

Memorandum of Understanding

THIS MEMORANDUM OF UNDERSTANDING, is made and entered into effective the 21st day of July, 2004, by and between SILVERTIP, LLC ("Silvertip"), and SPRING MOUNTAIN RANCH HOME OWNERS ASSOCIATION ("SMRHOA").

WHEREAS, Silvertip is planning to purchase Parcels K, L and M Spring Mountain Ranch PUD ("the Property"), and it plans to develop the Property with up to 95 dwelling units ("New Development").

WHEREAS, SMRHOA owns certain amenities, including a club house, swimming pool, hot tub and tennis courts, which it has agreed to allow the New Development to use, pursuant to the terms of this Memorandum of Understanding ("MOU").

NOW, THEREFORE, in consideration of the terms and conditions herein contained, the parties hereto agree as follows:


1. SMRHOA hereby agrees to admit all owners of dwelling units within the New Development as members of the Spring Mountain Ranch Home Owners Association. Each member shall hold 1 vote pursuant to the SMRHOA CC&Rs, including such cases where Silvertip is a member due to its ownership of a lot in the New Development.
2. Silvertip agrees that the New Development will contain no more than 95 dwelling units.
3. Silvertip shall pay a fee in the amount of \$40,000.00 ("Fee") in exchange for SMRHOA admitting owners of dwelling units in the New Development as members who may use SMRHOA amenities.
4. The Fee will be paid at the time a final plat has been approved by the City for the New Development. In the event that the New Development is final platted in phases, the fee shall be prorated based upon the number of units approved in the final plat. Upon recordation of final plats for the entirety New Development, Silvertip shall pay to SMRHOA the difference between \$40,000 and that previously paid to SMRHOA upon recordation of prior final plats (i.e. the Fee shall be \$40,000 even if fewer than 95 dwelling units are final platted).
5. The monthly homeowners fees for SMRHOA shall begin to accrue for each dwelling unit on the first of the following to occur: (a) when Silvertip closes on the sale of each unit to a third party; or, (b) 2 years after the final plat has been recorded for that phase. There is currently in place a \$250 set up fee, which set up fee shall apply to all new members in the New Development at the rate in place at the time of their admittance as a member.
6. Monthly homeowners dues to be paid by owners within the New Development shall be those applicable to all existing amenities at Spring Mountain Ranch, and any future amenities to which they are granted access and use.


7. If the entirety of the New Development is not final platted within 5 years from the date of this MOU, then Silvertip shall be obligated to work with SMRHOA to assure that its members will be admitted within a reasonable amount of time, or some other mutually agreeable terms.
8. The New Development will have a separate Homeowners Association which shall be responsible for maintenance of roads and common areas in the New Development. SMRHOA shall have no responsibility for any such maintenance in the New Development.
9. The New Development shall be governed by the Master Declaration of Covenants, Conditions and Restrictions for the Spring Mountain Ranch PUD (CC&Rs). However, the SMRHOA will not be responsible for the review or approval of any Building Plans for the New Development. The New Development will have its own Architectural Committee, which shall have the authority to enforce all restrictions for improvements provided in the CC&Rs as well as any additional design guidelines and covenants that may be imposed within the New Development.
10. If Silvertip employs a signage program in the New Development, such program shall be consistent with the Spring Ranch PUD signage program which is being utilized by the SMRHOA.
11. The terms of this MOU shall be contingent upon the closing of the purchase of the Property by Silvertip.
12. This MOU shall be binding on and shall inure to the benefit of the heirs, assigns, administrators, executors, representatives and successors-in-interest of the parties hereto.
13. This MOU may not be modified except by means of a subsequent written agreement by the parties.
14. This MOU may be recorded with the Valley County, Idaho Recorder's office at the option of either party.

IN WITNESS WHEREOF, the parties have subscribed their names, the day and year in this MOU first above written.

SILVERTIP, LLC

**SPRING MOUNTAIN RANCH
HOME OWNERS
ASSOCIATION**

By: 
DEAN SCHULTZ, Member
President

By: 
ROBERT G. BENDER,
PRESIDENT
SMR BOD

By: 
KAY ROBNETT, MEMBER

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RAY ROBNETT, Member

STATE OF IDAHO,)
(ss.
County of Valley

On this 26th day of July, 2004, before me, Amy Pemberton, a Notary Public in and for said State, personally appeared DEAN SCHULTZ, known or identified to me to be a Member of SILVERTIP, LLC, the limited liability company that executed the instrument or the person who executed the instrument on behalf of said limited liability company, and acknowledged to me that such limited liability company executed the same.

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

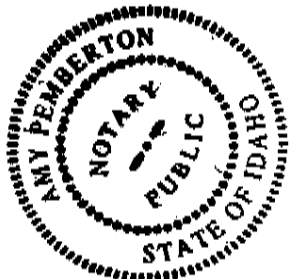


Amy Pemberton
NOTARY PUBLIC FOR IDAHO
Residing at: Woods, ID
My Commission Expires: 5/9/2009

STATE OF IDAHO,)
(ss.
County of Valley

On this 26th day of July, 2004, before me, Amy Pemberton, a Notary Public in and for said State, personally appeared RAY ROBNETT, known or identified to me to be a Member of SILVERTIP, LLC, the limited liability company that executed the instrument or the person who executed the instrument on behalf of said limited liability company, and acknowledged to me that such limited liability company executed the same.

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



Amy Pemberton
NOTARY PUBLIC FOR IDAHO
Residing at: Woods, ID
My Commission Expires: 5/9/2009

STATE OF IDAHO,)
(ss.
County of Valley

On this 24th day of July, 2004, before me, Debra Martens
Notary Public in and for said State, personally appeared ROBERT G. BENDER, known or identified to me
to be a Member of **SPRING MOUNTAIN RANCH HOME OWNERS ASSOCIATION**, the association
that executed the instrument or the person who executed the instrument on behalf of said association, and
acknowledged to me that such association executed the same.

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



Debra Martens
NOTARY PUBLIC FOR IDAHO
Residing at: McCall, Idaho
My Commission Expires: 6/1/2008