



**RESIDENTIAL COTTAGE SITE LEASE**  
**No. R**  
**LESSEE OF RECORD, LEGAL NAME NATURAL PERSON(S)**

LESSOR Name and Address: State Board of Land Commissioners, acting by and through the Idaho Department of Lands  
300 North 6<sup>th</sup> Street, Suite 103  
PO Box 83720  
Boise ID 83720-0050

LESSEE Name and Address: Lessee of Record, Legal Name Natural Person(s)  
Address 1  
Address 2  
City, State, Zip, Country if not USA

Lease Term: Commencement: January 1, 20xx  
Expiration: December 31, 20xx

Rent: The annual rent payment is due on January 1st of each year or in accordance with Section D.1.2 on Attachment A.  
  
Rent terms are more particularly described in Section D. Rental Rate within the Lease Provisions.

Land Legal Description: See Attachment B of this Lease.  
  
LESSOR, in consideration of the rent paid and the covenants, conditions and restrictions hereinafter set forth, in the Lease (including all Attachments), does hereby lease and demise unto LESSEE the lands described in Attachment B of this Lease for the uses specified herein.

Use of Premises: Residential Cottage Site  
See Section B. Use of Leased Premises within the Lease Provisions

Bond: Not Applicable

Liability Insurance: See Section M. Insurance in the Lease Provisions, Attachment A.

Lease Index: LEASE DATA  
SIGNATURE PAGE  
ATTACHMENT A – LEASE PROVISIONS  
ATTACHMENT B – LEGAL DESCRIPTION

This lease agreement (Lease), including the Lease Data, Signature Page and all Attachments (which are incorporated herein in their entirety) is made and entered into by and between LESSOR and LESSEE.

**LESSOR SIGNATURES**

IN WITNESS WHEREOF, the parties hereto have caused these presents to be duly executed the day and year first above written.

COUNTERSIGNED: STATE BOARD OF LAND COMMISSIONERS OF THE STATE OF IDAHO

\_\_\_\_\_  
Secretary of the State of Idaho

\_\_\_\_\_  
President of the State Board of Land Commissioners  
and Governor of the State of Idaho

\_\_\_\_\_  
Director Department of Lands

STATE OF IDAHO  
:s  
COUNTY OF ADA

(SEAL)

On this \_\_\_\_\_ day of \_\_\_\_\_, in the year \_\_\_\_\_, before me, a Notary Public in and for said State, personally appeared C. L. "Butch" Otter, known to me to be the president of the State Board of Land Commissioners of the State of Idaho and the Governor of the state of Idaho; and Lawrence E. Denney, known to me to be the Secretary of the State of Idaho and Thomas M. Schultz, Jr., known to me to be the Director, that executed the within instrument, and acknowledged to me that the State Board of Land Commissioners of the State of Idaho and the State of Idaho executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year last above written.

\_\_\_\_\_  
Notary Public for the State of Idaho  
Commission expires:

**LESSEE SIGNATURES**

x \_\_\_\_\_  
x \_\_\_\_\_  
(LESSEE) (LESSEE)

x \_\_\_\_\_  
x \_\_\_\_\_  
(LESSEE) (LESSEE)

STATE OF \_\_\_\_\_ )  
:s  
COUNTY OF \_\_\_\_\_ )

(SEAL)

On this \_\_\_\_\_ day of \_\_\_\_\_, in the year \_\_\_\_\_, before me, a Notary Public in and for said State, personally appeared \_\_\_\_\_  
\_\_\_\_\_ known to me to be the person(s) who executed the instrument as LESSEE, and acknowledged to me that such person(s) executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year last above written.

\_\_\_\_\_  
Notary Public  
Commission expires:

# Attachment A

## Lease Provisions

### A. DEFINITIONS

1.1 **Definitions.** For purposes of this Lease, the following definitions shall apply:

- 1.1.a. **“Abandonment”** means the relinquishment of all interests in Personal Property, Non-Approved Personal Property or Personal Belongings located upon the Leased Premises with no intention to reclaim or reuse. Following any termination of the Lease, abandonment shall be deemed conclusive upon the occurrence of any of the following events: 1) LESSEE fails to maintain with LESSOR proof of insurance on all Personal Property and Non-Approved Personal Property located upon the Leased Premises upon any termination of the Lease following notice of default for lack of proof of insurance by LESSOR; or, 2) LESSEE fails to remove Personal Property, Non-Approved Personal Property or Personal Belongings prior to termination of the Lease, and LESSEE fails to acquire a land use permit from LESSOR within two (2) months of any termination of the Lease to provide LESSEE time for removal not to exceed six (6) months, provided however, LESSOR may allow a reasonable extension for removal of the Personal Property if such removal is prevented due to weather or other circumstance determined acceptable in LESSOR’s sole discretion.
- 1.1.b. **“Appraised Value”** means the market value of the Leased Premises in its vacant and unimproved state (unless Improvements are owned by LESSOR, in which event the Improvements shall be included) and/or Personal Property as determined by qualified licensed appraisers hired by LESSOR to make such determination.
- 1.1.c. **“Commercial Use”** means any use of the Leased Premises for profit; provided however, that such use shall not include the following:
- 1.1.c.i. limited home-office use of the Leased Premises which does not result in increased vehicular traffic, and does not hold the Leased Premises out as a commercial or professional establishment or a place to regularly meet with customers or clients for business purposes; or
- 1.1.c.ii the rental of the Leased Premises to third parties for residential or vacation purposes; provided however, that the Leased Premises shall not be rented to third parties for more than an aggregate of sixty (60) days in any calendar year.
- 1.1.d. **“Improvement”** or **“Improvements”** means all buildings, structures, additions or developments owned by LESSOR that have been erected upon, affixed or attached to, the Leased Premises, including, but not limited to, buildings, garages, fences, sheds, homes, driveways, decks, and docks owned by LESSOR. Any Improvement owned by LESSOR is and shall be part of the underlying real property interest of LESSOR in the fee simple title to the land.
- 1.1.e. **“Leased Premises”** means that particularly described lot or parcel of state endowment land owned by LESSOR in fee simple and which has been made available to private individuals through this Lease for the purpose of constructing and maintaining a Residence, together with any Improvements owned by LESSOR.
- 1.1.f. **“LESSOR”** means the State Board of Land Commissioners and the Idaho Department of Lands, collectively.
- 1.1.g. **“Non-Approved Personal Property”** means all buildings, structures, additions or developments belonging to LESSEE that have been erected upon, affixed or attached to, the Leased Premises after January 1, 20xx, without the express written consent of LESSOR, and those which were erected upon, affixed or attached to the Leased Premises prior to January 1, 20xx, that were not expressly approved in writing by LESSOR and would not have been approved by LESSOR, including, but not limited to, buildings, garages, fences, sheds, homes, driveways, decks, and docks. All Non-Approved Personal Property

shall be subject to removal by LESSEE, or by LESSOR and charged to LESSEE, upon notice by LESSOR. Any interest LESSEE has in Non-Approved Personal Property remain the personal property of LESSEE until Abandonment or other transfer of title thereto, even though such Non-Approved Personal Property, if owned by LESSOR, would immediately become part of LESSOR's real property interest in fee simple title to the land.

- 1.1.h. **"Personal Belongings"** means all movable personal property belonging to LESSEE not affixed or attached to the Leased Premises, including, but not limited to, household goods and furnishings.
- 1.1.i. **"Personal Property"** means all buildings, structures, additions or developments belonging to LESSEE that have been erected upon, affixed or attached to, the Leased Premises with the written consent of LESSOR, or Non-Approved Personal Property placed on the lease site prior to January 1, 20xx, that otherwise would have been permitted by LESSOR, including, but not limited to, buildings, garages, fences, sheds, homes, driveways, decks, and docks. Any interest LESSEE has in Personal Property remain the personal property of LESSEE until Abandonment or other transfer of title thereto, even though such Personal Property, if owned by LESSOR, would immediately become part of LESSOR's real property interest in fee simple title to the land.
- 1.1.j. **"Residence"** means a cabin, house or other structure used by LESSEE to provide living accommodations upon the Leased Premises for LESSEE occupancy only, and not for Commercial Use. Mobile homes, motor homes, and trailers shall not be considered a Residence for purposes of this Lease; provided however, manufactured homes that conform to applicable state or local building codes, ordinances, and any applicable CC&Rs may be allowed.
- 1.1.k. **"Hazard Tree"** means any tree that is dead, diseased or with structural defects likely to cause failure of all or part of the tree that would reasonably be determined to be a hazard from falling and causing damage to person or property.
- 1.1.l. **"Restore the Leased Premises"** or **"Restoration of the Leased Premises"** means the restoration of the Leased Premises to that state and condition as nearly as reasonably possible to the condition of the premises as they existed prior to the placement or construction of any Personal Property or Non-Approved Personal Property thereon.
- 1.1.m. **"CC&Rs"** shall mean any "Addendum to Declaration of Covenants, Conditions and Restrictions" which may be recorded in the respective office of the county recorder for either Valley County or Bonner County, Idaho, which may be applicable to the Leased Premises.

