

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

RECEIVED

AUG 20 2012

Department of Water Resources
Eastern Region

Notice of Change in Water Right Ownership

1. List the numbers of all water rights and/or adjudication claim records to be changed. If you only acquired a portion of the water right or adjudication claim, check "Yes" in the "Split?" column.

Water Right/Claim No.	Split?	Water Right/Claim No.	Split?	Water Right/Claim No.	Split?
22-07293	Yes ☐		Yes ☐		Yes ☐
	Yes ☐		Yes ☐		Yes ☐
	Yes ☐		Yes ☐		Yes ☐
	Yes ☐		Yes ☐		Yes ☐
	Yes ☐		Yes ☐		Yes ☐

2. Previous Owner's Name: The New Sports & Fitness Club LTD
Name of current water right holder/claimant

3. New Owner(s)/Claimant(s): Run Hard LLC
Name of each new owner as listed on the conveyance document

New owner continued Name connector ☐ and ☐ or ☐ and/or
1216 Stocks Ave Suite #1
Mailing address
Rexburg ID 83440
City State ZIP
208-356-7300 / 351-6236 ryan@countrywideprop.com
Telephone Email

4. If the water rights and/or adjudication claims were split, how did the division occur?
☐ The water rights or claims were divided as specifically identified in a deed, contract, or other conveyance document.
☒ The water rights or claims were divided proportionately based on the portion of their place(s) of use acquired by the new owner.
5. Date you acquired the water rights and/or claims listed above: 08/10/2012
6. This form must be signed and submitted with the following **REQUIRED** items:
- A copy of the conveyance document – warranty deed, quitclaim deed, court decree, contract of sale, etc. The conveyance document must include a legal description of the property or description of the water right(s) if no land is conveyed.
 - Plat map, survey map or aerial photograph which clearly shows the place of use and point of diversion for each water right and/or claim listed above (if necessary to clarify division of water rights or complex property descriptions).
 - Filing fee (see instructions for further explanation):
 - \$25 per *undivided* water right.
 - \$100 per *split* water right.
 - No fee is required for pending adjudication claims.

7. Signature: [Signature] MEMBER 8-20-12
Signature of new owner/claimant Title, if applicable Date

Signature: _____
Signature of new owner/claimant Title, if applicable Date

For IDWR Office Use Only:

Received by KM Date 8/20/2012 Receipt No. E037924 Receipt Amt. \$200.00
Approved by JLB Processed by JLB Date 8/22/2012

No Split Refund Request sent 8/22/2012
for \$175. -



CERTIFICATE OF ORGANIZATION LIMITED LIABILITY COMPANY

(Instructions on back of application)

FILED EFFECTIVE

APR 23 AM 9:24

SECRETARY OF STATE
STATE OF IDAHO

1. The name of the limited liability company is:

RunHard, LLC

2. The complete street and mailing addresses of the initial designated office:

1968 Chaparral Drive, Grand Junction, CO 81507

(Street Address)

same as above

(Mailing Address, if different than street address)

3. The name and complete street address of the registered agent:

Ryan Lerwill

(Name)

1261 Stocks Ave, #1, Rexburg, ID 83440

(Street Address)

4. The name and address of at least one member or manager of the limited liability company:

Name

Address

Matthew Runyan

1968 Chaparral Drive, Grand Junction, CO 81507

James S. Gebhard

233 E. Fallen Rock Road, Grand Junction, CO 81507

5. Mailing address for future correspondence (annual report notices):

1968 Chaparral Drive, Grand Junction, CO 81507

6. Future effective date of filing (optional):

Signature of a manager, member or authorized person.

Signature

Typed Name: Matthew Runyan

Signature

Typed Name:

Secretary of State use only

IDAHO SECRETARY OF STATE
04/23/2012 05:00
CK: 24852 CT: 220820 BH: 1320004
1 @ 100.00 = 100.00 ORGAN LLC # 2
1 @ 20.00 = 20.00 EXPEDITE C # 3

W113217

Microfile No. 376762
10 DAY Aug 2012
At 02 O'Clock 52 PM
KIM H. MUIR
MADISON CO RECORDER
Fee \$13.00
KEngland Deputy
Recorded at Request of
ALLIANCE TITLE - REXBURG OFFICE

Alliance Title & Escrow
PO Box 732
Rexburg, ID 83440

WARRANTY DEED

ATEC Order No.:149283

FOR VALUE RECEIVED

CSKJ Rexburg LLC, an Idaho Limited Liability Company

the grantor(s), do(es) hereby grant, bargain, sell and convey unto

RunHard, LLC, an Idaho Limited Liability Company

whose current address is

**1968 Chaparral Dr
Grand Junction, CO 81507**

the grantee(s), the following described premises, in Madison County, Idaho, TO WIT:

Tract 1: Commencing at a point 82.5 feet South of the Northwest corner of Lot 3, Block 37 of the Original Rexburg Townsite, Madison County, Idaho, as per the recorded plat thereof, and running thence East 191.5 feet; thence North 82.5 feet, thence East 138.5 feet; thence South 165 feet; thence West 330 feet; thence North 82.5 feet to the point of beginning.

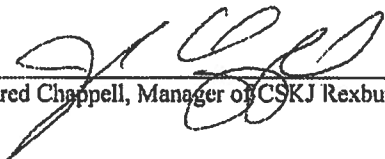
Tract 2: A right of way for ingress and egress across the following described property in Rexburg, Madison, County, Idaho. Commencing at the Northwest corner of Lot 3, Block 37 of the Original Rexburg Townsite, as per the recorded plat thereof, and running thence East 191.5 feet; thence South 82.5 feet; thence West 191.5 feet; thence North 82.5 feet to the point of beginning.

Tract 3: Commencing at a point 165 feet South of the Northwest corner of Lot 3, Block 37 of the Original Rexburg Townsite, Madison County, Idaho, as per the recorded plat thereof and running thence East 165 feet; thence South 82.5 feet; thence West 165 feet; thence North 82.5 feet to the point of beginning.

TO HAVE AND TO HOLD the said premises, with their appurtenances unto the said Grantee, heirs and assigns forever. And the said Grantor does hereby covenant to and with the said Grantee(s), that (s)he is/are the owner(s) in fee simple of said premises; that they are free from all encumbrances Except: Current Year Taxes, conditions, covenants, restrictions, reservations, easements, rights and rights of way, apparent or of record.

And that (s)he will warrant and defend the same from all lawful claims whatsoever.

