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Form 42-248(6) 3/07

RECEIVED

AUG 26 2010

WATER RESOURCES
WESTERN REGION

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).: Please see Schedule A attached

   Adjudication Claim No(s).: ~~Please see Schedule A attached.~~

2. The following **REQUIRED** information must be submitted with this form:

   A) Evidence of the security interest. This may be a copy of a **DEED of TRUST, MORTGAGE, CONTRACT OF SALE** or other legal document indicating your interest in the property and water rights or claims in question, **WITH ATTACHED LEGAL DESCRIPTION**.

   B) A **FEE** of **$25.00 per water right** or adjudication claim.

3. Name and Mailing Address of Person or Company holding Security Interest

   Hawley Troxell Ennis & Hawley LLP
   Attn: Susan Olsen
   877 Main St. Ste 1000

   Boise, ID 83712-1617

4. Name of Water Right Owner/Claimant(s) Trinity ~~Tinity~~ Springs, Ltd.

5. Expiration Date of Notification Period perpetual

6. Is this a Renewal of Request for Notification? ☐ YES ☒ NO

7. Signature(s) of Security Interest holder(s) (and title if applicable) Hawley Troxell Ennis & Hawley, LLP
   By Thomas Chandler
   THOMAS CHANDLER
   Partner

For Office Use Only

Received by	SB	Date	8-26-10	Fee	350.
Receipted by	gmh	Date	8-26-10	Receipt No.	W038687
Processed by	AJ	Date		WR	Date 9-15-10

SUPPORT DATA

IN FILE # 63-4221

NOTICE OF SECURITY INTEREST IN A WATER RIGHT

SCHEDULE A

1. Water Permit No. 63-11439
2. Water Permit No. 63-12316
3. Water Permit No. 63-12317
4. Water Permit No. 63-31526
5. Water Permit No. 63-32016
6. Any and all rights, entitlement and interests associated with the cold water well at the site of common boundary between SE ¼ NE ¼ and NE ¼ NE ¼ of Section 5, Township 2 North, Range 10 East, Boise Meridian
7. Contract No. 2-07-10-W0943 (Industrial Water Service Contract with the U.S. Department of Interior, Bureau of Reclamation)
8. Water Right No. 63-4327, Notice of Claim in re SRBA Case No.39576;
9. Water Right Decree No. 63-8206, in re SRBA Case No. 39576, Water Right License No. 63-8206, and Partial Decree No. 63-8206;
10. Water Right Decree No. 63-8207, in re SRBA Case No. 39576, Water Right License No. 63-8207 and Partial Decree No. 63-8207;
11. Water Right License No. 63-11051, and any claim, decree or partial decree in re SRBA Case No. 39576;
12. Water Right License No. 63-11053, and any claim, decree or partial decree in re SRBA Case No. 39576;
13. Water Right Decree No. 63-27144, in re SRBA Case No. 39576; and Partial Decree Number 63-27144;
14. Water Right Decree No. 63-4221; in re SRBA Case No. 39576;
15. Water Right License No. 63-10559, and any claim, decree or partial decree in re SRBA Case No. 39576;
16. Water Right License No. 63-10560, and any claim, decree or partial decree in re SRBA Case No. 39576;
17. Any and all other rights, title and interest of Trinity Springs, Inc. to use or control water, including those associated with Paradise Lodge and Paradise Subdivision and those held in the name of Paradise Homeowners' Association.

After recording return to:

William C. Wardwell
HAWLEY TROXELL ENNIS & HAWLEY LLP
Post Office Box 1617
Boise, ID 83702-1617

Instrument # 408322
Elmore County, Idaho
09:57am Jul.17,2009
For: HAWLEY TROXELL ENNIS & HAWI
No. of Pages: 39 Fee: $117.0
MARSA PLUMMER, Recorder
Deputy: VG

DEED OF TRUST WITH ASSIGNMENT OF LEASES AND RENTS, SECURITY AGREEMENT, AND FIXTURE FILING

This Deed of Trust with Assignment of Leases and Rents, Security Agreement, and Fixture Filing (this "**Deed of Trust**") is dated effective as of July 11, 2009 ("**Effective Date**"), from Trinity Springs Ltd., f/k/a Crystal Paradise Holdings, Inc., an Idaho corporation (the "**Grantor**"), whose address is c/o Joseph Roxstrom, 28 Thomas Grove, Pittsford, New York 14534, to First American Title Company ("**Trustee**"), whose address is 190 North 3rd East Street, Mountain Home, Idaho 83647, for the benefit of Hawley Troxell Ennis & Hawley LLP, an Idaho limited liability partnership (the "**Beneficiary**"), whose current address is 877 W. Main St., Suite 1000, Boise, Idaho 83702.

ARTICLE 1
BACKGROUND

Section 1.1 **Loan and Loan Amount**. Beneficiary has, since May 17, 2007, provided certain professional services to Grantor on credit (the "**Loan**"), the aggregate principal amount of which was, as of the Effective Date, approximately $1,199,211.75 (the "**Loan Amount**"). The Loan Amount is expected to increase after the Effective Date as interest continues to accrue and as Beneficiary continues to provide professional services to Grantor on credit.

Section 1.2 **Note**. the Loan is evidenced by a certain Promissory Note dated of even date herewith, given by Grantor to Beneficiary (the "**Note**"), with interest thereon as set forth in the Note, such interest and the principal amount thereof to be payable in accordance with the terms and conditions provided in the Note

Section 1.3 **Security**. Grantor desires to secure the payment of the Indebtedness (as hereinafter defined) and the performance of its obligations under the Loan Documents.

Section 1.4 **Lien Status**. In consideration of the making of the Loan and other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, Grantor hereby agrees, covenants, represents, and warrants with and to Beneficiary as set forth in the Deed of Trust.

ARTICLE 2
DEFINITIONS

Section 2.1 **Definitions**. As used herein, the following terms shall have the following meanings:

"**Affiliate**" means, as to any Person: (i) any corporation in which such Person or any partner, shareholder, director, officer, member, or manager of such Person, at any level, directly or indirectly owns or controls more than twenty percent (20%) of the beneficial interest, (ii) any partnership, joint venture or limited liability company in which such Person or any partner, shareholder, director, officer, member, or manager of such Person, at any level, is a partner, joint venturer or member, (iii) any trust in which such Person or any partner, shareholder, director, officer, member, or manager of such Person, at any level, or any individual related by birth, adoption, or marriage to such Person, is a trustee or beneficiary, (iv) any entity of any type that is directly or indirectly owned or controlled by (or is under common control with) such Person or any partner, shareholder, director, officer, member, or manager of such Person, at any level, (v) any partner, shareholder, director, officer, member, manager, or employee of such Person, or (vi) any individual related by birth, adoption, or marriage to any partner, shareholder, director, officer, member, manager, or employee of such Person. Each Grantor Party shall be deemed to be an Affiliate of Grantor.

"**Business Day**" means a day other than a Saturday, a Sunday, or a legal holiday on which national banks located in the state of Idaho are not open for general banking business.

"**Closing Date**" means the date hereof.

"**Debt**" means, for any Person, without duplication: (i) all indebtedness of such Person for borrowed money, for amounts drawn under a letter of credit, or for the deferred purchase price of property for which such Person or any of its assets is liable, (ii) all unfunded amounts under a loan agreement, letter of credit, or other credit facility for which such Person or any of its assets would be liable or subject, if such amounts were advanced under the credit facility, (iii) all amounts required to be paid by such Person as a guaranteed payment to partners or a preferred or special dividend, including any mandatory redemption of shares or interests, (iv) all indebtedness guaranteed by such Person, directly or indirectly, (v) all obligations under leases that constitute capital leases for which such Person or any of its assets is liable or subject, and (vi) all obligations of such Person under interest rate swaps, caps, floors, collars, and other interest hedge agreements, in each case whether such Person or any of its assets is liable or subject, contingently or otherwise, as obligor, guarantor or otherwise, or in respect of which obligations such Person otherwise assures a creditor against loss.

"**Environmental Laws**" as defined in the Indemnity.

"**Grantor Party**" means anyone with any beneficial ownership in Grantor.

"**Guaranty**" means that certain Personal Guaranty dated August 16, 2007, executed by Robert E. Burns in favor of Beneficiary, as amended and as may hereafter be amended or restated.

"**Hazardous Materials**" as defined in the Indemnity.

"**Indebtedness**" The sum of all (i) principal, interest, and other amounts due under or secured by the Loan Documents, (ii) principal, interest, and other amounts which may hereafter be loaned by Beneficiary, its successors or assigns, to or for the benefit of the owner of the Mortgaged Property, when evidenced by a promissory note or other instrument that, by its terms, is secured hereby, (iii) all other indebtedness, obligations, and liabilities now or hereafter existing of any kind of Grantor to Beneficiary, including, without limitation, any amounts

advanced by Beneficiary under the terms of this Deed of Trust, and (iv) any and all renewals, increases, extensions, modifications, rearrangements, or restatements of the Loan Documents, together with all costs, expenses, and attorneys' fees incurred in connection with the enforcement or collection thereof.

"**Indemnity**" means that certain Environmental Indemnity Agreement dated of even date herewith, executed by Grantor in favor of Beneficiary, as the same may hereafter be amended or restated.

"**Lien**" means any interest, or claim thereof, in the Mortgaged Property securing an obligation owed to, or a claim by, any Person other than the owner of the Mortgaged Property, whether such interest is based on common law, statute, or contract, including the lien or security interest arising from a deed of trust, mortgage, assignment, encumbrance, pledge, security agreement, conditional sale, judgment, or trust receipt or a lease, consignment, or bailment for security purposes. The term "Lien" shall include reservations, exceptions, encroachments, easements, rights of way, covenants, conditions, restrictions, leases, and other title exceptions and encumbrances affecting the Mortgaged Property.

"**Loan Documents**" means (i) the Note, (ii) this Deed of Trust, (iii) the Indemnity, (iv) UCC financing statements, (v) the Guaranty, (vi) such assignments of management agreements, contracts, and other rights as may be required by Beneficiary, (vii) all other documents now or hereafter executed by Grantor, or any other person or entity, to evidence or secure the payment of the Indebtedness or the performance of the Obligations, and (viii) all modifications, restatements, extensions, renewals, and replacements of the foregoing.

"**Mortgaged Property**" means (i) the real property located in Elmore County, as further described in Exhibit A annexed hereto, together with any greater estate therein which hereafter may be acquired by Grantor (the "**Land**"), (ii) all buildings, structures, and other improvements, now or at any time situated, placed, or constructed upon the Land (the "**Improvements**"), (iii) all materials, supplies, equipment, apparatus, and other items of personal property now owned or hereafter acquired by Grantor and now or hereafter attached to, installed in, or used in connection with any of the Improvements or the Land, and water, gas, electrical, storm and sanitary sewer facilities, and all other utilities whether or not situated in easements (the "**Fixtures**"), (iv) all right, title, and interest of Grantor in and to all goods, accounts, general intangibles, instruments, documents, chattel paper, and all other personal property of any kind or character, including such items of personal property as defined in the UCC, now owned or hereafter acquired by Grantor and now or hereafter affixed to, placed upon, used in connection with, arising from, or otherwise related to the Land and Improvements or that may be used in or relating to the planning, development, financing, or operation of the Mortgaged Property, including, without limitation, account receivables, payment intangibles, letters of credit, deposit accounts, investment property, commercial tort claims, furniture, furnishings, equipment, machinery, money, insurance proceeds, accounts, contract rights, trademarks, goodwill, chattel paper, documents, trade names, licenses, franchise agreements, rights of Grantor under leases of fixtures or other personal property or equipment, general intangibles, inventory, and all refundable, returnable, or reimbursable fees, deposits or other funds or evidences of credit or indebtedness deposited by or on behalf of Grantor with any governmental authorities, boards, corporations, providers of utility services, public or private, including specifically, but without limitation, all refundable, returnable, or reimbursable tap fees, utility deposits, commitment fees, and development costs (the "**Personalty**"), (v) all plans, specifications, shop drawings, and other technical descriptions prepared for construction, repair, or alteration of the Improvements, and all amendments and modifications thereof (the "**Plans**"), (vi) all leases, other rental