## **B. USE OF LEASED PREMISES**

- 1.1 **Residential Use Only.** The Leased Premises and any Personal Property, Non-Approved Personal Property and Improvements thereon shall be used by LESSEE solely for residential purposes, and/or for limited home office purposes and rentals as described in Section A.1.1.c.
- 1.2 **All Other Uses Prohibited.** No other uses shall be made of the Leased Premises or Personal Property or Non-Approved Personal Property by LESSEE without the prior written approval of LESSOR. In no event shall the Leased Premises be devoted to any business or Commercial Use, nor shall any enterprise of a commercial nature be permitted to exist thereon; except as otherwise provided herein. Any rental of the Leased Premises in violation of this Lease, including for any Commercial Use, shall result in the termination of the Lease upon notice to LESSEE.
  - 1.2.a. **Rental Agreement Subordinate.** Any rental of the Leased Premises shall be subordinate to the terms of this Lease regardless of whether specified in such rental agreement, and shall terminate upon the termination of this Lease for any reason whatsoever.

**C. LEASE TERM/RENEWAL**

1.1 **Term.** The term of this Lease shall be \_\_\_\_\_ years.

**D. RENTAL RATE**

1.1 **Annual Rent Formula.** The annual rent shall be calculated as follows:

1.1.a. **Rent.** The initial annual lease payment shall be calculated at four percent (4%) of the Appraised Value of the Leased Premises as follows:

$$(4\% \text{ rental rate}) \times (\text{_____ appraised land value}) = \text{_____ rent}$$

The current appraised land value for your cottage site is \$\_\_\_\_\_. Based on this land value and the formula above, your initial annual lease payment shall be \$\_\_\_\_\_.

1.1.b. **Annual Market Value Adjustment.** The market value of the Leased Premises shall be adjusted each year following the commencement of the lease year. The value of the Leased Premises shall be adjusted upwards, but never downwards, using the "Consumer Price Index, Urban, U.S. City Average, All Items 1982-1984=100" (as published by the United States Bureau of Labor Statistics at [www.bls.gov/cpi/](http://www.bls.gov/cpi/) for the twelve months preceding preparation of the annual billing)("CPI"), by multiplying the appraised value, or the adjusted value for the immediately preceding year, by a fraction, the numerator of which is the CPI for the month of the year in which the calculation is made, and the denominator of which is the CPI for the same month of the previous year, not to exceed a four percent (4%) increase of the appraised value or the adjusted value of the Leased Premises from the prior year ("cap"); provided however, that the cap on the annual adjusted value shall not in any way limit or affect the market value of the Leased Premises as determined by any appraisal. Rent for each such year shall be calculated at four percent (4%) of such adjusted value.

1.1.c. **Billing Statement.** Changes in the annual rent will be reflected on the annual billing statement that shall be mailed by LESSOR to LESSEE at LESSEE's address of record at least thirty (30) days prior to the due date on the billing statement.

1.2 **Rental Payment Due.** Rent accrues and shall be due and payable in full in advance on or before January 1 of each year; or, in the alternative, provided one-half (½) of the rent is paid on or before January 1, then LESSEE may pay the second one-half (½) of the rent due on or before June 1, together with a deferred rent charge in the amount of 3% of the deferred payment. LESSEE shall pay the annual rental to LESSOR without abatement, offset, or deduction of any kind.

1.3 **Valuation.**

1.3.a. **Valuation Process.** The Leased Premises shall be valued by a qualified licensed appraiser hired by LESSOR. The Land Board may adopt a valuation process that does not require each lot to be individually valued or appraised each year or approximately every five (5) years; methods which annually value representative lots or annually apply an indexing value may be adopted.

1.3.b. **Reserved Right of Valuation.** LESSOR reserves the final right to determine the value of the Leased Premises or any portion thereof in accordance with its fiduciary duties under Article IX, Section 8 of the Idaho Constitution.

1.3.c. **Adjustment of Lot Valuation.** If a portion of the Leased Premises is sold, exchanged or reconfigured pursuant to paragraph N.1.1.h or paragraph N.1.1.i, the value of the Leased Premises shall be determined by a qualified licensed appraiser hired by LESSOR, and the rental rate shall be adjusted to account for the effect, if any, of any sold, exchanged or reconfigured portion of the Leased Premises in the year of any such sale, exchange or reconfiguration; and, if there is any reduction in the value of the Leased Premises due to such adjustment, the annual lease payment shall be adjusted for the remaining portion of the lease year, and LESSEE shall be credited in the amount of the prorated effect on the

annual lease payment paid, or such prorated portion may be returned to LESSEE, in LESSOR's discretion. If the value of the Leased Premises is increased as a result of any such reconfiguration, then LESSEE shall pay rent in an additional amount to reflect the increase in value to the Leased Premises within thirty (30) days of receiving notice of such additional rental amount by LESSOR.

- 1.4 Late Charge and Interest.** If annual rental is not paid in full by the due date, LESSOR may declare a default and terminate the Lease upon thirty (30) days written notice to LESSEE. In the event any rent due hereunder is not paid in full when due, LESSEE shall pay, in addition to such rent, a late charge in the first calendar month of such delinquency the amount of Twenty Five Dollars (\$25.00) or one percent (1%) of the unpaid rent, whichever is greater. For each subsequent calendar month, or any portion thereof, of such delinquency, LESSEE shall pay an additional late charge equal to one percent (1%) of the then unpaid rent, plus interest.

The parties acknowledge and agree that the late charge described herein is a reasonable attempt to estimate and to compensate LESSOR for higher administration costs associated with administering such late payments and is not intended as a penalty. By assessing this late charge, LESSOR does not waive any right to declare a default and to pursue any right or remedy available to LESSOR by reason of such default, after expiration of any applicable notice or cure period. Payments shall be applied first to late charges and interest accruing to the date of payment, and then to the reduction of the outstanding principal amount of rent owing.

- 1.5 Lien.** The amount of any unpaid rent, late charge, and interest, together with all other amounts due and owing by LESSEE to LESSOR pursuant to this Lease, shall be a lien on LESSEE's Personal Property and Non-Approved Personal Property and Personal Belongings on the Leased Premises which shall have priority over all other liens, mortgages, deeds of trust, security interests, encumbrances or other similar instruments or transactions.

- 1.6 Land Transaction.** At any time during the term of this Lease, LESSEE may apply to acquire the Leased Premises through a land exchange or auction, which may be agreed to by LESSOR, in LESSOR's sole discretion. In the event of a pending sale or exchange transaction, LESSEE shall continue to timely pay and fulfill all other terms and conditions of this Lease until such time as a sale or exchange is consummated. If a sale or exchange occurs during the term of this Lease, the lease payment shall be prorated through the date of closing or consummation of such sale or exchange.

## **E. ASSIGNMENT**

### **1.1 Assignment Generally.**

- 1.1.a. Assignment.** LESSEE shall not assign the Lease, or any interest therein, without obtaining the prior written consent of LESSOR, which consent may be withheld in LESSOR's sole discretion. Prior to any such assignment or request for assignment, LESSEE shall remove or cause to be removed of record any and all liens or encumbrances affecting the leasehold interest or Personal Property caused to be placed by or against LESSEE, or resulting from LESSEE's use or occupation of the Leased Premises; or, LESSEE shall provide adequate assurance to LESSOR that any such liens or encumbrances have been adequately addressed and will be adequately taken care of or removed by any successor-in-interest or by LESSEE if any such successor-in-interest shall fail to do so, all to LESSOR's satisfaction and in LESSOR's sole discretion. LESSEE shall provide to LESSOR, for LESSOR's review, a copy of all assignment documents and agreements. If LESSOR consents to the assignment of this Lease, then: (i) LESSEE shall remain liable to LESSOR for full performance of LESSEE's obligations through the remaining term of the Lease unless LESSOR shall approve the release as provided in Section E.1.2 below; (ii) the assignee of LESSEE ("Assignee"), by accepting the assignment of this Lease, does assume, and shall be deemed to have assumed, all of LESSEE's obligations under this Lease, and agrees to abide by all terms and conditions of this Lease; and, (iii) such assignment shall be subject to the terms and conditions of this Lease. If LESSEE transfers or assigns its interest in the Lease, or any interest therein, following the written approval of LESSOR, LESSEE shall provide to LESSOR one true and correct executed copy of all assignment documents and agreements, including any

purchase agreement, contract of sale or assignment, signed and acknowledged by LESSEE and Assignee. LESSOR may require additional documentation as LESSOR deems appropriate. Any assignment executed without LESSOR's prior written consent shall be void and unenforceable at the option of LESSOR and may result in the termination of this Lease upon notice to LESSEE.