Dated: July 19, 2012


Jared Chappell, Manager of CSKJ Rexburg, LLC

State of Idaho } ss
County of Teton }

On this 27 day of July, 2012, before me, Patricia Nickel-Zimmerman, a Notary Public in and for said state, personally appeared Jared Chappell known or identified to me to be the Managing Member in the Limited Liability Company known as CSKT-Rodney LLC who executed the foregoing instrument, and acknowledged to me that he/she executed the same in said LLC 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.

Patricia Nickel-Zimmerman

Notary Public for the State of Idaho
Residing at: Leflore
Commission Expires: 9-26-17



WARRANTY DEED

ESCROW CORP.
130 E. MAIN STREET
P.O. BOX 732
REXBURG, ID 83440
(208)356-9323
FAX NO. (208)356-9325

Order No.:3040515494TD

FOR VALUE RECEIVED

The New Sports & Fitness Club, Ltd., an Idaho Corporation

the grantor(s), do(es) hereby grant, bargain, sell and convey unto

CSKJ Rexburg, LLC, an Idaho Limited Liability Company

whose current address is

51 S 1st E Rexburg, ID 83440

the grantee(s), the following described premises, in Madison County, Idaho, TO WIT:

Tract 1: Commencing at a point 82.5 feet South of the NW corner of Lot 3, Block 37 of the Original Rexburg Townsite, Madison County, Idaho, as per the recorded plat thereof, and running thence East 191.5 feet; thence North 82.5 feet; thence East 138.5 feet; thence South 165 feet; thence West 330 feet; and thence North 82.5 feet to the point of beginning.

Tract 2: A right of way for ingress and egress across the following described property in Rexburg, Madison County, Idaho. Commencing at the NW corner of Lot 3, Block 37 of the Original Rexburg Townsite, as per the recorded plat thereof, and running thence East 191.5 feet; thence South 82.5 feet; thence West 191.5 feet; thence North 82.5 feet to the point of beginning.

Tract 3: Commencing at a point 165 feet South of the NW corner of Lot 3, Block 37 of the Original Rexburg Townsite, Madison County, Idaho, as per the recorded plat thereof and running thence East 165 feet; thence South 82.5 feet; thence West 165 feet; thence North 82.5 feet to the point of beginning.

TO HAVE AND TO HOLD the said premises, with their appurtenances unto the said Grantee, heirs and assigns forever. And the said Grantor does hereby covenant to and with the said Grantee(s), that (s)he is/are the owner(s) in fee simple of said premises; that they are free from all encumbrances Except: Current Year Taxes, conditions, covenants, restrictions, reservations, easements, rights and rights of way, apparent or of record.

And that (s)he will warrant and defend the same from all lawful claims whatsoever.

Dated: OCTOBER 26, 2005

The New Sports & Fitness Club, Ltd.

By: Jerry R. Rigby, President

By: Mike McKinley, Secretary

Instrument # 323496

REXBURG, MADISON, IDAHO

2005-10-27

09:07:00

No. of Pages: 1

Recorded for: ALLIANCE TITLE AND ESCROW

MARILYN R. RASMUSSEN

Fee: 3.00

Ex-Officio Recorder Deputy

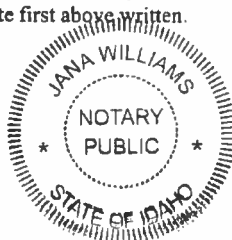
State of Idaho

} ss.

County of Madison

On this 26th day of October, 2005, before me, a Notary Public in and for said state, personally appeared Jerry R. Rigby known to me to be the President of the Corporation, and Mike McKinley known to me to be the Secretary and acknowledged to me that pursuant to a Resolution of the Board of Directors, executed the foregoing in said Corporation 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.



Jana Williams
Notary Public for the State of
Residing at:

Commission Expires:

Notary Public for the State of Idaho
Residing in Fremont County
Commission Expires 06-21-2011

2007 JAN 05 PM 02:00
DISTRICT COURT - SRBA
TWIN FALLS CO., IDAHO
FILED _____

IN THE DISTRICT COURT OF THE FIFTH JUDICIAL DISTRICT OF THE
STATE OF IDAHO, IN AND FOR THE COUNTY OF TWIN FALLS

In Re SRBA)
) PARTIAL DECREE PURSUANT TO
) I.R.C.P. 54(b) FOR
Case No. 39576)
) Water Right 22-07293

NAME AND ADDRESS: THE NEW SPORTS & FITNESS
 CLUB LTD
 51 S 100E
 REXBURG, ID 83440

SOURCE: GROUND WATER

QUANTITY: 0.15 CFS

PRIORITY DATE: 05/24/1979

POINT OF DIVERSION: T06N R40E S30 SENENE Within Madison County

PURPOSE AND PERIOD OF USE:	PURPOSE OF USE	PERIOD OF USE	QUANTITY
	Heating	01-01 TO 12-31	0.15 CFS
	Cooling	01-01 TO 12-31	0.15 CFS

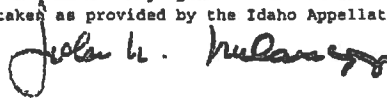
PLACE OF USE:	Heating		Within Madison County
	T06N R40E S30	NENE	
	Cooling		Within Madison County
	T06N R40E S30	NENE	

OTHER PROVISIONS NECESSARY FOR DEFINITION OR ADMINISTRATION OF THIS WATER RIGHT:

THIS PARTIAL DECREE IS SUBJECT TO SUCH GENERAL PROVISIONS
NECESSARY FOR THE DEFINITION OF THE RIGHTS OR FOR THE EFFICIENT
ADMINISTRATION OF THE WATER RIGHTS AS MAY BE ULTIMATELY
DETERMINED BY THE COURT AT A POINT IN TIME NO LATER THAN THE
ENTRY OF A FINAL UNIFIED DECREE. I.C. SECTION 42-1412(6).

RULE 54(b) CERTIFICATE

With respect to the issues determined by the above judgment or order, it is hereby CERTIFIED, in accordance with Rule 54(b), I.R.C.P., that the court has determined that there is no just reason for delay of the entry of a final judgment and that the court has and does hereby direct that the above judgment or order shall be a final judgment upon which execution may issue and an appeal may be taken as provided by the Idaho Appellate Rules.



