



State of Idaho

DEPARTMENT OF WATER RESOURCES

322 East Front Street • P.O. Box 83720 • Boise, Idaho 83720-0098

Phone: (208) 287-4800 • Fax: (208) 287-6700 • Website: www.idwr.idaho.gov

C.L. "BUTCH" OTTER
Governor

GARY SPACKMAN
Director

February 2, 2015

TWIN LAKES INVESTMENTS
PO BOX 920
RATHDRUM ID 83858-0920

RE: Assignment of Permit for Water Right No. 96-9000

Dear Permit Holder(s):

On January 30, 2015, the Department received an "Assignment of Permit" form and a "Notice of Change in Water Right Ownership" form along with fees for both forms.

The Department has decided to process your Assignment of Permit. The Quitclaim Deed is sufficient for assigning this permit over to Edgemere Owners Association and will be used in lieu of the assignment form. Your Assignment of Permit and Notice of Change in Water Right Ownership forms are both being returned to you, because the Quitclaim is all that is needed.

I will initiate the process to refund the \$25.00 you submitted under the Notice of Change in Water Right Ownership. You should receive a State of Idaho check for \$25.00 within ten (10) business days under separate cover.

If you have any questions, please contact Dan Nelson at 208-287-4856.

Sincerely,

Darla Block
Technical Records Specialist

Enclosure(s)

cc: EDMERE OWNERS ASSOCIATION

RECEIVED

JAN 30 2015

DEPARTMENT OF
WATER RESOURCESSTATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

ASSIGNMENT OF PERMIT

To change the ownership of a permit

I, Edgemere Owners Association, hereby assign to Edgemere Owners Association
 of, P.O. Box 1305 Spirit Lake, ID. 83869
 Current owner(s) New owner(s)
 New owner's address including city, state and ZIP Phone

All my right, title, and interest in and to Permit No(s): 96-9000 to
 appropriate the public waters of the State of Idaho.

OR (for partial assignments)

The following described ^{all} portion of my right, title, and interest in and to Permit Number(s): 96-9000
Edgemere Owners Association, to appropriate the public waters of the State of Idaho.

Describe in detail the portion of the permit assigned, listing the number of acres in each 40 acre subdivision, point of
 diversion location, and amount of the water in cubic feet per second.

According to examiner's report, the well location for this
water right is in the NW 1/4 SE 1/4 of Section 9,
Township 54 North, Range 4 West
NOTE: All Rights to remain to Edgemere Owners Association!

Does the new permit holder own the property at the:

Point of diversion? ☒ Yes ☐ No
 Place of use? ☒ Yes ☐ No

If no, describe the arrangement enabling the new owner to access the point of diversion and/or the place of use:

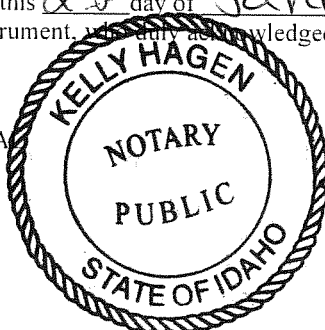
x Dated this 28 day of January, 2015.

y Edgemere Owners Association
 Permit holder Title (if applicable) Permit holder Title (if applicable)
Sonya M. Amor Sec/Treas

State of Idaho)
 County of Kootenai)ss

On this 28th day of January, 2015, personally appeared before me the signer(s) of the above
 instrument, who duly acknowledged to me that he/she/they executed the same.

SEA



Kelly Hagen
 Notary Public
 My commission expires: 1-15-2020

RECEIVED

JAN 30 2015

DEPARTMENT OF
WATER RESOURCESSTATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

Notice of Change in Water Right Ownership

1. List the numbers of all water rights and/or adjudication claim records to be changed. If you only acquired a portion of the water right or adjudication claim, check "Yes" in the "Split?" column. If the water right is leased to the Water Supply Bank, check "Yes". If you are not sure if the water right is leased to the Water Supply Bank, see #6 of the instructions.

Water Right/Claim No.	Split?	Leased to Water Supply Bank?	Water Right/Claim No.	Split?	Leased to Water Supply Bank?
96-9000	Yes ☐	Yes ☐		Yes ☐	Yes ☐
	Yes ☐	Yes ☐		Yes ☐	Yes ☐
	Yes ☐	Yes ☐		Yes ☐	Yes ☐
	Yes ☐	Yes ☐		Yes ☐	Yes ☐
	Yes ☐	Yes ☐		Yes ☐	Yes ☐

2. Previous Owner's Name: TWIN LAKES INVESTMENTS
Name of current water right holder/claimant
3. New Owner(s)/Claimant(s): Edgemere Owners Association
New owner(s) as listed on the conveyance document Name connector ☐ and ☐ or ☐ and/or
- P.O. Box 1305
Mailing address
208-6661-2558
Telephone
- Spint Lake ID 83869
City State ZIP
Edgemere owners 24@yahoo.com
Email
bcc: jamourfame@yahoo.com
4. If the water rights and/or adjudication claims were split, how did the division occur?
☐ The water rights or claims were divided as specifically identified in a deed, contract, or other conveyance document.
☐ The water rights or claims were divided proportionately based on the portion of their place(s) of use acquired by the new owner.
5. Date you acquired the water rights and/or claims listed above: 2007
6. If the water right is leased to the Water Supply Bank changing ownership of a water right will reassign to the new owner any Water Supply Bank leases associated with the water right. Payment of revenue generated from any rental of a leased water right requires a completed **IRS Form W-9** for payment to be issued to an owner. A new owner for a water right under lease shall supply a W-9. Water rights with multiple owners must specify a designated lessor, using a completed **Lessor Designation** form. Beginning in the calendar year following an acknowledged change in water right ownership, compensation for any rental will go to the new owner(s).
7. This form must be signed and submitted with the following **REQUIRED** items:
☐ A copy of the conveyance document – warranty deed, quitclaim deed, court decree, contract of sale, etc. The conveyance document must include a legal description of the property or description of the water right(s) if no land is conveyed.
☐ Plat map, survey map or aerial photograph which clearly shows the place of use and point of diversion for each water right and/or claim listed above (if necessary to clarify division of water rights or complex property descriptions).
☐ Filing fee (see instructions for further explanation):
 o \$25 per *undivided* water right.
 o \$100 per *split* water right. ☒
 o No fee is required for pending adjudication claims.
☐ If water right(s) are leased to the Water Supply Bank AND there are multiple owners, a Lessor Designation form is required.
☐ If water right(s) are leased to the Water Supply Bank, the individual owner or designated lessor must complete, sign and submit an IRS Form W-9.
8. Signature: Edgemere Owners Association Sec/Treas Tonya Amor '1/25/15
Signature of new owner/claimant Title, if applicable Date
- Signature: _____
Signature of new owner/claimant Title, if applicable Date

For IDWR Office Use Only:

Received by RAB Date 1-30-2015 Receipt No. C099876 Receipt Amt. \$25.00
 Active in the Water Supply Bank? Yes ☐ No ☐ If yes, forward to the State Office for processing W-9 received? Yes ☐ No ☐
 Name on W-9 _____ Approved by _____ Processed by _____ Date _____

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

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.

WITNESSETH:

NOW, THEREFORE, for and in receipt of good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Twin Lakes Investments, as Grantor, The Association, as Grantee, and J. Hank Hester and Janet L. Hester, husband and wife, Nathan Hester, an unmarried man, and Kaleb Hester, an unmarried man, collectively, agree as follows:

(1) Water System. The water system made subject to this Indenture and Agreement includes the following described property interests:

- CA (a) A well located on Lot 21 of Edgemere-3 according to the subject plat CA
- (b) An Idaho Department of Water Resources well permit (Permit No. 760574).
- (c) An Idaho Department of Water Resources tag number (D0005295).
- (d) Idaho Water System No. 1090253.
- (e) Utility Easements, acquired through dedication, prescription, or agreement, extending from the location of the subject well, as described herein, through rights-of-way or access and/or utility easements depicted on the subject plat so as to service the entirety of the twenty-four (24) lots created by the subject plat.
- (f) All hook-ups, taps, extensions, meters, and related equipment necessary to facilitate the provision of domestic water service from the subject well (as described herein) to the remainder of the lots created by the subject plat, including such easement rights, whether by dedication, agreement, or prescription, over and across any and all public or private rights-of-way through the subject plat.
- (g) All documentation and records related to said system and the permits and licenses issued thereto.

The foregoing property interests are collectively referred to herein as "the system."

(2) Conveyance of Real Property Interests Associated With the System by Quitclaim Deed. Grantor hereby grants, bargains, sells, remises, releases, and forever quitclaims unto Grantee, as well as Grantee's successors and assigns forever, all right, title, and interest in and to all real property interests associated with the system as described more fully in Section (1) above, to have and to hold all and singular, the said premises and appurtenances, together with the privileges and obligations thereto incident, unto Grantee, its successors and assigns forever.

(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

Notice of Termination imparting notice to all interested persons and parties that Grantee has no further right, title, or interest in any real or personal property interest associated with the system. In the event Grantee fully and faithfully perform all obligations incumbent upon it under the security agreements, then any rights arising under this section, on the part of Grantor, shall terminate of their own force and effect without further notice.

