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Ident. No. 25-14071

MAR 16 2004

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

Department of Water Resources
Eastern Region

APPLICATION FOR PERMIT

To appropriate the public waters of the State of Idaho

1. Name of Applicant Timberview Properties, LLC Phone 552-6056

Mailing address 165 N. Woodruff Ave. Idaho Falls, ID 83401

2. Source of water supply groundwater which is a tributary of N/A

3. Location of point of diversion is Township 3N Range 38E Sec. 21, in the SE $\frac{1}{4}$,
NE $\frac{1}{4}$, Govt. Lot Bonneville, B.M., Bonneville County;

additional points of diversion if any: 3N, 38E, 21 NE of NE $\frac{1}{4}$ as shown for W.R. # 25-1398;

4. Water will be used for the following purposes:

Amount 0.76 for domestic purposes from 1/1 to 12/31 (both dates inclusive)
(cfs or acre-feet per annum)

Amount _____ for _____ purposes from _____ to _____ (both dates inclusive)
(cfs or acre-feet per annum)

Amount _____ for _____ purposes from _____ to _____ (both dates inclusive)
(cfs or acre-feet per annum)

Amount _____ for _____ purposes from _____ to _____ (both dates inclusive)
(cfs or acre-feet per annum)

Amount _____ for _____ purposes from _____ to _____ (both dates inclusive)
(cfs or acre-feet per annum)

Amount _____ for _____ purposes from _____ to _____ (both dates inclusive)
(cfs or acre-feet per annum)

5. Total quantity to be appropriated is (a) 0.76 and/or (b) _____
cubic feet per second acre feet per annum

6. Proposed diverting works:

a. Describe type and size of devices used to divert water from the source Existing Fairview Estates
Wells (2) and new Timberline Estates Well (1) 3 wells total.

b. Height of storage dam _____ feet; active reservoir capacity _____ acre-feet; total
reservoir capacity _____ acre-feet

c. Proposed well diameter is 10 inches; proposed depth of well is 275 feet

d. Is ground water with a temperature of greater than 85°F being sought? NO

e. If well is already drilled, when? 2003; Drilling firm see below;

Well was drilled for (well owner) Fairview Estates; Drilling Permit No. DOO 32093

7. Time required for completion of works and application of water to proposed beneficial use is 2 years (minimum 1 year)

8. Description of proposed uses (if irrigation only, go to item 9):

a. Hydropower; show total feet of head and proposed capacity in kW. _____

b. Stockwatering; list number and kind of livestock. _____

c. Municipal; show name of municipality. _____

d. Domestic; show number of households. 44 homes

e. Other; describe fully. _____

Fairview Estates - Well #1 - Denning Well Drilling
" " - Well #2 - Independent Well Drilling

3. Description of place of use:

- a. If water is for irrigation, indicate acreage in each subdivision in the tabulation below.
- b. If water is used for other purposes, place a symbol of the use (example: D for Domestic) in the corresponding place of use below. See instructions for standard symbols.

TWP	RGE	SEC	NE				NW				SW				SE				TOTALS
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
3N	38E	21			D	D													

Total number of acres to be irrigated 22

10. Describe any other water rights used for the same purposes as described above. NONE

11. a. Who owns the property at the point of diversion? Fairview Estates Water Assoc./Timberline Properties LLC
- b. Who owns the land to be irrigated or place of use? Individual home owners
- c. If the property is owned by a person other than the applicant, describe the arrangement enabling the applicant to make this filing: Single Water System for two separate subdivisions

12. Remarks: Water use will be from 2 existing wells in Fairview Estates subdivision (3N, 38E, 21, NE, NE) and one new well in Timberline Estates (3N, 38E, 21 SE, NE) for domestic use. Total homes serviced = 44 in Timberline and 38 in Fairview (Water Right 25-13984) = 82 homes total.

