



State of Idaho

DEPARTMENT OF WATER RESOURCES

900 N Skyline Dr., Ste A, Idaho Falls, Idaho 83402-1718

Phone: (208) 525-7161 FAX: (208) 525-7177 www.idwr.idaho.gov

August 5, 2013

C.L. "BUTCH" OTIER
Governor

Racine Olson Nye Budge & Bailey
201 E Center Street
PO Box 1391
Pocatello ID 83204-1391

GARY SPACKMAN
Director

RE: Notice of Security Interest
Water Rights: see attached list

Dear Sir/Madam:

On March 6, 2009, you filed a Notice of Security Interest with the Idaho Department of Water Resources (IDWR), seeking to place a security interest for the water rights list attached. After an initial review, we determined that you needed to provide additional evidence of security interest. On March 12, 2009 we sent an email requesting the additional information. The department has also spoke with you on the phone multiple times most recently on May 17, 2013.

IDWR has never received a response to the request for additional information. Without the requested documents, we cannot verify Big Sky Western Bank has a security interest in the water right and cannot complete the security interest. We are therefore returning your original security interest and have initiated a refund of your filing fee (\$1275.00). The refund from the state of Idaho will arrive at the address listed above within a couple of weeks.

Please feel free to re-file your ownership change any time in the future when you have collected the requested documentation of ownership. Because your filing fee is being refunded, you will need to determine and provide the proper filing fee at the time you re-file the ownership change.

If you have any questions, feel free to contact me at (208) 525-7161.

Respectfully submitted,

Jonie Barg
Technical Records Specialist

Enclosure(s)

cc: Big Sky Western Bank

SUPPORT DATA

IN FILE # 22-203

Water Rights Appurtenant to Property of West Rim, LLC

Owner	Water Right Number	Quantity (cfs)	Priority Date	Source	SRBA Status
City of Rexburg	22-203	33	4-1-1898	Teton River	Partial Decree Issued
	22-204C	27	6-10-1883	Teton River	Partial Decree Issued
	22-7617	2.2	10/31/1950	Ground water	At Issue
	22-7074	1.57	6/19/1973	Ground water	Partial Decree Issued
	22-7175	5.61	2/4/1976	Ground water	Unobjected (overlaps 22-7617)
	22-7176	4.68	2/4/1976	Ground water	Unobjected (overlaps 22-7617)
	22-13130	0.22	3/28/1967	Ground water	Partial Decree Issued
	22-13131	1.24	6/1/1959	Ground water	Partial Decree Issued
	22-13888	16.7	8/6/2008	Ground Water	Application
Teton Pipeline Association, Inc.	22-145B	9.9	1/22/1916	Teton River	Partial Decree Pending
	22-221B	0.7	9-1-1890	Teton River	Partial Decree Pending
	22-245B	0.7	4-1-1890	Teton River	Partial Decree Pending
	22-435B	0.54	7-15-1889	Teton River	Partial Decree Pending
	22-7044A	2.65	3/26/1971	Teton River	Partial Decree Pending
	22-7044B	1.36	3/26/1971	Teton River	Partial Decree Pending
	22-7100	6.98	8/7/1974	Teton River	Partial Decree Pending
	22-7108	9	10/11/1974	Teton River	Partial Decree Pending
	22-7110A	2.52	10/15/1974	Teton River	Partial Decree Pending
	22-7110B	2.6	10/15/1974	Teton River	Partial Decree Pending
	22-7111	10	11/12/1974	Teton River	Partial Decree Pending
	22-7116	10	12/3/1974	Teton River	Partial Decree Pending
	22-7119	6	12/10/1974	Teton River	Partial Decree Pending
	22-7120	5	1/14/1975	Teton River	Partial Decree Pending
	22-7121	8	1/14/1975	Teton River	Partial Decree Pending
	22-7122	12	12/31/1974	Teton River	Partial Decree Pending
	22-7148	7	7/23/1975	Teton River	Partial Decree Pending
	22-7157	4.5	8/6/1975	Teton River	Partial Decree Pending
	22-7159	1.9	8/18/1975	Teton River	Partial Decree Pending
	22-7180	12.06	4/1/1976	Teton River	Partial Decree Pending
	22-7181	3.2	4/1/1976	Teton River	Partial Decree Pending
	22-7186	11.16	4/27/1976	Teton River	Partial Decree Pending
	22-7392	7.18	3/22/1982	Teton River	Partial Decree Pending
	22-7470	3	7/21/1983	Teton River	Partial Decree Pending
	22-7505	6.3	7/1/1985	Teton River	Partial Decree Pending
	22-13271	1.7	4/1/1985	Teton River	Partial Decree Pending
	22-7208	35.730 cfs /1,866,000 ac-ft	4/15/1987	Ground water	Partial Decree Pending
	22-7209	35.730 cfs /1,866,000 ac-ft	4/15/1987	Ground water	Partial Decree Pending
	22-7211	35.730 cfs /1,866,000 ac-ft	4/15/1987	Ground water	Partial Decree Pending

Water Rights Appurtenant to Property of West Rim, LLC

Owner	Water Right Number	Quantity (cfs)	Priority Date	Source	SRBA Status
Teton Pipeline Association, Inc.	22-7216	35.730 cfs /1,866,000 ac-ft	4/15/1987	Ground water	Partial Decree Pending
	22-7223	35.730 cfs /1,866,000 ac-ft	4/15/1987	Ground water	Partial Decree Pending
	22-7235	35.730 cfs /1,866,000 ac-ft	4/15/1987	Ground water	Partial Decree Pending
	22-7295	35.730 cfs /1,866,000 ac-ft	4/15/1987	Ground water	Partial Decree Pending
	22-7360	35.730 cfs /1,866,000 ac-ft	4/15/1987	Ground water	Partial Decree Pending
	22-7375A	35.730 cfs /1,866,000 ac-ft	4/15/1987	Ground water	Partial Decree Pending
	22-7375B	35.730 cfs /1,866,000 ac-ft	4/15/1987	Ground water	Partial Decree Pending
	22-13288	35.730 cfs /1,866,000 ac-ft	4/15/1987	Ground water	Partial Decree Pending
West Rim, LLC	22-13359	0.2	3/8/2005	Ground Water	N/A (New Permit)
	22-13624	0.67	11/1/2006	Ground Water	N/A (New Permit)
	22-13714	27.2	4/17/2007	Teton River	N/A (New Permit)

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

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).: See table attached

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.** (Mortgage attached)
 - B) A **FEE of \$25.00 per water right** or adjudication claim.
3. Name and Mailing Address of Person or Company holding Security Interest

RECEIVED

MAR 06 2009

Department of Water Resources
Eastern Region

Big Sky Western Bank, 7730 Shedhorn Drive, Bozeman, MT 59718

c/o Thomas J. Budge, esq.

RACINE OLSON NYE BUDGE & BAILEY, CHTD.