Grantee is not a third-party beneficiary of Hesters' performance, nonperformance or default under the terms of the Security Agreements as that phrase is utilized herein. Grantee has no privity of contract with Hester for Hesters' performance, nonperformance or default under the terms of the Security Agreements and Hester owes no duty to Grantee for Hesters' performance, nonperformance or default under the terms of the Security Agreements. Grantee hereby agrees to forever indemnify, defend and hold harmless Hester from any and all claims, demands, damages, actions, causes of action or suits of any kind or nature whatsoever that may be brought and/or alleged against Hester by Grantee and/or any other person, entity, partnership, or corporation claiming through Grantee that arises out of, or is claimed to arise out of, Hesters' performance, nonperformance or default under the terms of the Security Agreements. No provision of this second paragraph of Section (6) shall relieve or excuse Grantee from any obligation to Grantor upon a default by Hester as specified in the first paragraph of this Section (6).

(7) Notice. Any notice required under the terms of this Indenture and Agreement shall be given to the parties as follows:

TO GRANTOR:

Twin Lakes Investments
P.O. Box 141449
Spokane, WA 99214

TO HESTER:

J. Hank Hester and Janet L. Hester
1826 Vay Road
Priest River, ID 83856

TO GRANTEE:

Edgemere Owners Association, Inc.
1826 Vay Road
Priest River, ID 83856

Nathan Hester
1826 Vay Road
Priest River, ID 83856

Kaleb Hester
1826 Vay Road
Priest River, ID 83856

(8) Third-Party Inquiries Regarding System Licensure, Permitting, and Account Information. All third-parties, including licensing or permitting agencies and/or as well as title companies attempting to verify any outstanding obligations of any lot or parcel benefitted by the system shall direct their inquiries to Grantee at the address specified in Section (7) above.

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

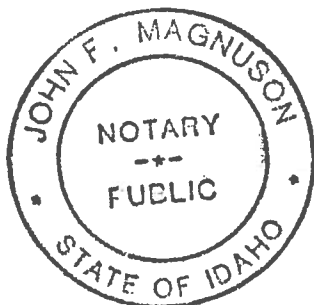
8-15-06
DATE

[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.

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

EDGEMERE OWNERS ASSOCIATION, INC.

By: J. HANK HESTER, President

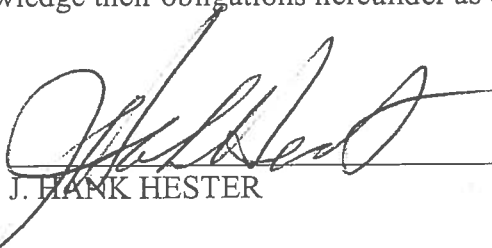
On this 23 day of August, 2006, before me, the undersigned, a Notary Public in and for the said State and County, personally appeared **J. Hank Hester**, known or identified to me to be the President of Edgemere Owners Association, Inc., person whose name is subscribed to the within instrument and who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

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

ACKNOWLEDGED AND AGREED BY HESTERS:

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

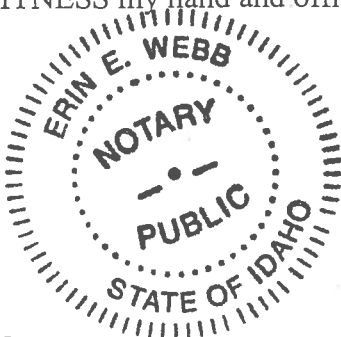
DATE 8-23-06

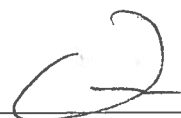

J. HANK HESTER

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.

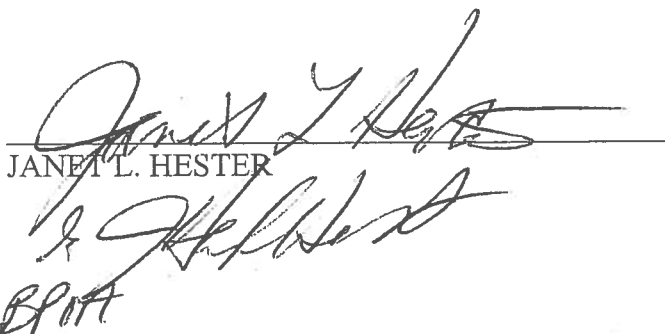
WITNESS my hand and official seal.





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

DATE 8-23-06

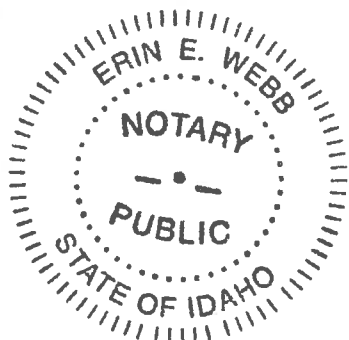

JANET L. HESTER

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

person whose name is subscribed to the within instrument and who acknowledged that he executed the same.

WITNESS my hand and official seal.



A handwritten signature of the Notary Public, Erin E. Webb.

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

A handwritten signature of Nathan Hester.

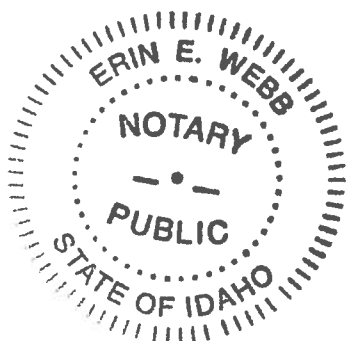
NATHAN HESTER

DATE

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 **Nathan 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.



A handwritten signature of the Notary Public, Erin E. Webb.

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

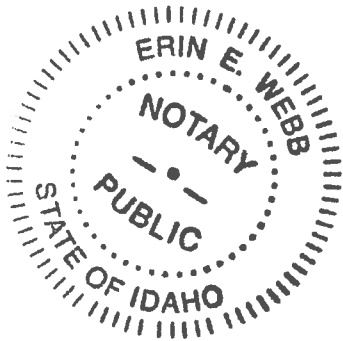
DATE 9-22-06

[Signature]
KALEB HESTER

STATE OF Idaho)
) ss:
COUNTY OF Kootenai)

On this 22 day of ~~August~~ ^{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

Responsible Charge Operator Report



Idaho Public Drinking Water Program

Fill out a separate form for each treatment and distribution system.

Public Drinking Water System Information:

Public Drinking Water System Name
(Legal Name of Record)

Edmore 111 Water System

Public Water System Number

1090253

Owner of Record or Responsible Legal Party

Edmore Owners Association Inc.

Mailing Address of System

Street

PO Box 920

City

Rathdrum

State

ID

Zip

83858

Physical Address of System

Street

Outback Loop

City

Spirit Lake

State

ID

Zip

83869

System Classification Information:

Public Water System Type (Check one, then check appropriate class below):

☐ Treatment

☒ Distribution

Public Water System Class (Check one):

☒ VSWS

☐ Class I

☐ Class II

☐ Class III

☐ Class IV

☐ Class Unknown

Responsible Charge Operator:

As the owner or owner's designee of the public drinking water system identified above, I understand it is my responsibility to designate a properly licensed person (or persons) to be Responsible Charge Operator(s), depending on the size and nature of the system, to directly supervise the performance of operations and employees on a daily basis at such times that the system is in operation. I further understand it is my responsibility to designate a properly licensed person (or persons) to be Substitute Responsible Charge Operator(s) to perform the duties of the responsible charge operator in their absence.

I have designated the following person(s) as Responsible Charge Operator(s) for this system.

Responsible Charge Operator

Dean Renninger

License Number

DWD1-13041

Responsible Charge Operator

License Number

Substitute Responsible Charge Operator:

I have designated the following person(s) as Substitute Responsible Charge Operator(s) for this system.
(NOTE: A substitute must be a different person than the Responsible Charge Operator).

Substitute Responsible Charge Operator

Leslie Abrams

License Number

DWD1-14223

Substitute Responsible Charge Operator

License Number

I certify that I am the owner of this public drinking water system, or legally designated to represent the owner of this public drinking water system, and that the responses provided herein are true and accurate.

Owner Signature

Edmore Owners Association Inc.
By Edwin Holmes, Attorney

Date

21 Sept 06

Return completed form to: Attention: Joan Thomas, DEQ, 1410 N. Hilton, Boise, ID 83706 - you may use the mailer on the reverse side.

Keep a copy of this form for your records.

MAIL TO

**BYLAWS OF
EDGEMERE OWNERS ASSOCIATION, INC.**

**ARTICLE I.
PURPOSE**

The purposes for this Association is formed and the powers which it may exercise, are set forth in the Articles of Incorporation of this Association and Amendments thereto.

**ARTICLE II.
NAME AND LOCATION**

The name of this Association is: EDGEMERE OWNERS ASSOCIATION, INC.(hereinafter referred to as the "Association"). The principal place of business of this Association shall be in the City of Priest River, County of Bonner, State of Idaho.

**ARTICLE III.
FISCAL YEAR**

The fiscal year of this Association shall begin the 1ST day of January of each year and end on the 31ST day of December of said year.

**ARTICLE IV.
MEMBERS**

The purpose of this Association is to maintain and make available to its members such management and maintenance agreements as may concern the owners of property within the platted boundaries of **PHASE ONE OF EDGEMERE 3, according to the plat thereof recorded in Book 4 of Plats, Page 94, records of Bonner County, Idaho** and related purposes.

Section 1. MEMBERS: Members of the Association shall consist of all owners of lots located in that platted tract of land known as **PHASE ONE OF EDGEMERE 3, according to the plat thereof recorded in Book 4 of Plats, Page 94, records of Bonner County, Idaho**, records of the County Recorder of the County of Bonner, State of Idaho ("EDGEMERE") who obtain water from the Association. If more than one (1) person holds an interest in a lot, all such persons shall be members of the Association, however, only one vote per household or lot owner is allowed.

