

RECEIVED
JUN 14 2004
Department of Water ResourcesSTATE OF IDAHO
DEPARTMENT OF WATER RESOURCESRECEIVED
JUN 07 2004
Department of Water Resources
Eastern Region**Notice of Security Interest in a Water Right****And Request for Notification of a Change in Ownership or Any Proposed
Or Final Action to Amend, Transfer, or Otherwise Modify a Water Right**Please print or type. Attach pages with additional information. Instructions are on the back of this page.
Incomplete forms will be returned.

1. Water Right No(s): 22-7347, 22-13210, 22-13244
AJ AJ WA
 Adjudication Claim No(s): _____
2. The following **REQUIRED** information must be submitted with this form:
- A) Evidence of the security interest. This may be a copy of a **DEED of TRUST, MORTGAGE, CONTRACT OF SALE** or other legal document indicating your interest in the property and water rights or claims in question, **WITH ATTACHED LEGAL DESCRIPTION.**
- B) A **FEE** of \$25.00 per water right or adjudication claim.
3. Name and Mailing Address of Person or Company holding Security Interest
- Hopkins Mortgage Fund, L.L.C.,
 Hopkins Growth Fund, L.L.C., and
 Hopkins Northwest Fund, L.L.C.
 P. O. Box 670
 Meridian, ID 83680
4. Name of Water Right Owner/Claimant(s) Teton Valley Golf Associates LP
5. Expiration Date of Notification Period May 1, 2010
6. Is this a Renewal of Request for Notification? ☐ YES ☒ NO
7. Signature(s) (and title if applicable) By: Randall H. Hopkins
Randall H. Hopkins, Manager-Member

For Office Use Only

Received by <u>JC</u>	Date <u>6-7-04</u>	Fee <u>\$75</u>
Received by <u>JC</u>	Date <u>6-8-04</u>	Receipt No. <u>E029925</u>
Processed by _____	AJ Date _____	WR _____ Date _____

First American Title Company

161064

RECEIVED

MAY 05 2004

TETON CO., ID
CLERK RECORDERRECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

Moffatt, Thomas, Barrett, Rock &
Fields, Chartered
101 S. Capitol Boulevard, 10th Floor
Post Office Box 829
Boise, Idaho 83701-0829
Attention: David S. Jensen

FILED

AT THE REQUEST OF

First American Title

AT 25 MINUTES PAST 11 AM

DATE May 5, 2004

Nolan B. Boyle

CLERK OF RECORD

BY R. Bouside

DEPUTY

RECEIVED

JUN 16 2004

DEPARTMENT OF
WATER RESOURCES

(Space Above For Recorder's Use)

MORTGAGE AND FIXTURE FILING

THIS MORTGAGE is made effective as of the 5th day of May, 2004, between Teton Valley Golf Associates, LP, an Idaho Limited Partnership, herein called Mortgagor; whose address is 3432 Vintage Way, Boise, ID 83706 and Hopkins Mortgage Fund, L.L.C., an Idaho Limited Liability Company "as trustee on a parity for the benefit of all Series "A" Debenture Holders "as to an undivided 27.27% interest; Hopkins Growth Fund, L.L.C., an Idaho Limited Liability Company "as trustee on a parity for the benefit of all Series "G" Debenture Holders "as to an undivided 38.18% interest; and Hopkins Northwest Fund, L.L.C., an Idaho Limited Liability Company "as trustee on a parity for the benefit of all Series "NW" Debenture Holders" as to an undivided 34.55% interest, Mortgagee, whose address is PO Box 670, Meridian, ID 83680 and herein referred to as "Lender".

