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AND WHEN RECORDED RETURN TO:

Crane Shores, L.L.C.
c/o Vision Land Management
661 South Rivershore Lane, Suite 120
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Valley County, Idaho

DECLARATION OF COVENANTS, CONDITIONS & RESTRICTIONS FOR CRANE SHORES

Declarant: Crane Shores, L.L.C.,
An Idaho Limited Liability Company

Abbreviated Legal Description: East ½ of the West ½ of the Northwest ¼ of Section 17,
Township 16 North, Range 3 East, Boise Meridian, Valley County, Idaho.

Assessor's Tax Parcel: RP 16N03E 173006

This Declaration of Covenants, Conditions, and Restrictions for Crane Shores (this "Declaration") is dated as of the 10th day of November, 2005, by Crane Shores, L.L.C., an Idaho limited liability company (the "Declarant").

ARTICLE 1 - RECITALS

WHEREAS, Declarant is the owner of the parcel or parcels of real property described as CRANE SHORES, a subdivision located at 1835 West Roseberry Road, Donnelly, in Valley County, Idaho, according to the plat thereof filed for record on January 11, 2006, as Plat No. 304779, Official Records of Valley County, Idaho, containing eighty-three (83) buildable Lots, six (6) common ownership lots (one of which, Lot 25, Block 2, will be developed and maintained as a private park), and eight (8) private roadways on 40.261± acres, and further described in Schedule "I" attached hereto and made a part hereof (the "**Property**").

WHEREAS, Declarant desires to establish a general plan for the development of the Property, for the mutual benefit of present and future owners (the "**Development Plan**"). The Development Plan, in general, provides for the development of the Property in separate building lots for residential use, in accordance with the applicable ordinances of Valley County, Idaho. A copy of the Development Plan is attached hereto as **Exhibit "A"** and made a part hereof.

NOW, THEREFORE, Declarant hereby declares that all of the Property shall be held, sold and conveyed subject to the following covenants, conditions and restrictions, which shall run with the Property and shall bind all parties having or acquiring any right, title or interest in the Property or any lot or portion thereof, and shall inure to the benefit of each such party.

ARTICLE 2 - DEFINITIONS

As used in this Declaration, unless the context otherwise specifies or requires, the following words and phrases shall be defined as follows:

2.1 Architectural Review Committee. The phrase "Architectural Review Committee" is defined in Paragraph 8.1 of this Declaration.

2.2 Association. An organization formed by Declarant in accordance with Paragraph 4.1 of this Declaration, to operate and maintain the Common Lots that lie within the boundaries of Crane Shores, to levy and collect assessments from the Owners to defray the costs of such operation and maintenance, and to perform any other duties as provided in this Declaration or in the Articles of Incorporation for the Crane Shores Homeowners' Association.

2.3 Building. A structure constructed on or affixed to a Lot, on a temporary or permanent basis, and, unless specified to the contrary, shall include all other appurtenances and improvements thereto or used in connection therewith.

2.4 Building Envelope. As to each Lot, the area within which all construction must be contained, as designated on the Plat, and in compliance with Valley County zoning and building codes.

2.5 Common Lots. Lots 1 and 25, Block 1, and Lots 4, 9, 20 and 25, Block 2, as identified in Note 6 on the Plat. The Common Lots do not include the land owned and managed by the U.S. Bureau of Reclamation between the western boundary of the Property and Cascade Reservoir, which is subject to use and access limitations as described in Section 7.17 hereof.

2.6 Declarant. Crane Shores, L.L.C., an Idaho limited liability company, and any successor to whom Class B voting rights are transferred pursuant to Paragraph 4.2(b) of this Declaration.

2.7 Declaration. This Master Declaration of Conditions, Covenants and Restrictions and any amendment hereto which is duly adopted pursuant to Paragraph 9.5 of this Master Declaration and filed in the Official Records of Valley County, Idaho.

2.8 Development. The work to be undertaken and performed by Declarant resulting in the improvement of Crane Shores, including landscaping, lighting, irrigation, construction of roadways, sidewalks, utility services, amenities, and other improvements, as elected by Declarant.

2.9 Improvements. All structures and appurtenances thereto of all kinds and types, including, but not limited to, Buildings as defined in Paragraph 2.3 hereof, roads, driveways,

sidewalks, walkways, walls, fences, screens, landscaping, poles, signs and lighting. Improvements shall not include those items that are located totally in the interior of a Building and cannot be readily observed when outside thereof.

2.10 Lot. Any portion or combination of the Property so designated on the Plat or otherwise by the governing authorities as a separate legal lot for building purposes.

2.11 Mortgage. Any mortgage, deed of trust or other hypothecation of one or more Lots or any interest therein, located in Crane Shores, to secure performance of an Owner's obligation. Unless otherwise specifically provided, the reference to a "Mortgage" in this Declaration shall be limited to a first position lien created by a mortgage or deed of trust

2.12 Owner. The record owner or owners of a fee simple interest in any Lot, including contract purchasers but excluding those holding such interest merely as a security for the performance of an obligation, but including a mortgagee holding a first position Mortgage, provided said mortgagee is in actual possession of a Lot following foreclosure of its Mortgage, and any person taking title through said mortgagee by purchase at a foreclosure sale. The term "Owner" includes the Declarant as to any portion of the Property owned by the Declarant.

2.13 Plat. A final subdivision plat covering all or any portion of the Property in Crane Shores, and filed for record in the Official Records of Valley County, Idaho, as the same may be amended by duly adopted and recorded amendments thereto.

2.14 Property. The parcel or parcels of real property described as **Block 1**, Lots 1 through 25; and **Block 2**, Lots 1 through 64; **CRANE SHORES SUBDIVISION**, according to the Plat thereof filed for record on January 11, 2006, as Plat No. 304 279, in the Official Records of Valley County, Idaho.

ARTICLE 3 - MASTER PLAN

3.1 Incorporation by Reference. The following documents are incorporated by reference herein: the Plat.

3.2 Consistency. In case of any inconsistency between this Declaration and the Plat, the Plat shall control.

3.3 Conveyance of Common Lots. Concurrent with recording the final plat for the Property, or any property subsequently added to this Declaration, the Declarant shall convey all Common Lots within the Property to the Association. If, at the time the final plat is recorded, the Declarant owns any of the Lots, then the Declarant shall reconvey all of said Common Lots to the Association immediately upon conveyance, by the Declarant, of the last Lot within the Property. The term "Declarant" shall be deemed to refer to any entity who has acquired Declarant status and Class B" voting rights under Paragraph 4.2(b) of this Declaration.

3.4 Reservation of Water Rights. Declarant reserves to itself, with respect to all Property now subject to or subsequently added to this Declaration, all appurtenant entitlements to

water, including, but not limited to, Declarant's right, title and interest in and to all licensed water rights, decreed water rights, claims to water rights, water right permits and applications for water rights.

3.5 Use and Maintenance of Common Lots and Cul-de-Sacs.

(a) Common Lots may not be further divided nor used for purposes other than landscaping, open space, storm drainage, and private parks or parkways. The Association may not convey or otherwise divest itself of fee title to any Common Lots. The Association shall maintain the Common Lots, at all times, in a visually appealing and weed-free condition. Any dead or diseased vegetation shall be replaced with like vegetation as soon as reasonably practicable. Any and all signs, equipment and improvements located within Common Lots (including the private park on Lot 25, Block 2) and the fencing and signage bordering the BOR land (as defined in Section 7.17) shall be repaired or replaced as necessary, and shall be, at all times, maintained in a functional, safe and aesthetically pleasing condition.

(b) Commencing on the date the first certificate of occupancy is issued for a Residence in Crane Shores, the Declarant shall maintain Lake Forest Lane and the private cul-de-sacs (collectively, the "**Cul-de-Sacs**") at all times in good and clean condition and repair, said maintenance to include, without limitation, the following:

(i) Maintaining, repairing and resurfacing, when necessary, all paved surfaces in a level, smooth and evenly covered condition with the type of surfacing material originally installed or such substitute as shall in all respects be equal or superior in quality, use and durability, and restriping, when necessary;

(ii) Plowing all snow in coordination with Valley County's plowing of Crane Shores Drive, and removing all papers, debris, filth and refuse and thoroughly sweeping the Cul-de-Sacs to the extent reasonably necessary to keep them in a clean and orderly condition; and

(iii) Maintaining, repairing and replacing, when necessary, all traffic directional signs, markers and lines on the Cul-de-Sacs.

(c) A budget for maintenance of the Common Lots and for sweeping and plowing of the Cul-de-Sacs and the initial annual homeowner's assessments are included in **Exhibit "B"** annexed hereto. Said budget shall not be reduced to amounts less than sufficient to perform the obligations provided in this Article III, and in no event less than provided in Exhibit "B." Owners of Lots fronting on the Cul-de-Sacs shall be specially assessed for the cost of sweeping and plowing the Cul-de-Sacs.

3.6 Regulatory Approval. Notwithstanding anything to the contrary contained in this Declaration, this Article III may only be amended in compliance with Paragraph 9.5 hereof and with written approval from Valley County, or succeeding regulatory agency, if the applicable governmental regulations governing such amendment require such written approval. Requests for such approval shall take the form of an application for subdivision, partition, plat amendment, or post-decision review, as deemed appropriate by the regulatory agency.

ARTICLE 4 - HOMEOWNERS' ASSOCIATION

4.1 Formation. The Declarant hereby declares the formation of the Crane Shores Homeowner's Association (the "**Association**") consisting of all Owners. Upon the sale of all Lots owned by the Declarant, or at such earlier time as determined by the Declarant, the Association shall succeed to all powers, rights and responsibilities of the Declarant under this Declaration and, thereafter, any reference to Declarant shall be deemed to refer to the Association. Membership in the Association may not be transferred, pledged or alienated in any way except upon the sale of a Lot, at which time the membership and voting right shall be assigned automatically to the purchaser of such Lot.

4.2 Voting Rights. The Association shall be comprised of two classes of voting rights, defined as follows:

(a) **Class "A":** Each Lot shall include one (1) Class A voting right. After the expiration of all Class B voting rights, or at such earlier time as determined by the Declarant, each Owner who has paid current all assessments against all of his or her Lots shall have the right to cast one (1) vote for each Lot owned by said Owner in all matters for which a vote is called by the Association and, except as otherwise provided in this Declaration, the Association shall be governed by the vote of a simple majority of Owners. The percentage or majority vote of the Owners shall be determined as a percentage or majority of the number of Lots, regardless of any common ownership thereof. Owners may vote only in person or by signed proxy. In any case in which two or more persons share in the ownership of a Lot, regardless of the form of ownership, the responsibility of such persons to comply with this Declaration shall be joint and several, and any act or consent of one or more of such persons shall constitute the act or consent of the entire ownership interest; provided, however, in the event that such persons disagree among themselves as to the manner in which any vote or right of consent held by them shall be exercised with respect to a pending matter, then any such person may deliver written notice of such disagreement to the Association, and such vote or right of consent shall be disregarded completely in determining the portion or number of votes cast in the matter for which such notice is given.

(b) **Class "B":** The Declarant shall own one (1) Class B voting right for each Lot owned by the Declarant. Until the expiration of all Class B voting rights, all decisions of the Association shall be made solely by the Declarant. Each Class B voting right shall expire upon the conveyance of the Lot to which it attaches; provided, however, the Declarant may, in Declarant's sole discretion, transfer Class B voting rights to any person or entity that acquires any portion of Declarant's interest in the Property. Upon any such transfer, the transferee shall be deemed the Declarant hereunder, and shall succeed to all rights and shall assume all liabilities of the Declarant pertaining to the Property, arising under this Declaration or otherwise.

4.3 Initial Meeting and Election of Officers. The general membership of the Association shall meet within ninety (90) days after the expiration of all Class B voting rights and, at that time, shall elect a president, vice president, secretary, treasurer, and Architectural Review Committee (as defined in Paragraph 8.1 of this Declaration) from among the general membership. The president, vice president, secretary, treasurer, and members of the Architectural Review Committee shall serve terms of one (1) year, without compensation, but there shall be no limitation on the number of terms served. The president shall schedule and

preside at all meetings of the Association unless unavailable, in which case the vice president shall perform the functions of the president. The secretary shall prepare and publish written notice of all meetings of the Association as provided in Paragraph 4.6 of this Declaration, and shall prepare, preserve and maintain written minutes of all actions taken by the Association as provided in Paragraph 4.7 of this Declaration. The treasurer shall deposit all funds belonging to the Association in interest bearing savings accounts or short-term certificates of deposit, and shall keep and maintain books of account detailing all receipts and expenditures of the Association, as specified in Paragraph 4.7 of this Declaration. The funds of the Association shall be kept in accounts in the name of the Association and shall not be commingled with any other funds.

4.4 Annual Meetings. The general membership of the Association shall meet each year on February 1st or, if such date falls upon a Sunday or holiday, upon the next business day following. Annual meetings of the Association shall be open to all Owners and their authorized agents or proxies. At each annual meeting, the treasurer shall present a report of the financial affairs of the Association, including without limitation: (i) the balance of funds at the beginning of the prior year, (ii) all funds collected or received during the prior year, (iii) designation by depository institution, account number and ending balance, all accounts into which said funds were deposited, (iv) all expenses and costs paid during the prior year, and (v) the balance of funds at the end of the prior year. At the close of each annual meeting, the Owners who have paid current all assessments against their Lots shall elect a president, vice president, secretary, treasurer, and members of the Architectural Review Committee (as defined in Paragraph 8.1 of this Declaration) from among the general membership.

4.5 Special Meetings. Special meetings of the Association may be called by the president, or by Owners holding ten percent (10%) of the votes which are then exercisable in the Association, in order to discuss issues of importance to the Association and Owners. Special meetings of the Association shall be open to all Owners of record and their authorized agents.

4.6 Notice of Meetings. Not less than thirty (30) days, or more than sixty (60) days, in advance of any meeting, the secretary shall cause notice to be hand-delivered or sent prepaid by first class United States mail to the residential mailing address of each Owner, or to any other mailing address designated in writing by an Owner. The notice of each meeting shall state the time and place of the meeting and the business to be placed on the agenda for a vote by the owners, including the general nature of any proposed amendment to this Declaration, and any budget or changes in previously approved budgets that result in a change in assessment obligations.