John M. Melanson
Presiding Judge of the
Snake River Basin Adjudication

Alliance Title & Escrow
PO Box 732

Rexburg, ID 83440

WHEN RECORDED, MAIL TO:

Alliance Title & Escrow Corp.
130 East Main Street
Rexburg, Idaho 83440

Recorded Electronically	
ID	376703
County	Madison
Date	8-10-2012 Time 2:52 pm
Simplifile.com 800.400.5657	

AT-149283

TRUST DEED, SECURITY AGREEMENT, AND FINANCING STATEMENT

THIS TRUST DEED, SECURITY AGREEMENT, AND FINANCING STATEMENT (this "*Trust Deed*"), made this 10 day of August, 2012, is given by RunHard, LLC, an Idaho limited liability company, with an address of 1968 Chaparral Drive, Grand Junction, Colorado 81507, as "*Trustor*," to Alliance Title & Escrow Corp., with an address of 130 East Main Street, Rexburg, Idaho 83440, as "*Trustee*," for the benefit of CSKJ Rexburg, LLC, an Idaho limited liability company, c/o Mitchell & Barlow, P.C., Nine Exchange Place, Suite 600, Salt Lake City, Utah 84111, as "*Beneficiary*."

WITNESSETH: That Trustor hereby CONVEYS AND WARRANTS TO TRUSTEE IN TRUST, WITH POWER OF SALE, the following described property, situated in Madison County, State of Idaho:

See Exhibit A attached hereto.

Together with all of the following (all of which, together with such real property described on Exhibit A, is referred to herein collectively as the "*Property*"):

(a) all buildings, structures, and improvements of every nature whatsoever now or hereafter situated thereon;

(b) all water rights, rights of way, easements, rents, issues, profits, income, tenements, hereditaments, privileges and appurtenances thereunto belonging, now or hereafter used or enjoyed with such property or any part thereof; SUBJECT, HOWEVER, to the right, power and authority hereinafter given to and conferred upon Beneficiary to collect and apply such rents, issues, and profits after and in the event of payment default by Trustor under the Note or any other material default under the Note or this Trust Deed;

(c) all present and future right, title, and interest of Trustor in and to all fixtures (as that term is defined in the Idaho Uniform Commercial Code (the "*UCC*"), and whether existing now or in the future) now or in the future located at, upon, or about or affixed or attached to or installed in the real property described on Exhibit A, including, without limitation, machinery, appliances, building materials and supplies, generators, boilers, furnaces, water tanks, heating, ventilating and air conditioning equipment, and all other types of fixtures of any kind or nature and all accessories, additions, attachments, parts, proceeds, products, repairs, replacements, and substitutions of or to any such property (the "*Fixtures*"); and

Alliance Title & Escrow
PO Box 732
Rexburg, ID 83440

WHEN RECORDED, MAIL TO:
Alliance Title & Escrow Corp.
130 East Main Street
Rexburg, Idaho 83440

Microfile No. 376763
10 DAY Aug 2012
At 02 O'clock 52 PM
KIM H. MUIR
MADISON CO RECORDER
Fee \$46.00
KEngland Deputy
Recorded at Request of
ALLIANCE TITLE - REXBURG OFFICE

AT-149283

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WITNESSETH: That Trustor hereby CONVEYS AND WARRANTS TO TRUSTEE IN TRUST, WITH POWER OF SALE, the following described property, situated in Madison County, State of Idaho:

See Exhibit A attached hereto.

Together with all of the following (all of which, together with such real property described on Exhibit A, is referred to herein collectively as the "*Property*");

(a) all buildings, structures, and improvements of every nature whatsoever now or hereafter situated thereon;

(b) all water rights, rights of way, easements, rents, issues, profits, income, tenements, hereditaments, privileges and appurtenances thereunto belonging, now or hereafter used or enjoyed with such property or any part thereof; SUBJECT, HOWEVER, to the right, power and authority hereinafter given to and conferred upon Beneficiary to collect and apply such rents, issues, and profits after and in the event of payment default by Trustor under the Note or any other material default under the Note or this Trust Deed;

(c) all present and future right, title, and interest of Trustor in and to all fixtures (as that term is defined in the Idaho Uniform Commercial Code (the "*UCC*"), and whether existing now or in the future) now or in the future located at, upon, or about or affixed or attached to or installed in the real property described on Exhibit A, including, without limitation, machinery, appliances, building materials and supplies, generators, boilers, furnaces, water tanks, heating, ventilating and air conditioning equipment, and all other types of fixtures of any kind or nature and all accessories, additions, attachments, parts, proceeds, products, repairs, replacements, and substitutions of or to any such property (the "*Fixtures*"); and

(d) subject to the provisions in this Trust Deed, all insurance policies, insurance and condemnation awards and proceeds, proceeds of the sale of promissory notes, any other rights to the payment of money, trade names, trademarks and service marks arising from or related to the ownership, management, leasing, operation, sale or disposition of the Property and improvements or any business now or hereafter conducted thereon by Trustor on the Property; all development rights and credits, and any and all permits, consents, approvals, licenses, authorizations and other rights granted by, given by or obtained from, any governmental entity with respect to such real property and improvements; all water and water rights, wells and well rights, canals and canal rights, ditches and ditch rights, springs and spring rights, and reservoirs and reservoir rights appurtenant to or associated with the Property and improvements, whether decreed or undecreed, tributary, non-tributary or not non-tributary, surface or underground or appropriated or unappropriated, and all shares of stock in water, ditch, lateral and canal companies, well permits and all other evidences of any of such rights; all deposits or other security now or hereafter made with or given to utility companies by Trustor with respect to the Property and improvements; all advance payments of insurance premiums made by Trustor with respect to the Property and improvements; and all plans, drawings and specifications relating to the Property and improvements and all contracts and agreements related thereto,

Trustor hereby grants to Beneficiary a security interest in and to the same as a secured party under the UCC, in addition to and not in limitation of Trustee's rights and remedies hereunder. Beneficiary shall have the right to file and record such financing statements and other instruments desired by Beneficiary for the purpose of perfecting Beneficiary's security interest in and to any fixture or other item of personal property comprising the Property.

FOR THE PURPOSE OF SECURING:

(1) payment of indebtedness and all other lawful charges evidenced by that certain Secured Promissory Note of even date herewith, in the principal amount of One Million One Hundred Thousand Dollars (\$1,100,000.00) made by Trustor, payable to the order of Beneficiary at the times, in the manner and with interest as therein set forth (herein sometimes referred to as the "Note") and any extensions and/or renewals or modifications thereof; (2) the performance of each agreement of Trustor herein contained; (3) the payment of such additional loans or advances as hereafter may be made to Trustor or its successors or assigns, which additional loans or advances may or may not be related to the loan evidenced by the Note and may be in any amount, when such additional loans or advances are evidenced by a promissory note or notes reciting that they are secured by this Trust Deed; and (4) the payment of all sums expended or advanced by Beneficiary under or pursuant to the terms hereof, together with interest thereon as herein provided.