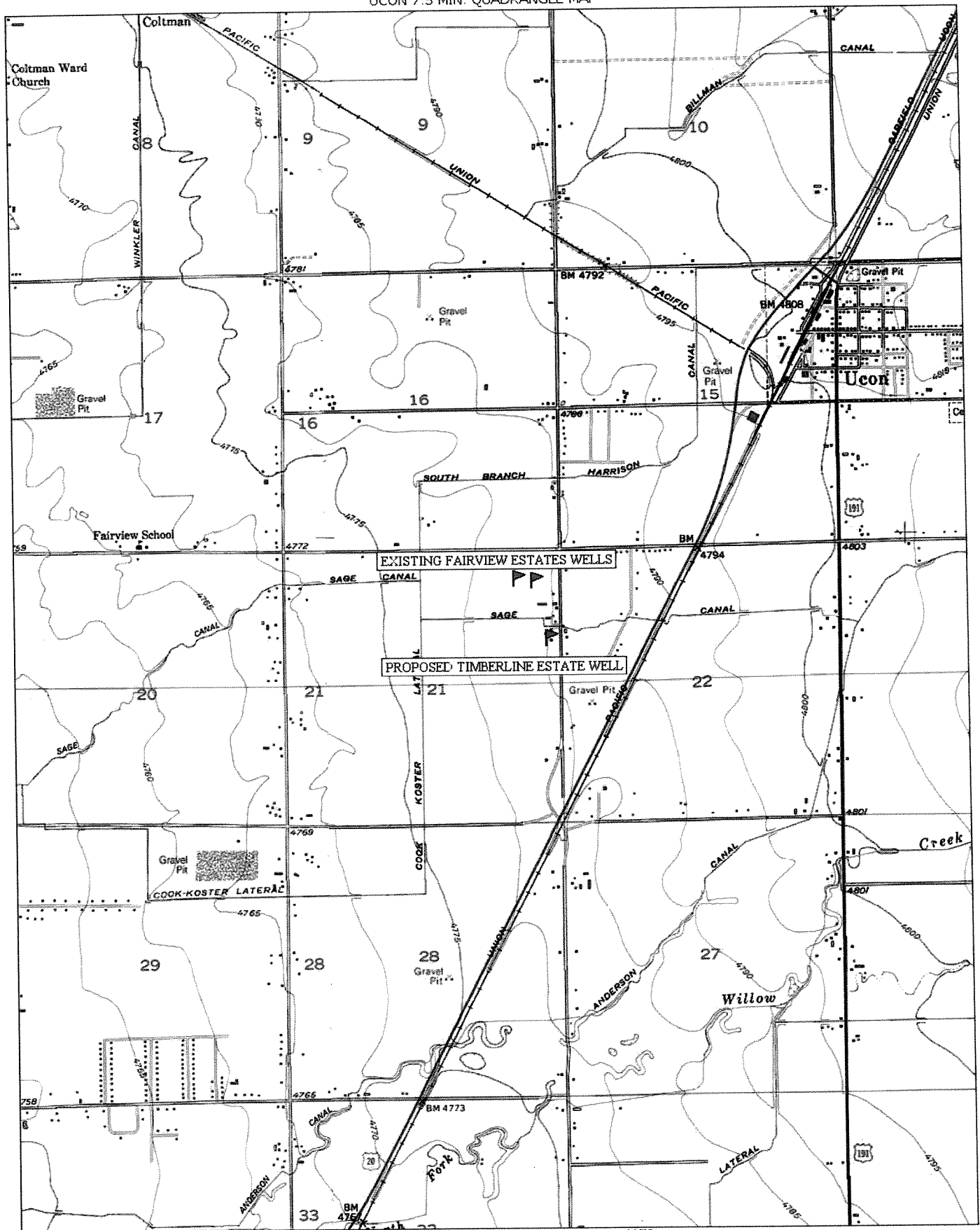
13. **MAP OF PROPOSED PROJECT REQUIRED** - Attach an 8 1/2"x11" map clearly identifying the proposed point of diversion, place of use, section #, township & range. (A photocopy of a USGS 7.5 minute topographic quadrangle map is preferred.)

BE IT KNOWN that the undersigned hereby makes this application for permit to appropriate the public waters of the State of Idaho as herein set forth.

Neogen M. Daniel Managing Member
Signature of Applicant (and title, if applicable)

Received by Dennis Dunn Date 16 March 04 Time 5:00 Preliminary check by DMD
Fee \$ 250.00 Received by EO 29621 Dennis M. Dunn Date 17 March 04
Publication prepared by SC Date 6/17/04 Published in Post Register
Publication approved _____ Date _____

UCON 7.5 MIN. QUADRANGLE MAP



TN * MN
14°

RECEIVED

JUN 04 2004

Department of Water Resources
Eastern Region

**Operating Agreement
Of the
TIMBERVIEW PROPERTIES, LLC
an IDAHO
Limited Liability Company**

This Limited Liability Company Agreement, made and entered into as of the
5 day of September, 2004, by the following Members of the
Limited Liability Company:

KEVIN TAGGART
GEORGE McDANIEL

In consideration of the mutual covenants herein, the Parties hereby form a
Limited Liability Company upon the following terms and conditions:

**ARTICLE I
DEFINITIONS**

As used in this Limited Liability Company Agreement:

- 1.1 "Agreement" means this Limited Liability Company Operating Agreement.
- 1.2 "Assignee" means a person who has been assigned a Member's interest.
- 1.3 "Assigning Member" means a Member who has assigned his or her membership interest.
- 1.4 "Capital Accounts." Upon a dissolution event as determined in this Agreement, capital is determined as of the date of the dissolution event. If capital accounts are determined and maintained through the date of the dissolution event in accordance with the capital accounting rules of §1.704-1(b)(2)(iv) of the Income Tax Regulations, then capital determined as of the date of the dissolution event represents the capital account balances determined on that date.