4.7 Records of the Association. The secretary shall keep minutes of all actions taken by the Association, including the number of Owners voting for and against each such action. All records of the Association, including the names and addresses of Owners and other occupants of the Lots, shall be available for examination by all Owners, holders of mortgages on the Lots, and their respective authorized agents, upon advance written notice, at reasonable times and reasonable locations within the Property. The Association shall not release the unlisted telephone number of any Owner. The Association may impose and collect a reasonable charge for copies and any reasonable costs incurred by the Association in providing access to records. The treasurer shall prepare and publish financial records, on a calendar-year basis, in sufficient detail to enable the Association to fully declare to each Owner the true statement of its financial status,

and shall provide a copy thereof to the secretary of the Association prior to February 1 of each calendar year. All financial and other records of the Association, including but not limited to checks, bank records, and invoices, in whatever form, are the property of the Association. Each treasurer shall turn over all original books and records to the Association immediately upon termination of office, or upon demand made by a majority of the Owners. Treasurers shall be entitled to keep copies of Association records made during their tenure, and all records which a past treasurer has turned over to the Association shall be made reasonably available for the examination and copying by each new treasurer.

ARTICLE 5 - ASSESSMENTS

5.1 General Assessments. General assessments shall be used exclusively for the purpose of promoting the value and desirability of the Property for the mutual benefit of all Owners, including, without limitation, the maintenance of the Common Lots as provided in Article III of this Declaration. There shall be no expenditure of funds belonging to the Association except: (a) as provided in this Article V, or (b) upon the concurrence of the Owners of sixty seven percent (67%) of the Lots.

5.2 Special Assessments. In addition to regular general assessments, special assessments may be levied for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair, equipment purchase or rental as necessary for the common benefit of the Owners. Any special assessment shall be levied only with the consent of the Owners of sixty seven percent (67%) of all Lots, based upon voting rights as described in Paragraph 4.2 of this Declaration.

5.3 Rate of Assessments. The Association shall assess and collect assessments from each Owner, except Declarant, based on the number of Lots owned by each Owner. Assessments shall be divided equally among all Lots and paid by each Owner annually, prior to the later of March 1st or thirty (30) days after the date of the Association's Annual Meeting in the year for which they are assessed. The owners of any parcels subsequently added to this Declaration shall be deemed Owners, subject to all rights and obligations under this Declaration, including, without limitation, the payment of regular and special assessments levied hereunder. Assessments not paid when due shall be delinquent and shall bear interest at the rate of eighteen percent (18%) per annum, or the highest rate allowed by law. The Association may, at its option, publish a list of the names of Owners with delinquent assessments and/or file a lien against any delinquent Lot and foreclose the lien for collection of the delinquent assessment. Initial assessments shall be as specified on Exhibit "B" attached hereto and incorporated herein by reference. Assessments may be increased from time to time as determined by the concurrence of the Owners of sixty seven percent (67%) of all Lots, as provided in Paragraph 4.2 of this Declaration.

5.4 Personal Obligation. Each assessment, together with interest, costs and reasonable attorney's fees incurred in the collection of said assessment, shall be the personal obligation of the person who was the Owner of the Lot at the time the assessment first became due. Said personal obligation shall not pass to the Owner's successors in interest unless expressly assumed; provided, however, that all assessments shall be prorated as of the date of closing of the sale of any Lot, and any past due assessments shall be paid to the Association in full from the

seller's proceeds at the close of escrow. The Association may take any legal action deemed necessary and prudent to perfect and collect delinquent assessments.

5.5 Subordination of Lien to Mortgages. The lien of the assessments provided herein shall be subordinate to the lien of any first Mortgage properly filed in the Official Records of Valley County. Sale or transfer of any Lot shall not affect the validity or priority of an assessment lien.

ARTICLE 6 - LOT MAINTENANCE

6.1 Maintenance by Owner. Each Owner shall maintain his or her Lot, Building, Improvements, fixtures and appurtenances, at all times, in a safe, clean, sanitary, and attractive condition, and shall comply with all laws, ordinances and regulations pertaining to the removal of trash and rubbish, and the maintenance of on-site systems for surface and storm water drainage. No noxious, offensive or unsightly conditions shall be permitted upon any Lot, nor shall any condition or act be permitted by any Owner which results in an annoyance or nuisance to other Owners. The maintenance required of each Owner shall include, without limitation, the repair and replacement of sprinkler systems, roofs, gutters, downspouts, exterior building surfaces, walks, driveways, and other exterior Improvements and glass surfaces, including the repainting of painted surfaces. Each Owner shall bear the cost of watering lawns and landscaped areas located on his or her Lot(s), according to schedules set by professional landscapers employed by the Association, and shall not interfere therewith. All repainting or re-staining and exterior remodeling of a Building or Improvement shall be each Owner's responsibility and shall be subject to the provisions of Paragraph 8.6 of this Declaration. Damage caused by fire, flood, storm, earthquake, riot, vandalism, or other causes shall be the responsibility of each Owner, and shall be restored as soon as reasonably possible. A Building that is vacant for any reason shall be kept locked and the windows glazed in order to prevent entrance by vandals. Any Building, Improvement, equipment, object or condition determined by the Association, in its sole discretion, to be offensive or to create a visual blight within the Property shall be removed, enclosed within a structure approved by the Association or otherwise screened from public view in a manner approved by the Association.

6.2 Association's Remedies. In the event that any Owner fails to perform such maintenance and repair, the Association, upon ten (10) days' prior written notice, shall have the right, but not the obligation, to perform the same, and to charge the Owner the reasonable cost thereof. In the event that the Owner shall fail to reimburse the Association for all such costs within ten (10) days after demand, the Association may, at its election, record and foreclose a lien for repayment of such expenditures.

6.3 Taxes. Each Owner shall pay when due all real property taxes and special assessments levied against each Lot owned by said Owner.

ARTICLE 7 - PROHIBITED USES

7.1 Purpose. Each Lot shall be used exclusively for residential purposes (including not more than one (1) auxiliary apartment per Lot in a bonus room over the garage or in another location within the residence, provided the architectural style of the auxiliary apartment shall match the main residence), as permitted by this Declaration and the applicable zoning

designation. The operation of home-based sales, services, offices or other commercial enterprises is prohibited in any Building on any Lot. The foregoing restriction shall not, however, be construed in such a manner as to prohibit any Owner from maintaining his or her professional library at his or her personal residence, keeping his or her business and professional records or accounts therein, or handling his or her business or professional telephone calls or correspondence therefrom.

7.2 Exterior Appearance. Except as provided in Paragraph 7.14, Owners shall not display, hang, store or use any signs, clothing, clotheslines, sheets, blankets, laundry or other articles visible from any Lot, or any exterior location on or off the Property, except draperies, curtains or shades which have a uniform exterior appearance.

7.3 Temporary Structures. No trailer, camper-truck or recreational vehicle (RV), unfinished or temporary structure (including without limitation uncovered foundations, garages, outbuildings, shacks, or tents) shall be used for habitation, either temporary or permanent, on any Lot, street or road.

7.4 "A-Frame" Residences. No "A-Frame" residential structure shall be permitted on any Lot.

7.5 Mobile Homes. No mobile home may be placed on any Lot, provided, however, the Declarant may maintain a sales trailer on any Lot until all Lots have been sold.

7.6 Commercial Operations. No commercial operations shall be conducted on any Lot or on any private road, public street or easement within the boundaries of the Property. Equipment used in commercial operations may not be stored in such a manner or location that is visible from any other Lot, street or road. Nothing in this paragraph shall be deemed to prohibit Buildings on Lots from having home offices (not professional office operations conducted in the home) or libraries as described in Paragraph 7.1 of this Declaration, provided that such offices are permitted by applicable zoning regulations. Nothing in this Paragraph shall be deemed to prohibit overnight parking of pickup trucks in the driveway of any Lot, subject to the provisions of Paragraph 7.9 of this Declaration.

7.7 Animals. No livestock animals or poultry shall be permitted upon any Lot. Nothing in this Paragraph shall prohibit the keeping of household pets, the creation and stocking of ornamental ponds, or the accommodation of naturally occurring wildlife; provided that all household pets shall be restricted, at all times, within an enclosed area or on a leash controlled by an adult. Keeping of household pets for commercial breeding purposes shall be prohibited. Under no circumstances shall cattle, sheep, pigs, poultry or other farm livestock be considered household pets. Dogs shall not be permitted to bark for extended period of time or during nighttime hours in a manner that creates a nuisance for neighboring Lot owners. Owners exercising household pets on any Common Lots, sidewalks or streets shall be required to pick up and dispose of their pets' excrement.

7.8 Refuse. No Owner shall keep or permit the accumulation of refuse or garbage upon any Lot. Garbage containers shall not be visible from any Lot, street or road, except on days designated for collection by the collecting agency. Garbage containers shall be stored inside

a garage or other structural enclosure or shall be bear-resistant if left outside, except on days designated for collection.

7.9 Parking. No vehicle may be parked on any street or road for more than twenty four (24) hours. No Owner shall permit any vehicle which is in any state of disrepair to be abandoned or to remain parked upon any Lot, street, driveway or Common Lot for a period in excess of twenty four (24) hours. The following vehicles may not be parked on any Lot, Common Lot, street or road overnight, except within the confines of an enclosed garage: (i) heavy equipment, boats, trailers, recreational vehicles (subject to the exceptions set forth in the next sentences), motorcycles, trucks (other than pickup trucks of less than one ton capacity), mobile homes; and (ii) any vehicles in excess of one ton capacity. Each Lot may contain one (1) storage space outside of the garage for a recreational vehicle, provided the storage space is screened by sight-obscuring fence or vegetation (approved by the ARC) so that the recreational vehicle is not visible from the front yard of any other Lot, or from any public or private street or road. Recreational vehicles owned and occupied by visitors of an Owner may be parked on a concrete driveway within the Owner's Lot for a period of not more than seven (7) days during any thirty (30) day period. Each Owner, for themselves and each of their licensees and invitees, hereby consents to removal by the Association, or its agents, of any vehicle parked in violation of the foregoing restrictions. Each Owner agrees to pay the impoundment and other charges resulting from such removal.

7.10 Vehicle Maintenance & Repair. No vehicle maintenance or repair may be conducted on any private road, driveway, pedestrian pathway, Common Lot, public street or easement within the boundaries of the Property. No vehicle maintenance or repair may be conducted on any Lot except within an enclosed garage, only upon vehicles belonging to the Owner or occupant of the Lot and not for commercial purposes.

7.11 Fuel Storage. Firewood and fuel tanks may not be stored on any Lot in a manner or location that it is visible from the front yard of any other Lot, or from any public or private street or road.

7.12 Mechanical Equipment & Antenna. No mechanical equipment, including, without limitation, window-mounted air conditioners, shall be allowed on the front elevation of any structure. No antenna on any Lot, including, without limitation, commercial or amateur radio, citizens band, short wave, or television antenna, shall exceed the higher of: (i) thirty (30) feet above grade at the point of construction, or (ii) eight (8) feet above the highest elevation of the residential Building constructed on said Lot. All antennae and satellite dishes must be approved in advance by the Architectural Review Committee under the provisions of Paragraphs 8.1.3 and 8.1.4 of this Declaration.

7.13 Outdoor Facilities. No outdoor appliances shall be located in front yards or driveways, including, without limitation, play equipment or barbecues. No sports equipment, including, without limitation, basketball hoops and nets (including portable units on wheels), shall be located on any public or private streets or in Common Lots, except as may be erected by the Declarant for community use. Basketball hoops and nets (including portable units on wheels) shall only be permitted in back yards on concrete or other all-weather surface, and outdoor

basketball play shall be prohibited after 9 p.m. No play equipment or sports equipment shall exceed twelve (12) feet in height.

7.14 Signs. No sign of any kind shall be displayed to the public view on or from any Lot without the prior written consent of sixty seven percent (67%) of the Owners; provided, however, any Owner may place one temporary sign not larger than 18 inches by 24 inches, indicating that said Owner's Lot is for sale or lease; and provided, further, the Declarant and/or its agents may display signs advertising Lots and/or homes for sale, or otherwise advertising the project, or related to the construction or financing thereof. Notwithstanding anything to the contrary contained herein, Owners may display ornamental plates designating the name or address of the residence or the Owners thereof. The display of signs on Commercial Lots is governed by the Commercial Declaration.

7.15 Erosion Control. No Owner shall allow drainage, naturally occurring or otherwise, from any Lot owned by such Owner to be channeled in such a manner as to cause erosion on or under any other Lot, Common Lot, street, or road.

7.16 Offensive Activity. No Owner shall cause or permit upon any Lot or Common Lot, any noxious or offensive activity, or any activity which may be, or become, an annoyance or nuisance to the other Owners. No outside burning of wood, leaves, trash, garbage, or household refuse shall be permitted on any Lot or Common Lot.

7.17 Bureau of Reclamation Land. In accordance with Idaho Code Section 42-1102, no Owner shall cause or permit any encroachments onto the Bureau of Reclamation ("BOR") land adjoining the westerly and southerly boundaries of the Property, including public or private roads, utilities, fences, gates, pipelines, structures, or other construction or placement of objects, without the written permission of the BOR. The BOR land adjoining the westerly and southerly boundaries of the Property is a Wildlife Management Area ("WMA"). The WMA is closed to the public during nesting season – February 1st through July 1st. Domestic animals, such as cats and dogs, are to be kept on a leash at all times in the WMA. There is no camping in the WMA, and no motor boats are allowed in the Cascade Reservoir adjoining the WMA.

7.18 Wood-Burning Devices. Each Lot shall be restricted to not more than one (1) wood-burning stove or fireplace. Owners shall be required to install, using generally available and affordable technology for residential applications, an E.P.A.-approved chimney filter or catalytic combustor to limit particulate emissions from any such wood-burning stove or fireplace.

ARTICLE 8 - DEVELOPMENT STANDARDS

8.1 Architectural Review Committee.

8.1.1 Required Approval. No residence, garage, barn, outbuilding, fence, swimming pool, recreation facility, driveway, paving, gravel, antennae, satellite dish, or other Building or Improvement shall be constructed or erected upon any Lot, nor shall any exterior alteration, addition or Improvement be commenced, until complete plans and specifications thereof have

been reviewed and approved in writing by the Architectural Review Committee ("ARC"). For the purposes of this Declaration, all of the foregoing are referred to as "proposed Improvements."

8.1.2 Committee Composition. Until expiration of all Class B voting rights, as provided in Paragraph 4.2(b) of this Declaration, the ARC shall be composed solely of the Declarant and any successors, assigns or other persons which the Declarant, in its sole discretion, may appoint thereto. After the expiration of all Class B voting rights, the ARC shall be composed of three (3) Owners elected by vote of the general membership of the Association, as provided in Paragraphs 4.3 and 4.4 of this Declaration. Members of the ARC shall serve terms of one (1) year, without compensation, but there shall be no limitation on the number of terms served.