AND, Trustor hereby warrants, covenants and agrees that Trustor is the lawful owner of the Property, with good and marketable title, free and clear of all encumbrances, liens or charges, excepting only those matters currently of record.

TO PROTECT THE SECURITY OF THIS TRUST DEED, TRUSTOR AGREES:

To provide Beneficiary with all written plans relating to the remodeling or construction to be done on the Property in advance of the commencement of such remodeling or construction, and to perform all such remodeling and construction substantially in accordance with such written plans and applicable law. In the event that Trustor determines to perform remodeling or construction that is materially different than the remodeling or construction that is depicted in any written plans delivered to Beneficiary, Trustor shall deliver modified written plans to Beneficiary prior to the completion of such remodeling or construction.. Following the completion of any remodeling or construction on the Property, Beneficiary shall keep the Property in good condition and repair to comply with all laws, covenants and restrictions affecting the Property, shall not commit or permit waste thereof, shall not commit, suffer or permit any act upon the Property in violation of law,

1. Trustee, upon presentation to it of an affidavit signed by Beneficiary, setting forth facts showing a default by Trustor under this numbered paragraph, is authorized to accept as true and conclusive all facts and statements therein, and to act thereon hereunder.

2. To provide and maintain insurance, of such type or types and amounts as Beneficiary may reasonably require, on the improvements now existing or hereafter erected or placed on the Property. Such insurance shall be carried in companies approved by Beneficiary, which approval of the companies and provision of the policy shall not be unreasonably withheld, with loss payable and cancellation protection clauses in favor of and in form acceptable to Beneficiary and Trustor. In event of loss, Trustor shall give immediate notice to Beneficiary, and Trustor will make proof of loss, and each insurance company concerned is hereby authorized and directed to make payment jointly to Trustor and Beneficiary and the insurance proceeds, or any part thereof, may be applied by Trustor, at its option, to reduction of the indebtedness hereby secured or to the restoration or repair of the Property damaged.

3. To keep the buildings and improvements now existing as remodeled or modified consistent with Section 1 hereof, or hereafter erected or placed on the Property insured against loss by fire, and such other casualties and in such types and forms of insurance, and in such amounts as may be reasonably required by, and in such companies as may be satisfactory to Beneficiary, which approval of the companies and provision of the policy shall not be unreasonably withheld, with loss payable clauses in favor of the Trustor and Beneficiary, and to pay the premiums therefor promptly when due, and copies of the policies of insurance shall be held by Beneficiary, it being understood, however, that Beneficiary shall in no event be responsible for the sufficiency or form or substance of any policy of insurance, or for the solvency or sufficiency of any insurance company with respect to the insurance herein provided. In event of loss, Trustor shall give immediate notice to Beneficiary, and the Trustor will make proof of loss, and each insurance company concerned is hereby authorized and directed to make payment for such loss jointly to the Trustor and Beneficiary, and the insurance proceeds, or any part thereof, may be applied by Trustor, at its option, to the reduction of the indebtedness hereby secured or to the restoration or repair of the Property damaged.

Trustor and Beneficiary shall cooperate in good faith in the settlement of all insurance claims and collect all insurance funds. Beneficiary will fully and timely cooperate with Trustor to execute, sign and deliver all necessary and proper proofs of loss, claims, waivers, and all other documents necessary for or incidental to the collection of such insurance, and if necessary to institute such proceeding in law or equity as may be necessary for the collection of such insurance and to make such compromise and/or settlements as may be deemed necessary and advisable.

4. To deliver to, pay for, and maintain with Beneficiary until the indebtedness secured hereby is paid in full, such evidence of title as Beneficiary may reasonably require, including abstracts of title or policies of title insurance and any extensions or renewals thereof or supplements thereto.

5. To appear in and defend any action or proceeding purporting to affect the security hereof, the title to the Property, or the rights or powers of Beneficiary or Trustee; and should Beneficiary or Trustee elect to also appear in or defend any such action or proceeding, to pay all costs and expenses, including cost of evidence of title and attorneys' fees in a reasonable sum incurred by Beneficiary or Trustee.

6. To pay at least ten (10) days before delinquency all taxes and assessments affecting the Property, including all assessments upon water company stock and all rents, assessments and charges for water, appurtenant to or used in connection with the Property; to pay, when due, all encumbrances, charges, and liens, with interest, on the Property or any part thereof, which at any time appear to be prior or superior hereto; to pay all costs, fees, and expenses of this trust.

7. Not to cause, permit, allow or suffer the presence, use, generation, manufacture, release, discharge, storage or disposal of any hazardous or toxic materials, substances or wastes as designated or regulated by applicable federal, state or local environmental laws (collectively "*Hazardous Materials*") on, under, in or about the Property, or the transportation of any Hazardous Materials to or from the Property. Trustor shall immediately notify Beneficiary in writing of: (a) any enforcement, cleanup, removal or other governmental or regulatory action instituted, completed or threatened in connection with any Hazardous Materials; (b) any claim made or threatened by any third party against Trustee or the Property relating to damage, contribution, cost recovery, compensation, loss or injury resulting from any Hazardous Materials; and (c) Trustee's discovery of any occurrence or condition on any real property adjoining or in the vicinity of the Property that could cause all or any portion of the Property to be subject to any restrictions on the ownership, occupancy, transferability or use.

8. Should Trustor fail to make any payment or to do any act as herein provided, then Beneficiary or Trustee, but without obligation so to do and with ten (10) calendar day written notice unless circumstances require that Beneficiary must proceed more quickly to protect the value of the Property, in which case notice shall be provided simultaneously, demand upon Trustor and without releasing Trustor from any obligation hereof, may: (a) make or do the same in such manner and to such extent as either may deem necessary to protect the security hereof,

Beneficiary or Trustee being authorized to enter upon the Property for such purposes; (b) commence, appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; (c) pay, purchase, contest, or compromise any encumbrance, charge or lien which in the judgment of either appears to be prior or superior hereto; and (d) in exercising any such powers, incur any liability, expend whatever amounts in its absolute discretion it may deem necessary therefor, including cost of evidence of title, employ counsel, and pay its reasonable fees.