agreements, subleases, licenses, concessions, occupancy agreements, or other agreements (written or oral, now or hereafter made at any time while this Deed of Trust is in effect), together with any extensions or renewals thereof, that grant a possessory interest in, or the right to use, all or any part of the Mortgaged Property, together with all related security and other deposits (the "**Leases**"), (vii) rents, revenues, income, proceeds, profits, security, and other types of deposits, and other benefits paid or payable by parties to the Leases other than Grantor, for using, leasing, licensing, possessing, operating from, residing in, selling, or otherwise enjoying the Mortgaged Property (the "**Rents**"), (viii) all other agreements, such as construction contracts, architects agreements, engineers' contracts, utility contracts, maintenance agreements, management agreements, service contracts, permits, licenses, certificates and entitlements in any way relating to the development, construction, use, occupancy, operation, maintenance, enjoyment, acquisition, or ownership of the Mortgaged Property, including without limitation that certain Industrial Water Service Contract (the "**Mortgaged Property Agreements**"), (ix) all rights, privileges, tenements, hereditaments, rights of way, easements, appendages and appurtenances appertaining to the foregoing, and all right, title, and interest, if any, of Grantor in and to any streets, ways, alleys, strips, or gores of land adjoining the Land or any part thereof, (x) all accessions, replacements, and substitutions for any of the foregoing and all proceeds thereof, (xi) all insurance policies, unearned premiums therefor, and proceeds from such policies covering any of the aforesaid property now or hereafter acquired by Grantor, (xii) all of Grantor's right, title, and interest in and to any awards, remunerations, reimbursements, settlements, or compensation heretofore made or hereafter to be made by any governmental authority pertaining to the Land, Improvements, Fixtures, or Personalty, (xiii) all mineral, water, oil, and gas rights now or hereafter acquired relating to all or any part of the Land, including without limitation all of those rights listed in Exhibit B annexed hereto, and (xiv) all proceeds of the foregoing, both cash and non-cash. As used in this Deed of Trust, the term "Mortgaged Property" shall mean all or, where the context permits or requires, any portion of the aforesaid property or any interest therein.

"**Obligations**" means all of the agreements, promises, covenants, conditions, warranties, representations, and other obligations made or undertaken by Grantor or any other person or entity to Beneficiary or others as set forth in the Loan Documents.

"**Permitted Encumbrances**" means: (i) the outstanding easements and restrictions set forth in Exhibit C annexed hereto, (ii) those certain the attorney's liens vested in Greener Burke Shoemaker P.A. and in Hawley Troxell Ennis & Hawley LLP, (iii) the Lien of Robert Burns arising out of that certain Secured Promissory Note and that certain Security Agreement, each dated as of April 23, 2008, and (iv) other matters Beneficiary hereafter, with specific reference to this definition, approves in writing.

"**Person**" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, trustee, estate, limited liability company, unincorporated organization, real estate investment trust, government or any agency or political subdivision thereof, or any other form of entity.

"**Potential Default**" means the occurrence of any event or condition which, with the giving of notice, the passage of time, or both, would constitute an Event of Default.

"**Site Assessment**" as defined in the Indemnity.

"**Transfer**" means any direct or indirect sale, transfer, conveyance, installment sale, master lease, mortgage, pledge, encumbrance, grant of Lien or other interest, alienation,

or assignment, whether voluntary or involuntary, of all or any portion of the legal or beneficial ownership of, or any interest in (i) the Mortgaged Property, or any part thereof, or (ii) Grantor, including any agreement to transfer or cede to another Person any voting, management, or approval rights, or any other rights, appurtenant to any such legal or beneficial ownership or other interest. "Transfer" is specifically intended to include any pledge or assignment, directly or indirectly, of a controlling interest in Grantor, any general partner, member, controlling limited partner or controlling shareholder for purposes of securing so-called "mezzanine" indebtedness.

"**UCC**" means the Uniform Commercial Code as enacted and in effect in the state where the Mortgaged Property is located (as it may from time to time be amended); provided, however, that to the extent that the UCC is used to define any term in this Deed of Trust or in any other Loan Document and such term is defined differently in different Articles or Divisions of the UCC, the definition of such term contained in Article or Division 9 shall govern; provided further, however, that if, by reason of mandatory provisions of law, any or all of the attachment, perfection or priority of, or remedies with respect to, Beneficiary's Lien on any Mortgaged Property is governed by the Uniform Commercial Code as enacted and in effect in a jurisdiction other than the state where the Mortgaged Property is located, the term "UCC" shall mean the Uniform Commercial Code as enacted and in effect in such other jurisdiction solely for the purposes of the provisions thereof relating to such attachment, perfection, priority, or remedies and for purposes of definitions related to such provisions.

ARTICLE 3
GRANT

To secure the payment of the Indebtedness in accordance with the terms and conditions hereof and of the Note and of the Loan Documents, and all extensions, modifications, and renewals thereof, and the performance of the covenants and agreements contained therein, and also to secure the payment of any and all other Indebtedness, direct or contingent, that may now or hereafter become owing from Grantor to Beneficiary in connection with the Loan Documents, and in consideration of the Loan Amount in hand paid, receipt of which is hereby acknowledged, Grantor hereby irrevocably grants, bargains, pledges, sells, warrants, conveys, alienates, remises, releases, assigns, sets over, and confirms to Beneficiary a security interest in all right, title, and interest of Grantor now owned or hereafter acquired in and to the Mortgaged Property, with power of sale and right of entry and possession.

ARTICLE 4
WARRANTIES, REPRESENTATIONS, AND COVENANTS

Grantor warrants, represents, and covenants to Beneficiary as follows:

Section 4.1 Title to Mortgaged Property and Lien of This Instrument. Grantor owns the Mortgaged Property free and clear of any and all liens, except the Permitted Encumbrances. This Deed of Trust creates valid, enforceable liens and security interests against the Mortgaged Property subject only to the Permitted Encumbrances. Grantor shall, without liability, cost, or expense to Beneficiary or Trustee, protect, preserve, and defend title to the Mortgaged Property. Grantor shall give Beneficiary and Trustee written notice immediately upon knowledge of any challenge to title to the Mortgaged Property.

Section 4.2 **Lien Status**. This Deed of Trust is a valid first lien against the Mortgaged Property, subject to the Permitted Encumbrances. Grantor shall preserve and protect the security interest status of this Deed of Trust and the other Loan Documents. If any other lien or security interest other than the Permitted Encumbrances is asserted against any of the Mortgaged Property, Grantor shall promptly, and at its expense, (i) give Beneficiary a detailed written notice of such lien or security interest (including origin, amount and other terms), and (ii) pay the underlying claim in full or take such other action so as to cause the lien or security interest to be released within sixty (60) days.

Section 4.3 **Payment and Performance**. Grantor shall pay the Indebtedness when due under the Loan Documents and shall perform the Obligations in full when they are required to be performed.

Section 4.4 **Replacement of Fixtures and Personalty**. Grantor shall not, without the prior written consent of Beneficiary, permit any of the Fixtures or Personalty to be removed at any time from the Land or Improvements, unless the removed item is removed temporarily for maintenance and repair or, if removed permanently, is obsolete or is replaced by an article of equal or better suitability and value, owned by Grantor, subject to the liens and security interests of this Deed of Trust and the other Loan Documents, and free and clear of any other lien or security interest except such as may be first approved in writing by Beneficiary.

Section 4.5 **Maintenance of Rights of Way, Easements, and Licenses**. Grantor shall maintain all rights of way, easements, grants, privileges, licenses, certificates, permits, entitlements and franchises necessary for the use of the Mortgaged Property and will not, without the prior consent of Beneficiary, consent to any public restriction (including any zoning ordinance) or private restriction as to the use of the Mortgaged Property. Grantor shall comply with all restrictive covenants affecting the Mortgaged Property and all zoning ordinances and other public or private restrictions as to the use of the Mortgaged Property.

Section 4.6 **Inspection**. Grantor shall permit Beneficiary, and Beneficiary's agents, representatives, and employees, upon prior notice to Grantor, to inspect the Mortgaged Property and conduct such environmental and engineering studies as Beneficiary may require,. The inspections and studies shall not materially interfere with the use and operation of the Mortgaged Property.

Section 4.7 **Material Changes**. Grantor shall promptly notify Beneficiary of the occurrence of any of the following: (i) fire or other casualty in excess of $5,000.00; (ii) receipt of notice of condemnation; (iii) receipt of notice of any violation of law; (iv) commencement of any litigation involving a claim not fully covered by insurance and defended by the carrier in excess of $5,000.00; (v) a change in tax assessment or proposed assessment; (vi) receipt of a claim from the holder of any lien or security interest; (vii) Grantor's discovery of any spill, discharge, release or presence of any Hazardous Material at, upon, under, within, contiguous to or otherwise affecting the Mortgaged Property; or (viii) other material facts affecting the Mortgaged Property.

Section 4.8 **Environmental Compliance**. The Mortgaged Property is in compliance with all applicable federal, state, local, and all other environmental laws, rules, and regulations.

Section 4.9 **Other Covenants**. All of the covenants in all Loan Documents are incorporated herein by reference and, together with the covenants in this Article 4, shall be

covenants running with the land. These covenants include, among other provisions: (i) the prohibition against the further sale, transfer or encumbering of any of the Mortgaged Property, (ii) the obligation to pay when due all taxes on the Mortgaged Property or assessed against Beneficiary with respect to the Loan, (iii) the right of Beneficiary to inspect the Mortgaged Property, (iv) the obligation to keep the Mortgaged Property insured as Beneficiary may require, (v) the obligation to comply with all legal requirements (including environmental laws), maintain the Mortgaged Property in good condition and promptly repair any damage or casualty, (vi) Beneficiary's right to receive all casualty and condemnation proceeds applicable to the Mortgaged Property as Beneficiary elects, and (vii) except as otherwise permitted under the Loan Documents, the obligation of Grantor to obtain Beneficiary's consent prior to entering into, modifying, or taking of other actions with respect to Leases of the Mortgaged Property. As used herein, "Grantor" shall refer to the party named in the first paragraph of this Deed of Trust and to any subsequent owner of all or any portion of the Mortgaged Property (without in any way implying that Beneficiary has or will consent to any such conveyance or transfer of the Mortgaged Property). All persons or entities that may have or acquire an interest in the Mortgaged Property shall be deemed to have notice of, and be bound by, the terms of the Note and the other Loan Documents; provided, however, no such party shall be entitled to any rights thereunder without the prior written consent of Beneficiary.

Section 4.10 Eminent Domain, Condemnation Awards and Insurance Proceeds.

(a) **Eminent Domain.** As to any taking of the Mortgaged Property by the exercise of power of eminent domain or purchase under threat thereof, (i) Grantor shall notify Beneficiary promptly of all action taken and, to Grantor's knowledge, proposed to be taken with respect thereto; (ii) Grantor shall not exercise or waive any right with respect thereto, without the prior consent of Beneficiary; and (iii) Beneficiary shall be entitled to receive the award of proceeds, and, at its sole option, to apply the same on account of the Note (remitting the balance, if any, to Grantor) and/or to reimburse Grantor for the cost of the repair of the Mortgaged Property pursuant to this Section.

(b) **Condemnation Awards.** Grantor assigns all awards and compensation for any condemnation or other taking, or any purchase in lieu thereof, to Beneficiary, and authorizes Beneficiary to collect and receive such awards and compensation and to give proper receipts and acquittances therefor, subject to the terms of the Loan Documents. Grantor hereby expressly agrees that Beneficiary shall not be limited to the interest paid on the proceeds of any such awards or compensation, and further agrees to pay to Beneficiary the difference, if any, between (i) the interest received by Beneficiary on such awards or compensation, and (ii) the Interest Rate provided in the Note from the date of the appropriation, condemnation, or other taking of the Mortgaged Property or any portion thereof to the date on which payment under the Note is demanded by the holder thereof. The obligations and agreements of Grantor contained in this paragraph shall survive the payment to Beneficiary of any awards or compensation for an appropriation, condemnation or other taking, and shall terminate only upon payment in full by Grantor to Beneficiary of the sums referred to herein.

Section 4.11 Insurance Proceeds. Grantor assigns to Beneficiary all proceeds of any insurance policies insuring against loss or damage to the Mortgaged Property. Grantor authorizes Beneficiary to collect and receive such proceeds, and authorizes and directs the issuer of each of such insurance policies to make payment for all such losses directly to Beneficiary as the sole loss payee, instead of to Grantor and Beneficiary jointly.