The Association and its Members shall be governed, in part, by the terms and conditions of a certain instrument entitled "Phase 1 Edgemere 3: Declaration and Establishment of Covenants, Conditions, Restrictions; Declaration and Establishment of Road Maintenance Agreement; And Declaration and Establishment of Water System" (the "CC&R's"). The CC&R's have been recorded as Instrument No. 535749 in the records of Bonner County, Idaho on December 4, 1998 and are hereby incorporated herein by reference.

Section 2. VOTING RIGHTS: Members shall be entitled to one (1) vote. If more than one (1) person holds an interest in a lot, all such persons shall be members of the Association, however, only one vote per household or lot owner is allowed.

ARTICLE V. MEMBERSHIP ASSESSMENTS

Section 1. REGULAR ASSESSMENTS: The Board of Directors of the Association shall fix and determine from time to time regular annual assessments to be paid by each owner for the purpose of management, operating, and maintaining the planned community development, and for paying the necessary expenditures of the Association as provided in these Bylaws. The annual assessments shall include an adequate reserve fund for the periodic maintenance, repair and replacement of common areas and common easements referred to herein below.

The Board of Directors may determine if the assessment shall be paid monthly, quarterly or bi-annually based upon the needs of the Association.

Section 2. EXTRAORDINARY ASSESSMENTS: In addition to the annual assessments authorized above, the Board may levy extraordinary assessments, applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of the common areas and common easements, or to defray any unanticipated or underestimated regular assessment.

Section 3. SPECIAL ASSESSMENTS: In addition to the regular and extraordinary assessments authorized above, the Board may levy at any time special assessments without limitation as to amount or frequency against an individual lot and its owner to reimburse the Association for costs incurred in bringing the Owner of the lot into compliance with the provisions of these Bylaws and the CC&R's, including actual attorney's fees and costs.

ARTICLE VI. LIEN RIGHTS

The Association shall have a lien against the interest of each Member in that Member's respective lot(s) to secure the full and prompt payment of all assessments levied by the Association pursuant to these Bylaws and the CC&R's and in the event of default by any Member, said interest of such Member(s) may be foreclosed by the Association in accordance with the provisions of Idaho law applicable to the exercise of powers of sale in deed of trust, with the Association having the right and authority to appoint an independent trustee, or by judicial foreclosure as a mortgage, or in any other manner permitted by law and to that end, a power of sale is hereby conferred upon the Association.

ARTICLE VII.
COMMENCEMENT OF REGULAR ASSESSMENTS

The regular assessments shall commence as to all lots in the subdivision known as EDGEMERE on the first day of the first full month following the closing of the sale of the first lot the subdivision known EDGEMERE.

ARTICLE VIII.
MEETINGS OF MEMBERS

Section 1. PLACE OF MEETING: All meetings of the Members shall be held at the office of the registered agent of the Association, or at such other locations in Bonner County or Kootenai County, Idaho, that are in reasonable proximity to the subdivision known as EDGEMERE, as may be designated in the Notice of Meeting.

Section 2. ANNUAL MEETINGS OF MEMBERS: The annual meeting of the Members shall be held on or about the first Friday of October. Subsequent annual meetings of Members shall be held on the annual anniversary of the First Annual Meeting of Members. Should any annual meeting day fall upon a legal holiday, then such annual meeting of Members shall be held at the same time and place on the next day thereafter ensuing which is not a legal holiday. An election of Directors shall be held at the First Annual Meeting of Members and all positions of Directors shall be filled at that election.

ARTICLE IX.
MEETINGS OF THE BOARD



Section 1. METHOD OF CALLING: Meetings of the Board of Directors shall be called by the President of the Association on the President's own initiative whenever, in the President's judgment, it may be deemed necessary, or by the Secretary of the Association upon request of any two Members. Five (5) days notice of meetings of the board shall be sent by mail to all directors and shall be deemed sufficient notice of such meetings.

Section 2. QUORUM FOR BOARD MEETING: A majority of the Board of Directors shall constitute a quorum.

ARTICLE X.
DIRECTORS

Section 1. POWERS AND DUTIES: The directors shall have the powers and duties set forth herein.

Section 2. NUMBER AND QUALIFICATION OF DIRECTORS: The Board shall consist of THREE (3) Directors until changed by Amendment to the Articles of Incorporation. The initial Board of Directors need not be Members of the Association. All subsequent Directors shall be Members of the Association.

Section 3. ELECTION AND TERM OF OFFICE: At the first Annual Meeting of Members, one (1) director shall be elected for a term of one (1) year; one (1) director shall be elected for a term of two (2) years; and the third director shall be elected for a term of three (3) years. Thereafter, if any annual meeting is not held or the directors are not elected in any annual meeting, the directors may be elected at any special meeting of Members held for that purpose. All directors shall hold office until their successors are elected. After the initial term of each original director expires, each subsequent director shall serve for a term of three (3) years.

Section 4. VACANCIES: A vacancy on the Board of Directors shall be deemed to exist in case of (i) the death, resignation or a removal of any director, (ii) a director having been declared of unsound mind by order of the court or convicted of a felony, (iii) a decision to increase the authorized number of directors, (iv) failure of the Members to elect the full authorized number of directors to be voted for at any annual or special meeting of Members at which any director or directors are to be elected, or (v) for cause by a 2/3 vote of the Members of the Board of Directors at any regular or special meeting whenever in the judgment of the Board of Directors, the best interest of the Association would be served thereby. Notice of intent to vote upon the removal of a Director shall be given prior to any meeting at which such action is proposed.

Vacancies on the Board of Directors, except for a vacancy created by the removal of a director, may be filled by a majority vote of the remaining directors, though less than a quorum, or by a sole remaining director, and each director so elected shall hold office until that director's successor is elected at an annual or a special meeting of the Members. In the event that a vacancy of the Board of Directors is created by the removal a director by the Members, said vacancy may only be filled after first obtaining the vote of a majority of the Members.

The Members may elect a director or directors at any time to fill any vacancy or vacancies not filled by the directors. Any such election shall require the consent of the holders of a majority of the outstanding Memberships.

Any director may resign effective upon giving written notice to the President, the Secretary or the Board of Directors of the Association, unless the notice specifies a later time for the effectiveness of such resignation. The Board of Directors may accept the tender of a resignation of a director to take effect at a future time. The board or the Members shall have the power to elect a successor to take office when the resignation is to become effective.

No reduction of the authorized number of directors shall have the effect of removing any director prior to the expiration of that director's term of office.

Section 5. COMPENSATION AND FEES: Neither the directors nor the officers of the Association shall receive any monetary compensation for their services performed in the conduct of business of the Association; provided, however, that the Board may cause a Member, officer, or director to be reimbursed for expenses incurred in carrying on the business of the Association.

ARTICLE XI OFFICERS

Section 1. OFFICERS: The officers of the Association shall be a President, Vice-President, Secretary and Treasurer.

Section 2. The officers of the Association shall be chosen annually by the board, and each shall hold that director's respective office until that director shall resign, or shall be removed or otherwise disqualified to serve, or that respective director's successor shall be elected and qualified.

Section 3. REMOVAL AND RESIGNATION: Any officer may be removed, either with or without cause, by a majority of the directors at the time in office, at any regular or special meeting of the Board. Any officer may resign at any time by giving written notice to the Board of Directors or to the President or the Secretary of the Association, without prejudice, however, to the rights, if any, of the Association under any contract to which such officer is a party.

Section 4. VACANCIES: A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in the Bylaws for regular appointments to such office.

Section 5. DUTIES OF OFFICERS: The officers of the Association shall have the duties prescribed as follows:

1. PRESIDENT: The President shall preside at all meetings for the Association and of the Board of Directors and, subject to the control of the Board, shall have general supervision, direction and control of the business and officers of the Association. The President shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes of the Association.

2. VICE-PRESIDENT: The Vice-President shall preside at all meetings for the Association and of the Board of Directors in the absence of the President, and shall have the same powers of the President in the President's absence or at the direction of the President.

3. SECRETARY: The Secretary shall keep or cause to be kept, a book of minutes at the principal office or at such other place as the board may order of all meetings of directors and Members, with the time and place of holding, whether regular or special, and if special, how authorized, the notice thereof given, the names of those present at the directors meeting, the number of Members present or represented at Members meetings and proceedings thereof. The Secretary shall give, or cause to be given, notices of all of the meetings of the Members and of the Board required by the Bylaws or by law to be given, and the Secretary shall keep other powers and perform such other duties as may be prescribed by the Board or the bylaws.

4. TREASURER: The Treasurer shall keep and maintain, or cause to be kept and

maintained, adequate and correct accounts of the properties and business transactions of the Association, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital and surplus. The books of account shall at all times be open to inspection by any director.

The Treasurer shall co-sign all checks and promissory notes of the Association and shall deposit all monies and other valuables in the name and to the credit of the Association with such depositories as may be designated by the Board. The Treasurer shall disburse the funds of the Association as may be ordered by the Board; shall render to the President and directors, whenever they request it, an account of all the Treasurer's transactions as Treasurer and of the financial condition of the Association, and shall have such other powers and perform such other duties as may be prescribed by the Board or the Bylaws.