9. In the event of a payment default under the Note, or any other material default under the Note or this Trust Deed, to pay immediately and without demand all sums expended hereunder by Beneficiary or Trustee, with interest from date of expenditure at the rate of twelve percent (12%) per annum until paid, and the repayment thereof shall be secured hereby.

IT IS MUTUALLY AGREED THAT:

10. In the event that the Property or any part thereof be taken or damaged by reason of any public improvement, condemnation proceeding, or damaged by fire, earthquake or other manner from which insurance proceeds and/or compensation is paid, except for the remodeling of the Property described in Section 1 above, then the Trustor shall commit all such insurance proceeds and compensation to the rebuilding and restoration of the Property within twenty-one (21) days of the receipt of said proceeds and/or compensation, so long as the Trustor is not in default of the Note, in material default of the Trust Deed, and has delivered sufficient evidence, including, but not necessarily limited to, Trustor's balance sheet, future cash-flow projections, future sale proceeds, etc, to Beneficiary which supports the reasonable conclusion that Trustor has the financial ability to continue in its fulfillment of the Note and Trust Deed. Both Beneficiary and Trustor recognize and acknowledge that the purpose of the remodeling of the Property by Trustor is to develop and improve the Property for future cash-flow purposes. It is understood that during the remodeling construction that it is likely that there will not be any positive cash flow, but instead, the future projections of cash flow from lease, sale or otherwise is anticipated from the Property. In the event that the Trustor does not commit the insurance proceeds and compensation to the rebuilding and restoration of the Property as set forth in this paragraph, then the insurance proceeds and compensation awards would then be assigned to Beneficiary and be credited to the indebtedness owed by the Trustor.

11. At any time and from time to time upon written request of Beneficiary, payment of reasonable and customary fees and presentation of this Trust Deed and the Note for endorsement (in case of full reconveyance, for cancellation and retention), without affecting the liability of any person for the payment of the indebtedness secured hereby, Trustee may: (a) consent to the making of any map or plat of the Property; (b) join in granting any easement or creating any restriction thereon; (c) join in any subordination or other agreement affecting this Trust Deed or the lien or charge thereof; (d) grant an extension or modification of the terms of this Trust Deed upon written request of Beneficiary; (e) reconvey, without warranty, all or any part of the Property. The grantee in any reconveyance may be described as "the person or persons entitled thereto," and the recitals therein of any matters or facts shall be conclusive proof

of the truthfulness thereof. Trustor agrees to pay reasonable Trustee's fees for any of the services mentioned in this paragraph.

12. As additional security, Trustor hereby assigns Beneficiary, during the continuance of these trusts, all rents, issues, royalties, and profits of the Property affected by this Trust Deed and of any personal property located thereon. Until Trustor shall default on any of its payment obligations under the Note or commits any other material breach of the Note of this Trust Deed, and fails to timely cure such material breach (other than a payment default), in the payment of any indebtedness secured hereby or in the performance of any agreement hereunder, Trustor shall have the right to collect all such rents, issues, royalties, and profits earned prior to default as they become due and payable. If Trustor shall default as aforesaid, Trustor's right to collect any of such moneys shall cease and Beneficiary shall have the right, with or without taking possession of the Property affected hereby, to collect all rents, royalties, issues, and profits. Failure or discontinuance of Beneficiary at any time or from time to time to collect any such moneys shall not in any manner affect the subsequent enforcement by Beneficiary of the right, power, and authority to collect the same. Nothing contained herein, nor the exercise of the right by Beneficiary to collect, shall be, or be construed to be, an affirmation by Beneficiary of any tenancy, lease or option, nor an assumption of liability under, nor a subordination of the lien or charge of this Trust Deed to any such tenancy, lease or option. Trustor agrees that it will not collect rent on the Property more than one month in advance or lease the Property other than on commercially reasonable terms.

13. As an express condition of Beneficiary making the loan secured by this Trust Deed, Trustor shall not further encumber, pledge, mortgage, hypothecate, place any lien, charge, or claim upon, or otherwise give as security the Property or any interest therein nor cause or allow by operation of law the encumbrance of the Trust Estate or any interest therein without the written consent of Beneficiary even though such encumbrance may be junior to the encumbrance created by this Trust Deed. Encumbrance of the Property contrary to the provisions of this paragraph without the express written consent of Beneficiary, shall constitute a default hereunder and at Beneficiary's option, Beneficiary may declare the entire balance of principal and interest secured hereby immediately due and payable, whether such default is created by Trustor or an unaffiliated third party asserting a judgment lien, mechanic's or materialmen's lien or any other type of encumbrance or title defect; *provided that* Beneficiary shall not exercise such option if such exercise is prohibited by applicable law

14. Should Trustor sell or convey, or agree to sell or convey any portion of the Property, or of any building or improvement now or hereafter located thereon, or any interest whatever therein to any person, firm, or corporation, or should Trustor permit or suffer the occupancy of any portion of the Property by anyone, whether as a tenant or otherwise, then each such occurrence shall be deemed a default by Trustor, and the entire indebtedness secured by this Trust Deed at the option of Beneficiary shall become immediately due and payable, and thereupon, Beneficiary may demand immediate payment in full of such indebtedness and may exercise all legal limits to collect such indebtedness, including but not limited to foreclosure of this Trust Deed.

15. Upon any payment default or any other material breach by Trustor under the Note or this Trust Deed, Beneficiary may at any time upon written notice as provided in this Trust Deed, either in person, by agent, or by a receiver to be appointed by a court (Trustor hereby consenting to the appointment of Beneficiary as such receiver), and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of the Property or any part thereof, in its own name sue for or otherwise collect the rents, issues, and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorneys' fees, upon any indebtedness secured hereby, and in such order as Beneficiary may determine.

16. The entering upon and taking possession of the Property, the collection of such rents, issues, and profits, or the proceeds of fire and other insurance policies, or compensation or awards for any taking or damage of the Property, and the application or release thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

17. The Note secured by this Trust Deed is one component of a purchase by the Trustor of the Property for a total purchase price of \$1,500,000.00. In conjunction with delivery of the Note, Trustor has paid to Beneficiary a non-refundable payment of \$400,000.00 (the "**Down Payment**"). Trustor hereby acknowledges and agrees that Down Payment is and was fully earned by Beneficiary upon closing of said transaction. In light of the foregoing, and to avoid any uncertainty, Trustor covenants and agrees that upon any payment default or other material breach by Trustor under the Note or this Trust Deed, in addition to any other remedies available to Beneficiary hereunder or at law or equity, including, but not limited to, foreclosure and retaining title to the Property, Beneficiary shall be entitled to retain the Down Payment and any and all other amounts previously paid to Beneficiary by Trustor under the Note or otherwise, and Trustor hereby waives all of its right, title and interest in and to the Down Payment and any other such payments received by Beneficiary, together with any excess or surplus that may exist in connection with a foreclosure or a trustee's sale but all amounts received from Trustor shall be credited and accounted for with any action for a deficiency. Notwithstanding anything to the contrary contained in this Trust Deed, the Note, in no event shall Buyer be entitled to any excess or surplus arising from Beneficiary's credit bid at a trustee's sale.