Section 4.12 Commercial Loan Transaction; Use of Loan Proceeds. This Deed of Trust is delivered in connection with a business or commercial transaction, and Grantor further warrants that the Loan proceeds shall be utilized for the purpose of funding legal services relating to the Mortgaged Property. The advance of the Loan shall be made upon Grantor's satisfaction of the conditions set forth in this Deed of Trust and any other conditions required by Beneficiary.

Section 4.13 Reimbursement of Expenses. Grantor shall pay all costs and expenses incurred by Trustee and Beneficiary in connection with the negotiation, documentation, closing, disbursement, and administration of the Loan and Loan Documents, including fees and expenses of Trustee's and Beneficiary's attorneys, and Trustee's and Beneficiary's environmental, engineering, accounting and other consultants, fees, charges, and taxes for the recording or filing of Loan Documents; financial investigation, audit, and inspection fees and costs, settlement of condemnation and casualty awards, title search costs, premiums for title insurance and endorsements thereto, and fees and costs for UCC and litigation searches and background checks. Grantor shall, upon request, promptly reimburse Trustee and Beneficiary for all amounts expended, advanced, or incurred by Beneficiary to collect the Note, or to enforce the rights of Trustee and Beneficiary under this Deed of Trust or any other Loan Document, or to defend or assert the rights and claims of Beneficiary under the Loan Documents or with respect to the Mortgaged Property (by litigation, in any bankruptcy proceeding, or other proceedings), which amounts will include all court costs, attorneys' fees and expenses (including attorneys' fees and expenses in connection with any bankruptcy proceedings), fees of auditors and accountants, and investigation expenses as may be incurred by Trustee and Beneficiary in connection with any such matters (whether or not litigation is instituted), together with interest on each such amount from the date of disbursement until the date of reimbursement to Trustee and Beneficiary, all of which shall constitute part of the Loan and shall be secured by the Loan Documents.

Section 4.14 Insurance. Grantor shall maintain insurance as follows:

(a) **Casualty.** Grantor shall keep the Mortgaged Property insured against damage by fire and the other hazards and casualties covered by a standard extended coverage and all-risk insurance policy for the full insurable value thereof, but not less than the Loan Amount, on a replacement cost claim recovery basis (without reduction for depreciation or co-insurance and without any exclusions or reduction of policy limits for acts of terrorism or other specified action/inaction), and shall maintain such other casualty insurance as is reasonably required by Beneficiary from time to time, including, without limitation, earthquake and windstorm.

(b) **Liability.** Grantor shall maintain comprehensive general liability insurance, including coverage for claims of bodily injury and property damage, with a minimum combined single limit of not less than $1,000,000 per occurrence (to include personal injury coverage), with an aggregate limit of $1,000,000, and shall maintain such other liability insurance as is reasonably required by Beneficiary from time to time.

(c) **Flood.** Grantor shall keep the Mortgaged Property insured against loss by flood if the Mortgaged Property is located currently or at any time in the future in an area identified by the Federal Emergency Management Agency as an area having special flood hazards and in which flood insurance has been made available under the National Flood Insurance Act of 1968, the Flood Disaster Protection Act of 1973 or the National Flood Insurance Reform Act of 1994 (as such acts may from time to time be amended) in an amount

not less than the lesser of (i) the Loan Amount or (ii) the maximum limit of coverage available under said acts. Any such flood insurance policy shall be issued in accordance with the requirements and current guidelines of the Federal Insurance Administration.

(d) **Form and Quality of Insurance**. All insurance policies shall be endorsed in form and substance acceptable to Beneficiary to name Beneficiary as an additional insured, lender's loss payable and mortgagee thereunder, as its interest may appear, with loss payable to Beneficiary, without contribution, under a standard New York (or local equivalent) mortgagee clause. All such insurance policies and endorsements shall be fully paid for, shall be issued by appropriately licensed insurance companies acceptable to Beneficiary with a rating of "A-:IX" or better as established by A.M. Best's Rating Guide, and shall be in such form, and shall contain such provisions, deductibles (with no increased deductible for acts of terrorism or other specified action/inaction) and expiration dates, as are acceptable to Beneficiary. Each policy shall provide that such policy may not be canceled or materially changed except upon thirty (30) days' prior written notice of intention of non-renewal, cancellation or material change to Beneficiary, and that no act or thing done by Grantor shall invalidate any policy as against Beneficiary. Blanket policies shall be permitted only if Beneficiary receives appropriate endorsements and/or duplicate policies containing Beneficiary's right to continue coverage on a pro rata pass-through basis, and that coverage will not be affected by any loss on other properties covered by the policies. If Grantor fails to maintain insurance in compliance with this Section 4.14, Beneficiary may obtain such insurance and pay the premium therefor, and Grantor shall, on demand, reimburse Beneficiary for all expenses incurred in connection therewith.

(e) **Assignment of Insurance**. Grantor shall assign the policies or proofs of insurance to Beneficiary, in such manner and form that Beneficiary and its successors and assigns shall at all times have and hold the same as security for the payment of the Loan. Grantor shall deliver copies of all original policies certified to Beneficiary by the insurance company or authorized agent as being true copies, together with the endorsements required hereunder. If Grantor elects to obtain any insurance which is not required under this Deed of Trust (including earthquake insurance), all related insurance policies shall be endorsed in compliance with Section 4.14(d), and such additional insurance shall not be canceled without prior notice to Beneficiary. From time to time upon Beneficiary's request, Grantor shall identify to Beneficiary all insurance maintained by Grantor with respect to the Mortgaged Property. The proceeds of insurance policies coming into the possession of Beneficiary shall not be deemed trust funds, and Beneficiary shall be entitled to apply such proceeds as herein provided.

(f) **Insurance Adjustment**. Grantor shall give immediate written notice of any loss to the insurance carrier and to Beneficiary. Grantor hereby irrevocably authorizes and empowers Beneficiary, as attorney-in-fact for Grantor coupled with an interest, to notify any of Grantor's insurance carriers to add Beneficiary as a lender's loss payable, mortgagee and additional insured, as the case may be, to any policy maintained by Grantor (regardless of whether such policy is required under this Deed of Trust), to make proof of loss, to adjust and compromise any claim under insurance policies, to appear in and prosecute any action arising from such insurance policies, to collect and receive insurance proceeds, and to deduct therefrom Beneficiary's expenses incurred in the collection of such proceeds; provided, however, nothing contained in this Section 4.14(f) shall require Beneficiary to incur any expense or take any action hereunder.

(g) **Additional Insurance**. Grantor shall not maintain any separate or additional insurance which is contributing in the event of loss unless it is properly endorsed and otherwise satisfactory to Beneficiary in all respects. The proceeds of insurance paid on account

of any damage or destruction to the Mortgaged Property shall be paid to Beneficiary to be applied as provided in Section 4.14(h).

(h) **Use and Application of Insurance Proceeds**. Beneficiary shall apply all or a portion of the insurance proceeds (i) to the cost of restoration of the Mortgaged Property or (ii) to the repayment of the Loan, as Beneficiary shall determine in its sole discretion. Insurance proceeds applied to restoration will be disbursed on receipt of satisfactory plans and specifications, contracts and subcontracts, schedules, budgets, lien waivers and architects' certificates, and otherwise in accordance with prudent commercial construction lending practices for construction loan advances. Any insurance proceeds remaining after payment of all restoration costs shall be applied by Beneficiary to the Loan balance or, at Beneficiary's sole option, remitted to Grantor.

Section 4.15 Condemnation Awards. Grantor shall immediately notify Beneficiary of the institution of any proceeding for the condemnation or other taking of the Mortgaged Property or any portion thereof. Beneficiary may participate in any such proceeding, and Grantor will deliver to Beneficiary all instruments necessary or required by Beneficiary to permit such participation. Without Beneficiary's prior consent, Grantor (i) shall not agree to any compensation or award, and (ii) shall not take any action or fail to take any action which would cause the compensation to be determined. All awards and compensation for the taking or purchase in lieu of condemnation are hereby assigned to and shall be paid to Beneficiary. Grantor authorizes Beneficiary to collect and receive such awards and compensation, to give proper receipts and acquittances therefor, and in Beneficiary's sole discretion to apply the same toward the payment of the Loan. Grantor, upon request by Beneficiary, shall execute all instruments requested to confirm the assignment of the awards and compensation to Beneficiary, free and clear of all liens, charges or encumbrances.

Section 4.16 Environmental Matters. All representations, warranties, covenants, and indemnities relating to environmental matters set forth in the Indemnity are incorporated into this Deed of Trust by reference thereto as if set forth in full herein.

(a) **Allocation of Risks and Indemnity**. As between Grantor and Beneficiary, all risk of loss associated with non-compliance with Environmental Laws, or with the presence of any Hazardous Materials at, upon, within, contiguous to or otherwise affecting the Mortgaged Property, shall lie solely with Grantor and each Grantor Party, as applicable, and not with Trustee and Beneficiary. Accordingly, Grantor shall bear all risks and costs associated with any loss (including any loss in value attributable to Hazardous Materials), damage or liability therefrom, including all costs of removal of Hazardous Materials or other remediation required by Beneficiary or by law. Grantor shall at all times indemnify, defend and hold Trustee and Beneficiary harmless from and against any and all claims, suits, actions, debts, damages, losses, liabilities, litigation, judgments, charges, costs and expenses (including reasonable costs of defense and consultant fees, investigation and laboratory fees, court costs, and other litigation expenses), of any nature whatsoever proffered or incurred by Beneficiary (hereinafter collectively referred to as "**Liabilities**"), whether as mortgagee or beneficiary under the Deed of Trust, as mortgagee in possession, or as successor-in-interest to Grantor by foreclosure deed or deed in lieu of foreclosure, and whether based in contract, tort, implied or express warranty, strict liability, criminal or civil statute or common law, including those Liabilities arising from the joint, concurrent or comparative negligence of Beneficiary, under or on account of the Environmental Laws, including the assertion of any lien thereunder, with respect to: (i) a breach of any representation, warranty or covenant of Grantor contained in this Section 4.16; (ii) any acts performed by Beneficiary pursuant to the provisions of this Section 4.16; (iii) the past,

present, or future presence, of any discharge or release of Hazardous Materials, the threat of discharge or release of any Hazardous Materials or the storage or presence of any Hazardous Materials affecting the Mortgaged Property whether or not the same originates or emanates from the Mortgaged Property or any contiguous real estate, including any loss of value of the Mortgaged Property as a result of the foregoing; (iv) any costs of removal or remedial action incurred by the United States Government or any costs incurred by any other Person or damages from injury to, destruction of, or loss of natural resources including reasonable costs of assessing such injury, destruction or loss incurred pursuant to any Environmental Laws; (v) liability for any personal injury (including wrongful death) or property damage (real or personal) arising under any statutory or common law tort theory, including, without limitation, damages assessed for the maintenance of a public or private nuisance or for the carrying on of an abnormally dangerous activity at, upon, under or within the Mortgaged Property; and/or (vi) any other environmental matter affecting the Mortgaged Property within the jurisdiction of the Environmental Protection Agency, any other federal agency or any state or local environmental agency. The foregoing notwithstanding, Grantor shall not be liable under the foregoing indemnification to the extent any such loss, liability, damage, claim, cost or expense resulting solely from Beneficiary's gross negligence or willful misconduct. Grantor's obligations under this Section 4.16 shall arise upon the discovery of the presence of any Hazardous Material or other violation of any Environmental Laws, whether or not the Environmental Protection Agency, any other federal agency or any state or local environmental agency has taken or threatened any action in connection with the presence of any Hazardous Materials, and whether or not the existence of any such Hazardous Material or potential liability on account thereof is disclosed in the Site Assessment, and shall continue notwithstanding the repayment of the Loan or any transfer or sale of any right, title and interest in the Mortgaged Property (by foreclosure, deed in lieu of foreclosure or otherwise); provided, however, after title to the Mortgaged Property is transferred to a third party or to Beneficiary, Grantor shall not be required to indemnify Beneficiary with regard to the discharge or presence of Hazardous Materials at, on or under the Mortgaged Property when such discharge or presence of Hazardous Material first arose after the transfer of the Mortgaged Property to such third party or Beneficiary.