- 1.1.b. Necessary Forms.** LESSEE shall provide prior written notice to LESSOR, and must receive the prior written consent of LESSOR, prior to LESSEE's execution of any assignment, mortgage, deed of trust or security interest which may affect LESSEE's leasehold interest or any Personal Property and Non-Approved Personal Property owned by LESSEE, using forms provided by LESSOR and accompanied by a processing fee in such amount as determined from time to time by any applicable rule or policy of LESSOR.
- 1.1.c. Good Standing Required.** No request for LESSOR's approval of any assignment or release will be considered unless all rent due, late payment charges, and interest have been paid in full, and LESSEE is in good standing under all other terms and conditions of the Lease.
- 1.1.d. Personal Property.** Upon an approved assignment, the ownership of all existing Personal Property and Non-Approved Personal Property of LESSEE under this Lease may be separately negotiated between LESSEE and such Assignee; provided however, that ownership of any Personal Property and Non-Approved Personal Property which remains on the Leased Premises after such assignment shall be presumed and treated by LESSOR as being owned by Assignee for all purposes under this Lease, including, but not limited to, the obligation for the removal thereof in accordance with this Lease, together with the duty to Restore the Leased Premises, and relating to the enforcement of any term, condition or payment, due or owing by LESSEE, as well as any payment which may be made to LESSEE, if any, under paragraph K.1.4.c. below, relative to any such Personal Property, and Assignee shall be responsible for all such duties and obligations relative to the Personal Property and Non-Approved Personal Property regardless of any agreement between LESSEE and Assignee therefor.
- 1.1.e. Specific Transaction Only.** Any consent or acknowledgment by LESSOR herein provided or hereafter given to any act or assignment, mortgage, deed of trust, security interest, pledge, or encumbrance in LESSEE's leasehold interest or to Personal Property and Non-Approved Personal Property shall be held to apply only to the specific transaction thereby approved. LESSEE shall be obligated to obtain the immediate release of any instrument, lien or encumbrance caused by, or related to, LESSEE which may be recorded against LESSEE's interest in the leasehold interest or any Personal Property or Non-Approved Personal Property without LESSOR's prior written consent or otherwise in violation of the terms of this Lease.
- 1.1.f. Assignment to Natural Persons.** An assignment of this Lease shall be limited to natural persons. In the event LESSEE's interest in this Lease is to be passed to LESSEE's heirs and successors through probate, any such transfer or assignment must be approved by LESSOR, which approval shall not be unreasonably withheld.

## **1.2 Release.**

- 1.2.a. No Release for Assignment.** No assignment shall act as a release of LESSEE's obligations hereunder unless LESSOR executes a separate written Release of LESSEE. LESSOR has no obligation to release LESSEE, and LESSOR may withhold such release at LESSOR's sole discretion. Assignments of this Lease must be done on forms provided by LESSOR.
- 1.2.b. Request for Release upon Assignment.** If LESSEE assigns its interest in this Lease and if LESSEE desires to be released from its obligations under this Lease, LESSEE shall provide a written request to LESSOR requesting that LESSEE be released from all obligations arising under this Lease from and after the date of such assignment, together with a copy of the fully executed assignment and assumption of Lease whereby LESSEE assigned its interest in the Lease to Assignee and Assignee assumed all of LESSEE's

obligations under this Lease, agreed to be solely responsible for all of the obligations of LESSEE under this Lease, and such other information as LESSOR may reasonably request ("Release Request"). LESSOR shall have sixty (60) days after receipt of the Release Request to either (i) grant the Release Request, in which event LESSEE shall be released from all obligations arising under this Lease from and after the date of such assignment, or (ii) deny the Release Request, in which event LESSEE shall remain liable to LESSOR under this Lease; provided however, that the failure to grant the Release Request within sixty (60) days shall be deemed a denial. LESSOR's denial of a Release Request shall not invalidate or void the assignment and shall not prohibit LESSEE from making subsequent Release Requests thereafter. A request for release upon assignment shall be granted or denied within LESSOR's sole discretion.

### **1.3 Leasehold Mortgage.**

**1.3.a. Leasehold Mortgage.** LESSEE shall not allow any mortgage, deed of trust or security interest, lien, encumbrance or other similar instrument or transaction ("Leasehold Mortgage"), to be filed or recorded in the Office of the Department of Lands, with any County Recorder's Office, or with the Office of the Secretary of State without first obtaining LESSOR's prior written consent therefor, which consent may be withheld or denied in LESSOR's sole discretion. Any Leasehold Mortgage may only encumber LESSEE's leasehold interest in this Lease and/or LESSEE's interest in any Personal Property owned by LESSEE, provided such Leasehold Mortgage is properly perfected, including in the office of the Secretary of State, and provided the Leasehold Mortgage acknowledges LESSOR's priority in any proceeds of Personal Property and Personal Belongings as provided for in this Lease, including, but not limited to, Section K. Personal Property shall retain its character as personal property of LESSEE. The Leasehold Mortgage shall be subject to the terms and conditions in this Lease. The Leasehold Mortgage shall terminate upon the termination of this Lease for any reason, and such Leasehold Mortgage shall not encumber or require subordination of LESSOR's fee title to the Leased Premises. Any Leasehold Mortgage shall be limited to the amount of an appraisal of the Personal Property by the lender of the Personal Property, and subject to approval of the appraisal and amount by LESSOR. In the event LESSEE breaches its obligations under this Lease, LESSOR agrees to provide the holder of such Leasehold Mortgage ("Lienholder") with a copy of any Notice of Default and/or Notice of Termination provided by LESSOR to LESSEE under Section Q below, provided LESSEE has provided LESSOR with the name and address for such Lienholder prior to the date of such notice. In the event Lienholder shall consist of more than one person or entity, Lienholder shall provide notice to LESSOR identifying one such person or entity which shall receive notice from LESSOR, and which notice to said person or entity shall constitute notice upon each and every person or entity constituting Lienholder; otherwise, if Lienholder does not identify any one person or entity for the receipt of notice, then notice upon any one person or entity constituting Lienholder shall constitute notice on all persons and entities constituting Lienholder. Lienholder shall have the right to cure any default specified in the Notice of Default or Notice of Termination during the same time allowed to LESSEE or within thirty (30) days after the receipt of said notice by the Lienholder, whichever is greater. Upon the termination of this Lease for any reason, the Leasehold Mortgage shall terminate and LESSEE shall immediately acquire the written release in recordable form (and record and/or file the same in any office as may be required) to effect the release of any Leasehold Mortgage or lien of any kind affecting any interest of LESSEE in the Lease, the Leased Premises, and/or in any Personal Property and Non-Approved Personal Property thereon. Lienholder shall acknowledge this requirement in the Leasehold Mortgage, and shall, upon the execution of a Leasehold Mortgage involving LESSEE or this Lease, agree to, and shall, immediately release any Leasehold Mortgage upon the termination of this Lease. In the event LESSEE or Lienholder fail to provide said release of any such Leasehold Mortgage as provided herein following notice from LESSOR to LESSEE and Lienholder, and thirty (30) days to cure by providing and recording the release of the Leasehold Mortgage, then LESSOR may record a certification of termination of lease or LESSEE's interest in the Lease, which shall effect the termination of the Leasehold Mortgage. Notwithstanding the foregoing, a Leasehold Mortgage may remain upon LESSEE's leasehold interest in the Lease or LESSEE's Personal Property interest upon an assignment approved in writing by LESSOR of all of LESSEE's interest in the Lease and all Personal Property and Non-Approved Personal



Property upon the Leased Premises provided such assignment specifically provides therefore, and provided further, that any such assignment is approved by both Lienholder and LESSOR, which approval or consent may be withheld in LESSOR's sole discretion.

- 1.3.b. Leasehold Mortgage Subject to Terms.** Any mortgage, deed of trust, lien, encumbrance or other similar transaction, whether or not approved by LESSOR, shall be subject to the Lease and each and every term, covenant, condition, and restriction set forth in this Lease, and in addition, shall be subject to all rights and interests of LESSOR.