FOR VALUE RECEIVED, Mortgagor hereby mortgages, grants, bargains, sells and conveys to Lender the following property (which is hereinafter referred to as the "Property"):

- (i) the real property located in the County of Teton, State of Idaho, described in the attached *Exhibit A* (the "Land");
- (ii) all water and water rights, minerals, oil and gas, and other hydrocarbon substances in, on or under the Land;
- (iii) all right, title, interest, and privileges of Trustor in and to all streets, roads, and alleys used in connection with or pertaining to the Land;
- (iv) all air rights, development rights and credits, licenses and permits related to the Land;
- (v) all agreements (including, without limitation, construction contracts) entered into between the Mortgagor and any contractor, architect, engineer, supplier, or other person with respect to the development of the Land or construction of improvements thereon, as such agreements may be amended or otherwise modified from time to time;
- (vi) all agreements, leases, contracts, reports, surveys, plans, drawings, and governmental approvals pertaining to the development and operation of the Land, as the same may be amended or otherwise modified from time to time;
- (vii) all rents, issues, profits and income derived from the Property (collectively called "Rents") subject to the right given to Lender to collect and apply such Rents;
- (viii) all leasehold estate, right and interest of Mortgagor in and to all leases or subleases on the Property or any portion thereof now existing or hereafter entered into;
- (ix) with all easements, rights-of-way and rights used in connection with the Property or as a means of access thereto; and

161064

- (x) any and all buildings and improvements now existing or hereafter erected on the Property, including, but not limited to, the fixtures, attachments, appliances, equipment, machinery, and other articles attached to said buildings and/or improvements.

For the Purpose of Securing:

- a. Payment of indebtedness in the principal amount of **FIVE MILLION FIVE HUNDRED THOUSAND DOLLARS AND NO CENTS (\$5,500,000.00)** with interest thereon, evidenced by that Promissory Note (Note) of even date herewith, with a maturity date of May 1, 2010, executed by Mortgagor and which has been delivered to and is payable to the order of Lender;
- b. Payment and performance of all obligations of Mortgagor under the Master Credit Agreement between Mortgagor and Lender dated May 4, 2004;
- c. Payment of all sums advanced by Lender to protect the Property, with interest thereon at the rate provided in the Note;
- d. Performance of all obligations of Mortgagor contained in this Mortgage, or any other Loan Documents or instruments given to evidence or further secure the payment and performance of any obligation secured hereby; and
- e. Payment of all other sums, with interest thereon, which may hereafter be loaned (solely in the discretion of Lender) to Mortgagor, or its successors or assigns, by Lender, when evidenced by a writing that recites that it is secured by this Mortgage.

To Protect the Security of this Mortgage, Mortgagor Hereby Covenants and Agrees:

1. **Payment of Secured Obligations:** To pay when due the principal of, and the interest on, the indebtedness evidenced by the Note, charges, fees and all other sums as provided in the Loan Instruments, and the principal of, and interest on, any future advances secured by this Mortgage, and to pay when due any and all charges, indebtedness, obligations and charges which at any time are senior in priority to the security of this Mortgage.
2. **Maintenance, Repair and Alterations:** To keep the Property in good condition and repair, not to remove, demolish or substantially alter (except such alterations as may be required by laws, ordinances or regulations) any of the improvements; to complete promptly and in good and workmanlike manner any building or other improvement which may be constructed on the Property and promptly restore in like manner any improvement which may be damaged or destroyed thereon, and to pay when due all claims for labor performed and materials furnished therefore; to comply with all laws, ordinances, regulations, covenants, conditions and restrictions now or hereafter affecting the Property or any part thereof or requiring any alterations or improvements; not to commit or permit any waste or deterioration of the Property, to keep and maintain abutting grounds, roads, parking and landscape areas in good and neat order and repair; and not to commit, suffer or permit any act to be done in or upon the Property in violation of any law, ordinance or regulation.
3. **Required Insurance:** To at all times provide, maintain and keep in force the following policies of insurance:
 - a. Comprehensive general liability insurance covering Mortgagor, Lender, and other senior beneficiaries named by Lender, and the Property in the amounts deemed prudent by Mortgagor, but in no event for a combined single limit of less than \$2,000,000.
 - b. All-risk course of construction insurance in the minimum amount of the proposed construction cost for development of the Land on a replacement cost basis against loss or damage by hazards customarily included within "extended coverage" policies, and any other risks or hazards that in Lender's reasonable judgment should be insured against, with a full replacement cost endorsement (without provisions for co-insurance).
 - c. Such other insurance, and in such amounts, as may from time to time be reasonably required by Lender against the same or other hazards.
 - d. All policies of insurance required by the terms of this Mortgage shall contain an endorsement or agreement by the insurer that any loss shall be payable in accordance with the terms of such policy notwithstanding any act or negligence of Mortgagor which might otherwise result in forfeiture of said insurance and the further agreement of the insurer waiving all rights of set off, counterclaim or deductions against Mortgagor.
 - e. All policies of insurance shall be issued by companies satisfactory to Lender.

f. All policies shall have attached thereto a Lender's loss payable endorsement for the benefit of Lender and any other senior loans of the subject property named by Lender in form satisfactory to Lender.