- 1.5 "Distributions" means any cash dispersed to the Members from cash available for dispersion.
- 1.6 "Net income" means the net income of the Limited Liability Company computed in accordance with generally accepted accounting principles for federal income taxes under the Internal Revenue Code.
- 1.7 "Notice"
 - 1.7.1 A writing, delivered by first class mail, addressed to the last address known to the sender; or
 - 1.7.2 A writing, delivered to the recipient in person.
- 1.8 "Person" means any individual, partnership, joint venture, association, corporation, limited liability company, or trust.
- 1.9 "Property" means anything of value.
- 1.10 "Profits." Upon a dissolution event as determined in this Agreement, profits are determined and allocated based on any reasonable estimate of profits from the date of the dissolution event to the projected termination of the Company, taking into account present and future allocations of profits under the Company agreement that is in effect as of the date of the dissolution event.
- 1.11 "Company" means the TIMBERVIEW PROPERTIES, LLC, a Limited Liability Company created under this agreement.
- 1.12 "State" means the state in which the Limited Liability Company is formed, unless indicated otherwise.
- 1.13 "Majority," with respect to Members, unless otherwise specified in this Agreement, means those persons who own more than fifty percent (50%) of the capital of the Limited Liability Company as determined under this agreement.
- 1.14 "Majority," with respect to Managing Members, unless otherwise specified in this Agreement, means those Managing Members consisting of more than fifty percent (50%) of the managing members.
- 1.15 "Majority in interest." Members owning a majority of the profit interests and a majority of the capital interest in the Company. For the purposes of defining majority in interest in this Agreement,

Rev Procedure 94-46, 1994-28 I.R.B. 12, pertaining to majority of interest, shall control.

ARTICLE II BASIC STRUCTURE

- 2.1 The Parties hereby form a Limited Liability Company pursuant to the Limited Liability Company Act of the State of IDAHO . The Members shall execute and cause to be filed the Articles of Organization as required under the Act.
- 2.2 The business of the Company shall be conducted under the name of The TIMBERVIEW PROPERTIES, LLC.
- 2.3 The business and purpose of the Limited Liability Company shall be to engage in any lawful act or activity in which a Company may engage, including, but not limited to, engaging generally in any and all phases of the business of owning, holding, managing, controlling, acquiring, purchasing, disposing of, or otherwise dealing in or with any interests or rights in any real or personal property, directly or through one or more other Companies or other entities or arrangements.
- 2.4 The principal place of business of the Limited Liability Company shall be at County of BONNEVILLE, State of IDAHO, or at such other place as the Company Members may from time to time designate.
- 2.5 The Limited Liability Company shall commence on the date first above written and shall continue for 30 years, unless sooner terminated by law or as herein provided.
- 2.6 This agreement may be amended upon the unanimous vote of the Members.
 - a. Each Member shall receive notice of any amendment within thirty (30) days following the amendment.

ARTICLE III CAPITAL CONTRIBUTIONS

- 3.1 Initial Capital Contributions. The percentage share of capital of each Member is as follows:

Member	Percentage Interests
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KEVIN TAGGART

50

GEORGE McDANIEL

50

- 3.2 Additional Capital Contributions. There shall be no additional capital contributions to the capital of the Company unless otherwise agreed to in writing by all of the Members. The Managing Members, in the aggregate, must maintain, throughout the entire existence of the Company, a minimum capital account balance equal to the lesser of one (1) percent of the total positive capital account balances or \$500,000. Whenever a non-Managing Member (or non-Assuming Member) makes a capital contribution, the Member-Managers (or Assuming Members) must contribute immediately to the Company capital equal to 1.01 percent of the non-Managing (or non-Assuming Members') capital contributions or a lesser amount (including zero) that causes the sum of the Member-Managers' capital account balances to equal the lesser of one (1) percent of total positive capital account balance for the Company or \$500,000. If no Member has a positive capital account balance, the Member-Managers (or Assuming Members) in the Company need not have a positive capital account balance to satisfy this paragraph. Capital accounts and the value of contributions are determined under the rules of §1.704-1(b)(2)(iv) of the Income Tax Regulations.

If at least one Member-Manager (or Assuming Member) or otherwise required under this Operating Agreement to have and maintain a minimum capital account balance has contributed or will contribute substantial services in the capacity as a Member, apart from services for which guaranteed payments under §707(c) are made, the capital account standard in this Operating Agreement (above paragraph) does not apply to any of the Member-Managers (or Assuming Members). However, upon dissolution and termination of the Company, the Member-Managers (or Assuming Members) will contribute capital to the Company in an amount equal to the lesser of: (1) the aggregate deficit balance, if any, in their capital accounts, or (2) the excess of 1.01 percent of the total capital contributions of the non-Managing Members (or non-Assuming Members) over the aggregate capital previously contributed to the Company by the Member-Managers (or Assuming Members).

Those services that do not relate to day-to-day operations in the

Company's primary business activity, such as services related to organization and syndication of the Company, accounting, financial planning, and services in the nature of investment management, must be substantial services.