ARTICLE XII. POWERS AND DUTIES OF THE ASSOCIATION

The Board of Directors shall have the following powers and duties subject, however, to the articles of Incorporation and the Idaho Non-Profit Corporation Act:

1. **SELECTION OF OFFICERS:** To select, supervise and remove all of the officers, agents and employees of the Association, and to prescribe such powers and duties for them as may not be inconsistent with the law, the Articles of Incorporation or these Bylaws.
2. **MANAGEMENT OF BUSINESS:** To conduct, manage and control the affairs and business of the Association, and to make such reasonable rules and regulations therefore not inconsistent with the law, the Articles of Incorporation or these Bylaws.
3. **INSURANCE:** To contract and pay for fire, casualty, liability, fidelity and other insurance adequately insuring the Association and the owners with respect to the affairs of the Association, which shall include bonding of the Members of any management body.
4. **RIGHT TO CONTRACT:** To contract and pay for goods and services relating to the improvements made by the Association, and to employ personnel necessary for the operation and maintenance of the same, including legal and accounting services.
5. **RIGHT OF DISCIPLINE:** To suspend the voting rights and the right to use the common area or other property of the Association for any Member who is in default in payment of any assessment for any period during which such assessment remains unpaid.
6. **PREPARATION OF BUDGETS AND FINANCIAL STATEMENTS:** To prepare budgets and financial statements for the Association as provided in these Bylaws.
7. **RIGHT TO SET ASSESSMENT RATES:** To be established for the Association.

8. RIGHT TO LITIGATE: To prosecute or defend in the name of the Association, any action affecting or relating to any work performed on behalf of or by the Association, or any actions taken by the Association.

9. AVAILABILITY OF DOCUMENTATION: To make available to any prospective purchaser of a lot, any owner of a lot, any first mortgagee, and the holders, insurers and guarantors of a first mortgage on any lot, current copies of the Articles, Bylaws, the rules governing the Association and all other books, records and financial statements of the Association.

10. AUTHORIZATION TO CONTRACT: To authorize any officer or officers, agent or agents, to enter into any contract and to execute any instrument in the name and on behalf of the Association. Such authority may be general or confined to specific instances, and unless so authorized by the Board, no officer, agent or employee shall have any power or authority to bind the Association by any contract or credit or to render it liable for any purpose or for any amount.

11. FINANCIAL STATEMENTS: To cause to be prepared a financial statement (including a balance sheet and income and expense statement) of the affairs of the Association to be made as of the last day of the month closest in time to the date of six (6) months following the close of escrow for the sale of the first lot to an owner.

12. BUDGET: To cause to be prepared a budget for the Association to be prepared for the second and each succeeding fiscal year of the Association, a copy of which shall be distributed personally or by mail to each of the Members of the Association, not fewer than sixty (60) days prior to the beginning of the fiscal year to which the budget relates.

13. CHECKS: To cause to be issued checks, drafts or other orders for payment of money, notes or other evidences of indebtedness, in the name of or payable to the Association, which shall be signed or endorsed by the President and Treasurer of the Association.

14. RULES AND REGULATIONS: To cause to be prepared certain rules and regulations for the orderly conduct and management of all the property described in the plat.

15. CONTRIBUTION/GIFT: The Board of Directors may accept, on behalf of the Association, any contribution, gift, bequest or devise for the general purposes or for any special purpose of the Association.

ARTICLE XIII. NOTICE

Whenever any notice is required to be given to any Member or director of the Association under the provisions of these Bylaws or under the provisions of the Articles of Incorporation, or under the provisions of law, a waiver thereof, in writing, signed by the person or persons entitled to such notice, whether before or after the specified time of the notice to be

given, shall be deemed equivalent to the giving of such notice.

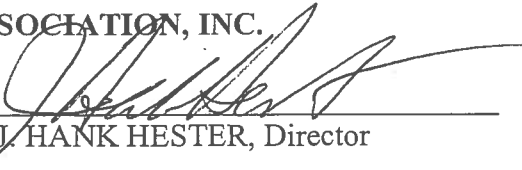
ARTICLE XIV.
ALTERING, AMENDING OR REPEALING BYLAWS

Subject to the restrictions set forth below, these Bylaws may be altered, amended or repealed and new Bylaws may be adopted by the Board of Directors at any regular or special meeting of the Board if at least thirty (30) days written notice is given of intent to alter, amend or repeal or to adopt new Bylaws at such meeting.

So long as any portion of **PHASE ONE OF EDGEMERE 3, according to the plat thereof recorded in Book 4 of Plats, Page 94, records of Bonner County, Idaho** is encumbered by that certain deed of trust recorded on July 7, 2005 as Instrument No. 681039, records of Bonner County, Idaho these Bylaws of the Corporation, and the Corporation's Articles shall not be amended. In addition, so long as the aforementioned deed of trust encumbers any portion of said real property, the Corporation shall not convey, transfer or otherwise alienate any right, title or interest that the Corporation has to any asset or property of the Corporation, including but not limited to any water system under the direction, control or ownership of the Corporation. Once the aforementioned deed of trust is released as to all of the real property described herein, the restrictions set forth in this paragraph shall automatically be rendered null and void without further notice.

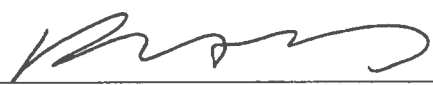
The undersigned, being all of the Members of the Board of Directors of EDGEMERE OWNERS ASSOCIATION, INC. do hereby certify that the foregoing bylaws were unanimously adopted at a meeting of the Board of Directors of the Association on the 29 day of August, 2006.

**EDGEMERE HOMEOWNERS
ASSOCIATION, INC.**

By: 

J. HANK HESTER, Director

**EDGEMERE HOMEOWNERS
ASSOCIATION, INC.**

By: 

KALEB HESTER, Director

**EDGEMERE HOMEOWNERS
ASSOCIATION, INC.**

By: 

NATHAN HESTER, Director



IDAHO DISTRIBUTION SYSTEM CLASSIFICATION WORKSHEET

OFFICE USE ONLY
DO NOT WRITE
HERE

System Class _____

Notes: _____

Approved by _____

Date _____

PWS System No. 1090253

Name of Distribution System: Edgmere 111 Water System

System Address: PO Box 920

City: Rathdrum State: ID Zip Code: 83858

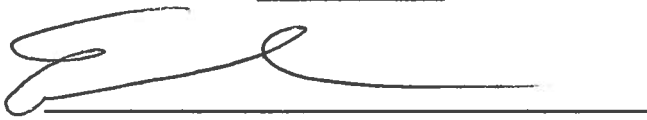
Contact Person: Dean J Renninger Title: Operator / Manager

Business Phone Number: (208) 687-0802 Email: cbs111exc@verizon.net

Population served by this distribution system: 36

(Number of people not the number of connections)

Water Source: Ground Water


Signature

8/31/2006
Date

Distribution system classification is based solely on population served as follows:

Very Small Water System	500 or less
Class I	501 to 1,500
Class II	1,501 to 15,000
Class III	15,001 to 50,000
Class IV	50,001 and greater

Very Small Water System (VSWS) – serves five hundred (500) persons or less and has no treatment other than disinfection or has only treatment which does not require any chemical treatment, process adjustment, backwashing or media regeneration by an operator (e.g. calcium carbonate filters, granular activated carbon filters, cartridge filters, ion exchangers).

Ground water supply with disinfection only is considered a distribution system.

“In-Line” treatment such as booster pumping, chlorination, or stabilization is considered an integral part of the distribution system.

Ph 208-687-0802

Dean Renninger
PO Box 920
Rathdrum Id 83858
cell 208-661-9521

fax 208-687-1583

August 31, 2006

To:

Edgmere Owners Association Inc.

90 Ed Holmes

POB 569

Hayden ID 83835

Water Operation Agreement

This agreement is for monthly operations for the Edgmere Owners Association Inc. Water System, based on the following pages of operation and maintenance tasks and associated costs. The term of this contract shall be 9/01/2006 to 1/01/2007. If during the effective dates of this contract, Edgmere Owners Association Inc. Water System or Dean Renninger desires to terminate this contract, 90 days written notice shall be required.

The following pages complete our plans for operating the system including monthly fees.

In addition to physically operating the system, we will provide compliance with regulatory agencies including records, reports and correspondence for the DEQ required Consumer Confidence Report, Sanitary Survey, Cross Connection Control Program, Monitoring waivers/violations, Sampling Plan, Fire Department Survey, Water Resources Report and other reports and records as needed.

Please note that certain fees, including lab, licensing and permit fees are not included in this proposal. We maintain Liability insurance, Workers Compensation, Water and Sewer Certifications, Idaho Public Works License, Washington State Contractors License.

Community Water System

\$ 550.00 per month

The preceding contract is acceptable to Edgmere Owners Association Inc. Water System And Dean Renninger by the following dated signatures:

Dean Renninger

Date 9/8/06

Edgmere Owners Association Inc. Water System, PWS # ID1090253

By [Signature]

Date 9/15/06

State of Idaho
Department of Environmental Quality
Public Drinking Water System Connection and Fee Assessment Review Sheet

Change of
ownership
of system.
up dated 1/07

Date Issued: May 1, 2006

PWS No.: ID1090253
SYSTEM NAME: EDGEMERE III

Please review the information below and make any necessary changes or corrections, then return the form to the State of Idaho Department of Environmental Quality (DEQ) using the enclosed business reply envelope. Returned forms must be postmarked no later than August 27, 2006.

CURRENT INFORMATION ON FILE:

CORRECTED INFORMATION:

SYSTEM FINANCIAL CONTACT: RENNINGER, DEAN J
FINANCIAL CONTACT ADDRESS: EDGEMERE III
PO BOX 920
RATHDRUM ID 83858

Edwin Holmes
DOB 5/69
Hayden ID 83835

FINANCIAL CONTACT TELEPHONE: 208-687-0802
FINANCIAL CONTACT FAX:
FINANCIAL CONTACT EMAIL
ADDRESS:

(208) 762-0100
(208) 762-0199
bo

POPULATION SERVED:
ACTUAL NUMBER OF CONNECTIONS*: 13
PAYMENT TERMS: Annual

*Connection Definition: Each structure, facility, or single family residence connected to a water system, and which is or could be used for domestic water purposes, is considered a single connection. Multi-family dwellings and apartments, condominiums, and office complexes are considered single connections unless individual units are billed separately for water by the water utility, in which case each such unit shall be considered a single connection.