8.1.3 Application Requirements. An application for the ARC's approval of any proposed Improvements shall include the following: (a) an application fee of Three Hundred Dollars (\$300.00) for each application for a new residence or Improvements to an existing residence; (b) a site plan of the entire Lot upon which the proposed Improvements are to be located; depicting all existing conditions and Improvements; all public streets, easements and rights-of-way encroaching upon or contiguous to said Lot; and all proposed Improvements, drawn to a scale of not smaller than one inch equals eight feet; (c) construction drawings showing the proposed Improvements in complete detail, including any existing Improvements to which they will be attached, drawn to a scale of not smaller than one inch equals three (3) feet; (d) detailed specifications of the composition and quantity of all materials to be used in the construction or erection of the proposed Improvements; (e) a color palette including samples of all proposed exterior materials and finishes; and (f) a schedule including estimated dates of commencement and completion of each phase of construction. In addition to the foregoing, all plans and specifications shall conform to applicable state and local codes and regulations. Every sheet and page submitted shall specify the Lot number and address of the proposed Improvements, and the correspondence address and telephone number of the Owner. All plans and specifications shall be prepared by an architect or engineer licensed by the State of Idaho. After appointment of the ARC from the general membership as provided in Paragraph 8.1.2, the Owner seeking ARC approval shall deliver a separate set of the proposed Improvements plans to the mailing address of each of the three (3) ARC members. The Association shall make copies of said addresses available to the Owners at each annual meeting.

8.1.4 Processing Applications. Within twenty-one (21) calendar days after its receipt of complete plans and specifications, as provided above, the ARC shall send written approval or disapproval of the proposed Improvements by certified mail, return receipt requested, to the Owner's address specified on the plans and specifications. The proposed Improvements may be disapproved only for failure to comply with the provisions of this Declaration or with applicable state and local codes and regulations, and the ARC shall specify all objectionable elements of the proposed Improvements in any written disapproval. If the ARC fails to mail approval or disapproval to the Owner within the time specified above, the Owner shall send a written notice to the ARC confirming the Owner's prior submittal of its request for approval of the proposed Improvements, and the ARC shall have an additional fourteen (14) calendar days within which to send written approval or disapproval of the proposed Improvements. The Owner may resubmit plans and specifications at any time upon compliance with the application requirements set forth in Paragraph 8.1.3 of this Declaration; however, the ARC may refuse to review any plans and specifications which include elements previously disapproved.

8.1.5 Retention of Plans. One copy of a complete set of approved plans and specifications shall be retained by the secretary of the Association, and one set shall be maintained on the Lot during all phases of construction. All changes to plans and specifications shall be reviewed and approved by the ARC in the manner provided above.

8.1.6 Limitation of Liability. No action for damages, costs or attorney fees may be maintained against the Association, the ARC, or any member thereof, for the approval or disapproval of any proposed Improvements; provided, however, any Owner may bring an action in the Superior Court of Valley County seeking a declaration, writ or injunction to stop construction and/or compel compliance with this Declaration.

8.1.7 Committee Discretion. It is recognized that this Declaration does not contain specific requirements for every situation that may require ARC approval; therefore, the ARC will necessarily exercise discretion in many instances in approving or disapproving of a specific proposal. It is further recognized that a proposal may deserve consideration on its own merit even though it does not meet a specific standard set forth in this Declaration; therefore, the ARC is authorized, in its reasonable discretion, to approve a proposal notwithstanding that it may conflict with a standard set forth in this Declaration.

8.2 Lot Size. After initial sale by the Declarant, no Lot may be further subdivided regardless of subsequent changes in zoning; provided, however, this Paragraph shall not prevent the dedication of portions of any Lot for purposes of public streets or public utility easements.

8.3 Building Envelope and Setbacks. All buildings, paving, grading, and construction activities must be contained entirely within the Construction Perimeter, as defined in Section 8.10(a) and designated on the Plans and Elevations. Building setbacks imposed by Valley County zoning code on Lots are as follows: Front yard – 20 feet, Street side yard – 20 feet, Side yard – 10 feet and Rear yard – 20 feet.

8.4 Minimum Size of Residences. The minimum living area of all single story residences constructed on the Property, exclusive of basements, open or screened porches, entrances, patios, and attached or detached garages, shall be not less than one thousand six hundred (1,600) square feet. Two-story, tri-level, daylight basement, and single level homes (with a bonus room), shall not have less than 1,000 square feet of living area on the main level and 1,800 minimum total square feet of living area, exclusive of daylight basements, open or screened porches, entrances, patios, and attached or detached garages.

8.5 Design and Color Scheme. Exteriors walls of residences may be painted only in earth tones chosen from the ARC's approved palette and submitted to the ARC for approval prior to application, both as to the colors and the combinations thereof. The exteriors of all nonresidential Buildings and Improvements shall be compatible in architectural style and color with residences constructed on the Lot. Trim doors, rails, decks, eaves, and gutters shall be compatible in architectural style with the exterior of the residence constructed upon the Lot.

8.6 Roofing and Siding Materials. Residences and other Buildings constructed on Lots shall be roofed with tile, 25-year or longer architectural grade composition shingles, or non-reflective metal with standing seams, any of which shall be in antique black, charcoal gray or earth tones chosen from the ARC's approved palette and submitted to the ARC for approval prior to application. No residence shall have a roof with a pitch of less than 6 in 12, except that a 5 in 12 roof pitch shall be permitted for entry roofs only on two-story homes, with all other roofs on two-story homes pitched at no less than 6 in 12. No wood shingle, wood shake, tarpaper or gravel roofing shall be allowed on any residential Building or other Building constructed on any Lot. Exterior siding materials shall be of natural wood or fiber cement (Hardee Plank or better) with a minimum eight inch (8") board and seven inch (7") reveal, natural or synthetic stone, brick or stucco. No vinyl, T-111, metal, concrete block, "Z-brick" or stamped concrete shall be used as siding material on any residence, Building or Improvement constructed on any Lot. The front walls of garages and columns on the front of the residences shall be wrapped with brick, stone or stucco, which shall be generally full height and total a minimum of 100 square feet on the front elevation of each home and shall wrap around the side walls not less than two (2) feet on each end.

8.7 Garages. Each Residence shall include a garage designed to enclose a minimum of two (2) and a maximum of five (5) vehicles; which garage may include one oversized bay for storage of a recreational vehicle. The garage structure may be attached or detached but, in either case, shall interrelate to the Residence in respect to character, material and finishes. Carports shall not be permitted.

8.8 Fences and Hedges. Fences are not required to be erected on any Lot, except on rear lot lines as specified herein.

(a) Except for the 3-foot high, single-rail fence between the Property and the Bureau of Reclamation land, any fencing on the Property must be either (a) Privacy Fences of natural cedar or two-color vinyl (Monterey sand and faux cedar) not to exceed six feet in height; or (b) Common Lot Fences of black wrought iron or split rail of the same material and design as the BOR boundary fence, not to exceed five (5) feet in height in rear or side yards or 3½ feet in height in front yards, in compliance with and as depicted in **Exhibit "C"** attached hereto and made a part hereof.

(b) Where Lot lines abut other Lot lines, the owners of said lots may construct a Privacy Fence. Fences shall not be built closer to the street than five feet behind the front corner of the house on each side, except for 3½ foot high Common Lot Fences or 3½ foot high hedges, which shall be permitted in front yards.

(c) Fences shall not extend closer than twenty feet to the front street right-of-way.

(d) Except as otherwise specifically provided herein, rear or side yard fences on corner lots shall not be built closer than twenty feet to any side or rear street right-of-way without ARC approval.

(e) Where any rear or side lot line abuts the Common Lot, the owners of said lots shall be entitled, but not required, to construct a Common Lot Fence not exceeding

five (5) feet in height to the point that is five feet behind the front corner of the house, then tapering down to 3½ feet in height along the side lot line of the front yard.

(f) Where any Privacy Fence intersects a Common Lot Fence, it shall, from a point twenty (20) feet from the point of intersection, taper down in height and transition to a Common Lot Fence, as depicted in Exhibit "C."

(g) All fencing must be of new material and constructed in a workmanlike manner and must comply with Valley County's Code for vision triangle.

(h) The installation and maintenance of retaining walls that are required due to topographic conditions of individual Lots, and approved in writing by the ARC, are the sole and absolute responsibility of the Lot Owner, shall be of masonry products only, and shall not be the responsibility of the Declarant, its successor or assign, or the Association.

8.9 Landscaping. Front yard landscaping on each Lot, and side yard landscaping on all corner Lots, must be completed upon the earlier of thirty (30) days after substantial completion of the residence (weather permitting) or occupancy of the residence constructed thereon. Front and rear yard landscaping may include an underground sprinkler system, rolled (sod) lawns on a maximum yard area of two thousand five hundred (2,500) square feet, and shall include at least five (5) five gallon shrubs and at least ten (10) two-gallon shrubs. Any meters, heat pumps or air conditioning units located in the front yard shall be screened by shrubs. Berms and sculptured planting areas are encouraged. The remaining yard of each Lot that is not sodded shall retain its natural ground cover and vegetation. Each Owner shall maintain and irrigate the landscaping in its front and back yards, grassy drainage swales in the right-of-way between the front yard and the adjacent street, and the natural portions of its Lot in good condition.

8.10 Construction Standards. The following standards shall be applicable to the construction, installation or alteration of any Building or Improvement on a Lot within the Property:

(a) **Grading and Excavation:** Site grading and excavation shall be limited to the building footprint, patios and driveway plus a construction zone extending twelve (12) feet beyond the building footprint and six (6) feet beyond the driveway and patio perimeters (collectively, the "Construction Perimeter"), and shall be illustrated on the Development Plan and ARC-approved building plans. Except as otherwise provided herein, no standing, healthy trees or natural vegetation growing outside the Construction Perimeter shall be cut down. An Owner may submit a written request to the ARC for cutting down up to two (2) trees per Lot outside the Construction Perimeter for enhancement of scenic views or site aesthetics, which approval shall be granted or denied in the ARC's reasonable discretion. As consideration for such approval, the Owner shall plant one additional tree elsewhere on the Lot for each tree removed. Each replacement tree shall be of the same or similar species, with a minimum 4" caliper and twelve (12) feet in height. Prior to excavation or grading on Lots 5, 7, 8, 9, 17, 19, 37, 38 or 45, of Block 2, the Owner shall submit to the ARC a geotechnical report on the Owner's Lot, prepared by a licensed geotechnical engineer, containing plans and recommendations for excavation, grading, footings, storm drainage, retaining structures, erosion control, and revegetation and stabilization of unstable slopes. Any excavation on any Lot shall be performed in a workmanlike manner, and the Lot shall be kept free from debris. Each

Owner shall be responsible for the repair of any damage that may occur during construction to any road, mailbox, utility facility or other on-site or off-site Improvement caused by the Owner or its contractor. Unless an Owner otherwise notifies the ARC in writing prior to the Owner's commencement of construction on a Lot, all on-site Improvements shall be conclusively deemed to be in good working order and condition, and any damages occurring thereto during construction shall be the Owner's responsibility. The Owner shall make all required repairs immediately following the occurrence of the damage.

(b) Utilities: The connection to all utility facilities shall be underground and shall be inspected and approved by the local governmental entity having jurisdiction and by the company providing the utility service, if required. Utility meters shall be placed in an unobtrusive location and concealed behind fences or landscaping where possible and unless otherwise required by the local governmental entity or utility company.

(c) Driveways: All driveway connections, between the front Lot line and the adjoining street, shall be asphalt. The portion of all driveways within the Lot boundaries shall be concrete, stamped concrete, masonry pavers, grass-crete or asphalt in construction and are encouraged to have curved lines or a stamped pattern or accent masonry pavers at the edge.

(d) Maintenance During Construction: The following requirements apply during construction of a Building or Improvements on a Lot:

1. All debris shall be removed from the Lot prior to each weekend;
2. No materials shall be placed or kept on any adjoining Lot;
3. Vehicles belonging to construction workers or used in the construction of any Improvements shall not be parked in front of occupied residential dwellings or interfere with traffic on public streets; and
4. Utilities, including water, shall not be taken from any other Lot without the approval of the Owner thereof.

(e) Time of Work: Any work or other activity connected to the construction or installation of the Improvements on a Lot shall be conducted between 7 a.m. and 7 p.m. Monday through Friday and between 9 a.m. and 6 p.m. on Saturdays and Sundays, so as not to constitute or result in a nuisance to neighboring Lot Owners.

8.11 Completion of Construction. All Buildings or Improvements shall be completed prior to twelve (12) months after commencing construction, which term shall include excavation for foundations but not clearing and grubbing. Lot-driveways which access public or private roads must be paved with concrete prior to occupancy of the residence constructed on such Lot.

8.12 Fill Material. Some of the Lots may contain fill material which may not conform to composition or compaction specifications for foundations. Each Owner assumes complete

responsibility for the foundations on its Lot and agrees to locate and compact all fill material, and to excavate, design and provide foundation support in compliance with all code requirements and building standards.

8.13 Mail Boxes. U.S. Mail shall be delivered only at locations specified by the U.S. Postal Service and in boxes provided by the Declarant and conforming to U.S. Postmaster requirements. The Declarant, at its expense, shall install clustered U.S. Mail boxes adjacent to the entry of each cul-de-sac and along the east side of Crane Shores Drive across the street from the entrance to each cul de-sac. No other mail boxes may be erected upon any Lot.

8.14 Front Yard & Driveway Lighting. Front yard and driveway lighting shall be optional. Exterior lighting, its location, the type of fixtures and information on whether the lighting is recessed or surface mounted shall be shown on the plans submitted for ARC approval. In general, light sources shall be shielded and directional according to the schedule in the Valley County Land Use & Development Ordinance, and the light source shall not be visible from neighboring properties or adjoining streets. If front yard lighting is installed, such lighting shall not be on poles but shall be on or in rectangular monuments not more than four feet (4') in height above the adjoining Lot grade, designed with colors and materials matching the residence.

8.15 Repetition of Plans. No floor plan or elevation design shall be approved or constructed on any Lot, unless separated by three (3) or more Lots from any floor plan or elevation design which is similar, in the sole discretion and opinion of the ARC, to the proposed floor plan or elevation design.