- 3.3 Return of Capital Contributions. Each Member irrevocably waives any statutory, equitable, or other rights he or she may have to withdraw or demand the return of his or her capital contribution except as provided herein.
- 3.4 No Interest on Capital Contributions. Capital contributions to the Company shall not bear interest.
- 3.5 Nature of Interests. All property owned by the Company, whether real or personal, tangible or intangible, shall be deemed to be owned by the Company as an entity. No Member shall have any direct ownership of any Company property.
- 3.6 Members' Share of the Profits and Losses. Each Member shall share in the profits and losses of the Company according to their respective percentage share of capital.
- 3.7 Limitation on Liability for Members. No Member shall personally be liable for any of the debts or losses of the Company beyond such Member's capital interest in the Company.
- 3.8 Rights of Priority. Except as herein provided, the individual Members shall have no right to any priority over each other as to the return of capital contributions.
- 3.9 Distribution of Profits. Distributions to the Members of net operating profits of the Company shall be made at least annually except that earnings may be retained by the Company and transferred to Company capital for the reasonable needs of the business as determined in the sole discretion of the Member-Managers. Distributions as made shall be made to the Members simultaneously.

Net operating profit for any accounting period shall mean the gross receipts of the Company for such period, less the sum of all cash expenses of operation of the Company, and such sums as may be necessary to establish a reserve for operating expenses.

ARTICLE IV DIVISION OF PROFITS AND LOSSES

- 4.1 Capital Accounts. Separate capital accounts shall be maintained for each Member. The capital interest of each Member shall consist of all such Member's contributions to the capital of the Company, plus such Member's share of Company profits transferred to capital, less distributions to such Member in reduction of such Member's Company capital, and less such Member's share of Company losses if transferred from such Member's drawing account.
- 4.2 An individual drawing account shall be maintained for each Member. All withdrawals, other than salaries, made by a Member shall be charged to such Member's drawing account. Each Member's share of profits and losses shall be credited or charged to such Member's drawing account.

A credit balance of a Member's drawing account shall constitute a Company liability to that Member, but it shall not constitute a part of such Member's capital account or such Member's interest in the capital of the Company. If after the net profit or the net loss of the Company for the fiscal year has been determined, a Member's drawing account shows a deficit (a debit balance), whether occasioned by drawings in excess of such Member's share of Company profits or by charging such Member for such Member's share of a Company loss, the deficit shall constitute an obligation of that Member to the Company to the extent of the Member's capital account. However, in no event shall any Member be liable for any amount beyond the balance in such Member's capital account.

- 4.3 No Member shall be entitled to withdraw or borrow any amount from his capital account without the consent of the Managing Members.

ARTICLE V RIGHTS AND POWERS OF THE MANAGING MEMBERS

- 5.1 The business of the Company shall be under the control of the Managers who shall act by a majority vote, unless specified elsewhere in this Agreement, in all business affairs. For these purposes, each Manager shall have one vote.
- 5.2 Powers of the Managers. The Managers shall have the authority to

exercise the powers reasonably necessary in order to pursue the Company's purposes including, but not limited to, the following:

- a. To obtain, sell, convey, mortgage, encumber, lease, exchange, pledge, partition, plat, subdivide, improve, repair, surrender, abandon, or otherwise deal with or dispose of any and all real property of whatsoever character and wheresoever situated at such time or times and in such manner and upon such terms as the Managers deem expedient and proper. To give options therefore, to execute deeds, transfers, leases, pledges, mortgages, and other instruments of any kind. Any leases and contracts may extend beyond the term of the Limited Liability Company.
- b. To acquire any personal property for the use of the Company.
- c. To purchase, invest in, or otherwise acquire, and to retain any and all stocks, bonds, notes, or other securities, or any variety of real or personal property, including stocks or interests in investment trusts and common trust funds, operated and managed by a corporate trustee.
- d. To sell, transfer, assign, convey, lease, exchange, or otherwise dispose of any or all of the assets of the Company upon such terms and conditions as the Members deem advisable, including a deferred payment sale or an exchange for other assets of any kind.
- e. To place record title to, or the right to use, Company assets in the name of a Manager or the name of a nominee for any purpose convenient or beneficial to the Company.
- f. To open and to close checking accounts, savings accounts, and safety deposit boxes in banks or similar financial institutions, with or without indication of any fiduciary capacity. To deposit cash in and withdraw cash from such accounts and boxes, with or without any indication of any fiduciary capacity. To hold such accounts and securities in bearer form, or in the name of a Manager or in the name of a nominee, with or without indication of any fiduciary capacity.
- g. To borrow money upon terms acceptable to the Managers from any person or entity, to pledge or mortgage

any property as security therefore, and to renew any indebtedness incurred by the Managers.

- h. To employ brokers, consultants, attorneys, accountants, architects, engineers, property managers, leasing agents, and other agents, persons, or entities deemed appropriate to the conduct of the Company business, including, without limitation, a Manager, any persons or entities related to a Manager or in which a Manager has an interest.
- i. To adjust, arbitrate, compromise, sue, defend, settle, abandon, or otherwise deal with any and all claims in favor of or against the Company.
- j. To acquire and enter into any contract of insurance which the Managers deem necessary and proper for the protection of the Company, for the conservation of its assets, or for any purpose convenient or beneficial to the Company.
- k. To execute and deliver on behalf of the Company such documents or instruments as the Managers deem appropriate in the conduct of the Company business. No person, firm, or corporation dealing with the Company shall be required to inquire into the authority of the Managers to take any action or make any decisions.
- l. To make employment contracts, to pay pensions, and to establish pension and other incentive plans of any or all of its employees.
- m. To establish, invest, and maintain reserves for the benefit of the Company in such amounts as the Managers, in their sole discretion, shall determine, and to expend such reserves in such amounts and for such purposes as the Managers shall determine.