P.O. Box 1391, Pocatello, Idaho 83204
4. Name of Water Right Owner/Claimant(s) Teton Pipeline Association, Inc. (shareholder: West Rim, LLC)
City of Rexburg
West Rim, LLC
5. Expiration Date of Notification Period August 1, 2026
6. Is this a Renewal of Request for Notification? ☐ YES ☒ NO
7. Signature(s) of Security Interest holder(s) Thomas J. Budge
 (and title if applicable) Thomas J. Budge, Attorney for Big Sky Western Bank

For Office Use Only

Received by BML Date 3/6/09 Fee 1275.00
 Received by BML Date 3/6/09 Receipt No. E034843
 Processed by _____ AJ Date _____ WR _____ Date _____

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	22-13714	27.2	4/17/2007	Teton River	N/A (New Permit)

First American Title Company

278011-T

WHEN RECORDED MAIL

TO:
Big Sky Western
Bank
PO Box 818
Bozeman, MT 59771

Instrument # 202060

TETON COUNTY, IDAHO
12-30-2008 04:32:00 No. of Pages: 17
Recorded for : FIRST AMERICAN TITLE
MARY LOU HANSEN Fee: 51.00
Ex-Officio Recorder Deputy
Index to: MORTGAGE

SEND TAX NOTICES TO:

West Rim LLC
Teton Rim
Development, LLC
3985 Valley
Commons Dr
Bozeman, MT 59718

FOR RECORDER'S USE ONLY

MORTGAGE

MAXIMUM LIEN. The total principal indebtedness that may be outstanding at any given time which is secured by this Mortgage is \$1,850,000.00.

THIS MORTGAGE dated December 19, 2008, is made and executed between West Rim LLC, whose address is 3985 Valley Commons Dr, Bozeman, MT 59718 and Teton Rim Development, LLC, whose address is 3985 Valley Commons Dr., Bozeman, MT 59718 (referred to below as "Grantor") and Big Sky Western Bank, whose address is 7730 Shedhorn Drive, P.O. Box 6579, Bozeman, MT 59771-6579 (referred to below as "Lender").

GRANT OF MORTGAGE. For valuable consideration, Grantor mortgages and conveys to Lender all of Grantor's right, title, and interest in and to the following described real property, together with all existing or subsequently erected or affixed buildings, improvements and fixtures; all easements, rights of way, and appurtenances; all water, water rights, watercourses and ditch rights (including stock in utilities with ditch or irrigation rights); and all other rights, royalties, and profits relating to the real property, including without limitation all minerals, oil, gas, geothermal and similar matters, (the "Real Property") located in Teton County, State of Idaho:

See Exhibit "A"

The Real Property or its address is commonly known as Multiple Lands, River Rim Ranch, Teton, ID 83452.

CROSS-COLLATERALIZATION. In addition to the Note, this Mortgage secures all obligations, debts and liabilities, plus interest thereon, of either Grantor or Borrower to Lender, or any one or more of them, as well as all claims by Lender against Borrower and Grantor or any one or more of them, whether now existing or hereafter arising, whether related or unrelated to the purpose of the Note, whether voluntary or otherwise, whether due or not due, direct or indirect, determined or undetermined, absolute or contingent, liquidated or unliquidated, whether Borrower or Grantor may be liable individually or jointly with others, whether obligated as guarantor, surety, accommodation party or otherwise, and whether recovery upon such amounts may be or hereafter may become barred by any statute of limitations, and whether the obligation to repay such amounts may be or hereafter may become otherwise unenforceable.

Grantor presently assigns to Lender all of Grantor's right, title, and interest in and to all present and future leases of the Property and all Rents from the Property. In addition, Grantor grants to Lender a Uniform Commercial Code security interest in the Personal Property and Rents.

THIS MORTGAGE, INCLUDING THE ASSIGNMENT OF RENTS AND THE SECURITY INTEREST IN THE RENTS AND PERSONAL PROPERTY, IS GIVEN TO SECURE (A) PAYMENT OF THE INDEBTEDNESS AND (B) PERFORMANCE OF ANY AND ALL OBLIGATIONS UNDER THIS MORTGAGE. THIS MORTGAGE IS GIVEN AND ACCEPTED ON THE FOLLOWING TERMS:

GRANTOR'S WAIVERS. Grantor waives all rights or defenses arising by reason of any "one action" or "anti-deficiency" law, or any other law which may prevent Lender from bringing any action against Grantor, including a claim for deficiency to the extent Lender is otherwise entitled to a claim for deficiency before or after Lender's commencement or completion of any

foreclosure action, either judicially or by exercise of a power of sale.

GRANTOR'S REPRESENTATIONS AND WARRANTIES. Grantor warrants that: (a) this Mortgage is executed at Borrower's request and not at the request of Lender; (b) Grantor has the full power, right, and authority to enter into this Mortgage and to hypothecate the Property; (c) the provisions of this Mortgage do not conflict with, or result in a default under any agreement or other instrument binding upon Grantor and do not result in a violation of any law, regulation, court decree or order applicable to Grantor; (d) Grantor has established adequate means of obtaining from Borrower on a continuing basis information about Borrower's financial condition; and (e) Lender has made no representation to Grantor about Borrower (including without limitation the creditworthiness of Borrower).

PAYMENT AND PERFORMANCE. Except as otherwise provided in this Mortgage, Borrower and Grantor shall pay to Lender all Indebtedness secured by this Mortgage as it becomes due, and Borrower and Grantor shall strictly perform all Borrower's and Grantor's obligations under this Mortgage.

POSSESSION AND MAINTENANCE OF THE PROPERTY. Borrower and Grantor agree that Borrower's and Grantor's possession and use of the Property shall be governed by the following provisions:

Possession and Use. Until the occurrence of an Event of Default, Grantor may (1) remain in possession and control of the Property; (2) use, operate or manage the Property; and (3) collect the Rents from the Property. The following provisions relate to the use of the Property or to other limitations on the Property.

Duty to Maintain. Grantor shall maintain the Property in tenantable condition and promptly perform all repairs, replacements, and maintenance necessary to preserve its value.

Compliance With Environmental Laws. Grantor represents and warrants to Lender that: (1) During the period of Grantor's ownership of the Property, there has been no use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance by any person on, under, about or from the Property; (2) Grantor has no knowledge of, or reason to believe that there has been, except as previously disclosed to and acknowledged by Lender in writing, (a) any breach or violation of any Environmental Laws, (b) any use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance on, under, about or from the Property by any prior owners or occupants of the Property, or (c) any actual or threatened litigation or claims of any kind by any person relating to such matters; and (3) Except as previously disclosed to and acknowledged by Lender in writing, (a) neither Grantor nor any tenant, contractor, agent or other authorized user of the Property shall use, generate, manufacture, store, treat, dispose of or release any Hazardous Substance on, under, about or from the Property; and (b) any such activity shall be conducted in compliance with all applicable federal, state, and local laws, regulations and ordinances, including without limitation all Environmental Laws. Grantor authorizes Lender and its agents to enter upon the Property to make such inspections and tests, at Grantor's expense, as Lender may deem appropriate to determine compliance of the Property with this section of the Mortgage. Any inspections or tests made by Lender shall be for Lender's purposes only and shall not be construed to create any responsibility or liability on the part of Lender to Grantor or to any other person. The representations and warranties contained herein are based on Grantor's due diligence in investigating the Property for Hazardous Substances. Grantor hereby (1) releases and waives any future claims against Lender for indemnity or contribution in the event Grantor becomes liable for cleanup or other costs under any such laws; and (2) agrees to indemnify, defend, and hold harmless Lender against any and all claims, losses, liabilities, damages, penalties, and expenses which Lender may directly or indirectly sustain or suffer resulting from a breach of this section of the Mortgage or as a consequence of any use, generation, manufacture, storage, disposal, release or threatened release occurring prior to Grantor's ownership or interest in the Property, whether or not the same was or should have been known to Grantor. The provisions of this section of the Mortgage, including the obligation to indemnify and defend, shall survive the payment of the Indebtedness and the satisfaction and reconveyance of the lien of this Mortgage and shall not be affected by Lender's acquisition of any interest in the Property, whether by foreclosure or otherwise.

