

Recording Requested By and
When Recorded Return to:

FILED BY
R Myers
2008 SEP -9 P 2:07
4200
MARIE SCOTT
BONNER COUNTY RECORDER
CB DEPUTY

758287

SPACE ABOVE THIS LINE FOR RECORDERS USE ONLY

**THIS PROPERTY IS SUBJECT TO AN ENVIRONMENTAL COVENANT IMPOSING
ACTIVITY AND USE LIMITATIONS PURSUANT TO THE UNIFORM ENVIRONMENTAL
COVENANTS ACT, IDAHO CODE § 55-3001, et seq.**

ENVIRONMENTAL COVENANT

This instrument is an Environmental Covenant ("Environmental Covenant") executed by A and T Investments LLC, an Idaho Limited Liability Company, ("ATILLC"), Bitterroot Investments LLC, an Idaho Limited Liability Company, ("BILLC") and the Idaho Department of Environmental Quality ("Department") pursuant to the Uniform Environmental Covenants Act, Idaho Code §§ 55-3001 through 3015. This Environmental Covenant sets forth protective provisions, covenants, restrictions and conditions (collectively referred to as "Activity and Use Limitations") on the Property described below. The Activity and Use Limitations are designed to protect natural resources, human health and the environment. BILLC is a "holder" as defined in Idaho Code § 55-3002(6). ATILLC, as the current property owner grants this Environmental Covenant to all parties to this instrument.

Property. This Environmental Covenant concerns real property in the City of Sandpoint, County of Bonner, State of Idaho, described as that portion of Section 16 Township 57N Range 2 West Boise Meridian, Bonner County, Idaho, (hereafter referred to as "the Property") owned in fee simple by ATILLC. The Property is legally described as Lot 1A (replatted from Lots 1 and 2) in Block 2 of Ponderosa Park, according to the plat thereof, recorded in Book 4 of Plats, Page 147, records of Bonner County. The Property is legally described in the attached Schedule A.

Property Ownership. ATILLC hereby represents and warrants to the other signatories to this Environmental Covenant that it is the sole owner of the property, holds fee simple title to the property, free, clear and unencumbered, and ATILLC has the power and authority to enter into this Environmental Covenant.

Reason for Activity and Use Limitations. The Property described above is located next to and south of property currently operated as a commercial building supply company that is owned by Bitterroot Investments LLC (BILLC). The BILLC property is also known as the Alpine Lumber facility. Prior to its use as a building supply facility the BILLC property was used to operate a pole treating facility for various lumber companies. Historic operations at the BILLC property

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Regional Office

included wood treatment operations using creosote wood preservative chemicals from about 1917 until the early 1950s. Wood treatment operations included placing poles and other wood products in open, unlined pits of creosote with subsequent storage onsite for drying. Later uses of the BILLC property included treated pole storage. The BILLC property has operated as a commercial building supply company from 1985 to the present. A limited Phase II Environmental Site Assessment and Risk Evaluation of the BILLC property and portions of adjacent properties to the east and south, including the ATILLC property, was conducted in 2006 and 2007. A boring and monitoring well on the ATILLC property showed migration of contaminants from the BILLC property to the ATILLC property. The Risk Evaluation identified unacceptable risk from exposures via the ground water ingestion pathway to the detected contaminants associated with the creosote-containing wood treating chemicals. The evaluation also recommended restricting the land use to non-residential to limit the use of property. On August 28, 2007, BILLC entered into a Voluntary Remediation Agreement with the Department to remediate the BILLC property, including off site impacts. BILLC implemented a Voluntary Remediation Workplan (VRW) as part of the Voluntary Remediation Agreement. These Activity and Use Limitations are imposed in order to prevent exposure via the ground water ingestion pathway and to implement the remedial actions specified in the VRW.

