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Chuck Reeves

*151 Clubhouse Way
Sandpoint, ID 83864*

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**DECLARATION OF COVENANTS, CONDITIONS,
RESTRICTIONS AND EASEMENTS FOR
THE IDAHO CLUB**

**A Master Planned Unit Development
Bonner County, Idaho**

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**DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND
EASEMENTS FOR THE IDAHO CLUB**

**A Master Planned Unit Development
Bonner County, Idaho**

This Declaration of Covenants, Conditions, Restrictions and Easements for The Idaho Club is made and executed this 5th day of October, 2006, by Pend Oreille Bonner Development, LLC, a Nevada limited liability company authorized to do business in the state of Idaho ("Declarant").

WHEREAS:

A. Declarant is the Owner of real property located in Bonner County, Idaho which is to be developed as a master planned golf, recreational and residential community (the "Project"). The Project includes the property formerly known as the Hidden Lakes Planned Unit Development, golf course and constituent subdivisions.

B. The property subject to this Declaration consists of those portions of the Project designated for private, single- or multi-family residential development, and the Common Areas and Common Facilities associated therewith, as more particularly described on Exhibit "A" attached hereto and by this reference incorporated herein (the "Property").

C. By this Declaration, Declarant desires to subject the Property, the Lots and the Dwellings to the restrictions, covenants, reservations, easements, liens and charges hereinafter set forth, and to amend and fully restate the Protective Covenants for Hidden Lakes PUD dated August 29, 1999 and recorded as Instrument No. 567929, records of Bonner County, Idaho, and all amendments thereto, for the benefit of the Property and the Project, and for each owner of a Lot or Dwelling thereon.

NOW, THEREFORE, in order to promote the best use and the most appropriate development and improvement of the Property and each Lot, Declarant hereby declares that the Property and each Lot and Dwelling located thereon shall be held, conveyed, mortgaged, encumbered, leased, rented, used, occupied, sold and improved subject to the covenants, restrictions, conditions, reservations, liens, easements and charges set forth herein, all of which shall be deemed to be imposed upon and run with the land, to insure quality of design, development, improvement, use and maintenance of the Property as shall protect and enhance the investment and use of all Lots.

**ARTICLE I
DEFINITIONS**

Defined Terms. Unless the context clearly indicates otherwise, certain terms as used in this Declaration shall have the meanings set forth in this Article I.

1.1 Assessment: That portion of the cost of maintaining, improving, repairing, operating, and managing the Property, the Common Areas and Common Facilities, which is to be paid by the Lot Owners as determined by the Association under this Declaration. Assessments may be designated as Regular Assessments or Special Assessments, as those terms are more specifically defined in Article entitled "Assessments" of this Declaration.

1.2 Association: The Idaho Club Homeowners Association, Inc., an Idaho nonprofit corporation, the members of which shall be the Owners of Lots in the Project.

1.3 Board or Board of Directors: The governing body of the Association, which may also constitute the Design Review Board or DRB.

1.4 Bylaws: The Bylaws of the Association as amended from time to time.

1.5 Club: "Club" shall mean the person or entity who owns fee title to the Club Property, which shall initially be Pend Oreille Bonner Development, LLC, a Nevada limited liability company, in its capacity as owner and operator of the Club Property, and any successor in title to the Club Property.

1.6 Club Property and Club Facilities: "Club Property" shall mean the real property described on Exhibit "B" attached hereto and by this reference incorporated herein, adjacent to, or in or near the proximity of, the Property, that has been or will be developed with the Club Facilities, consisting of and including a golf course and affiliated commercial and recreational facilities, including fitness area, spa, pool, tennis and sport courts, and children's center and recreation area.

1.7 Common Area or Areas: The real property and Improvements located within the Project, other than the Lots, Dwellings, Club Property, and Club Facilities, but including without limitation the open space, storm water collection and treatment areas, Private Roads, sidewalks, common easements, drainage areas and similar amenities, and the Common Facilities, all of which shall be owned and maintained by the Association for the common use and enjoyment of all Owners; members of the Club; their respective invitees, licensees, employees, agents and representatives; and the general public as permitted by the Club or the Declarant pursuant to the terms of this Declaration. Additionally, the Common Area shall include any other property conveyed to the Association for the use and benefit of the Owners of all Lots in the Project.

1.8 Common Expenses: The actual and estimated expenses of maintenance, improvement, repair, operation, insurance and management of the Common Areas, expenses of administration of the Association by the Board, and all sums designated Common Expenses by or pursuant to the Project Documents.

1.9 Common Facilities: All furniture, furnishings, equipment, facilities and other property (real, personal or mixed) and interests therein at any time leased, acquired, owned, used, maintained or held by the Association for the use and benefit of the Owners and all other property (real, personal or mixed) hereafter acquired in accordance with this Declaration with

monies from the Common Expense Fund. Common Facilities shall be deemed to be part of the Common Areas, except to the extent otherwise expressly provided in this Declaration.

1.10 Compliance Deposit: Such deposit and/or performance guaranty required by the DRB pursuant to Article X of this Declaration.

1.11 Declarant: Pend Oreille Bonner Development, LLC, a Nevada limited liability company authorized to do business in the state of Idaho, and any successors or assigns who come to stand in the same relationship to the Project.

1.12 Declaration: This Declaration of Covenants, Conditions, Restrictions and Reservation of Easements, as it may be amended from time to time.

1.13 Design Guidelines: The architectural and design guidelines, rules, regulations, limitations and restrictions adopted pursuant to Article X of this Declaration, for the construction, reconstruction, modification, alteration and maintenance of Improvements on the Property.

1.14 Design Review Board or "DRB": The Design Review Board for The Idaho Club. At the discretion of the Board of Directors, the DRB may be the same as the Board of Directors for the Association.

1.15 Dwelling: Any building or portion thereof within the Project which is designed and intended for use and occupancy as a residence.

1.16 Golf Cart Easement Areas: Strips of land ten feet (10') in width within Lots that are contiguous to the Club Property measured from the common boundary line that separates each Lot and such Club Property; and those portions of the private streets and roads that separate the fairway lots and connect the golf holes separated by such lots.

1.17 Golf Cart Paths: The natural, paved and/or landscaped areas that provide pedestrian, golf cart and other vehicular ingress and egress to fairway lots and other portions of the Club Property for golfing, golf course maintenance, and other golf-related purposes.

1.18 Golf Course Hazards: (a) Errant or stray golf balls, motorized golf carts, golfers and other traffic or events inherent to the activities on the Club Property; (b) additional trees, shrubs and other landscaping, or the growth of existing trees, shrubs and other landscaping on Club Property; (c) irrigation and overspray from irrigation facilities and the use of reclaimed water on the Club Property; (d) construction or installation of fencing and other Improvements; (e) the use of fertilizers, pesticides and other chemicals that may be applied to the Club Property; (f) changes to the Club Property and/or Club Facilities including, without limitation, fairways and greens; (g) disturbances, traffic and other noise from the clubhouse, golf course, parking areas, driving range, Golf Cart Paths, or any other portions of the Club Property or Golf Cart Easement Areas caused by activities inherent to golf course and clubhouse property such as mowing of greens, fairways, roughs and around trees; the use of blowers, aerifiers, mulchers, tractors, utility vehicles and other equipment; circulation pumps, compressors and wells for

water features; (h) early morning and late night play or maintenance activities; (i) loss of privacy of Lots that are in near proximity to the golf course, the Golf Cart Paths or the Golf Cart Easement Areas, (j) the visibility of lights used in connection with any driving range, clubhouse or from any other golfing or golf-related activities, including maintenance work; and (k) the presence of rodents or the existence of rodent control activities upon Club Property.

1.19 Improvement:

(a) Structures and appurtenances thereto of every type and kind, including but not limited to, buildings, outbuildings, walkways, sprinkler and sewer pipes or lines, garages, carports, gazebos, swimming pools and other recreational facilities, roads, driveways, parking areas, fences, screens, screening walls, retaining walls, awnings, patio and balcony covers, stairs, decks, landscaping, hedges, slopes, windbreaks, the exterior surfaces of any visible structure, trees and shrubs, poles, signs, solar or wind powered energy systems or equipment, satellite dishes or antennae and other exterior communication devices, and water softener or heater or air conditioning and heating fixtures and equipment;

(b) the demolition or destruction by voluntary action of any structure or appurtenance thereto of every type and kind;

(c) the grading, excavation, filling, or similar disturbance to the surface of the land including, without limitation, change of grade, change of ground level, change of drainage pattern or change of stream bed;

(d) landscaping, planting, clearing, or removing of trees, shrubs, grass or plants;

(e) any change or alteration of any Improvement including any change of material, exterior appearance, color or texture; and

(f) the processing and recordation of any lot line adjustment.

1.20 Limited Common Area. The portions of the Common Areas in the Project serving less than all of the Lots, and designated for use of a certain Lot or Lots to the exclusion, limitation or restriction of others, except by invitation of the Owners thereof, as described herein and/or labeled as Limited Common Area on the Map.

1.21 Lot: Any residential Lot shown upon the Map and constituent subdivision plat or plats of the Project created for the construction of a private Dwelling. The term "Lot" does not include any portion of the Common Area, the Club Property or the Club Facilities.

1.22 Map: The site plan for the Project, a copy of which is attached hereto as Exhibit "C" and by this reference incorporated herein, as the same may be amended from time to time. The Map also identifies those areas designated for development as the "Cabins" and other development types such as the "Custom Lots," to which different rules and guidelines may be applied.

1.23 Member: A person entitled to membership in the Association as provided herein.

1.24 Mortgage: Includes a recorded mortgage, deed of trust, real estate contract, or other instrument creating a security interest in any Lot.

1.25 Mortgagee: Includes a mortgagee, beneficiary or holder of a deed of trust, real estate contract vendor, or other holder of a mortgage on any Lot or Dwelling constructed thereon, and any successor to the interest of such person or entity under such mortgage.

1.26 Owner: The person or persons owning in fee simple a Lot on the Property, as such ownership is shown by the records of the County Recorder of Bonner County, Idaho, as well as any person or persons purchasing a Lot under contract until such contract is fully performed and legal title conveyed of record. The term "Owner" shall not refer to any Mortgagee unless such Mortgagee has obtained title in fee simple to a Lot pursuant to judicial or non-judicial action, including, without limitation, a foreclosure proceeding or any deed or other arrangement in lieu of foreclosure.

1.27 Private Roads: Those portions of the Common Area consisting of private streets and roadways providing access from the Lots to the public right of way, to be owned in fee and maintained by the Association, together with associated drainage facilities and/or structures.

1.28 Project. The Idaho Club, a master planned golf, recreational and residential community..

1.29 Project Documents: This Declaration, the Map, the Articles, the Bylaws, and any architectural, design or other rules promulgated by the Declarant or the Association pursuant to this Declaration, as each shall be amended from time to time.

1.30 Property: The real property covered by this Declaration, all easements, rights and appurtenances belonging thereto, and all Improvements erected or to be erected thereon. The term "Property" shall not include the Club Property or Club Facilities.

ARTICLE II ASSOCIATION, ADMINISTRATION, MEMBERSHIP AND VOTING RIGHTS

2.1 Organization of Association. The Association is or shall be a nonprofit corporation operated for the benefit of the Owners and the Property in accordance with Chapter 3, Title 30, Idaho Code, under the name of THE IDAHO CLUB HOMEOWNERS ASSOCIATION, INC..

2.2 Duties and Powers. The duties and powers of the Association are those set forth in this Declaration, together with the general and implied powers of a nonprofit corporation, and generally to do any and all things necessary or proper in operating for the peace, health, comfort, safety and general welfare of its Members, subject only to the limitations upon the exercise of such powers as are expressly set forth in this Declaration. Without limiting the generality of the

foregoing, the primary functions of the Association shall be the management and enforcement of the Design Guidelines, and the maintenance, operation and insurance of the Common Areas and Common Facilities.

2.3 Membership. The Owner of a Lot shall automatically, upon becoming the Owner of the Lot, be a Member of the Association, and shall remain a Member thereof until such time as his ownership ceases for any reason, in accordance with the Bylaws of the Association.

2.4 Transfer of Membership. Membership in the Association shall not be transferred, pledged, or alienated in any way, except upon the transfer of ownership of the Lot to which it is appurtenant, and then only to the new Owner. Any attempt to make a prohibited transfer is void. Each membership shall be transferred automatically to any subsequent purchaser by conveyance of that Lot.

2.5 Classes of Membership; Voting Requirements. Except as otherwise provided for herein with respect to appointments to the DRB and establishment of the initial budgets, and apportionment of assessments, for so long as the title to any part of the Project remains in the Declarant, the Association shall have two (2) classes of voting membership. One class shall consist of the Declarant, which shall be entitled to five (5) votes for each Lot owned. The other class of voting membership shall consist of all Owners other than Declarant, who shall be entitled to one (1) vote for each Lot owned. Planned as well as existing platted Lots shall be counted. The Property shall be deemed to include 458 Lots (until final platting of all Lots), for purposes of this section, appointments to the DRB, establishment of budgets and for overall voting purposes.

2.6 Membership Meetings. Regular and special meetings of the Members of the Association shall be held with the frequency, at the time and place, and in accordance with the provisions of the Bylaws of the Association.

2.7 Board of Directors. The affairs of the Association shall be managed by a Board of Directors, which shall be established and which shall conduct regular and special meetings according to the provisions of the Bylaws of the Association.

2.8 Use of Agent. The Board of Directors, on behalf of the Association, may contract with a professional management agent for the performance of maintenance and repair and for conducting other activities on behalf of the Association, as may be determined by the Board.

ARTICLE III COMMON AREAS

3.1 Common Area. The Common Area shall include all real property and Improvements within the Project designated as Common Area, excluding the Club Property and Club Facilities and including open space, Private Roads (together with drainage facilities associated therewith), sidewalks, common easements, drainage easements, storm water collection and treatment areas and facilities, garbage collection areas, and any other land which may be conveyed to and accepted by the Association, all of which shall be dedicated to the

common use and enjoyment of all Owners; members of the Club; and invitees, licensees, employees, agents, and representatives of an Owner, the Club or members of the Club as permitted by the Club or the Declarant pursuant to the terms of this Declaration. The Common Area shall be owned, operated, maintained, and insured by the Association, for the use and benefit of Owners of Lots in the Project and, where applicable, the Club and Club Property, subject to reasonable rules and regulations enacted according to the Bylaws. Except with respect to the Limited Common Areas identified as such on the Map, in this Declaration or by subsequent enactment of the Board, each Lot Owner, through membership in the Association, shall have a nonexclusive right to use the Common Area in accordance with the purposes for which it is intended, without hindering the exercise of or encroaching upon the lawful rights of any other Lot Owners or, where applicable, the Club and Club Property.

Common Areas shall have a permanent character and shall not be altered except with the written consent of not less than two-thirds (2/3) of the voting power present in person or by proxy at a meeting of the Association at which a quorum has been certified, expressed in an amendment to this Declaration duly recorded, and then only to the extent consistent with approvals given or amendments allowed by Bonner County. In addition, no area designated as open space on the Map or established and developed as such by the Declarant, or any other part of the Common Areas which are developed and dedicated for the benefit of the Club or Club Property, or members of the general public as permitted by the Club, shall be altered, built upon, or otherwise developed, landscaped or used for recreation or other purposes, except upon the express written consent of the Club.

3.2 Common Facilities. The Association shall further operate, repair and maintain any and all Common Facilities, whether or not such facilities lie within the Common Area or Limited Common Area. The Association shall have the right to enter any Lot or the Dwelling located thereon for the purpose of performing repairs or maintenance on such Common Facilities. Except in the case of an emergency, the Association shall give not less than 48 hours notice of its intent to enter upon a Lot or Dwelling for the purpose of inspecting, maintaining or repairing such Common Facilities. The reserved rights of the Declarant set forth herein may not be altered or amended by the Association or the Owners without the express written consent of the Declarant.

3.3 Transfer of Title to Common Area. Upon completion of Common Area improvements, or at such other time as the Declarant shall, in its sole discretion, deem appropriate, the Declarant will grant, convey and dedicate all Common Areas and Common Facilities to the Association for the common use, benefit and enjoyment as described herein. Such grant, conveyance and dedication shall be effective upon recordation of a deed thereto, and the formation and due constitution of the Association, at which time title to the Common Areas and Common Facilities so conveyed shall be deemed vested in the Association, subject to the reserved rights of the Declarant set forth herein.

3.4 Reservation of Easements by Declarant. Notwithstanding the transfer of the Common Areas to the Association, the Declarant hereby reserves in itself, its successors-in-interest and assigns, and the Club, an easement (and the right to grant further easements) over and onto the Common Areas for ingress to and egress from the Project for the purpose of

completing Improvements thereon or for the performance of necessary construction, maintenance, or repair work, and for ingress and egress to and from adjacent property, including but not limited to the Club Property, in connection with the development, use, and occupancy thereof. Such easements shall include, but are not necessarily limited to, easements in favor of the Club and the Club Property for encroachment of Club Facilities, access, signage, utilities, drainage, run off, and the like.

3.5 Partition of Common Areas Prohibited. In the event of dissolution of the Association and conveyance of fee title to the Common Areas and Common Facilities to the Owners as tenants in common pursuant thereto, no Owner shall bring any action for, or be entitled to, partition or division of any part of the Common Areas Common Facilities, without the unanimous consent of all Owners. Furthermore, no such partition shall be effective to alter the rights of the Declarant or the Club without their express written consent. This restriction is necessary to preserve the rights of the Owners with respect to the operation, management, use, and enjoyment of the Common Areas and Common Facilities.