Nuisance, Waste. Grantor shall not cause, conduct or permit any nuisance nor commit, permit, or suffer any stripping of or waste on or to the Property or any portion of the Property. Without limiting the generality of the foregoing, Grantor will not remove, or grant to any other party the right to remove, any timber, minerals (including oil and gas), coal,

clay, scoria, soil, gravel or rock products without Lender's prior written consent.

Removal of Improvements. Grantor shall not demolish or remove any Improvements from the Real Property without Lender's prior written consent. As a condition to the removal of any Improvements, Lender may require Grantor to make arrangements satisfactory to Lender to replace such Improvements with Improvements of at least equal value.

Lender's Right to Enter. Lender and Lender's agents and representatives may enter upon the Real Property at all reasonable times to attend to Lender's interests and to inspect the Real Property for purposes of Grantor's compliance with the terms and conditions of this Mortgage.

Compliance with Governmental Requirements. Grantor shall promptly comply with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities applicable to the use or occupancy of the Property, including without limitation, the Americans With Disabilities Act. Grantor may contest in good faith any such law, ordinance, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Grantor has notified Lender in writing prior to doing so and so long as, in Lender's sole opinion, Lender's interests in the Property are not jeopardized. Lender may require Grantor to post adequate security or a surety bond, reasonably satisfactory to Lender, to protect Lender's interest.

Duty to Protect. Grantor agrees neither to abandon or leave unattended the Property. Grantor shall do all other acts, in addition to those acts set forth above in this section, which from the character and use of the Property are reasonably necessary to protect and preserve the Property.

DUE ON SALE - CONSENT BY LENDER. Lender may, at Lender's option, declare immediately due and payable all sums secured by this Mortgage upon the sale or transfer, without Lender's prior written consent, of all or any part of the Real Property, or any interest in the Real Property. A "sale or transfer" means the conveyance of Real Property or any right, title or interest in the Real Property; whether legal, beneficial or equitable; whether voluntary or involuntary; whether by outright sale, deed, installment sale contract, land contract, contract for deed, leasehold interest with a term greater than three (3) years, lease-option contract, or by sale, assignment, or transfer of any beneficial interest in or to any land trust holding title to the Real Property, or by any other method of conveyance of an interest in the Real Property. If any Grantor is a corporation, partnership or limited liability company, transfer also includes any change in ownership of more than twenty-five percent (25%) of the voting stock, partnership interests or limited liability company interests, as the case may be, of such Grantor. However, this option shall not be exercised by Lender if such exercise is prohibited by federal law or by Montana law.

TAXES AND LIENS. The following provisions relating to the taxes and liens on the Property are part of this Mortgage:

Payment. Grantor shall pay when due (and in all events prior to delinquency) all taxes, payroll taxes, special taxes, assessments, water charges and sewer service charges levied against or on account of the Property, and shall pay when due all claims for work done on or for services rendered or material furnished to the Property. Grantor shall maintain the Property free of any liens having priority over or equal to the interest of Lender under this Mortgage, except for the Existing Indebtedness referred to in this Mortgage or those liens specifically agreed to in writing by Lender, and except for the lien of taxes and assessments not due as further specified in the Right to Contest paragraph.

Right to Contest. Grantor may withhold payment of any tax, assessment, or claim in connection with a good faith dispute over the obligation to pay, so long as Lender's interest in the Property is not jeopardized. If a lien arises or is filed as a result of nonpayment, Grantor shall within fifteen (15) days after the lien arises or, if a lien is filed, within fifteen (15) days after Grantor has notice of the filing, secure the discharge of the lien, or if requested by Lender, deposit with Lender cash or a sufficient corporate surety bond or other security satisfactory to Lender in an amount sufficient to discharge the lien plus any costs and attorneys' fees, or other charges that could accrue as a result of a foreclosure or sale under the lien. In any contest, Grantor shall defend itself and Lender and shall satisfy any adverse judgment before enforcement against the Property. Grantor shall name Lender as an additional obligee under any surety bond furnished in the contest proceedings.

Evidence of Payment. Grantor shall upon demand furnish to Lender satisfactory evidence of payment of the taxes or assessments and shall authorize the appropriate governmental official to deliver to Lender at any time a written statement of the taxes and assessments

against the Property.

Notice of Construction. Grantor shall notify Lender at least fifteen (15) days before any work is commenced, any services are furnished, or any materials are supplied to the Property, if any mechanic's lien, materialmen's lien, or other lien could be asserted on account of the work, services, or materials. Grantor will upon request of Lender furnish to Lender advance assurances satisfactory to Lender that Grantor can and will pay the cost of such improvements.

PROPERTY DAMAGE INSURANCE. The following provisions relating to insuring the Property are a part of this Mortgage:

Maintenance of Insurance. Grantor shall procure and maintain policies of fire insurance with standard extended coverage endorsements on a replacement basis for the full insurable value covering all improvements on the Real Property in an amount sufficient to avoid application of any coinsurance clause, and with a standard mortgagee clause in favor of Lender. Grantor shall also procure and maintain comprehensive general liability insurance in such coverage amounts as Lender may request with Lender being named as additional insureds in such liability insurance policies. Additionally, Grantor shall maintain such other insurance, including but not limited to hazard, business interruption and boiler insurance as Lender may require. Policies shall be written by such insurance companies and in such form as may be reasonably acceptable to Lender. Grantor shall deliver to Lender certificates of coverage from each insurer containing a stipulation that coverage will not be cancelled or diminished without a minimum of ten (10) days' prior written notice to Lender and not containing any disclaimer of the insurer's liability for failure to give such notice. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Grantor or any other person. Should the Real Property be located in an area designated by the Director of the Federal Emergency Management Agency as a special flood hazard area, Grantor agrees to obtain and maintain Federal Flood Insurance, if available, within 45 days after notice is given by Lender that the Property is located in a special flood hazard area, for the full unpaid principal balance of the loan and any prior liens on the property securing the loan, up to the maximum policy limits set under the National Flood Insurance Program, or as otherwise required by Lender, and to maintain such insurance for the term of the loan.

Application of Proceeds. Grantor shall promptly notify Lender of any loss or damage to the Property. Lender may make proof of loss if Grantor fails to do so within fifteen (15) days of the casualty. Whether or not Lender's security is impaired, Lender may, at Lender's election, receive and retain the proceeds of any insurance and apply the proceeds to the reduction of the Indebtedness, payment of any lien affecting the Property, or the restoration and repair of the Property. If Lender elects to apply the proceeds to restoration and repair, Grantor shall repair or replace the damaged or destroyed improvements in a manner satisfactory to Lender. Lender shall, upon satisfactory proof of such expenditure, pay or reimburse Grantor from the proceeds for the reasonable cost of repair or restoration if Grantor is not in default under this Mortgage. Any proceeds which have not been disbursed within 180 days after their receipt and which Lender has not committed to the repair or restoration of the Property shall be used first to pay any amount owing to Lender under this Mortgage, then to pay accrued interest, and the remainder, if any, shall be applied to the principal balance of the Indebtedness. If Lender holds any proceeds after payment in full of the Indebtedness, such proceeds shall be paid to Grantor as Grantor's interests may appear.