Activity and Use Limitations. By acceptance and recordation of this Environmental Covenant, ATILLC, and any successors in interest, are hereby restricted from using the Property, now or at any time in the future, as specifically set forth below:

1. Any extraction of groundwater from under the Property for human consumption is prohibited without prior written approval from the Department; and
2. The property, or any portion thereof, may be used for commercial and industrial purposes only. The Property may not be used for residential purposes.

ATILLC, or its successors in interest, shall be solely responsible for demonstrating that use on the Property is in conformity with the Activity and Use Limitations. The Activity and Use Limitations are imposed due to conditions resulting from former uses of the BILLC Property, specifically the presence of creosote or wood treating chemicals in groundwater in the groundwater samples collected from the north-central portion of the Property.

Amendment by Consent. The Environmental Covenant may be amended by consent pursuant to Idaho Code § 55-3010. Except for an assignment undertaken pursuant to a governmental reorganization, assignment of the Environmental Covenant to a new holder is an amendment.

Termination by Consent. The Activity and Use Limitations shall apply to the Property, or any subdivided portion thereof, unless ATILLC, or its successors in interest, applies to the Department to have this Environmental Covenant terminated pursuant to Idaho Code § 55-3010 and demonstrates that:

1. the Property or any subdivided portion thereof is shown in a Department-approved document not to contain contaminated soils or groundwater; or
2. contaminated soils and groundwater are at levels the Department deems in writing to be adequate for the Property to be developed for unrestricted use.

Name and Location of Administrative Record. A copy of the site assessment reports, risk assessments and site closure report on the BILLC (also known as Alpine Lumber) property and the ATILLC property can be found at the Coeur d'Alene office of the Department, 2110 Ironwood, Parkway Ste 100 Coeur d'Alene Idaho 83814. Specifically; 1) Limited Phase II Environmental Assessment Report Alpine Lumber Sandpoint Idaho, January 16 2007, 2) Alpine Lumber REM Memo 1-24-2007, 3) Supplemental Environmental Assessment Report Alpine Lumber Sandpoint Idaho July 18, 2007, 4) Alpine Lumber REM Memo Supplementary Assessment Addendum 6-25-2007 and 5) Alpine Lumber Remedial Action Work Plan, January 31, 2008.

Provisions to Run With the Land. Each and all of the Activity and Use Limitations shall run with the land, and pass with each and every portion of the Property, and shall apply to and bind the respective successors in interest thereof. Each and all of the Activity and Use Limitations are imposed upon the entire Property unless expressly stated as applicable to a specific portion of the Property.

Concurrence of Subsequent Owners Presumed. All purchasers, lessees, or possessors of any portion of the Property shall be deemed by their purchase, leasing, or possession of such Property, to be in accord with the foregoing and to agree for and among themselves, and their successors, that the Activity and Use Limitations as herein established must be adhered to and that their interest in the Property shall be subject to the Activity and Use Limitations contained herein.

Recording/Filing of Environmental Covenant. This Environmental Covenant and any amendment or termination of the Environmental Covenant shall be recorded in the county recorder's office of every county in which any portion of the Property subject to the Environmental Covenant is located. The Environmental Covenant or any amendment or termination shall be recorded by ATILLC, or its successors in interest, within ten (10) days of receipt of this Environmental Covenant signed by the Department. Within ten (10) days of the recording of this Environmental Covenant, or any amendment or termination, ATILLC, or its successors in interest, shall provide to the Department a copy of this recorded Environmental Covenant, or any amendment or termination of this Environmental Covenant. In addition, a copy of the recorded Environmental Covenant, or any amendment or termination, shall be provided by ATILLC, or by its successors in interest, to the following persons: (a) each person that signed the Environmental Covenant; (b) each person holding a recorded interest in the Property; (c) each person in possession of the Property; (d) each municipality or other local government in which the Property is located; and (e) any other person the Department requires. The validity of the Environmental Covenant is not affected by failure to provide a copy of the Environmental Covenant as required under this section. The Activity and Use Limitations set forth herein shall be incorporated by reference in each and all deeds and leases of any portion of the Property.