3.6 Damage by Member. Each Member shall be liable to the Association for any damage to the Common Areas or Common Facilities not fully reimbursed to the Association by insurance, if the damage is sustained because of the negligence or willful misconduct of the Member, his guests, tenants, or invitees, or any other persons deriving their right and easement of use and enjoyment of the Common Areas and Common Facilities from the Member, or his or their respective family and guests, both minor and adult. However, the Association, acting through the Board, reserves the right to determine whether any claim shall be made upon the insurance maintained by the Association, and the Association further reserves the right to levy a Special Assessment equal to the increase, if any, in insurance premiums directly attributable to the damage caused by the Member or the person for whom the Member may be liable as described above. The cost of correcting the damage, to the extent not reimbursed to the Association by insurance, shall be a Special Assessment against the Owner and the Owner's interest in his Lot and Dwelling, and may be recovered from the Compliance Deposit, if any, and/or enforced as provided hereby for the enforcement of any other Assessment.

ARTICLE IV EASEMENTS AND OTHER RIGHTS

4.1 Easements for Encroachments. If any part of the Common Areas or Club Facilities encroach or shall hereafter encroach upon any Lot, an easement for such encroachment and for the maintenance of the same shall and does exist. Such encroachments shall not be considered to be encumbrances on the Lots.

4.2 Easements of Maintenance, Cleaning and Repair. Some of the Common Areas and/or Club Facilities are or may be located upon the Lots or may be conveniently accessible only through the Lots. The Association, the Club, and their respective agents, contractors and subcontractors shall each have the irrevocable right to have access to each Lot and Dwelling and to all Common Areas from time to time during such reasonable hours as may be necessary for the maintenance, cleaning, repair or replacement of any Common Areas or Club Facilities, respectively, or for making emergency repairs at any time therein necessary to prevent damage to

the Common Areas or Club Facilities. Such entry shall be made upon reasonable notice, except in the event of emergency, and with as little inconvenience to the Owners or occupants as practicable.

4.3 Easements for Utilities and Drainage. Declarant expressly reserves for the benefit of itself, the Club, and their respective successors in interest and assigns, including the Association, easements over and under the Common Areas and ten (10) feet in width on either side of any Lot line through the entire Property (together with the right to grant and transfer the same), together with those areas designated on the Bonner County approved stormwater management plan referred to in section 6.18, as the same may be amended from time to time, for the installation, repair, and maintenance of sanitary sewer, water, electric, gas, and telephone lines and facilities, heating and air conditioning facilities, cable or master television antenna lines, drainage facilities, walkways, and landscaping as may be hereafter required to serve the Property, and for maintenance of cut and fill slopes associated with the Private Roads. No structure, planting, or other material shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities, or which may damage, interfere with, or change the direction of flow of drainage facilities in the Project. The area of each Lot which includes utilities and drainage facilities shall be continuously maintained by the Owner of such Lot.

4.4 Right to Ingress, Egress and Support. Subject to the rules and regulations of the Association, each Owner and the Club shall have the right to ingress and egress over, upon and across the Common Areas as necessary for access to such Owner's Lot or the Club Property. Such rights shall be perpetual and shall be appurtenant to and pass with title to each Lot and the Club Property. Without limiting the generality of the foregoing, the Declarant reserves the right to establish driveways and easements across Common Area or other open space for access for ingress, egress and/or utilities as necessary to serve any Lot and/or the Club Property.

4.5 Association's Right to Use Common Areas. The Association shall have an easement to make such use of the Common Areas as may be necessary or convenient to perform the duties and functions that it is obligated or permitted to perform pursuant to this Declaration.

4.6 Easement for Completion of Project. Declarant shall have a transferable easement over and on the Common Areas and the Lots for the purpose of completing construction of the Project and making Improvements therein as shown on the Map and for the purpose of doing all things reasonably necessary or appropriate in connection therewith.

4.7 Easements Deemed Created. All conveyances of Lots within the Project hereafter made, whether by the Declarant or otherwise, shall be construed to grant and reserve such reciprocal easements as are provided herein, even though no specific reference to such easements appears in any such conveyance.

4.8 View. Each Owner by acceptance of a deed or other conveyance of a Lot or any part or unit thereof acknowledges that any construction or improvement by Declarant, the Club, the Association, or any other Owner may change, impair, obstruct or otherwise affect any view that such Owner may have enjoyed at the time of the purchase of his Lot or any part or unit

thereof, or may have subsequently come to have enjoyed thereafter. The Project Documents do not contain any provisions intended to protect any view or to guarantee that any views that an Owner may have enjoyed or may come to enjoy will not be impaired or obstructed in the future by changes to other property including, without limitation, the Club Property or Common Areas. Each Owner further acknowledges that any rights acquired do not include the preservation of any view and further consents to any future obstruction and/or impairment of the same. No representations or warranties of any kind, express or implied, have been given by Declarant, the Club or their respective officers, employees, partners, subsidiaries, affiliated companies, sales agents, directors or other agents in connection with the preservation of views and each Owner and/or the Associations agree to hold the Declarant, the Club, and all of such officers, employees, partners, subsidiaries, affiliated companies, and directors and agents of any of them free from liability or such damages, costs, expenses or charges incurred in connection therewith such as, but not limited to attorneys' fees and court costs and costs arising from any changes, obstruction or impairment of the view from such Owner's Lot or any part or unit thereof.

ARTICLE V RESTRICTIONS ON USE

The use of the Property and each Lot and Dwelling thereon is subject to the following:

5.1 Use of Individual Lots. All Lots and Dwellings shall be used for residential purposes only, and such uses as are customarily incidental thereto, except that no individual wells or septic systems shall be allowed on any Lot. Those areas designated in the approved planned unit development for the Project (the "PUD") for the golf course and subordinate "commercial" and recreational uses and facilities (including clubhouse, fitness area, spa, pool, tennis and sport courts, children's center and recreation area, and the like, are intentionally excluded from this Declaration.

5.2 Business Use Prohibited. With the exception of the business of Declarant in developing and marketing the Project, no trade, craft, business, profession, commercial or manufacturing enterprise or business or commercial activity of any kind shall be conducted or carried on upon any Lot, or within any Dwelling located on a Lot. Any "home occupation" that may otherwise be permissible under Bonner County Code, shall be allowed only upon review and approval of the DRB, and only to the extent that such use will not generate any traffic, the need for additional parking, on-site sales, or otherwise create objectionable noise, vibration, glare, fumes, odors, electrical interference or other conditions which might adversely impact nearby neighbors or the Project.

5.3 Rentals. Notwithstanding anything contained herein which may be construed to the contrary, any Owner may rent or lease a Dwelling, subject to reasonable rules and regulations which may be imposed by the Board, and subject to the following: (1) the Cabins, the Lodge Home (adjacent to the Clubhouse), and the Presidents Homes (constructed or approved for construction as of the date of this Declaration) may be rented on a daily basis; and (2) any other Dwelling may be rented for periods not less than seven (7) days at a time.

5.4 Nuisances. No Lot or Dwelling shall be used, occupied, or altered: (1) in violation of law; (2) so as to detract from the appearance or value of any other Lot or Dwelling; (3) so as to create a nuisance; (4) to interfere with the rights of any other Owner; (5) to interfere with the rights of the Club; or (6) in a way which would result in an increase in the cost, cancellation or non-renewal of any insurance covering the Project as a whole. No noxious, illegal, or offensive activities shall be carried on in any Lot or Dwelling, or in any part of the Property, nor shall anything be done thereon which may be or may become an annoyance or a nuisance to, or which may in any way interfere with the quiet enjoyment of, each of the Owners of his respective Lot or Dwelling.

5.5 Temporary Residences. No garage, trailer, camper, motor home or recreational vehicle may be used as either a temporary or permanent residence. The use of such structures shall not be permitted even on a limited basis under any conditions including, without limitation, during the period of time that a Dwelling is being constructed or during any renovation of a Dwelling.

5.6 Use of Common Areas. The Common Areas shall be used only in a manner which is consistent with their community nature and with the use restrictions applicable to the Lots, and in accordance with such rules and regulations as may be adopted by the Board or the Association in accordance with the Bylaws. Without limiting the generality of the foregoing: (i) No sidewalk, entrance, passage, stairway or corridor comprising a part of the Common Areas may be obstructed or encumbered or used for any purpose other than ingress or egress to and from Lots; (ii) No articles belonging to Owners shall be kept within or upon Common Areas (other than Limited Common Area associated with his Lot); and (iii) No leases, charges for use, rental agreements, licenses, or similar arrangements shall be employed or entered into with respect to any portion of the Common Areas and Facilities.

5.7 Private Roads and Parking. All Private Roads located within the Project are for the use of Owners; members of the Club; their respective invitees, licensees, employees, agents and representatives; and the general public to the extent allowed by the Club or the Declarant pursuant to the terms of this Declaration, subject to reasonable rules and regulations promulgated in writing by the Association. It shall be the responsibility of each Member to allow maximum ease of pedestrian, bicycle and vehicular ingress and egress over the Private Roads by prohibiting automobile parking in front of carports or garages, or in the driveways, alleyways, or Private Roads, and allowing no obstruction or barrier on, across or adjacent to sidewalks or paths which would interfere with any other Member's use of the Common Area or access to his Lot. No inoperable vehicles shall be parked or stored within the Project. No boats, motor homes, trailers or other recreational vehicles shall be parked, kept or stored on any Lot unless capable of being kept or stored within a standard automobile-sized garage built in accordance with the Design Guidelines and approved by the DRB. At no time shall any said vehicles or equipment be parked or stored on the Private Roads, driveways or other open areas upon a Lot, except that boats, motor homes, trailers and other recreational vehicles may be parked in a driveway for not more than twenty-four (24) hours at a time for loading, unloading and the like. In the event of a violation of this section, the Board of Directors may employ a tow truck or other device to remove the offending vehicle, and the Owner shall be responsible for any charges arising therefrom.

5.8 Restriction Upon Dismantling, Repairing and Servicing. No automobile, commercial vehicle, recreation vehicle or any other motorized vehicle may be dismantled, rebuilt, repaired, serviced or repainted on any part of the Property or a Lot, unless performed within a completely enclosed structure which completely screens the sight and sound of such activity from streets, Common Areas and neighboring Lots.

5.9 Golf Carts, ATV's and Vehicles other than Automobiles. Golf carts shall not be permitted to be driven on the Private Roads unless they are the same make and model as those used by the golf course and are equipped with lights and signals. Owners are not permitted to use the golf cart paths on the course unless they are engaged in golfing activities. Golf carts personally owned, leased or used by Lot Owners (or others with their permission) shall be registered with the Association and shall at all times be operated in accordance with the rules and regulations to be adopted by the Association in relation to the use of personal golf carts. The use of snowmobiles, ATV's, or similar off-road vehicles is prohibited within the Project. The use of all other vehicles (other than automobiles), including but not limited to bicycles, and motorcycles, shall be subject to the duly adopted rules and regulations of the Association, which may prohibit or limit the use thereof within the Project as it may see fit.

5.10 Signs. Except for those signs erected or maintained by Declarant or its agents, no signs, flags or advertising devices of any nature shall be erected or maintained on any part of the Property, without the prior inspection and written approval of the Board of Directors, except as may be necessary temporarily to caution or warn of danger. If the Board of Directors consents to the erection of any such signs or devices, the same shall be removed promptly at the request of the Board of Directors.

5.11 Animals. No animals or birds of any kind shall be raised, bred, or kept in any Lot or Dwelling, or on any portion of the Property, except that usual and ordinary household pets such as domestic dogs, cats, or birds, may be kept wholly on a Lot or within a Dwelling, subject to local ordinances and zoning regulations, provided that they are not kept, bred or maintained for any commercial purposes, and that they are kept under reasonable control at all times, and on a leash whenever not confined on a private Lot or Dwelling. Owners shall prevent their pets from soiling all portions of the Property and the Club Property, and in the event a pet does soil a portion of the Property or the Club Property, the Owner or person in control of such pet shall immediately clean up after the pet. The Board may enact reasonable rules respecting the keeping of animals within the Project and may designate certain areas in which animals may not be taken or kept, or may require that specific animals not be allowed on any part of the Property. Each Owner who has a pet that resides upon the Property shall indemnify, protect, defend and hold harmless the Association and any other Owner, and the family, guests, agents and invitees of the Association and/or such Owners, from and against any and all claims, obligations, expenses, liabilities or costs, including attorneys' fees, for property damage or bodily injury or death of any person caused by such pet, or arising from the use of Common Areas by such pet, except to the extent that such claim, obligation, expense, liability or cost arises out of the willful or negligent acts or omissions of the Association or such other Owner, or their family, guests, agents and invitees.

5.12 Wildlife. Wild animals, shall not be fed. In order to minimize attracting bears, raccoons, skunks and other wild animals, and the potential for contact conflicts, bird feeders shall not be used during the summer months, barbecue grills shall be cleaned after each use, pet food shall not be left outside, and any garden compost piles shall be fenced.

5.13 Garbage and Refuse Disposal. All rubbish, trash and garbage shall be regularly removed from the Property, and shall not be allowed to accumulate thereon. All residential and household garbage shall be stored inside until ready for removal if garbage pickup service is available, and shall be kept in sanitary, bear--proof, containers located in appropriate areas. All equipment, garbage cans, or storage piles shall be kept screened and concealed from view of other Lots or Dwellings and the Common Area.

5.14 Unsightly Items. All weeds, rubbish, debris, or unsightly material or objects of any kind shall be regularly removed from the Lots, Dwellings and Common Areas, and shall not be allowed to accumulate thereon, and all Lots and Dwellings shall be kept in a neat and clean condition as provided in Article 6.7. All clotheslines, refuse containers, trash cans, woodpiles, storage areas, machinery and equipment shall be prohibited upon any Lot unless obscured from view of adjoining property, streets, or any portion of the Property from a height of six (6) feet or less.

5.15 Garage Doors. Garage doors shall be closed except when open for a temporary purpose.

5.16 No Special Right to Use Club Property. Each Owner, by acceptance of a deed or other conveyance to his or her Lot or any part or unit thereof, acknowledges and agrees that the Club Property, including the Club Facilities, are separate from the Property and do not comprise Association property or Common Area and that no Owner shall have any special right or privilege to enter upon or use the Club Property, Club Facilities, or any other golf course or recreational facilities which may be developed thereon, other than pursuant to the terms and conditions as are offered to Owners and/or members of the general public from time to time, and except as otherwise provided on Addendum No. 1 attached hereto and by this reference incorporated herein with respect to the Lake Club memberships described therein.

5.17 Golfing Indemnity. By accepting a deed to a Lot or any part or unit thereof, or to Common Area, each Owner, for himself or herself, and the Association, for itself, and for their respective invitees, guests, personal representatives, assigns, heirs and next of kin, agents, employees (collectively, the "Related Parties") hereby:

(a) acknowledge (i) the potential effect on a Lot, the Common Area or Common Facilities, of the Golf Course Hazards, (ii) the potential for reduction in value of a Lot and/or difficulty in selling a Lot due to Golf Course Hazards; (iii) the unauthorized entry by golfers onto a Lot of any Owner to retrieve errant or stray golf balls; (iv) the impairment of any existing views from landscaping of or changes to the Club Property; (v) the potential for personal injury, death or damage to personal property from the Golf Course Hazards; (vi) the potential for damage to any Improvements, including, without limitation, stucco, tile roofs and windows of any structure, attributable to Golf Course Hazards; (vii) the potential for any adverse effect on

any landscaping installed by an Owner within such Owner's Lot or by the Association within the Common Area arising from or attributable to the use of reclaimed water on Club Property by the owner thereof, (viii) the potential for nuisances created by or arising from the Club Property, including, without limitation, landscaping and maintenance of the Club Property and early morning and late night play or maintenance activities and visibility of lights used in connection with any driving range, clubhouse, or maintenance work, if any, installed by the owner of the Club Property; and (ix) the serving and consumption of alcoholic beverages on the Club Property;

(b) assume the risk of any property damage, personal injury or death and/or creation or maintenance of a trespass or nuisance created by or arising in connection with Golf Course Hazards or any matters described above (collectively, "Assumed Risks");

(c) acknowledge and agree that by this Declaration, the Property and every Lot is and shall be subject to an easement in favor of the Club and appurtenant to the Club Property, for errant and/or stray golf balls, overspray and other Golf Course Hazards which may physically encroach upon and enter onto the Property or any Lot, including the airspace above the Property or any Lot, which easement shall be non-exclusive and shall be for the benefit of the Club and shall be limited to use by the Club and the members, invitees, licensees, agents, representatives and assigns of the Club;

(d) release, waive, discharge, and covenant not to sue, and agree to indemnify, defend and hold harmless Declarant, Club, the designer, construction contractor and consultants, their directors, shareholders, affiliates, agents and employees, and the County (collectively, the "Released Parties"), and each of them from any and all liability to the Related Parties for any losses, costs (including, without limitation, attorneys' fees), claims, demands, suits, judgments or other obligations arising out of or connected with any of the Assumed Risks, whether caused by the negligence of the Related Parties or otherwise;

(e) acknowledge that Declarant and the Association have no obligation or right to regulate or control the Club Property or any activities thereon, in any way or manner except as specifically set forth in this Declaration in connection with the maintenance of Private Roads, Golf Cart Easement Areas and drainage improvements located upon the Club Property and the Property. Club has the unilateral right to install any trees or other landscaping or construct any Improvements at any location within the Club Property, which could be in near proximity to any Lot or Lots adjoining the Club Property, regardless of its impact to the views from any Lots or Common Areas; and

(f) acknowledge and agree that Declarant makes no warranties or representations that a golf course will be developed and constructed adjacent to the Property or that, if so developed and constructed, will continue to be used and maintained as a golf course, or that, if used as a golf course, will be maintained and operated in the manner that existed or was contemplated at the time of the recordation of this Declaration.

5.18 Rules and Regulations. Each Owner, and any tenant or lessee, shall comply strictly with all rules and regulations adopted by the Association for the governance of the Lots,

the Dwellings, the Common Areas, the Property, and the Project, as such rules and regulations may be modified, amended and construed by the Association in the reasonable discretion of its Board of Directors, so long as they do not conflict with this Declaration or the Bylaws of the Association.