After the happening of any casualty to the Property or any part thereof, Mortgagor shall give prompt written notice thereof to Lender.

4. **Taxes And Assessments:** To pay, at least ten (10) days prior to delinquency, all real property taxes and assessments, general and special, and all other taxes and assessments of any kind or nature whatsoever, including without limitation non-governmental levies or charges resulting from covenants, conditions and restrictions affecting the Property, which are assessed or imposed upon the Property, or become due and payable, and which create, may create or appear to create a lien upon the Property, or any part thereof. In addition to the payments due in accordance with the terms of the Note hereby secured the Mortgagor shall at the option, and on demand of the Lender, pay each month 1/12th of the estimated annual taxes, assessments, insurance premiums, maintenance and other charges upon the Property, nevertheless in trust for Mortgagor's use and benefit and for the payment by Lender of any such items when due. Mortgagor's failure so to pay shall constitute a default under the terms of this Mortgage.

5. **Utilities:** To pay when due all utility charges which are incurred by Mortgagor for the benefit of the Property or which may become a charge or lien against the Property for any utilities or services whatsoever furnished to the Property and all other assessments or charges of a similar nature, whether public or private, affecting the Property or any part thereof, whether or not such taxes, assessments or charges are liens or may become such thereon.

6. **Preservation:** Should Mortgagor fail to make any payment or to do any act as and in the manner provided in this Mortgage or any of the Loan Instruments which are part of this security transaction, Lender, without obligations so to do and without notice to or demand upon Mortgagor and without releasing Mortgagor from any obligation, may make or do the same in such manner and to such extent as Lender may deem necessary to protect the security hereof. In connection therewith Lender shall have the right, but not the obligation, to

- (i) enter upon and take possession of the Property;
- (ii) make additions, alterations, repairs and improvements to the Property which the Lender may consider necessary or proper to keep the Property in good conditions and repair;
- (iii) appear and participate in any action or proceeding affecting or which may affect the security hereof or the rights or powers of Lender;
- (iv) pay, purchase, contest or compromise any encumbrance, claim, charge, lien or debt which in the judgment of Lender may affect or appears to affect the security of this Mortgage or be prior or superior hereto; and
- (v) in exercising such powers, to pay necessary expenses, including employment of legal counsel or other necessary or desirable consultants.

Mortgagor shall, immediately upon demand therefore by Lender pay all costs and expenses incurred by Lender (together with interest thereon at the rate of 15 per annum until paid) in connection with the exercise by Lender of the foregoing rights, including without limitation costs of evidence of title, court costs, appraisals, surveys and attorney fees.

7. **Survival of Warranties:** To fully and faithfully satisfy and perform the obligations of Mortgagor contained in Mortgagor's and Lender's loan agreement, and any application and/or commitment of Mortgagor, and each agreement of Mortgagor incorporated by reference therein or herein, and any modification or amendment thereof, all representations, warranties and covenants of Mortgagor contained in any of the foregoing loan instruments, or incorporated therein by reference, shall survive the close of escrow and funding of the loan evidenced by the Note and shall remain continuing obligations, warranties and representations of Mortgagor during any time when any portion of the obligations secured by this Mortgage remain outstanding.

8. **Eminent Domain:** Should the Property, or any part thereof or interest therein, be taken or damaged by reason of any public improvement or condemnation proceeding, or in any other manner, or should Mortgagor receive any notice or other information regarding such proceeding, Mortgagor shall give prompt written notice thereof to Lender.

