

FILED BY
Halme Law Office
2006 OCT -6 P 12:31
279
MARIE SCOTT
BONNER COUNTY RECORDER
MS

714731

**QUITCLAIM DEED AND BILL OF SALE
RE: EDMERE-3 WATER SYSTEM**

THIS INDENTURE AND AGREEMENT are made on the date set forth below by and between Twin Lakes Investments, a Washington general partnership, of P.O. Box 141449, Spokane, Washington 99214, referred to herein as "Grantor," on the one hand, and Edgemere Owners Association, Inc. (hereafter "the Association") of 1826 Vay Road, Priest River, Idaho 83856, referred to herein as "Grantee," on the other hand.

RECITALS:

WHEREAS, the parties agree as follows:

(A) A certain parcel of real property located in Bonner County, Idaho described in Book 4 of Plats, Page 94, records of Bonner County, Idaho, was platted into twenty-one (21) residential lots of varying sizes. Said plat was referred to as "A Plat of Phase One of Edgemere-3," and pertained to real property located in the southeast quarter of Section 9, Township 54 North, Range 4 West, Boise Meridian, Bonner County, Idaho. Said plat is referred to herein as "the subject plat."

(B) All lots created in the subject plat are serviced or are to be serviced by a certain privately owned water system including appurtenances and equipment more fully described herein.

(C) Grantor has sold its interest in the plat and lots created therein to J. Hank Hester and Janet L. Hester, husband and wife, and Nathan Hester, an unmarried man, and Kaleb Hester, an unmarried man (collectively referred to herein as "Hester"). Grantor has retained a security interest in certain portions of the subject plat in order to secure Hester's payment obligations under the purchase and sale agreement memorialized by said instruments. Said security instruments include a Promissory Note and a Deed of Trust (Bonner County Instrument No. 681039). Said documents are collectively referred to herein as "the Security Agreements."

(D) Grantor desires to grant and Grantee desires to acquire all of Grantor's interest in and to the existing water system which services the subject plat. The terms and conditions of the parties' agreement are as set forth herein.

(3) Transfer of Personal Property Interests Associated With the System. Grantor hereby sells, assigns, and transfers unto Grantee all of such personal property as is associated with the system, as described in Section (1) above, which does not constitute real property, a fixture, or an appurtenance.

(4) Complete Transfer of System. This Indenture and Agreement is specifically intended by and between Grantor and Grantee to constitute a complete and total transfer of all real and personal property interests and rights of Grantor, in and to the system, as described herein, to Grantee. To the extent that a specific interest in and to the subject system is a real property interest, it is conveyed hereunder to Grantee by Quitclaim Deed without warranty. To the extent that an interest of Grantor in said system is said to be considered personal property, it is transferred and assigned unto Grantee without warranty.

(5) Acceptance of Conveyance and Transfer of the System. Grantee hereby accepts the conveyance and transfer of the real and personal property interest described herein, and Grantor conveys and transfers said real and personal property interest as described herein subject to the following specific and expressed agreement:

- (a) Grantee hereby commits and undertakes to provide all domestic water service required to each and every lot created in or from the subject plat in accordance with such rules and regulations as may be implemented, administered, or overseen by any applicable governmental entity or agency.
- (b) Grantee hereby agrees to indemnify, defend, and hold Grantor harmless from any and all obligations as to said water system of any kind or nature without limitation.
- (c) The obligations arising hereunder may be specifically enforced by Grantor. The prevailing party in any action brought to enforce or interpret any right or obligation arising hereunder shall recover, in addition to any other relief awarded by the Court, its reasonable attorney fees and costs.

(6) Default. The parties acknowledge that Hester remains liable to Grantor under the terms of the Security Agreements as that phrase is utilized herein. A breach of any term or provision under any or all of the Security Agreements shall constitute a default by Grantee in the performance of the duties assumed hereunder. In the event of such a default, Grantor shall give written notice of the same to Grantee in accordance with the notice provisions set forth in Section (7) below. In the event any default noticed by Grantor under the terms of this section goes uncured for a period of thirty (30) days following receipt by Grantee and Hester of said notice, then all right, title, and interest of Grantee in and to the system, whether said right constitutes a real property interest or a personal property interest, shall, at the election of Grantor, terminate. In the event of such a termination, under the terms and provisions of this section, Grantor shall have the right to record a

IN WITNESS WHEREOF, Grantor hereby executes this Indenture and Agreement by its duly-authorized general partners on the day and year set forth below.