ARTICLE 9 - GENERAL PROVISIONS

9.1 Binding Effect. All present and future Owners, and occupants of Lots and residences constructed thereon, shall be subject to and shall comply with the provisions of this Declaration. The acceptance of a deed or conveyance, or the entering into occupancy of any Lot or residence constructed thereon, shall constitute acceptance and ratification of the provisions of this Declaration by such Owner or occupant, as covenants running with the land; and shall bind any person having an interest or estate in such Lot or residence, as though such provisions were recited and stipulated at length in each and every deed, conveyance or lease of said Lot or residence. Failure to comply with this Declaration shall be grounds for an action by the Association or any aggrieved Owner to recover sums due for damages, injunctive relief, or both, plus costs and attorney fees awarded by the court, both at trial and on appeal. All lessees, invitees, contractors, family members, and other persons entering upon any Lot under the rights of an Owner shall comply with all of the provisions of this Declaration restricting or regulating the Owner's use, improvement or enjoyment of his Lot, Building and Improvements. The Owner shall be responsible for regulating such compliance, and shall be liable for any failure of compliance by such persons in the same manner and to the same extent as if such failure had been committed by the Owner.

9.2 Enforcement. The Association and each Owner shall have the full power and authority, but not the obligation, to prosecute any proceedings at law or equity against any Owner who violates or attempts to violate any of the provisions of this Declaration, either to prevent such violation, to recover damages sustained by reason thereof, or both. No such proceedings shall be instituted until the violation, or attempted violation, has continued for at

least thirty (30) days after written demand for compliance is made upon the offending Owner, specifying in reasonable detail the nature of the violation or attempted violation. Failure by any Owner or the Association to enforce any covenant or restriction contained herein shall not be deemed a waiver of said covenant or restriction.

9.3 Limitation of Liability. Neither Declarant, nor any officer, member, agent or employee of Declarant, shall be liable to any Owner on account of any act or failure to act in performing Declarant's obligations or pursuing Declarant's rights hereunder.

9.4 Indemnification. The Association shall indemnify, defend and hold harmless the Declarant, its officers, members, agents and employees, and each officer and director of the Association, from and against any and all liabilities, costs, demands, proceedings, damages, claims, judgments, deficiencies, attorney fees and costs resulting from the indemnitees' activities on behalf of the Association done in good faith, and within what the indemnitees reasonably believed to be the scope of their power and authority, including, without limitation, such liabilities resulting from any error of judgment, acts or omissions, unless caused by willful or reckless misconduct.

9.5 Duration and Amendment. The covenants, conditions and restrictions of this Declaration shall run with and bind the land for a term of thirty (30) years from the date upon which this Declaration is recorded, after which time they shall automatically be extended for successive periods of ten (10) years each. This Declaration may not be amended, modified or terminated except by an instrument signed by the Owners of sixty seven percent (67%) of the Lots, as provided in Paragraph 4.2 of this Declaration. No amendment of this Declaration shall be effective until the amendment or a memorandum thereof is filed for record with the Valley County Recorder.

9.6 Attorney Fees. Should any suit or action be instituted by the Association or any Owner to enforce or interpret any of the reservations, conditions, agreements, covenants and restrictions contained in this Declaration, or to restrain any violation thereof, the substantially losing party shall reimburse the substantially prevailing party for all costs and reasonable attorney fees incurred in connection therewith, including any appeal.

9.7 Severability. Should any provision of this Declaration be unenforceable or illegal, the remainder shall remain in full force and effect and be enforced according to its terms.

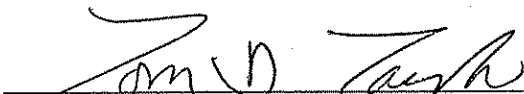
9.8 Notices. Any notice required or permitted by this Declaration shall be in writing and shall be deemed to have been properly given when: (i) actually received or personally served, (ii) twenty four (24) hours after deposit with Federal Express or equivalent overnight delivery service, postage fully prepaid, or (iii) forty eight (48) hours after deposit in the United States mail, postage fully prepaid, registered or certified, return receipt requested; addressed as provided in the records of the Valley County assessor for mailing tax invoices to the Owner being notified; and addressed to the Declarant as follows:

Crane Shores, L.L.C.
C/o Vision Land Management, L.L.C.
661 South Rivershore Lane, Suite 120
Eagle, ID 83616

With a copy to:
Tom D. Taylor, Managing Member
Crane Shores, L.L.C.
2927 N.E. 89th Avenue
Portland, OR 97220

IN WITNESS WHEREOF, the Declarant has executed this Declaration as of the date first above written.

DECLARANT:
Crane Shores, L.L.C.
An Idaho limited liability company

By: 
Tom D. Taylor, Managing Member

List of Exhibits and Schedules:
Exhibit A - Development Plan
Exhibit B - Common Lot Maintenance Budget & First Year Assessment
Exhibit C - Fencing Design Criteria

STATE OF Oregon)
)ss.
County of Multnomah

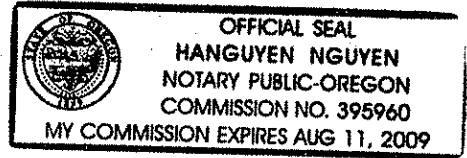
Oregon

On this 10th day of November, 2005, before me, the undersigned, a Notary Public in and for the State of Idaho, duly commissioned and sworn, personally appeared **Tom D. Taylor**, known to me to be the **Managing Member** of **Crane Shores L.L.C.**, the limited liability company that executed the foregoing instrument, and acknowledged said instrument to be the free and voluntary act of said limited liability company, for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute said instrument by the Operating Agreement of said limited liability company.

Date: 11/10/05

By *Hanguyen Nguyen*

Notary Public for the State of Oregon
Residing at Multnomah County, OR
My commission expires on 8-11-09



Instrument # 314911

VALLEY COUNTY, CASCADE, IDAHO

2006-10-30

09:17:04

No. of Pages: 19

Recorded for : GORDON BATES

LELAND G. HEINRICH

Ex-Officio Recorder Deputy

Index to: RESTRICTIVE COVENANT

Fee: 57.00

Recording Requested By and
When Recorded Return to:

Crane Shore, L.L.C.
c/o Vision Land Management
661 South Rivershore Lane, Suite 120
Eagle, ID 83616
(208)938-4655

SPACE ABOVE THIS LINE FOR RECORDER'S USE ONLY

**AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS &
RESTRICTIONS FOR CRANE SHORES**

This **Amendment to the Declaration of Covenants, Conditions & Restrictions for Crane Shores ("Amendment")** is made to that certain Declaration of Covenants, Conditions & Restrictions for Crane Shores, recorded Nov. 10, 2005 as Instrument No. 304733, Official Records of Valley County, Idaho ("**Declaration**"), effective the date signed below by Crane Shores, L.L.C., an Idaho limited liability company (the "**Declarant**"), as follows:

The Declaration is hereby amended to add Article 10, as follows:

ARTICLE 10
DOMESTIC WATER

10.1 Definition of Water System. For purposes of this Article 10, "Water System" shall have the definition listed in Exhibit AA.

10.2 Ownership and Management of Water System. Consistent with Section 3.4 of the Declaration, and notwithstanding any other provision of the Declaration to the contrary, the ownership and management of the Water System shall be pursuant to the Water Systems Management Agreement attached to this Amendment as Exhibit "AA". Except as provided in Exhibit AA, Lot Owners shall have no right, title and/or interest in the Water System including any water and water rights, including groundwater and groundwater rights, ditch and ditch rights, and storage and storage rights owned by the Water System Owner.

10.3 Water System Access.1 Water System. Each Building Lot shall have access to the Water System for purposes of obtaining water for culinary, other ordinary domestic household use, fire protection and irrigation of individual Lots.

10.4 Assessments. Working with the Water System Manager, the Declarant or Declarant's successors in ownership of the Water System ("**Water System Owner**") shall establish charges for Water System use, which charges may be adjusted from time to time and

which may be assessed by the Water System Owner and collected by the Water System Manager pursuant to Exhibit AA. Any Lot Owner's or non-Owner's use of the Water System shall constitute an agreement to pay the charges for such use. At the initial transfer of Building Lots from Declarant, Declarant may collect user fees from such new Lot Owners, which fees shall cover the costs associated with the connection of laterals, meters or other plant exclusively for such Lot Owner's use. All such user fees shall be used to partially reimburse Declarant for the construction and development costs in connection with the Water System including, without limitation, administration.

Notwithstanding the foregoing, all Lots shall be metered to measure use of the Water System in connection with each Lot. Working with the Water System Manager, the Water System Owner may use such meters to establish a reasonable monthly maximum amount of water allowed for use in connection with each Lot. If any such meter indicates that a Lot Owner uses significantly more water, as reasonably compared to the amount of water used by other Lot Owners, the Water System Manager may read meters regularly and the Water System Owner may charge the Lot Owner a Limited Assessment, which Limited Assessment shall be proportionate to the amount of water used in excess of the reasonable maximum monthly amount. Such Limited Assessment shall be in addition to the portion of the Regular Assessment associated with the Water System. Additionally, if any dispute arises between Lot Owners, which dispute alleges unreasonable water use by another Lot Owner, working with the Water System Manager the Water System Owner shall use the water meters to determine the monthly water volume consumed by such Lot Owners and, if necessary, charge a Limited Assessment to any Lot Owner consuming significantly more water as reasonably compared to the amount of water used by other Lot Owners. Any Lot Owner's or non-Owner's use of the Water System shall constitute an agreement to pay the charges and/or Assessments for such use. Working with the Water System Manager, the Water System Owner may alternatively elect to charge each Lot Owner, at a rate established by the Water System Owner, for actual water usage as metered. Nothing in this section shall prevent the Water System Owner from denying or terminating water service to a Lot pursuant to section 10.11.2 herein, where water consumption for that Lot repeatedly and significantly exceeds per Lot consumption as reasonably compared to the amount of water used by other Lots.

The Water System Manager shall collect Regular Assessments, and may collect Limited Assessments, as set forth in this Section. Working with the Water System Manager, the amount of such Assessments shall be reviewed annually by the Water System Owner, and may be adjusted annually based on actual operation and maintenance expenses and projected future capital expenditures. Such Assessments shall include a reasonable reserve amount for future capital expenditures for facilities maintenance and replacement.

The Water System Manager shall establish a separate bank account and accounting system or system of accounts in connection with the Water System. All charges, Assessments and reserve funds collected and held by the Water System Manager relating to the Water System shall be deposited therein. Revenue in excess of operation and maintenance costs shall be held in reserve for future capital expenditures. If ownership of the Water System is transferred

pursuant to the provisions of Section 9.14 of Exhibit AA, the Water System Manager shall transfer the bank account, and all funds deposited therein, to the succeeding Water System Owner or Manager as agreed to by the parties.

10.5 Backflow Systems and Assemblies. Each Lot shall be equipped with approved backflow prevention systems and assemblies. All backflow prevention assemblies installed on any Lot must be listed in the most recent edition of the University of California Foundation for Cross-Connection Control and Hydraulic Research. The backflow prevention system and assembly must be installed on the residential service line after the water meter and prior to adding connections to the residential service line. It shall be the responsibility of each Lot Owner, at such Lot Owner's sole cost and expense, to promptly replace any backflow prevention system and assembly existing on any Lot that is no longer listed on the foregoing list of approved backflow prevention systems and assemblies. Each Lot Owner, at such Lot Owner's sole cost and expense, shall ensure the correct operation of the backflow prevention system and assembly on such Lot and shall test the functioning of the backflow prevention system and assembly at least annually and report the result of such testing to the Water System Owner. Testing must be performed by a backflow assembly tester licensed by the State of Idaho.

10.6 Water Quality. The source water quality associated with the Water System meets all state and federal primary drinking water standards. It is hereby noted that the water has been classified as moderately aggressive and may cause corrosion of metallic plumbing fixtures and fittings. All public water systems must be evaluated to determine if corrosion control treatment is needed. As with all other potential contaminants, the Declarant is responsible for the testing and possible treatment, but the timing is different for lead/copper testing. While source testing can indicate if corrosion is likely to be a problem, final testing can only be completed in private homes after the public drinking water system and house plumbing have stabilized after one year of use. Nevertheless, the Declarant is responsible for water quality testing at the appropriate time, and then providing treatment if required by state rules. Test results must be submitted to the Idaho Department of Environmental Quality within fifteen (15) months after the fifth home is occupied. Five (5) homes must be tested if the system will eventually serve less than one hundred (100) homes. Ten (10) homes must be tested if the system will eventually serve one hundred (100) to five hundred (500) homes. The Water System Owner, or his representative, shall have the right, upon reasonable notice to the Lot Owner, to enter the Lot Owner's home for the purpose of collecting a water sample from a tap within the home.

It is hereby noted that iron and manganese concentrations in the water are above aesthetic standards. Iron and manganese may cause staining of fixtures and basins if treatment is not provided. The Water System Water System Owner, or his representative, is expected to provide chemical treatment to minimize aesthetic effects due to iron and manganese.

10.7 Easement for Maintenance. Easement for Maintenance. Pursuant to the terms and conditions of Exhibit AA, the Water System Owner and the Water System Manager

shall have a permanent easement to go upon the Building Lots and/or Common Area to operate and perform maintenance in connection with the Water System.

10.8 Access to Water System Facilities. Access to Water System wells, pump houses, and other facilities shall be restricted to the Water System Owner, the Water System Manager and their authorized representatives and contractors. Such facilities shall be excluded from any Common Area access rights held by Lot Owners.

10.9 Separate Water Supply. No Separate Water Supply. No separate or individual water supply system, regardless of the proposed use of the water to be delivered by such system, shall be constructed on any Building Lot unless such system is approved by all government authorities having jurisdiction, and any such system shall be designed, located, constructed and equipped in accordance with the requirements, standards and recommendations of the Water System Owner upon advice from the Water System Manager. No Lot Owner may disconnect from the Water System without prior, written approval by the Water System Owner; provided, however, even if a Lot Owner receives permission to disconnect from the Water System, such Lot Owner shall remain responsible for a proportionate share of any and all charges and assessments for the Water System as if such Lot Owner was connected to the Water System.

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

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

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

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

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

10.11 Termination of Service. Upon reasonable notice, the Water System Owner may deny or terminate water service to a Lot for one of the following reasons:

10.11.1 The Lot Owner denies or willfully prevents the Water System Owner or the Water System Manager from accessing the Water System.

10.11.2 Water consumption for that Lot repeatedly and significantly exceeds per Lot consumption as reasonably compared to the amount of water used by other Lots.