Based on the number of connections shown above, your FFY 2007 Annual Fee Assessment estimation is:

\$100.00

This is not a request for payment, this is for your information only.

Annual fee assessment notices will be mailed by September 1, 2006 and payment will be due by October 1, 2006. If your system has 250 connections or more, you may pay on an annual, quarterly, or monthly basis.

YOU DO NOT HAVE TO RETURN THE REVIEW SHEET IF THERE ARE NO CHANGES OR CORRECTIONS.
If this form is not returned, by August 27, 2006; the system's annual fee assessment billing will be based on the number of connections shown above.

Signature:

EWL

Title:

Registered Agent, Attorney

Date:

8/1/06

For system information, contact:

Health District I

For system financial information,
contact: DEQ State Fiscal Office
Telephone: (208) 373-0473



IDAHO DISTRIBUTION SYSTEM CLASSIFICATION WORKSHEET

OFFICE USE ONLY
DO NOT WRITE
HERE

System Class _____
Notes: _____

Approved by _____
Date _____

PWS System No. 1090253

Name of Distribution System: Edgmere 111 Water System

System Address: PO Box 920

City: Rathdrum State: ID Zip Code: 83858

Contact Person: Dean J Renninger Title: Operator / Manager

Business Phone Number: (208) 687-0802 Email: cbs111exc@verizon.net

Population served by this distribution system: 36

(Number of people not the number of connections)

Water Source: Ground Water

Signature

8/31/2006
Date

Distribution system classification is based solely on population served as follows:

Very Small Water System
Class I
Class II
Class III
Class IV

500 or less
501 to 1,500
1,501 to 15,000
15,001 to 50,000
50,001 and greater

Very Small Water System (VSWS) – serves five hundred (500) persons or less and has no treatment other than disinfection or has only treatment which does not require any chemical treatment, process adjustment, backwashing or media regeneration by an operator (e.g. calcium carbonate filters, granular activated carbon filters, cartridge filters, ion exchangers).

Ground water supply with disinfection only is considered a distribution system.

“In-Line” treatment such as booster pumping, chlorination, or stabilization is considered an integral part of the distribution system.

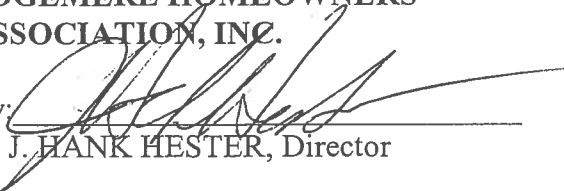
CERTIFICATE TO THE IDAHO SECRETARY OF STATE
(Idaho Code Section 30-3-94)

The undersigned Corporation hereby submits this Certificate to the Secretary of State of Idaho pursuant to Idaho Code Section 30-3-94 of the Idaho Nonprofit Corporation Act.

1. The name of the Corporation is EDGEMERE OWNERS ASSOCIATION, INC..
2. The Restated Articles of Incorporation of EDGEMERE OWNERS ASSOCIATION, INC. attached hereto as Exhibit "A" and incorporated herein by reference, include amendments to its Articles of Incorporation in that all of said Articles shall be deleted in their entirety and replaced with the Restated Articles of Incorporation set forth in Exhibit "A."
3. That pursuant to Idaho Code Section 30-3-94(8)(a), the restated articles of incorporation **do not** contain an amendment to the articles requiring approval of any current members of the Corporation or any other person other than the board of directors and that the board of directors of the Corporation have adopted the restated articles of incorporation.
4. That pursuant to Idaho Code Section 30-3-94(8)(c), the restated articles of incorporation **do not** contain an amendment to the articles requiring approval by any person whose approval is required pursuant to section 30-3-99 of the Idaho Code.

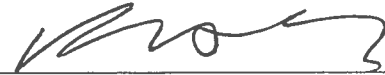
DATED THIS 29 day of August, 2006.

**EDGEMERE HOMEOWNERS
ASSOCIATION, INC.**

By: 

J. HANK HESTER, Director

**EDGEMERE HOMEOWNERS
ASSOCIATION, INC.**

By: 

KALEB HESTER, Director

**EDGEMERE HOMEOWNERS
ASSOCIATION, INC.**

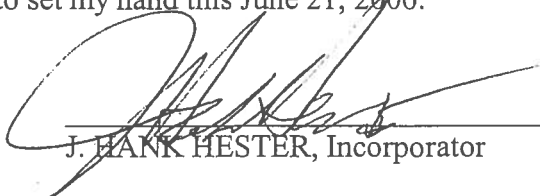
By: 

NATHAN HESTER, Director

without the prior written consent of the then current beneficiary under said deed of trust. Once the aforementioned deed of trust is released as to all of the real property described herein, the provisions of this Article X shall automatically be rendered null and void without further notice.

FOR THE PURPOSES OF FORMING THIS CORPORATION under the laws of the State of Idaho, I, the undersigned, constituting the incorporator of this Corporation, have executed these Restated Articles of Incorporation this June 21, 2006.

IN WITNESS WHEREOF I have hereunto set my hand this June 21, 2006.


J. HANK HESTER, Incorporator

FILED EFFECTIVE

**RESTATED ARTICLES OF INCORPORATION OF
EDGEMERE OWNERS ASSOCIATION, INC.**

2006 OCT 10 AM 8:50

KNOW ALL MEN BY THESE PRESENTS, that I, being over the age of eighteen (18) years of age, and for the purpose of forming a corporation under the Idaho Nonprofit Corporation Act, hereby certify and adopt, in duplicate, the following Articles of Incorporation.

SECRETARY OF STATE
STATE OF IDAHO

**ARTICLE I.
NAME OF CORPORATION**

The name of the Corporation (hereinafter called the "Corporation") is EDGEMERE OWNERS ASSOCIATION, INC.

**ARTICLE II.
AUTHORITY TO INCORPORATE**

This Corporation is organized pursuant to the Idaho Nonprofit Corporation Act, and is a tax exempt organization within the meaning of Section 528 of the Internal Revenue Service.

**ARTICLE III.
TERM OF CORPORATION**

The Corporation shall exist perpetual.

**ARTICLE IV.
PURPOSES AND POWERS OF THE CORPORATION**

Notwithstanding any other provision of these Articles, this Corporation shall not engage in any activity in which it cannot lawfully engage without first obtaining a license nor will it engage in the operation of an insurance company. Subject to the following, this Corporation may engage in any and all lawful businesses.

Other than by a rebate of excess membership dues, fees, or assessments, this Corporation does not contemplate the distribution of its net earnings, gains, profits, or dividends to any individual member of the Corporation or to third parties. Sixty percent (60%) or more of the Corporation's yearly gross income shall consist solely of amounts received as membership dues, fees or assessments from the Corporation's member.

The primary purpose for which this Corporation is formed is to apply ninety percent (90%) of its yearly expenditures towards the organization, acquisition, construction, management, maintenance, and care of the Corporation's property consisting of a water well, water production and water transportation system located within the platted boundaries of the the plat of **PHASE ONE OF EDGEMERE 3, according to the plat thereof recorded in Book 4 of Plats, Page 94, records of Bonner County, Idaho**, a platted subdivision located in Bonner County, Idaho, and any additions thereto as may be acquired by the Corporation.

In furtherance of said purposes, this Corporation shall have power to:

RESTATED ARTICLES OF INCORPORATION

C:\BHLAWHESTER\Edgemere_Outback\RestatedArticles.wpd

IDAHO SECRETARY OF STATE
10/11/2006 05:00
CK: 3965 CT: 660348 BH: 979447
1 @ 30.00 = 30.00 AMEND PROF # 2

C16682/

- (a) Perform all of the duties and obligations of the Corporation as set forth in the Bylaws;
- (b) Fix, collect and enforce assessments as set forth in the Bylaws;
- (c) Pay all expenses and obligations incurred by the Corporation in the conduct of its business including, without limitation, all licenses, taxes or governmental charges levied or imposed against the Corporation property;
- (d) To borrow from any source, money, goods or services without limitation as to amount of corporate indebtedness or liability; and to pledge or mortgage any of its property as security therefor in any manner permitted by law;
- (e) To buy, lease, hold and exercise all privileges of ownership in and to the real or personal property as may be necessary or convenient for the conduct and operation of the business of the Corporation, or incidental thereto. No such dedication or transfer shall be effective unless an instrument has been signed by three fourths (3/4) of the voting power of members;
- (f) To acquire and to hold, own and exercise all rights of ownership in, and to sell, transfer or pledge shares of capital stock or bonds or become a member or a stockholder of any corporation or Corporation engaged in any related activities;
- (g) To establish reserves to invest the funds thereof in stocks, bonds, and other property as the Board of Directors may deem satisfactory;
- (h) To levy assessments in such manner and in such amount as may be provided in the Bylaws of this Corporation, and to provide for the manner of collection of assessments for services furnished its members and the enforcement thereof.
- (i) To have and to exercise all powers, privileges and rights which a Corporation organized under the Idaho Nonprofit Corporation Act now or hereafter has or can exercise, and all powers and rights incidental in carrying out the purposes for which this Corporation is formed, except such as are inconsistent with the express provisions of the act under which this Corporation is incorporated.
- (j) Exercise all powers provided under the Idaho Nonprofit Corporation Act.

ARTICLE V. MEMBERSHIP AND VOTING RIGHTS

1. Membership: The Corporation shall have members. The Bylaws shall provide the terms and conditions of membership.

2. Transferred Membership: Membership in the Corporation shall not be transferred, pledged, or alienated in any way, except as set forth in the Bylaws.