(b) **Beneficiary's Right to Protect Mortgaged Property**. If (i) any discharge of Hazardous Materials or the threat of a discharge of Hazardous Material affecting the Mortgaged Property occurs, whether originating or emanating from the Mortgaged Property or any contiguous real estate, and/or (ii) Grantor fails to comply with any Environmental Laws or related regulations, Beneficiary may, at its election but without the obligation to do so, give such notices and/or cause such work to be performed at the Mortgaged Property and/or take any and all other actions as Beneficiary shall deem necessary or advisable in order to abate the discharge of any Hazardous Material, remove the Hazardous Material or cure Grantor's non-compliance.

(c) **No Waiver**. Notwithstanding any provision in this Section 4.16 or elsewhere in the Loan Documents, or any rights or remedies granted by the Loan Documents, Beneficiary does not waive and expressly reserves all rights and benefits now or hereafter accruing to Beneficiary under any "security interest" or "secured creditor" exception under applicable Environmental Laws, as the same may be amended. No action taken by Beneficiary pursuant to the Loan Documents shall be deemed or construed to be a waiver or relinquishment of any such rights or benefits under any "security interest exception".

Section 4.17 Additional Covenants. Grantor covenants and agrees with Beneficiary as follows:

(a) **Due on Sale and Encumbrance; Transfers of Interests.** Without the prior written consent of Beneficiary, no Transfer shall occur; and neither Grantor nor any other Person having an ownership or beneficial interest in Grantor shall enter into any easement or other agreement granting rights in or restricting the use or development of the Mortgaged Property.

(b) **Taxes; Charges.** Grantor shall pay, before any fine, penalty, interest, or cost may be added thereto, and shall not enter into any agreement to defer, any real estate taxes and assessments, franchise taxes, and charges, and other governmental charges that may become a Lien upon the Mortgaged Property or become payable during the Loan Term (as defined in the Note), and will promptly furnish Beneficiary with evidence of such payment.

(c) **Taxes Relating to Deed of Trust.** Grantor shall pay all taxes, charges, filing, registration, and recording fees, excises, and levies payable with respect to the Note, this Deed of Trust, or the Liens created or secured by the Loan Documents. If there shall be enacted any law (i) deducting the Loan from the value of the Mortgaged Property for the purpose of taxation, (ii) affecting any Lien on the Mortgaged Property, or (iii) changing existing laws of taxation of mortgages, deeds of trust, security deeds, or debts secured by real property, or changing the manner of collecting any such taxes, Grantor shall promptly pay to Beneficiary, on demand, all taxes, costs, and charges for which Beneficiary is or may be liable as a result thereof; provided, however, if such payment would be prohibited by law or would render the Loan usurious, then instead of collecting such payment, Beneficiary may declare all amounts owing under the Loan Documents to be immediately due and payable. Grantor shall pay when due all claims and demands of mechanics, materialmen, laborers, and others which, if unpaid, might result in a Lien on the Mortgaged Property.

(d) **Contesting of Taxes.** Notwithstanding anything to the contrary set forth herein, Grantor may contest the validity of any taxes, claims, and demands described in this Section 4.17 so long as (i) Grantor notifies Beneficiary that it intends to contest such claim or demand, (ii) Grantor provides Beneficiary with an indemnity, bond, or other security satisfactory to Beneficiary assuring the discharge of Grantor's obligations for such taxes, claims, and demands, including interest and penalties, and (iii) Grantor is diligently contesting the same by appropriate legal proceedings in good faith and at its own expense and concludes such contest prior to the thirtieth (30th) day preceding the date on which any portion of the Mortgaged Property is scheduled to be sold for non-payment.

(e) **Operation; Maintenance; Inspection; Defense.** Grantor shall observe and comply with all legal requirements applicable to its existence and to the ownership, use, and operation of the Mortgaged Property. Grantor shall maintain the Mortgaged Property in good condition and promptly repair any damage or casualty. Grantor shall not, without the prior written consent of Beneficiary, undertake any material alteration of the Mortgaged Property or permit any of the fixtures or personalty owned by Grantor to be removed at any time from the Mortgaged Property, unless the removed item is removed temporarily for maintenance and repair or, if removed permanently, is obsolete and is replaced by an article of equal or better suitability and value, owned by Grantor and free and clear of any Liens except those in favor of Beneficiary. Grantor shall permit Beneficiary and its agents, representatives and employees, upon reasonable prior notice to Grantor, to inspect the Mortgaged Property and conduct such Site Assessments and engineering studies as Beneficiary may require, provided such Site Assessments and studies do not materially interfere with the use and operation of the Mortgaged Property.

(f) **Legal Existence; Name, Etc.** Grantor shall preserve and keep in full force and effect its entity status, franchises, rights, and privileges under the laws of the state of Idaho, and all qualifications, licenses, and permits applicable to the ownership, use, and operation of the Mortgaged Property. Grantor shall not wind up, liquidate, dissolve, reorganize, merge, or consolidate with or into, or convey, sell, assign, transfer, lease, or otherwise dispose of all or substantially all of its assets, or acquire all or substantially all of the assets of the business of any Person, or permit any subsidiary or Affiliate of Grantor to do so without the prior written consent of Beneficiary. Without limiting the foregoing, Grantor shall not reincorporate or reorganize itself under the laws of any jurisdiction other than the jurisdiction in which it is incorporated or organized as of the Closing Date. Grantor shall conduct business only in its own name, and shall not change its name, identity, organizational structure, state of formation, or the location of its chief executive office or principal place of business unless Grantor (i) shall have obtained the prior written consent of Beneficiary to such change, and (ii) shall have taken all actions necessary or requested by Beneficiary to file or amend any financing statement or continuation statement to assure perfection and continuation of perfection of security interests under the Loan Documents. Grantor shall maintain its separateness as an entity, including maintaining separate books, records, and accounts and observing corporate formalities independent of any other entity, shall pay its obligations with its own funds, and shall not commingle funds or assets with those of any other entity.

(g) **Affiliate Transactions.** Without the prior written consent of Beneficiary, Grantor shall not engage in any transaction affecting the Mortgaged Property with an Affiliate of Grantor or of any Grantor Party.

(h) **Limitation on Other Debt.** Grantor shall not, without the prior written consent of Beneficiary, incur any Debt other than the Loan and customary trade payables which are payable, and shall be paid, within thirty (30) days of when incurred. Grantor shall not incur secondary financing of any kind on the Mortgaged Property without the prior written consent of Beneficiary.

(i) **Further Assurances.** Grantor and each Grantor Party shall promptly (i) cure any defects in the execution and delivery of the Loan Documents, and (ii) execute and deliver, or cause to be executed and delivered, all such other documents, agreements and instruments as Beneficiary may reasonably request to further evidence and more fully describe the Mortgaged Property, to correct any omissions in the Loan Documents, to perfect, protect, or preserve any Liens created under any of the Loan Documents, or to make any recordings, file any notices, or obtain any consents as may be necessary or appropriate in connection therewith.

(j) **Estoppel Certificates.** Grantor, within ten (10) days after Lender's request, shall furnish to Beneficiary a written statement, duly acknowledged, setting forth the amount due on the Loan, the terms of payment of the Loan, the date to which interest has been paid, whether any offsets or defenses exist against the Loan and, if any are alleged to exist, the nature thereof in detail, and such other matters as Beneficiary reasonably may request.

(k) **Notice of Certain Events.** Grantor shall promptly notify Beneficiary of (i) any Event of Default or Potential Default, together with a detailed statement of the steps being taken to cure such Event of Default or Potential Default; (ii) any notice of default received by Grantor under other obligations relating to the Mortgaged Property or otherwise material to Grantor's business; and (3) any threatened or pending legal, judicial, or regulatory proceedings,

including any dispute between Grantor and any governmental authority, affecting Grantor or the Mortgaged Property.

(l) **Indemnification**. Grantor shall indemnify, defend, and hold harmless Trustee and Beneficiary from and against any and all losses, liabilities, claims, damages, expenses, obligations, penalties, actions, judgments, suits, costs, and disbursements (including reasonable fees and actual expenses of Trustee's and Beneficiary's counsel) of any kind or nature whatsoever, including those arising from the joint, concurrent, or comparative negligence of Beneficiary, in connection with (i) any inspection, review, or testing of or with respect to the Mortgaged Property, (ii) any investigative, administrative, mediation, arbitration, or judicial proceeding, whether or not Beneficiary is designated a party thereto, commenced or threatened at any time (including after the repayment of the Loan) in any way related to the execution, delivery, or performance of any Loan Document or to the Mortgaged Property, and (iii) any proceeding instituted by any Person claiming a Lien.

(m) **Application of Operating Revenues**. Grantor shall apply all Rents and other operating revenues to any payments due under the Loan Documents, taxes, assessments, water charges, sewer rents, and other governmental charges levied, assessed, or imposed against the Mortgaged Property, insurance premiums, operations and maintenance charges relating to the Mortgaged Property, and other obligations of the lessor under leases of space at the Mortgaged Property, before using Rents and operating revenues for any other purpose.

(n) **Collection of Rents**. Grantor shall not receive or collect any Rents from any Lease for a period of more than one (1) month in advance, except last month's rent or a security deposit.

(o) **Separate Tax Lots**. Grantor shall not suffer or permit the joint assessment of the Mortgaged Property with any other real property.

ARTICLE 5
ASSIGNMENT OF LEASES AND RENTS

Section 5.1 **Assignment**. Grantor does hereby absolutely, unconditionally, and irrevocably sell, assign, transfer, set over, and deliver unto Beneficiary all of Grantor's rights, interests, and privileges as lessor under any Leases for the Mortgaged Property, together with the immediate and continuing right to collect and receive all of the Rents, income, receipt, and revenues arising from each of the assigned Leases covering or affecting all or any part of the Mortgaged Property. Grantor hereby appoints Beneficiary as its irrevocable attorney-in-fact to appear in any action and/or to collect any such award or payment. The assignment and security interest granted in this Section 5.1 applies to all Leases now or hereafter made covering the Mortgaged Property or any portion thereof, together with any extension or renewal of same, this assignment of other present and future leases and present and future rental agreements being effective without further or supplemental assignment.

Section 5.2 **License**. Until notice from Beneficiary, Grantor shall have the right under a license granted hereby to collect all Rents arising from or out of the Leases. Failure or discontinuance of Beneficiary at any time, or from time to time, to collect any such Rents shall not in any manner affect the subsequent enforcement by Beneficiary of the right, power and authority to collect the same. The collection of such Rents and the application of such Rents hereunder shall not cure or waive any Event of Default or invalidate any act done in

response to such Event of Default. Notwithstanding the collection, receipt, and application of any Rents by Beneficiary, Trustee or Beneficiary shall be entitled to exercise every right provided for in any of the Loan Documents or by law upon occurrence of any Event of Default, including the right to exercise the power of sale.

Section 5.3 **Foreclosure**. Upon issuance of any deed(s) pursuant to any judicial or non-judicial foreclosure of this Deed of Trust or deed(s) in lieu of foreclosure, all right, title, and interest of Grantor in and to the Leases shall vest in and become the absolute property of the grantee or grantees of such deed(s) without any further act or assignment by Grantor.

Section 5.4 **No Merger of Estates**. So long as any part of the Indebtedness and the Obligations secured hereby remain unpaid and undischarged, the fee estate and the leasehold estate (if any) to the Mortgaged Property shall not merge, but shall remain separate and distinct, notwithstanding the union of such estates either in Grantor, Beneficiary, any lessee or any third party by purchase or otherwise.

ARTICLE 6
SECURITY AGREEMENT

Section 6.1 **Security Interest**. This Deed of Trust constitutes a "Security Agreement" on personal property within the meaning of the UCC and other applicable law and with respect to the Personalty, Fixtures, Plans, Leases, Rents, and Mortgaged Property Agreements. To this end, Grantor grants to Beneficiary a first and prior security interest in the Personalty, Fixtures, Plans, Leases, Rents, Mortgaged Property Agreements, and all other Mortgaged Property which is personal property to secure the payment of the Indebtedness and performance of the Obligations, and agrees that Beneficiary shall have all the rights and remedies of a secured party under the UCC with respect to such property. Any notice of sale, disposition, or other intended action by Beneficiary with respect to the Personalty, Fixtures, Plans, Leases, Rents, and Mortgaged Property Agreements sent to Grantor at least ten (10) days prior to any action under the UCC shall constitute reasonable notice to Grantor.