10.11.3 The Lot Owner repeatedly violates the policies and procedures concerning water use.

10.11.4 The Lot Owner fails to comply with the cross connection control program.

10.11.5 The Lot Owner fails to timely repair leaks for which the Lot Owner is responsible.

10.11.6 Such action is necessary to prevent a violation of local, state or federal health codes.

10.12 Responsibilities for Water System Repair & Maintenance. The Water System Owner is responsible for repair and maintenance (including repair of leaks, service connections and meters) only from the corporation stop connection at the water main to the water meter. The Lot Owner is responsible for maintenance and repair of the Water System from the water meter to the point of use.

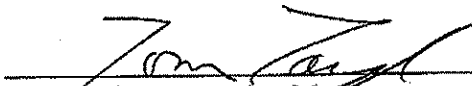
10.13 Financial Records & Audits. The Water System Owner may arrange periodic third party financial audits of the Water System financial records.

10.14 Liability Insurance. The Water System Owner shall be responsible for ensuring that liability insurance is obtained and maintained for the Water System.

Except as amended or modified hereby, the Declaration remain in full force and effect.

IN WITNESS WHEREOF, Declarant has executed this **Amendment to the Declaration of Covenants, Conditions & Restrictions for Crane Shores** this 27 day of October, 2006.

Crane Shores, LLC:

By: 
Tom Taylor, Managing Member

STATE OF Idaho)
) ss.
County of Ada)

On this 26 day of October, 2006, before me, Shannon Beck, a Notary Public in and for said State, personally appeared Tom Taylor, known or identified to me to be one of the members of the limited liability company of Crane Shores, LLC, and the member who subscribed said company name to the foregoing instrument, and acknowledged to me that Tom Taylor executed the same in said company name.

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

Shannon Beck

Notary Public for Idaho
Residing at Middleton
My commission expires 4/28/10

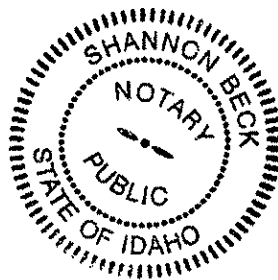


EXHIBIT "AA"

WATER SYSTEMS MANAGEMENT AGREEMENT

WATER SYSTEM MANAGEMENT AGREEMENT

Effective as of Oct. 4, 2006, this Water System Management Agreement ("Agreement") is entered into by and among W&S INVESTMENTS, INC. and CRANE SHORES, LLC, their successors and assigns, (individually "Developer," collectively "Developers"), and Hawks Bay Estates Water Company, LLC, an Idaho limited liability company ("Manager").

The purpose of this Agreement is to document the understanding and acknowledgement of the Parties that, pending the occurrence of the conditions set forth below, the drinking water supply system serving domestic and irrigation water and fire protection to 66 residential homes within the Hawks Bay Estates Subdivision and 84 residential homes within the Crane Shores Subdivision will be managed and operated as a joint water system with oversight by the Manager.

ARTICLE 1 DEFINITIONS

1.1 Definitions. The following terms shall have the meanings indicated:

a. "Certified Operator" shall mean the person engaged by the Manager, pursuant to the Idaho Rules for Public Drinking Water Systems, IDAPA 58.01.08.01, to directly supervise the Water System.

b. "HOA" or "HOAs" shall mean the Hawks Bay Homeowners Association, LLC or the Crane Shores Homeowners Association, Inc. or both.

c. "CC&Rs" shall mean the Declaration of Covenants, Conditions & Restrictions for Crane Shores or the Declaration of Protective Covenants, Conditions and Restrictions for Hawks Bay Estates, or both.

d. "Crane Shores Subdivision" shall mean that subdivision generally located on the south side of Roseberry Road, 2.4 miles southwest of Donnelly in Valley County located in Section 17, Township 16 North, Range 3 East, Boise Meridian and being developed by Crane Shores, LLC.

e. "District" shall mean the North Lake Recreational Sewer and Water District.

f. "Hawks Bay Estates Subdivision" shall mean that subdivision generally located on the north side of Tamarack Falls Road, 2.4 miles southwest of Donnelly in Valley County located in Section 17, Township 16 North, Range 3 East, Boise Meridian and being developed by W&S Investments, Inc.

g. "Water System" shall mean, collectively:

(i) All appurtenant entitlements to water, including but not limited to, the right title and interest in and to all licensed water rights, decreed water rights, claims to water rights, water right permits and applications for water rights held by W&S Investments, Inc. or Crane Shores, LLC, or their successors or assigns;

(ii) The two water supply wells located at SESW, Sec. 17, T16N, R3E, in Valley County, Idaho on the common ground in the Hawks Bay Subdivision and the associated pumps and generator;

(iii) The pipelines comprising the distribution system connecting the common well facility to the residential homes being served;

(iv) All other drinking water system equipment and infrastructure;

(v) The dedication, through a utility easement or road right-of-way, for all water transmission lines.

ARTICLE 2 OWNERSHIP OF WATER SYSTEM

2.1 General Ownership of the Water System will change pursuant to the terms set forth in this Article 2.

2.2 Transfer of Water System Ownership to W&S Investments, Inc. The Water System will be constructed and is initially owned by the Developers individually. At such time as the water system commences active service to any residential lot in the Crane Shores Subdivision, Crane Shores, LLC agrees to transfer to W&S Investments, Inc. ownership of that portion of the Water System then owned by Crane Shores, LLC.

2.3 Transfer of Water System Ownership to HOA LLC At such time as 90% of the combined residential lots within both the Hawks Bay and Crane Shores Subdivisions have active water service, W&S Investments, Inc. agrees to transfer ownership of the Water System to a limited liability company to be formed by the Hawks Bay Homeowners Association, LLC and the Crane Shores Homeowners Association, Inc.

2.4 Transfer of Water System to District. At some time in the future, ownership of the Water System may be transferred to the District when and if the required approval for the District's assumption of the Water System is obtained from the Idaho Department of Environmental Quality and any other governmental entities required to give approval. In the event the Water System is transferred to the District, this Agreement shall be terminated and such transfer shall occur pursuant to the terms and conditions of the agreements then in place between the District and the individual Developers.

2.5 Changes to Agreement. Upon, or concurrent with, the transfer of ownership of the Water System pursuant to Article 2.3 herein, the Parties to the Agreement may deem it

appropriate to amend this Agreement to reflect the change in circumstance. At that time, this Agreement may be amended pursuant to the provisions of Article 13.7 herein.

2.6 Conditions of Transfer. Transfer of ownership pursuant to section 2.2 and 2.3 herein shall be free and clear of all encumbrances and liens, except current real property taxes that shall be prorated to the date of such transfer, and shall be subject to all reservations, covenants, conditions and restrictions then of record including those set forth in this Agreement. Written approval for any transfer shall be obtained in advance from the Idaho Department of Environmental Quality and the Idaho Department of Water Resources. Upon such transfer of ownership, the Parties shall comply with all requirements of the Idaho Department of Environmental Quality, the Idaho Department of Water Resources, and any other governmental entity to effectuate said transfer.

ARTICLE 3 MANAGEMENT OF WATER SYSTEM

3.1 Manager. Developers desire to engage the services of Manager to provide management services for the Water System and Manager desires to undertake the management of the Water System, all in accordance with the terms and conditions of this Agreement. Developers hereby appoint Manager as the sole and exclusive manager of the Water System, with authority to operate and manage the Water System upon the terms and conditions provided herein. Manager accepts the appointment and agrees to provide the services of its organization for the operation and management of the Water System. Developers agree to compensate Manager as provided below.

ARTICLE 4 ASSESSMENTS, FUNDS & COSTS

4.1 Accounts. Any bank account established under this Agreement shall at all times be established in Manager's name and Manager shall have the right to make withdrawals from such accounts only in accordance with this Agreement. No amounts deposited in any account established under this Agreement shall be commingled with any other funds of Manager.

a. **Operating Account.** Manager shall establish a account known as the "Operating Account", separate and apart from Developers' and Manager's business accounts, for the deposit of receipts collected as described herein, in a bank or other institution whose deposits are insured by the federal government. Such depository shall be selected by Developers. Manager shall not be held liable in the event of bankruptcy or failure of a depository. Funds in the Operating Account remain the property of the Developers in proportion to the amount contributed. Walter Wanner, the registered agent for Hawks Bay Estates Water Company LLC, will be responsible for signing checks and making payments, and preparing financial reports in connection with the Water System. Manager is authorized to make payment of Water System costs and expenses from the Operating Account as provided below.

b. **Collection and Deposit of Assessments.** Manager will collect assessments every two months from the lot owners in the Hawks Bay and Crane Shores

Subdivisions to cover costs associated with the operation and maintenance of the Water System.

4.2 Records and Recordkeeping. The Manager shall implement such bookkeeping for the Water System as will track monthly income and expenditures, and track the established reserve fund.

4.3 Manager Not Required to Advance Funds. In the event that the balance in the Operating Account is at any time insufficient to pay disbursements due and payable, Developers shall, upon notice, remit to Manager sufficient funds to cover the deficiency and replenish the contingency reserve. In no event shall Manager be required to use its own funds to pay such disbursements. Manager shall not loan monies to Developers to pay such deficiencies.

4.4 Financial Reports.

a. **Financial Statements.** Each month, Manager shall furnish Developers with a statement of cash receipts and disbursements from the operation of the Water System during the previous month. In addition, Manager shall, on a mutually acceptable schedule, prepare and submit such other reports as are agreed on.

b. **Developers' Right to Audit.** Either Developer shall have the right to request a periodic audit of all applicable accounts managed by Manager, and the cost of such audit(s) shall be paid by the requesting Developer(s); provided, however, that in the event Developer's audit of the applicable accounts discloses a material adverse discrepancy, Manager shall reimburse Developer for the cost of such audit(s).

**ARTICLE 5
ADDITIONAL RESPONSIBILITIES OF MANAGER**

5.1 Certified Operator.

a. Subject to Developer's approval, Manager is authorized to engage, supervise, discharge, and pay a contractor to serve as a Certified Operator for the Water System, or other personnel necessary to be contracted in the management, maintenance, and operation of the Water System. Although these contractors will be engaged for the benefit of the Developers, they shall be deemed contractors of the Manager. All costs of such contracts shall be paid out of the Operating Account.

b. The Manager shall work closely with the Certified Operator to operate and maintain the Water System. Such operation and maintenance is further described in the Operations Manual for the Hawks Bay Estate Water System on file with Developers, the Hawks Bay HOA, the Crane Shores HOA and the Idaho Department of Environmental Quality, and shall include the performance of all required sampling and analysis and the timely submittal of all required regulatory reports and notices as required by the Administrative Rules of the Idaho Department of Environmental Quality including IDAPA 58.01.08.

c. The Manager will ensure that the Certified Operator will supply Developers with the information necessary to make decisions in connection with the Water System. Contact between the Manager and the Certified Operator will occur through regular face-to-face meetings supplemented with contact through telephone, electronic mail and facsimile. Such contact is intended to ensure that issues such as equipment problems, performance shortfalls, and pending needs for repair and replacement are addressed timely. The Manager, with input from the Certified Operator, will develop an orderly record-keeping system to ensure legal, financial and regulatory records of the Water System are maintained in good order.

d. Nothing in this section shall prohibit the Manager from acting in the capacity of a Certified Operator if Manager meets the regulatory requirements to assume that role.

5.2 Reporting. The Manager shall ensure that the customers of the Water System, who are also members of the Hawks Bay HOA or the Crane Shores HOA, will be provided with regular overviews of the continuing operation of the Water System, and will be notified of any issues and events in connection with the Water System, at the regularly scheduled and special meetings of each homeowners association. Schedules and notice requirements in connection with such meetings are provided further in the constituent documents of each homeowners association.

5.3 Backflow Systems. The installation, monitoring and maintenance of homeowners' backflow systems and assemblies shall not be the responsibility of the Manager, but shall be handled as provided for in the Hawks Bay CC&Rs and the Crane Shores CC&Rs.

5.4 Ordinary Maintenance and Repair. Manager is authorized to make or cause to be made, through contracted services or otherwise, all ordinary repairs and replacements reasonably necessary to preserve the Water System in its present condition and for the operating efficiency of the Water System, and all alterations required to comply with HOA requirements, governmental regulations, or insurance requirements. Manager is also authorized to purchase or rent, all equipment, tools, appliances, materials, supplies, and other items necessary for the management, maintenance, or operation of the Water System. Such expenses shall be paid out of the Operating Account. This section applies except where maintenance or other expenses are at a lot owner's expense as stipulated in the CC&Rs.

5.5 Approval for Exceptional Maintenance Expense. The expense to be incurred for any one item of maintenance, alteration, refurbishing, or repair shall not exceed the sum of \$1,000, unless such expense is specifically authorized by Developers, is within the amounts set forth in a previously approved budget or is incurred under such circumstances as Manager shall reasonably deem to be an emergency.

5.6 Emergency Maintenance and Repairs. In an emergency where repairs are immediately necessary for the preservation and safety of the Water System, or to avoid the suspension of any essential service to the homeowners, or to avoid danger to life or property, or to comply with federal, state, or local law, such emergency repairs shall be made by Manager without prior approval.

5.7 Easement for Maintenance. The Manager shall have a permanent easement to go upon the Lots and/or Common Area in the subdivisions served by the Water System to operate and perform maintenance in connection with the Water System.

5.8 Right of Access to Water System & Records. The Developers shall each have a right of access to the Water System and records associated thereto.

5.9 Protection of Water Supply. The Manager shall take reasonable measures to protect the wellhead and other mechanical components of the Water System and the source of the water.

ARTICLE 6 RELATIONSHIP OF MANAGER TO DEVELOPERS

6.1 Agency Relationship. The relationship of the parties to this Agreement shall be that of principal and agent, and all duties to be performed by Manager under this Agreement shall be for and on behalf of Developers. In taking any action under this Agreement, Manager shall be acting only as an agent for Developers, and nothing in this Agreement shall be construed as creating a partnership, joint venture, or any other relationship between the parties to this Agreement except that of principal and agent, or as requiring Manager to bear any portion of losses arising out of or connected with the ownership or operation of the Water System. Nor shall Manager at any time during the period of this Agreement be considered a direct employee of Developers. Neither party shall have the power to bind or obligate the other except as expressly set forth in this Agreement, except that Manager is authorized to act with such additional authority and power as may be necessary to carry out the spirit and intent of this Agreement.

6.2 Save Harmless. Developers shall indemnify, defend, and save Manager harmless from all loss, damage, cost, expense (including attorneys' fees), liability, or claims for personal injury or property damage incurred or occurring in, on, or about the Water System unless caused by the willful misconduct, or negligent act or omission of Manager.