3. Classes of Membership: The Corporation shall have one (1) class of voting membership which shall consist of the Members of said Corporation.

4. Fees: Membership fees shall be fixed and regulated by the Bylaws. Each member whose fees are fully paid and who is not in arrears regarding payments for membership shall be entitled to one vote at any meeting of the members of the Corporation, for each membership certificate held. Assessments against members, and a determination of their liability, shall be fixed by the Bylaws, which shall provide for the manner of collection and its enforcement and also for the lapse of membership and forfeiture of the right to the incidents of the Corporation.

5. Allocation of Fees: This Corporation is organized as a non-profit Corporation for the mutual benefit of its members and will not have profits. All fees received for admission of members shall be placed in the surplus fund to be used only for the payment of indebtedness, repairs, building and maintenance. After all expenses of the Corporation are paid each year, and a reasonable reserve as determined by the Board of Directors set aside, any income of the Corporation in excess thereof shall be used to reduce the charges for the next year's obligations.

6. Voting Rights: Each member shall be entitled to one vote as it relates to petitions, referendums, annual meetings and general membership meetings.

7. General: The management of the Corporation's affairs is to be vested in its members pursuant to the Idaho Nonprofit Corporation Act. Further guidelines and rules governing such membership and the rights of the members are set forth in the Bylaws of this Corporation and Covenants, Conditions and Restrictions.

ARTICLE VI. REGISTERED AGENT AND OFFICE

The initial registered agent of the Corporation shall be Edwin B. Holmes, and the street address of the initial registered office shall be 2115 Sherman Avenue, Suite 107, Coeur d'Alene, Idaho.

ARTICLE VII. BOARD OF DIRECTORS; INCORPORATORS

The affairs of this Corporation shall initially be managed by a Board of at least THREE (3) Directors. A Director need not be a member of the Corporation. Commencing with the first meeting of the Corporation, the number of Directors shall be determined as provided in the Bylaws of the Corporation. The names and addresses of the persons who are to act in the capacity of Directors until the selection of their successors are:

<u>N A M E</u>	<u>A D D R E S S</u>
J. HANK HESTER	1826 Vay Road, Priest River, ID 83856
KALEB HESTER	1826 Vay Road, Priest River, ID 83856
NATHAN HESTER	1826 Vay Road, Priest River, ID 83856

The names and address of the incorporator is:

<u>N A M E</u>	<u>A D D R E S S</u>
J. HANK HESTER	1826 Vay Road, Priest River, ID 83856

ARTICLE VIII. DISSOLUTION OF CORPORATION

Upon winding up and dissolution of this Corporation, after paying or adequately providing for the debts and obligations of the organization, the remaining assets shall be distributed to a non-profit fund, foundation, or corporation which has established its tax exempt status under Section 501(c)(3) of the Internal Revenue Code.

ARTICLE IX. AMENDMENTS

Subject to the restrictions set forth in Article X, below, these Articles of Incorporation may be amended by a vote at a meeting of the members having voting rights, which may be either an annual or special meeting as provided in the Idaho Nonprofit Corporation Act for the giving of notice of meeting of members. The proposed amendment shall be adopted upon receiving at three fourths (3/4) of the votes which members present at such meeting in person or by proxy are entitled to cast by the terms of the Bylaws.

ARTICLE X. RESTRICTIONS ON AMENDMENTS

So long as any portion of **PHASE ONE OF EDGEMERE 3, according to the plat thereof recorded in Book 4 of Plats, Page 94, records of Bonner County, Idaho** is encumbered by that certain deed of trust recorded on July 7, 2005 as Instrument No. 681039, records of Bonner County, Idaho these Articles and the Bylaws of the Corporation shall not be amended without the prior written consent of the then current beneficiary under said deed of trust. In addition, so long as the aforementioned deed of trust encumbers any portion of said real property, the Corporation shall not convey, transfer or otherwise alienate any right, title or interest that the Corporation has to any asset or property of the Corporation, including but not limited to any water system under the direction, control or ownership of the Corporation

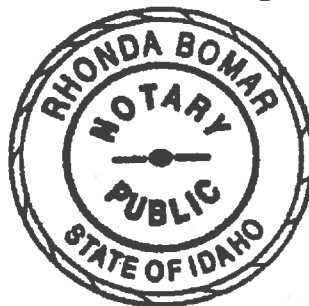
STATE OF IDAHO

COUNTY OF KOOTENAI

)
: ss
)

On This 3rd day of December in the year 1998
before me, a Notary Public in and for said State, personally appeared ROBERT
A. BONUCCELLI, CHARLES R. POTTS, JR., and BILLIE C. POTTS by Charles R.
Potts, Jr., her attorney in fact, known or identified to me to be the partners
in the partnership of TWIN LAKES INVESTMENTS, and the partner or one of the
partners who subscribed said partnership name to the foregoing instrument,
and acknowledged to me that they executed the same in said partnership name.

Rhonda Bomar
Notary Public of Idaho
Residing at CDA
Commission Expires 7-11-2000



person whose name is subscribed to the within instrument and who
acknowledged that he executed the same.

WITNESS my hand and official seal.

Notary Public in and for the
State of Idaho.

Residing at: _____

My commission expires: _____

30595

RECORDING REQUESTED BY:

Twin Lakes Investments,
a Washington General Partnshp.
4815 W. Village Boulevard
Rathdrum, ID 83858

35669-R

First American Title
FILED BY

1998 DEC -4 B 1:33

MARIE SCOTT
BONNER COUNTY RECORDER

PS DEPUTY

535743

PHASE 1 EDGEMERE 3:
DECLARATION AND ESTABLISHMENT OF
COVENANTS, CONDITIONS, AND RESTRICTIONS;
DECLARATION AND ESTABLISHMENT OF
ROAD MAINTENANCE AGREEMENT; AND
DECLARATION AND ESTABLISHMENT OF WATER SYSTEM

THIS DECLARATION is made this 1st day of December, 1998, by Twin Lakes Investments, a Washington General Partnership, whose principal office is located at 4815 W. Village Boulevard, Rathdrum, Idaho 83858. Twin Lakes Investments is referred to herein as the Declarant.

WHEREAS, said Declarant is the title holder of certain property in the County of Bonner, State of Idaho, which is more particularly described as follows:

bdw:isun
(map)
Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 15, 16, 17, 18, 19, 20, 21, 22, 23, and 24, Phase 1 Edgemere 3, according to the plat recorded in the Office of the County Recorder in Book 4 of Plats at Page 94, Records of Bonner County, Idaho.

NOW, THEREFORE, Declarant hereby declares that all of the above-described property shall be subject to the following easements, covenants, conditions, restrictions, and obligations which are for the purpose of protecting the value and desirability of the real property as described above.

I. EDGEMERE OWNERS ASSOCIATION.

Declarant does hereby declare that all lots in Phase 1, Edgemere 3, as identified above, are subject to the following protective covenants as hereby established:

(1) Creation of Edgemere Owners Association. Declarant shall cause a non-profit corporation to be established under the laws of the state of Idaho. Said non-profit corporation shall be known as the "Edgemere Owners Association, Inc." (hereafter "the Association"). The Association's articles shall provide that the Association shall be governed by a Board of three (3) directors. The Association shall have the authority to enforce, manage, and oversee the following:

- (1) All covenants, conditions, and restrictions created by this Declaration;
- (2) All road maintenance obligations created by this Declaration; and
- (3) All rights and obligations attendant with the water system created by this Declaration.

The affairs of the Association shall be governed by this Declaration, the Association's Articles, and such Bylaws and rules and regulations as the Association's Board may hereafter adopt.

(2) Membership in the Edgemere Owners Association. The owner of each lot encumbered by this Declaration shall be a mandatory member of the Association. Membership shall be appurtenant to and may not be separated from any recorded lot. If a lot is owned by more than one owner, all such owners shall be members of the Association, subject to the voting restrictions set forth in section (3) immediately following.

(3) Membership Voting Rights. Each lot encumbered by this Declaration shall be entitled to cast one vote on all matters which are submitted to a vote of the Association membership. If a lot is owned by more than one owner, and the owners cannot agree amongst themselves as to how to cast the membership appurtenant to said lot, then any voting rights appurtenant to said lot shall not be recognized by the Association.

(4) Membership List. The secretary of the Association shall maintain a membership list which shall include the names of all lot owners and their last known addresses. It is the responsibility of any member of the Association whose address changes to advise the secretary of the Association in writing of the same. Notices to all members shall be deemed to have been sufficiently given if mailed via first-class mail, postage prepaid, to a member at his or her address as it appears on the records of the Association secretary.

(5) Multiple Memberships. If an individual or entity owns more than one lot, said individuals or entity shall be entitled to cast one vote for each lot owned.

(6) Effective Subdivisions on Memberships. If any lot is hereafter divided into separate ownership, then in that event, the combined ownership of the lot as divided shall only be entitled to one vote on Association matters.

(7) Cumulative Voting for Association Directors. The members of the Association shall be entitled to exercise the right of cumulative voting only in elections of Association directors.

(8) Rules of Association Governance. To the extent not in conflict with Idaho law, these Declarations shall control on an issue of Association governance. If these Declarations are silent on the matter, then the issue will be resolved by the Association's Articles to the extent they are not in conflict with Idaho law. In the event the Declaration and Articles are both silent on the matter, then the Association's Bylaws shall govern to the extent not in conflict with Idaho law. In the event the Declarations, Articles, and Bylaws are all silent on the matter, then Idaho law (the Idaho Non-Profit Corporation Act) shall govern.