Section 6.2 **Financing Statements**. Grantor hereby authorizes Beneficiary to prepare such financing statements, including an all assets financing statement, and such further assurances as Beneficiary may, from time to time, reasonably consider necessary to create, perfect, and preserve Beneficiary's security interest hereunder, and Beneficiary may cause such statements and assurances to be recorded and filed at such times and places as may be required or permitted by law to so create, perfect, and preserve such security interest.

Section 6.3 **Fixture Filing**. This Deed of Trust shall also constitute a "fixture filing" for the purposes of the UCC against all of the Mortgaged Property which is or is to become fixtures. Information concerning the security interest herein granted may be obtained at the addresses of Grantor (debtor) and Beneficiary (secured party) as set forth in Section 8.5 of this Deed of Trust.

ARTICLE 7
EVENT OF DEFAULT; REMEDIES

Section 7.1 **Event of Default**. Each of the following shall constitute an "**Event of Default**" under the Note, this Deed of Trust, and all Loan Documents:

(a) **Payments**. Grantor's failure to pay any regularly scheduled installment of principal, interest, or other amount when due under the Note or any other Loan Document.

(b) **Insurance**. Grantor's failure to maintain insurance as required under Section 4.14 of this Deed of Trust or if, upon application by Beneficiary to two (2) or more fire insurance companies which are lawfully doing business in the state in which the Mortgaged Property is located and which are issuing policies of fire insurance upon buildings situated within the area wherein the Mortgaged Property is situated, such companies shall refuse to issue such policies.

(c) **Change in Taxation**. After thirty (30) days notice to Grantor, in the event of the passage of any law deducting from the value of land for the purposes of taxation any lien thereon, or changing in any way the taxation of deeds of trust or debts secured thereby for state or local purposes, or the manner of collecting such taxes and imposing a tax, either directly or indirectly, on the Deed of Trust or the Note.

(d) **Transfer**. Any Transfer occurs in violation of Section 4.17(a) of this Deed of Trust.

(e) **Covenants**. Grantor's or any Grantor Party's failure to perform, observe, or comply with any of the agreements, covenants, or provisions contained in this Deed of Trust or in any of the other Loan Documents (other than those agreements, covenants, and provisions constituting an Event of Default referred to elsewhere in this Article 7), and the continuance of such failure for thirty (30) days after notice by Trustee or Beneficiary to Grantor; provided, however, subject to any shorter period for curing any failure by Grantor as specified in any of the other Loan Documents, Grantor shall have an additional thirty (30) days to cure such failure if (i) such failure does not involve the failure to make payments on a monetary obligation; (ii) such failure is curable but cannot reasonably be cured within thirty (30) days; (iii) Grantor is diligently undertaking to cure such default, and (iv) Grantor has provided Beneficiary with security reasonably satisfactory to Beneficiary against any interruption of payment or impairment of the Mortgaged Property as a result of such continuing failure. The notice and cure provisions of this Section 7.1(e) do not apply to the other Events of Default described in this Article 7.

(f) **Representations and Warranties**. Any representation or warranty made in any Loan Document proves to be untrue in any material respect when made or deemed made.

(g) **Other Encumbrances**. The occurrence of any default under any document or instrument, other than the Loan Documents, evidencing or creating a Lien on the Mortgaged Property or any part thereof.

(h) **Involuntary Bankruptcy or Other Proceeding**. Commencement of an involuntary case or other proceeding against Grantor, any Grantor Party, or any other Person having an ownership in the Mortgaged Property (each, a "**Bankruptcy Party**") which seeks liquidation, reorganization, or other relief with respect to it or its debts or other liabilities under any bankruptcy, insolvency, or other similar law now or hereafter in effect or seeks the appointment of a trustee, receiver, liquidator, custodian, or other similar official of it or any of its property, and such involuntary case or other proceeding shall remain undismissed or unstayed for a period of sixty (60) days; or an order for relief against a Bankruptcy Party shall be entered in any such case under the Federal Bankruptcy Code.

(i) **Voluntary Petitions, Etc.** Commencement by a Bankruptcy Party of a voluntary case or other proceeding seeking liquidation, reorganization, or other relief with respect to itself or its Debt or other liabilities under any bankruptcy, insolvency, or other similar law or seeking the appointment of a trustee, receiver, liquidator, custodian, or other similar official for it or any of its property, or consent by a Bankruptcy Party to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or the making by a Bankruptcy Party of a general assignment for the benefit of creditors, or the failure by a Bankruptcy Party, or the admission by a Bankruptcy Party in writing of its inability to pay its debts generally as they become due, or any action by a Bankruptcy Party to authorize or effect any of the foregoing.

(j) **Other Insolvency**. The occurrence of any of the following: (i) if Grantor becomes insolvent; (ii) if Grantor generally does not pay its debts as they become due; (iii) if Grantor makes an assignment for the benefit of creditors; or (iv) if Grantor calls or causes to be called a meeting of creditors for the composition of debts.

(k) **Other Defaults**. The occurrence of any default by Grantor under any other document or instrument evidencing or securing any other loan from Beneficiary to Grantor.

Section 7.2 Remedies. If an Event of Default (as defined in this Deed of Trust) exists, Trustee or Beneficiary may, at Trustee's or Beneficiary's election, exercise any or all of the following rights, remedies, and recourses:

(a) **Insolvency Events**. Upon the occurrence of any Event of Default described in Section 7.1(h), Section 7.1(i), or Section 7.1(j), the obligations of Beneficiary to advance additional amounts hereunder, if any, shall immediately terminate, and all amounts due under the Loan Documents immediately shall become due and payable, all without written notice and without presentment, demand, protest, notice of protest or dishonor, notice of intent to accelerate the maturity thereof, notice of acceleration of the maturity thereof, or any other notice of default of any kind, all of which are hereby expressly waived by Grantor; however, if the Bankruptcy Party under Section 7.1(h) or Section 7.1(i) is other than Grantor, then all amounts due under the Loan Documents shall become immediately due and payable at Beneficiary's election, in Beneficiary's sole discretion.

(b) **Acceleration**. Declare the Indebtedness to be immediately due and payable, without further notice, presentment, protest, notice of intent to accelerate, notice of acceleration, demand, or action of any nature whatsoever (each of which hereby is expressly waived by Grantor), whereupon the same shall become immediately due and payable.

(c) **Entry on Mortgaged Property**. Enter the Mortgaged Property and take exclusive possession thereof and of all books, records, and accounts relating thereto. If Grantor remains in possession of the Mortgaged Property after an Event of Default and without Beneficiary's prior written consent, Beneficiary may invoke any legal remedies to dispossess Grantor.

(d) **Operation of Mortgaged Property**. Hold, lease, develop, manage, operate, or otherwise use the Mortgaged Property upon such terms and conditions as Beneficiary may deem reasonable under the circumstances (making such repairs, alterations, additions, and improvements and taking other actions, from time to time, as Beneficiary deems necessary or desirable), and apply all Rents and other amounts collected by Beneficiary in connection therewith in accordance with the provisions of Section 7.8.

(e) **Judicial Foreclosure; Injunction.** To commence and maintain an action or actions in any court of competent jurisdiction to foreclose this instrument as a mortgage or to obtain specific enforcement of the covenants of Grantor hereunder, and Grantor agrees that such covenants shall be specifically enforceable by injunction or any other appropriate equitable remedy and that for the purposes of any suit brought under this subparagraph, Grantor waives the defense of laches and any applicable statute of limitations.

(f) **Nonjudicial Foreclosure.** To execute a written notice of such Event of Default and of the election to cause the Mortgaged Property to be sold to satisfy the Indebtedness. Trustee shall give and record such notice as the law then requires as a condition precedent to a trustee's sale. When the minimum period of time required by law after such notice has elapsed, Trustee, without notice to or demand upon Grantor except as required by law, shall sell the Mortgaged Property at the time and place of sale fixed by it in the notice of sale, at one or several sales, either as a whole or in separate parcels and in such manner and order, all as Beneficiary in its sole discretion may determine, at public auction to the highest bidder for cash, in lawful money of the United States, payable at time of sale. Neither Grantor nor any other person or entity other than Beneficiary shall have the right to direct the order in which the Mortgaged Property is sold, and Grantor hereby waives any right which it may have to direct the order in which the Mortgaged Property is sold. Subject to requirements and limits imposed by law, Trustee may, from time to time postpone sale of all or any portion of the Mortgaged Property by public announcement at such time and place of sale, and from time to time may postpone the sale by public announcement at the time and place fixed by the preceding postponement. A sale of less than the whole of the Mortgaged Property or any defective or irregular sale made hereunder shall not exhaust the power of sale provided for herein. Trustee shall deliver to the purchaser at such sale a deed conveying the Mortgaged Property or portion thereof 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 Trustee, Grantor, or Beneficiary, may purchase at the sale. Upon sale of the Mortgaged Property at any judicial or nonjudicial foreclosure, Beneficiary may credit bid (as determined by Beneficiary in its sole and absolute discretion) all or any portion of the Indebtedness. In determining such credit bid, Beneficiary may, but is not obligated to, take into account all or any of the following: (i) appraisals of the Mortgaged Property as such appraisals may be discounted or adjusted by Beneficiary in its sole and absolute underwriting discretion; (ii) expenses and costs incurred by Beneficiary with respect to the Mortgaged Property prior to foreclosure; (iii) expenses and costs which Beneficiary anticipates will be incurred with respect to the Mortgaged Property after foreclosure, but prior to resale, including, without limitation, costs of structural reports and other due diligence, costs to carry the Mortgaged Property prior to resale, costs of resale (e.g., commissions, attorneys' fees, and taxes), costs of deferred maintenance, repair, refurbishment, and retrofit, costs of defending or settling litigation affecting the Mortgaged Property, and lost opportunity costs (if any), including the time value of money during any anticipated holding period by Beneficiary; (iv) declining trends in real property values generally and with respect to properties similar to the Mortgaged Property; (v) anticipated discounts upon resale of the Mortgaged Property as a distressed or foreclosed property; (vi) the fact of additional collateral (if any) for the Indebtedness; and (vii) such other factors or matters that Beneficiary (in its sole and absolute discretion) deems appropriate. In regard to the above, Grantor acknowledges and agrees that: (i) Beneficiary is not required to use any or all of the foregoing factors to determine the amount of its credit bid; (ii) this paragraph does not impose upon Beneficiary any additional obligations that are not imposed by law at the time the credit bid is made; and (iii) Beneficiary's credit bid may be (at Beneficiary's sole and absolute discretion) higher or lower than any appraised value of the Mortgaged Property. After deducting all costs, fees, and expenses of Trustee, and of this trust,

including cost of evidence of title and attorney's fees in connection with the sale, the Trustee shall apply the proceeds of the sale to payment of: (i) all sums expended under the terms hereof not then repaid, with accrued interest at the rate specified in the Note; (ii) the payment of all other sums then secured hereby; and (iii) the remainder, if any, to the person or persons legally entitled thereto.

(g) **Sale of Personal Mortgaged Property.** Trustee or Beneficiary may sell any personal property pursuant to the UCC (as now in effect or as hereafter amended or succeeded) and with respect to any notice required or permitted under the UCC, Grantor agrees that ten (10) days prior written notice shall be deemed commercially reasonable. At any such sale (i) it shall not be necessary for Trustee or Beneficiary to be physically present, or to have constructive possession of any personal property, and the title to and right of possession of such personal property shall pass to the purchaser thereof as completely as if Trustee or Beneficiary had been actually present and delivered to purchaser the personal property at such sale, (ii) any prerequisite to the validity of such sale shall be presumed to have been performed, (iii) the receipt of Trustee, Beneficiary, or the other party making the sale shall be a sufficient discharge to the purchaser or purchasers for his or their purchase money and no such purchaser or purchasers, or his or their assigns or personal representatives, shall thereafter be obligated to see that the application of such purchase money or be in any way answerable for any loss, misapplication, or non-application thereof, and (iv) to the fullest extent permitted by law, Grantor shall be completely and irrevocably divested of all of its right, title, interest, claim, equity, equity of redemption, and demand whatsoever, either at law or in equity, in and to the personal property sold, and such sale shall be a perpetual bar both at law and in equity against Grantor, and against all other persons claiming or to claim the property sold or any part thereof, by, through or under Grantor. Beneficiary may be a purchaser at such sale and if Beneficiary is the highest bidder, may credit the portion of the purchase price that would be distributed to Beneficiary against the Indebtedness in lieu of paying cash. Notwithstanding anything contained herein to the contrary, in accordance with Section 9.604 of the UCC, Beneficiary may proceed under the UCC as to all personal property covered hereby or, at Beneficiary's election, Beneficiary may proceed as to both the real and personal property covered hereby in accordance with Beneficiary's rights and remedies in respect of the real property, in which case the provisions of the UCC (and this Section 7.2(g)) shall not apply.