ARTICLE 7 LIABILITY INSURANCE.

7.1 Manager's Insurance. Manager shall obtain and keep in force adequate insurance against physical damage and against liability for loss, damage, or injury to property or persons which might arise out of the occupancy, management, operation, or maintenance of the Water System ("Manager's Insurance"). The Developers may, on behalf of the Manager, obtain, maintain, or modify the Managers' Insurance. The amounts and types of insurance shall be acceptable to both Developers and Manager, and any deductible required under such insurance policies shall be Developers' expense. Developers shall be covered as an additional insured on all liability insurance maintained with respect to the Water System. Liability insurance shall be adequate to protect the interests of both Developers and Manager and in form, substance, and amounts reasonably satisfactory to Developers. Manager agrees to furnish Developers with certificates evidencing such insurance or with duplicate copies of such policies within thirty (30) days of the execution of this Agreement. If Manager fail to do so, Developers may, but shall not be obligated to, place said insurance and charge the cost thereof to the Operating Account.

Said policies shall provide that notice of default or cancellation shall be sent to Developers as well as Manager and shall require a minimum of thirty (30) days' written notice to Developers before any cancellation of or changes to said policies.

7.2 Developers' Insurance. Developers shall provide Manager with a copy of their own liability insurance policy as evidence of their own business liability coverage. Manager shall be named as an additional insured on such policy and shall be notified prior to cancellation of such policy.

ARTICLE 8 MANAGER ASSUMES NO LIABILITY.

Manager assumes no liability whatsoever for any acts or omissions of Developers, or any previous Developer of the Water System, or any previous management or other agent of either. Manager assumes no liability for any failure of or default by any lot owner in the payment of any assessment or other charges due Developers or in the performance of any obligations owed by any lot owner to Developers. Nor does Manager assume any liability for previously unknown violations of environmental regulations which may become known during the period this Agreement is in effect. Any such environmental regulatory violations or hazards discovered by Manager shall be brought to the attention of Developers in writing, and Developers shall promptly initiate whatever reasonable action is necessary in order to attempt to cure them.

ARTICLE 9 DEVELOPERS RESPONSIBLE FOR CERTAIN EXPENSES, CLAIMS AND LEGAL FEES

9.1 Developers' Indemnification. Developers shall indemnify Manager and its managers, members and employees from, and hold each of them harmless against, any and all losses, liabilities, claims or damages, including reasonable attorneys' fees and reasonable attorney's fees on appeal (collectively "Claims") to which any of them may become subject, insofar as such Claims arise out of or result from any alleged violation by Developers of any law, rule or regulation, excluding any such Claims incurred by reason of Manager's negligence or willful misconduct.

9.2 Fees for Legal Advice. Developers shall pay reasonable expenses incurred by Manager in obtaining legal advice regarding Developers' compliance with any law affecting the Water System or activities related to them. If such expenditure also benefits others for whom Manager in this Agreement acts in a similar capacity, Developers agree to pay an apportioned amount of such expense.

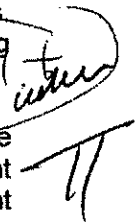
9.3 Manager's Indemnification. Manager shall indemnify Developers and its managers, members and employees from, and hold each of them harmless against, any and all Claims as defined in Article 9.1 to which any of them may become subject, insofar as such Claims arise out of or result from any alleged violation by Manager of any law, rule or regulation, excluding any such Claims incurred by reason of Developers' negligence or willful misconduct.

**ARTICLE 10
MANAGER'S COMPENSATION AND EXPENSES**

10.1 Management Services As compensation for the services provided by Manager under this Agreement (and exclusive of reimbursement of expenses to which Manager is entitled hereunder), Manager shall be paid five percent (5%) of the Gross receipts from assessments deposited in the Operating Account, or other fee as agreed to by the Parties. Such payment shall be made monthly, payable on the first business day of the month following the month in which the assessments are received.

10.2 Initial Payment. Immediately upon commencement of this Agreement, Crane Shores, LLC shall remit to W&S Investments, Inc. the sum of \$ as an initial payment representing compensation for a proportionate share of the initial construction and development costs of the wells, pumps, generator and other parts of the Water System located within the boundary of the Hawks Bay Estate subdivision.

*Approx. \$25,000, actual
to be determined*



**ARTICLE 11
STRUCTURAL CHANGES.**

11.1 Developers expressly withhold from Manager any power or authority to make any structural changes in the Water System, or to make any other major alterations or additions in or to any such Water System or to any equipment that is part of such Water System, or to incur any expense chargeable to Developers other than expenses related to exercising the express powers vested in Manager through this Agreement, without the prior written consent of Developers. However, in the case of emergency repairs as may be required because of danger to life or property, or which are immediately necessary for the preservation and safety of the Water System or the safety of the tenants and occupants thereof, or required to avoid the suspension of any necessary service to the Water System, or to comply with any applicable federal, state, or local laws, regulations, or ordinances, shall be authorized, and Manager shall notify Developers appropriately.

**ARTICLE 12
TERM AND TERMINATION**

12.1 Term. This Agreement shall continue until terminated.

12.2 Termination by Either Party. This Agreement may be terminated by either Developer or by Manager, with or without cause, upon the giving of sixty (60) days' written notice. If notice is given on any day other than the first of the month, the sixty (60) day period shall begin on the first day of the month following the month in which notice is given.

12.3 Termination for Cause. Notwithstanding the foregoing, this Agreement shall terminate in any event, and all obligations of the parties hereunder shall cease (except as to liabilities or obligations which have accrued or arisen prior to such termination and obligations to insure and indemnify), upon the occurrence of any of the following events:

a. **Breach of Agreement.** Thirty (30) days after the receipt of written notice by either party to the other specifying in detail a material breach of this Agreement, if such breach has not been cured within said thirty (30) day period; or if such breach is of a nature that it cannot be cured within said thirty (30) day period but can be cured within a reasonable time thereafter, if efforts to cure such breach have not commenced or/and such efforts are not proceeding and being continued diligently both during and after such thirty (30) day period prior to the breach being cured. However, the breach of any obligation of either party hereunder to pay any monies to the other party under the terms of this Agreement shall be deemed to be curable within thirty (30) days.

b. **Failure to Act, Etc.** In the event that any insurance required of Manager is not maintained, or it is alleged or charged that the Water System, or any portion thereof, or any act or failure to act by Manager, their agent and employees with respect to the Water System, fails to comply with any law or regulation, or any order or ruling of any public authority, and either Developer, in its sole discretion, considers that the action or position of Manager or their representatives with respect thereto may result in damage or liability to either Developer or both, the Developer shall have the right to terminate this Agreement at any time by written notice to Manager of its election to do so, which termination shall be effective upon the service of such notice. Such termination shall not release the indemnities of Developers and Manager set forth herein.

c. **Inadequate Insurance.** If either party deems that the liability insurance obtained by any other party pursuant to Article 7 is not reasonably satisfactory to protect its interest under this Agreement, and if Developers and Manager cannot agree as to adequate insurance, either party shall have the right to cancel this Agreement upon the service of written notice to the others.

12.4 Developer Responsible for Payments.

a. **Assumption of Obligations.** Upon termination of or withdrawal from this Agreement, Developers shall assume the obligations of any contract or outstanding bill executed by Manager under this Agreement for and on behalf of Developers and responsibility for payment of all unpaid bills.

b. **Funds Withheld.** Manager may withhold funds for ninety (90) days after the end of the month in which this Agreement is terminated, in order to pay bills previously incurred but not yet invoiced and to close accounts. Manager shall deliver to Developers, within ninety (90) days after the end of the month in which this Agreement is terminated, any balance of monies due.

ARTICLE 13 INTERPRETATION

13.1 Indemnification Survives Termination. All representations and warranties of the parties contained herein shall survive the termination of this Agreement. All provisions of this Agreement that require Developers or Manager to have insurance or to defend, reimburse, or indemnify the other party shall survive any termination; and if Manager is or becomes involved

in any proceeding or litigation by reason of having been Developers' manager, such provisions shall apply as if this Agreement were still in effect.

13.2 Severability. The invalidity of any portion of this Agreement shall not affect the validity of any other portion of this Agreement. If the invalidity or unenforceability is due to the unreasonableness of time or geographical restrictions, the restrictions shall be effective for the period of time and area as a court may determine to be reasonable

13.3 Governing Law. The execution, interpretation, and performance of this Agreement shall in all respects be controlled and governed by the laws of the State of Idaho.

13.4 Headings. All headings and subheadings employed within this Agreement are inserted only for convenience and ease of reference and are not to be considered in the construction or interpretation of any provision of this Agreement.

13.5 Force Majeure. Any delays in the performance of any obligation of Manager under this Agreement shall be excused to the extent that such delays are caused by wars, national emergencies, natural disasters, strikes, labor disputes, utility failures, governmental regulations, riots, adverse weather, and other similar causes not within the control of Manager, and any time periods required for performance shall be extended accordingly.

13.6 Complete Agreement. This Agreement, including any specified attachments, constitutes the entire agreement between Developers and Manager with respect to the management and operation of the Water System and supersedes and replaces any and all previous management agreements entered into or negotiated between Developers and Manager relating to the Water System covered by this Agreement.

13.7 Changes to Agreement. No change to this Agreement shall be valid unless made by supplemental written agreement executed and approved by unanimous consent of the Developers and the Manager. Except as otherwise provided herein, any and all amendments, additions, or deletions to this Agreement shall be null and void unless approved by Developers and Manager in writing. Each party to this Agreement hereby acknowledges and agrees that the other party has made no warranties, representations, covenants, or agreements, express or implied, to such party, other than those expressly set forth herein, and that each party, in entering into and executing this Agreement, has relied upon no warranties, representations, covenants, or agreements, express or implied, to such party, other than those expressly set forth herein.

13.8 Rights Cumulative; No Waiver. No right or remedy herein conferred upon or reserved to either of the parties to this Agreement is intended to be exclusive of any other right or remedy, and each and every right and remedy shall be cumulative and in addition to any other right or remedy given under this Agreement or now or hereafter legally existing upon the occurrence of an event of default under this Agreement. The failure of either party to this Agreement to insist at any time upon the strict observance or performance of any of the provisions of this Agreement, or to exercise any right or remedy as provided in this Agreement, shall not impair any such right or remedy or be construed as a waiver or relinquishment of such right or remedy with respect to subsequent defaults. Every right and remedy given by this

Agreement to the parties to it may be exercised from time to time and as often as may be deemed expedient by those parties.

13.9 Notices. All notices and other communications ("Notices") shall be in writing and may be delivered (i) in person, with the date of notice being the date of personal delivery, (ii) by United States Mail, postage prepaid for certified or registered mail, return receipt requested, with the date of notice being the date of the postmark on the return receipt, (iii) by fax, with confirmation of the transmittal of the fax and a copy of the fax deposited on the same day in the United States Mail, with the date of notice being the date of the fax, (iv) by e-mail, with confirmation of sending of the e-mail and a copy of the e-mail deposited on the same day in the United States Mail, with the date of notice being the date of the e-mail, (v) by nationally recognized delivery service such as Federal Express, with the date of notice being the date of delivery as shown on the confirmation provided by the delivery service. Notices shall be addressed to the following addresses, or such other address as one party shall provide the other parties:

If to Developers: W& S Investments, Inc.
 c/o Walt Wanner
 3652 S. McCormick Ave.
 Boise, ID 83709

 Crane Shores, LLC
 c/o Tom Taylor
 2927 NE 89th Avenue
 Portland, OR 97220

If to Manager: Hawks Bay Estates Water Company, LLC
 c/o Walt Wanner
 3652 S. McCormick Way
 Boise, ID 83709

13.10 Agreement Binding Upon Successors and Assigns. This Agreement shall be binding upon the parties hereto and their respective personal representatives, heirs, administrators, executors, successors and assigns.

13.11 Consent to Jurisdiction. The parties hereto submit to the non-exclusive personal jurisdiction in the State of Idaho, County of Ada, the courts thereof and the United States District Court sitting therein, for the enforcement of this Agreement, and waive any and all personal rights under the law of any jurisdiction to object on any basis (including, without limitation, inconvenience of forum) to jurisdiction or venue within the State of Idaho for the purpose of litigation to enforce this Agreement. Developers and Manager agree that service of process may be made upon them in the manner prescribed in Article 13.8.

**ARTICLE 14
SIGNATURES**

MANAGER

HAWKS BAY ESTATES WATER COMPANY, LLC

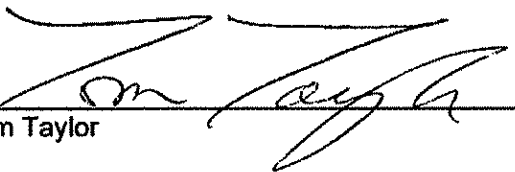
Dated: Oct 4, 2006

By: 
Walt Wanner, Managing Member

Developers

CRANE SHORES, LLC

Dated: Oct 5, 2006

By: 
Tom Taylor

W&S INVESTMENTS, INC.

Dated: Oct 4, 2006

By: 
Walt Wanner, President

Instrument # 314912

VALLEY COUNTY, CASCADE, IDAHO

2006-10-30 09:21:54 No. of Pages: 10

Recorded for : GORDON BATES

LELAND G. HEINRICH

Ex-Officio Recorder Deputy

Index to: RESTRICTIVE COVENANT

Fee: 30.00

FILED FOR RECORD AT THE REQUEST OF
AND WHEN RECORDED RETURN TO:

Crane Shores, L.L.C.
c/o Vision Land Management, L.L.C.
661 South Rivershore Lane, Suite 120
Eagle, ID 83616
Telephone (208) 938-4655

VFCraneShoresSecondAmendtoDecCC&Rs
10/22/2006 2:51 PM

Valley County, Idaho

**SECOND AMENDMENT TO DECLARATION OF
COVENANTS, CONDITIONS & RESTRICTIONS
FOR CRANE SHORES**

Declarant: Crane Shores, L.L.C.,
an Idaho Limited Liability Company

Abbreviated Legal Description: East ½ of the West ½ of the Northwest ¼ of Section 17,
Township 16 North, Range 3 East, Boise Meridian, Valley County, Idaho.