5.19 Sub-Association Use Restrictions. Nothing herein shall prevent a Sub-Association from adopting use restrictions for its portion of the Property which are more restrictive than those set forth herein, provided that such restrictions shall in no way modify the provisions here. In the case of conflict, the more restrictive provisions shall prevail. However, no action by a Sub-Association to limit or restrict rentals of the Cabins, the Lodge Home (adjacent to the Clubhouse), or the Presidents Homes (constructed or approved for construction as of the date of this Declaration) shall be effective without the prior consent of all of the affected Owners.

5.20 No Warranty of Enforceability. While Declarant has no reason to believe that any of the restrictive covenants contained in this Article V or elsewhere in this Declaration are or may be invalid or unenforceable for any reason or to any extent, Declarant makes no warranty or representation as to the present or future validity or enforceability of any such restrictive covenant. Any Owner acquiring a Lot in the Project in reliance on one or more of such restrictive covenants shall assume all risks of the validity and enforceability thereof and, by acquiring the Lot, agrees to hold Declarant harmless therefrom.

ARTICLE VI BUILDING RESTRICTIONS

6.1 Structures. Except for those Lots which are designated for multi-family development or as Common Area, no Lot shall be improved except with one (1) Dwelling and such accessory building or buildings allowed for under applicable zoning and approved by the DRB (including storage buildings, swimming pool cabanas and the like). All accessory buildings shall be of like kind and quality of finishing as the Dwelling. No accessory buildings shall be allowed prior to the construction of a Dwelling. Each Dwelling shall contain such minimum floor area as may be specified in the Design Guidelines as the same may be adopted or amended from time to time.

6.2 Approval of Use and Plans. No Improvements shall be built, constructed, erected, placed or materially altered within the Property unless and until the plans, specifications and site plan therefore have been reviewed in advance and approved by the DRB in accordance with the provisions of Article X, below.

6.3 Landscaping. The Owner shall prepare a landscape plan and shall submit it to the DRB for approval, as provided in Article X, below. Approval of the DRB shall be required prior to the installation and/or construction of landscaping on a Lot. Landscaping shall be in accordance with the approved plan. All landscaping shall be installed by a professional landscape firm, and shall be installed in a timely manner in accordance with the duly adopted Design Guidelines as may be adopted from time to time.

6.4 Minimum Improvements. Except for the "Cabins" generally located in the areas depicted on the Map, Dwellings shall contain a minimum of 2000 square feet of fully enclosed interior living space, exclusive of all basements, garages, porches and patios, and shall have not less than a fully enclosed two-car garage (three-car garage preferred). Garage doors shall face to the side of the Lot rather than the front, unless a variance is approved by the DRB.

6.5 Adoption of Design Guidelines. Declarant, or in the event of Declarant's failure to do so, the DRB, shall have the power to promulgate standards relating to the planning, construction, alteration, modification, removal or destruction of Improvements within the Project deemed necessary or desirable by the Declarant or the DRB to carry out the purposes of this Declaration. All Design Guidelines shall be consistent with the provisions of this Declaration.

6.6 Exemption of Declarant. Nothing contained herein shall limit the right of the Declarant to subdivide or re-subdivide any Lot or portion of the Property, or to grant licenses, reservations, rights-of-way or easements with respect to the Common Areas to utility companies, the Club or Club Property, public agencies or others; or to complete excavation, grading and development to or on any Lot or other portion of the Property owned or controlled by the Declarant, or to alter the foregoing and its development plans and designs, or construct additional Improvements as the Declarant deems advisable in the course of development of the Project; or to construct or complete Improvements on a Lot that was commenced prior to the recordation of this Declaration. This Declaration shall not limit the right of the Declarant at any time prior to acquisition of title to a Lot by an Owner to establish on that Lot additional licenses, restrictions, reservations, rights-of-way and easements to itself, to utility companies and to others, as may from time to time be reasonably necessary for the complete development of the Project. The Declarant need not seek or obtain DRB approval of any Improvements constructed or placed within the Property by the Declarant in connection with the development of the Project. Notwithstanding the foregoing, any successor in interest to the Declarant shall be required to obtain DRB approval and comply with the Design Guidelines with respect to any Improvements constructed on a Lot and intended for residential use.

6.7 Repair and Maintenance Rights and Duties of Owners. Except for those portions of the Property which the Association is required or elects to maintain and repair, each Owner shall, at his sole cost and expense, maintain and repair all components of his Dwelling and Lot, and any land between the Lot and the edge of the shoulder of the road (including interior and exterior, structural and nonstructural, and all landscaping, storm water management and erosion control measures), keeping the same in good condition, and shall repair all damage to the Common Areas for which the Owner is responsible under this Declaration. Without limiting the generality of the foregoing:

(a) Each Owner of a Lot shall keep the Improvements painted or stained, lawns cut, shrubbery trimmed, windows glazed, rubbish and debris removed, weeds cut, and otherwise maintain the Lot in a neat and aesthetically pleasing condition;

(b) All damage to any Improvements shall be repaired as promptly as is reasonably possible.

(c) Vacant buildings and unimproved lots are not exempt from the provisions of this Declaration. Unimproved lots shall be weeded and maintained in a neat and tidy condition by the Owner, prior to development of a Dwelling thereon.

(d) Any event or condition which, in the sole discretion of the DRB, creates an unsightly or blighting influence shall be corrected, removed or obstructed from public view, whether or not such condition or event is specifically described in or prohibited by this Declaration or the Design Guidelines.

6.8 Damage to Dwellings. In the event of any damage to any Dwelling or Dwellings, it shall be the duty of the Owner(s) of the Dwelling or Dwellings to restore and repair the same to its/their former condition, as promptly as practical, under the supervision of the Board. The proceeds of any insurance maintained by the Owner for the reconstruction or repair shall be made available for such purpose. The Dwelling or Dwellings shall be reconstructed or rebuilt substantially in accordance with the original construction plans, or with such new plans as may be approved by the DRB. If the amount available from the proceeds of such insurance policies for such restoration and repair is less than the estimated cost of restoration and repair, the Owner(s) of the Dwelling or Dwellings shall be responsible for the deficiency, and the Board shall have the power to levy a Special Assessment to secure payment of the deficiency. Notwithstanding the foregoing, in the event of the total or almost total destruction of any Dwelling which the Owner elects not to repair or replace, the Owner shall promptly proceed with the demolition of the Dwelling and the removal of all debris, and shall thereafter maintain the Lot as any other vacant Lot, as provided in section 6.7, above.

6.9 Rights of Association. In the event an Owner fails to maintain or repair his Lot or Dwelling, or any of the Common Areas located thereon, as required by this Declaration, the Association shall have the right to enter upon such Lot or Dwelling and perform the same, and to charge and assess the cost thereof as a Special Assessment to the Owner. Except in the case of an emergency, the Association shall provide not less than 48 hours' written notice to an Owner prior to undertaking any maintenance or repair activities pursuant to this section.

6.10 Re-Subdivision. Except for the rights reserved by the Declarant herein, no Lot may be subdivided into more than one separate interest for sale or lease.

6.11 Temporary Structures. No structure of temporary character, trailer, shack, garage, barn or other outbuildings shall be used on any Lot at any time, either temporarily or permanently, except for temporary use during daylight hours by Declarant or its contractors or agents during the course of construction of the Project.

6.12 Fences. There will be no perimeter fencing of Lots. Separation of Lots, if any, is to be established by the utilization of natural vegetation. Interior fencing may be allowed as an extension of the Dwelling, for swimming pool security, animal control, or the like, only upon approval of the DRB, prior to construction or installation, and in accordance with the Design Guidelines.

6.13 Lighting. Exterior lighting and interior lights reflecting outside shall not be placed in any manner which shall cause glare or excessive light spillage on a neighboring Lot, and shall be in accordance with the Design Guidelines.

6.14 Fuel Tanks. There shall be no installation or maintenance of fuel storage tanks, above or below ground.

6.15 Exterior Energy Devices. No energy production device, including but not limited to generators of any kind and solar energy devices, shall be constructed or maintained on any Lot without the prior written approval of the DRB, except for heat pumps or similar appliances, or solar panels screened from view, as shown on the plans approved by the DRB.

6.16 Antennae; Satellite Dishes. No video or television antennae, including a satellite dish, shall hereafter be erected, constructed, placed or permitted to remain on the Property unless approved in writing by the DRB, or to the extent required to be permitted under applicable laws, rules or regulations, and then in such case, only in compliance with reasonable rules promulgated from time to time by the DRB. Notwithstanding the foregoing, satellite dishes shall be allowed under reasonable rules and regulations of the DRB until such time as an alternative system for television, video and internet access has been established by the Declarant or the Association.

6.17 Mailboxes. Mailboxes will be centrally located in accordance with the Design Guidelines.

6.18 Grading, Drainage and Grassy Swales. Each Lot shall be developed and/or maintained with stormwater management and erosion control measures as set forth in the Bonner County-approved stormwater management plan, on file with the Bonner County Planning Department (Files S1246-05 and C832-05), as the same may be amended from time to time by Declarant with the approval of Bonner County. Without limiting the generality of the foregoing, a site plan indicating the proposed grading and drainage of a Lot must be approved by the DRB before any construction is initiated. Lot grading shall be kept to a minimum, and Improvements are to be located for preservation of the existing grade(s) and any grade(s), berms or swales should be an integral part of the grading design. Subject to the requirements of any governmental entity having jurisdiction thereof, water may drain or flow into adjacent streets but shall not be allowed to drain or flow upon, across or under adjoining Lots, unless an express written easement for such purpose exists. All runoff from impervious surfaces (rooftops, driveways, patios, etc.) must be treated (for example in a swale) before entering the storm drain. The only direct connections to the storm sewer shall be via French drains or the like from foundations.

The Department of Environmental Quality for the State of Idaho and Bonner County have required that a subdivision contain grassy swales or other collection and/or treatment structures or mechanisms, in order to properly collect and treat storm water runoff. Each Lot Owner is responsible for the construction and proper maintenance of the grassy swales or other collection and/or treatment structures or mechanisms on or bordering Owner's Lot. Such swales or other structures or mechanisms shall be part of the landscaped / lawn area, and shall be

maintained in conformity with the requirements the storm water management plan, of the Department of Environmental Quality, Bonner County, or other regulatory authority.

6.19 Fire Protection. All commercial and residential buildings on the Property will be required to meet the current version of the International Fire Code then in place with the Northside Fire District. In addition, adequate area shall be maintained in the vicinity of each Dwelling on a Lot to allow for fire apparatus to turn around. All Lots South of Highway 200 will have automatic sprinkler systems to help minimize the spread of fire in the event of a structure fire. Shared access driveways, as shown on the approved subdivision plat, shall be constructed to a minimum travelway of twelve (12) feet in width of paved surface area plus two (2) feet of shoulders. For shared access driveways in excess of one hundred fifty (150) feet in length, turnouts shall be provided every four hundred (400) feet from the main roadway. The Owners of Lots access by shared access driveways shall ensure that they are plowed in the winter and kept open and traversable by emergency vehicles on a year-round basis.

ARTICLE VII RIGHTS AND OBLIGATIONS OF THE ASSOCIATION AND BOARD OF DIRECTORS

7.1 Common Areas. The Board of Directors, acting on behalf of the Association, and subject to the obligations and duties of the Owners as set forth in this Declaration, shall be responsible for the exclusive management and control of the Common Areas and all Improvements thereon, and shall keep the same in a good, clean, attractive, safe and sanitary condition, order and repair. All goods and services procured by the Board of Directors in performing its responsibilities under this section shall be paid for with funds from the Common Expense Fund. The Board shall, at a minimum, maintain the levels of service for maintenance of the Common Areas established by the Declarant, including but not necessarily limited to maintenance and snow removal on the Private Roads, landscaping of the Common Areas, and gatehouse attendants and other personnel, as a Common Expense. Any reduction in levels of service must first be approved by a majority of the Owners AND the Club.

7.2 Common Area Manager. While the Board of Directors has the obligation to operate and manage the Common Areas, it also has the right to employ a Common Area Manager to perform certain services on behalf of the Association, including but not limited to the responsibilities of the Board of Directors relating to the Common Areas. The Board of Directors may by written contract delegate in whole or in part to the Common Area Manager such of the duties, responsibilities, functions and powers hereunder of the Board of Directors as are delegable. The services of the Common Area Manager retained by the Board of Directors shall be paid for with funds from the Common Expense Fund.

7.3 Miscellaneous Goods and Services. The Board of Directors may, on behalf of the Association, obtain and pay for the services of such personnel as the Board of Directors shall determine to be necessary or desirable for the proper operation of the Common Areas and the Common Facilities, whether such personnel are furnished directly by the Association or by any person or entity with whom or with which it contracts. Whenever reasonable and advisable, all such personnel shall be independent contractors. Any contracts between the Association or the

Common Area Manager, on the one hand, and any affiliate of the Common Area Manager, on the other, shall be competitive with those available from unrelated third parties. The Board of Directors may, on behalf of the Association, obtain and pay for legal and accounting services necessary or desirable in connection with the operation of the Common Areas and the Common Facilities or the enforcement of this Declaration. In addition to the foregoing, the Board of Directors may, on behalf of the Association, acquire and pay for out of the Common Expense Fund water, sewer, garbage collection, snow removal, electrical, gas and other necessary or desirable utility services for the Common Areas (and for the Lots or Dwellings to the extent not separately metered or billed), insurance, bonds, and other goods and services common to the Lots or Dwellings.

7.4 Real and Personal Property. The Board of Directors may acquire and hold on behalf of the Association real, personal and mixed property of all types for the use or benefit of all of the Owners and may dispose of such property by sale or otherwise.

7.5 Rules and Regulations. The Board of Directors may make reasonable rules and regulations governing the use of the Lots, Dwellings, Common Areas, Limited Common Areas and all parts of the Property and those parts of the Project under the operation of the Board (such as the Private Roads, but excluding the Club Property and the Club Facilities)), which rules and regulations shall be consistent with the rights and duties established by this Declaration. The Board of Directors, on behalf of the Association, may take judicial action against any owner or occupant to enforce compliance with such rules and regulations or other obligations of such Owner or occupant arising hereunder, or to obtain damages for noncompliance therewith, as permitted by law. In the event of such judicial action, the Association shall be entitled to recover its costs, including reasonable attorneys' fees, from the offending Owner or occupant.

7.6 Granting Easements. The Board of Directors may, without the vote or consent of the Owners or of any other person, grant or create, on such terms as it deems advisable, easements, licenses and rights-of-way over, under, across and through the Common Areas for utilities, roads and other purposes reasonably necessary or useful for the proper maintenance or operation of the Project.

7.7 Implied Rights. The Association may exercise any right, power or privilege given to it expressly by this Declaration or by law, and every other right or privilege reasonably implied from the existence of any right or privilege given to it herein or reasonably necessary to effectuate any such right or privilege.

7.8 Power of Attorney and Amendments. Each Owner makes, constitutes and appoints the Association his true and lawful agent in his name, place and stead to make, execute, sign, acknowledge and file with respect to the Property such amendments to this Declaration and the Map as may be required by law or by vote taken pursuant to the provisions of the Declaration.

ARTICLE VIII ASSESSMENTS

8.1 Agreement to Pay Assessments. The Declarant, for each Lot owned within the Project, and for and as the Owner of the Project and every part thereof, hereby covenants, and each Owner of any Lot by the acceptance of instruments of conveyance and transfer therefor, whether or not it be so expressed in said instruments, shall be deemed to covenant and agree with each other and with the Association, to pay to the Association all assessments made by the Association for the purposes provided in this Declaration. Such assessments shall be fixed, established and collected from time to time as provided in this Article.

8.2 Annual Assessment. Annual Assessments shall be computed and assessed against all Lots in the Project as follows:

(a) Common Expense. Annual Assessments shall be based upon advance estimates of the Association's cash requirements to provide for payment of all estimated expenses arising out of or connected with the maintenance and operation of the Common Areas. Such estimated expenses may include, without limitation, the following: expenses of management; real property taxes and special assessments relating to the Common Areas (unless and until the Lots are separately assessed for the same); premiums for all insurance that the Association is required or permitted to maintain hereunder; repairs and maintenance; wages for Association employees; fees for the Common Area Manager; utility charges, including charges for utility services to the Lots or Dwellings to the extent not separately metered or billed; snow removal expenses; legal and accounting fees; any deficit remaining from a previous period; creation of an adequate contingency reserve, major maintenance reserve and/or sinking fund; creation of an adequate reserve fund for maintenance repairs, and replacement of those Common Areas and Common Facilities that must be replaced on a periodic basis (such reserve shall be funded by monthly payments rather than extraordinary Special Assessments); and any other expenses and liabilities which may be incurred by the Association for the benefit of the Owners under or by reason of this Declaration, and further including but not limited to the costs of maintaining the existing levels of service described in Section 7.1. Such items shall constitute the Common Expenses, and all funds received from assessments under this section 8.2, except for reserves which shall be established pursuant to Section 8.8, shall be part of the Common Expense Fund.

(b) Apportionment. Each Lot shown on a recorded subdivision plat, including platted Lots owned by Declarant, shall bear an equal share of each Regular and Special Assessment (except for those Assessments charged to individual Owners pursuant to this Declaration), without regard as to whether a Lot has been improved or not, unless otherwise approved by the Board. Notwithstanding the foregoing or anything herein which could be construed to the contrary, the Club shall have no obligation to pay to the Association any Annual, Special or other Assessment, transfer fees or deposits, and the Association shall have no power or authority to impose any Annual, Special or other Assessment, fees or deposits upon the Club or the Club Property.