8.1 Lender shall be entitled to all compensation, awards and other payments or relief therefore, and shall be entitled at its option to commence, appear in and prosecute in its own name any action or proceedings. Lender shall also be entitled to make any compromise or settlement in connection with such taking or damage. All such

compensation, awards, damages, rights of action and proceeds awarded to Mortgagor are hereby assigned to Lender, and Mortgagor agrees to execute such further assignments of such proceeds as Lender may require.

8.2 In the event any portion of the Property is so taken or damaged, Lender shall have the option, in its sole and absolute discretion, to apply all the proceeds therefrom, after deducting therefrom all costs and expenses (regardless of the particular nature thereof and whether incurred with or without suit) including attorney's fees, incurred by it in connection with such proceeds, upon any indebtedness secured hereby and in such order as Lender may determine, or to apply all such proceeds, after such deductions, to the restoration of the Property upon such conditions as Lender may determine. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

9. **Additional Security:** In the event Lender at any time holds additional security for any of the obligations secured hereby, it may enforce the sale thereof or otherwise realize upon the same, at its option, either before or concurrently herewith or after a sale is made hereunder.

10. **Successors And Assigns:** This Mortgage applies to, inures to the benefit of and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The term Lender shall mean the owner and holder of the Note, whether or not named as Lender herein. In this Mortgage, whenever the context so requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

11. **Inspections:** That Lender or its agents, representatives or workmen, are authorized to enter at any reasonable time upon or in any part of the Property for the purpose of inspecting the same and for the purpose of performing any of the acts it is authorized to perform under the terms of any of the Loan Instruments.

12. **Liens:** To pay and promptly discharge, at Mortgagor's cost and expense, all liens, encumbrances and charges upon the Property, or any part thereof or interest therein; provided that the existence of any mechanic's, laborer's, materialman's, supplier's or vendor's lien or right thereto shall not constitute a violation of this paragraph if payment is not yet due under the contract which is the foundation thereof, and if such contract does not postpone payment for more than fifty-five (55) days after the performance thereof. Mortgagor shall have the right to contest in good faith the validity of any such lien, encumbrance or charge, provided Mortgagor shall first deposit with Lender a bond or other security satisfactory to Lender in such amounts as Lender shall reasonably require, but not more than one and one-half (150) of the amount of the claim, and provided further that Mortgagor shall thereafter diligently proceed to cause such lien, encumbrance or charge to be removed and discharged. If Mortgagor shall fail to discharge any such lien, encumbrance or charge, then, in addition to any other right or remedy of Lender, Lender may, but shall not be obligated to, discharge the same, either by paying the amount claimed to be due, or by procuring the discharge of such lien by depositing in court a bond for the amount claimed or otherwise giving security for such claim, or in such manner as is or may be prescribed by law.

13. **Lender's Powers:** Without affecting the liability of any other person liable for the payment of any obligation herein mentioned, and without affecting the lien or charge of this Mortgage upon any portion of the Property not then or theretofore released as security for the full amount of all unpaid obligations, Lender may, from time to time and without notice

- (i) release any person so liable,
- (ii) extend the maturity or alter any of the terms of any such obligation,
- (iii) grant other indulgences,
- (iv) release or reconvey, a parcel, portion or all of the Property,
- (v) take or release any other or additional security for any obligation herein mentioned, or
- (vi) make compositions or other arrangements with debtors in relation thereto.

14. **Status And Use Of The Property: Environmentally Hazardous Materials:** That the Property complies and will continue to comply during the time any amount of the Note remains unpaid with all requirements of applicable comprehensive plan, zoning, use, building and environmental and protection laws, regulations and ordinances. There are no environmentally hazardous materials, wastes or substances contained on or deposited on or under the surface of the Property. There are no potentially hazardous environmental conditions on the Property and there are no underground storage tanks located at the Property. The Property has not been identified by any governmental agency as a site upon which, or potentially upon which, environmentally hazardous materials have been (or may have been) located or deposited. Mortgagor agrees that no hazardous materials, wastes or substances will be generated, stored, used or disposed of on the

Property, nor will the same be transported to or over the Property. "Hazardous" materials, wastes and substances shall be interpreted broadly to include, without limitation, those designated as hazardous under the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), as amended by the Superfund Amendments and Reauthorization Act of 1986 ("SARA"), and the Idaho Hazardous waste Management Act of 1983 ("IHWMA"). Mortgagor agrees to comply with all federal, state and local legislation, rules and regulations now or hereafter in effect relating to environmental protection, including, without limitation, CERCLA, SARA and IHWMA, as the same may be applied to Mortgagor, the Property or occupancy or use thereof. Mortgagor agrees to indemnify Lender and hold it harmless from and against any and all claims, costs and expenses (including attorney fees) relating to such environmental provisions, notwithstanding any exculpatory or non-recourse language in this Mortgage or any of the other Loan Instruments.