18. The parties hereto acknowledge and agree that Beneficiary's remedies hereunder or at law are cumulative, and the assertion by Beneficiary of any right or remedy shall not preclude the assertion by Beneficiary of any other rights or the seeking of any other remedies.

19. In addition to all other remedies available to Beneficiary hereunder or at law, upon any payment default or other material breach by Trustor under the Note or this Trust Deed, Beneficiary may dispose of any fixture or other personal property comprising the Property in any manner now or hereafter permitted by the UCC or in accordance with any other remedy provided by law. Both Trustor and Beneficiary shall be eligible to purchase any part or all of such personal property at any such disposition. Any such disposition may be either public or private as Beneficiary may so elect, subject to the provisions of the UCC. Beneficiary shall give Trustor at least ten (10) business days prior written notice of the time and place of any public sale or other

disposition of such personal property or of the time at or after which any private sale or any other intended disposition is to be made, and if such notice is sent to Trustor, it shall constitute reasonable notice to Trustor.

20. The failure on the part of Beneficiary to promptly enforce any right hereunder shall not operate as a waiver of such right and the waiver by Beneficiary of any default shall not constitute a waiver of any other or subsequent default.

21. Time is of the essence hereof. Upon a payment default or other material breach by Trustor under the Note or this Trust Deed, all sums secured hereby shall immediately become due and payable at the option of Beneficiary. In the event of such default, Beneficiary may execute or cause Trustee to execute a written notice of default and of election to cause the Property to be sold to satisfy the obligations hereof, and Trustee shall file such notice for record in each county wherein the Property or some part or parcel thereof is situated. Beneficiary also shall deposit with Trustee, the Note and all documents evidencing expenditures secured hereby.

22. After the lapse of such time as may then be required by law following the recordation of such notice of default, and notice of default and notice of sale having been given as then required by law, Trustee, without demand on Trustor, shall sell the Property on the date and at the time and place designated in the notice of sale, either as a whole or in separate parcels, and in such order as it may determine (but subject to any statutory right of Trustor to direct the order in which such Property, if consisting of several known lots or parcels, shall be sold), at public auction to the highest bidder, the purchase price payable in lawful money of the United States at the time of sale. The person conducting the sale may, for any cause he deems expedient, postpone the sale from time to time until it shall be completed and, in every case, notice of postponement shall be given by public declaration thereof by such person at the time and place last appointed for the sale; provided, if the sale is postponed for longer than one day beyond the day designated in the notice of sale, notice thereof shall be given in the same manner as the original notice of sale. Trustor agrees to surrender possession immediately after any such sale of the Property, if possession has not previously been surrendered. Trustee shall execute and deliver to the purchaser its Deed conveying said property so sold, but without any covenant or warranty, express or implied. The recitals in the Deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Beneficiary, may bid at the sale. Trustee shall apply the proceeds of the sale to payment of (a) the costs and expenses of exercising the power of sale and of the sale, including the payment of Trustee's and attorneys' fees; (b) cost of any evidence of title procured in connection with such sale and revenue stamps on Trustee's Deed; (c) all sums expended under the terms hereof, not then repaid, with accrued default interest at twelve percent (12%) per annum from date of expenditure; (d) all other sums then secured hereby; and (e) the remainder, if any, to the person or persons legally entitled thereto, or the Trustee, in its discretion, may deposit the balance of such proceeds with the County Clerk of the county in which the sale took place.

Trustor agrees to pay any deficiency, arising from any cause, to which Lender may be entitled after applications of the proceeds of any Trustee's sale, and Lender may commence suit to collect such deficiency in accordance with Idaho Statutes Section 45-1512 or other applicable

law. Trustor agrees for purposes of Idaho Statutes Section 45-1512 that the value of the Property as determined and set forth in an MAI appraisal of the Property as obtained by Lender on or about the date of the sale or the recording of a notice of default and election to sell shall constitute the "fair market value" of the Property for purposes of Idaho Statutes Section 45-1512.

23. Upon the occurrence of a payment default or other material breach by Trustor under the Note or this Trust Deed, subject to any applicable cure rights of Trustor, Beneficiary shall have the option to declare all sums secured hereby immediately due and payable and foreclose this Trust Deed in the manner provided by law for the foreclosure of mortgages in real property and Beneficiary shall be entitled to recover in such proceeding all costs and expenses incident thereto, including a reasonable attorneys' fee in such amount as shall be fixed by the court.

24. Beneficiary may appoint a successor trustee at any time by filing for record in the office of the County Recorder of each county in which the Property or some part thereof is situated, a substitution of trustee. From the time the substitution is filed for record, the new trustee shall succeed to all the powers, duties, authority and title of the trustee named herein or of any successor trustee. Each such substitution shall be executed and acknowledged, and notice thereof shall be given and proof thereof made, in the manner provided by law.

25. From time to time, Beneficiary may require Trustee to reconvey, release and discharge from the operation of this Trust Deed any part or parts of the property described in this Trust Deed, given to secure payment of the indebtedness evidenced by the Note. Trustee shall execute and deliver unto Beneficiary a written reconveyance and release upon receiving from Beneficiary a written request therefor. Such written request shall include a description of the Property to be reconveyed or released, a statement of the consideration, if any, received by Beneficiary for such reconveyance or release, and a declaration that Beneficiary is the owner and holder of the debt mentioned in this Trust Deed and that the same has never been assigned or transferred. The partial reconveyance or release executed by Trustee shall identify this Trust Deed and describe the property to be reconveyed or released. A partial reconveyance or release executed and delivered by Trustee under authority of this paragraph shall not affect or impair the security remaining under this Trust Deed. This Trust Deed need not accompany any request for a partial reconveyance or release, but upon demand of Trustee, Beneficiary will exhibit to Trustee the Note. Successive partial reconveyances or releases may be requested by Beneficiary.