(c) Annual Budget. Annual Assessments shall be determined on the basis of a fiscal year beginning November 1 and ending October 31 next following, provided the first fiscal year shall begin on the date this Declaration is recorded. On or before October 1 of each year, the Board of Directors shall prepare and furnish to each Owner, or cause to be prepared and furnished to each Owner, an operating budget for the upcoming fiscal year. The budget shall itemize the estimated amounts of Common Expenses for such fiscal year, anticipated receipts (if any) and any deficit or surplus from the prior operating periods. The budget shall serve as the supporting document for the Annual Assessment for the upcoming fiscal year and as the major guideline under which the Project shall be operated during such annual period.

(d) Notice and Payment. Except with respect to the first fiscal year, the Board of Directors shall notify each Owner as to the amount of the Annual Assessment against his or her Lot and Dwelling on or before October 1 each year for the fiscal year beginning on November 1 next following. No further notice shall be required. Each Annual Assessment shall be payable in four quarterly installments, commencing on the first day of each November, February, May and August during the fiscal year to which the assessment relates; provided, however, the Annual Assessment for the first fiscal year shall be based upon such portion of the first fiscal year. The Owners shall commence payment of the full quarterly (or, at the option of the Board, fully annual) assessments against their respective Lots upon closing. All unpaid installments of any Annual Assessment shall bear interest at the rate of eighteen percent (18%) per annum from the date each such installment became due until paid (or at such other lawful rate as the Board of Directors shall establish). The failure of the Board of Directors to give timely notice of any Annual Assessment as provided herein shall not be deemed a waiver or modification in any respect of the provisions of this Declaration, or a release of any Owner from the obligation to pay such assessment or any other assessment; but the date when the payment shall become due in such case shall be deferred to a date fifteen (15) days after notice of such assessment shall have been given to the Owner in the manner provided in this Declaration. In the alternative and at the option of the Board of Directors, the Annual Assessment shall be paid in one lump sum installment due on or before November 30 of the fiscal year.

(e) Inadequate Funds. In the event that the Common Expense Fund proves inadequate at any time by reason of nonpayment of any Owner's assessment, the Board of Directors may, on behalf of the Association, levy additional assessments in accordance with the procedure set forth in Section 8.3 below, except that the vote therein specified shall be unnecessary.

(f) Initial Assessments and Increases in Annual Assessments. For the first five years following the recordation of this Declaration, the Annual Assessments shall be fixed by the Declarant. After the fifth year following the recordation of this Declaration, Annual Assessments shall be fixed by the Board, and shall not be increased by more than fifteen percent (15%) above the prior year's Annual Assessments, except upon the affirmative vote of two-thirds (2/3) of the voting power present in person or by proxy at the annual meeting of the Association or other special meeting called for that purpose.

(g) Transfer Fee. In addition, the Board may elect to impose a transfer fee equal to not more than one percent (1%) of the gross sales prices of a Lot or Dwelling, in addition to or in lieu of all or part of the Annual or Special Assessments otherwise provided for herein, if deemed appropriate by the Board to better fulfill and fund the purposes and duties of the Association. The initial transfer fee is hereby fixed at \$750, payable upon closing of a sale to a third party. Any increase in the transfer fee in excess of \$250 in any given year shall require approval of a majority of the voting power of the Association in addition to Board approval.

8.3 Special Assessments. In addition to the Annual Assessments authorized by this Article, the Board of Directors may, on behalf of the Association, levy, at any time and from time to time, upon the affirmative vote of two-thirds (2/3) of the voting power present in person or by proxy at a meeting called for that purpose, Special Assessments, payable over such periods as the Board of Directors may determine, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of the Project or any part thereof, or for any other expenses incurred or to be incurred as provided in this Declaration (including, without limitation, Common Expenses). This section shall not be construed as an independent source of authority for the Association to incur expenses but shall be construed to prescribe the manner of assessing for expenses authorized by other Sections or Articles hereof. Notice in writing of the amount of each such Special Assessment and the time for payment thereof shall be given promptly to the owners; no payment shall be due less than fifteen (15) days after such notice shall have been given. All unpaid portions of any Special Assessment shall bear interest at the rate of eighteen percent (18%) per annum (or such other lawful rate as the Board of Directors may establish) from the date such portions become due until paid. All funds received from assessments under this Section shall be part of the Common Expense Fund.

8.4 Lien for Assessments. All sums assessed to Owners of any Lot or Dwelling within the Project pursuant to the provisions of this Article VIII, together with penalties and interest thereon as provided herein, shall be secured by a lien on such Lot, Dwelling and any other Improvements thereon in favor of the Association. To evidence a lien for sums assessed pursuant to this Article VIII, the Board of Directors may prepare a written notice of lien setting forth the amount of the assessment, the date due, the amount remaining unpaid, the name of the Owner of the Lot, and a description of the Lot. Such notice shall be signed by an officer of the Association and shall be recorded in the office of the county recorder of Bonner County, Idaho. No notice of lien shall be recorded until there is a delinquency in payment of the assessment. Upon payment of all delinquent assessments, plus interest, costs and expenses of such delinquency (including reasonable attorneys' fees incurred in the investigation, preparation and filing of such lien), or other satisfaction thereof, the Board of Directors shall cause to be recorded a further notice stating the satisfaction and the release of the lien thereof. If the delinquency is not cured, such lien may be enforced by sale or foreclosure conducted in accordance with the provisions of law applicable to the exercise of powers of sale or foreclosure in deeds of trust or mortgages or in any other manner permitted by law. In any such foreclosure, the Owner shall be required to pay the costs and expenses of such proceeding (including reasonable attorneys' fees), and such costs and expenses shall be secured by the lien being foreclosed. The Owner shall also be required to pay to the Association any assessments against the Lot and Dwelling which shall

become due during the period of foreclosure, and all such assessments shall be secured by the lien being foreclosed. The Board of Directors shall have the right and power on behalf of the Association to bid in at any foreclosure sale and to hold, lease, mortgage or convey the subject Lot and Dwelling in the name of the Association.

8.5 Personal Obligation of Owner. The amount of any Annual or Special Assessment against any Lot and Dwelling shall be the personal obligation of the Owner of such Lot and Dwelling to the Association. Suit to recover a money judgment for such personal obligation shall be maintainable by the Association without foreclosing or waiving the lien securing the same. No Owner may avoid or diminish any such personal obligation by waiver of the use and enjoyment of any of the Common Areas or by abandonment of his Lot or Dwelling or by waiving any services or amenities provided for in this Declaration. In the event of any suit to recover a money judgment for unpaid assessments hereunder, the involved Owner shall pay the costs and expenses incurred by the Association in connection therewith, including reasonable attorneys' fees.

8.6 Statement of Account. Upon payment of a reasonable fee set by the Board of Directors (but not to exceed any statutory limitation thereon) and upon written request of any Owner, Mortgagee or prospective purchaser of a Lot, the Board of Directors shall issue a written statement setting forth the following: the amount of the unpaid assessments, if any, with respect to such Lot; the amount of the current Annual Assessment and the date or dates upon which installments thereof become due; and credit for advance payments or prepaid items, including, without limitation, the Owner's share of prepaid insurance premiums. Such statements shall be conclusive upon the Association in favor of persons who rely thereon in good faith.

8.7 Personal Liability of Purchaser. A purchaser of a Lot shall be jointly and severally liable with the seller thereof for all unpaid assessments against such Lot up to the time of the grant or conveyance; provided, however, that the provisions of this Section shall not prejudice the purchaser's right to recover from the seller the amount paid by the purchaser for such assessments.

8.8 Reserve Fund. The Association shall establish and maintain an adequate reserve fund for the periodic maintenance, repair and replacement of Improvements to the Common Areas. The reserve fund shall be maintained out of regular assessments for Common Expenses.

8.9 Amendment of Article. This Article VIII shall not be amended except upon approval of not less than two-thirds (2/3) of the voting power of the Association present at a regular or special meeting called for that purpose..

ARTICLE IX INSURANCE

9.1 Types of Insurance. The Association shall obtain and keep in full force and effect at all times the following types of insurance coverage, provided by companies authorized or licensed to do business in the State of Idaho:

(a) Hazard Insurance: A "master" or "blanket" type of hazard insurance policy or policies with respect to the Common Areas, protecting against loss or damage by fire and all other hazards that are normally covered by the standard extended coverage endorsement, and all other perils customarily covered for similar types of projects, including those covered by the standard "all risk" endorsement. The hazard policy shall cover one hundred percent (100%) of the current replacement cost of all insured facilities, but excluding land, foundations, excavations or other items normally excluded from insurance coverage. Additionally, the policy shall include the following special endorsements and provisions:

- (i) Agreed amount and inflation guard endorsement, when available;
- (ii) Construction code endorsements;
- (iii) The requirement that any Insurance Trust Agreement will be recognized;
- (iv) A waiver of any right of subrogation against Lot Owners;
- (v) A requirement that the insurance will not be prejudiced by any acts or omissions of individual Lot Owners that are not under the control of the Association; and
- (vi) An indication that the policy is a primary policy, even if a Lot Owner has other insurance covering the same loss.

The policy shall name the Association (for the use and benefit of the individual Owners), as the named insured, and shall contain the standard mortgage clause, naming the holders of first mortgages (and their successors and assigns) as the mortgagees.

(b) Liability Insurance: A comprehensive general liability insurance policy covering all Common Areas and all public ways and other areas that are under the supervision of the Association. The liability policy shall provide coverage of at least \$1,000,000 for bodily injury and property damage for any single occurrence, covering bodily injury and property damage resulting from the operation, maintenance or use of the Common Areas, and any legal liability resulting from lawsuits related to employment contracts to which the Association may be a party.

(c) Fidelity Bonds: If required by a lender under one of the programs described in section 9.2 below, blanket fidelity bonds for anyone who either handles or is responsible for funds that are held or administered by the Association, whether or not they receive compensation for such services. Any management agent that handles funds for the Association shall also be covered by its own fidelity bond. The bond shall cover the maximum funds that will be in the custody of the Association or its agent at any time while the bond is in force. Additionally, the fidelity bond coverage must at least equal

the sum of three (3) months' assessments on all Lots in the Project, plus the Association's reserve funds.

9.2 Lenders' Requirements. Notwithstanding any other provisions herein, the Association shall continuously maintain in effect such casualty, flood and liability insurance and fidelity bonds meeting the insurance and bond requirements for similar projects established by the Federal National Mortgage Association ("FNMA"), the Government National Mortgage Association ("GNMA"), The Mortgage Corporation ("TMC"), Veterans Administration ("VA") and/or the Federal Housing Administration ("FHA"), so long as any of them shall be a holder, insurer or guarantor of a mortgage encumbering a Lot and Dwelling within the Project (or an actual Owner of a Lot and Dwelling), except to the extent such coverage is not available or has been waived in writing by FNMA, GNMA, TMC, VA and/or FHA, as applicable.

9.3 Waiver of Claim Against Association. As to all policies of insurance maintained by or for the benefit of the Association and the Owners, the Association and the Owners hereby waive and release all claims against one another, the Board of Directors and Declarant, to the extent of the insurance proceeds available, whether or not the insurable damage or injury is caused by the negligence of or breach of any agreement by any of said persons.

9.4 Right and Duty of Owners to Insure. It is the responsibility of each Owner to provide hazard insurance on his or her Dwelling, and on his or her personal property and upon all other property and Improvements within his Lot. Nothing hereby shall preclude any Owner from carrying any public liability insurance as he or she deems desirable to cover his or her individual liability for damage to persons or property occurring within his or her individual Lot or elsewhere upon the Property. Such policies shall not adversely affect or diminish any liability under any insurance obtained by or on behalf of the Association, and duplicate copies of such other policies shall be deposited with the Board upon request. If any loss intended to be covered by insurance carried by or on behalf of the Association shall occur and the proceeds payable thereunder shall be reduced by reason of insurance carried by any Owner, such Owner shall assign the proceeds of such insurance carried by him to the Association to the extent of such reduction, for application by the Board to the same purposes as the reduced proceeds are to be applied.

9.5 Notice of Expiration Requirements. If available, all of the policies of insurance maintained by the Association shall contain a provision that said policy or policies shall not be canceled, terminated or expired by their terms, without thirty (30) days prior written notice to the Board, Declarant, Owners and their respective first mortgagees (provided that such persons other than the Board and Declarant have filed written requests with the carrier for such notice) and every other person in interest who requests such notice of the insurer.

9.6 Insurance Premiums. Insurance premiums for any blanket insurance coverage obtained by the Association and any other insurance deemed necessary by the Board of Directors shall be a Common Expense to be included in the Regular Assessments levied by the Association and collected from the Owners. That portion of the Regular Assessments necessary for the required insurance premiums shall be separately accounted for by the Association in the reserve

fund to be used solely for the payment of premiums of required insurance as such premiums become due.

9.7 Trustee for Policies. The Association, acting through its Board of Directors, is hereby appointed and shall be deemed trustee of the interests of all named insureds under policies of insurance purchased and maintained by the Association. All insurance proceeds under any such policies as provided for in Paragraph 9.1 above shall be paid to the Board of Directors as trustees. The Board shall have full power to receive and to receipt for the proceeds and to deal therewith as provided herein. Insurance proceeds shall be used by the Association for the repair or replacement of the property for which the insurance was carried or otherwise disposed of as provided in this Declaration. The Board is hereby granted the authority to negotiate loss settlements with the appropriate insurance carriers, with participation, to the extent they desire, of first mortgagees who have filed written requests within ten (10) days of receipt of notice of any damage or destruction as provided in this Declaration. Any two (2) Directors of the Association must sign a loss claim form and release form in connection with the settlement of a loss claim, and such signatures shall be binding on all the named insureds.

ARTICLE X DESIGN REVIEW BOARD

10.1 Members of Committee. The Design Review Board shall be comprised of at least three (3) persons, all of whom shall be appointed as herein provided. A member of the DRB shall hold office until he or she has resigned or has been removed, but in any event, until said Member's successor has been appointed. Members of the DRB may be removed at any time, with or without cause. Nothing contained herein is intended to limit or preclude members of the Board of Directors from also serving on the Design Review Board.

10.2 Appointment. So long as the Declarant owns any Lot within the Project, the Declarant shall have the sole right to appoint and remove all members of the DRB. Thereafter, all members of the DRB shall be appointed or removed by the Board of Directors. The DRB shall have the right to make a resolution in writing, unanimously adopted, to designate one (1) of its members to take any action or perform any duties for and on behalf of the DRB. In the absence of such designation, the vote of any two (2) members of the DRB shall constitute the act of the DRB.

10.3 Compensation. The members of the DRB shall be entitled to reasonable compensation from the Association for services rendered, together with reimbursement for expenses incurred by them in the performance of their duties hereunder, in such amounts as the Board may determine.

10.4 Non-liability. Neither the DRB, any member thereof, the Declarant, or any partner, officer, employee, agent, successor or assign, shall be liable to the Association, any Owner or any other person for any loss, damage or injury arising out of or connected with the performance by the DRB of its duties and responsibilities by reason of a mistake in judgment, negligence or nonfeasance arising out of or in connection with the approval or disapproval or failure to approve an application. Every person who submits an application to the DRB for

approval of plans and specifications agrees, by submission of such an application, and every Owner or occupant of any Lot agrees, by acquiring title thereto or an interest therein, not to bring any action or suit against the Association, the DRB, or any member thereof, or the Declarant or any officer, partner, employee, agent, successor or assign thereof to recover such damages.

10.5 Approval Required. No construction, alteration, modification, removal or destruction of any Improvements of any nature whatsoever, whether real or personal in nature, shall be initiated or be permitted to continue or exist within the Project without the prior express written approval of the DRB.

10.6 Basis of Approval. Approval by the DRB shall be based upon any conditions of approval for the PUD imposed by Bonner County, and the Design Guidelines, which may include considerations for the adequacy of the Lot dimensions; conformity and harmony of external design with neighboring Improvements; the effect of location and use of Improvements on neighboring Lots; operations and uses; relations to topography, grade, finished ground elevation and landscaping of the Lot being improved to that of neighboring Lots; proper facing of the main elevation with respect to nearby streets; and the conformity of the plans and specifications to the purpose and general plan and intent of this Declaration.

10.7 Variances. The DRB may authorize variances from compliance with the requirements of any conditions and restrictions contained in this Declaration, the Design Guidelines, or any prior approval when, in the sole discretion of the DRB, circumstances such as topography, natural obstructions, aesthetics or environmental considerations may so require. Such variances must be evidenced in a writing signed by a majority of the members of the DRB.

If a variance is granted as provided herein, no violation of this Declaration, Design Guidelines or prior approval shall be deemed to have occurred with respect to the matter for which the variance was granted. Each request for a variance shall be considered on its own merits. Neither the approval or denial of a variance shall constitute a binding precedent for a subsequent approval or denial, nor shall it operate to waive any of the terms and provisions of this Declaration or the Design Guidelines for any purpose except as to the particular subject matter of the variance thereof and the specific Lot covered thereby.

The DRB shall have the right to consider and grant a variance either with or without notice to other Owners or a hearing of Owners thereon.

10.8 Application. To request DRB approval for the construction, alteration, modification, removal or demolition of any Improvements within the Project, the Owner shall submit a written application in a form required by the DRB, signed by the owner, and containing such information as the DRB may require, together with a fee to cover the reasonable and actual expenses of the DRB that are likely to be incurred in reviewing and processing the application. Such fee shall be in addition to, and not in lieu of, the Compliance Deposit described below. The DRB shall not be obligated to commence the review and process of an application until such fee, if required, is paid.

10.9 Decision. The DRB shall use its best efforts and judgment to ensure that all Improvements shall produce and contribute to an orderly and aesthetically complimentary design and appearance and be of a quality required to maintain The Idaho Club as a first class development.

Unless extended by mutual consent of the Owner and the DRB, the DRB shall render its decision with respect to an application within ninety (90) days after its receipt of a complete application and application fee, if any, or within the time allowed for under the Design Guidelines, whichever is less. The decision of the DRB may be in the form of an approval, a conditional approval or denial. The decision of the DRB shall be in writing, signed by a member of the DRB, dated, and a copy mailed to the Owner at the address shown on the application.