15. Due on Sale: So long as any obligation secured hereby remains unpaid, Mortgagor shall not sell, lease, convey or alienate, or further encumber the Property, or any part thereof, or any interest therein (except as allowed in the Loan Instruments), without the prior written consent of Lender, which consent will not be unreasonably withheld, and if consented to by Lender, then Lender shall be entitled to modify, at its discretion, the terms and conditions of the Note evidencing the obligation secured hereby, including an increase in the interest rate otherwise payable on the Note, by up to three percent (3) per annum, to compensate for the increased risk. The provisions hereof shall apply to Mortgagor's successors and assigns. Should the Property, or any part thereof, be sold or conveyed or become the subject of any agreement to sell or to encumber prior to the maturity of the Note secured hereby, without the consent of Lender, then the entire indebtedness and obligations secured hereby shall become due and payable immediately at the option of Lender. In the event ownership of the Property or any portion thereof becomes vested in a person other than the Mortgagor, Lender may, without notice to the Mortgagor, whether or not Lender has given written consent to such change in ownership, deal with such successor(s) in interest with reference to this Mortgage and the obligations secured hereby, and in the same manner as with the Mortgagor, without in any way vitiating or discharging Mortgagor's liability hereunder or the obligations secured hereby. A transfer to another corporate entity which is a corporation in which Mortgagor owns a majority of the common stock shall not be deemed a violation of this paragraph, however in such instance, a transfer of the control of such corporation shall be a violation of this paragraph. A transfer by devise, descent or operation of law upon the death of the Mortgagor, shall not be considered a violation of this paragraph.

16. Court Appearances: To appear in and defend any action or proceeding purporting to affect the security of this Mortgage or the rights or powers of Lender and to pay all costs and expenses, including cost of evidence of title and attorneys fees, in any such action or proceeding in which Lender may appear.

17. Rents, Issues and Profits: As Additional security, Mortgagor hereby gives to and confers upon Lender the right, power and authority, during the continuance of this Mortgage, to collect the rents, issues and profits of said Property, reserving unto the Mortgagor the right, prior to any default in payment of any indebtedness secured hereby or in performance of any agreement hereunder, to collect and retain such rents, issues and profits as they become due and payable. Upon any default, Lender may at any time without notice, either in person, by agent, or by a receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of said Property or any part thereof, in his own name sue for or otherwise collect such rents, issues and profits including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney's fees, upon an indebtedness secured hereby, and in such order as Lender may determine. The entering upon and taking possession of said property, the collection of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

18. Acceptance of Payment: By accepting payment of any sum secured hereby after its due date, Lender does not waive his right either to require prompt payment when due of all other sums so secured or to declare default for failure to pay.

19. Effect of Modification: The interest rate, payment terms, and/or balance due on the loan may be indexed, adjusted, renewed or renegotiated and the mortgage lien herein granted shall not be affected as provided in Idaho Code Section 45-116.

20. Fixture Filing: This Mortgage shall operate as and constitute a financing statement filed as a fixture filing, covering any of the Property that now is or later becomes fixtures attached to the Land or any improvements thereon.