Enforcement. The Department and any party of the Environmental Covenant shall have authority to enforce the Activity and Use Limitations against ATILLC or its successors-in-interest, including subsequent owners of the Property and any other person using the Property. Failure of ATILLC, or its successor in interest, to comply with any of the Activity and Use Limitations set forth herein shall be grounds for the Department, or its successor, to require that the Owner correct or remove any violations of this Environmental Covenant. Violation of this Environmental Covenant shall be grounds for the Department, or its successor, to file civil

actions against the Owner as provided by law or in equity, including without limitation, the Uniform Environmental Covenants Act, Idaho Code § 55-3011.

Property Access. The Department shall have a right of access to the Property for the purposes of ensuring compliance with this Environmental Covenant.

Notice of Conveyance of Property. Within thirty (30) days of the closing of any conveyance of the Property, or part thereof, the Conveyor of the Property, shall provide written notice to the Department and each municipality or other local government in which the Property is located, the name and address of all the then Owners and/or Occupants of the Property, or part thereof, conveyed. The Department shall not, by reason of this Environmental Covenant, have authority to approve, disapprove, or otherwise affect any conveyance of the Property except as otherwise provided by law.

Notices. All notices required or permitted to be given hereunder shall be in writing and mailed in the United States Mail, postage prepaid, by certified or registered mail, return receipt requested, to the appropriate address indicated below or at such other place or places as either ATILLC or its successors, BILLC or its successors, or the Department or its successors, may, from time to time, respectively, designate in a written notice given to the other. Notices which are deposited in the United States Mail in accordance with the terms of this provision shall be deemed received three (3) days after the date of mailing thereof.

ATILLC: A & T Investments LLC
 Loren Albright
 PO Box 1561
 Sandpoint Idaho 83864

Bob Thurston
P O Box 1561
Sandpoint Idaho 83864

BILLC: Bitterroot Investments LLC
 Robert Myers
 418 Ravenwod Lane
 Sandpoint Idaho 83864

Lyn Roberts
606 Lakeview Avenue
Sandpoint Idaho 83864

THE DEPARTMENT:
Idaho Department of Environmental Quality
ATTN: Joe Nagel
1410 N. Hilton
Boise, ID 83706

Costs and Expenses. All costs of terminating this Environmental Covenant, including the cost of any remediation or abatement of any environmental condition related to Activity and Use

Limitations pertaining to the Property, shall be borne by the party seeking such termination.

Partial Invalidity. If any portion of the Environmental Covenant or terms set forth herein is determined to be invalid for any reason, the remaining portion shall remain in full force and effect as if such invalidated portion had not been included herein.

Headings. Headings at the beginning of each section of this Environmental Covenant are solely for the convenience of the parties and are not a part of the Environmental Covenant.

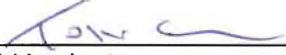
Idaho Code References. All references to the Idaho Code sections include successor provisions.

Reservation of Rights. Notwithstanding any provision of this Environmental Covenant, the Department retains all of its access and enforcement authorities under any applicable statute or rule. Nothing in this Environmental Covenant shall affect the Department's ability to enforce the terms of any voluntary consent order or other agreement relating to remediation of the Property entered into between the Department and ATILLC or any other responsible party. Nothing in this Environmental Covenant shall affect the obligations of ATILLC or any other responsible party under such voluntary consent order or other agreement. The Department's acceptance hereunder is based upon the information presently known or available to the Department with respect to the environmental condition of the Property, and the Department reserves the right to take appropriate action under applicable authorities in the event the Department determines new information warrants such action.

Effective Date. The effective date of this instrument shall be the date the fully executed Environmental Covenant is recorded at the county recorder's office.