Compliance with Existing Indebtedness. During the period in which any Existing Indebtedness described below is in effect, compliance with the insurance provisions contained in the instrument evidencing such Existing Indebtedness shall constitute compliance with the insurance provisions under this Mortgage, to the extent compliance with the terms of this Mortgage would constitute a duplication of insurance requirement. If any proceeds from the insurance become payable on loss, the provisions in this Mortgage for division of proceeds shall apply only to that portion of the proceeds not payable to the holder of the Existing Indebtedness.

Grantor's Report on Insurance. Upon request of Lender, however not more than once a year, Grantor shall furnish to Lender a report on each existing policy of insurance showing: (1) the name of the insurer; (2) the risks insured; (3) the amount of the policy; (4) the property insured, the then current replacement value of such property, and the manner of determining that value; and (5) the expiration date of the policy. Grantor shall, upon request of Lender, have an independent appraiser satisfactory to Lender determine the cash value replacement cost of the Property.

LENDER'S EXPENDITURES. If any action or proceeding is commenced that would materially affect Lender's interest in the Property or if Grantor fails to comply with any provision of this Mortgage or any Related Documents, including but not limited to Grantor's failure to comply with any obligation to maintain Existing Indebtedness in good standing as required below, or to discharge or pay when due any amounts Grantor is required to discharge or pay under this Mortgage or any Related Documents, Lender on Grantor's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on the Property and paying all costs for insuring, maintaining and preserving the Property. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Grantor. All such expenses will become a part of the Indebtedness and, at Lender's option, will (A) be payable on demand; (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Note; or (C) be treated as a balloon payment which will be due and payable at the Note's maturity. The Mortgage also will secure payment of these amounts. Such right shall be in addition to all other rights and remedies to which Lender may be entitled upon Default.

WARRANTY; DEFENSE OF TITLE. The following provisions relating to ownership of the Property are a part of this Mortgage:

Title. Grantor warrants that: (a) Grantor holds good and marketable title of record to the Property in fee simple, free and clear of all liens and encumbrances other than those set forth in the Real Property description or in the Existing Indebtedness section below or in any title insurance policy, title report, or final title opinion issued in favor of, and accepted by, Lender in connection with this Mortgage, and (b) Grantor has the full right, power, and authority to execute and deliver this Mortgage to Lender.

Defense of Title. Subject to the exception in the paragraph above, Grantor warrants and will forever defend the title to the Property against the lawful claims of all persons. In the event any action or proceeding is commenced that questions Grantor's title or the interest of Lender under this Mortgage, Grantor shall defend the action at Grantor's expense. Grantor may be the nominal party in such proceeding, but Lender shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of Lender's own choice, and Grantor will deliver, or cause to be delivered, to Lender such instruments as Lender may request from time to time to permit such participation.

Compliance With Laws. Grantor warrants that the Property and Grantor's use of the Property complies with all existing applicable laws, ordinances, and regulations of governmental authorities.

Survival of Representations and Warranties. All representations, warranties, and agreements made by Grantor in this Mortgage shall survive the execution and delivery of this Mortgage, shall be continuing in nature, and shall remain in full force and effect until such time as Borrower's Indebtedness shall be paid in full.

EXISTING INDEBTEDNESS. The following provisions concerning Existing Indebtedness are a part of this Mortgage:

Existing Lien. The lien of this Mortgage securing the Indebtedness may be secondary and inferior to an existing lien. Grantor expressly covenants and agrees to pay, or see to the payment of, the Existing Indebtedness and to prevent any default on such indebtedness, any default under the instruments evidencing such indebtedness, or any default under any security documents for such indebtedness.

No Modification. Grantor shall not enter into any agreement with the holder of any mortgage, deed of trust, or other security agreement which has priority over this Mortgage by which that agreement is modified, amended, extended, or renewed without the prior written consent of Lender. Grantor shall neither request nor accept any future advances under any such security agreement without the prior written consent of Lender.

CONDEMNATION. The following provisions relating to condemnation proceedings are a part of this Mortgage:

Proceedings. If any proceeding in condemnation is filed, Grantor shall promptly notify Lender in writing, and Grantor shall promptly take such steps as may be necessary to defend the action and obtain the award. Grantor may be the nominal party in such proceeding, but Lender shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of its own choice, and Grantor will deliver or

cause to be delivered to Lender such instruments and documentation as may be requested by Lender from time to time to permit such participation.

Application of Net Proceeds. If all or any part of the Property is condemned by eminent domain proceedings or by any proceeding or purchase in lieu of condemnation, Lender may at its election require that all or any portion of the net proceeds of the award be applied to the indebtedness or the repair or restoration of the Property. The net proceeds of the award shall mean the award after payment of all reasonable costs, expenses, and attorneys' fees incurred by Lender in connection with the condemnation.

IMPOSITION OF TAXES, FEES AND CHARGES BY GOVERNMENTAL AUTHORITIES. The following provisions relating to governmental taxes, fees and charges are a part of this Mortgage:

Current Taxes, Fees and Charges. Upon request by Lender, Grantor shall execute such documents in addition to this Mortgage and take whatever other action is requested by Lender to perfect and continue Lender's lien on the Real Property. Grantor shall reimburse Lender for all taxes, as described below, together with all expenses incurred in recording, perfecting or continuing this Mortgage, including without limitation all taxes, fees, documentary stamps, and other charges for recording or registering this Mortgage.

Taxes. The following shall constitute taxes to which this section applies: (1) a specific tax upon this type of Mortgage or upon all or any part of the Indebtedness secured by this Mortgage; (2) a specific tax on Borrower which Borrower is authorized or required to deduct from payments on the Indebtedness secured by this type of Mortgage; (3) a tax on this type of Mortgage chargeable against the Lender or the holder of the Note; and (4) a specific tax on all or any portion of the Indebtedness or on payments of principal and interest made by Borrower.

Subsequent Taxes. If any tax to which this section applies is enacted subsequent to the date of this Mortgage, this event shall have the same effect as an Event of Default, and Lender may exercise any or all of its available remedies for an Event of Default as provided below unless Grantor either (1) pays the tax before it becomes delinquent, or (2) contests the tax as provided above in the Taxes and Liens section and deposits with Lender cash or a sufficient corporate surety bond or other security satisfactory to Lender.

SECURITY AGREEMENT; FINANCING STATEMENTS. The following provisions relating to this Mortgage as a security agreement are a part of this Mortgage:

Security Agreement. This instrument shall constitute a Security Agreement to the extent any of the Property constitutes fixtures, and Lender shall have all of the rights of a secured party under the Uniform Commercial Code as amended from time to time.

Security Interest. Upon request by Lender, Grantor shall take whatever action is requested by Lender to perfect and continue Lender's security interest in the Rents and Personal Property. In addition to recording this Mortgage in the real property records, Lender may, at any time and without further authorization from Grantor, file executed counterparts, copies or reproductions of this Mortgage as a financing statement. Grantor shall reimburse Lender for all expenses incurred in perfecting or continuing this security interest. Upon default, Grantor shall not remove, sever or detach the Personal Property from the Property. Upon default, Grantor shall assemble any Personal Property not affixed to the Property in a manner and at a place reasonably convenient to Grantor and Lender and make it available to Lender within three (3) days after receipt of written demand from Lender to the extent permitted by applicable law.