REMEDIES UPON DEFAULT:**1. Events of Default:** Any of the following events shall be deemed an event of default:

a. A default in the payment of any installment of principal or interest, late fees or other charges, or any other sum secured hereby when due.

b. Mortgagor files a voluntary petition in bankruptcy or shall be adjudicated a bankrupt or insolvent, or shall file any petition or answer seeking or acquiescing in any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under present or future federal, state or other statute, law or regulation relating to relief for debtors; or shall seek or consent to or acquiesce in the appointment of any trustee, receiver or liquidator of Mortgagor, or of all or any part of the Property, or of any or all of the rents, issues or profits thereof, or shall make any general assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due;

c. A court of competent jurisdiction enters an order, judgment or decree approving a petition filed against Mortgagor seeking any reorganization, dissolution or similar relief under any present or future federal, state, or other statute, law or regulation relating to bankruptcy, insolvency or other relief for debtors, and such order, judgment or decree shall remain unvacated and unstayed for an aggregate of thirty days from the first date of entry thereof; or any trustee, receiver or liquidator of Mortgagor or of all or any part of the Property, or of any or all of the rents, issues or profits thereof, shall be appointed without the consent or acquiescence of Lender and such appointment shall remain unvacated and unstayed for an aggregate of thirty days;

d. A writ of execution or attachment or any similar process shall be issued or levied against all or any part of or interest in the Property, or any judgment involving monetary damages shall be entered against Mortgagor which shall become a lien on the Property or any part thereof or interest therein and such execution, attachment or similar process or judgment is not released, bonded, satisfied, vacated or stayed within thirty days after its entry or levy;

e. There has occurred a breach of or default under any term, covenant, agreement, condition, provision, representation or warranty contained in this Mortgage or any other Loan Instruments of this transaction.

f. There has occurred a breach of or default under any term, covenant, agreement, condition, or provision of any

(i) mortgage, or other security document which additionally secures the Note secured by this Mortgage, or

(ii) any mortgage, or other security document which is senior in priority to this Mortgage or to any mortgage which additionally secures the Note.

g. The failure to have completed the construction of the Development Work (as defined in the Master Credit Agreement) and to have the subdivided lots within the Development Work available for market by November 1, 2004.

2. Acceleration upon Default, Additional Remedies: In the event of default, Lender may declare all indebtedness secured hereby to be accelerated and immediately due and payable and the same shall thereupon become due and payable without any presentment, demand, protest, or notice of any kind. Thereafter, Lender may:

a. Either in person or by agent, with or without bringing any action or proceeding, or by a receiver appointed by a court and without regard to the adequacy of its security, enter upon and take possession of the Property, or any part thereof, in their own name or in the name of a receiver, and do any acts which they deem necessary or desirable to preserve the value, marketability or rent-ability of the Property, or part thereof or interest therein, increase the income there from or protect the security thereof and, with or without taking possession of the of the Property, sue for or otherwise collect the rents, issues and profits thereof, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection including attorney's fees, upon any indebtedness secured hereby, all in such order as Lender may determine. The entering upon and taking possession of the Property, the collection of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done in response to such default or pursuant to such notice of default and, notwithstanding the continuance in possession of the Property or the collection, receipt and application of rents, issues or profits, Lender shall be entitled to exercise every right provided for in this Mortgage or any other instruments which are part of this transaction, or by law upon occurrence of any event of default;

b. Commence an action or proceeding under power of sale or otherwise to foreclose this Mortgage, appoint a receiver, or specifically enforce any of the covenants hereof; Mortgagor shall, immediately upon demand therefor by Lender pay all costs and expenses incurred by Lender (together with interest thereon at the applicable

rate under the terms of the Note, until paid) in connection with the exercise by Lender of the foregoing rights, including without limitation costs of evidence of title, court costs, appraisals, surveys and attorney fees.

MISCELLANEOUS:

1. **Governing Law:** This Mortgage shall be governed by the laws of the state of Idaho. In the event that any provision or clause of this Mortgage conflicts with applicable law, such conflict shall not affect other provisions of this Mortgage, and to this end the provisions of this Mortgage are declared severable.

2. **Notices:** Notices to any party hereunder shall be in writing and shall be effective only if the same is delivered by personal service or mailed by certified mail, postage prepaid, return receipt requested, addressed to the address set forth on the signature page of this Mortgage. Any party may at any time change its address for such notice by delivering or mailing to the other party hereto, as aforesaid, a notice of such change.

3. **Captions:** The captions or heading at the beginning of some paragraphs are for the convenience of the parties and are not a part of this Mortgage.