A conditional approval shall set forth with particularity the conditions upon which the application is approved, and the Owner shall be required to affix a copy of such conditions to the working drawings or blueprints which are to be kept on the job site during the entire course of the work.

A denial of an application shall state with particularity the reasons for such denial.

10.10 Compliance Deposit. In addition to the fee for review services described above, the DRB may, prior to the commencement of any construction, painting, alteration or change of any improvement on the Project, require the Owner proposing the same to deliver a deposit, bond, letter of credit, or other suitable financial guaranty acceptable to the DRB a Compliance Deposit, as security for the Owner's full and faithful performance of the work in DRB in accordance with the approved plans and specifications, duly adopted guidelines, and any terms and conditions set forth in the DRB approval, and as security for the Owner's obligation to repair any damage to the Common Areas, Common Facilities, Club Property or Club Facilities arising out of the Owner's construction activities.

(a) The amount of the Compliance Deposit shall be in such amount as may be established by the DRB from time to time and published in the Design Guidelines.

(b) The purpose of the Compliance Deposit shall be to ensure that an individual project is completed to the extent necessary to protect the interests of the members of the Association and surrounding property owners, and not to ensure final completion of an individual project in accordance with approved plans or applicable contracts of sale, if any. Thus, the Compliance Deposit would first be used to complete such things as exterior finishes, landscaping, site cleanup, signage, and storm water management and erosion control measures. The Compliance Deposit may also be used, to the extent funds are available, to mothball an abandoned project to preserve the same for resale. If, in the sole discretion of the DRB, an abandoned project has not proceeded to a point where mothballing would be cost effective, the Compliance Deposit may be used to demolish any work performed to the date of abandonment, and to restore the premises to their condition existing prior to the commencement of the subject work as much as possible.

(c) Nothing in this Declaration is intended, nor shall it be construed, to impose any duty or liability upon the DRB, the Association, or any of its members, officers, directors, agents or employees, to perform any work in connection with a project subject to DRB approval, whether or not the cost would exceed the amount posted as the Compliance Deposit. Neither is this Declaration intended, nor shall it be construed, to relieve the Owner of a project of its responsibility for full compliance with the terms of this Declaration and any approval of the DRB, regardless of the payment or posting by the Owner of the Compliance Deposit. The use of the Compliance Deposit as provided in this section shall be in the sole and absolute discretion of the Committee, and in addition to, not in lieu of, all other rights and remedies of the DRB and/or the Association to enforce this Declaration and any rules or regulations adopted pursuant hereto.

(d) Upon payment of the Compliance Deposit provided in cash, the same shall be deposited by the DRB into an interest bearing account at a commercial banking institution, with all interest accruing to the benefit of the Owner. The Committee may use, apply or retain the whole or any part of a Compliance Deposit to the extent required to reimburse the DRB for any cost which the DRB may incur, or may be required to incur, by reason of an Owner's non-compliance with respect to the approved plans and specifications, duly adopted Design Guidelines, and any terms and conditions set forth in the DRB's approval. The DRB shall be entitled to a fee in an amount equal to fifteen percent (15%) of the amount of any costs incurred by the DRB to cure any noncompliance by the Owner, which fee may be paid from the Compliance Deposit.

(e) If the Compliance Deposit is not sufficient to cure all areas of noncompliance by the Owner, the DRB may apply the same in a manner which, in the sole discretion of the DRB, best mitigates the effects of the deficiencies, while not actually curing all deficiencies.

(f) Any part of the Compliance Deposit not used by the DRB as provided for herein shall be released or returned to the Owner within thirty (30) days after confirmation of completion of all construction, painting, alteration or change of any improvement on the project, approved by the DRB as in accordance with the approved plans and specifications, Design Guidelines, and any terms and conditions set forth in the DRB's approval, and the issuance of a Certificate of Compliance by the DRB.

10.11 Inspections and Enforcement. The DRB shall be allowed access to inspect all work in progress on any Lot at any time, for the purpose of determining whether an Owner is proceeding in accordance with this Declaration, the approved plans and specifications, and the Design Guidelines. If the DRB determines that a deviation or violation has occurred, it shall promptly issue a notice in writing to the Owner, specifying the details of the deviation or violation, and demanding that the Owner immediately cease the activity which constitutes the deviation or violation, and adhere to the corrective measures set forth in the written notice. In the event the Owner fails to bring the work into compliance, the DRB, with the approval of the Board, shall be authorized to commence a legal action on behalf of the Association, to correct or enjoin the activity existing within the Property, the continuation of which violates the provisions of this Declaration, the Design Guidelines, or the approved plans and specifications. In the event

the DRB and/or the Association shall prevail in any such proceedings, all costs, expenses and reasonable attorneys fees incurred shall be reimbursed to the Association by the Owner against whom the action was brought within five (5) days of written demand therefore. If the Owner fails, neglects, or refuses to pay, the Association may first recover the same out of the Compliance Deposit, if any, and thereafter assess and enforce such charges as a Special Assessment against the Owner, enforceable on the terms and conditions set forth in this Declaration. The rights and authorities of the DRB and the Association under this section 10.10 shall be in addition to, and not in lieu of, all other rights and remedies available to it under this Declaration and under Idaho law, including but not limited to the right to take corrective action and to cover the costs out of the Compliance Deposit.

10.12 Private Rights. The Association shall not have the right or duty to mediate or litigate private disputes between Owners where there is a legal or equitable remedy available to resolve such disputes when, in the sole discretion of the Board, the interests of the Association or a substantial number of the Owners would not be benefited thereby.

ARTICLE XI DESTRUCTION; CONDEMNATION

11.1 Damage to Common Areas. In the event of any destruction of any portion of the Common Areas, the repair or replacement of which is the responsibility of the Association, it shall be the duty of the Association to restore and repair the same to its former condition, as promptly as practical. The proceeds of any insurance maintained pursuant to Article IX hereof for reconstruction or repair of the Property shall be used for such purpose, unless otherwise provided herein. The Board shall be authorized to have prepared the necessary documents to effect such reconstruction as promptly as practical. The Property shall be reconstructed or rebuilt substantially in accordance with the original construction plans. If the amount available from the proceeds of such insurance policies for such restoration and repair is inadequate to complete the restoration and repair, the Board shall levy a Special Assessment for the deficiency and proceed with such restoration and repair.

11.2 Damage to Dwellings. In the event of any destruction of any Dwelling or Dwellings, it shall be the duty of the Owner(s) of the Dwelling or Dwellings to restore and repair the same to its/their former condition, as promptly as practical, under the supervision of the DRB, in accordance with the terms of this Declaration.

11.3 Condemnation. The taking or partial taking of any Lot, Dwelling or the Common Area by condemnation or threat thereof shall be negotiated by the party whose property is affected thereby, and such party shall be entitled to receive all compensation paid by the condemning authority. In the event of a taking or partial taking of the Common Area, the Board shall be authorized to negotiate the condemnation award, which shall be deposited in the general funds of the Association, subject to disbursement or other use as determined by the Board consistent with its powers and authority under this Declaration.

**ARTICLE XII
DURATION AND AMENDMENT**

12.1 Duration. This Declaration shall continue in full force for a term of fifty (50) years from the date hereof, after which time the same shall be automatically extended for successive periods of ten (10) years, unless a Declaration of Termination is recorded, meeting the requirements of an amendment to this Declaration as set forth in Paragraph 12.2. There shall be no severance by sale, conveyance, encumbrance or hypothecation of an interest in any Lot from the concomitant membership of the Association, as long as this Declaration shall continue in full force and effect. Expiration or termination of this Declaration shall not alter or affect the rights of the Declarant or the Club without their specific written consent.

12.2 Amendment. Notice of the subject matter of a proposed amendment to this Declaration in reasonably detailed form shall be included in the notice of any meeting of the Association at which a proposed amendment is to be considered. A resolution adopting a proposed amendment may be proposed by an Owner at a meeting of the Members of the Association. The resolution shall be adopted by the affirmative vote of not less than two-thirds (2/3) of the voting power of the Association present in person or by proxy at a regular or special meeting called for that purpose.

Notwithstanding the foregoing, the percentage of the voting power necessary to amend a specified provision of this Declaration shall be not less than the percentage of affirmative votes prescribed for action to be taken under that provision. In addition, no amendment shall be effective to alter or amend any of the reserved rights of the Declarant without the Declarant's specific written consent, to alter or amend any of the rights of the Club without the Club's specific written consent, or to alter or amend any conditions of approval imposed by Bonner County in connection with its approval of the PUD or any constituent subdivision thereof without Bonner County's specific consent.

A certificate, signed and sworn to by two (2) officers of the Association, that the record Owners of the required number of Lots have voted for any amendment adopted as provided above, when recorded, shall be conclusive evidence of that fact. The Association shall maintain in its files the record of all such votes or written consents for a period of at least four (4) years. Such a certificate reflecting any amendment which requires the written consent of any of the record holders of first mortgages shall be signed and sworn to by such first mortgagees.

12.3 Option to Expand. Notwithstanding anything contained herein which may be construed to the contrary, Declarant, for itself and its successors and assigns, hereby reserves the option to expand the Project and the coverage of this Declaration at any time, without the prior consent or approval of the Owners, the Club or the Association.

**ARTICLE XIII
MORTGAGEE PROTECTION**

13.1 Priority of Mortgage Lien. No breach of the covenants, conditions or restrictions, nor the enforcement of any lien provisions contained in this Declaration, shall affect, impair,

defeat or render invalid the lien or charge of any Mortgage made in good faith and for value encumbering any portion of the Property, but all of said covenants, conditions and restrictions shall be binding upon and effective against any Owner whose title is derived through foreclosure or trustee's sale, or otherwise, with respect to such portion of the Property.

13.2 Curing Defaults. A Mortgagee that holds a Mortgage encumbering a Lot or Dwelling or any part thereof, or the immediate transferee of such Mortgagee, who acquires title by judicial foreclosure, deed in lieu of foreclosure or trustee's sale, shall not be obligated to cure any breach of the provisions of this Declaration which is noncurable or of a type which is not practical or feasible to cure. The determination of the Board made in good faith as to whether a breach is noncurable or not feasible to cure shall be final and binding on all such Mortgagees.

13.3 Resale. It is intended that any Mortgage to facilitate the resale of a Lot, Dwelling or any part thereof after judicial foreclosure, deed in lieu of foreclosure or trustee's sale is a loan made in good faith and for value and the Mortgagee of such Mortgage shall be entitled to all of the rights and protections afforded to other Mortgagees.

13.4 Mortgagee's Furnishing Information. Mortgagees are hereby authorized to furnish information to the Board concerning the status of any Mortgage.

13.5 Conflicts. In the event of any conflict between any of the provisions of this Article and any of the other provisions of the Project Documents, the provisions of this Article shall control.

13.6 Federal Agency Agreement. The Board may enter into agreements with any federal agency as necessary to satisfy guidelines and regulations of any federal agency which would permit such agency to purchase, insure or guarantee, as applicable, First Mortgages encumbering any individual Lot, Dwelling or any part thereof.

ARTICLE XIV GENERAL PROVISIONS

14.1 Compliance. Each Owner shall comply strictly with the provisions of this Declaration, the Bylaws of the Association, Design Guidelines, rules and regulations promulgated by the Association, the Board or the DRB, and the decisions and resolutions adopted pursuant thereto, as the same may lawfully be modified and amended from time to time. Failure to comply with any of the same shall be grounds for an action to recover sums due for damages or for injunctive relief or for both, maintainable by the Association or, in a proper case, by an aggrieved Owner.

14.2 Enforcement and Remedies. The Board, any Owner, and any governmental or quasi-governmental agency or municipality having jurisdiction over the Project shall have the right to enforce, by any proceedings at law or in equity, all restrictions, conditions, covenants, reservations, liens, and charges now or hereafter imposed by this Declaration, or by the Articles of Incorporation, Bylaws and rules and regulations of the Association, and in such action shall be entitled to recover costs and reasonable attorney fees as may be ordered by the Court. Any such

action by the Board shall be taken on behalf of two (2) or more Owners, as their respective interests may appear, with respect to any cause of action relating to the Common Area or more than one Lot. Failure by any such person or entity to enforce any such provision shall in no event be deemed a waiver of the right to do so thereafter.

14.3 Intent and Purpose. The provisions of this Declaration, and any supplemental or amended Declaration, shall be liberally construed to effectuate the purpose of creating a uniform plan for the development and operation of the Project. Failure to enforce any provision, restriction, covenant or condition contained in this Declaration, or in any supplemental or amended Declaration, shall not operate as a waiver of any such provision, restriction, covenant or condition or of any other provisions, restrictions, covenants or conditions.

14.4 Construction. The provisions of this Declaration shall be in addition and supplemental to all other provisions of law. In the event of any inconsistency between this Declaration and federal, state and/or local laws, rules or regulations governing the Property or the Project, including but not limited to conditions of approval for the PUD and any constituent subdivision thereof, the more restrictive shall control. Whenever used herein, unless the context shall otherwise require, the singular shall include the plural, the plural shall include the singular, the whole shall include any part thereof and any gender shall include both genders. The article and section headings set forth herein are for convenience and reference only and are not intended to expand, limit or otherwise affect the meaning or interpretation of this Declaration or any provision hereof. The provisions hereof shall be deemed independent and several, and the invalidity or partial invalidity or unenforceability of any one provision or portion thereof shall not affect the validity or enforceability of any other provisions hereof. To the extent of any inconsistency, the provisions of the Declaration shall control over the Articles of Incorporation of the Association and said Articles shall control over the Bylaws of the Association.

14.5 Notices and Registration of Mailing Address. Each Owner shall register from time to time with the Association his current mailing address. All notices, demands and other communications to any Owner as provided for in this Declaration shall be in writing and shall be sufficient for all purposes if personally served or if sent by first-class U.S. Mail, postage prepaid, addressed to the Owner at his registered mailing address or, if no address has been registered, to the tax notice address of such Owner. All notices, demands and other communications to the Association as provided for in this Declaration shall be in writing and shall be sufficient for all purposes if personally served or if sent by first-class U.S. Mail, postage prepaid, addressed to the Association at its offices at or to such other address as the Association may hereinafter specify to the Owners in writing. Any notice, demand or communication referred to in this Declaration shall be deemed to have been given and received when personally served or when deposited in the U.S. Mail, postage prepaid, and in the form provided for in this Section, as the case may be.

14.6 Conflict of Project Documents. If there is any conflict among or between the Project Documents, the provisions of this Declaration shall prevail; thereafter, priority shall be given to Project Documents in the following order: Map; Bylaws; and Design Guidelines. Notwithstanding the foregoing, any provision in any of the Project Documents which is for the protection of mortgagees shall have priority over any inconsistent provision in that document or in any other Project Document.

14.7 Audit. Any Owner may at any reasonable time, upon appointment and at his own expense, cause an audit or inspection to be made of the books and records maintained by the Association. The Association, at the expense of the Common Expense Fund, may, at any time, obtain an audit, by certified public accountants, of all books and records pertaining to the Project, and copies thereof shall be furnished to the Owners.

14.8 Effective Date. This Declaration shall take effect upon recording.

14.9 Limitation on Association's Liability. The Association, its officers, directors, employees, agents, members, successor or members, shall not be liable for any failure of any utility services (if any) to be obtained and paid for by the Association hereunder, or for injury or damage to any person in or upon the Project, or resulting from electricity, water, rain, snow or ice which may leak or flow from outside or from any parts of the buildings or the drains, pipes, conduits, appliances or equipment, or from any other place, unless caused by the grossly negligent or willful misconduct of the Association. No diminution or abatement of any assessments under this Declaration shall be claimed or allowed for inconvenience or discomfort arising from the making of any repairs or Improvements to or maintaining the Project or any part thereof, or from any action taken to comply with the provisions of this Declaration or with the laws, ordinances, regulations, rules or order of any governmental authority.

14.10 Owner's Obligations. All obligations of an Owner, under and by virtue of the provisions contained in this Declaration, shall continue, notwithstanding that he may be leasing, renting or selling under contract his Lot. The Owner of a Lot within the Project shall have no obligation for expenses or other obligations accruing after he conveys such Lot.

IN WITNESS WHEREOF, the undersigned Declarant has executed this Declaration the day and year first above written.