(h) **Receiver.** Make application to a court of competent jurisdiction for, and obtain from such court as a matter of strict right and without notice to Grantor or regard to the adequacy of the Mortgaged Property for the repayment of the Indebtedness, the appointment of a receiver of the Mortgaged Property, and Grantor irrevocably consents to such appointment. Any such receiver shall have all the usual powers and duties of receivers in similar cases, including the full power to rent, enter into leases, borrow funds, maintain, and otherwise operate the Mortgaged Property upon such terms as may be approved by the court, and shall apply such Rents in accordance with the provisions of Section 7.8.

(i) **Advances.** Terminate the obligation, if any, of Beneficiary to advance additional amounts under the Loan Documents.

(j) **Other.** Exercise all other rights, remedies, and recourses granted under the Loan Documents or otherwise available at law or in equity (including an action for specific performance of any covenant contained in the Loan Documents, or obtaining a judgment on the Note either before, during, or after any proceeding to enforce this Deed of Trust).

(k) **Rental Value**. Upon the occurrence of any Event of Default and pending the exercise by Trustee or Beneficiary of their right to exclude Grantor from all or any part of the Mortgaged Property, Grantor agrees to pay the fair and reasonable rental value for the use and occupancy of the Mortgaged Property or any portion thereof which are in its possession for such period and, upon default of any such payment, will vacate and surrender possession of the Mortgaged Property to Trustee, Beneficiary or to a receiver, if any, and in default thereof may be evicted by any summary action or proceeding for the recovery or possession of the Mortgaged Property for non-payment of rent, however designated.

Section 7.3 Right of Trustee or Beneficiary to Perform the Obligations. If Grantor shall fail, refuse, or neglect to make any payment or perform any act required by the Loan Documents, then while any Event of Default exists, and without notice to or demand upon Grantor, and without waiving or releasing any other right, remedy, or recourse Trustee or Beneficiary may have because of such Event of Default, Trustee or Beneficiary may (but shall not be obligated to) make such payment or perform such act for the account of and at the expense of Grantor, and shall have the right to enter upon the Mortgaged Property for such purpose and to take all such action thereon and with respect to the Mortgaged Property as it may deem necessary or appropriate. If Trustee or Beneficiary shall elect to pay any sum due with reference to the Mortgaged Property, Trustee or Beneficiary may do so in reliance on any bill, statement, or assessment procured from the appropriate governmental authority or other issuer thereof without inquiring into the accuracy or validity thereof. Similarly, in making any payments to protect the security intended to be created by the Loan Documents, Trustee and Beneficiary shall not be bound to inquire into the validity of any apparent or threatened adverse title, lien, encumbrance, claim, or charge before making an advance for the purpose of preventing or removing the same. Grantor shall indemnify, defend, and hold harmless Trustee and Beneficiary from and against any and all losses, liabilities, claims, damages, expenses, obligations, penalties, actions, judgments, suits, costs, or disbursements of any kind or nature whatsoever, including reasonable attorneys' fees, incurred or accruing by reason of any acts performed by Trustee and Beneficiary pursuant to the provisions of this Section 7.3, including those arising from the joint, concurrent, or comparative negligence of Trustee and Beneficiary, except as a result of the gross negligence or willful misconduct of Trustee and/or Beneficiary. All sums paid by Trustee and/or Beneficiary pursuant to this Section 7.3, and all other sums expended by Trustee and/or Beneficiary to which they shall be entitled to be indemnified, together with interest thereon at the Default Rate from the date of such payment or expenditure until paid, shall constitute additions to the Loan, shall be secured by the Loan Documents, and shall be paid by Grantor to Trustee and/or Beneficiary upon demand.

Section 7.4 Remedies Cumulative, Concurrent, and Nonexclusive. Beneficiary shall have all rights, remedies, and recourses granted in the Loan Documents and available at law or equity (including the UCC), which rights (i) shall be cumulative and concurrent, (ii) may be pursued separately, successively, or concurrently against Grantor or others obligated under the Note and the other Loan Documents, or against the Mortgaged Property, or against any one or more of them, at the sole discretion of Beneficiary, (iii) may be exercised as often as occasion therefor shall arise, and the exercise or failure to exercise any of them shall not be construed as a waiver or release thereof or of any other right, remedy or recourse, and (iv) are intended to be, and shall be, nonexclusive. No action of Trustee or Beneficiary in the enforcement of any rights or remedies under the Loan Documents or otherwise at law or equity shall be deemed to cure an Event of Default.

Section 7.5 Release of and Resort to Collateral. Trustee or Beneficiary may release, regardless of consideration and without the necessity for any notice to a holder of any

subordinate lien on the Mortgaged Property, any part of the Mortgaged Property without, as to the remainder, in any way impairing, affecting, subordinating, or releasing the lien or security interests created in or evidenced by the Loan Documents. For payment of the Indebtedness, Beneficiary may resort to any other security in such order and manner as Beneficiary may elect.

Section 7.6 Waiver of Redemption, Notice, and Marshalling of Assets. To the fullest extent permitted by law, Grantor hereby irrevocably and unconditionally waives and releases (i) all benefit that might accrue to Grantor by virtue of any present or future statute of limitations or law or judicial decision exempting the Mortgaged Property from attachment, levy or sale on execution, or providing for any appraisement, valuation, stay of execution, exemption from civil process, redemption, or extension of time for payment, (ii) all notices of any Event of Default or of Trustee's or Beneficiary's election to exercise or their actual exercise of any right, remedy, or recourse provided for under the Loan Documents, and (iii) any right to a marshalling of assets or a sale in inverse order of alienation.

Section 7.7 Discontinuance of Proceedings. If Trustee or Beneficiary shall have proceeded to invoke any right, remedy, or recourse permitted under the Loan Documents, and shall thereafter elect to discontinue or abandon it for any reason, Trustee and Beneficiary shall have the unqualified right to do so and, in such an event, Grantor, Trustee, and Beneficiary shall be restored to their former positions with respect to the Indebtedness, the Obligations, the Loan Documents, the Mortgaged Property, and otherwise, and the rights, remedies, recourses, and powers of Trustee and Beneficiary shall continue as if the right, remedy, or recourse had never been invoked, but no such discontinuance or abandonment shall waive any Event of Default which may then exist or the right of Trustee and Beneficiary thereafter to exercise any right, remedy, or recourse under the Loan Documents for such Event of Default.

Section 7.8 Application of Proceeds. The proceeds of any sale of, and the Rents and other amounts generated by the holding, leasing, management, operation, or other use of, the Mortgaged Property, shall be applied by Trustee, Beneficiary, or the receiver, if one is appointed, in the order set forth in the Note, unless otherwise required by applicable law.

Section 7.9 Occupancy After Sale. The purchaser at any judicial or nonjudicial foreclosure sale shall become the legal owner of the Mortgaged Property. All occupants of the Mortgaged Property shall, at the option of such purchaser, become tenants of the purchaser at the foreclosure sale, and shall deliver possession thereof immediately to the purchaser upon demand. It shall not be necessary for the purchaser at said sale to bring any action for possession of the Mortgaged Property other than the statutory action of forcible detainer in any justice court having jurisdiction over the Mortgaged Property.

Section 7.10 Interest After Default. If any payment due hereunder or under the Note or any other Loan Document is not paid when due, Grantor shall pay interest from and after the date on which such payment first becomes due at the interest rate provided for in the Note, and such interest shall be due and payable, on demand, at such rate until the entire amount due is paid to Beneficiary, whether or not any action shall have been taken or proceeding commenced to recover the same or to foreclose this Deed of Trust. Nothing in this Section 7.10 or in any other provision of this Deed of Trust shall constitute an extension of the time of payment of the Indebtedness. After entry of a judgment on any of the Loan Documents or a judgment in foreclosure hereunder, interest shall continue to accrue under said judgment, the Note, and this Deed of Trust at the rates set forth in the Note. This Deed of Trust shall not, solely for purposes of determining interest payable under the Note, merge with any judgment on any Loan Document or a judgment in foreclosure under this Deed of Trust.

Section 7.11 Additional Advances and Disbursements; Costs of Enforcement.

(a) Grantor shall pay all expenses (including reasonable attorneys' fees and expenses) of or incidental to the perfection and enforcement of this Deed of Trust and the other Loan Documents, or the enforcement, compromise, or settlement of the Indebtedness, or any claim under this Deed of Trust and the other Loan Documents, and for the curing thereof, or for defending or asserting the rights and claims of Trustee and Beneficiary in respect thereof, by litigation or otherwise.

(b) This Deed of Trust secures the Indebtedness which includes, without limitation: (i) all advances made by Trustee and Beneficiary with respect to any of the Mortgaged Property for the payment of taxes, maintenance charges, insurance premiums, or costs incurred for the protection of any of the Mortgaged Property or the lien of this Deed of Trust and (ii) all expenses incurred by Trustee and Beneficiary by reason of an Event of Default hereunder. This Deed of Trust shall constitute a lien on Grantor's fee interest in the Mortgaged Property from the time this Deed of Trust is left of record (or, if this is a purchase money deed of trust, from the time of delivery hereof to Trustee and Beneficiary) for, among other things, all such advances and expenses, plus interest thereon, regardless of the time when such advances are made or such expenses are incurred.

Section 7.12 No Beneficiary in Possession. Neither the enforcement of any of the remedies under this Article 7, the assignment of the Leases and Rents under Article 5, the security interests under Article 6, nor any other remedies afforded to Trustee and Beneficiary under the Loan Documents, at law or in equity, shall cause Trustee and Beneficiary to be deemed or construed to be a mortgagee in possession of the Mortgaged Property, to obligate Trustee or Beneficiary to lease the Mortgaged Property or attempt to do so, or to take any action, incur any expense, or perform or discharge any obligation, duty, or liability whatsoever under any of the Leases or otherwise.

Section 7.13 Non-Merger. Notwithstanding the recovery or entry of any foreclosure judgment or judgment against Grantor, all of the covenants, undertakings, and agreements of Grantor, whether hereunder or under the Note or any other Loan Document, whether relating thereto or not, shall remain in full force and effect and shall be enforceable strictly in accordance with their terms as fully as though no such judgment had been entered or recovered, it being understood that this Deed of Trust and the other Loan Documents shall not (solely for the purpose of confirming the continuing validity of Grantor's covenants, indemnities, and agreements) merge into any foreclosure judgment or judgment entered or recovered by Trustee or Beneficiary against Grantor under any Loan Documents.

ARTICLE 8
MISCELLANEOUS

Section 8.1 Approvals; Third Parties; Conditions. All rights retained or exercised by Beneficiary to review or approve leases, contracts, plans, studies, and other matters, including Grantor's and any other Person's compliance with laws applicable to Grantor, the Mortgaged Property or any other Person, are solely to facilitate Beneficiary's credit underwriting, and shall not be deemed or construed as a determination that Beneficiary has passed on the adequacy thereof for any other purpose and may not be relied upon by Grantor or any other Person. This Deed of Trust is for the sole and exclusive use of Beneficiary and Grantor and may not be enforced, nor relied upon, by any Person other than Beneficiary and

Grantor. All conditions of the obligations of Beneficiary hereunder, including the obligation to make advances, are imposed solely and exclusively for the benefit of Beneficiary and its successors and assigns, no other Person shall have standing to require satisfaction of such conditions or be entitled to assume that Beneficiary will refuse to make advances in the absence of strict compliance with any or all of such conditions, and no other Person shall, under any circumstances, be deemed to be a beneficiary of such conditions, any and all of which may be freely waived, in whole or in part by Beneficiary at any time in Beneficiary's sole discretion.