Signature and Acknowledgments
Accepted:

Idaho Department of Environmental Quality

Signature: 
Printed Name: Toni Hardesty
Title: Director, Idaho Department of Environmental Quality
Date: 9/5/08

State of Idaho)
) ss.
County of Ada)

On this 5 day of September, in the year 2008, before me, a Notary Public in and for said County and State, personally appeared Toni Hardesty, known or identified to me to be the Director of the Idaho Department of Environmental Quality that executed this Environmental Covenant, and acknowledged to me that the Idaho Department of Environmental Quality 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.

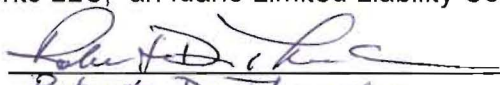


Notary Public for Idaho: Rosie M. Alonzo
Residing at: Nampa, Idaho
Commission Expires: 1-30-09

Signature and Acknowledgments

Accepted:

A & T Investments LLC, an Idaho Limited Liability Company


Signature: 
Printed Name: Robert D. Thurston
Title: Member
Date: September 2, 2008

State of Idaho, county of Bonner, ss.

On this 2nd day of September, in the year 2008, before me, a Notary Public in and for said County and State, personally appeared ROBERT D. THURSTON, known or identified to me, to be the manager or a member of 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.



Notary Public for Idaho: 
Residing at: Sandpoint
Commission Expires: 2-3-2009

Signature and Acknowledgments

Accepted:

Bitterroot Investments LLC, an Idaho Limited Liability Company

Signature: 

Printed Name: ROBERT MYERS

Title: MANAGER/MEMBER

Date: 9/2/2008

State of Idaho, county of Bonner, ss.

On this 2 day of September, in the year 2008, before me, a Notary Public in and for said County and State, personally appeared Robert Myers, known or identified to me, to be the manager or a member of 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.



Notary Public for Idaho: 

Residing at: Sandpoint

Commission Expires: 5-31-2013

SCHEDULE A



Sandpoint Title Insurance, Inc.

120 South Second Avenue
Post Office Box 1767
Sandpoint, Idaho 83864
(208) 263-2222
1-800-299-0025
Fax (208) 265-4040

TO: **ALPINE HOLDINGS**
ATTN: ROBERT MYERS

RE: **54102-TO**

SELLER: **A & T Investments, LLC**

BUYER:

BORROWER:

LENDER:

Enclosed herewith please find **the original** of the above-captioned Lot Book Guarantee.

If you have any title questions, please contact **Dan E. Waggoner** at (208) 265-6255 or **dan.waggoner@sandpointtitle.com** and refer to the above order number.

If you have any **billing questions**, please contact our **accounting department** at (208) 263-2222.

Thank you!!

Enclosure(s)

GUARANTEE

Issued by **Transnation Title Insurance Company**



*Transnation Title Insurance Company is a member of the
LandAmerica family of title insurance underwriters.*

**GUARANTEE NUMBER
M16-0006844**

Order No. 54102
Liability: \$1,000.00
Premium: \$100.00

SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE LIMITS OF LIABILITY AND THE CONDITIONS
AND STIPULATIONS OF THIS GUARANTEE,

TRANSNATION TITLE INSURANCE COMPANY

a Nebraska corporation, herein called the Company

GUARANTEES

the Assured named in Schedule A against actual monetary loss or damage not exceeding the liability amount
stated in Schedule A which the Assured shall sustain by reason of any incorrectness in the assurances set forth
in Schedule A.

IN WITNESS WHEREOF, TRANSNATION TITLE INSURANCE COMPANY has caused its corporate name and
seal to be hereunto affixed by its duly authorized officers, the Guarantee to become valid when countersigned by an
authorized officer or agent of the Company.

TRANSNATION TITLE INSURANCE COMPANY

Dated: August 14, 2008 @ 8:00 A.M.