**F. ENVIRONMENTAL, SAFETY AND SANITARY REQUIREMENTS**

- 1.1 No Hazardous Materials.** LESSEE shall neither commit nor permit the use, placement, transport or disposal of any hazardous waste, including petroleum products, such as oil, gasoline, or any other substance that is or is suspected to be a hazardous substance or material, not including the following materials kept for LESSEE's own residential use and only in small quantities: gasoline not to exceed fifteen (15) gallons related to the use or enjoyment of their property for uses such as lawnmowers, snow machines and small water craft; kerosene; heating oil; propane tanks or other commercial sources of heating; and other household cleaners; solvents; paints and similar materials not otherwise prohibited by law. LESSEE shall be responsible and shall pay all costs for the removal and/or the taking of all other necessary or appropriate remedial action regarding any hazardous waste, substance or material which LESSEE may have caused to be introduced to or upon the Leased Premises. Any such remediation or removal or storage must be conducted in accordance with applicable federal, state, or local law, regulation, rule and ordinance, and LESSEE shall immediately, upon the introduction of any hazardous waste, substance or material onto the Leased Premises, contact LESSOR and the Idaho Department of Environmental Quality (DEQ); provided however, LESSEE shall not forestall commencing any necessary remediation while negotiating the terms of any consent order with DEQ unless LESSEE is so authorized in writing by LESSOR. LESSEE shall indemnify, defend and hold LESSOR harmless from all costs, expenses, damages or fines relating to pollution and hazardous substances and materials including, without limiting the generality of the foregoing, attorney fees and costs of defense and enforcement of LESSOR's rights hereunder.
- 1.2 Fire and Safety Regulations.** LESSEE shall comply with all applicable federal, state and local laws, rules, regulations and ordinances, including, but not limited to, those of the Idaho Department of Lands for fire protection and prevention, and shall at all times observe reasonable precautions to prevent fire on the Leased Premises. LESSEE shall keep the Leased Premises free from fire hazards. Firewood storage shall be confined to a location, away from the Residence. Roofs shall be kept clear of all debris and needles on a regular basis to minimize fire hazard. LESSEE is prohibited from burning garbage or household trash. Any burning on the Leased Premises, including the burning of wood, weeds or other debris, but excepting simple campfires necessary for the use under this Lease, requires the prior written permission of LESSOR. Any burning must comply with all applicable federal, state or local laws, regulations, rules and ordinances. Barbecue devices designed for use out of doors are permitted.
- 1.3 Sanitary Requirements.** LESSEE shall at all times keep the Leased Premises in a clean and sanitary condition, free of trash, garbage and litter. LESSEE shall not dispose of sewage except in conformity with all applicable federal, state, and local laws, rules, regulations and ordinances pertinent to LESSEE's use, and shall dispose of sewage on the Leased Premises only if specifically authorized by LESSOR and the local governmental which would otherwise have jurisdiction over such matters. LESSEE shall not store, dispose of, or otherwise maintain trash, garbage, litter, unused or discarded household items, or unlicensed or abandoned vehicles, boats or trailers on the Leased Premises, and shall dispose of all such trash, garbage or other items in conformity with all legal requirements. LESSEE shall be responsible for all costs associated with sewage, garbage and litter disposal. LESSOR may require LESSEE to furnish a certificate or other satisfactory proof of compliance with applicable laws, rules, regulations and ordinances.

**G. NO WARRANTY OF SUITABILITY; QUIET ENJOYMENT**

- 1.1 No Warranty.** LESSEE acknowledges that neither LESSOR, nor any agent of LESSOR has made any representation or warranty with respect to the Leased Premises or concerning the suitability of the Leased Premises for the uses intended by LESSEE, or concerning any access or the condition

of such access to the Leased Premises. LESSEE acknowledges that it has accepted the Leased Premises together with access thereto in an AS IS CONDITION, accepting any and all known and unknown faults therein.

**1.2 Quiet Enjoyment.** LESSOR agrees that LESSEE, upon payment of the rent and performing the terms of this Lease, may quietly have, hold and enjoy the Leased Premises, for the purposes and uses allowed hereunder during the term hereof. LESSEE acknowledges that the Lease is non-exclusive, and LESSOR retains the right to use the Leased Premises, or to grant rights to others for use of the Leased Premises, or to authorize the public to use the Leased Premises, to the extent any such use is not incompatible with LESSEE's purpose and uses allowed hereunder.

**1.3 Use Limited to Site.** LESSEE shall confine all Personal Property, Non-Approved Personal Property and Personal Belongings, vehicles, and pets to the Leased Premises. No trespass onto adjacent property, whether state land or private, will be permitted and may result in the termination of this Lease.

#### **H. WATER DEVELOPMENT**

**1.1 Water Development.** LESSEE shall be entitled to water for domestic purposes only insofar as natural springs, streams, lakes, existing wells or water systems serving the Leased Premises are capable of supplying the same and are not subject to a prior right or claim that prevents its lawful appropriation for use on the Leased Premises. LESSEE shall neither drill and use a water well nor develop and use any source of water without the prior written consent of (i) LESSOR or its authorized agent, and, (ii) any department or agency of the State of Idaho having jurisdiction to regulate water rights. LESSOR shall not unreasonably withhold consent for LESSEE to drill a well or develop another appropriate water source or to seek any necessary permits for the same, where such drilling or other development is necessary to either provide or restore a domestic water source for the Leased Premises. All water rights with respect to the Leased Premises shall be taken in the name of the State of Idaho. LESSEE shall not cause any water to be conveyed off the Leased Premises. If LESSEE acquires water for the Leased Premises from a source located off of the Leased Premises, and if the method of delivery of said water to the Leased Premises requires the crossing or other state or endowment lands, then at LESSOR's sole discretion, and at LESSEE's sole cost, LESSEE shall cause said water delivery system to be moved or relocated to an area of state or endowment land acceptable to LESSOR.

#### **I. LANDSCAPING AND REMOVAL OF VEGETATION**

**LESSOR Consent Required.** LESSEE shall neither landscape nor remove any vegetation, including trees (with the exception of Hazard Trees as otherwise provided herein), from the Leased Premises without the prior written consent of LESSOR or its authorized agent. Landscaping shall constitute non-creditable improvements by LESSEE. The Personal Property, Non-Approved Personal Property, Improvements and Leased Premises shall be maintained by LESSEE to reduce fire hazards and to provide a natural, but managed appearance. The identification and felling of any Hazard Tree on the Leased Premises is the responsibility of LESSEE. Following the identification of any Hazard Tree, and prior to the felling thereof; LESSEE shall obtain the express written consent of LESSOR; provided however, that LESSEE may take immediate action to remove any hazardous tree that poses immediate danger to life or property without first contacting LESSOR, but shall so notify LESSOR within five (5) days thereafter.

#### **J. NOXIOUS WEEDS**

**LESSEE Obligations.** LESSEE shall cooperate with LESSOR or any other agency authorized to undertake programs for the control and eradication of noxious weeds. LESSEE shall take measures to control noxious weeds on the Leased Premises in accordance with Title 22, Chapter 24, Idaho Code.

#### **K. PERSONAL PROPERTY**

**1.1 Construction of Personal Property - Prior Consent of LESSOR Required.**

**1.1.a. Generally.** Without having secured the prior written consent of LESSOR, together with the prior written consent of any other state or local department or agency having jurisdiction under the circumstances, and subject to applicable CC&Rs, if any, LESSEE or LESSEE's

agents, shall not place, effect or erect any Personal Property, including any road, on the Leased Premises; shall not place or build any dock, piling, quay, mooring device or boathouse, in or on the water frontage adjacent to the Leased Premises; shall not place any houseboat in the water adjacent to the Leased Premises; and, shall not make any excavation in, fill upon, or alteration of any lake or stream bed adjacent to the Leased Premises.

**1.1.b. Procedures to Obtain LESSOR's Consent.** LESSEE may erect, affix or attach Personal Property upon the Leased Premises only after written consent has first been granted by LESSOR in accordance with this Lease. LESSEE must furnish a complete set of construction plans and accurate plot plans of all proposed Personal Property contemplated and shall submit those plans and drawings to LESSOR or LESSOR's designee. LESSOR shall make a decision to approve or disapprove any requested Personal Property with or without conditions within one hundred twenty (120) days after LESSEE submits all necessary permits, approvals and plans reasonably required to be submitted to LESSOR; provided however, that the failure of LESSOR to affirmatively approve any plans submitted by LESSEE hereunder shall be deemed a denial by LESSOR. Once the construction plans are approved and permitted by LESSOR, then LESSEE shall construct the Personal Property within two (2) years of approval in compliance with the approved plans and all applicable building codes, rules, laws, ordinances and CC&Rs; failure to construct within the two (2) years shall result in approval to construct being revoked; and failure to construct in accordance with the plans or in accordance with applicable laws shall result in a default of the Lease. Consent is not required for ordinary maintenance and repairs to existing Personal Property as needed from time to time; provided however, the replacement of any Personal Property shall require LESSOR's prior consent and compliance with the procedures set forth herein.

**1.1.c. Non-Approved Personal Property.** Any Non-Approved Personal Property shall be subject to immediate removal by LESSEE following notice by LESSOR. LESSOR or its authorized agent reserves the right to remove any Non-Approved Personal Property, with the cost of such removal or abatement to be charged to LESSEE and to remain a debt of LESSEE to LESSOR until the same is paid. The failure of LESSOR to remove or abate or to cause removal or abatement of the same shall in no way be deemed a waiver of LESSEE's obligation to remove such Non-Approved Personal Property, or LESSOR's right to remove or abate the same.

**1.1.d. Personal Property Below the Ordinary High Water Mark.** Any Personal Property consisting of a dock, piling, quay, mooring device, boathouse, fill, alteration or encroachment of any kind below the ordinary high water mark of the lake shall require a lake encroachment permit from the Idaho Department of Lands, pursuant to the Idaho Lake Protection Act, I.C. §§ 58-1301, *et seq.*, and the common law Idaho Public Trust Doctrine. See, I.C. §§ 58-1201, *et seq.* It shall be the responsibility of LESSEE to secure any lake encroachment permit through the normal administrative process of the Department of Lands. This Lease shall not in any way be construed as consent or entitlement to any such permit or encroachment.