PEND OREILLE BONNER DEVELOPMENT, LLC
Pend Oreille Bonner Development Holdings, Inc., Manager

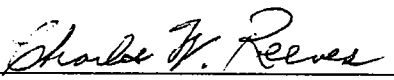

By: Charles W. Reeves
Its: President

EXHIBIT "A"
[legal description of the Property]

Replat of GOLDEN TEE ESTATES and GOLDEN TEE ESTATES 1ST ADDITION, further described as follows:

PARCEL 1:

A tract of land situated in Government Lots Two (2), Three (3), and Four (4), the Southeast Quarter of the Southwest Quarter (SE $\frac{1}{4}$ SW $\frac{1}{4}$), the Northeast Quarter of the Southwest Quarter (NE $\frac{1}{4}$ SW $\frac{1}{4}$) and the Southeast Quarter of the Northwest Quarter (SE $\frac{1}{4}$ NW $\frac{1}{4}$) of Section Thirty-one (31), Township Fifty-eight (58) North, Range One (1) East of the Boise Meridian, Bonner County, Idaho, and the Southeast Quarter of the Northeast Quarter (SE $\frac{1}{4}$ NE $\frac{1}{4}$), the Northeast Quarter of the Southeast Quarter (NE $\frac{1}{4}$ SE $\frac{1}{4}$), and the South Half of the Southeast Quarter (S $\frac{1}{2}$ SE $\frac{1}{4}$) of Section Thirty-six (36), Township Fifty-eight (58) North, Range One (1) West of the Boise Meridian, Bonner County, Idaho; more particularly described as follows:

Beginning at a point on the Section line common to said Sections 31 and 36 that is S00° 07'21"W, 246.53 feet from the North 1/16 corner of Sections 31 and 36, said point being the Initial Point for Parcel 1 of this Subdivision and marked on the ground by a standard 2 $\frac{1}{2}$ " by 30" aluminum monument; thence, along the southwesterly boundary of Lot 1, Block 3 of Golden Tee Estates Subdivision, S80° 35'11"E, 28.22 feet; thence S49° 41'01"E, 35.64 feet; thence S06° 03'38"E, 611.96 feet; thence N83° 56'22"E, 60.00 feet, to the northwest corner of Lot 11, Block 2 of Golden Tee Estates; thence, along the western boundary of said Lot 11, S06° 03'38"E, 70.49 feet; thence on a curve to the right having a central angle of 05° 18'32" and a radius of 350.00 feet, for an arc distance of 32.43 feet (chord = S03° 24'22"E, 32.42 feet); thence, along the southern boundary of said Lot 11, S86° 48'06"E, 104.49 feet; thence, along the western boundary of Lot 9, Block 2 of Golden Tee Estates, S11° 44'32"E, 135.41 feet; thence, along the exterior boundary of Block 2 of Golden Tee Estates for the following 11 courses: S86° 12'49"E, 25.82 feet; thence N54° 35'12"E, 82.03 feet; thence N69° 35'48"E, 175.52 feet; thence N37° 46'02"E, 118.03 feet; thence N10° 21'57"W, 33.76 feet; thence N23° 12'30"W, 156.82 feet; thence N06° 14'55"W, 62.67 feet; thence N07° 44'07"W, 73.92 feet; thence S54° 46'42"W, 96.36 feet; thence N25° 06'29"E, 125.37 feet; thence N64° 16'17"W, 440.61 feet; thence, leaving the exterior boundary of said Block 2, N35° 51'11"E, 90.73 feet; thence on a curve to the right having a central angle of 72° 59'45" and a radius of 17.32 feet, for an arc distance of 22.07 feet (chord = N72° 21'04"E, 20.60 feet); thence S79° 01'04"E, 77.20 feet; thence on a curve to the left having a central angle of 16° 27'29" and a radius of 110.00 feet, for an arc distance of 31.60 feet (chord = S79° 22'48"E, 31.49 feet); thence, along the southwesterly boundary of Block 1 of

Golden Tee Estates, S70° 28'48"E, 347.01 feet; thence N63° 43'33"E, 108.34 feet; thence S01° 42'49"E, 26.42 feet; thence N85° 54'38"E, 147.78 feet; thence N40° 08'56"E, 194.77 feet, to the Ordinary High Water Mark of Pack River; thence, along said Ordinary High Water Mark for the following 90 courses: S36° 37'14"E, 63.59 feet; S42° 45'45"E, 78.14 feet; S49° 54'14"E, 72.97 feet; S71° 46'51"E, 60.52 feet; N75° 08'12"E, 74.61 feet; N61° 20'09"E, 76.50 feet; N69° 13'07"E, 83.11 feet; N88° 07'41"E, 45.27 feet; S63° 57'36"E, 60.69 feet; S37° 10'47"E, 83.04 feet; S23° 30'37"E, 90.57 feet; S19° 24'44"E, 93.43 feet; S22° 13'58"E, 120.84 feet; S27° 22'14"E, 97.82 feet; S43° 42'00"E, 61.98 feet; S36° 55'17"E, 62.22 feet; S47° 35'54"E, 132.55 feet; S14° 51'23"E, 132.01 feet; S06° 31'53"E, 159.26 feet; S09° 37'38"E, 86.83 feet; S10° 54'31"E, 52.14 feet; S07° 22'34"E, 122.50 feet; S02° 53'55"E, 86.94 feet; S05° 23'03"W, 171.65 feet; S07° 55'34"W, 91.24 feet; S14° 07'45"W, 136.21 feet; S08° 21'32"W, 111.99 feet; S01° 42'41"E, 67.67 feet; S03° 32'35"E, 65.15 feet; S10° 50'57"E, 61.45 feet; S02° 08'31"E, 77.90 feet; S11° 48'05"W, 68.12 feet; S21° 47'54"W, 58.36 feet; S41° 28'03"W, 50.38 feet; S77° 07'40"W, 61.29 feet; N68° 19'08"W, 44.63 feet; N30° 04'37"W, 55.72 feet; N03° 17'16"W, 76.62 feet; N19° 54'17"E, 54.65 feet; N15° 29'29"E, 73.12 feet; N02° 06'42"E, 66.05 feet; N04° 28'38"W, 46.68 feet; N16° 42'31"W, 40.00 feet; N39° 26'06"W, 66.34 feet; N59° 21'11"W, 68.36 feet; N74° 42'32"W, 38.93 feet; N80° 08'08"W, 83.36 feet; S71° 42'18"W, 65.81 feet; S51° 04'04"W, 62.31 feet; S37° 39'48"W, 69.46 feet; S31° 25'58"W, 57.01 feet; S45° 46'34"W, 42.96 feet; S32° 26'27"W, 54.41 feet; S22° 40'56"W, 90.78 feet; S12° 59'23"W, 75.02 feet; S00° 13'25"W, 81.28 feet; S04° 47'42"E, 84.68 feet; S09° 14'49"E, 77.56 feet; S21° 09'32"E, 94.59 feet; S29° 55'13"E, 76.67 feet; S47° 26'30"E, 88.87 feet; S49° 21'48"E, 100.97 feet; S49° 11'41"E, 90.72 feet; S54° 31'56"E, 73.17 feet; S62° 46'05"E, 78.80 feet; S78° 43'46"E, 83.52 feet; S80° 45'47"E, 67.88 feet; N79° 28'37"E, 161.67 feet; N87° 31'04"E, 177.11 feet; S55° 43'29"E, 36.60 feet; S36° 59'54"E, 73.49 feet; S04° 59'48"E, 131.40 feet; S25° 41'23"W, 58.78 feet; S46° 15'23"W, 93.91 feet; S77° 34'12"W, 87.54 feet; S74° 06'11"W, 85.24 feet; S68° 20'48"W, 115.03 feet; S70° 07'54"W, 98.32 feet; S64° 06'29"W, 94.00 feet; S84° 53'13"W, 134.39 feet; N83° 50'31"W, 114.69 feet; N72° 07'26"W, 155.77 feet; N70° 54'12"W, 127.86 feet; N86° 21'14"W, 177.93 feet; S79° 18'09"W, 83.26 feet; S65° 50'05"W, 89.84 feet; S41° 25'54"W, 109.55 feet; S13° 50'41"W, 91.12 feet; S11° 07'54"E, 84.88 feet; S20° 04'57"W, 132.87 feet, to the northeasterly right of way of State Highway No. 200; thence, along said right of way in a northwesterly direction, on a curve to the left (radial bearing = S34° 44'18"W) having a central angle of 24° 11'41" and a radius of 2788.37 feet, for an arc distance of 1177.47 feet (chord = N67° 21'32"W, 1168.74 feet); thence, continuing along the highway right of way, N77° 22'20"W, 205.45 feet; thence, on a curve to the left (radial bearing = S06° 20'37"W) having a central angle of 03° 52'12" and a radius of 2803.37 feet, for an arc distance of 189.35 feet (chord = N85° 35'33"W, 189.32 feet); thence leaving the highway right of way, N01° 19'29"E, 277.55 feet; thence S88° 04'08"W, 41.01 feet; thence S67° 17'36"W, 194.29 feet; thence S63° 52'44"W, 159.40 feet; thence S32° 20'51"W, 50.05 feet; thence S70° 24'55"W, 396.86 feet; thence S79° 36'06"W, 41.09 feet; thence on a

curve to the left (radial bearing = N15° 52'30"W) having a central angle of 73° 55'25" and a radius of 152.00 feet, for an arc distance of 196.11 feet (chord = N37° 09'48"E, 182.79 feet); thence N00° 12'05"E, 87.18 feet; thence on a curve to the right having a central angle of 16° 24'58" and a radius of 155.00 feet, for an arc distance of 44.41 feet (chord = N08° 24'34"E, 44.26 feet); thence S62° 48'00"E, 67.18 feet; thence N54° 13'05"E, 184.63 feet; thence N42° 45'19"E, 124.46 feet; thence N46°55'53"E, 76.01 feet; thence N55° 01'14"E, 106.97 feet; thence S41° 35'16"E, 31.00 feet; thence N42° 10'05"E, 100.49 feet; thence N49° 33'57"W, 102.34 feet; thence N34° 30'20"W, 64.72 feet; thence N01° 34'11"W, 80.00 feet; thence N15° 10'36"E, 101.82 feet; thence S83° 21'26"E, 185.26 feet; thence S68° 51'17"E, 382.64 feet; thence S64° 37'31"E, 464.34 feet; thence N14° 21'50"W, 139.95 feet; thence N64° 34'17"W, 28.02 feet; thence N25° 25'43"E, 40.00 feet; thence N07° 30'58"W, 74.91 feet; thence N13° 17'57"E, 68.45 feet; thence N02° 47'50"E, 51.56 feet; thence N09° 48'02"W, 58.88 feet; thence N25° 34'30"W, 65.46 feet; thence N25° 37'49"W, 70.45 feet; thence N26° 47'59"W, 71.61 feet; thence N28° 45'34"W, 28.41 feet; thence N55° 56'51"W, 57.77 feet; thence N70° 54'45"W, 60.36 feet; thence N68° 57'21"W, 55.60 feet; thence N76° 07'32"W, 69.57 feet; thence N85° 46'20"W, 338.25 feet; thence S74° 43'25"W, 63.64 feet; thence S51° 31'14"W, 58.50 feet; thence S32° 34'44"W, 56.22 feet; thence N82° 11'33"W, 167.06 feet; thence N45° 04'58"E, 33.29 feet; thence N44° 55'02"W, 40.00 feet; thence N37° 10'14"W, 131.84 feet; thence N63° 03'38"W, 45.22 feet; thence S52° 18'50"W, 19.75 feet; thence S17° 11'49"W, 488.27 feet; thence S14° 20'00"W, 72.94 feet; thence S09° 15'56"W, 343.80 feet; thence S15° 02'37"W, 244.98 feet; thence on a curve to the left (radial bearing = S74° 57'23"E) having a central angle of 14° 50'32" and a radius of 195.00 feet, for an arc distance of 50.51 feet (chord = S07° 37'21"W, 50.37 feet); thence S00° 12'05"W, 87.18 feet; thence on a curve to the right having a central angle of 97° 32'58" and a radius of 112.00 feet, for an arc distance of 190.69 feet (chord = S48° 58'34"W, 168.48 feet); thence on a curve to the right having a central angle of 08° 55'12" and a radius of 145.00 feet, for an arc distance of 22.57 feet (chord = N77° 47'21"W, 22.55 feet); thence N04° 28'19"W, 930.69 feet; thence N16° 55'42"E, 409.93 feet, to the easterly boundary of Lot 6 of Hidden Lakes Subdivision; thence along the easterly boundary of Lots 6 through 29 of Hidden Lakes Subdivision for the following 10 courses: N35° 58'10"E, 650.96 feet; thence on a curve to the right (radial bearing = S54° 01'50"E) having a central angle of 15° 42'28" and a radius of 772.00 feet, for an arc distance of 211.65 feet (chord = N43° 49'24"E, 210.98 feet); thence N51° 40'38"E, 10.00 feet; thence N43° 49'26"E, 237.20 feet; thence N57° 17'52"E, 190.24 feet; thence on a curve to the left (radial bearing = N45° 33'47"W) having a central angle of 10° 51'37" and a radius of 1728.00 feet, for an arc distance of 327.54 feet (chord = N39°00'25"E, 327.05 feet); thence N33° 34'36"E, 475.61 feet; thence on a curve to the right (radial bearing = S56° 25'24"E) having a central angle of 11° 40'46" and a radius of 672.00 feet, for an arc distance of 136.98 feet (chord = N39° 24'59"E, 136.75 feet); thence N34° 20'48"E, 94.66 feet; thence on a curve to the right (radial bearing = S37° 04'16"E) having a central angle of 04° 40'17" and a radius of 696.15 feet, for an arc distance of 56.76 feet (chord = N55° 15'47"E, 56.74 feet); thence N10° 38'12"E, 7.99 feet; thence S80° 35'11"E, 33.42 feet, to the Initial Point of this Subdivision and the True Point of Beginning.

The alignment as shown and described in the above description is defined for the purpose of closure. The bank of the river is subject to change due to natural causes and the river boundary as defined may or may not represent the actual limits of title.

PARCEL 2 :

A tract of land situated in the Southeast Quarter (SE ¼) of Section Thirty-six (36), Township Fifty-eight (58) North, Range One (1) West of the Boise Meridian, Bonner County, Idaho, and Government Lots Two (2), Three (3), Four (4), Five (5), Six (6), and Seven (7) of Section Two (2), Township Fifty-seven (57) North, Range One (1) West of the Boise Meridian, Bonner County, Idaho; more particularly described as follows:

Beginning at a point on the Section line common to said Sections 36 and 2 which is N89° 44'20"W, 1082.29 feet from the southeast corner of said Section 36, said point being the Initial Point for Parcel 2 of this Subdivision and marked on the ground by a standard 2 ½" by 30" aluminum monument; thence S49° 14'04"W, 49.18 feet; thence S49° 39'24"E, 102.17 feet; thence S03° 55'20"E, 160.28 feet; thence S35° 22'21"W, 290.26 feet; thence S78° 07'23"W, 184.99 feet; thence N59° 41'38"W, 174.10 feet; thence N10° 58'22"W, 125.27 feet; thence S69° 14'53"W, 463.89 feet; thence S61° 05'03"W, 40.73 feet; thence on a curve to the right (radial bearing = N28° 54'57"W) having a central angle of 54° 44'22" and a radius of 130.00 feet, for an arc distance of 124.20 feet (chord = S88° 27'14"W, 119.53 feet); thence S25° 49'25"W, 40.00 feet; thence S30° 37'20"E, 430.77 feet; thence S10° 54'05"E, 154.87 feet; thence S18° 49'31"E, 151.62 feet; thence S07° 03'32"E, 331.14 feet; thence on a curve to the left (radial bearing = S26° 44'42"E) having a central angle of 17° 29'15" and a radius of 170.00 feet, for an arc distance of 51.89 feet (chord = S54° 30'45"W, 51.69 feet); thence N69° 23'14"W, 130.56 feet; thence S65° 49'46"W, 232.44 feet; thence S53° 44'21"W, 97.65 feet; thence S39° 42'17"W, 144.34 feet; thence S86° 39'53"W, 140.44 feet; thence N51° 44'34"W, 99.97 feet; thence S70° 04'28"W, 124.82 feet; thence S14° 04'29"E, 340.46 feet; thence S65° 36'46"W, 264.53 feet; thence S25° 12'35"E, 74.00 feet; thence S89° 52'25"W, 212.10 feet; thence N64° 17'43"W, 687.54 feet; thence N22° 06'18"W, 202.33 feet; thence N06° 09'35"E, 1042.42 feet; thence S27° 47'03"E, 254.52 feet; thence S07° 52'59"E, 649.47 feet; thence S29° 19'39"E, 127.96 feet; thence S64° 19'56"E, 292.42 feet; thence N46° 32'06"E, 150.96 feet; thence N11° 50'43"W, 936.52 feet; thence N19° 07'08"W, 284.82 feet; thence N17° 39'03"W, 285.35 feet, to the southerly right of way of Idaho State Highway No. 200; thence, along said right of way for the following 12 courses: N69° 44'57"E, 370.39 feet; N78° 16'48"E, 202.24 feet; N69° 44'57"E, 500.00 feet; N61° 13'06"E, 202.24 feet; N69° 44'57"E, 328.60 feet; thence on a spiral curve to the right on a chord of N70° 28'45"E, 207.68 feet; thence on a circular curve to the right (radial bearing = S18° 02'45"E) having a central angle of 05° 29'22" and a radius of 2668.37 feet, for an arc distance of 255.65 feet (chord = N74° 41'56"E, 255.55 feet); thence S87° 06'15"E, 100.50 feet; N80° 04'07"E, 48.44 feet; S89° 57'41"E, 103.49 feet; N84° 19'54"E, 138.71 feet; thence on a curve to the right (radial bearing = S04° 09'23"E) having a central angle of 08° 35'29" and a radius of 2628.37 feet, for an arc distance of 394.12 feet (chord = S89° 51'38"E, 393.75 feet); thence, leaving said Highway right of way, S47° 08'06"W, 163.83 feet; thence S49° 14'04"W, 438.52 feet to the Initial Point and the True Point of Beginning.