4. **Invalidity of Certain Provisions:** If the lien of this Mortgage is invalid or unenforceable as to any part of the indebtedness, or if the lien is invalid or unenforceable as to any part of the Property, the unsecured or partially secured portion of the debt shall be completely paid prior to the payment of the remaining and secured or partially secured portion of the debt, and all payment made on the debt, whether voluntary or under foreclosure or other enforcement action or procedure, shall be considered to have been first paid on and applied to the full payment of that portion of the debt which is not secured or fully secured by the lien of this Mortgage.

5. **Further Documents:** The Mortgagor agrees to sign and execute such further documents as may be required from time to time to evidence the intent of the parties to this transaction.

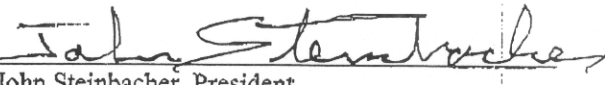
IN WITNESS WHEREOF, Mortgagor has executed this Mortgage as of the day and year first above written.

MORTGAGOR:

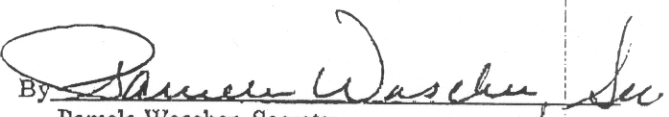
TETON VALLEY GOLF ASSOCIATES, LP

By: Broadmoor Company, Inc., General Partner

By


John Steinbacher, President

By


Pamela Wascher, Secretary

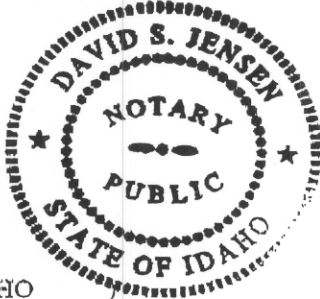
STATE OF IDAHO)

) ss.

County of Ada)

On this 4th day of May, 2003, before me David S. Jensen, a Notary Public in and for said State, personally appeared JOHN STEINBACHER, known or identified to me (or proved to me on the oath of _____) to be the President of **BROADMOOR COMPANY, INC.**, an Idaho corporation, one of the partners in the partnership of **TETON VALLEY GOLF ASSOCIATES, LP**, an Idaho partnership, and the partner or one of the partners who subscribed said partnership name to the foregoing instrument, and acknowledged to me that he executed the within instrument on behalf of said corporation, and that such corporation executed the same in said partnership name.

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



David S. Jensen
NOTARY PUBLIC FOR IDAHO
Residing at Boise, Idaho
My Commission Expires 10-15-08

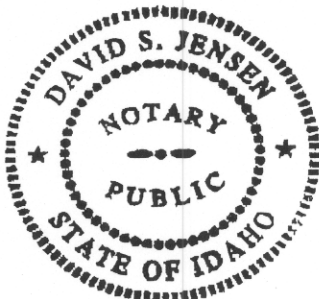
STATE OF IDAHO)

) ss.

County of Ada)

On this 4th day of May, 2003, before me David S. Jensen, a Notary Public in and for said State, personally appeared PAMELA WASCHER, known or identified to me (or proved to me on the oath of _____) to be the Secretary of **BROADMOOR COMPANY, INC.**, an Idaho corporation, one of the partners in the partnership of **TETON VALLEY GOLF ASSOCIATES, LP**, an Idaho partnership, and the partner or one of the partners who subscribed said partnership name to the foregoing instrument, and acknowledged to me that she executed the within instrument on behalf of said corporation, and that such corporation executed the same in said partnership name.

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



David S. Jensen
NOTARY PUBLIC FOR IDAHO
Residing at Boise, Idaho
My Commission Expires 10-15-08

The undersigned hereby accepts and approves the above Mortgage.