ARTICLE VI MANAGER RESTRICTIONS

- 6.1 No Managing Member shall, without the consent of a majority of the Managing Members, endorse any note or act as an accommodation party, or otherwise become surety for any person in any transaction involved in the Company. No Managing Member shall, except with the consent of a majority of the

Managing Members, mortgage, grant a security interest in its share in the Company or the Company Capital assets or property, or do any act detrimental to the best interests of the Company or which would make it impossible to carry on the ordinary purposes of the Company.

ARTICLE VII TIME, COMPENSATION, AND TERM OF MANAGING MEMBERS

- 7.1 The Managing Members shall devote such time, attention, and care to the affairs of the Company as is reasonable and prudent.
- 7.2 Salary to Managing Members. The Managing Members shall receive a reasonable salary for services rendered to the Company, which shall be in addition to their respective share of Company profits. The compensation for the Managing Members shall be reviewed periodically and adjusted appropriately.
- 7.3 Members (other than the Managing Members) shall have no rights to management or business making of the Company.
- 7.4 Managing Members shall so serve until the happening of one of the following events:
 - a. The Managing Member is removed by a unanimous vote of the Members; owning eighty-nine percent of the profit interests and eighty-nine percent of the capital interests in the company.
 - b. The expiration of the Company as required by law;
 - c. The Managing Member withdraws; or
 - d. The death or incompetence of the Managing Member.

ARTICLE VIII INITIAL MEMBERS AND MANAGERS

- 8.1 The Member(s) of the Company shall initially be the following person(s):

KEVIN TAGGART
GEORGE McDANIEL

a. The Company shall be initially organized with at least two Members.

b. If at any time shall the company have less than two Members, then the remaining Member shall admit at least one more Member immediately to the Company.

8.2 Additional Managers shall be elected or vacancies may be filled by one of the following methods:

1. At each annual meeting of the Members or;
2. At a special meeting of the Members or;
3. Any time by written unanimous consent of the Members.

ARTICLE IX LIABILITY AND STANDARD OF CARE OF MEMBERS

9.1 No Member exercising ordinary business judgment shall be liable, responsible, or accountable in damages or otherwise to the Company or any Member for any act or failure to act on behalf of the Company within the scope of the authority conferred on the Members by this Agreement or by law unless such act or omission was performed or omitted fraudulently or in bad faith or constituted wanton and willful misconduct, deceit, or a wrongful taking.

ARTICLE X BOOKS, RECORDS, AND ACCOUNTING

10.1 Accounting Year. The Company's fiscal year shall commence on January 1 of each year and shall end on December 31 of each year.

10.2 Method of Accounting. The Company shall maintain its accounting records in accordance with generally accepted accounting principles and shall report for income tax purposes on the cash basis.

10.3 Books and Records. The Managers shall maintain the books and records of the Company at the principal place of business. Each Member shall have access to such books and records and shall be entitled to examine them at any time during the Company's ordinary business hours.

- 10.4 Annual Statements. At the end of the year, the Managers shall cause the Company's accountant to prepare a balance sheet setting forth the financial position of the Company as of the end of that year and a statement of operations (income and expenses) for that year. No later than ninety (90) days from the end of the fiscal year, provide each Member a report of business and operations of the Company. The report shall contain a copy of the balance sheet and a statement of operations shall be delivered to each Member as soon as it is available. The report shall contain a financial report showing the Company's profit or loss for the year and the allocation thereof among the Members, together with the applicable tax information of the Company. Copies of all income tax returns filed by the Company also shall be furnished to all Members.

Each Member shall be deemed to have waived all objections to any transaction or other facts about the operation of the Company disclosed in the balance sheet, statement of operations, and income tax returns unless he or she shall have notified the Managers in writing of his or her objections within sixty (60) days of the date on which each such document is mailed.

- 10.5 The Managing Members shall maintain at the principal place of business:
- a. A current list in alphabetical order of the full name and last known business street address of each Member;
 - b. A copy of the stamped Articles of Organization and all Certificates of Amendment to them, together with executed copies of any powers of attorney pursuant to which any certificate of amendment has been executed;
 - c. Copies of the Company's federal, state, and local income tax returns and reports, for the three most recent years;
 - d. A copy of the Company's Operating Agreement.
 - e. Within sixty (60) days of the admission, withdrawal, or expulsion of any Member, the then existing Managing Members shall amend the list of Members kept at the principal place of business of the Company to reflect the change in the:

1. Name;
2. Address;
3. Contribution; and
4. Member's share of the Company's profits or losses.

ARTICLE XI INSURANCE

- 11.1 During the course of the term for which this Company is formed, the Company shall carry liability insurance in such amounts as are deemed appropriate by the Managing Members.