II. DECLARATION AND ESTABLISHMENT OF COVENANTS, CONDITIONS, AND RESTRICTIONS.

DECLARANT does hereby declare that for the use of all of the lots identified in this Declaration herein, the following protective covenants are hereby established:

(1) Land Use and Building Type. No residence shall be constructed or maintained on any lot other than one single family dwellings, provided, however, that each residence may have not more than one (1) non-commercial guest house. Site-built or manufactured residences are not to exceed two stories in height. No single story residence shall have a total floor space of less than 700 square feet, exclusive of garages, carports, open porch space, and non-daylight basements. Residences having two stories above finished grade shall have not less than 1,500 total square feet, exclusive of garages, carports, open porch space, and non-daylight basements.

(2) Nuisance. No noxious or offensive activity shall be undertaken or permitted on any lot, nor shall anything be done thereon which may be or may become a nuisance or annoyance to the neighborhood.

(3) Temporary Structures of Residence. No structures of a temporary character, such as a basement, tent, shack, shed, hut, or garage, and no trailer, shall be used as a residence at any time. Prefabricated homes, including "Mobile Homes" or modular homes, new or previously owned, which have been built for the purpose of permanent habitation, shall not be considered "trailers", provided that they are (a) of a model year of 1978 or newer and (b) are fully skirted.

(4) Completion and Occupancy Time. Construction of each residence shall be substantially completed within one (1) year after the start of construction. No residence may be occupied prior to completion.

(5) Signs. No signs shall be displayed to public view on any lot except as follows: (a) one professional sign not larger than ten (10) square feet; (b) one sign not larger than five (5) square

feet advertising the property for sale or rent; and (c) one builder's sign during the construction and initial sales period by Declarant of any of its lots.

(6) Animals. Animals may be kept on a lot provided they are not raised or kept for commercial purposes and are not permitted to cause damage or discomfort to neighbors.

(7) Garbage and Refuse Disposal. No lot shall be used as a dumping ground for garbage, brush, weeds, rubbish, or other waste. All garbage or other waste shall be kept in sanitary containers, or other equipment for the storage or disposal of such materials, and shall be maintained in a clean and sanitary condition.

(8) Fences. No fences, walls, or hedges shall be erected, cultivated, or maintained which constitute a traffic hazard because of obstruction of visibility, or which exceed nine (9) feet in height. Boundary fences, walls, or hedges must be kept in good condition and repair.

(9) Roof and Siding Materials. Roofing and siding materials shall be woodruff, wood shake, ceramic tile, 3" - 12" pitch or more metal, or a composition roof. All residences constructed on the lots shall have, as a minimum construction standard, T-111 or equivalent material on all exterior portions of the house.

(10) Landscape and Maintenance. Each owner of any lot shall maintain the condition of the front landscaping and any and all improvements thereon, including, without limitation, landscaping, sidewalks, driveways, trees, shrubs or other vegetation thereon in a reasonably clean, neat, attractive, and visibly pleasing manner so as to not detract from the neighborhood.

(11) Parking of Recreational Vehicles. Recreational vehicles shall not be parked in the road, except for the temporary purpose of loading and unloading. "Recreational vehicles" shall include travel trailers, motorhomes, campers (not placed on vehicles), boats and off-road vehicle trailers. Abandoned or non-operable vehicles are not allowed. "Abandoned or non-operable vehicles" are defined as any form of motorized or non-motorized conveyance or equipment which are or have been in a non-functioning condition for a consecutive period of three (3) months or more. Any vehicle in use and/or stored on the property shall be maintained and stored in such a manner as to ensure against any unsightly or offensive appearance.

(12) Severability. Invalidation of any one of these covenants by judgment or court order shall in no way affect any of the other covenants, which shall remain in full force and effect.

(13) Binding Effect. The provisions contained herein are appurtenant to the lots described and shall be binding on and inure

to the benefit of the Declarant, the owners of any lots, their representatives, heirs, successors, or assigns. Failure to enforce any such covenant or restriction by the Association shall not be deemed a waiver of the right to do so.

(14) Attorneys Fees. In the event that it is necessary for the Association or any Association member to bring suit or action to enforce the terms of these covenants, the prevailing party shall be entitled to an award of reasonable attorney's fees and costs of suit from the non-prevailing party.

III. DECLARATION OF ROAD MAINTENANCE AGREEMENT.

THE DECLARANT does hereby declare that for the use of all of the lots identified above, the following road maintenance agreement, rights, and obligations are hereby established:

(1) Road Easements. The owners hereby create, dedicate, and convey to each other a road easement which shall be understood to mean that road easement which has been recorded as to all roadways within Phase 1 Edgemere 3, according to the plats recorded in the office of the County Recorder in Book 4 of Plats at Page 94, Records of Bonner County. Said road easement is depicted on the referenced plat as a sixty (60) foot road easement. It shall be understood that the Association's Members may make use of said road easement, as depicted and defined in the subject plat, for electrical, telephone, sewer, and other utility services to each lot so long as said use does not interfere with the use of the road easement for ingress and egress of normal and typical vehicular travel. Use of the easement for utility purposes by any member shall require that member to return the roadway within the easement to its prior condition under the supervision of the Association.

(2) Easement Rights and Privileges. Each Association member shall have the right and privilege of the enjoyment and use of the road easement for the purpose of providing utility and vehicular access to his/her individual lot or lots. The Association, through its Board, has the right to dedicate or transfer any part or all of the road system to any public agency, authority, or utility for any lawful purpose and subject to such conditions as may be agreed upon by the Association through its Board. A dedication or transfer shall be effective when duly-adopted by the Association's Board and through an instrument signed by the Association's president at the direction of the Association's Board upon a duly-adopted resolution.

(3) Road Maintenance Expenses. The Association, through its Board, shall have the duty to pay all obligations in connection with the maintenance, operation, and repair of said road and shall render no less than an annual accounting as to all monies received or paid out. The Association members hereby bind themselves and their successors-in-interest to share the cost and expense of expense of maintaining the above-described use of easement and road

in a good state of repair. Said obligation shall run with the land and bind all subsequent owners of any lot described herein. Said obligation shall terminate only upon such time as an applicable highway district or political subdivision shall accept said right-of-way or easement, and the maintenance thereof, as its responsibility.

(4) Pro Rata Sharing of Road Maintenance Expenses. All road maintenance expenses incurred by the Association, and any assessments which the Board may deem necessary to ensure the continued use of the road easement for the purposes provided herein, shall be borne by the members pro ratably, with each lot bearing an equal proportionate share of the total cost. The members hereby bind themselves, and their successors-in-interest, to pay their pro rata share of all Association expenses within thirty (30) days of the date they are invoiced for the same by the Association. Failure on the part of any member to make timely payment of his or her pro rata share of assessments, within thirty (30) days of the date said expenses are invoiced, shall give rise to a lien against that member's lot for all delinquent expenses plus interest thereon at the simple rate of 12% per annum, plus all attorney fees and costs as may be incurred by the Association in pursuing recovery thereof or foreclosure of the Association's lien to secure the same.

(5) Road Easement Rules and Regulations. The Association's Board may adopt such rules and regulations for the maintenance, operation, and use of the road and/or easement as it deems necessary. Said rules and regulations govern the conduct and actions of all members. Provided, however, that the members shall have the right, by a vote of all members entitled to vote, to amend the Association's rules and regulations for the maintenance, operation, and use of the road and/or easement.

(6) Other Authority of the Association. The Association's Board shall have the authority to perform, or have undertaken, all necessary repairs to ensure the continued use of the easement as described herein. Said authority shall encompass, but not be limited to, grading or filling of pot holes, drainage matters, oiling or dust control, snow removal, and other necessary improvements required to maintain the easement in a good and acceptable condition consistent with the easement's intended purpose.

IV. DECLARATION OF SHARED WATER SYSTEM.

DECLARANT does hereby declare that for the use of all of the lots encumbered hereby, and for the purpose of protecting the value and desirability of the subject lots, the following easements, covenants, and conditions are hereby established:

(1) Creation of Water Utility Easements. Pursuant to these

Declarations, and the plat of Phase 1 Edgemere 3 recorded in the office of County Recorder in Book 4 of Plats at Page 94, records of Bonner County, Declarant has previously placed of record certain road and utility easements described in more particularity in these Declarations and said Plat. Declarant as Grantor for itself, its successors, heirs, and assigns, and all others purchasing property through Declarant as Grantor, reserves such easements along said roads and road right-of-ways for purpose of constructing, providing, and maintaining a water system and water delivery system. Said water system and water delivery system shall provide one (1) water hook-up for domestic water purposes to each lot encumbered herein.

(2) Association Oversight of Water System. Declarant has established a water system and water delivery system which has been approved for use by the lots encumbered hereby by all applicable governmental entities and agencies. Upon the recordation of this Declaration, Declarant shall separately convey to the Association all right, title, and interest in and to the water system and water delivery system, and any real property upon which said facilities are situate. The Association, by virtue of its ownership of the real property, equipment, and facilities associated with the water system and water delivery system shall be a beneficiary of the water easements created herein.

add review from minutes
(3) Additional Hook-Ups Upon Subdivision of Any Lot. In the event the owner of a lot encumbered hereby lawfully subdivides his or her lot, the owner of any such subdivided lot may make application to the Association for a domestic hook-up into the Association's water system. The Association shall not be obligated to provide any such hook-up, but may, in its discretion, provide such domestic hook-ups upon such terms and conditions as the Association may deem appropriate. Any such additional hook-ups adopted and approved by the Association, through its Board, shall be evidenced by the filing of a recorded instrument referencing this Declaration.