26. Each abstract of title, title insurance policy, or all other evidences of title, and all insurance policies placed or deposited with Beneficiary shall be deemed an incident to the title of the Property herein described and upon sale or foreclosure or otherwise shall pass to the purchaser, and same are hereby pledged as additional security for payment of the indebtedness secured hereby.

27. In the event Beneficiary and Trustee or either of them shall (a) determine to foreclose this Trust Deed by court action, or (b) find it necessary to resort to the courts to secure protection of the security given hereunder or to enforce or protect the rights hereunder of Beneficiary, or (c) be involved in court action involving or affecting this Trust Deed, the security

given thereunder or the indebtedness secured thereby, Trustor agrees to pay all costs and expenses incurred therein and reasonable compensation for their attorneys representing Beneficiary and Trustee.

28. Notwithstanding the existence of any other security interests in the Property held by Beneficiary or by any other party, Beneficiary shall have the right to determine the order in which any or all of the Property shall be subjected to the remedies provided in this Trust Deed, the Note, any other document secured hereby, or applicable law. Beneficiary shall have the right to determine the order in which any or all portions of the indebtedness secured hereby are satisfied from the proceeds realized upon the exercise of such remedies. Trustor and any party who now or in the future acquires a security interest in the Property and who has actual or constructive notice of this Trust Deed waives any and all right to require the marshalling of assets or to require that any of the Property be sold in the inverse order of alienation or that any of the Property be sold in parcels or as an entirety in connection with the exercise of any of the remedies permitted by applicable law or provided in this Trust Deed.

29. This Trust Deed shall apply to, inure to the benefit of, and bind all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. All obligations of Trustor hereunder are joint and several. The term "Beneficiary" shall mean the owner and holder, including any pledgee, of the Note secured hereby. In this Trust Deed, whenever the context requires, the masculine gender includes the feminine and/or neuter, and the singular number includes the plural.

30. Any option, election, notice or right granted to Beneficiary may be exercised only by written approval of Beneficiary.

31. If the loan secured by this Trust Deed is subject to a law which sets maximum loan charges, and that law is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from Trustor which exceed permitted limits will be refunded to Trustor. Beneficiary may choose to make this refund by reducing the principal owed under the Note or by making a direct payment to Trustor.

32. If one or more riders are executed by Trustor and recorded together with this Trust Deed, the covenants and agreements of each such rider shall be incorporated into and shall amend and supplement the covenants and agreements of this Trust Deed as if the rider(s) were part of this Trust Deed.

33. The Note or a partial interest therein (together with this Trust Deed) may be sold one or more times without prior notice to Trustor. There also may be one or more changes of the loan servicer unrelated to a sale of the Note.

34. If any provision of this Trust Deed is declared by a court of competent jurisdiction to be invalid for any reason such invalidity shall not affect the remaining provisions of this Trust

Deed. The remaining provisions shall be fully severable, and this Trust Deed shall be construed and enforced as if the invalid provision had never been included herein.

35. Trustee accepts this trust when this Trust Deed, duly executed and acknowledged, is made a public record as provided by law. Trustee is not obligated to notify any part hereto of pending sale under any other Trust Deed or of any action or proceeding in which Trustor, Beneficiary, or Trustee shall be a party, unless brought by Trustee.

36. This Trust Deed shall be construed according to the laws of the State of Idaho.

37. The undersigned Trustor requests that a copy of any notice of default and of any notice of sale hereunder be mailed to Trustor at the address hereinbefore set forth.

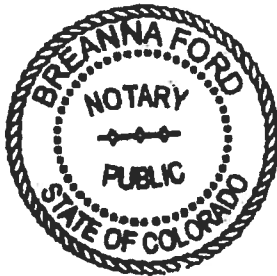
TRUSTOR:

RUNHARD, LLC, an Idaho limited liability company

By: [Signature] Manager LLC
Name: Matthew Runyan
Title: Manager LLC

STATE OF Colorado
COUNTY OF MOA : ss.

On the 9 day of August 2012, personally appeared before me Matthew Runyan the Manager LLC of RunHard, LLC, an Idaho limited liability company, the signer of the above instrument, who duly acknowledged to me that he/she executed the same on behalf of such company.



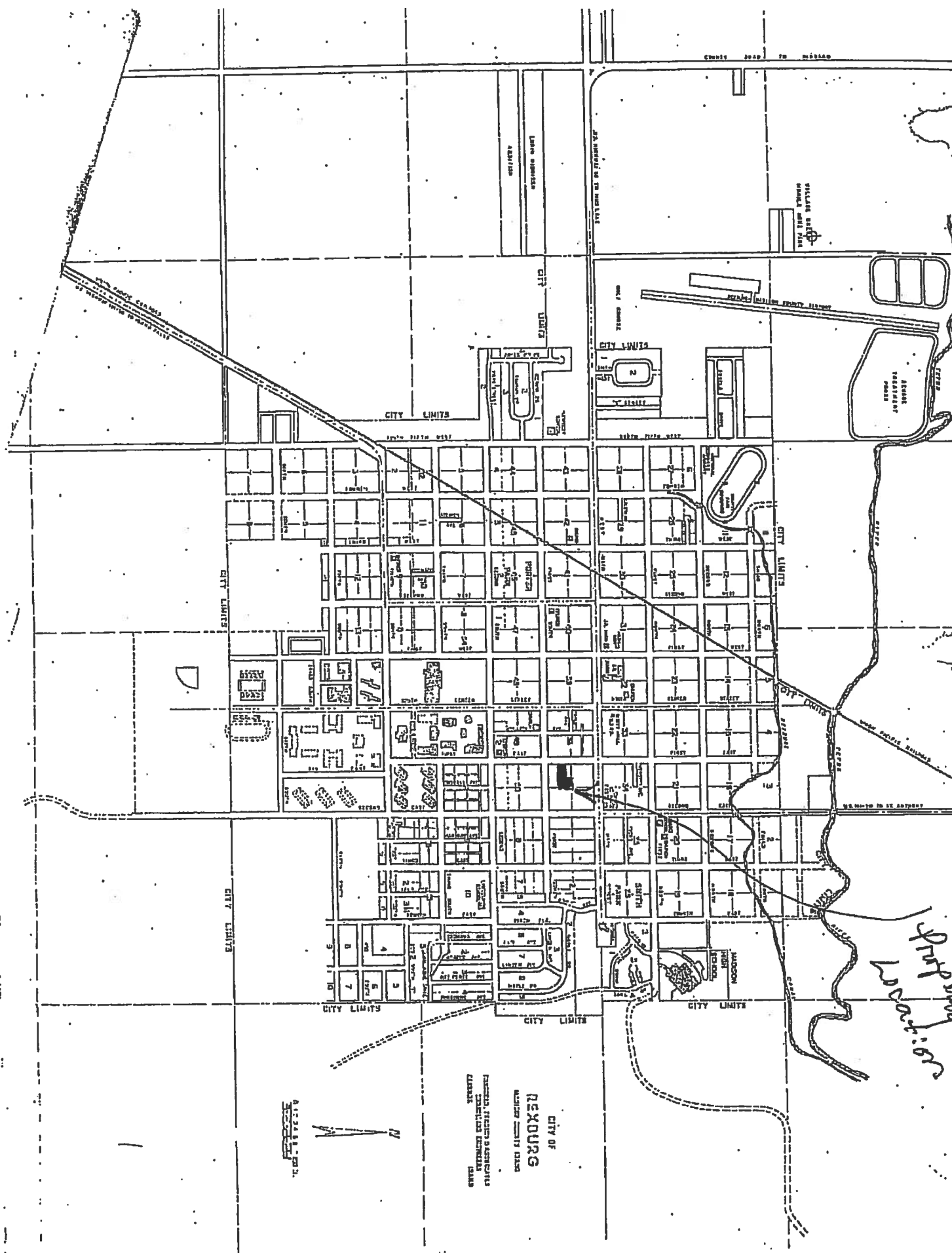
[Signature]
Notary Public
Grand Junction, CO
exp. 6-14-14