Hopkins Mortgage Fund, L.L.C., an Idaho Limited Liability Company "as trustee on a parity for the benefit of all Series "A" Debenture Holders "as to an undivided 27.27% interest; Hopkins Growth Fund, L.L.C., an Idaho Limited Liability Company "as trustee on a parity for the benefit of all Series "G" Debenture Holders "as to an undivided 38.18% interest; and Hopkins Northwest Fund, L.L.C., an Idaho Limited Liability Company "as trustee on a parity for the benefit of all Series "NW" Debenture Holders" as to an undivided 34.55% interest

Randall H. Hopkins

By Randall H. Hopkins, Manager-Member

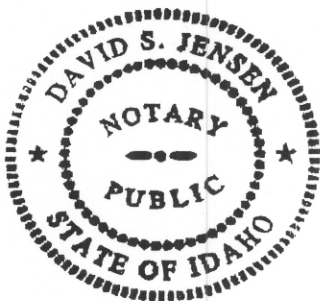
STATE OF IDAHO)

) ss.

County of Ada)

On this 4th day of May, 2004, before me David S. Jensen, personally appeared RANDALL H. HOPKINS known or identified to me (or proved to me on the oath of _____) to be the Manager-Member of HOPKINS MORTGAGE FUND, L.L.C., HOPKINS GROWTH FUND, L.L.C., and HOPKINS NORTHWEST FUND, L.L.C. the limited liability companies that executed the instrument or the person who executed the instrument on behalf of said limited liability companies, and acknowledged to me that such companies 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.



David S. Jensen
NOTARY PUBLIC FOR IDAHO
Residing at Boise, Idaho
My Commission Expires 10-15-08

EXHIBIT A

Description of the Land

TRACT 1: W1/2NW1/4 and the W1/2E1/2NW1/4 of Section 36, Township 4 North, Range 45 East, Boise Meridian, Teton County, Idaho. LESS AND EXCEPTING THEREFROM the existing county road right of way along the North boundary of the above described property.

TRACT 2: NW1/4SW1/4 of Section 36, Township 4 North, Range 45 East, Boise Meridian, Teton County, Idaho.
The East 64 rods of the NE1/4SE1/4 of Section 35, Township 4 North, Range 45 East, Boise Meridian, Teton County, Idaho.

TRACT 3: W1/2NE1/4 and the E1/2E1/2NW1/4 of Section 36, Township 4 North, Range 45 East, Boise Meridian, Teton County, Idaho. LESS AND EXCEPTING THEREFROM the existing county road right of way along the North boundary of the above described property.

TRACT 4: N1/2NE1/4 Less: Highway and Railroad Right-of-ways, Section 35, Township 4 North, Range 45 East, Boise Meridian, Teton County, Idaho. LESS AND EXCEPTING THEREFROM the existing county road along the North boundary of the above described property.

Tax #1457 being further described as: Beginning at the East Quarter corner of Section 35, Township 4 North, Range 45 East, Boise Meridian, Teton County, Idaho, and running thence West 1120 feet; thence North 677.6 feet; thence West 1317.5 feet; thence North along the East line of Railroad Right-of-way 642.4 feet; thence East 2437.5 feet; thence South 1320 feet to the point of beginning. LESS Highway and Railroad right-of-ways.

The above described Tracts are also known as Teton Reserve Planned Unit Development recorded March 3, 2003, as Instrument No. 153363, records of Teton County, Idaho.



First American Title Company of Idaho, Inc.
211 West State St
Boise, ID 83702
(208) 344-5888 - Fax (208) 344-1495

IDWR Eastern Region
900 N. Skyline Dr., Suite A
Idaho Falls, ID 83402-1718

June 01, 2004
File No.: 4102-386565 (PC)

Attn: ~~John Steinvacher or Pamela Wascher~~

Re: **386565**

Property: **11 East 600 South, Victor, ID 83455**

Borrower: **Teton Valley Golf Associates**

In reference to the above mentioned escrow closing, enclosed please find the following:

- Our Check No. **5964** in the amount of **\$75.00**, representing **Water Notification**.

IF THE APPLICATION OF THESE FUNDS CONSTITUTES AN OVERPAYMENT ON THIS ACCOUNT, PLEASE FORWARD ANY REFUND BACK TO THE ESCROW AGENT.

If checks are included in this package, please negotiate as soon as possible. Should you have any questions or need further assistance, please contact the undersigned.

Sincerely,

Deedra Iverson , Assistant for
Patty Chupp, Escrow Officer

DI/DI

RECEIVED
JUN 07 2004
Department of Water Resources
Eastern Region