LESS the following Lots as shown on the Final Plat of the Replat of Golden Tee Estates and Golden Tee Estates 1st Addition:

Lot 1A, Block 11
Lot 1, Block 12A
Lot 1, Block 14A
Block 16
Block 5A
Lot 1, Block 15
Lot 1, Block 17
Lot, Block 12A
Block 18

.....
GOLDEN TEE ESTATES 2ND ADDITION, further described as follows:

A tract of land situated in Government Lots Two (2), Three (3), Six (6), and Seven (7) of Section Two (2), Township Fifty-seven (57) North, Range One (1) West of the Boise Meridian, Bonner County, Idaho; more particularly described as follows:

Beginning at a point on the west line of Government Lot 2 of said Section 2 which is $S00^{\circ} 22'08''W$, 522.51 feet from the Northwest corner of said Government Lot 2 and marked on the ground by a standard 30 inch aluminum monument; thence along a non-tangential curve to the left (radial bearing = $N17^{\circ} 13'55''E$) having a central angle of $46^{\circ} 08'52''$ and a radius of 130.00 feet, for an arc distance of 104.71 feet (chord = $N84^{\circ} 09'29''E$, 101.90 feet); thence $N61^{\circ} 05'03''E$, 40.73 feet; thence $N69^{\circ} 04'55''E$, 463.89 feet; thence $S10^{\circ} 58'22''E$, 125.27 feet; thence $S59^{\circ} 41'38''E$, 174.10 feet; thence $N78^{\circ} 07'23''E$, 184.99 feet; thence $S06^{\circ} 53'18''E$, 235.81 feet; thence $N66^{\circ} 29'19''E$, 218.37 feet; thence $S45^{\circ} 00'00''E$, 100.52 feet; thence $S01^{\circ} 53'50''W$, 296.13 feet; thence $S08^{\circ} 50'51''W$, 461.44 feet; thence $S81^{\circ} 41'17''W$, 118.15 feet; thence $S64^{\circ} 43'30''W$, 199.72 feet; thence $S64^{\circ} 12'48''W$, 357.37 feet; thence $S60^{\circ} 56'02''W$, 91.70 feet; thence $N86^{\circ} 58'46''W$, 225.35 feet; thence on a non-tangential curve to the right (radial bearing = $N70^{\circ} 42'09''W$) having a central angle of $10^{\circ} 01'48''$ and a radius of 445.00 feet, for an arc distance of 77.90 feet (chord = $S24^{\circ} 18'45''W$, 77.80 feet); thence $S29^{\circ} 19'39''W$, 10.54 feet; thence $N59^{\circ} 17'38''W$, 40.01 feet; thence on a non-tangential curve to the left (radial bearing = $S18^{\circ} 22'53''W$) having a central angle of $61^{\circ} 52'11''$ and a radius of 40.00 feet, for an arc distance of 43.19 feet (chord = $S77^{\circ} 26'47''W$, 41.13 feet); thence $S46^{\circ} 30'42''W$, 48.74 feet; thence on a curve to the right having a central angle of $23^{\circ} 26'57''$ and a radius of 120.00 feet, for an arc distance of 49.11 feet (chord = $S58^{\circ} 14'09''W$, 48.77 feet); thence $S69^{\circ} 57'38''W$, 101.60 feet; thence on a curve to the left having a central angle of $27^{\circ} 37'58''$ and a radius of 155.00 feet, for an arc distance of 74.75 feet (chord = $S56^{\circ} 08'39''W$, 74.03 feet); thence $S42^{\circ} 19'40''W$, 32.89 feet; thence on a curve

to the right having a central angle of 13° 00'25" and a radius of 280.00 feet, for an arc distance of 63.56 feet (chord = S48° 49'53"W, 63.43 feet)' thence S55° 20'06"W, 87.14 feet; thence on a curve to the left having a central angle of 43° 40'01" and a radius of 130.00 feet, for an arc distance of 99.08 feet (chord = S33° 30'06"W, 96.70 feet); thence S11° 40'05"W, 119.67 feet; thence on a curve to the right with a central angle of 11° 52'29" and a radius of 520.00 feet, for an arc distance of 107.77 feet (chord = S17° 36'19"W, 107.50 feet); thence S23° 32'33"W, 87.86 feet; thence S66° 27'27"E, 64.48 feet; thence S01° 53'45"W, 156.07 feet; thence S88° 41'54"W, 181.12 feet; thence N25° 08'41"W, 269.51 feet; thence N25° 12'35"W, 198.72 feet; thence N65° 36'46"E, 264.53 feet; thence N14° 04'29"W, 340.46 feet; thence N70° 04'28"E, 124.82 feet; thence S51° 44'34"E, 99.97 feet; thence N86° 39'53"E, 140.44 feet; thence N39° 42'17"E, 144.34 feet; thence N53° 44'21"E, 97.65 feet; thence N65° 49'46"E, 232.44 feet; thence S69° 23'14"E, 130.56 feet; thence on a non-tangential curve to the right (radial bearing = S44° 13'59"E) with a central angle of 17° 29'16" and a radius of 170.00 feet, for an arc distance of 51.89 feet (chord = N54° 30'45"E, 51.69 feet); thence N07° 03'32"W, 331.14 feet; thence N18° 49'31"W, 151.62 feet; thence N10° 54'05"W, 154.87 feet; thence N30° 37'20"W, 430.77 feet; thence N25° 49'25"E, 40.00 feet; thence on a non-tangential curve to the left (radial bearing = N25° 29'25"E) having a central angle of 08° 35'30" and a radius of 130.00 feet, for an arc distance of 19.49 feet (chord = S68° 28'20"E, 19.48 feet), to the Initial Point and the TRUE POINT OF BEGINNING; encompassing an area of 34.92 acres.

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GOLDEN TEE ESTATES 3RD ADDITION, further described as follows:

A tract of land in Government Lots Six (6), Seven (7), Eight (8), Nine (9), the Southwest Quarter of the Northeast Quarter (SW1/4 NE1/4), and the Southeast Quarter of the Northwest Quarter (SE1/4 NW1/4) of Section Two (2), Township Fifty-seven (57) North, Range One (1) West of the Boise Meridian, Bonner County, Idaho and more particularly described as follows:

Beginning at the Northeast Corner of Government Lot 7, Section 2, which is a standard 2 1/2" by 30" aluminum monument marking the Initial Point of this Subdivision; thence S 84°42'23" W, 194.94 feet; thence S 88°18'45" W, 68.98 feet; thence S 80°14'21" W, 181.36 feet; thence S 62°58'39" W, 411.79 feet; thence S 75°00'00" W, 206.92 feet; thence N 83°52'27" W, 81.05 feet; thence N 76°29'30" W, 50.79 feet; thence N 29°19'39" E, 23.41 feet; thence N 59°17'38" W, 40.01 feet; thence S 29°19'39" W, 23.30 feet; thence, on a curve to the right having a central angle of 27°10'06", a radius of 230.00 feet, for an arc length of 109.06 feet (chord = S 42°54'42" W, 108.04 feet); thence, on a curve to the left having a central angle of 20°13'02", a radius of 420.00 feet, for an arc length of

128.44 feet (chord = S 46°23'02" W, 147.48 feet); thence, on a curve to the right having a central angle of 31°51'54", a radius of 155.00 feet, for an arc length of 86.20 feet (chord = S 52°12'16" W, 85.10 feet); thence, on a curve to the left having a central angle of 57°52'39", a radius of 245.00 feet, for an arc length of 247.49 feet (chord = S 39°11'54" W, 237.10 feet); thence S 10°15'34" W, 103.86 feet; thence, on a curve to the right having a central angle of 7°33'58", a radius of 280.00 feet, for an arc length of 36.98 feet (chord = S 14°02'33" W, 36.95 feet); thence S 17°49'32" W, 95.83 feet; thence, on a curve to the left having a central angle of 54°32'15", a radius of 240.00 feet, for an arc length of 228.45 feet (chord = S 09°26'35" E, 219.92 feet); thence S 36°42'43" E, 137.16 feet; thence, on a curve to the right having a central angle of 11°53'23", a radius of 310.00 feet, for an arc length of 64.33 feet (chord = S 30°46'01" E, 64.21 feet); thence S 24°49'20" E, 40.35 feet; thence S 63°06'41" W, 150.53 feet; thence S 29°22'51" W, 262.13 feet; thence S 33°42'55" E, 368.77 feet; thence S 30°06'48" E, 192.22 feet; thence S 35°03'49" E, 624.24 feet to the east-west centerline of Section 2; thence, along said east-west centerline S 89°06'16" E, 1295.18 feet; thence, leaving said east-west centerline N 00°33'58" E, 476.71 feet; thence N 52°35'11" W, 146.25 feet; thence, on a non-tangential curve to the left having a central angle of 37°58'44" (radial bearing = N 43°19'21" W), a radius of 90.00 feet, for an arc length of 59.66 feet (chord = N 27°41'17" E, 58.57 feet); thence N 08°41'55" E, 98.60 feet; thence, on a curve to the right having a central angle of 2°44'19", a radius of 1980.00 feet, for an arc length of 94.64 feet (chord = N 10°04'04" E, 94.63 feet); thence N 11°26'14" E, 130.23 feet; thence, on a curve to the right having a central angle of 148°10'08", a radius of 90.00 feet, for an arc length of 232.74 feet (chord = N 85°31'18" E, 173.10 feet); thence N 69°36'22" E, 40.00 feet; thence, on a curve to the left having a central angle of 17°51'40", a radius of 130.00 feet, for an arc length of 40.53 feet (chord = N 29°19'28" W, 40.36 feet); thence, on a curve to the right having a central angle of 83°06'28", a radius of 20.00 feet, for an arc length of 29.01 feet (chord = N 03°17'56" E, 26.53 feet); thence, on a curve to the left having a central angle of 43°22'01", a radius of 80.00 feet, for an arc length of 60.55 feet (chord = N 23°10'11" E, 59.12 feet); thence N 88°30'51" W, 40.00 feet; thence N 01°29'10" E, 95.43 feet; thence, on a curve to the right having a central angle of 55°13'22", a radius of 135.00 feet, for an arc length of 130.12 feet (chord = N 29°05'53" E, 125.14 feet); thence, on a curve to the left having a central angle of 47°55'13", a radius of 115.00 feet, for an arc length of 96.18 feet (chord = N 32°44'55" E, 93.40 feet); thence, on a curve to the right having a central angle of 30°13'12", a radius of 115.00 feet, for an arc length of 60.65 feet (chord = N 23°53'56" E, 59.95 feet); thence N 16°53'24" W, 300.02 feet; thence N 16°59'45" W, 62.39 feet; thence N 25°53'11" W, 346.32 feet; thence N 25°53'11" W, 298.59 feet; thence N 26°00'58" W, 301.05 feet to the TRUE POINT OF BEGINNING, encompassing an area of 99.36 acres.

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GOLDEN TEE ESTATES 4th ADDITION, further described as follows:

A tract of land situated in Government Lots Eight (8) and Nine (9) of Section Two (2), Township Fifty-seven (57) North, Range One (1) West, and Government Lots Five (5) and Nine (9) of Section Six (6) Township Fifty-seven (57) North Range One (1) East of the Boise Meridian, Bonner County, Idaho; more particularly described as follows:

Beginning at the Northwest corner of Government Lot 8 of said Section 2 marked on the ground by a standard 30 inch aluminum monument; thence, along the north line of said Government Lot 8, S88° 52'28"E, 813.18 feet, to the northeast corner of Government Lot 8 on the East line of said Section 2; thence, along the line common to Sections 2 and 6, N00° 03'21"E, 518.68 feet, to the northwest corner of Government Lot 5 of Section 6; thence along the North line of Government Lot 5, S89° 31'29"E, 852.27 feet; thence S00° 28'15"W, 670.42 feet; thence S44° 14'00"W, 201.02 feet; thence S04° 08'48"W, 22.49 feet; thence on a curve to the left (radial bearing = S85° 51'12"E) having a central angle of 37° 22'51" and a radius of 130.00 feet, for an arc distance of 84.81 feet (chord = S14° 32'38"E, 83.32 feet); thence S33° 14'03"E, 16.93 feet; thence S56° 45'57"W, 40.00 feet; thence N33° 14'03"W, 16.93 feet; thence on a curve to the right (radial bearing = N56° 45'57"E) having a central angle of 04° 16'14" and a radius of 170.00 feet, for an arc distance of 12.67 feet (chord = N31° 05'56"W, 12.67 feet); thence on a curve to the left (radial bearing = S61° 02'11"W) having a central angle of 70° 17'46" and a radius of 20.00 feet, for an arc distance of 24.54 feet (chord = N64° 06'42"W, 23.03 feet); thence on a curve to the right (radial bearing = N09° 15'34"W) having a central angle of 12° 01'43" and a radius of 145.00 feet, for an arc distance of 30.44 feet (chord = S86° 45'17"W, 30.38 feet); thence S57° 31'07"W, 119.26 feet; thence S15° 48'14"W, 275.77 feet; thence S00° 35'19"W, 638.06 feet; thence S42° 03'28"W, 40.00 feet; thence on a non-tangential curve to the left (radial bearing = S42° 03'28"W) having a central angle of 05° 10'50" and a radius of 150.00 feet, for an arc distance of 13.56 feet (chord = N50° 31'57"W, 13.56 feet); thence on a curve to the left (radial bearing = S36° 52'38"W) having a central angle of 98° 07'54" and a radius of 20.00 feet, for an arc distance of 34.25 feet (chord = S77° 48'41"W, 30.22 feet; thence S28° 44'44"W, 19.52 feet; thence N61° 15'16"W, 30.00 feet; thence S28° 44'44"W, 89.16 feet; thence S02° 37'07"E, 170.00 feet; thence N63° 20'45"W, 243.29 feet; thence S08° 01'29"W, 237.51 feet; thence S86° 40'12"W, 178.65 feet; thence N15° 38'33"W, 250.59 feet; thence N89° 58'38"W, 217.12 feet; thence on a non-tangential curve to the left (radial bearing = N67° 28'58"W) having a central angle of 21° 01'51" and a radius of 80.00 feet, for an arc distance of 29.36 feet (chord = N12° 00'06"E, 29.20 feet); thence N88° 30'49"W, 40.00 feet; thence N01° 29'11"E, 95.43 feet; thence on a curve to the right (radial bearing = S88° 30'49"E) having a central angle of 55° 13'22" and a radius of 135.00 feet, for an arc distance of 130.12 feet (chord = N29° 05'52"E, 125.14 feet); thence on a curve to

the left (radial bearing = N33° 17'27"W) having a central angle of 47° 55'12" and a radius of 115.00 feet, for an arc distance of 96.18 feet (chord = N32° 44'57"E, 93.40 feet); thence on a curve to the right (radial bearing = S81° 12'39"E) having a central angle of 30° 13'12" and a radius of 115.00 feet, for an arc distance of 60.66 feet (chord = N23° 53'57"E, 59.95 feet); thence N16° 53'24"W, 300.02 feet; thence N16° 59'45"W, 62.39 feet; thence N25° 53'11"W, 644.91 feet; thence N26° 00'58"W, 301.05 feet, to the TRUE POINT OF BEGINNING; encompassing an area of 48.56 acres.

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GOLDEN TEE ESTATES 5TH ADDITION, further described as follows:

A tract of land in Government Lot Nine (9) of Section Two (2), Township Fifty-seven (57) North, Range One (1) West of the Boise Meridian, Bonner County, Idaho and Government Lots Nine (9) and Ten (10) of Section Six (6), Township Fifty-seven (57) North, Range One (1) East of the Boise Meridian, Bonner County, Idaho and more particularly described as follows:

Beginning at the Southeast Corner of Government Lot 9, Section 2, which is a standard 2 ½" by 30" aluminum monument marking the Initial Point of this Subdivision; thence, along the south line of said Government Lot 9, N89° 06'16"W, 574.28 feet; thence N00° 33'58"E, 476.71 feet; thence N52° 35'11"W, 146.25 feet; thence on a non-tangential curve to the left (radial bearing = N43° 19'21"W) having a central angle of 37° 58'44" and a radius of 90.00 feet, for an arc distance of 59.66 feet (chord = N27° 41'17"E, 58.57 feet); thence N08° 41'55"E, 98.60 feet; thence on a curve to the right having a central angle of 02° 44'19" and a radius of 1980.00 feet, for an arc distance of 94.64 feet (chord = N10° 04'04"E, 94.63 feet); thence N11° 26'14"E, 130.23 feet; thence on a curve to the right having a central angle of 148° 10'08" and a radius of 90.00 feet, for an arc distance of 232.74 feet (chord = N85° 31'18"E, 173.10 feet); thence N69° 36'22"E, 40.00 feet; thence on a non-tangential curve to the left (radial bearing = S69° 36'22"W) having a central angle of 17° 51'40" and a radius of 130.00 feet for an arc distance of 40.53 feet (chord = N29° 19'28"W, 40.36 feet); thence on a curve to the right (radial bearing = N51° 44'42"E) having a central angle of 83° 06'28" and a radius of 20.00 feet, for an arc distance of 29.01 feet (chord = N03° 17'56"E, 26.53 feet); thence on a curve to the left (radial bearing = N45° 08'50"W) having a central angle of 22° 20'08" and a radius of 80.00 feet, for an arc distance of 31.19 feet (chord = N33° 41'06"E, 30.99 feet); thence S89° 58'38"E, 217.12 feet; thence S15° 38'33"E, 250.59 feet; thence N86° 40'12"E, 178.65 feet; thence N08° 01'29"E, 237.51 feet; thence S63° 20'45"E, 243.29 feet; thence S45° 00'00"E, 143.47 feet; thence S42° 32'15"E, 280.90 feet; S20° 46'01"E, 173.21 feet; thence S59° 00'19"W, 168.71 feet; thence S23° 53'09"E, 505.55 feet; thence S65° 33'38"E, 394.86 feet; thence N75° 32'31"E, 222.19 feet; thence S79°