ARTICLE XII ASSIGNMENT OF A MEMBER'S INTEREST

- 12.1 A Member may assign his or her membership interest only with the consent of each and every Member.
- 12.2 The assignee of a membership interest has the same basis and capital of the assigning Member before the assignment.
- 12.3 The assignee of a membership interest shall not become a Member without the consent of each and every Member.
- 12.4 Any assignee who is not a Member is entitled to receive only the share of profits or other compensation by way of income and the return of contributions to which the assignor Member would otherwise be entitled.

ARTICLE XIII SALE OF A MEMBER'S INTEREST

- 13.1 No Managing Member shall have the power to confer upon a non-Member the attributes of the Managing Member's interests in the Company without the unanimous consent of the non-transferring Members.
- 13.2 No Member shall have the power to confer upon a non-Member the attributes of the Member's interests in the Company without the unanimous consent of the non-transferring Members.

In Paragraphs 13.1 and 13.2, consent of the majority is a majority in interest according to Rev. Proc. 94-96 pertaining to majority in interest.

- 13.3 The Members shall not sell, assign, pledge, or otherwise transfer or encumber in any manner or by any means whatever, their share in all or any part of their interests of the Company now owned or after acquired to a non-Member, without having first obtained the consent of or offered such share to the other Members and to the Company in accordance with the terms and conditions of this Agreement.
- 13.4 It is understood and agreed to by the parties hereto that the interest owned by a Member may be owned jointly by said Member and his or her spouse. The Members agree that the spouses of the respective Members shall in all respects be bound by this Agreement and that in the event that a Member is required to sell his or her interest pursuant to this Agreement, the respective spouse must comply with this Agreement and shall execute any and all documents required as a result thereof.
- 13.5 No Member or other person who has become the holder of interest in this Company shall transfer, assign, or encumber all or any portion of such interest in the Company during any fiscal year if such transfer, assignment, or encumbrance would, in the sole discretion of the Managing Members, result in the termination of the Company for purposes of the then applicable provisions of the Internal Revenue Code of 1986, as amended.
- 13.6 Sale. A Member may sell his or her Company interest according to the terms of this agreement, but only after such Member has first offered it to the Company and the other Members as follows:
 - a. The Member shall give written notice to the Company that such Member desires to sell his or her interest. The Member shall attach to that notice the written offer of a prospective purchaser to buy the interest. This offer shall be complete in all details, including the purchase price and terms of payment. The Member shall certify that the offer is genuine and in all respects what it purports to be.
 - b. For one hundred twenty (120) days from receipt of the written notice from the Member, the Company shall have the option to retire the interest of the Member at the price and on the terms contained in the offer submitted by

the Member.

c. If the Company does not retire the interest of the Member, then the other Members shall have the option to acquire such Member's interests at the price and on the terms contained in the offer submitted by the Member according to the terms of this Agreement. The Members who exercise this option may acquire such Member's interest in proportion to their respective capital interests, unless they otherwise agree to a different percentage, within sixty (60) days after the termination of the Company's option to buy.

d. If neither the Company nor any of the Members exercise the option to acquire such Member's interest, the Member shall be free to sell his or her Company interest to the said prospective purchaser at the price, according to the terms of this Agreement, and on the terms contained in the certified offer submitted by the Member.

- 13.7 Except as herein provided, a Member shall not assign his or her Company interest. However, a Member may assign his or her Company interest to other Members without the consent of any other Member.
- 13.8 Upon the death or legal incompetency of an individual Member, such Member's authorized representative shall have all of the rights of a Member for the purpose of settling or managing such Member's estate. The authorized representative shall have such power as the decedent or incompetent possessed to assign such Member's interest in the Company to an assignee and to join with such assignee in making application to substitute such assignee as a Member.
- 13.9 No Member (or other person) who has become the holder of interest in the Company shall transfer, assign, or encumber all or any portion of such interest in the Company unless such Member has obtained the prior written consent of the Director of the Securities Commission, if required under the Commission's rules, and the written opinion of counsel for the Company that the transfer will not violate any federal or state securities laws.

**ARTICLE XIV
INCOMPETENCE OR DEATH
OF A MEMBER**

- 14.1 The legal representative of a deceased or incompetent Member or, in the case of a Member that is a person other than an individual, the legal representative of a dissolved or terminated Member has:
- a. All the rights of the Member for the purpose of settling or administering the Member's property;
 - b. Power to assign the Member's interest in accordance with this Agreement;
 - c. Power to give an assignee the right to become an additional Member under this Agreement.

ARTICLE XV MEETINGS

15.1 Annual Meetings of Members. Annual meetings of Members, if actually held, shall be held on such date and at such time as shall be designated from time to time by the Managers and stated in the written notice of the meeting. At the meeting, the Members shall transact such other business as may properly be brought before the meeting.

15.2 Special Meetings of Members. Special meetings of the Members, for any purpose or purposes, may be held by waiver of notice and consent and shall be called by the Managers at the written request of Members owning not less than ten percent (10%) of the entire capital or profit interest of the Company. Such request shall state the purpose or purposes of the proposed meeting.

Business transacted at a special meeting of the Members shall be limited to the purposes stated in the written notice unless all of the Members agree to do otherwise.