**1.2 Cost of Personal Property and Non-Approved Personal Property.** Any Personal Property and Non-Approved Personal Property constructed by or at the request of LESSEE, including, but not limited to, the construction or maintenance of any path, road or access over or upon the Leased Premises or off of the Leased Premises over or upon other or adjacent property whether or not such other property is owned by LESSOR, shall be constructed at LESSEE's own cost and expense and without contribution by LESSOR unless LESSOR and LESSEE enter into a prior written cost sharing agreement for construction thereof.

**1.3 Other Requirements.**

**1.3.a. Setbacks.** Construction standards and setbacks shall be in accordance with adopted policy of the Idaho Department of Lands and consistent with local ordinances and CC&Rs, if any, in place at the time of construction.

**1.3.b. Fences.** Fences and gates on the Leased Premises shall not be permitted except upon the prior written consent from the Director of the Idaho Department of Lands, and then only to prevent encroachment from private lands, and to the extent consistent with any applicable CC&Rs.

**1.4 Treatment of Personal Property, Non-Approved Personal Property and Personal Belongings upon Lease Expiration, Termination, or Abandonment.**

**1.4.a. Upon Default by LESSEE.** 1) Upon the default of LESSEE of any of the terms of the Lease and LESSEE's failure to cure in accordance with Section Q.1.1, LESSOR may elect to terminate this Lease and require LESSEE to remove all Personal Property and Non-Approved Personal Property and Personal Belongings on the Leased Premises, and require LESSEE to Restore the Leased Premises at LESSEE's sole cost and expense; or, LESSOR may terminate this Lease and remove such Personal Property and Non-Approved Personal Property and Personal Belongings, and Restore the Leased Premises. LESSEE shall be responsible for the cost of removal and Restoration of the Leased Premises, the same to remain a debt of LESSEE to LESSOR until paid. LESSEE shall also be responsible for all costs associated with the removal of any or all of the Personal Property and Non-Approved Personal Property and Personal Belongings. LESSEE shall also be responsible for all collection costs including, but not limited to, attorney fees, costs and interest. 2) In the alternative to removal of the Personal Property, Non-Approved Personal Property and Personal Belongings upon default by LESSEE, LESSOR may place the Leased Premises together with any remaining Personal Property, Non-Approved Personal Property, and Personal Belongings left by LESSEE for re-lease or for sale in LESSOR's sole discretion in accordance with applicable law. Any amount to be paid to or for the benefit of LESSEE for Personal Property shall be paid less the amount of all sums due and owing to LESSOR by reason of LESSEE's default, together with all costs and expenses incurred by LESSOR as result of LESSEE's default. If LESSEE or an affected Lienholder fails to cure any default of the Lease prior to the termination of the Lease, or at the time of the auction, whichever first occurs, the Leasehold Mortgage shall terminate and be of no further force or effect, in which event, LESSEE shall cause the Leasehold Mortgage to be released of record in any records of the Department of Lands, County Records, or Secretary of State's office, where applicable; Lienholder shall also be required to, and shall cause the Leasehold Mortgage to be released of record in any records of the Department of Lands, County Records, or Secretary of State's office, where applicable. Any costs and expenses incurred by LESSOR by reason of LESSEE's default, including, but not limited to, costs to remove any Personal Property, Non-Approved Personal Property and Personal Belongings, the costs of Restoration of the Leased Premises, attorney fees, collection costs, interest, unpaid rent, costs of appraisals, auction costs, and any other amounts owed by LESSEE to LESSOR shall have priority over, and shall be deducted from, any amount due to LESSEE following any exchange or public auction of the Leased Premises and Personal Property; and all such costs and expenses shall have priority over any Leasehold Mortgage affecting any Personal Property and Non-Approved Personal Property. In the event any amount is found owing to LESSEE following a successful exchange or public auction following reimbursement of all amounts due LESSOR by reason of LESSEE's default, then LESSOR shall pay any such remaining amount to LESSEE or to any Lienholder on behalf of, or for the benefit of, LESSEE. LESSOR shall not be obligated in any way to determine the validity or invalidity of any Leasehold Mortgage or other lien payment made to a holder of any Leasehold Mortgage or other lien of record.

**1.4.b. Upon Non-Renewal by LESSOR.** Should LESSEE apply to renew this Lease upon terms offered by LESSOR, which application shall be subject to the conflict auction requirements of Idaho Code § 58-310, with application filed in the office of the Director of Lands no later than April 30 of the year of the expiration of the Lease and such application be denied, and if LESSOR does not either exchange the Leased Premises or place the Leased Premises and Personal Property for auction for re-lease or sale at or prior to the natural expiration of the Lease, whether any auction thereof is successful, then LESSOR shall purchase the Personal Property valued as of the effective date of expiration. LESSOR shall have no duty to purchase the Personal Property of LESSEE if another applicant or bidder attains the lease as a result of any public auction of the lease.

**1.4.c. Upon Expiration or Termination with No Application to Renew.** In the event this Lease terminates or expires or is to terminate or expire for any reason, other than a default by LESSEE, without LESSEE having made application to renew filed in the office of the Director of Lands no later April 30 of the year of the expiration of the Lease, then LESSOR shall have the right to elect, among any other remedies provided by this Lease, at law or in equity, the following:

1.4.c.i LESSOR may require LESSEE to remove all Personal Property and Non-Approved Personal Property and Personal Belongings placed or caused to be placed upon the Leased Premises prior to or following the termination or expiration of this Lease, and LESSOR may require LESSEE to Restore the Leased Premises at LESSEE's sole cost and expense; or, LESSOR may remove any such Personal Property, Non-Approved Personal Property and/or Personal Belongings upon such termination or expiration of the Lease and charge the cost of removal and/or Restoration of the Leased Premises to LESSEE, the same to remain a debt of LESSEE to LESSOR until paid. LESSEE shall also be responsible for all collection costs, including, but not limited to, attorney fees and interest. Any costs and expenses incurred by LESSOR, including, but not limited to, costs to remove any Personal Property, Non-Approved Personal Property, Personal Belongings, together with all costs of Restoration of the Leased Premises, attorney fees, collection costs, costs of appraisals, interest, unpaid rent and any other amounts owed by LESSEE to LESSOR, shall have priority over, and shall be deducted from, any amount due to LESSEE; and any Leasehold Mortgage in LESSEE's leasehold interest or in any Personal Property and Non-Approved Personal Property shall terminate and be of no further affect upon the expiration or termination of the Lease; or,

1.4.c.ii LESSOR may attempt to re-lease, sell or exchange the Leased Premises, including the sale of the Personal Property, Non-Approved Personal Property allowed to remain, and any Personal Belongings left on the Leased Premises for a minimum bid which may include the Appraised Value of the Personal Property at the time of such auction for re-lease, sale or exchange. If the Lease has not yet terminated or expired, and provided that any Leasehold Mortgage is not then in default and is current, then the proceeds from the sale of such Personal Property shall be distributed to or for the benefit of LESSEE by payment to any Lienholder following the reimbursement to LESSOR of any amounts owing by LESSEE to LESSOR, including the reimbursement of costs and expenses incurred for the public auction.

With the exception of paragraph K.1.4.b., or upon LESSOR's express option to purchase any of the Personal Property provided in paragraph K.1.4.c.ii, LESSOR shall not under any circumstance be obligated to pay any value to LESSEE for any Personal Property or Non-Approved Personal Property or Personal Belongings, or otherwise; any such obligation to pay LESSEE the Appraised Value for the Personal Property, if any, shall be solely that of the subsequent lessee, purchaser at auction, or party to an exchange, if any. The new lessee, purchaser or exchanging party shall make the required payment to LESSEE at the time of any successful exchange or auction, or reasonable closing period set therefor.

**1.4.d. Non-Approved Personal Property.** Non-Approved Personal Property is a default of this Lease. Any Non-Approved Personal Property shall be removed by LESSEE at LESSEE's sole cost and expense upon demand by LESSOR. Upon the expiration of the Lease term, if any Non-Approved Personal Property remains on the Leased Premises, then LESSOR may require LESSEE to remove the Non-Approved Personal Property and Restore the Leased Premises at LESSEE's cost, or LESSOR may remove any such Non-Approved Personal Property and charge the cost of removal and Restoration of the Leased Premises to LESSEE, the same to remain a debt of LESSEE to LESSOR until paid. LESSEE shall be responsible for all costs associated with the removal of any and all Non-Approved Personal Property which LESSOR removes or requires LESSEE to remove, including, but not limited to, the cost of removal and Restoration of the Leased Premises. LESSEE shall also be responsible for all costs incurred by LESSOR relating to such removal and Restoration of the Leased Premises, including, but not limited to, attorney fees, costs and

interest. Any payment received by LESSOR for any Non-Approved Personal Property remaining on the Leased Premises, obtained via public auction or otherwise, shall belong to LESSOR.