12'01"E, 133.44 feet; thence S17° 40'50"E, 167.33 feet; thence S71° 38'19"E, 126.69 feet; thence S10° 56'04"W, 179.63 feet; thence S67° 30'46"E, 89.40 feet; thence on a curve to the left (radial bearing = N22° 29'14"E) having a central angle of 103° 01'29" and a radius of 25.54 feet, for an arc distance of 45.92 feet (chord = N60° 58'30"E, 39.98 feet); thence N09° 27'46"E, 9.46 feet; thence on a curve to the right (radial bearing = S80° 32'14"E) having a central angle of 04° 04'47" and a radius of 320.00 feet, for an arc distance of 22.79 feet (chord = N11° 30'09"E, 22.78 feet); thence S76° 27'27"E, 40.00 feet; thence on a curve to the left (radial bearing = S76° 27'27"E) having a central angle of 04° 04'47" and a radius of 280.00 feet, for an arc distance of 19.94 feet (chord = S11° 30'09"W, 19.93 feet); thence S09° 27'46"W, 12.99; thence on a curve to the left (radial bearing = S80° 32'14"E) having a central angle of 107° 40'41" and a radius of 18.35 feet, for an arc distance of 34.49 feet (chord = S44° 22'35"E, 29.63 feet); thence on a curve to the right (radial bearing = S08° 12'55"E) having a central angle of 14° 57'21" and a radius of 153.00 feet, for an arc distance of 39.94 feet (chord = N89° 15'46"E, 39.82 feet); thence S06° 44'26"W, 40.00 feet; thence on a curve to the left (radial bearing = S06° 44'26"W) having a central angle of 14° 57'21" and a radius of 113.00 feet, for an arc distance of 29.50 feet (chord = S89° 15'46"W, 29.41 feet); thence on a curve to the right (radial bearing = N08° 12'55"W) having a central angle of 30° 42'01" and a radius of 220.00 feet, for an arc distance of 117.88 feet (chord = N82° 51'55"W, 116.48 feet); thence N67° 30'54"W, 106.87 feet; thence on a curve to the right (radial bearing = N22° 29'06"E) having a central angle of 20° 24'44" and a radius of 320.00 feet, for an arc distance of 114.00 feet (chord = N57° 18'32"W, 113.40 feet); thence N47° 06'10"W, 15.80 feet; thence on a curve to the left (radial bearing = S42° 53'50"W) having a central angle of 08° 20'05" and a radius of 480.00 feet, for an arc distance of 69.82 feet (chord = N51° 16'12"W, 69.76 feet); thence N55° 26'15"W, 44.82 feet; thence on a curve to the left (radial bearing = S34° 33'45"W) having a central angle of 52° 36'31" and a radius of 130.00 feet, for an arc distance of 119.37 feet (chord = N81° 44'31"W, 115.22 feet); thence S71° 57'14"W, 32.25 feet; thence on a curve to the right (radial bearing = N18° 02'46"W) having a central angle of 35° 06'00" and a radius of 220.00 feet, for an arc distance of 134.77 feet (chord = S89° 30'14"W, 132.68 feet); thence N72° 56'46"W, 152.54 feet; thence on a curve to the left (radial bearing = S17° 03'14"W) having a central angle of 20° 33'14" and a radius of 200.00 feet, for an arc distance of 71.75 feet (chord = N83° 13'23"W, 71.36 feet); thence S86° 30'00"W, 73.83 feet; thence on a curve to the right (radial bearing = N03° 30'00"W) having a central angle of 22° 46'03" and a radius of 170.00 feet, for an arc distance of 67.55 feet (chord = N82° 06'59"W, 67.11 feet); thence N70° 43'57"W, 88.99 feet; thence on a curve to the right (radial bearing = N19° 16'03"E) having a central angle of 05° 49'21" and a radius of 205.00 feet, for an arc distance of 20.83 feet (chord = N67° 49'16"W, 20.82 feet); thence S37° 28'52"W, 285.07 feet; thence N87° 37'27"W, 93.78 feet; thence N25° 25'47"W, 230.00 feet; thence N08° 28'57"E, 250.00 feet; thence N61° 11'08"W, 267.32 feet;

thence N89° 06'16"W, 46.46 feet, to the TRUE POINT OF BEGINNING; encompassing area of 37.13 acres.

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GOLDEN TEE ESTATES 6th ADDITION, further described as follows:

A tract of land situated in the East Half of the Southwest Quarter (E ½ SW ¼) and the Southeast Quarter of the Northwest Quarter (SE ¼ NW ¼) of Section Six (6) Township Fifty-seven (57) North, Range One (1) East of the Boise Meridian, Bonner County, Idaho; more particularly described as follows:

Beginning at a point on the East line of the SW ¼ of said Section 6 which is N00° 59'35"E, 397.72 feet from the Southeast corner of the SW 1/4 marked on the ground by a standard 30 inch aluminum monument; thence, along the East line of said SW ¼ and the SE ¼ of the NW ¼, N00° 59'35"E, 3098.90 feet; thence N30° 28'00"W, 279.23 feet; thence S74° 34'58"W, 69.30 feet; thence S64° 54'20"W, 343.91 feet; thence S26° 52'40"E, 43.67 feet; thence on a curve to the left (radial bearing = N63° 07'20"E) having a central angle of 02° 33'15" and a radius of 280.00 feet, for an arc distance of 12.48 feet; thence S29° 25'55"E, 294.70 feet; thence on a curve to the left (radial bearing = N60° 34'05"E) having a central angle of 06° 47'41" and a radius of 470.65 feet, for an arc distance of 55.82 feet; thence S36° 13'36"E, 108.01 feet; thence S53° 46'24"W, 40.00 feet; thence S36° 13'36"E, 124.32 feet; thence on a curve to the right (radial bearing = S53° 46'24"W) having a central angle of 62° 37'13" and a radius of 380.00 feet, for an arc distance of 415.31 feet; thence S26° 23'37"W, 192.98 feet; thence on a curve to the left (radial bearing = S63° 36'23"E) having a central angle of 10° 54'28" and a radius of 420.00 feet, for an arc distance of 79.96 feet; thence S15° 29'09"W, 93.12 feet; thence on a curve to the right (radial bearing = N74° 30'51"W) having a central angle of 156° 15'03" and a radius of 25.00 feet, for an arc distance of 68.18 feet; thence N08° 15'48"W, 32.89 feet; thence on a curve to the right (radial bearing = N81° 44'12"E) having a central angle of 14° 20'11" and a radius of 380.00 feet, for an arc distance of 95.08 feet; thence N06° 04'23"E, 140.66 feet; thence on a curve to the right (radial bearing = S83° 55'37"E) having a central angle of 10° 13'27" and a radius of 380.00 feet, for an arc distance of 67.81 feet; thence N16° 17'50"E, 51.75 feet; thence on a curve to the left (radial bearing = N73° 42'10"W) having a central angle of 47° 47'49" and a radius of 95.00 feet, for an arc distance of 79.25 feet; thence N54° 58'07"E, 117.47 feet; thence N28° 29'35"W, 371.13 feet; thence N50° 12'50"W, 211.70 feet; thence S47° 54'36"W, 247.48 feet; thence S35° 40'50"E, 383.42 feet; thence S05° 58'05"W, 113.94 feet; thence on a curve to the right (radial bearing = N84° 01'55"W) having a central angle of 06° 43'14" and a radius of 480.00 feet, for an arc distance of 56.30 feet; thence S12° 41'19"W, 71.59 feet; thence on a curve to the left (radial bearing = S77° 18'41"E) having a central angle of 13° 29'13"

and a radius of 370.00 feet, for an arc distance of 87.09 feet; thence $S00^{\circ} 47'54''E$, 84.34 feet; thence on a curve to the right (radial bearing = $S89^{\circ} 12'06''W$) having a central angle of $06^{\circ} 45'05''$ and a radius of 480.00 feet, for an arc distance of 56.56 feet; thence $S05^{\circ} 57'11''W$, 56.66 feet; thence $N88^{\circ} 33'50''W$, 240.00 feet; thence $S04^{\circ} 26'16''W$, 166.14 feet; thence $S75^{\circ} 27'50''E$, 210.00 feet; thence on a non-tangential curve to the left (radial bearing = $S72^{\circ} 43'57''E$) having a central angle of $23^{\circ} 31'30''$ and a radius of 320.00 feet, for an arc distance of 131.39 feet (chord = $S05^{\circ} 30'18''W$, 130.47 feet); thence $S06^{\circ} 15'27''E$, 127.32 feet; thence on a curve to the right (radial bearing = $S83^{\circ} 44'33''W$) having a central angle of $15^{\circ} 05'34''$ and a radius of 130.00 feet, for an arc distance of 34.24 feet; thence $S08^{\circ} 50'07''W$, 97.90 feet; thence on a curve to the right (radial bearing = $N81^{\circ} 09'53''W$) having a central angle of $98^{\circ} 20'11''$ and a radius of 95.00 feet, for an arc distance of 163.05 feet; thence on a curve to the left (radial bearing = $S17^{\circ} 10'18''W$) having a central angle of $10^{\circ} 25'52''$ and a radius of 153.00 feet, for an arc distance of 27.85 feet; thence $S06^{\circ} 44'26''W$, 40.00 feet; thence $S10^{\circ} 20'33''W$, 119.20 feet; thence $S17^{\circ} 55'57''W$, 53.80 feet; thence $S13^{\circ} 55'30''E$, 207.14 feet; thence $S14^{\circ} 04'28''W$, 93.85 feet; thence $S55^{\circ} 37'04''E$, 157.06 feet; thence $S05^{\circ} 35'33''E$, 470.01 feet; thence $S68^{\circ} 16'42''E$, 362.98 feet; thence $S87^{\circ} 39'18''E$, 261.55 feet, to the TRUE POINT OF BEGINNING; encompassing an area of 43.79 acres.

EXHIBIT "B"

[legal description of Club Property – excluded from these CC&R's]

The following Lots as shown on the Final Plat of the Replat of Golden Tee Estates and Golden Tee Estates 1st Addition:

Lot 1A, Block 11

Lot 1, Block 12A

Lot 1, Block 14A

Block 16

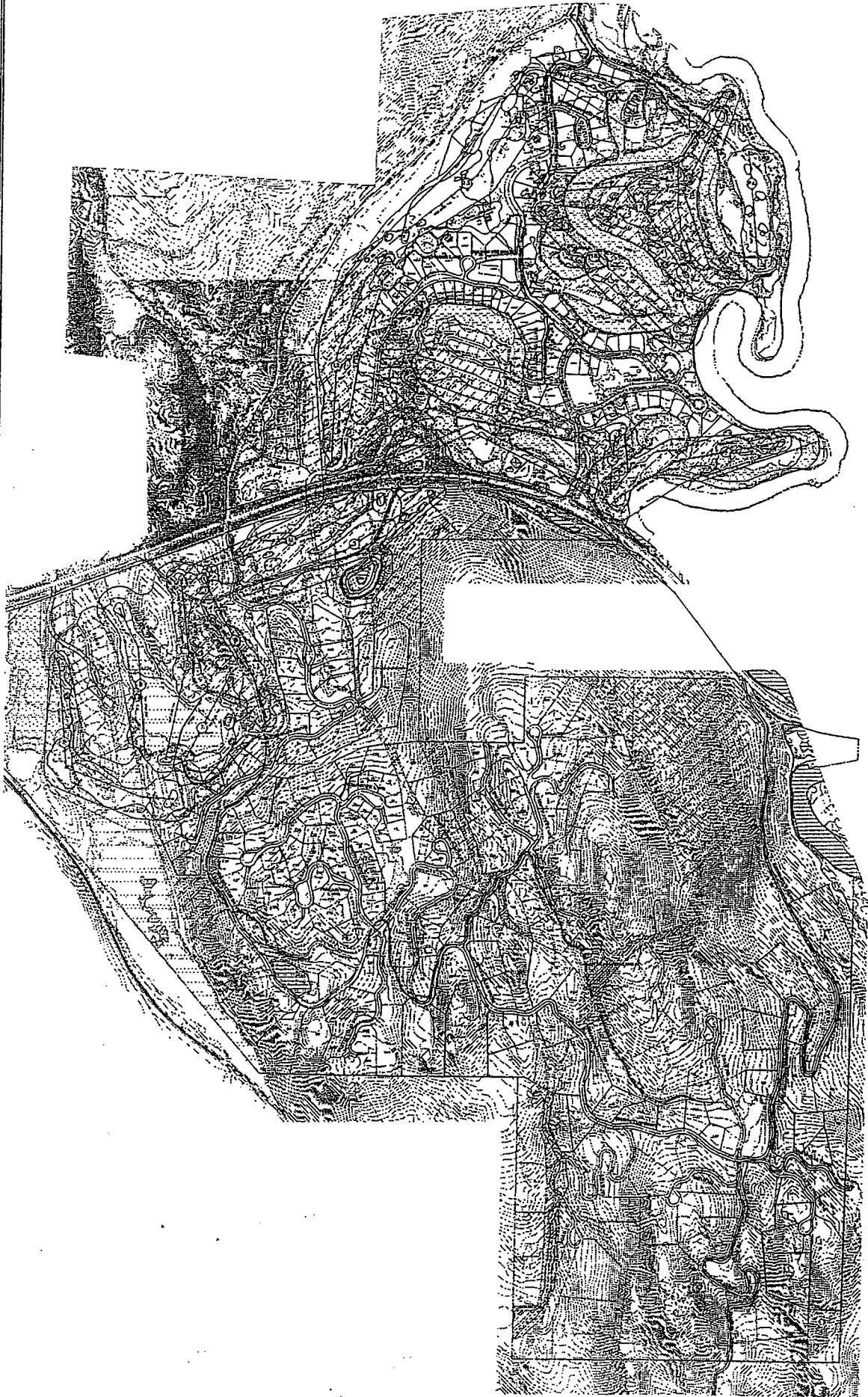
Block 5A

Lot 1, Block 15

Lot 1, Block 17

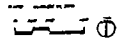
Lot, Block 12A

Block 18



THE - IDAHO - CLUB
SANDPOINT, IDAHO

OVERVIEW PLAN



SHERWOOD
Design Engineers
1100 W. Main Street
Sandpoint, Idaho
HART HIGGERTON
ARCHITECTS
100 W. Main Street
Sandpoint, Idaho

ADDENDUM NO. 1

RESIDENT LAKE CLUB MEMBERSHIP

1. Membership. The Owner of a Lot shall automatically be issued a Resident Lake Club Membership in the Club ("Resident Lake Club Membership"), and shall become a Resident Lake Club Member ("Resident Lake Club Member"). Upon becoming the Owner of a Lot, each Owner shall execute and deliver to the Club a Resident Lake Club Membership Agreement ("Resident Lake Club Membership Agreement"). Upon receipt by the Club of the Resident Lake Club Membership Agreement and the issuance to the Owner by the Club of a Resident Lake Club Membership, each Owner shall be entitled to the use and enjoyment of all of the Club Facilities (other than the golf course), upon the terms, conditions, bylaws rules and regulations established by the Club, as the same may be amended from time to time (the "Club's Governing Instruments"). An Owner shall not be entitled to use the Club Facilities (other than the golf course) until such time as the Owner executes and delivers a Resident Lake Club Membership Agreement to the Club. Additionally upon becoming an Owner of a Lot, the Owner of a Lot shall automatically be subject to the terms and conditions of the Club's Governing Instruments.

2. Issuance of Resident Lake Club Membership. Each Resident Lake Club Membership shall be issued in the name of the Owner of the Lot who shall become a Resident Lake Club Member. In the event the Lot is owned by more than one person, the Resident Lake Club Membership shall be issued in the name of only one of such Owners, as designated by such Owners.

3. Transfer of Residence Lake Club Membership. Resident Lake Club Memberships shall not be transferred, pledged, assigned, hypothecated or alienated in any way, except upon the transfer of ownership to the Lot to which it is appurtenant, and then only to the new Owner of such Lot. Any attempt to make a prohibited transfer is void. In this regard, each Resident Lake Club Membership shall be transferred automatically to the subsequent purchaser by conveyance of the applicable Lot. The Club, in its sole discretion, may charge the subsequent purchaser of the applicable Lot a transfer fee for the conveyance of the Resident Lake Club Membership to such purchaser, in such amount as may be determined by the Club from time to time.

4. Dues. Each Resident Lake Club Member will be required to pay dues, fees and other charges to the Club on a periodic basis, as determined by the Club from time to time. The Club may increase the dues, fees and other charges associated with a Resident Lake Club Membership from time to time, pursuant to the Club's Governing Instruments.

5. Agreement to Pay Dues, Fees and Charges. Each Owner, by acceptance of instruments of conveyance and transfer of a Lot, whether or not it be so expressed in said instruments, shall be deemed to covenant and agree to pay to the Club all dues, fees and charges arising out of or associated with the Resident Lake Club Membership issued to such Owner.

6. Lien for Dues, Fees and Charges. All sums due from a Resident Lake Club Membership for dues, fees or other charges of the Club with respect to the Resident Lake Club Membership shall be secured by a lien on the Lot, Dwelling and any other Improvements

thereon, in favor of the Club. Such lien shall be executed, recorded and/or foreclosed in the same manner as provided for liens for the assessments of the Association, in accordance with Article VIII of the foregoing Declaration. In the event the Club is unable for any reason to collect any dues, fees or other charges owing to the Club from a Resident Lake Club Member by means of the enforcement of a lien on the Lot, Dwelling and any other Improvements of such Resident Lake Club Member, the Association shall collect such amounts owing by means of the enforcement of a lien on the Lot, Dwelling and any other Improvements of such Resident Lake Club Member for the benefit of the Club. Such lien shall be executed, recorded and/or foreclosed in the same manner as provided in accordance with Article VIII of the foregoing Declaration.

7. Personal Obligation of Owner. The amount of any dues, fees and charges owing by a Resident Lake Club Member with respect to the Resident Lake Club Membership shall further be the personal obligation of such Owner. Suit to recover a money judgment for such personal obligation shall be maintainable by the Club without foreclosing or waiving the lien securing the same. No Owner may avoid or diminish any such personal obligation by waiver of the use and enjoyment of any of the amenities included in the Resident Lake Club Membership or by abandonment of such Owner's Resident Lot Club Membership, Lot or Dwelling or by waiving any services provided for by the Club. Additionally, no Owner may avoid or diminish any such personal obligation by failing to deliver to the Club a Resident Lake Club Membership Agreement. In the event of any suit to recover a money judgment for unpaid dues, fees or charges hereunder, the applicable Owner shall pay the costs and expenses incurred by the Club in connection therewith, including reasonable attorneys' fees.

8. Termination of Resident Lake Club Memberships. Pursuant to the Club's Governing Instruments, upon the occurrence of certain events beyond the Club's control, the Club may terminate all of the issued and outstanding Resident Lake Club Memberships in the Club. Upon any such termination, each Owner in whose name a Resident Lake Club Membership has been issued shall no longer be entitled to enjoy the Club Facilities (other than the golf course) located on and associated with the Club and the Club Property in such Owner's role as a Resident Lake Club Member..

9. Amendment. This Addendum may not be amended in any way without the written consent of the Club, which consent shall be granted or denied in the sole discretion of the Club.