15" W 762.73 feet to a point;
thence, N 69°19'47" W 207.11 feet to a point;
thence, N 59°58'59" W 285.67 feet to a point;
thence, N 47°03'51" W 217.40 feet to a point;
thence, N 41°17'27" W 995.39 feet to an Iron Pin marking the intersection of said ordinary high water line and the section line common to said Sections 34 and 35;

thence, leaving said ordinary high water line, and along the section line common to said Sections 34 and 35, S 0°23'04" E 1104.45 feet (formerly S 0°26'57" E 1104.15 feet) to an Aluminum Cap marking the 1/4 Corner common to said Sections 34 and 35;

thence, continuing along said section line, S 0°28'13" E 1256.85 feet (formerly S 0°26'57" E 1255.90 feet) to an Aluminum Cap marking the South 1/16 Section Corner common to said Sections 34 and 35;

thence, leaving said section line and along the south 1/16 section line of said Section 34, N 89°54'46" W 652.23 feet (formerly N 89°53'35" W 651.32 feet) to an Iron Pin marking the Northwest Corner of the Northeast 1/4 of the Southeast 1/4 of the Southeast 1/4 of said Section 34;

thence, leaving said south 1/16 section line and along the west boundary line of the East 1/2 of the Southeast 1/4 of the Southeast 1/4 of said Section 34, S 0°32'15" E (formerly S 0°31'43" E) 944.03 feet to an Iron Pin marking the Southwest Corner of the North 1/2 of the Southeast 1/4 of the Southeast 1/4 of the Southeast 1/4 of said Section 34;

thence, leaving said west boundary line and along the south boundary line of the North 1/2 of the Southeast 1/4 of the Southeast 1/4 of the Southeast 1/4 of said Section 34, N 89°52'51" E 651.48 feet to an Iron Pin on the section line common to said Sections 34 and 35, also being the Southeast Corner of the North 1/2 of the Southeast 1/4 of the Southeast 1/4 of the Southeast 1/4 of said Section 34;

thence, leaving said south boundary line and along the section line common to said Section 34 and 35, S 0°28'41" E 313.89 feet to the REAL POINT OF BEGINNING;

said parcel contains 198.50 acres more or less;

said parcel also being subject to any right-of-ways or easements, of record or in use.



FIRST AMENDMENT TO
CONTRIBUTION AGREEMENT

This First Amendment to Contribution Agreement ("First Amendment") is entered into as of the 5th day of September, 2007, by and between Eagle Springs Ranch, LLC, an Idaho limited liability company ("ESR"), and Barnes Ventures, Inc., successor in interest to the Lenora Barnes Revocable Living Trust ("Barnes"), and Garden Valley School District #71 ("School District").

RECITALS:

A. ESR, Barnes, and School District entered into that certain Contribution Agreement dated February 13, 2006 (the "Initial Agreement"), for certain school facility financial contributions as more specifically described therein. All capitalized terms not otherwise defined herein shall have the same meanings ascribed to them in the Initial Agreement. The Initial Agreement and this First Amendment are sometimes collectively referred to herein as the "Agreement."

B. Certain contingencies for the financial contributions will no longer be required. The parties therefore wish to amend and revise the Initial Agreement, as more specifically set forth in this First Amendment.

AGREEMENT:

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and agreed, and in consideration of the recitals above, which are incorporated herein, and the promises and the mutual covenants hereinafter contained, the Parties hereby agree as follows:

1. Section 3 of the Initial Agreement, regarding long-term escrow of Contributions, is hereby deleted in its entirety, and the following is substituted therefor:

> 3. Escrow. Escrowee shall be the same escrowee designated to close the sale of each residential lot in Southfork Landing, and no separate escrow fee(s) shall be applicable to distribution of Contributions hereunder. Upon final closing of any such residential lot sale, Escrowee shall deduct the Contribution from the proceeds of such sale and immediately release such Contribution to School District without further instruction by any Party. Provided, however, that all Contributions received by School District shall be dedicated exclusively and in their entirety to either (a) capital improvements for infrastructure improvements to the existing school, or (b) construction of a new school in the event negotiable coupon bonds are approved by the electorate of the School District therefor, as evidenced by the spending reports required under Section 19 hereunder. This Agreement shall not be merged into any escrow instructions, and any escrow instructions related to lot sale transaction(s) shall always be deemed auxiliary to this Agreement. The provisions of this Agreement shall always be deemed controlling as between Southfork and School District.

2. Section 4(a) of the Initial Agreement, regarding a bond as a condition precedent, is hereby deleted in its entirety.

3. Section 4(b) of the Initial Agreement, regarding a capital improvements plan as a condition precedent, is hereby deleted in its entirety.

4. The Initial Agreement is hereby amended with the addition of Section 19 thereto as follows:

> 19. Reporting by School District. School District shall prepare and distribute to Southfork, at least annually, following receipt by School District of any Contribution hereunder, a

complete report of spending of Contributions received by School District during the term of such report.

5. Except as amended by this First Amendment, all terms set forth in the Initial Agreement shall remain unchanged, and in full force and effect.

6. This First Amendment may be executed in counterparts, each of which shall constitute an original, but all together shall constitute one and the same agreement.

[end of text]

IN WITNESS WHEREOF, the Parties hereto, being duly authorized, have signed this First Amendment to Contribution Agreement effective as of the date first written above.

ESR:

EAGLE SPRINGS RANCH, LLC,
an Idaho limited liability company

By: Southfork Landing, Inc., an Idaho corporation

By: _____
T. Erik Oaas, President

BARNES:

BARNES VENTURES, INC.,
an Idaho corporation

By: _____
Lori Gardner, Authorized Representative

SCHOOL DISTRICT:

Garden Valley School District #71

_____
Mario Glauser, Chairman of the Board

_____
Elizabeth Dunn, Vice Chairman

_____
Jim Dowd, Treasurer

_____
Pete Wier, Assistant Treasurer

_____
Dan LeBlanc

_____
Stan Kress, Superintendent

IN WITNESS WHEREOF, the Parties hereto, being duly authorized, have signed this First Amendment to Contribution Agreement effective as of the date first written above.

ESR:

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an Idaho limited liability company

By: Southfork Landing, Inc., an Idaho corporation

By: _____
T. Erik Oaas, President

BARNES:

BARNES VENTURES, INC.,
an Idaho corporation

By: _____
Frank B. Barnes, President

SCHOOL DISTRICT:

Garden Valley School District #71

_____
Mario Glauser, Chairman of the Board

_____
Elizabeth Dunn, Vice Chairman

_____
Jan Dovel, Treasurer

_____
Pete Wier, Assistant Treasurer

_____
Dan LeBare

_____
Stan Kress, Superintendent