TWIN LAKES INVESTMENTS

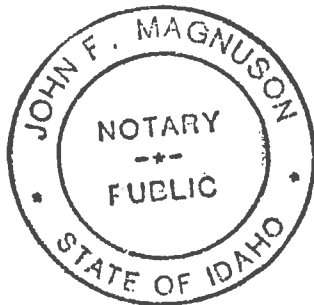
8-15-06
DATE

[Signature]
By: Robert Bonuccelli, General Partner

STATE OF Idaho)
COUNTY OF Kootenai) ss:

On this 15th day of August, 2006, before me, the undersigned, a Notary Public in and for the said State and County, personally appeared Robert Bonuccelli, known or identified to me to be a general partner of Twin Lakes Investments, the person whose name is subscribed to the within instrument and who acknowledged that he is authorized to execute the same.

WITNESS my hand and official seal.



[Signature]
Notary Public in and for the State of Idaho
Residing at: Coeur d'Alene
My commission expires: 7/31/08

TWIN LAKES INVESTMENTS

8-10-06
DATE

[Signature]
By: Charles R. Potts, Jr., General Partner

STATE OF Idaho)
COUNTY OF Kootenai) ss:

On this 10th day of August, 2006, before me, the undersigned, a Notary Public in and for the said State and County, personally appeared Charles R. Potts, Jr., known or identified to me to be a general partner of Twin Lakes Investments, the person whose name is subscribed to the within instrument and who acknowledged that he is authorized to execute the same.

ACKNOWLEDGED AND AGREED BY HESTERS:

The Hesters and each of them acknowledge their obligations hereunder as detailed above.

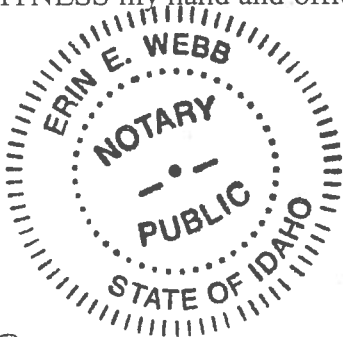
DATE 8-23-06

J. Hank Hester
J. HANK HESTER

STATE OF Idaho)
) ss:
COUNTY OF Kootenai)

On this 23 day of August, 2006, before me, the undersigned, a Notary Public in and for the said State and County, personally appeared **J. Hank Hester**, known or identified to me to be the person whose name is subscribed to the within instrument and who acknowledged that he executed the same.

WITNESS my hand and official seal.



Erin E. Webb
Notary Public in and for the State of Idaho
Residing at: Hayden, ID
My commission expires: 8/12/2008

DATE 8-23-06

Janet L. Hester
JANET L. HESTER

STATE OF Idaho)
) ss:
COUNTY OF Kootenai)

On this 23 day of August, 2006, before me, the undersigned, a Notary Public in and for the said State and County, personally appeared **Janet L. Hester**, known or identified to me to be the

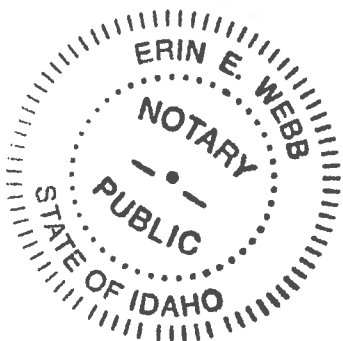
9-22-06
DATE

[Signature]
KALEB HESTER

STATE OF Idaho)
COUNTY OF Kootenai) ss:

On this 22 day of September, 2006, before me, the undersigned, a Notary Public in and for the said State and County, personally appeared **Kaleb Hester**, known or identified to me to be the person whose name is subscribed to the within instrument and who acknowledged that he executed the same.

WITNESS my hand and official seal.



[Signature]

Notary Public in and for the State of Idaho
Residing at: Bozeman, ID
My commission expires: 8/12/2008