Countersigned:

By: 
Authorized Officer or Agent



By: 
President

Attest: 
Secretary

LOT BOOK GUARANTEE

SCHEDULE A

File Number	Policy Number	Amount	Premium
54102-TO	M16-0006844	\$1,000.00	\$100.00

1. Guarantee Date: **August 14, 2008 at 8:00AM**
2. Name of Assured:

Alpine Holdings

THE ASSURANCES REFERRED TO ON THE FACE PAGE ARE:

That according to the Company's property records relative to the following described real property (but without examination of those Company records maintained and indexed by name):

- A. Title to said land is according to the deed, as follows:

A & T Investments, LLC, an Idaho Limited Liability Company

- B. There are no mortgages or deeds of trust, which purport to affect said land, other than those shown below under Exceptions.
- C. There are no (homesteads, agreements to convey, attachments, notices of non-responsibility, notices of completion, tax deeds) which purport to affect title to said land, other than shown below under Exceptions.

No guarantee is made regarding matters affecting the beneficial interest of any mortgage or deed of trust, which may be shown herein as an exception, or other matters, which may affect any such mortgage, or deed of trust.

No guarantee is made regarding any liens, claims of liens, defects or encumbrances other than those specifically provided for above, and, if information was requested by reference to a street address, no guarantee is made that said land is the same as said address.

3. The land referred to in this policy is situated in the County of **Bonner**, State of **Idaho**, and is described as follows:

Lot 1A of the Replat of Lot 12A, Block 3 and Lots 1 and 2, Block 2, Ponderosa Park, according to the plat thereof, recorded in Book 7 of Plats, Page 186, records of Bonner County, Idaho.

SPECIAL EXCEPTIONS

1. GENERAL TAXES FOR THE YEAR 2008, A LIEN IN THE PROCESS OF ASSESSMENT, NOT YET DUE OR PAYABLE.
2. ASSESSMENTS FOR THE CITY OF SANDPOINT, IF ANY, WHICH ARE EXCLUDED FROM THE COVERAGE AFFORDED HEREBY.
3. EASEMENT AND CONDITIONS CONTAINED THEREIN:
RECORDED: JUNE 25, 1993
INSTRUMENT NO.: 427204
IN FAVOR OF: PONDEROSA PARK SUBDIVISION
FOR: EASEMENT FOR UTILITIES
AFFECTS: SUBJECT PROPERTY
4. COVENANTS, CONDITIONS, RESTRICTIONS AND/OR EASEMENTS CONTAINED IN THIS DECLARATION, BUT OMITTING RESTRICTIONS, IF ANY, BASED ON RACE, COLOR, RELIGION, SEX, HANDICAP, FAMILIAL STATUS OR NATIONAL ORIGIN UNLESS AND ONLY TO THE EXTENT THAT THE COVENANT, CONDITION OR RESTRICTION (a) IS EXEMPT UNDER TITLE 42 OF THE UNITED STATES CODE, OR (b) RELATES TO HANDICAP, BUT DOES NOT DISCRIMINATE AGAINST HANDICAPPED PERSONS:
RECORDED: JUNE 25, 1993
INSTRUMENT NO.: 427205
AND RECORDED OCTOBER 31, 1997 AS INSTRUMENT NO. 513299

DECLARATION OF DEVELOPER OF PONDEROSA PARK RECORDED FEBRUARY 10, 2005 AS INSTRUMENT NO. 670066 RECORDS OF BONNER COUNTY, IDAHO.
5. DEED OF TRUST AND THE TERMS AND CONDITIONS THEREOF:
GRANTOR: A & T INVESTMENTS LLC, ALSO SHOWN OF RECORD AS A & T INVESTMENTS, LLC
TRUSTEE: FIRST AMERICAN TITLE COMPANY
BENEFICIARY: FIRST SECURITY BANK, N.A.
ORIGINAL AMOUNT: \$120,000.00
DATED/RECORDED: FEBRUARY 18, 1999/FEBRUARY 18, 1999
INSTRUMENT NO.: 540114

END OF SCHEDULE B

548/05