15.3 Voting at Annual and Special Meetings. All Members shall have the right to vote at the annual meeting and any special meetings concerning business which may properly be brought before the meeting according to their respective percentage share of capital interest. Except as otherwise set forth herein, a majority of such capital shall control.

15.4 No Meeting or Vote Required if Written Consent. Whenever the vote of the Members at a meeting is required or permitted to be taken, the meeting and vote of the Members may be dispensed with if the written consent to such action is obtained from Members having no less than the minimum percentage of the vote required

of such action.

- 15.5 Manager Meetings. The Managers may hold meetings, both regular and special, either within or without the state of the Company's principal place of business. Regular meetings of the Managers may be held without notice at such time and at such place as shall from time to time be determined by the Managers. Special meetings of the Managers may be called by a Manager on one (1) day's notice to each Manager, either personally or by mail or by telegram.

At all meetings of the Managers, a majority of the Managers shall constitute a quorum for the transaction of business, and the act of a majority of the Managers present at any meeting at which there is a quorum shall be the act of the Managers. Any action required or permitted to be taken at any meeting of the Managers may be taken without a meeting if the Managers who have the necessary votes to take such action consent in writing.

- 15.6 Telephone Conference. Members may participate in a meeting by means of telephone conference or similar communications equipment. All persons participating in a meeting pursuant to such equipment shall constitute presence in person at such meeting.

ARTICLE XVI DISSOLUTION OF THE COMPANY

- 16.1 The Company is dissolved and its affairs wound up:
- a. When the period fixed for the duration of the Company set forth in this Agreement expires.
 - b. By written agreement signed by the majority in interest of Members.
 - c. By judicial order from a Court of competent jurisdiction.
- 16.2 If the Members of the Company designate or elect one or more Members as Managers, the death, insanity, bankruptcy, retirement, resignation, or expulsion of any Member-Manager causes a dissolution of the Company without further action of the Members, unless the Company is continued by the consent of not less than a majority in interest of the remaining Members.
- 16.3 If the Members of the Company do not designate or elect one or more Members as Managers, the death, insanity, bankruptcy,

radius of one hundred (100) miles of the place of business of the Company. Members will not, directly or indirectly, solicit or attempt to solicit business or patronage of any person or entity within such territory for the purpose of promoting business and service now engaged by the Company, except on behalf of the Company;

- 17.3 That during the term of this agreement, Member will not service contracts and accounts from, or work in, the above-described territory for any person or entity other than the Company selling products or services identical, similar, or incidental to the business of the Company; and
- 17.4 That if any Member withdraws from the Company, he will not, within the above-described territory and for a period of two (2) years, directly or indirectly carry on, engage in, or be interested in the business or service now engaged by the Company.

ARTICLE XVIII REGISTERED AGENT

- 18.1 The Company shall continuously maintain an agent in this state for service of process on the Company.
- 18.2 This agent shall be an individual residing in this state, a domestic corporation, or any Member of the Company.
- 18.3 The registered agent of the Company may resign by filing an original and one copy of a signed written notice of resignation with the Secretary of State of this state or any other such governmental person or agency as required by law.
- 18.4 The resignation of the registered agent is effective thirty (30) days after filing notice with the Secretary of State of this state or any other governmental person or agency as required by law.

ARTICLE XIV LOAN TO THE COMPANY

- 19.1 Any Member may loan money to the Company.
- 19.2 Any loan to the Company by a Member shall be at a reasonable rate of interest.
- 19.3 Except as may be otherwise provided by law, the lending Member has the same rights and risks as any person making a loan to the

Company who is not a Member.

**ARTICLE XX
LIABILITY OF MEMBERS**

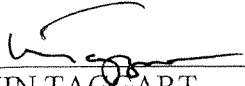
- 20.1 Unless otherwise provided by law, the liability of the Members is limited to their actual capital accounts, including capital contribution each Member makes or agrees to make to the Company.

**ARTICLE XXI
VIOLATION OF THIS AGREEMENT**

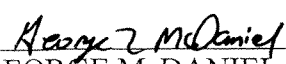
- 21.1 Any Member who shall violate any of the terms, conditions, and provisions of this Agreement shall keep and save harmless the Company property and shall also indemnify the other then Members from any and all claims, demands, and actions of every kind and nature whatsoever which may arise out of or by reason of such violation of any of the terms and conditions of this Agreement.

IN WITNESS WHEREOF, the parties have hereunto set their hand the date first above written.

MANAGING MEMBER(S):



KEVIN TAGGART



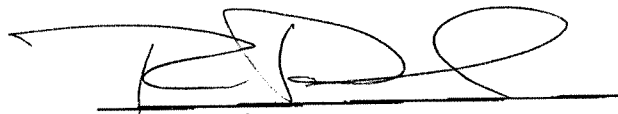
GEORGE McDANIEL

- Department of Water Resources
Eastern Region

Estates. The development of such third well shall be at the sole cost of the Timberline developer.

5. The developers agree to establish a joint membership agreement which will allow all lot owners in the Fairview Estates Subdivision and all lot owners in the Timberline Estates Subdivision, to have access to and use the joint water system and wells.