(4) Expenses for Water Service. The Association shall oversee and manage the provision of domestic water to all owners of lots encumbered hereby. The Association shall adopt rules and regulations establishing a regular billing practice whereby the costs and expenses of said water systems shall be shared between all lots encumbered hereby on such basis as is adopted by the Association's Board.

(5) Association Assessments. The Association, through its Board, shall be authorized to impose any assessments which the Board may deem necessary to ensure the continued use of the water system and water delivery system for the purposes provided herein. Said assessment shall be borne by the owners of lots encumbered hereby, with each lot bearing an equal proportionate share of the total cost.

(6) Obligation to Pay Assessments and Expenses. All owners of lots encumbered hereby, and their successors-in-interest, are bound to pay their pro rata share of all expenses and assessments as invoiced by the Association for the maintenance, upkeep, or improvement of the water system and water delivery system, within thirty (30) days of the date they are invoiced for the same by the Association. Failure on the part of any lot owner to make timely payment of its pro rata share of assessments or expenses, within thirty (30) days of the date said expenses or assessments are invoiced, shall give rise to a lien against that lot for all delinquent expenses plus interest thereon at the simple rate of 12% per annum plus all attorney fees and costs as may be incurred by the Association in pursuing recovery thereof or foreclosure of the Association's lien to secure the same.

(7) Association's Obligation to Account to Members. The Association, through its Board, shall have the duty to pay all obligations in connection with the maintenance, operation, and repair of the water system and water delivery system and shall render no less than an annual accounting as to all monies received or paid out.

(8) Water System Rules and Regulations. The Association's Board may adopt rules and regulations for the maintenance, operation, and use of the water system and water delivery system. Said rules and regulations as may be adopted shall govern the conduct and actions of all members. Provided, however, that the members shall have the right, by a vote of a majority of all Association members entitled to vote thereon, to amend the Association's rules and regulations at a duly-noticed member meeting specifically called for said purpose. Provided further that said rules and regulations shall not be in conflict with any term or provision of this Declaration.

(9) Non-Waiver of Assessments and Expenses. It is the specific intention of the Declarant to create a water system and water delivery system, the maintenance and upkeep of which shall be borne by no less than nineteen (19) separate lot owners. In the event any lot owner determines to provide water service to his or her lot by a privately created well, said lot owner shall not be relieved of his or her pro rata share for all Association expenses and assessments related to the maintenance and upkeep of the water system and water delivery system.

(10) Expansion of Water System. Declarant reserves the right, as set forth in Section V(1) of this Declaration, and in accordance with the terms thereof, to record an amendment to this Declaration to increase the number of lot owners entitled to make use of the Association's water system and water delivery system.

(11) Miscellaneous Provisions. No lot owner shall apply or store upon his or her property any chemicals which in any manner

will interfere with the Association's water system and water delivery system. The Association shall at all times comply with any regulations governing drinking water systems in Idaho, as such regulations may now exist or in the future be imposed upon the Association's system.

V. GENERAL PROVISIONS.

DECLARANT does hereby declare that for the use of all of the above lots encumbered hereby, the following general conditions are hereby established:

(1) Declaration of Right to Add Additional Property Outside Phase 1 Edgemere 3. The Declarant reserves unto itself the exclusive right, to be exercised at any time within ten (10) years from the recording date of this Declaration, to file an amendment to the Declaration to encumber the following described real property by the terms and conditions of this Declaration as may be in effect upon the date said amendment is recorded:

The northeast 1/4 and the east 1/2 of the northwest 1/4, Section 9, Township 54 North, Range 4 West, Boise Meridian, Bonner County, Idaho.

The property described above lies north of, and adjacent to, Phase 1 Edgemere 3 (which includes the lots which are subject to and encumbered by this Declaration). Declarant is the owner of the property described above. In the event Declarant wishes to encumber the property described above by these Declarations, and any amendments thereto, the Declarant shall have the right to do so by the filing of an amendment to this Declaration no later than ten (10) years from the recording date of this Declaration. In the event this Declaration is expanded by Declarant to include the property described above, the Declarant shall identify any subdivided lots in the subject property which are made a part of this Declaration. All such lots, from the date of the recording of any such amendment to this Declaration by the Declarant, shall be made mandatory members of the Association and be subject to all rights, privileges, and obligations under this Declaration.

(2) Declaration of Right to Add Additional Property Within Phase 1 Edgemere 3. The Declarant reserves unto itself the exclusive right, to be exercised at any time within five (5) years from the recording date of this Declaration, to file an amendment to the Declaration to encumber any or all of the following described real property by the terms and conditions of this Declaration as may be in effect upon the date said amendment is recorded:

Lots 9, 12, 13, and 14, Phase 1 Edgemere 3, according to the plat recorded in the office of the County Recorder in Book 4 of Plats at Page 94, records of Bonner County,

Idaho.

The property described above is included in the plat recorded in the office of the County Recorder in book 4 of Plats at page 94, records of Bonner County, Idaho. Declarant is not the owner of the lots described above. In the event the owners of the lots described above seek to encumber their property by these Declarations, and to obtain the benefits thereof, the Declarant and the Owner(s) of any lot described above shall have the right to do so by jointly filing an amendment to this Declaration no later than five (5) years from the recording date of this Declaration. All such lots, from the date of the recording of any such amendment to this Declaration by the Declarant and the owner of any such lot, shall be made a mandatory member of the Association and be subject to all rights, privileges, and obligations under this Declaration.

(3) No Extraordinary or Non-Routine Assessments as to Declarant's Inventory Lots (Phase 1 Edgemere 3). Notwithstanding any other provision contained in this Declaration or the Association's Articles and Bylaws, the Association shall have no authority to impose any non-routine or non-maintenance assessments, either for road or water purposes, upon any inventory lots owned by Declarant for a period of five (5) years from the date this Declaration is recorded. "Inventory Lots" of Declarant are defined to mean any lots encumbered hereby, located within Phase 1 Edgemere 3, which are owned by the Declarant as of the date assessed. "Non-Inventory Lots" of Declarant shall not include any lots in which Declarant has an ownership interest only as security for the performance of any duties or obligations of the purchaser of said lot(s).

(4) No Extraordinary or Non-Routine Assessments as to Declarant's Inventory Lots (Outside of Phase 1 Edgemere 3). In the event Declarant adds any additional lot(s) to this Declaration by way of an amendment thereto, as provided in Section V(1), then notwithstanding any other provision contained in this Declaration or the Association's Articles and Bylaws, the Association shall have no authority to impose any non-routine or non-maintenance assessments, either for road or water purposes, upon any inventory lots of by Declarant within said property for a period of five (5) years from the date said property is added to this Declaration pursuant to Section V(1). As used in this section, the phrase "inventory lots" of Declarant is defined to mean any lots within the property described in Section V(1) which are owned by Declarant as of the date assessed. "Non-inventory lots" of Declarant shall not include any lots in which Declarant has an ownership interest only as security for the performance of any duties or obligations of the purchaser of said lot(s).

(5) Declarant's Disclaimer. Declarant, by virtue of this Declaration, neither accepts nor imposes upon itself any financial or physical responsibility for the maintenance and condition of

roads or water systems under the governance of the Association, except and as may be limited to those specific responsibilities set forth under the terms of this Declaration and as specifically accepted by Declarant by its signature hereon. Financial and other responsibility and liability for the roads and water system shall be borne by the Association's members and not by the Declarant.

(6) Governing Law. This Declaration shall be governed by, construed, and enforced in accordance with the laws of the State of Idaho.

(7) Severability. Invalidation of any provision, covenant, or restriction contained in this Declaration by judgment or court order shall in no way effect any other covenant, restriction, or provision, which shall remain in full force and effect.

(8) Term of Declaration. This Declaration, and the covenants, conditions, restrictions, duties, rights, and obligations arising thereunder, shall remain in full force and effect, and bind the parties and their successors, assigns, and heirs, for a period of ten (10) years from the date they are first recorded. Following that date, the Declaration shall remain in full force and effect unless amended or cancelled by a recorded instrument duly-adopted by a majority of the Association members entitled to vote at a duly noticed meeting of Association members called for the specific purpose of adopting such amendment.

IN WITNESS WHEREOF, the Declarant, Twin Lakes Investments, has executed this Declaration this 1st day of December, 1998.

TWIN LAKES INVESTMENTS

By: Robert A. Bonuccelli
Robert A. Bonuccelli, Partner

STATE OF IDAHO)
) ss.
COUNTY OF KOOTENAI)

On this 1st day of December, 1998, before me, the undersigned, a Notary Public in and for the said State and County, personally appeared ROBERT A. BONUCCELLI, 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.

Notary Public in and for the
State of Idaho.

Residing at: _____

My commission expires: _____



By: _____

Charles R. Potts, Jr., Partner

STATE OF IDAHO)

) ss.

COUNTY OF KOOTENAI)

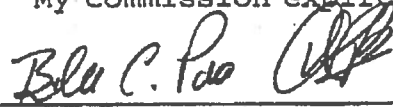
On this 1st day of December, 1998, before me, the undersigned, a Notary Public in and for the said State and County, personally appeared CHARLES R. POTTS, known or identified to me to be the person whose name is subscribed to the within instrument and who acknowledged that he executed the same.

WITNESS my hand and official seal.

Notary Public in and for the
State of Idaho.

Residing at: _____

My commission expires: _____



By: _____

Billie C. Potts, Partners

STATE OF IDAHO)

) ss.

COUNTY OF KOOTENAI)

On this 1st day of December, 1998, before me, the undersigned, a Notary Public in and for the said State and County, personally appeared BILLIE C. POTTS, known or identified to me to be the

DECLARATIONS -- PAGE 12