Addresses. The mailing addresses of Grantor (debtor) and Lender (secured party) from which information concerning the security interest granted by this Mortgage may be obtained (each as required by the Uniform Commercial Code) are as stated on the first page of this Mortgage.

FURTHER ASSURANCES; ATTORNEY-IN-FACT. The following provisions relating to further assurances and attorney-in-fact are a part of this Mortgage:

Further Assurances. At any time, and from time to time, upon request of Lender, Grantor will make, execute and deliver, or will cause to be made, executed or delivered, to Lender or to Lender's designee, and when requested by Lender, cause to be filed, recorded, refiled, or rerecorded, as the case may be, at such times and in such offices and places as Lender may deem appropriate, any and all such mortgages, deeds of trust, security deeds, security agreements, financing statements, continuation statements, instruments of further assurance, certificates, and other documents as may, in the sole opinion of Lender, be

necessary or desirable in order to effectuate, complete, perfect, continue, or preserve (1) Borrower's and Grantor's obligations under the Note, this Mortgage, and the Related Documents, and (2) the liens and security interests created by this Mortgage on the Property, whether now owned or hereafter acquired by Grantor. Unless prohibited by law or Lender agrees to the contrary in writing, Grantor shall reimburse Lender for all costs and expenses incurred in connection with the matters referred to in this paragraph.

Attorney-in-Fact. If Grantor fails to do any of the things referred to in the preceding paragraph, Lender may do so for and in the name of Grantor and at Grantor's expense. For such purposes, Grantor hereby irrevocably appoints Lender as Grantor's attorney-in-fact for the purpose of making, executing, delivering, filing, recording, and doing all other things as may be necessary or desirable, in Lender's sole opinion, to accomplish the matters referred to in the preceding paragraph.

FULL PERFORMANCE. If Borrower and Grantor pay all the Indebtedness when due, and Grantor otherwise performs all the obligations imposed upon Grantor under this Mortgage, Lender shall execute and deliver to Grantor a suitable satisfaction of this Mortgage and suitable statements of termination of any financing statement on file evidencing Lender's security interest in the Rents and the Personal Property. Grantor will pay, if permitted by applicable law, any reasonable termination fee as determined by Lender from time to time.

EVENTS OF DEFAULT. Each of the following, at Lender's option, shall constitute an Event of Default under this Mortgage:

Payment Default. Borrower fails to make any payment when due under the Indebtedness.

Default on Other Payments. Failure of Grantor within the time required by this Mortgage to make any payment for taxes or insurance, or any other payment necessary to prevent filing of or to effect discharge of any lien.

Other Defaults. Borrower or Grantor fails to comply with or to perform any other term, obligation, covenant or condition contained in this Mortgage or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower or Grantor.

Default in Favor of Third Parties. Should Borrower or any Grantor default under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Borrower's or any Grantor's property or Borrower's ability to repay the Indebtedness or Borrower's or Grantor's ability to perform their respective obligations under this Mortgage or any related document.

False Statements. Any warranty, representation or statement made or furnished to Lender by Borrower or Grantor or on Borrower's or Grantor's behalf under this Mortgage or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Defective Collateralization. This Mortgage or any of the Related Documents ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien) at any time and for any reason.

Death or Insolvency. The dissolution of Grantor's (regardless of whether election to continue is made), any member withdraws from the limited liability company, or any other termination of Borrower's or Grantor's existence as a going business or the death of any member, the insolvency of Borrower or Grantor, the appointment of a receiver for any part of Borrower's or Grantor's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower or Grantor.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or Grantor or by any governmental agency against any property securing the Indebtedness. This includes a garnishment of any of Borrower's or Grantor's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower or Grantor as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower or Grantor gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Existing Indebtedness. The payment of any installment of principal or any interest on the Existing Indebtedness is not made within the time required by the promissory note evidencing such indebtedness, or a default occurs under the instrument securing such indebtedness and is not cured during any applicable grace period in such instrument, or any suit or other action is commenced to foreclose any existing lien on the Property.

Breach of Other Agreement. Any breach by Borrower or Grantor under the terms of any other agreement between Borrower or Grantor and Lender that is not remedied within any grace period provided therein, including without limitation any agreement concerning any indebtedness or other obligation of Borrower or Grantor to Lender, whether existing now or later.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any Guarantor of any of the Indebtedness or any Guarantor dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any Guaranty of the Indebtedness.

Adverse Change. A material adverse change occurs in Grantor's financial condition, or Lender believes the prospect of payment or performance of the Indebtedness is impaired.

Insecurity. Lender in good faith believes itself insecure.

Right to Cure. If any default, other than a default in payment is curable and if Grantor has not been given a notice of a breach of the same provision of this Mortgage within the preceding twelve (12) months, it may be cured if Grantor, after receiving written notice from Lender demanding cure of such default: (1) cures the default within fifteen (15) days; or (2) if the cure requires more than fifteen (15) days, immediately initiates steps which Lender deems in Lender's sole discretion to be sufficient to cure the default and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

RIGHTS AND REMEDIES ON DEFAULT. Upon the occurrence of an Event of Default and at any time thereafter, Lender, at Lender's option, may exercise any one or more of the following rights and remedies, in addition to any other rights or remedies provided by law:

Accelerate Indebtedness. Lender shall have the right at its option without notice to Borrower or Grantor to declare the entire Indebtedness immediately due and payable, including any prepayment penalty that Borrower would be required to pay.

UCC Remedies. With respect to all or any part of the Personal Property, Lender shall have all the rights and remedies of a secured party under the Uniform Commercial Code.

Collect Rents. Lender shall have the right, without notice to Borrower or Grantor, to take possession of the Property and collect the Rents, including amounts past due and unpaid, and apply the net proceeds, over and above Lender's costs, against the Indebtedness. In furtherance of this right, Lender may require any tenant or other user of the Property to make payments of rent or use fees directly to Lender. If the Rents are collected by Lender, then Grantor irrevocably designates Lender as Grantor's attorney-in-fact to endorse instruments received in payment thereof in the name of Grantor and to negotiate the same and collect the proceeds. Payments by tenants or other users to Lender in response to Lender's demand shall satisfy the obligations for which the payments are made, whether or not any proper grounds for the demand existed. Lender may exercise its rights under this subparagraph either in person, by agent, or through a receiver.

Appoint Receiver. Lender shall have the right to have a receiver appointed to take possession of all or any part of the Property, with the power to protect and preserve the Property, to operate the Property preceding foreclosure or sale, and to collect the Rents from the Property and apply the proceeds, over and above the cost of the receivership, against the Indebtedness. The receiver may serve without bond if permitted by law. Lender's right to the appointment of a receiver shall exist whether or not the apparent value of the Property exceeds the Indebtedness by a substantial amount. Employment by Lender shall not disqualify a person from serving as a receiver.

Judicial Foreclosure. Lender may obtain a judicial decree foreclosing Grantor's interest in all or any part of the Property.

Nonjudicial Sale. If permitted by applicable law, Lender may foreclose Grantor's interest in all or in any part of the Personal Property or the Real Property by non-judicial sale.