EXHIBIT A

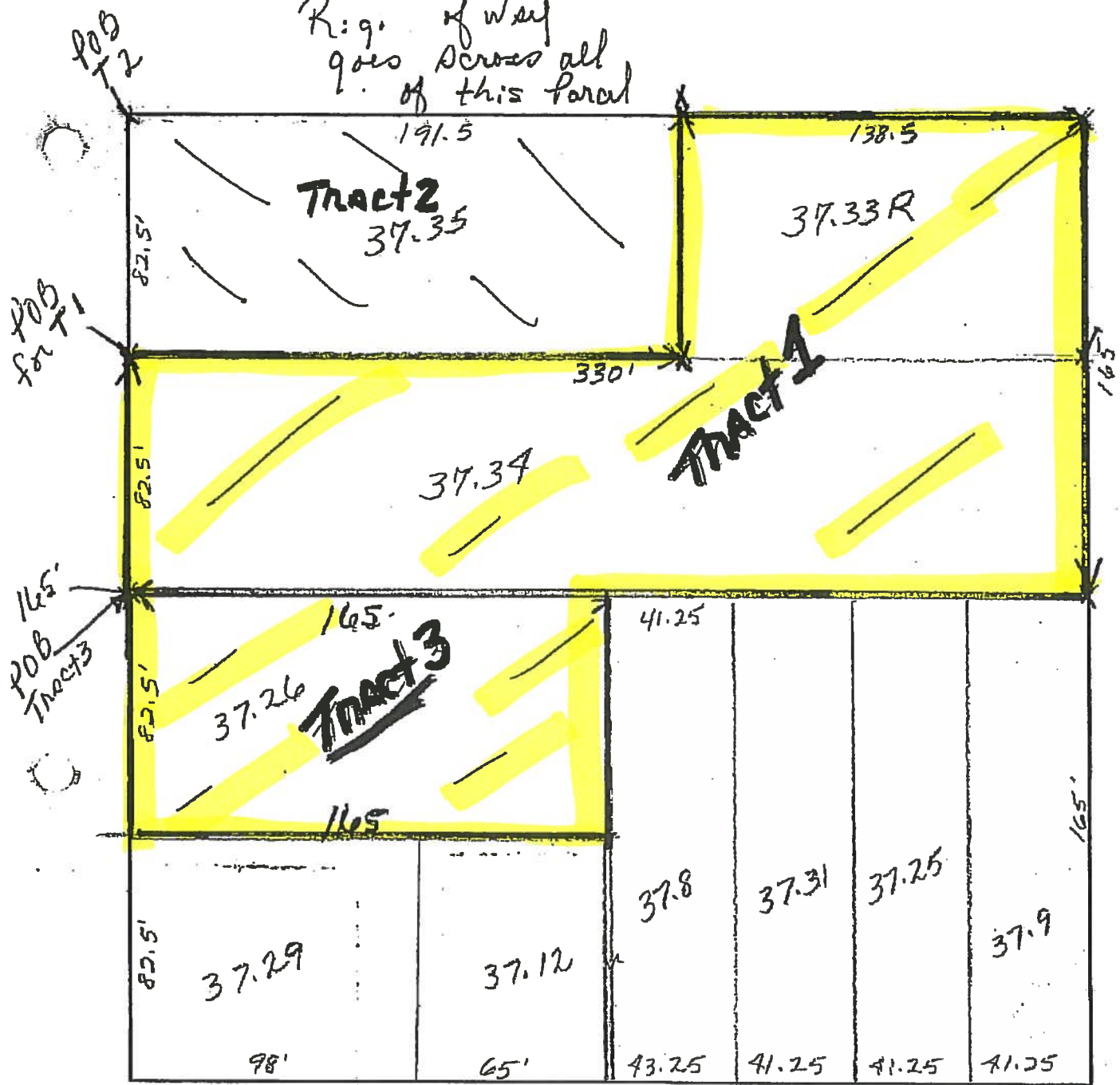
Tract 1: Commencing at a point 82.5 feet South of the Northwest corner of Lot 3, Block 37 of the Original Rexburg Townsite, Madison County, Idaho, as per the recorded plat thereof, and running thence East 191.5 feet; thence North 82.5 feet, thence East 138.5 feet; thence South 165 feet; thence West 330 feet; thence North 82.5 feet to the point of beginning.

Tract 2: A right of way for ingress and egress across the following described property in Rexburg, Madison County, Idaho. Commencing at the Northwest corner of Lot 3, Block 37 of the Original Rexburg Townsite, as per the recorded plat thereof, and running thence East 191.5 feet; thence South 82.5 feet; thence West 191.5 feet; thence North 82.5 feet to the point of beginning.

Tract 3: Commencing at a point 165 feet South of the Northwest corner of Lot 3, Block 37 of the Original Rexburg Townsite, Madison County, Idaho, as per the recorded plat thereof and running thence East 165 feet; thence South 82.5 feet; thence West 165 feet; thence North 82.5 feet to the point of beginning.



R: 9' of way
goes across all
of this parcel



50' scale
= 1"

LT 3 BLK 37
REXBURG TST