Section 8.2 Acceptance of Trust; Notice of Indemnification. Trustee accepts this trust when this Deed of Trust, duly executed and acknowledged, becomes a public record as provided by law. Trustee is not obligated to notify any party hereto of pending sale under any other deed of trust, or of any action or proceeding in which Grantor, Beneficiary or Trustee shall be a party, unless Trustee brings such action.

Section 8.3 Powers of Trustee. From time to time, upon written request of Beneficiary and presentation of this Deed of Trust for endorsement, and without affecting the personal liability of any person for payment of any indebtedness or performance of the obligation secured hereby, Trustee may, without liability therefore and without notice: reconvey all or any part of the Mortgaged Property; consent to the making of any map or plat thereof; join in granting any easement thereon; join in any declaration of covenant and restrictions; or join in any extension agreement or any agreement subordinating the lien or charge hereof. Trustee or Beneficiary may, from time to time, apply to any court of competent jurisdiction for aid and direction in the execution of the trusts hereunder and the rights and remedies available hereunder, and Trustee or Beneficiary may obtain orders or decrees or confirming or approving acts in the execution of said trust and the enforcement of said remedies.

Section 8.4 Beneficiary Not in Control; No Partnership. None of the covenants or other provisions contained in the Loan Documents shall, or shall be deemed to, give Beneficiary the right or power to exercise control over the affairs or management of Grantor, the power of Beneficiary being limited to the rights to exercise the remedies referred to in the Loan Documents. The relationship between Grantor and Beneficiary is, and at all times shall remain, solely that of debtor and creditor. No covenant or provision of the Loan Documents is intended, nor shall it be deemed or construed, to create a partnership, joint venture, agency, or common interest in profits or income between Beneficiary and Grantor, or to create an equity in the Mortgaged Property in Beneficiary. Beneficiary neither undertakes nor assumes any responsibility or duty to Grantor or to any other Person with respect to the Mortgaged Property or the Loan, except as expressly provided in the Loan Documents; and notwithstanding any other provision of the Loan Documents: (i) Beneficiary shall in no event be liable for any Debt, expenses, or losses incurred or sustained by Grantor; and (ii) Beneficiary shall not be deemed responsible for or a participant in any acts, omissions, or decisions of Grantor or its stockholders, members, or partners. Bene ficiary and Grantor disclaim any intention to create any partnership, joint venture, agency, or common interest in profits or income between Beneficiary and Grantor, or to create any equity in the Mortgaged Property in Beneficiary, or any sharing of liabilities, losses, costs, or expenses.

Section 8.5 Notices. Any notice required or permitted to be given under any Loan Document shall be in writing and either shall be mailed by certified mail, postage prepaid, return receipt requested, or sent by overnight air courier service, or personally delivered to a representative of the receiving party, or sent by facsimile (provided that for facsimile delivery, an identical notice is also sent simultaneously by mail, overnight courier or personal delivery as

otherwise provided in this Section 8.5). All such notices shall be mailed, sent, or delivered, addressed to the party for whom it is intended, at its address set forth below.

If to Grantor / Grantor (debtor):

Trinity Springs Ltd.
c/o Joseph Roxstrom
28 Thomas Grove
Pittsford, NY 14534
joeroxstrom@hotmail.com

With a copy to:
Trinity Springs Ltd.
c/o Mark Johnson
mdjaaa1@yahoo.com

Trinity Springs Ltd.
c/o Bill Foster
bfoster@wallacewilliams.com

If to Trustee:

First American Title Company
190 North 3rd East Street
Mountain Home, Idaho 83647
www.firstamelmore.com

If to Beneficiary / Beneficiary (secured party):

Hawley Troxell Ennis & Hawley LLP
c/o Thomas B. Chandler
877 W. Main St., Suite 1000
Boise, Idaho 83702
tbc@hteh.com

Any notice so addressed and sent by United States mail or overnight courier shall be deemed to be given on the earliest of (i) when actually delivered, (ii) on the first Business Day after deposit with an overnight air courier service, or (iii) on the third Business Day after deposit in the United States mail, postage prepaid, in each case to the address of the intended addressee. Any notice so delivered in person shall be deemed to be given when receipted for by, or actually received by Grantor, Trustee, or Beneficiary, as the case may be. If given by facsimile, a notice shall be deemed given and received when the facsimile is transmitted to the party's facsimile number specified above and confirmation of complete receipt is received by the transmitting party during normal business hours or on the next Business Day if not confirmed during normal business hours, and an identical notice is also sent simultaneously by mail, overnight courier, or personal delivery as otherwise provided in this Section 8.5. Except for notices sent via facsimile as expressly described above, no notice hereunder shall be effective if sent or delivered by electronic means. Either party may designate a change of address by written notice to the other by giving at least ten (10) days prior written notice of such change of address.

Section 8.6 Amendments and Waivers; References. No amendment or waiver of any provision of the Loan Documents shall be effective unless in writing and signed by the party against whom enforcement is sought. This Deed of Trust and the other Loan Documents shall not be executed, entered into, altered, amended, or modified by electronic means. Any reference to a Loan Document, whether in this Deed of Trust or in any other Loan Document, shall be deemed to be a reference to such Loan Document as it may hereafter from time to time be amended, modified, supplemented, and restated in accordance with the terms hereof.

Section 8.7 Attorney-in-Fact. Grantor hereby irrevocably appoints Beneficiary, and its successors and assigns, as its attorney-in-fact, which agency is coupled with an interest, (i) to execute and/or record any notices of completion, cessation of labor, or any other notices that Beneficiary deems appropriate to protect Beneficiary's interest, if Grantor shall fail to do so within ten (10) days after written request by Beneficiary, (ii) upon the issuance of a deed pursuant to the foreclosure of this Deed of Trust or the delivery of a deed in lieu of foreclosure, to execute all instruments or assignment, conveyance or further assurance with respect to the Leases, Rents, Personalty, Fixtures, Plans and Mortgaged Property Agreements in favor of the grantee of any such deed and as may be necessary or desirable for such purpose, (iii) to prepare, execute, and file or record financing statements, continuation statements, applications for registration, and like documents necessary to create, perfect, or preserve Beneficiary's security interests and rights in or to any of the Mortgaged Property, and (iv) while any Event of Default exists, to perform any obligation of Grantor hereunder; provided, however: (a) Beneficiary shall not under any circumstances be obligated to perform any obligation of Grantor; (b) any sums advanced by Beneficiary in such performance shall be included in the Indebtedness and shall bear interest as set forth in the Note; (c) Beneficiary as such attorney-in-fact shall only be accountable for such funds as are actually received by Beneficiary; and (d) Beneficiary shall not be liable to Grantor or any other person or entity for any failure to take any action which it is empowered to take under this Section. Beneficiary, as agent for Grantor under the powers of attorney, is not a fiduciary for Grantor. Beneficiary, in exercising any of its rights or powers pursuant to the powers of attorney, may do so for the sole benefit of Beneficiary and not for Grantor.

Section 8.8 Successors and Assigns. This Deed of Trust shall be binding upon and inure to the benefit of Beneficiary and Grantor and their respective successors and assigns. Grantor shall not, without the prior written consent of Beneficiary, assign any rights, duties, or obligations hereunder.

Section 8.9 No Waiver. Any failure by Beneficiary to insist upon strict performance of any of the terms, provisions, or conditions of the Loan Documents shall not be deemed to be a waiver of same, and Beneficiary shall have the right at any time to insist upon strict performance of all of such terms, provisions, and conditions.

Section 8.10 Declaration of No Set-Offs. Within ten (10) days after requested by Beneficiary, Grantor shall certify to Beneficiary or to any proposed assignee of Beneficiary, in writing duly acknowledged, the amount of principal, interest, and other charges then owing on the Indebtedness and other Obligations secured by this Deed of Trust and by any prior liens, if any, whether there are any set-offs or defenses against them and whether any default has been asserted by any tenant of the Mortgaged Property.

Section 8.11 Subrogation. To the extent Beneficiary makes future advances which are used to extinguish, extend, or renew the Indebtedness secured by the Mortgaged

Property, then Beneficiary shall be subrogated to all of the rights, liens, and interests existing against the Mortgaged Property and held by the holder of such indebtedness and such former rights, liens, and interests, if any, are not waived but are continued in full force and effect in favor of Beneficiary.

Section 8.12 Note. If any conflict or inconsistency exists between this Deed of Trust and the Note, the Note shall govern.

Section 8.13 Substitution of Trustee. From time to time, by a writing signed and acknowledged by Beneficiary and recorded in the Office of the Recorder of the County in which the Mortgaged Property is situated, Beneficiary may appoint another trustee to act in the place and stead of Trustee or any successor. Such writing shall set forth any information required by law. The recordation of such instrument of substitution shall discharge Trustee herein named and shall appoint the new trustee as the trustee hereunder with the same effect as if originally named trustee herein. A writing recorded pursuant to the provisions of this Section 8.13 shall be conclusive proof of the proper substitution of such new trustee.

Section 8.14 Reconveyance. Upon Beneficiary's written request, following payment in full of the Indebtedness and performance in full of the Obligations, and upon surrender of this Deed of Trust or certified copy thereof and any note, instrument, or instruments setting forth all obligations secured hereby to Trustee for cancellation, Trustee shall, at Grantor's expense, reconvey, without warranty, the Mortgaged Property or that portion thereof then held hereunder. The recitals of any matters or facts in any reconveyance executed hereunder shall be conclusive proof of the truthfulness thereof. To the extent permitted by law, the reconveyance may describe the grantee as "the person or persons legally entitled thereto". Neither Beneficiary nor Trustee shall have any duty to determine the rights of persons claiming to be rightful grantees of any reconveyance. When the Mortgaged Property has been fully reconveyed, the last such reconveyance shall operate as a reassignment of all future rents, issues, and profits of the Mortgaged Property to the person or persons legally entitled thereto.

Section 8.15 Waiver of Stay, Moratorium, and Similar Rights. Grantor agrees, to the full extent that it may lawfully do so, that it will not at any time insist upon or plead or in any way take advantage of any appraisement, valuation, stay, marshalling of assets, extension, redemption, or moratorium law now or hereafter in force and effect so as to prevent or hinder the enforcement of the provisions of this Deed of Trust or the Indebtedness secured hereby, or any agreement between Grantor and Beneficiary, or any rights or remedies of Beneficiary.

Section 8.16 Joint and Several. If more than one person or entity has executed this Deed of Trust as "Grantor", the obligations of all such persons or entities hereunder shall be joint and several.

Section 8.17 Post Closing Compliance. Grantor and each Grantor Party agrees to execute, re-execute, cause any third parties involved in the Loan transaction to execute and/or re-execute, and to deliver to Beneficiary or its legal counsel, as may be deemed appropriate, any document or instrument signed in connection with the Loan which was incorrectly drafted and/or signed, as well as any document or instrument which should have been signed at or prior to the closing of the Loan but which was not so signed and delivered. Grantor and each Grantor Party agree to comply with any written request by Beneficiary within ten (10) days after receipt by Grantor and each Grantor Party of such request. Failure by

Grantor and each Grantor Party to so comply shall, at the option of Beneficiary, constitute an Event of Default hereunder.

Section 8.18 Invalid Provisions. If any provision of any Loan Document is held to be illegal, invalid, or unenforceable, such provision shall be fully severable; the Loan Documents shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part thereof; the remaining provisions thereof shall remain in full effect and shall not be affected by the illegal, invalid, or unenforceable provision or by its severance therefrom; and in lieu of such illegal, invalid, or unenforceable provision, there shall be added automatically as a part of such Loan Document a provision as similar in terms to such illegal, invalid, or unenforceable provision as may be possible to be legal, valid, and enforceable.

Section 8.19 Governing Law. This Deed of Trust and all other Loan Documents are being executed and delivered, and are intended to be performed, in the State of Idaho, and the laws of the State of Idaho shall govern the rights and duties of the parties hereto and the validity, construction, enforcement, and interpretation of this Deed of Trust and the Loan Documents (without giving effect to principles of conflicts of law), except to the extent otherwise specified in this Deed of Trust or any of the Loan Documents.