Deficiency Judgment. If permitted by applicable law, Lender may obtain a judgment for any deficiency remaining in the Indebtedness due to Lender after application of all amounts received from the exercise of the rights provided in this section.

Tenancy at Sufferance. If Grantor remains in possession of the Property after the Property is sold as provided above or Lender otherwise becomes entitled to possession of the Property upon default of Borrower or Grantor, Grantor shall become a tenant at sufferance of Lender or the purchaser of the Property and shall, at Lender's option, either (1) pay a reasonable rental for the use of the Property, or (2) vacate the Property immediately upon the demand of Lender.

Other Remedies. Lender shall have all other rights and remedies provided in this Mortgage or the Note or available at law or in equity.

Sale of the Property. To the extent permitted by applicable law, Borrower and Grantor hereby waive any and all right to have the Property marshalled. In exercising its rights and remedies, Lender shall be free to sell all or any part of the Property together or separately, in one sale or by separate sales. Lender shall be entitled to bid at any public sale on all or any portion of the Property.

Notice of Sale. Lender shall give Grantor reasonable notice of the time and place of any public sale of the Personal Property or of the time after which any private sale or other intended disposition of the Personal Property is to be made. Reasonable notice shall mean notice given at least ten (10) days before the time of the sale or disposition. Any sale of the Personal Property may be made in conjunction with any sale of the Real Property.

Election of Remedies. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor under this Mortgage, after Grantor's failure to perform, shall not affect Lender's right to declare a default and exercise its remedies. Nothing under this Mortgage or otherwise shall be construed so as to limit or restrict the rights and remedies available to Lender following an Event of Default, or in any way to limit or restrict the rights and ability of Lender to proceed directly against Grantor and/or Borrower and/or against any other co-maker, guarantor, surety or endorser and/or to proceed against any other collateral directly or indirectly securing the Indebtedness.

Attorneys' Fees; Expenses. If Lender institutes any suit or action to enforce any of the terms of this Mortgage, Lender shall be entitled to recover such sum as the court may adjudge reasonable as attorneys' fees at trial and upon any appeal. Whether or not any court action is involved, and to the extent not prohibited by law, all reasonable expenses Lender incurs that in Lender's opinion are necessary at any time for the protection of its interest or the enforcement of its rights shall become a part of the Indebtedness payable on demand and shall bear interest at the Note rate from the date of the expenditure until repaid. Expenses covered by this paragraph include, without limitation, however subject to any limits under applicable law, Lender's attorneys' fees and Lender's legal expenses, whether or not there is a lawsuit, including attorneys' fees and expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services, the cost of searching records, obtaining title reports (including foreclosure reports), surveyors' reports, and appraisal fees and title insurance, to the extent permitted by applicable law. Grantor also will pay any court costs, in addition to all other sums provided by law.

NOTICES. Any notice required to be given under this Mortgage, including without limitation any notice of default and any notice of sale shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Mortgage. All copies of notices of foreclosure from the holder of any lien which has priority over this Mortgage shall be sent to Lender's address, as shown near the beginning of this Mortgage. Any party may change its address for notices under this Mortgage by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Grantor agrees to keep Lender informed at all times of Grantor's current address. Unless otherwise provided or required by law, if there is more than one Grantor, any notice given by Lender to any Grantor is deemed to be notice given to all Grantors.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Mortgage:

Amendments. This Mortgage, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Mortgage. No alteration of or amendment to this Mortgage shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or

amendment.

Annual Reports. If the Property is used for purposes other than Grantor's residence, Grantor shall furnish to Lender, upon request, a certified statement of net operating income received from the Property during Grantor's previous fiscal year in such form and detail as Lender shall require. "Net operating income" shall mean all cash receipts from the Property less all cash expenditures made in connection with the operation of the Property.

Caption Headings. Caption headings in this Mortgage are for convenience purposes only and are not to be used to interpret or define the provisions of this Mortgage.

Governing Law. This Mortgage will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Montana without regard to its conflicts of law provisions. This Mortgage has been accepted by Lender in the State of Montana.

Choice of Venue. If there is a lawsuit, Grantor agrees upon Lender's request to submit to the jurisdiction of the courts of Gallatin County, State of Montana.

Joint and Several Liability. All obligations of Borrower and Grantor under this Mortgage shall be joint and several, and all references to Grantor shall mean each and every Grantor, and all references to Borrower shall mean each and every Borrower. This means that each Grantor signing below is responsible for all obligations in this Mortgage. Where any one or more of the parties is a corporation, partnership, limited liability company or similar entity, it is not necessary for Lender to inquire into the powers of any of the officers, directors, partners, members, or other agents acting or purporting to act on the entity's behalf, and any obligations made or created in reliance upon the professed exercise of such powers shall be guaranteed under this Mortgage.

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Mortgage unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Mortgage shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Mortgage. No prior waiver by Lender, nor any course of dealing between Lender and Grantor, shall constitute a waiver of any of Lender's rights or of any of Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Mortgage, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

Severability. If a court of competent jurisdiction finds any provision of this Mortgage to be illegal, invalid, or unenforceable as to any person or circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other person or circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Mortgage. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Mortgage shall not affect the legality, validity or enforceability of any other provision of this Mortgage.

Merger. There shall be no merger of the interest or estate created by this Mortgage with any other interest or estate in the Property at any time held by or for the benefit of Lender in any capacity, without the written consent of Lender.

Successors and Assigns. Subject to any limitations stated in this Mortgage on transfer of Grantor's interest, this Mortgage shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Property becomes vested in a person other than Grantor, Lender, without notice to Grantor, may deal with Grantor's successors with reference to this Mortgage and the Indebtedness by way of forbearance or extension without releasing Grantor from the obligations of this Mortgage or liability under the Indebtedness.

Time is of the Essence. Time is of the essence in the performance of this Mortgage.

Waiver of Homestead Exemption. Grantor hereby releases and waives all rights and benefits of the homestead exemption laws of the State of Montana as to all Indebtedness secured by this Mortgage.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Mortgage. Unless specifically stated to the contrary, all references to dollar

amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Mortgage shall have the meanings attributed to such terms in the Uniform Commercial Code:

Borrower. The word "Borrower" means West Rim LLC and includes all co-signers and co-makers signing the Note and all their successors and assigns.

Default. The word "Default" means the Default set forth in this Mortgage in the section titled "Default".

Environmental Laws. The words "Environmental Laws" mean any and all state, federal and local statutes, regulations and ordinances relating to the protection of human health or the environment, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., or other applicable state or federal laws, rules, or regulations adopted pursuant thereto.

Event of Default. The words "Event of Default" mean any of the events of default set forth in this Mortgage in the events of default section of this Mortgage.

Existing Indebtedness. The words "Existing Indebtedness" mean the indebtedness described in the Existing Liens provision of this Mortgage.

Grantor. The word "Grantor" means West Rim LLC; and Teton Rim Development, LLC.

Guarantor. The word "Guarantor" means any guarantor, surety, or accommodation party of any or all of the Indebtedness.

Guaranty. The word "Guaranty" means the guaranty from Guarantor to Lender, including without limitation a guaranty of all or part of the Note.