**1.4.e. Abandonment and Forfeiture of Personal Property, Non-Approved Personal Property and Personal Belongings.** Should any Personal Property, Non-Approved Personal Property or Personal Belongings of LESSEE be abandoned, such abandoned Personal Property, Non-Approved Personal Property and Personal Belongings may be removed by LESSOR at LESSEE's sole cost and expense, such to be a debt of LESSEE to LESSOR until paid. In the event of Abandonment, such Personal Property, Non-Approved Personal Property and Personal Belongings so abandoned shall, in LESSOR's sole discretion, be forfeited to LESSOR, and LESSEE shall not be entitled to any payment therefore, either by LESSOR or by any subsequent lessee or purchaser or exchange. Non-Approved Personal Property shall be deemed abandoned immediately upon expiration or termination of the Lease for any reason.

**1.4.f. Reentry Following Any Termination of Lease, Maintenance and Removal.** LESSEE shall have no right to reenter the Leased Premises following the expiration or termination of this Lease for any reason, including for purposes of maintenance or removal of any Personal Property and Non-Approved Personal Property or Personal Belongings, without obtaining a land use permit or other written consent of LESSOR, and the payment of an entry fee to be set by LESSOR. LESSEE shall pay the fair rental value for the Leased Premises for any period in which LESSEE's Personal Property, Non-Approved Personal Property or Personal Belongings remain on the Leased Premises following any termination of the Lease, including any period in which a land use permit is in effect. The land use permit or other written consent to reenter the Leased Premises shall identify the purpose for re-entry, fee, and length of time permitted, insurance required, and any security required, and any terms and conditions required by LESSOR in LESSOR's sole discretion.

**1.5 LESSOR's Right of Sale, Exchange or Reconfiguration Affecting Personal Property and Non-Approved Personal Property.** In the event of a sale or exchange by LESSOR of all or any portion of the Leased Premises during the term of this Lease pursuant to the rights reserved by LESSOR under paragraph N.1.1.h hereof or reconfiguration by LESSOR pursuant to the rights reserved by LESSOR under paragraph N.1.1.i hereof, LESSEE hereby covenants to deliver immediate possession of the Leased Premises so sold, exchanged or excluded from the Leased Premises by reconfiguration unto LESSOR, or to the person or party as may be specified in writing by LESSOR or LESSOR's designee. In the event of such sale, exchange or reconfiguration by LESSOR, LESSEE shall have the rights provided by Idaho Code § 58-313, with respect to any affected Personal Property placed upon the Leased Premises by LESSEE; but LESSEE shall not be entitled to compensation with respect to any Non-Approved Personal Property, or for Improvements belonging to LESSOR. Any obligation to make any payment to LESSEE for Personal Property shall be offset by any amounts owing by LESSEE to LESSOR, and for any and all reasonable costs, including attorney fees, necessary to remove any and all Non-Approved Personal Property. In the event of any sale, exchange or reconfiguration during the continuance hereof, LESSEE hereby covenants to deliver immediate possession of the Leased Premises so sold, exchanged or reconfigured unto LESSOR, or to the person or party as may be specified in writing by LESSOR or its authorized agent upon payment for the Personal Property as provided herein.

**1.6 Risk of Loss.** All risk of loss for any and all Personal Property, Non-Approved Personal Property, Improvements and Personal Belongings upon the Leased Premises during the term of this Lease or following the termination, for any reason, shall be borne by LESSEE .

## **L. NO LIENS**

**Liens Prohibited.** LESSEE shall ensure that full payment is made for any and all materials joined or affixed to the Leased Premises pursuant to this Lease and for any and all persons who perform labor on the Leased Premises at the request or on account of LESSEE. With the exception of approved deeds of trust or mortgages, LESSEE shall not permit or suffer any liens, including any mechanics' lien or material supplier lien, of any kind or nature to be effected on or enforced against the Leased Premises for any work done or materials furnished on the Leased Premises during the term of this Lease at LESSEE's instance or request, provided that LESSEE may contest such lien if LESSEE posts a bond as required by law.

## **M. INSURANCE**

**1.1 LESSEE's Insurance.** LESSEE shall obtain insurance of the types and in the amounts described below.

**1.1.a.** If available, a Homeowner's 3 (HO3), its equivalent or better including Liability Insurance policy: LESSEE shall maintain an HO3 policy, its equivalent or better, with a liability limit of not less than one million dollars (\$1,000,000.00) if the combined value of the Leased Premises and Personal Property and Non-Approved Personal Property are \$1,000,000 or less, and \$2,000,000 if the combined value of the Leased Premises and Personal Property and Non-Approved Personal Property exceed \$1,000,000. If an HO3 policy is unavailable for the Leased Premises due to lack of access for fire suppression services, or otherwise, LESSEE shall provide LESSOR with a statement from its insurer stating specific reasons an HO3 policy is unavailable for the Leased Premises, and, in such event, LESSEE shall acquire an HO2 policy, its equivalent or better, in the same limits as set forth above for an HO3 policy. If neither an HO3 or HO2 policy is available, then LESSEE shall provide LESSOR with a statement from its insurer stating specific reasons neither an HO3 or HO2 policy is unavailable for the Leased Premises, and, in such event, LESSEE shall acquire such other type of policy as deemed acceptable to LESSOR, in the same limits as set forth above for an HO3 policy. If necessary, an umbrella policy may be used in combination with the homeowner's policy to meet the limits required, providing the homeowner's policy is listed on the underlying insurance in the umbrella, and the umbrella policy meets the requirements below.

**1.1.a.i.** The Homeowner's insurance and umbrella liability insurance shall be in a form and from an insurance company satisfactory to LESSOR and shall cover liability for bodily injury, property damage and personal injury, arising from LESSEE's use and/or occupation of the Leased Premises.

**1.1.a.ii.** The Homeowner's insurance shall include coverage for the replacement cost of the real property and all Personal Property, Non-Approved Personal Property and Improvements located on the Leased Premises. LESSOR shall be included as a loss payee to the extent of its interest in any of the Improvements upon the Leased Premises.

**1.1.b. Other Insurance.** LESSEE shall purchase insurance to cover LESSEE's Personal Belongings.

**1.2 LESSEE's Insurance Policy Requirements.**

**1.2.a. Proof of Insurance.** All insurance required under this Lease shall be with companies licensed and admitted in Idaho and approved for this Lease by LESSOR. LESSOR's general requirements for such approval includes a Best's rating of A- or better. Prior to taking occupancy or commencing construction and at least annually thereafter, LESSEE shall furnish LESSOR with a certificate of insurance executed by a duly authorized representative of each insurer, together with a copy of each applicable policy and policy endorsement showing compliance with the insurance requirements set forth above ("proof of insurance"). All policies required under this Article shall be written as primary policies and not contributing to, not in excess of, any coverage LESSOR may have or choose to maintain.

**1.2.a.i.** All policies and endorsements shall provide for thirty (30) days written notice to LESSOR, if possible, prior to cancellation or material change of any insurance referred to therein. Notwithstanding any such notice provided by the insurance carrier to LESSOR prior to any cancellation or material change of any insurance, LESSEE shall promptly (but not later than ten (10) days), provide to LESSOR a copy of any and all such notices relative to cancellation or a material change in insurance coverage that LESSEE receives.

- 1.2.a.ii. Failure of LESSOR to demand any required proof of insurance or full compliance with these insurance requirements, or the failure of LESSOR to identify a deficiency in the proof of insurance provided shall not be construed as a waiver of LESSEE's obligation to maintain such insurance.
- 1.2.a.iii. Failure to maintain the required insurance shall constitute a default and may result in termination of this Lease at LESSOR's option.
- 1.2.a.iv. If LESSEE fails to maintain the insurance as required herein, LESSOR shall have the right, but not the obligation, to purchase said insurance at LESSEE's expense.
- 1.2.a.v. LESSEE shall provide certified or other acceptable copies of all insurance policies and endorsements (preferably in readily accessible electronic format) required above within ten (10) days of LESSOR's written request for said copies.
- 1.2.b. **No Representation of Coverage Adequacy.** By requiring insurance herein, LESSOR does not represent that coverage and limits will necessarily be adequate to protect LESSEE, and such coverage and limits shall not be deemed as a limitation on LESSEE's liability under the indemnities granted to LESSOR in this Lease.
- 1.2.c. **Payment of Premiums.** LESSEE shall pay all policy premiums annually in advance, for each of the insurance policies and endorsements required under the terms of this Lease. LESSEE shall deliver to LESSOR proof of insurance on or before January 1 of each year during the term of this Lease and for each year following the termination or expiration of this Lease in which LESSEE owns or claims any ownership interest in any Personal Property, Non-Approved Personal Property or Personal Belongings on the Leased Premises. LESSEE shall also cause renewals of expiring policies to be written and the policies or copies thereof, as required by this Lease, to be delivered to LESSOR at least ten (10) days before the policies' expiration dates.