Assessor's Tax Parcel: RP 16N03E 173006

This Second Amendment to Declaration of Covenants, Conditions & Restrictions for Crane Shores, dated as of Oct 27, 2006 (this "Second Amendment"), amends that certain Declaration of Covenants, Conditions & Restrictions for Crane Shores, dated as of September 27, 2005, filed for record NOVEMBER 10, 2005, as Valley County Recorder's Instrument No. 304783 by Crane Shores, L.L.C., an Idaho limited liability company (the "Declarant"), and previously amended by an Amendment to Declaration of Covenants, Conditions & Restrictions for Crane Shores, dated as of Oct 27, 2006, and filed for record Oct 27, 2006, as Valley County Recorder's Instrument No. 314911 (together, the "Declaration").

ARTICLE 1 - RECITALS

WHEREAS, the Declaration provides a common plan and scheme for development of Crane Shores, and further provides that the property described therein shall be held, sold and conveyed subject to covenants, conditions and restrictions, which shall run therewith and bind all parties having or acquiring any right, title or interest in the Property or any Lot or part thereof, and shall inure to the benefit of each Owner;

WHEREAS, the Declarant's geotechnical engineer conducted studies on the Property to determine depth to seasonal groundwater caused by snowmelt;

WHEREAS, the Declarant's geotechnical engineer conducted studies on the Property to determine depth to seasonal groundwater caused by snowmelt;

WHEREAS, the Declarant's geotechnical engineer, based on its finding of shallow groundwater in portions of the Property, has recommended that all residences be constructed in a manner that inhibits water in the crawl spaces;

WHEREAS, Section 4.2(b) of the Declaration authorizes the Declarant to make this Amendment, by granting the Declarant one (1) Class B voting right for each Lot owned by the Declarant and providing that, until the expiration of all Class B voting rights, all decisions of the Association shall be made solely by the Declarant;

WHEREAS, the Valley County has requested the Declarant to record an amendment to the Declaration placing the geotechnical engineer's recommendations in the chain of title for each residence constructed and sold in Crane Shores;

WHEREAS, the Declarant also elects to make certain other additions and modifications to the Declaration;

NOW, THEREFORE, the Declarant hereby amends the Declaration to read as follows:

ARTICLE 2 – AMENDMENTS

1. Capitalized terms used but not defined herein shall have the meanings given them in the Declaration. All underlined text shall denote new language added by this Second Amendment, and all stricken text shall denote existing language from the Declaration deleted by this Second Amendment.

2. **Paragraph 4.2 (b)** of the Declaration is hereby amended to read:

“(b) Class “B”: The Declarant shall own one (1) Class B voting right for each Residential Lot owned by the Declarant. Until the expiration of all Class B voting rights, all decisions of the Association, including, but not limited to, any amendment to this Declaration or annexation or de-annexation of property to or from the Property, shall be made solely by the Declarant. Each Class B voting right shall expire upon the conveyance of the Residential Lot to which it attaches; provided, however, the Declarant may, in Declarant's sole discretion, transfer Class B voting rights to any person or entity that acquires any portion of Declarant's interest in the Property. Upon any such transfer, the transferee shall be deemed the Declarant hereunder, and shall succeed to all rights and shall assume all liabilities of the Declarant pertaining to the Property, arising under this Declaration or otherwise.”

3. **Paragraphs 5.1, 5.2 and 5.3** of the Declaration are hereby amended to read:

“5.1 General Assessments. General assessments shall be used exclusively for the purpose of promoting the value and desirability of the Property for the mutual benefit of all Owners, including, without limitation, the maintenance of the Common Areas as provided in Article III of this Declaration. There shall be no expenditure of funds belonging to the Association except: (a) as provided in this Article V, or (b) upon the concurrence of a simple

majority of those the Owners of sixty seven percent (67%) of the Lots in attendance and entitled to vote at the meeting when such expenditure is approved.

“5.2 Special Assessments. In addition to regular general assessments, special assessments may be levied for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair, equipment purchase or rental as necessary for the common benefit of the Owners. Any special assessment shall be levied only with the consent of a simple majority of those the Owners of Lots in attendance and entitled to vote at the meeting when such special assessment is approved, sixty seven percent (67%) of all Lots, based upon voting rights as described in Paragraph 4.2 of this Declaration.

“5.3 Rate of Assessments. The Association shall assess and collect assessments from each Owner, except Declarant, based on the number of Lots owned by each Owner. Assessments shall be divided equally among all Lots and paid by each Owner annually, prior to the later of March 1st or thirty (30) days after the date of the Association’s Annual Meeting in the year for which they are assessed. The owners of any parcels subsequently added to this Declaration shall be deemed Owners, subject to all rights and obligations under this Declaration, including, without limitation, the payment of regular and special assessments levied hereunder. Assessments not paid when due shall be delinquent and shall bear interest at the rate of eighteen percent (18%) per annum, or the highest rate allowed by law. The Association may, at its option, publish a list of the names of Owners with delinquent assessments and/or file a lien against any delinquent Lot and foreclose the lien for collection of the delinquent assessment. Initial assessments shall be as specified on Exhibit “B” attached hereto and incorporated herein by reference. Assessments may be increased from time to time as determined by the concurrence of a simple majority of those the Owners of Lots in attendance and entitled to vote at the meeting when such assessment is increased of sixty seven percent (67%) of all Lots, as provided in Paragraph 4.2 of this Declaration.”

4. **Subsection (h) Retaining Walls, of Section 8.8 shall be amended, to read:**

(h) No retaining wall shall be installed without the ARC's prior approval of the wall design and installation plans. The installation and maintenance of retaining walls that are required due to topographic conditions of individual Lots, and approved in writing by the ARC, shall create a smooth or stepped transition at the top and bottom of slopes to appear natural with the existing landforms and landscaping. Walls shall be built using reinforced materials that are compatible in appearance with the exterior elevation of the home. Compatible materials may include stone-faced block, stucco, or rock. Poured in-place concrete retaining walls shall be finished with rock veneer or stucco. Such retaining walls are the sole and absolute responsibility of the Lot Owner, shall be of masonry products only, and shall not be the responsibility of the Declarant, its successor or assign, or the Association.

5. A new Subsection (b) shall be added to Section 8.10 Construction Standards, to read:

“(b) Drainage Systems & Crawl Spaces: Pages 10 and 11 of the geotechnical report, dated August 23, 2004, and prepared by the Declarant’s engineer, Materials Testing & Inspection, together with a supplementary recommendations letter dated August 24, 2005, are

attached hereto as a new Exhibit "D" to the Declaration and incorporated herein by reference. All residential buildings shall utilize gutters on all sides of the residences, together with downspouts which must carry roof drainage to a minimum distance of five feet (5") away from all footings or foundation walls. All grades shall slope away from all buildings at a minimum gradient of two percent (2%) for a minimum distance of ten feet (10'). Backfill around stem walls must be placed and compacted in a controlled manner. Crawl spaces may not be located any greater than thirty inches (30") below existing grades, to maintain a minimum of twenty four inches (24") above observed groundwater elevations. All drainage from hardscape surfaces (e.g., driveways, sidewalks, patios) shall be directed into on-site swales or channels within the landscape plan of the Lot. Drainage piping shall be concealed. Drainage onto another home site shall not be permitted. Sloping yards down to the property line shall not be permitted."

The existing Subsections (b), (c), (d) and (e) of Section 8.10 shall be re-lettered (c), (d), (e) and (f).

6. Except as expressly modified by this Second Amendment, the Declaration shall remain in full force and effect.

IN WITNESS WHEREOF, the Declarant has executed this Second Amendment as of the date first above written.

DECLARANT:
Crane Shores, L.L.C.
An Idaho limited liability company

By:


Tom D. Taylor, Managing Member

Idaho §
STATE OF WASHINGTON)
County of *Ada* §)ss.
Clark)

On this *26* day of *October*, 2006, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared **Tom D. Taylor**, known to me to be the **Managing Member** of **Crane Shores L.L.C.**, the limited liability company that executed the foregoing instrument, and acknowledged said instrument to be the free and voluntary act of said limited liability company, for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute said instrument by the Operating Agreement of said limited liability company.

Date: *October 26, 2006*

By: *Shannon Beck*

Notary Public for the State of ~~Washington~~ *Idaho* §
Residing at *Middleton*
My commission expires on *4/28/10*

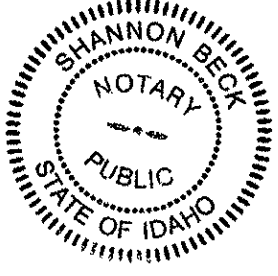


EXHIBIT "D"

MTI Geotechnical Report & Supplemental Letter



Environmental Services Geotechnical Engineering Construction Materials Testing Special Inspections

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Retaining walls can be constructed to alter a slope's parameters. The top of the retaining wall constitutes the toe of the slope, and slope height is determined from the top of wall. Downslope setback requirements can be reduced to zero if the retaining wall reduces the upslope gradient to 3:1 or flatter. Because upslope setbacks are determined at footing elevation, top of slope setbacks can be managed through the footing depth. In some cases it may be desirable to use a foundation based on tip bearing piles or caissons, to achieve greater footing depths.

FOUNDATION AND PAVEMENT DISCUSSION AND RECOMMENDATIONS

General Notes:

Presently, approximately 89 lots are proposed for the project site. Considering typical residential construction, and subsurface conditions, it is recommended that the structures be founded upon conventional spread footings and continuous wall footings. The following recommendations are not specific to the individual structures, but rather should be viewed as guidelines for the subdivision wide development.

Foundation Design Recommendations:

On the basis of data obtained from the site and test results from various laboratory tests performed, MTI recommends following guidelines be used for the net allowable soils bearing capacity.

Footing Depth	ASTM D 1557 Subgrade Compaction	Net Allowable Soils Bearing Capacity
Footings should bear on competent, native, silty sand soils present at below the root zone across the site. Excavation depths of 2 feet should be anticipated.	Not required for native soil	1,500 lbs/ft ²

Verification of bearing soils for each residence by a qualified geotechnical engineer at the time of construction is recommended.

Footings should be proportioned to meet the stated bearing capacity and/or the IBC 2000 minimum requirements. Total settlement should be limited to about 1 inch with differential settlement of approximately 1/2 inch. Objectionable soil types encountered at the bottom of footing excavations should be removed and replaced with structural fill. Excessively loose or soft areas that are encountered in the footing subgrade will require over-excavation and backfilling with structural fill. To minimize the effects of slight differential movement that may occur because of variations in character of supporting soils, and in seasonal moisture content, MTI recommends continuous footings be suitably reinforced to make them as rigid as possible. For frost protection, the bottom of external footings should be 30 inches below finished grade.



Crawl Space Recommendations:

Considering the likely presence of shallow groundwater in the southern portion of the site, all residences constructed within this area should be designed in a manner that will inhibit water in the crawl spaces. Shallow groundwater conditions can lead to standing water in crawlspaces, allowing for development of mold and associated issues. Therefore, proper grading should be considered to be critical. MTI recommends that roof drains carry storm water at least 5 feet away from the residence, and grades should be greater than 2% for a distance of 10 feet away from all residences. In addition, rain gutters should be placed around all sides of residences, and backfill around stem walls should be placed and compacted in a controlled manner.

In addition, based on observed soil and groundwater conditions, MTI recommends that crawl spaces be located a minimum of 24 inches above the seasonal high groundwater elevation. This would reduce the possibility of water seeping into crawlspaces in the future. Considering an estimate of seasonal high groundwater at approximately 4 feet below grade, crawl spaces should not extend deeper than approximately 2 feet below existing grade. This depth recommendation is not considered applicable within the topographically lower drainages present in the western portion of the site. It is the understanding of MTI that no residences will be constructed within these drainages.

Recommended Pavement Sections:

MTI collected a sample of near-surface soils for R-value testing representative of soils to depths of 2 feet below existing ground surface. A bulk sample collected from the northwestern portion of the site, consisted of silty sand soil. This sample yielded an R value of 32. MTI has used a traffic index of 6 to determine necessary pavement cross-sections for local/residential streets and a traffic index of 8 for collector/arterial streets. Additionally, MTI has made other assumptions for traffic loading variables based on the character of the proposed construction. The Client should review these assumptions to make sure they reflect intended use and loading of pavements both now and in the future.

Flexible Pavement Sections

The Idaho Method as defined in Idaho Department of Transportation's Materials Manual (section 500) was used to develop the pavement section. Ada County Highway District (ACHD) parameters for traffic index and substitution ratios were also used in the design, and were obtained from ACHD's Development Policy Manual. These values were used as a reference. Calculation sheets provided in the Appendix indicate the soils values, traffic loading, and material ratios used to calculate the pavement sections. MTI recommends that all materials used in the construction of Asphaltic Concrete Pavements meet the requirements of the Idaho State Public Works Construction (ISPWC) specifications. Construction of the pavement section should be in accordance with these specifications. The following thicknesses are MINIMUM THICKNESSES for assured pavement function.

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Mr. Gordon Bates
Vision Land Management
661 Rivershore Lane, Suite 120
Eagle, Idaho 83616

Re: Groundwater Discussion
Crane Shores Subdivision
Roseberry Road west of Norwood Road
Donnelly, Idaho

Gentlemen:

This letter is to provide recommendations to limit moisture collection within crawl spaces to be constructed at the proposed development. This letter serves as an addendum to the earlier issued MTI Geotechnical Engineering Report (MTI File No. B40911G). Descriptions of general site characteristics and the proposed project are available in the previous report. All limitations and warranties expressed in the previous report apply to this document.

Groundwater:

Groundwater was noted at depths ranging from 6.2 to 8.5 feet during the field investigation, with no groundwater present to depths as deep as 10.2 feet in portions of the site. Groundwater monitoring has been performed by this office on a total of three occasions in April and May 2005. Groundwater monitoring has been performed immediately following snowmelt within the surrounding area to attempt to identify seasonal high groundwater levels. Results of monitoring are shown in the table below.

Groundwater Monitoring Observations – Crane Shores Subdivision		
Month	Apr-04	May-04
Test Pit 2	4.4 Feet	4.7 Feet
Test Pit 3	>6.4 Feet	>6.4 Feet

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Crawl Space Recommendations:

Considering the likely presence of shallow groundwater in the portions of the site, all residences constructed within this area should be designed in a manner that will inhibit water in the crawl spaces. Shallow groundwater conditions can lead to standing water in crawlspaces, allowing for development of mold and associated issues. Therefore, proper grading should be considered to be critical. MTI recommends that roof drains carry storm water at least 5 feet away from the residence, and grades should be greater than 2% for a distance of 10 feet away from all residences. In addition, rain gutters should be placed around all sides of residences, and backfill around stem walls should be placed and compacted in a controlled manner.