Hazardous Substances. The words "Hazardous Substances" mean materials that, because of their quantity, concentration or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposed of, generated, manufactured, transported or otherwise handled. The words "Hazardous Substances" are used in their very broadest sense and include without limitation any and all hazardous or toxic substances, materials or waste as defined by or listed under the Environmental Laws. The term "Hazardous Substances" also includes, without limitation, petroleum and petroleum by-products or any fraction thereof and asbestos.

Improvements. The word "Improvements" means all existing and future improvements, buildings, structures, mobile homes affixed on the Real Property, facilities, additions, replacements and other construction on the Real Property.

Indebtedness. The word "Indebtedness" means all principal, interest, and other amounts, costs and expenses payable under the Note or Related Documents, together with all renewals of, extensions of, modifications of, consolidations of and substitutions for the Note or Related Documents and any amounts expended or advanced by Lender to discharge Grantor's obligations or expenses incurred by Lender to enforce Grantor's obligations under this Mortgage, together with interest on such amounts as provided in this Mortgage. Specifically, without limitation, Indebtedness includes all amounts that may be indirectly secured by the Cross-Collateralization provision of this Mortgage.

Lender. The word "Lender" means Big Sky Western Bank, its successors and assigns.

Mortgage. The word "Mortgage" means this Mortgage between Grantor and Lender.

Note. The word "Note" means the promissory note dated December 19, 2008, in the original principal amount of \$1,850,000.00 from Borrower to Lender, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the promissory note or agreement. **NOTICE TO GRANTOR: THE NOTE CONTAINS A VARIABLE INTEREST RATE.**

Personal Property. The words "Personal Property" mean all equipment, fixtures, and other articles of personal property now or hereafter owned by Grantor, and now or hereafter attached or affixed to the Real Property; together with all accessions, parts, and additions to, all replacements of, and all substitutions for, any of such property; and together with all proceeds (including without limitation all insurance proceeds and refunds of premiums) from

any sale or other disposition of the Property.

Property. The word "Property" means collectively the Real Property and the Personal Property.

Real Property. The words "Real Property" mean the real property, interests and rights, as further described in this Mortgage.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Indebtedness.

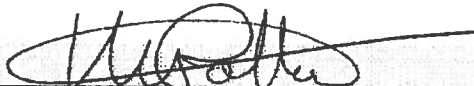
Rents. The word "Rents" means all present and future rents, revenues, income, issues, royalties, profits, and other benefits derived from the Property.

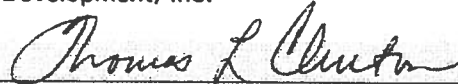
EACH GRANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS MORTGAGE, AND EACH GRANTOR AGREES TO ITS TERMS.

GRANTOR:

WEST RIM LLC

POTTER CLINTON DEVELOPMENT, INC., Member of West Rim LLC

By: 
Michael E. Potter, President of Potter Clinton
Development, Inc.

By: 
Thomas L. Clinton, Vice President of Potter Clinton
Development, Inc.

TETON RIM DEVELOPMENT, LLC

WEST RIM LLC, Member of Teton Rim Development, LLC

POTTER CLINTON DEVELOPMENT, INC., Member of West Rim LLC

By: 
Michael E. Potter, President of Potter Clinton
Development, Inc.

By: 
Thomas L. Clinton, Vice President of Potter Clinton
Development, Inc.

LIMITED LIABILITY COMPANY ACKNOWLEDGMENT

STATE OF Montana

)

) SS

COUNTY OF Gallatin

)

This instrument was acknowledged before me on December 19, 2008
by Michael E. Potter, President of Potter Clinton Development, Inc., Member of West Rim LLC
and Thomas L. Clinton, Vice President of Potter Clinton Development, Inc., Member of West
Rim LLC.



Shayla Mills
Shayla mills
(Type or Print Name)

Notary Public for the State of
Montana

Residing at Bozeman

My commission expires 3/23/2010

LIMITED LIABILITY COMPANY ACKNOWLEDGMENT

STATE OF Montana

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COUNTY OF Gallatin

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This instrument was acknowledged before me on December 19, 2008
by Michael E. Potter, President of Potter Clinton Development, Inc., Member of West Rim LLC,
Member of Teton Rim Development, LLC and Thomas L. Clinton, Vice President of Potter
Clinton Development, Inc., Member of West Rim LLC, Member of Teton Rim Development, LLC.



Shayla Mills
Shayla mills
(Type or Print Name)

Notary Public for the State of
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Exhibit "A"

Tract 1: (Parcel 1 and 2)

West Rim LLC, an Idaho limited liability company

Tract 2:

Teton Rim Development, LLC, an Idaho limited liability company

PARCEL 1: (Division 1)

ALL OF RIVER RIM RANCH PLANNED UNIT DEVELOPMENT, Teton County, Idaho, as the same appears on the official plat thereof Master Plan, also Amended Plat recorded December 28, 2004 as Instrument No. 165412, Phase 1 Final Plat recorded May 11, 2004, as Instrument No. 161132, Phase 3, recorded August 23, 2005, as Instrument No. 170399, and Phase 2 recorded January 13, 2006, as Instrument No. 174049.

LESS AND EXCEPTING THEREFROM: Lots 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24 and 25 of Block 1; Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, and 11 of Block 3; Lots 1, 2, 3, 4, 5, 6, 7 and 8 of Block 4, River Rim Ranch P.U.D., Phase 1, Teton County, Idaho, as the same appears on the official plat thereof recorded May 11, 2004, as Instrument No. 161132.

ALSO LESS AND EXCEPTING THEREFROM: Cabin D, Lot 1 Block 2, Cabin E Lot 1 Block 2, Cabin H Lot 1, Block 2; Cabin A, Lot 3, Block 2, Cabin B Lot 3 Block 2, Cabin C Lot 3 Block 2, Cabin D, Lot 3 Block 2, Lot 2 Block 2, Lot 3 Block 2, Lot 4 Block 2, River Rim Ranch P.U.D., Phase 2, Teton County, Idaho, as the same appears on the official plat thereof recorded January 13, 2006, as Instrument No. 174049.

ALSO LESS AND EXCEPTING THEREFROM: Lots 1, 3, 4, 5, 6, 7 and 8 of Block 5; Lots 1, 2, 3, 4, 5 Block 6, River Rim Ranch P.U.D., Phase 3, Teton County, Idaho, as the same appears on the official plat thereof recorded August 23, 2005, as Instrument No. 170399.

ALSO LESS AND EXCEPTING THEREFROM: A lot shown as Lot 2, Block 2 of River Rim Ranch, Master Plan, P.U.D. as filed in Teton County, Idaho Clerk's office as Instrument No. 161132, Master Plan and Final Plat, Phase I. With said Lot 2 being further described as;

From the South 1/4 corner of Sec. 10, Twp. 6N, Rng. 44E., B.M., Teton County, Idaho, and running N 37°42'10" W., 2054.74 feet to the Southeast corner of Lot 1, of

Block III, of said River Rim Ranch, P.U.D. plat and thence S 11°27'02" W., 282.83 feet to the Northeast corner of Lot 2 as shown on the Master Plan plat, the point of beginning.

Thence N 86°39'30" W., 381.74 feet to a point on River Rim Ranch Road;

Thence S 19°23'43" W., 92.19 feet along River Rim Road Right of Way;

Thence 65.57 feet along the arc of a 429.70 foot radius curve to right, with the 65.50 foot chord bearing S 23°46'00" W.;

Thence S 86°39'30" E., 438.42 feet along the South line of said Lot 2;

Thence N 00°09'54" E., 150.22 feet along East line to the point of beginning.