## **N. RESERVATIONS BY LESSOR**

- 1.1 **Reservations.** LESSOR expressly reserves to itself the following rights:
  - 1.1.a. To enter upon the Leased Premises, or any portion thereof, during the term of this Lease for any reasonable purpose incident to this Lease or LESSOR's retained rights, including the purpose of inspecting the Leased Premises. LESSEE shall permit inspection of the Leased Premises by an authorized agent of LESSOR at any reasonable time.
  - 1.1.b. All rights for timber, oil and gas, geothermal rights, mineral rights, easements and rights-of-way, fee title to the Leased Premises and title to all appurtenances and Improvements placed thereon by LESSOR.
  - 1.1.c. To grant easements, rights-of-way, and leases over, under, across and upon the Leased Premises, providing said easements, rights-of-way, and leases do not conflict or materially interfere with the use of LESSEE or with the Personal Property installed, maintained or operated by LESSEE upon the Leased Premises. LESSOR shall coordinate with LESSEE before processing any easement, right-of-way or lease application on the Leased Premises. This Lease is subject to any lease, right-of-way and easement previously granted over the Leased Premises.
  - 1.1.d. To require that changes be made in the use under this Lease, and/or to the Personal Property, Non-Approved Personal Property or Improvements on the Leased Premises, including to the sanitation or other facilities, for the protection of public health, safety, preservation of property or water quality in accordance with all applicable law and rules.
  - 1.1.e. To issue other leases for development of timber resources for exploration and development of oil, gas, geothermal and mineral resources, and any other lease of the subject Leased Premises, so long as such other lease is for a higher and better use as determined by LESSOR, or such other lease does not materially interfere with the authorized use under this Lease. In the event any such lease is granted by LESSOR, and such lease materially impairs LESSEE's use of any Personal Property constructed on the Leased Premises by



LESSEE with prior written permit from LESSOR, this Lease shall be deemed terminated with respect to such Personal Property, and the provisions of Section K.1.4.b. shall apply with respect to such Personal Property.

- 1.1.f. To reserve as LESSOR's sole property any and all water from any source arising on state land and to hold water rights for any beneficial use that may develop as a result of this Lease subject to any right LESSEE may have to domestic water during the term of this Lease.
- 1.1.g. Rights of access, ingress and egress over, under, across and upon the Leased Premises for LESSOR and its authorized agents and assigns over and across the Leased Premises including, but not limited to, on existing roads. Said rights of access, ingress and egress may be for purposes of administration, for providing access to neighboring lots, or for any other purpose of LESSOR. LESSOR shall have no obligation to maintain any road or path, whether dirt, gravel, paved or otherwise.
- 1.1.h. LESSOR reserves the right to sell or exchange all or any portion of the Leased Premises. LESSEE shall be notified of a scheduled sale or land exchange at least one hundred-eighty (180) days prior to any such sale or exchange date. The execution of this Lease by LESSEE constitutes LESSEE's written agreement to any sale or land exchange as provided in I.C. § 58-138(3).
- 1.1.i. LESSOR reserves the right to reconfigure the boundaries of the Leased Premises for any purpose that LESSOR deems necessary or appropriate, in its discretion, including, but not limited to, the platting or re-platting the Leased Premises and/or surrounding any lot(s) or land. The right of reconfiguration shall include the right to increase or decrease the square footage of the Leased Premises which may or may not also include a commensurate increase or decrease in the rental rate to be determined in the discretion of the Land Board. LESSEE shall be notified of LESSOR's intent to reconfigure the Leased Premises at least one hundred-eighty (180) days prior to any such reconfiguration being accomplished. The rental rate shall be adjusted up or down to account for the reconfigured boundaries if the reconfiguration affects the value of the Leased Premises during the year of the reconfiguration, and if the value of the Leased Premises is reduced as a result of such reconfiguration, then the rent will be prorated to reflect the reduction of value for the remainder of such current lease year; and if the value of the Leased Premises is increased as a result of such reconfiguration, then LESSEE shall pay such increased rental rate prorated for the remainder of such current lease year within thirty (30) days of notice of such increased rental by LESSOR. The execution of this Lease by LESSEE constitutes LESSEE's written agreement to any such reconfiguration.
- 1.1.j. LESSOR reserves the right to close any road or change any access route to the Leased Premises for road protection, water quality protection, wildlife and fish protection, administrative purposes or any other reason deemed necessary or appropriate by LESSOR. Planned road closures will be reviewed with LESSEE prior to action by LESSOR. If an access route is closed permanently, another reasonable access route will be provided to the Leased Premises. Temporary road closures may prevent, limit or restrict access for a period of time.

## **O. INDEMNIFICATION**

- 1.1 **LESSEE Indemnification of LESSOR.** During the entire term of this Lease, LESSEE shall indemnify, defend and save harmless LESSOR, the State of Idaho, its officers, agents, respective affiliates, and employees from and against any and all liability, liens, claims, damages, debts, demands, losses, costs, expenses, actions, obligations, judgments for damages, or injury to persons or property including, but not limited to, reasonable attorney fees and costs caused by, or arising out of, or claimed to arise out of, or in connection with, any performance, act or omission of LESSEE, or LESSEE's agents, officers, employees or any person claiming under, by, or through LESSEE under this Lease, and/or arising out of or claimed to arise out of the use or occupation of the Leased Premises by LESSEE, or LESSEE's agents, officers or employees or any person occupying the same with LESSEE's permission; or arising from LESSEE or LESSEE's agents, officers or employees failure to comply with any applicable state, federal, local, law, statute, rule,

regulation, ordinance or act. This duty to indemnify, defend and save harmless shall encompass any claim which may include or allege negligence of LESSOR, its agents, officers or employees other than claims which arise solely out of negligence on the part of LESSOR; and this duty shall survive the termination or expiration of this Lease. Upon receipt of LESSOR's tender of indemnity and defense, LESSEE shall immediately take all reasonable actions necessary, including, but not limited to, providing a legal defense for LESSOR, to begin fulfilling its obligation to indemnify, defend, and save harmless LESSOR. LESSEE's indemnification and defense liabilities described herein shall apply regardless of any allegations that a claim or suit is attributable in whole or in part to any act or omission of LESSOR under this Agreement. However, if it is determined by a final judgment that LESSOR's negligent act or omission is the sole proximate cause of a suit or claim, LESSOR shall not be entitled to indemnification from LESSEE with respect to such suit or claim, and LESSOR, in its discretion, may reimburse LESSEE for reasonable defense costs attributable to the defense provided by any Special Deputy Attorney General appointed as set forth herein. Any legal defense provided by LESSEE to LESSOR under this section must be free of any conflicts of interest, even if retention of separate legal counsel for LESSOR is necessary. Any attorney appointed to represent LESSOR must first qualify as and be appointed by the Attorney General of the State of Idaho as a Special Deputy Attorney General pursuant to Idaho Code §§ 67-1401(13) and 67-1409(1).

- 1.2 **Tort Claims Limits.** Provided that such indemnification right shall not be construed as absolving LESSOR or the State from responsibility for liability in damages arising under the Idaho Tort Claims Act, I.C. § 6-901, *et seq.*, for the conduct of its agents, officers or employees as set forth therein.
- 1.3 **Sovereign Immunity.** Nothing contained herein shall be deemed to constitute a waiver of the State's sovereign immunity, which immunity is hereby expressly reserved.
- 1.4 **Notice.** In the event of any such claim made or suit filed, LESSOR shall give LESSEE prompt written notice of any such claim or suit. LESSOR shall have the right to defend itself as it deems necessary or appropriate in its sole discretion, and LESSEE shall be responsible for all costs and expenses reasonably related thereto.

**P. PAYMENT OF TAXES, ASSESSMENTS OR FEES**

**LESSEE Obligation.** Unless otherwise provided, LESSEE shall pay all water charges, fees, assessments and taxes of whatsoever nature that may be legally levied or assessed against the Leased Premises herein described, or any portion thereof or on any and all Personal Property, Non-Approved Personal Property or Improvements thereon. If the same is not paid, such failure shall constitute a default under the Lease and shall further constitute a lien in favor of LESSOR against all Personal Property and Non-Approved Personal Property owned by LESSEE on the Leased Premises. If LESSEE retains any interest in any of the Personal Property and Non-Approved Personal Property following the expiration or termination of the Lease for any reason, LESSEE shall continue to be responsible for, and shall pay, all taxes and assessments of any kind incurred upon, or accruing to, any such Personal Property and Non-Approved Personal Property for so long as such Personal Property or Non-Approved Personal Property remains on the Leased Premises.

**Q. LESSEE'S DEFAULT**

- 1.1 **Upon Default by LESSEE.** LESSEE's failure to comply with any of the terms of this Lease shall be a default which if not cured as provided herein shall constitute a default and give rise to a basis for termination of the Lease. LESSEE's violation of any Land Board or Department of Lands' policy, rule or state law currently or hereafter adopted and applicable to this Lease or the Leased Premises, shall be a default, giving rise to a further basis for termination of this Lease. LESSOR shall provide LESSEE thirty (30) days written notice of any such default or violation and, if applicable, the corrective action required of LESSEE to cure such default ("Notice of Default"). The Notice of Default shall specify a reasonable time to make a correction or cure the violation or default, if such default can be cured, which cure period shall be thirty (30) days after the date of mailing the Notice of Default ("Default Cure Period") to LESSEE, unless otherwise set forth in the notice.
- 1.2 **LESSEE's Failure to Cure.** If the corrective action or cure is not taken within the specified time or does not occur, then LESSOR may, at LESSOR's option, terminate the Lease, effective on the date specified in the written termination notice. LESSEE shall not, while in default, remove any of the Personal Property and Non-Approved Personal Property without the express written permission or upon the written demand of LESSOR. If a default results in the termination of this Lease, LESSEE

shall relinquish physical possession of the Leased Premises upon such termination, including all Personal Property and Non-Approved Personal Property remaining thereon, in good order and condition. In addition to the rights and remedies specifically granted to LESSOR under this Lease, LESSOR shall have such other rights and remedies as against LESSEE as may be available at law or in equity, and LESSOR's pursuit of any particular remedy for default shall not, in and of itself, constitute a waiver or relinquishment of any other available claim of LESSOR against LESSEE.