DATED: 6/4/04



Russ Donahoo
Fairview Estates developer

DATED: 6/4/04



George McDaniel
Timberline Estates developer

**MEMBERSHIP AGREEMENT IN
FAIRVIEW ESTATES WATER ASSOCIATION, INC.**

1. Whereas the Timberline Estates Subdivision is a residential subdivision located in Bonneville County, Idaho, and recorded as a subdivision plat on August 6, 2003, as Instrument No. 1123487-T-75; and
2. Whereas Fairview Estates Subdivision is a residential subdivision located in Bonneville County, Idaho, and recorded as a subdivision plat; and
3. Whereas Fairview Estates Subdivision has developed a domestic water system for use by owners of property in the Fairview Estates Subdivision which is managed by the Fairview Estates Water Association, Inc., and
4. Whereas the Timberline Estates subdivision is located in the near vicinity of Fairview Estates Subdivision; and
5. Whereas Fairview Estates Subdivision and Timberline Estates Subdivision desire to co-operate and benefit from joint use of a domestic water system, and

Now therefore it is hereby agreed as follows:

1. The Fairview Estates Water Association, Inc., an Idaho corporation, hereby agrees to provide membership in such water association for lot owners in the Timberline Estates Subdivision, Division I, and to provide the water well and water system developed and provided by the Fairview Estates Water Association, Inc, for use by the Timberline Estates Subdivision lot owners.

2. All lot owners in the Timberline Estates Subdivision shall be entitled and required to become a member in the Fairview Estates Water Association, Inc., and to be bound by the requirements of its Articles of Incorporation, the Bylaws, and any covenants relating to domestic water use.
3. Each member of the Timberline Estates Subdivision shall be entitled to one vote per lot, on the same terms and with the same rights, as provided for the Fairview Estates Water Association, Inc., members.
4. The water assessment fee for the Timberline Estates Subdivision members shall be established based on the amount of water usage by Timberline Estates Subdivision members. In order to verify the amount of water usage, a water meter shall be installed at the water source for the Timberline Estates Subdivision. A water meter is already in place at the original source for water supplied to the Fairview Estates Water Association, Inc. The actual volume of water usage shall be established by determining the difference between the two water meters.
5. A water assessment fee for the Fairview Estates Subdivision members and the Timberline Estates Subdivision members shall be prorated so that each group as a whole pays its prorata share of the water usage.
6. The billing of the water assessment fee to members shall be conducted by the Fairview Estates Water Association, Inc. The prorata sharing between Timberline Estates and Fairview Estates shall be based on the actual water usage established

by the meters. Such rate shall be determined monthly or annually as the board of directors selects.

7. The responsibility for maintenance and repairs of the water system shall be divided among the members of the Timberline Estates Subdivision and members of the Fairview Estates Subdivision on a prorata basis, as established pursuant to the above paragraph 4 based on actual water usage.
8. All members, whether in the Fairview Estates Subdivision or the Timberline Estates Subdivision, shall be subject to the Articles of Incorporation, Bylaws, and such other rules and regulations as are adopted by the board of directors or members.
9. All members are subject to the restriction in Idaho Code §42-111 which provides that a maximum of one-half (1/2) acre of lawn and garden can be irrigated per residential parcel.

DATED: 6/1/07

By: [Signature]

Russ Donahoo

Fairview Estates Water Association, Inc.

President

STATE OF IDAHO)

County of Bonneville)

On this 4 day of June, 2004, before me, the undersigned, a notary public in and for the State of Idaho, personally appeared Russ Donahoo, President of the Fairview Water Association, Inc., known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same.

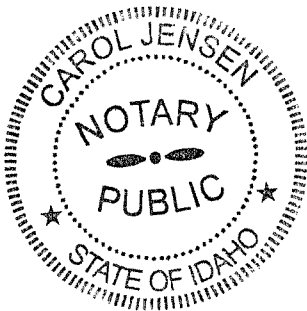
IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

[Signature]

Notary Public for Idaho

My Commission Expires: 6-05-2007

(SEAL)



SENT BY: COPIER REZELL RYAN & CO., P.C., 2004-2007

DATED: 6/04/04

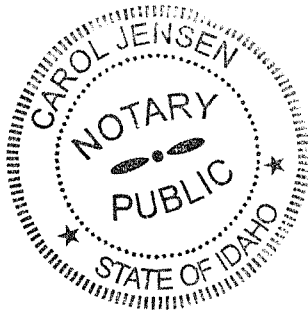
By: [Signature]
Kevin Taggart
Timberline Estates Subdivision
Chairman of the Board of the
Homeowner's Association

STATE OF IDAHO)
)
County of Bonneville)

On this 4 day of June, 2004, before me, the undersigned, a notary public in and for the State of Idaho, personally appeared Kevin Taggart, Timberline Estates, Chairman of the Board of the Homeowner's Association, known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same.

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

(SEAL)



[Signature: Carol Jensen]
Notary Public for Idaho
My Commission Expires: 6-05-2007