Access to this lot by the platting and dedication for a road of River Rim Ranch road on the said filed master plan plat.

ALSO LESS AND EXCEPTING THEREFROM:

A parcel of land, located within the NE1/4 of the SW1/4 and the SE1/4 of the NW1/4, Section 9, T6N, R44E, BM, Teton County, Idaho lying WEST of the centerline of a county maintained road; said parcel is more particularly described as ~~beginning~~ ~~beginning~~ at the northwest one-sixteenth section corner of Section 9, monumented with a steel reinforcement rod with an aluminum cap, 2 ins. diameter inscribed: "JORGENSEN ASSOCIATES PLS10306" and marked appropriately, found this ~~Thence~~ S89°33'54"E, along the E and W centerline of the northwest one-quarter of said Section 9, 43.83 feet to a point of intersection with the centerline of a county ~~Thence~~ S03°39'19"W along said county road centerline 471.22 feet to a point; Thence S04°00'04"W continuing along said county road centerline 416.37 feet to a ~~Point~~ ~~Thence~~ S03°54'28"W continuing along said county road centerline 868.35 feet to a point of intersection with the N and S centerline of the southwest one-quarter of said ~~Section 9~~ ~~Section 9~~ N01°17'41"E along said N and S centerline, 449.48 feet to the center west one-sixteenth section corner of said Section 9, monumented with a steel reinforcement rod with an aluminum cap, 2 ins. diameter inscribed: "JORGENSEN ASSOCIATES PLS 10306" and marked appropriately, found this survey; Thence along the N and S centerline of the northwest one-quarter of said Section 9, N02°49'29"E, 1304.51 feet to the northwest one-sixteenth section corner of said Section 9, and the point of beginning; the basis of bearing for this description is Geodetic NAD 83;

PARCEL 2: (Division 2)

ALL OF River Rim Ranch P.U.D., Division II, Teton County, Idaho, as the same appears on the official plat thereof recorded April 13, 2007 Instrument No. 186667.

TOGETHER WITH a perpetual non-exclusive easement (the "River Easement") on, over and across the portion of the following described property that is located between the thread of the Teton River and a line running 20 feet North and East of and parallel to the mean highwater mark of the Teton River:

Commencing at the NE corner of the SW quarter of Section 15, Township 6 North, Range 44 East, Boise Meridian, Teton County, Idaho.

Thence S 0°17'00"W 404.79', more or less, along the East line of the SW¼ to the thread of the Teton River;

Thence N 62°20'W 32.88', more or less, following the thread of said river;

Thence N 30°08'49"W 453.71', more or less, following the thread of said river until the thread intersects the North line of the SW¼ of said section;

Thence S 89°22'28"E 259.00', more or less, along the North line of the SW¼ to the point of beginning.

The River Easement shall be appurtenant to and run with title to the Property for the purposes of pedestrian traffic and fishing access by the owner of the Property and such owner's guests and invitees. For purposes of the River Easement, the term "mean highwater mark" shall have the meaning set forth in Idaho Code §42-3802(h).

LESS AND EXCEPTING THEREFROM: Lots 1, 2, 3, 4, 5, 6, 7, 8, Block 1, Lots 5, 6, 7, 8, of Block 2, Lots 6, 11, 18, of Block 4, Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 21, 22, 23, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, Block 5, Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, Block 6, lot 8, 10, 11, 12, Block 7, and Lot 2, of Block 10, and Tract B, E, G, J, of West Rim Area of Teton River Rim Golf Club Area of River Rim Ranch P.U.D., Division II, Phase 1, Teton County, Idaho, as the same appears on the official plat thereof recorded April 13, 2007 Instrument No. 186667.

LESS AND EXCEPTING THEREFROM: Lot 4, Block 2, Lots 7, 8, 9, 10, 12, 13, 14, 15, 16, 17, 20, 21, and 22, Block 4, and Lots 1A, 20, 24, Block 5, and Lots 1, 2, 3, 4, 5, 6, 7, 9, 13, 14, 15, 16, of Block 7, Lot 25, Block 9, of West Rim Area of Teton River Rim Golf Club Area of River Rim Ranch P.U.D., Division II, Phase 1, Teton County, Idaho, as the same appears of the official plat thereof recorded September 8, 2006 as Instrument Number 180225.

LESS AND EXCEPTING THEREFROM: Lots 1 through 62 in Tract C and all of Tract D of River Riim Ranch panned Unit deveilopment Division II Phase I, Teton County, Idaho, as per the plat recroded September 8, 2006, as Instrument No. 180225. Amendment recorded April 13, 2007, as Instrument No. 186667.

TRACT 2: (Teton Rim, LLC)

Lot 2, Block 2 River Rim Ranch P.U.D., Phase 2 Teton County, Idaho as the same appears on the official plat thereof recorded January 13, 2006, as Instrument Number 174049.

Lot 4, Block 2 River Rim Ranch P.U.D., Phase 2 Teton County, Idaho as the same appears on the official plat thereof recorded January 13, 2006, as Instrument Number 174049.

Lots 1,2, 3, 4, 5, 6, 7, and 8, Block 1, West Rim Area and Teton River Golf Club Area of River Rim Ranch P.U.D., Division II, Phasel Teton County,Idaho as the same appears on the official plat thereof recorded April 13, 2007, as Instrument Number 186667, and corrected October 3, 2007, as Instrument Number 192110.

Tract B, West Rim Area and Teton River Golf Club Area of River Rim Ranch P.U.D., Division II, Phasel Teton County,Idaho as the same appears on the official plat thereof recorded April 13, 2007, as Instrument Number 186667, and corrected October 3, 2007, as Instrument Number 192110.

Tract E, West Rim Area and Teton River Golf Club Area of River Rim Ranch P.U.D., Division II, Phasel Teton County,Idaho as the same appears on the official plat thereof recorded April 13, 2007, as Instrument Number 186667, and corrected October 3, 2007, as Instrument Number 192110.

Tract G, West Rim Area and Teton River Golf Club Area of River Rim Ranch P.U.D., Division II, Phasel Teton County,Idaho as the same appears on the official plat thereof recorded April 13, 2007, as Instrument Number 186667, and corrected October 3, 2007, as Instrument Number 192110.

Tract J, West Rim Area and Teton River Golf Club Area of River Rim Ranch P.U.D., Division II, Phasel Teton County,Idaho as the same appears on the official plat thereof recorded April 13, 2007, as Instrument Number 186667, and corrected October 3, 2007, as Instrument Number 192110.

Lot 1A, Lots 1-23, and Lots 25-39, Block 5, West Rim Area and Teton River Golf Club Area of River Rim Ranch P.U.D., Division II, Phasel Teton County,Idaho as the same appears on the official plat thereof recorded April 13, 2007, as Instrument Number 186667, and corrected October 3, 2007, as Instrument Number 192110.

Lots 1-28, Block 6, West Rim Area and Teton River Golf Club Area of River Rim Ranch P.U.D., Division II, Phasel Teton County,Idaho as the same appears on the official plat thereof recorded April 13, 2007, as Instrument Number 186667, and corrected October 3, 2007, as Instrument Number 192110.