**R. SURRENDER OF LAND**

**LESSEE Surrender.** LESSEE shall, at the termination or expiration of this Lease, vacate the Leased Premises, leaving it in the same or better condition than it was in at the time of LESSEE's entry on such premises under this Lease, except for reasonable use and wear, acts of God, or damage by causes beyond LESSEE's control, and upon vacating shall leave the Leased Premises free and clear of all rubbish and debris. LESSEE shall remove all Personal Belongings. LESSEE may remove Personal Property and Non-Approved Personal Property in accordance with the terms of this Lease, or shall remove such Personal Property and Non-Approved Personal Property upon demand for removal by LESSOR, and shall Restore the Leased Premises. LESSEE shall surrender to LESSOR, within fifteen (15) days of any termination or expiration of the Lease, any and all keys, combinations, codes, or other materials or information required to access any and all Personal Property and Non-Approved Personal Property and Personal Belongings of any kind left by LESSEE, or remaining upon the Leased Premises. Upon the termination or expiration of the Lease, LESSEE shall have no right to reenter the Leased Premises for any reason without the express prior written consent of LESSOR in the form of a land use permit, or otherwise, and shall reacquire from LESSOR any necessary keys, combinations, codes, or other materials or information required to access any and all Personal Property and Non-Approved Personal Property and Personal Belongings.

**S. RELATIONS OF THE PARTIES**

**Parties Relationship.** LESSEE is not an officer, employee, or agent of LESSOR.

**T. NOTICES**

**1.1 Time of Notice.** Any Notice of Default or any other notice or demand given under the terms of this Lease shall be deemed given and delivered on the date when personally delivered; or if mailed, the date the same is deposited in the United States Mail, and mailed by registered or certified mail, return receipt requested, postage prepaid and properly addressed to the appropriate party; or if emailed or faxed, the date of such email or fax provided the sender also confirms such delivery via phone, or the date the recipient replies to the email without phone confirmation.

**1.2 Addresses For Notice.** Until changed by notice in writing, all notices, demands, and communications shall be addressed to LESSOR, or to LESSEE, as the case may be, at the address set forth for the respective party at the beginning of this Lease. It shall be the duty and responsibility of either LESSOR or LESSEE to provide formal notice to the other of any new or changed address, fax number or email address.

**U. WAIVER**

**No Waiver.** The waiver by LESSOR of any default of any term, covenant or condition of this Lease shall not be deemed to be a waiver of any past, present or future default of the same or any other term, covenant or condition of this Lease. The acceptance of rent by LESSOR hereunder shall not be construed to be a waiver of any violation of any term, covenant or condition of this Lease. No payment by LESSEE of a lesser amount than due according to the terms of this Lease shall be deemed or construed to be other than a part payment on account of the most recent rent due, nor shall any endorsement or statement on any check or letter accompanying any payment be deemed to create an accord and satisfaction.

**V. ATTORNEY FEES AND COSTS**

**1.1 Obligation to Pay.** In the event that either party to this Lease shall find it necessary to retain counsel (including LESSOR using the Office of the Attorney General of the State of Idaho), or to incur costs to interpret or enforce any of the provisions hereof, including, but not limited to, any action at law or in equity, the prevailing party (as defined and interpreted under Idaho Rule of Civil Procedure 54) shall be entitled to recover from the opposing party all costs and expenses, including

reasonable attorney fees (including, in the case of LESSOR, fees of the Office of the Attorney General of the State of Idaho), accountant fees and fees of appraisers or other experts, incurred therein by the prevailing party, including all such costs and expenses incurred with respect to any appeal and such may be included in any judgment entered in any action.

- 1.2 Additional Obligations.** In the event LESSEE fails to perform any act or do anything which LESSEE is required to do under the terms of this Lease, LESSOR shall have the right, but not the obligation, to perform any such action on behalf of LESSEE, and LESSEE shall reimburse LESSOR for all costs and expenses, including attorney fees, (including fees from the Office of the Attorney General of the State of Idaho), incurred by LESSOR in performing such act or thing, with such reimbursement made within thirty (30) days of written demand for payment by LESSOR. LESSEE's obligation hereunder shall be deemed to be additional rent fully due and payable on demand from LESSOR. Any time money is due and owing and interest accrues pursuant to the terms of this Lease, interest shall accrue at the legal rate of interest pursuant to Idaho Code ¶ 28-22-104(1).

**W. LESSEE'S COMPLIANCE WITH APPLICABLE LAWS AND RULES**

- 1.1 Full Compliance.** LESSEE's use of the Leased Premises shall fully comply with all applicable statutes, ordinances, rules, regulations and laws of federal, state and local governmental authorities. LESSEE shall comply with all applicable rules and regulations and standards promulgated by the State Land Board or the Idaho Department of Lands including, but not limited to, sanitation facilities, and the Department's rules governing the installation of docks and other lake encroachments below the ordinary high water mark of any navigable lake.
- 1.2. No Waste or Nuisance.** LESSEE shall not use the Leased Premises in any manner that would constitute loss or waste, nor shall LESSEE allow the same to be committed thereon. LESSEE shall not do anything which will create a nuisance or a danger to persons or property.
- 1.3 Compliance with CC&Rs.** LESSEE shall be obligated to comply with the terms and conditions set forth in the CC&Rs, if any, including by reference any instrument identified therein. Upon the execution of this Lease, LESSEE shall automatically become a "Member" of the applicable homeowner's association ("Association"), if any, defined in any applicable CC&Rs, established to operate and maintain certain properties and facilities within the "Plat" as defined therein, and LESSEE shall be obligated as a Member to such terms and conditions set forth and required in the CC&Rs. Any default of the terms or conditions of the CC&Rs shall constitute a default of this Lease.
- 1.4 Interference with Application, Auction or Bid Process.** Neither LESSEE, nor any person or entity acting on LESSEE'S behalf shall intimidate, hinder, prevent or attempt to intimidate, hinder or prevent, any person from 1) filing an application to lease or to purchase the Leased Premises or to enter any bid therefor, and/or 2) attending or submitting any bid at any public auction held to lease or purchase any land consisting of, or including the Leased Premises, or any portion thereof. Violation of this Section or any provision of Idaho Code § 58-154 shall constitute a default of this Lease subject to immediate termination, and LESSEE shall be disqualified from bidding on any future auction for the sale or lease of the Leased Premises.

**X. MISCELLANEOUS**

- 1.1 Multiple Persons Constituting LESSEE.** If LESSEE consists of more than one natural person, each such person constituting LESSEE shall be jointly and severally liable for each and every obligation of LESSEE under the terms and conditions of this Lease.
- 1.2 Modification.** This Lease may be modified only by a fully executed lease adjustment on a form provided by LESSOR.
- 1.3 Non-Discrimination.** No party shall discriminate against any person because of race, creed, religion, color, sex, national origin or disability.
- 1.4 Paragraph Headings.** The paragraph headings, titles and captions used in this Lease are for convenience only and are not part of the Lease.

- 1.5 Entire Agreement.** This Lease, including all exhibits or attachments attached hereto, contains the entire agreement between the parties concerning the subject matter hereof and supersedes any and all prior agreements. The execution of this Lease has not been induced by either party, or any agent of either party, by representations, promises or undertakings not expressed herein and, further, there are no collateral agreements, stipulations, covenants, promises, inducements or undertakings whatsoever between the respective parties concerning this Lease except those which are expressly contained herein. No other understanding, whether oral or written, whether made prior to or contemporaneously with this Lease, shall be deemed to enlarge, limit, or otherwise effect the operation of this Lease.
- 1.6 Governing Law and Forum.** This Lease shall be construed in accordance with and governed by the laws of the State of Idaho. In the event of any dispute with respect to this Lease, the parties consent to the venue and jurisdiction of Idaho State courts located in Ada County, or in either Valley County or Bonner County, the county in which the Leased Premises are located.
- 1.7 Binding on Heirs and Successors.** It is understood and agreed that all terms, covenants and conditions hereof shall be binding upon all heirs, successors and approved sublessees and assignees.
- 1.8 Severability.** In the event any provision of this Lease shall be held invalid or unenforceable according to law, for any reason whatsoever, then the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired.
- 1.9 Counterparts.** This Lease may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute but one and the same instrument.
- 1.10 Record Memorandum of Lease.** Either party may record a Memorandum of Lease in the county in which the Leased Premises are located.

# **Attachment B Legal Description**