In addition, based on observed soil and groundwater conditions, MTI recommends that crawl spaces be located no greater than 30 inches below existing grades across the site, corresponding to a minimum of approximately 24 inches above observed groundwater elevations, as recommended in the original geotechnical report. This would reduce the possibility of water seeping into crawlspaces in the future. This depth recommendation is not considered applicable within the topographically lower drainages present in the western portion of the site. It is the understanding of MTI that no residences will be constructed within these drainages.

We appreciate this opportunity to be of service to you and we look forward to working with you in the future. If you have questions please call us at (208) 376-4748.

Respectfully Submitted,
Materials Testing & Inspection, Inc.

Michael G. Woodworth, P.E.
Senior Geotechnical Engineer

Instrument # 318306
VALLEY COUNTY, CASCADE, IDAHO
2007-02-09 02:37:04 No. of Pages: 6
Recorded for : AMERITITLE
ARCHIE N. BANBURY
Ex-Officio Recorder Deputy J N Fee: 18.00
Index to: RESTRICTIVE COVENANT

FILED FOR RECORD AT THE REQUEST OF
AND WHEN RECORDED RETURN TO:

Crane Shores, L.L.C.
c/o Vision Land Management, L.L.C.
661 South Rivershore Lane, Suite 120
Eagle, ID 83616
Telephone (208) 938-4655

VFCraneShoresThirdAmendtoDecCC&Rs

Valley County, Idaho

**THIRD AMENDMENT TO DECLARATION OF
COVENANTS, CONDITIONS & RESTRICTIONS
FOR CRANE SHORES**

**Declarant: Crane Shores, L.L.C.,
an Idaho Limited Liability Company**

Abbreviated Legal Description: East ½ of the West ½ of the Northwest ¼ of Section 17,
Township 16 North, Range 3 East, Boise Meridian, Valley County, Idaho.

Assessor's Tax Parcel: RP 16N03E 173006

This Third Amendment to Declaration of Covenants, Conditions & Restrictions for Crane Shores, dated as of 2/8, 2007 (this "Third Amendment"), amends that certain Declaration of Covenants, Conditions & Restrictions for Crane Shores, dated as of November 10, 2005, filed for record January 11, 2006, as Valley County Recorder's Instrument No. 304783 by Crane Shores, L.L.C., an Idaho limited liability company (the "Declarant"); and previously amended by an Amendment to Declaration of Covenants, Conditions & Restrictions for Crane Shores, dated as of October 27, 2006, and filed for record October 30, 2006, as Valley County Recorder's Instrument No. 314911; and previously amended by a Second Amendment to Declaration of Covenants, Conditions & Restrictions for Crane Shores, dated as of October 27, 2006, and filed for record October 30, 2006, as Valley County Recorder's Instrument No. 314912 (together, the "Declaration").

ARTICLE 1 - RECITALS

WHEREAS, the Declaration provides a common plan and scheme for development of Crane Shores, and further provides that the property described therein shall be held, sold and conveyed subject to covenants, conditions and restrictions, which shall run therewith and bind all parties having or acquiring any right, title or interest in the Property or any Lot or part thereof, and shall inure to the benefit of each Owner;

WHEREAS, Section 4.2(b) of the Declaration authorizes the Declarant to make this Amendment, by granting the Declarant one (1) Class B voting right for each Lot owned by the Declarant and providing that, until the expiration of all Class B voting rights, all decisions of the Association shall be made solely by the Declarant;

WHEREAS, the Declarant elects to make certain additions and modifications to the Declaration;

NOW, THEREFORE, the Declarant hereby amends the Declaration to read as follows:

ARTICLE 2 – AMENDMENTS

1. Capitalized terms used but not defined herein shall have the meanings given them in the Declaration. All underlined text shall denote new language added by this Third Amendment, and all stricken text shall denote existing language from the Declaration deleted by this Third Amendment.

2. Paragraph 7.5 of the Declaration is hereby amended to read:

“7.5 Engineered-Modular Homes and Mobile Homes. No mobile home may be placed on any Lot, provided, however, the Declarant may maintain a sales trailer on any Lot until all Lots have been sold. This restriction against mobile homes shall not be construed to prevent the placement and construction of an engineered-modular home on any Lot. An “engineered-modular home” shall be defined as one that is constructed of component parts, such as roof systems, wall systems and interior framing sections and / or a home constructed using “systems-built” modules which meet UBC, IBC and local building codes that are manufactured off-site and assembled on the Lot. An engineered-modular home shall be defined to exclude mobile homes or manufactured homes.”

3. Paragraph 7.15 of the Declaration is hereby amended to read:

“7.15 Erosion Control. No Owner shall allow drainage, naturally occurring or otherwise, from any Lot owned by such Owner to be channeled in such a manner as to cause erosion on or under any other Lot, Common Lot, street, or road. There shall be no interference with the established drainage pattern over any portion of a Lot, unless an adequate alternative provision is made for proper drainage and is first approved in writing by the ARC and Valley County.”

4. Subsection 8.1.3 of the Declaration is hereby amended to read:

“8.1.3 Application Requirements. An application for the ARC’s approval of any proposed Improvements shall include the following: (a) an application fee in an amount to be determined by the ARC of Three Hundred Dollars (\$300.00) for each application for a new residence or Improvements to an existing residence; (b) a site plan of the entire Lot upon which the proposed Improvements are to be located; depicting all existing conditions and Improvements; all public streets, easements and rights-of-way encroaching upon or contiguous to

said Lot; and all proposed Improvements, drawn to a scale of not smaller than one inch equals eight feet; (c) construction drawings showing the proposed Improvements in complete detail, including any existing Improvements to which they will be attached, drawn to a scale of not smaller than one inch equals three (3) feet; (d) detailed specifications of the composition and quantity of all materials to be used in the construction or erection of the proposed Improvements; (e) a color palette including samples of all proposed exterior materials and finishes; and (f) a schedule including estimated dates of commencement and completion of each phase of construction. In addition to the foregoing, all plans and specifications shall conform to applicable state and local codes and regulations. Every sheet and page submitted shall specify the Lot number and address of the proposed Improvements, and the correspondence address and telephone number of the Owner. All plans and specifications shall be prepared by an architect or engineer licensed by the State of Idaho. After appointment of the ARC from the general membership as provided in Paragraph 8.1.2, the Owner seeking ARC approval shall deliver a separate set of the proposed Improvements plans to the mailing address of each of the three (3) ARC members. The Association shall make copies of said addresses available to the Owners at each annual meeting.”

5. **Subsection 8.1.7** of the Declaration is hereby amended to read:

“8.1.7 Committee Discretion. It is recognized that this Declaration does not contain specific requirements for every situation that may require ARC approval; therefore, the ARC will necessarily exercise discretion in many instances in approving or disapproving of a specific proposal. It is further recognized that a proposal may deserve consideration on its own merit even though it does not meet a specific standard set forth in this Declaration; therefore, the ARC is authorized, in its reasonable discretion, to approve a proposal notwithstanding that it may conflict with a standard set forth in this Declaration. Such reasonable discretion shall include approval of variance from the building setbacks necessary for a Lot to accommodate construction of a home with a minimum 2,000 SF footprint and a two (2)-car garage, providing any such variance shall not permit a setback less than currently required by the Valley County Land Use and Development Ordinance. Such reasonable discretion shall also include approval of variances from the fill, grading, excavation and site construction restrictions, as necessary to deal with groundwater or surface water constraints and to accommodate construction of a home with a minimum 2,000 SF footprint and a two (2)-car garage.”

6. **Paragraph 8.3** of the Declaration is hereby amended to read:

“8.3 Building Envelope and Setbacks. All buildings, paving, grading, and construction activities must be contained entirely within the Construction Perimeter, as defined in Section 8.10(a) and designated on the Plans and Elevations. Building setbacks imposed by Valley County zoning code on Lots and adopted herein are as follows: Front yard – 20 feet, Street side yard – 20 feet, Side yard – 10 feet and Rear yard – 20 feet, except for rear lot lines adjoining the BOR land, which shall be subject to a 7.5 foot rear yard setback.”

7. A new **Subsection (g)** shall be added to **Paragraph 8.8 Fences and Hedges**, to read:

“(g) **Bureau of Reclamation Boundary Fence:** There shall be no interference with the established Bureau of Reclamation Boundary Fence (the “BOR Boundary Fence”) over any portion of the Property unless it is first approved in writing by the Association and the Bureau of Reclamation. For purposes hereof, “established” BOR Boundary Fence is defined as the single rail fence located approximately 4” to 8” within the southerly boundary line of Lots 1 – 6, and Lot 10, in Block 2; located approximately 4” to 8” within the westerly boundary line of Lots 10 - 13, Lots 20 – 22, Lots 29 – 31, and Lots 38, 39, 45 and 46, in Block 2; located approximately 4” to 8” within the westerly boundary line of Lots 1 – 4, in Block 3; and located approximately 4” to 8” within the westerly boundary line of the Lake Forest Lane emergency turnaround rights-of-way. The Association shall maintain the BOR Boundary Fence to Bureau of Reclamation standards. The Bureau of Reclamation shall have the right to inspect the BOR Boundary Fence and notify the Association in writing of any non-emergency required maintenance. The Association shall perform any non-emergency required maintenance within fourteen (14) calendar days after receipt of Bureau of Reclamation written maintenance notification. The Bureau of Reclamation may immediately perform any emergency maintenance and any non-emergency maintenance that the Association has not completed within fourteen (14) calendar days of notification. The Bureau of Reclamation, at its sole discretion, shall determine what constitutes “emergency maintenance”. The Bureau of Reclamation may assess the costs of any such required maintenance performed by the Bureau of Reclamation to all of the Property Owners, including through the use of liens and/or assessment of maintenance costs against each Lot in Crane Shores. Any proposed changes to the BOR Boundary Fence or the documents and approvals associated therewith, require Bureau of Reclamation approval.”

8. Subsection 8.10 (a) of the Declaration is hereby amended to read:

“(a) **Grading and Excavation:** Site grading and excavation shall be limited to the building footprint, patios and driveway plus a construction zone extending twelve (12) feet beyond the building footprint and six (6) feet beyond the driveway and patio perimeters (collectively, the “Construction Perimeter”), and shall be illustrated on the Development Plan and ARC-approved building plans. Existing grades on each Lot, as well as proposed finished grades of any ground, shall not be altered once approved by the ARC. All grading shall minimize disruption of the Lot and shall appear to be an extension of any natural land forms. Except as otherwise provided herein, no standing, healthy trees or natural vegetation growing outside the Construction Perimeter shall be cut down. An Owner may submit a written request to the ARC for cutting down up to two (2) trees per Lot outside the Construction Perimeter for enhancement of scenic views or site aesthetics, which approval shall be granted or denied in the ARC’s reasonable discretion. As consideration for such approval, the Owner shall plant one additional tree elsewhere on the Lot for each tree removed. Each replacement tree shall be of the same or similar species, with a minimum 4” caliper and twelve (12) feet in height. Prior to excavation or grading on Lots 5, 7, 8, 9, 17, 19, 37, 38 or 45, of Block 2, the Owner shall submit to the ARC a geotechnical report on the Owner’s Lot, prepared by a licensed geotechnical engineer, containing plans and recommendations for excavation, grading, footings, storm drainage, retaining structures, erosion control, and revegetation and stabilization of unstable slopes. Any excavation on

any Lot shall be performed in a workmanlike manner, and the Lot shall be kept free from debris. Each Owner shall be responsible for the repair of any damage that may occur during construction to any road, mailbox, utility facility or other on-site or off-site Improvement caused by the Owner or its contractor. Unless an Owner otherwise notifies the ARC in writing prior to the Owner's commencement of construction on a Lot, all on-site Improvements shall be conclusively deemed to be in good working order and condition, and any damages occurring thereto during construction shall be the Owner's responsibility. The Owner shall make all required repairs immediately following the occurrence of the damage."

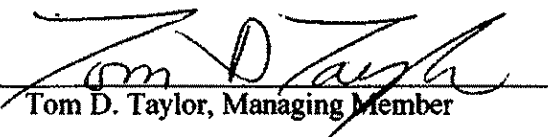
9. **Subsection Section 8.10(b) Drainage Systems & Crawl Spaces of Section 8.10 Construction Standards shall be amended, to read:**

"(b) Drainage Systems & Crawl Spaces: Pages 10 and 11 of the geotechnical report, dated August 23, 2004, and prepared by the Declarant's engineer, Materials Testing & Inspection, together with a supplementary recommendations letter dated August 24, 2005, are attached hereto as a new Exhibit "D" to the Declaration and incorporated herein by reference. It is recommended that all buildings utilize ~~gutters on all sides of the residences, together with French drains and underground piping~~ which carry roof drainage to a minimum distance of five feet (5'²) away from all footings or foundation walls and into an underground drainage collection system (dry well recommended) located within the Construction Perimeter. All grades shall slope away from all buildings at a minimum gradient of two percent (2%) for a minimum distance of ten feet (10'). Backfill around stem walls must be placed and compacted in a controlled manner. Crawl spaces may not be located any greater than thirty inches (30") below existing grades, to maintain a minimum of twenty four inches (24") above observed groundwater elevations. All drainage from hardscape surfaces (e.g., driveways, sidewalks, patios) shall be directed into on-site swales or dry wells within the Construction Perimeter~~channels within the landscape plan of the Lot.~~ Drainage piping shall be concealed. Drainage from all buildings shall be retained within the Lot and not be allowed onto another home site. Sloping yards down to the property line shall not be permitted."

10. Except as expressly modified by this Third Amendment, the Declaration shall remain in full force and effect.

IN WITNESS WHEREOF, the Declarant has executed this Third Amendment as of the date first above written.

DECLARANT:
Crane Shores, L.L.C.
An Idaho limited liability company

By: 
Tom D. Taylor, Managing Member

STATE OF OREGON)
)ss.
County of Multnomah)

On this 8 day of February, 2007, before me, the undersigned, a Notary Public in and for the State of Oregon, duly commissioned and sworn, personally appeared **Tom D. Taylor**, known to me to be the **Managing Member** of **Crane Shores L.L.C.**, the limited liability company that executed the foregoing instrument, and acknowledged said instrument to be the free and voluntary act of said limited liability company, for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute said instrument by the Operating Agreement of said limited liability company.

Date: February 8, 2007

By: Julie Ingwersen



Notary Public for the State of Oregon
Residing at 1111 NE 702nd Ave Portland, OR 97220
My commission expires on Feb 9, 2010