Section 8.20 Survival. All of the representations, warranties, and indemnities of Grantor shall survive the repayment in full of the Loan and the release of the liens evidencing or securing the Loan, and shall survive the transfer (by sale, foreclosure, conveyance in lieu of foreclosure, or otherwise) of any or all right, title, and interest in and to the Mortgaged Property to any party, except with respect to the presence of Hazardous Materials which first became present at, on, or under the Mortgaged Property after it was transferred to a third party.

Section 8.21 Entire Agreement. This Deed of Trust and the other Loan Documents embody the entire agreement and understanding between Beneficiary and Grantor and supersede all prior agreements and understandings between such parties relating to the subject matter hereof and thereof. Accordingly, the Loan Documents may not be contradicted by evidence of prior, contemporaneous, or subsequent oral agreements of the parties. There are no unwritten oral agreements between the parties. Except with respect to the Note as stated in Section 8.12, if any conflict or inconsistency exists between this Deed of Trust and any of the other Loan Documents, the terms of this Deed of Trust shall control.

Section 8.22 Singular and Plural. Words used in this Deed of Trust and the other Loan Documents in the singular, where the context so permits, shall be deemed to include the plural and vice versa. The definitions of words in the singular in this Deed of Trust and the other Loan Documents shall apply to such words when used in the plural where the context so permits and vice versa.

Section 8.23 Phrases. When used in this Deed of Trust and the other Loan Documents, the phrase "including" shall mean "including, but not limited to," the phrase "satisfactory to Beneficiary" shall mean "in form and substance satisfactory to Beneficiary in all respects," the phrase "with Beneficiary's consent" or "with Beneficiary's approval" shall mean such consent or approval at Beneficiary's sole discretion, and the phrase "acceptable to Beneficiary" shall mean "acceptable to Beneficiary at Beneficiary's sole discretion."

Section 8.24 Exhibits. The exhibits attached to this Deed of Trust are incorporated into and shall be considered a part of this Deed of Trust.

Section 8.25 Acknowledgement of Copy. Grantor acknowledges receiving a true, correct, and complete copy of this Deed of Trust for Grantor's records.

TRINITY SPRINGS LTD., an Idaho corporation

By: _____
Joseph Roxstrom, President

STATE OF New York)
) ss.
County of Genesee)

On this 14 day of July, 2009, before me, Nancy L. Dougherty a Notary Public in and for said State, personally appeared Joseph Roxstrom, known or identified to me to be the president of Trinity Springs Ltd., an Idaho corporation, or the person who executed the instrument on behalf of said limited liability company and acknowledged to me that such limited liability company executed the same.

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

Nancy L Dougherty
Notary Public for New York State
~~Residing~~ at 100 Main St Batavia NY 14020
My commission expires 4-24-2011

NANCY L. DOUGHERTY
Notary Public - State of New York
No. 01DO5042750
Qualified in Genesee County
My Commission Expires April 24, 2011

NANCY L. DOUGHERTY NOTARY PUBLIC STATE OF NEW YORK

EXHIBIT A

Legal Description

See attached.

2396472.333
1372264.715

Tract 1:

(Lot 5 in Block 3 of BALLANTYNE CAMP SUBDIVISION NO. 4)

A parcel of land being a portion of the north half of Section 5, Township 2 North, Range 10 East of the Boise Meridian, Elmore County, Idaho, more particularly described as follows:

Commencing at a Brass Cap monument marking the corner common to Sections 32 and 33, Township 3 North, Range 10 East and Sections 4 and 5, Township 2 North, Range 10 East; thence South 00°06'43" West a distance of 720.36 feet along the line common to said Sections 4 and 5; thence leaving said Section line, South 46°31'18" West a distance of 1169.86 feet to the True Point of Beginning, said point being the most easterly corner of Lot 5 in Block 3 of Ballantyne Camp Subdivision No. 4, thence along the boundary of said Ballantyne Camp Subdivision No. 4 the following courses and distances;
Thence South 53°52'20" West 122.16 feet (formerly South 53°41'35" West 122.40 feet)
Thence North 38°25'31" West 70.40 feet (formerly North 38°13'00" West 70.79 feet)
Thence North 39°09'03" East 74.60 feet (formerly North 39°09'13" East 74.80 feet)
Thence South 66°44'20" East 103.75 feet (formerly South 66°43'45" East 103.77 feet) to the Point of Beginning.

EXCEPT all minerals in or under said land including but not limited to metals, oil, gas, coal, stone and mineral rights, mining rights and easement rights or other matters relating thereto, whether expressed or implied.

Tract 2 - Parcel 1

A parcel of land situated in U.S. Government Lots 1 and 4 in Section 33, Township 3 North, Range 10 East, of the Boise Meridian, Elmore County, Idaho, described as follows:

Commencing at a brass cap monument marking the center of Section 33, Township 3 North, Range 10 East of the Boise Meridian; thence North 00°27'34" East along the longitudinal centerline of said section a distance of 2638.44 feet to a brass cap monument marking the quarter corner common to Sections 28 and 33 in said township and range; thence South 24°34'20" West a distance of 1519.52 feet to a point on the northwesterly right-of-way line of the Featherville Road, marking the most southerly corner of a parcel of land depicted on a Record of Survey, recorded as Instrument No. 317532, records of Elmore County, Idaho, said point also marks the True Point of Beginning; thence along the southwesterly line of said parcel North 34°50'00" West a distance of 54.03 feet to a point; thence departing said line, North 63°00'00" West a distance of 505.34 feet to a point on the "left bank" of the South Fork Boise River, marking the approximate high water line; thence along the approximate high water line the following courses and distances;
South 27°08'11" West a distance of 274.73 feet;
South 25°03'12" West a distance of 122.27 feet;
South 10°44'20" West a distance of 53.98 feet;
South 06°46'53" West a distance of 61.17 feet;
South 04°03'07" West a distance of 359.47 feet;
South 22°00'46" West a distance of 147.83 feet to a point on the northwesterly right-of-way line of Featherville Road; thence along said right-of-way line, North 43°03'59" East a distance of 191.52 feet to the beginning of a curve to the left, having a radius of 2011.03 feet; thence 94.35 feet along the arc of said curve; through a central angle of 02°41'18", the long chord of which bears North 41°41'19" East - 94.35 feet to a point of reverse curvature on a curve to the right, having a radius of 2004.47 feet; thence 236.53 feet along the arc of said curve, through a central angle of 06°45'40", the long chord of which bears North 43°40'33" East - 236.39 feet to a point

of compound curvature, having a radius of 2011.03 feet; thence 189.21 feet along the arc of said curve, through a central angle of 05°23'27", the long chord of which bears North 49°44'01" East - 189.14 feet to a point of tangency; thence North 52°25'44" East a distance of 134.79 feet to a point of curvature on a curve to the right, having a radius of 2301.01 feet; thence continuing along said right-of-way line 181.85 feet along the arc of said curve, through a central angle of 04°31'41", the long chord of which bears North 54°41'35" East a distance of 181.80 feet to the Point of Beginning.

Tract 2 - Parcel 2

A parcel of land being situated in Section 33, Township 3 North, Range 10 East, of the Boise Meridian, and being a portion of Lot 38, Block 1 in Willis Carrie's Paradise Subdivision, recorded as Instrument No. 193441, records of Elmore County, Idaho, described as follows:

Beginning at a point of tangency on the northeasterly right-of-way line of Grouse Creek Road, also being the southeasterly line of Lot 38, Block 1 of said Willis Carrie's Paradise Subdivision, said point being located North 58°51'08" West a distance of 145.33 feet from a point marking the intersection of the northwesterly right-of-way line of Paradise Drive with the northeasterly right-of-way line of said Grouse Creek Road; thence from said beginning point, South 58°51'08" East along the said northeasterly right-of-way line of Grouse Creek Road a distance of 145.33 feet to a point of curvature on a curve to the left, having a radius of 20.00 feet; thence along the northwesterly line of Lot 36, Block 1 of said Willis Carrie's Paradise Subdivision, 31.42 feet along the arc of said curve, through a central angle of 90°00'00", the long chord of which bears North 76°08'52" East - 28.28 feet to a point; thence continuing along the said northwesterly line of Lot 36, Block 1, North 31°05'19" East (formerly N 31°08'52" E) a distance of 68.90 feet to a point; thence departing said northwesterly line of Lot 36, Block 1, North 58°51'08" West a distance of 165.33 feet to a point of curvature to the left, having a radius of 1045.04 feet; thence 196.38 feet along the arc of said curve, through a central angle of 10°46'00", the long chord of which bears North 64°14'08" West - 196.09 feet to a point; thence South 20°22'37" West (formerly S 20°22'52" W) a distance of 88.92 feet to a point on the said northeasterly right-of-way line of Grouse Creek Road on a curve to the right, having a radius of 956.12 feet; thence along said right-of-way line, 179.74 feet (formerly 179.67) along the arc of said curve, through a central angel of 10°46'15" (formerly 10°46'00"), the long chord of which bears South 64°14'15" East - 179.47 feet to the Point of Beginning.

Tract 2 - Parcel 3

A parcel of land being situated in Section 33, Township 3 North, Range 10 East of the Boise Meridian, and being a portion of Lot 38, Block 1 of Willis Carrie's Paradise Subdivision, recorded as Instrument No. 193441, records of Elmore County, Idaho, described as follows:

Beginning at a point marking the intersection of the southeasterly right-of-way of Featherville Road with the northeasterly right-of-way line of Grouse Creek Road, as shown on said subdivision; thence along the southeasterly right-of-way line of Featherville Road on a curve to the right, having a radius of 1931.03 feet, 47.37 feet along the arc of said curve, through a central angle of 01°24'20" (formerly 01°25'40"), the long chord of which bears North 51°43'34" East - 47.37 feet (formerly North 51°42'54" East - 48.12 feet) to a point; thence North 52°25'44" East a distance of 134.79 feet to a point on a curve to the right, having a radius of 2221.01 feet; thence 212.03 feet along the arc of said curve, through a central angle of 05°28'11", the long chord of which bears North 55°09'49" East - 211.95 feet to a point; thence North 57°53'55" East a distance of 62.23 feet to a point marking the northwesterly corner of Lot 39, Block 1 of Willis Carrie's Paradise Subdivision; thence departing said southeasterly right-of-way line of Featherville Road, following westerly, southerly and

southeasterly line of said Lot 39, Block 1 and the southeasterly line of Lots 40 through 46, Block 1 of said Willis Carrie's Paradise Subdivision, the following courses and distances;

South 04°12'55" West - 81.55 feet;
Thence 91.84 feet along the arc of a curve to the left, having a radius of 37.13 feet through a central angle of 141°42'55", the long chord of which bears South 66°38'33" East - 70.15 feet;
North 42°30'00" East a distance of 73.58 feet (formerly 73.47 feet);
North 56°44'46" East - 758.26 feet;
North 34°37'32" East - 175.53 feet;
Thence departing said line and following the north line of said Lot 38, Block 1, South 55°22'32" East a distance of 70.00 feet to a point; thence along the easterly line of said Lot 38, Block 1, South 12°58'37" West (formerly S 12°59'31" W) a distance of 859.17 feet (formerly 859.30 feet) to a found 5/8" iron pin marking the most northerly corner of Lot 29, Block 1 of said Willis Carrie's Paradise Subdivision; thence along the northerly line of Lots 30 through 31, Block 1 of said Willis Carrie's Paradise Subdivision, South 81°59'56" West (formerly S. 82°13'26" W) a distance of 178.37 feet (formerly 177.84 feet) to a found ½" iron pin, marking the northwesterly corner of said Lot 31, Block 1; thence along the northerly line of Lot 32, Block 1 of said subdivision, South 82°19'00" West (formerly S 82°13'26" W) a distance of 60.19 feet (formerly 60.00 feet) to a found ½" iron pin, marking the northwesterly corner of said Lot 32, Block 1; thence along the northerly line of Lot 33, Block 1 of said subdivision, South 82°48'53" West (formerly S 82°13'26" W) a distance of 52.74 feet (formerly 53.00) to a found ½" iron pin marking the northwesterly corner of said Lot 33, Block 1; thence along the northerly line of Lot 34, Block 1 of said subdivision, North 69°46'53" West (formerly N 73°54'20" W) a distance of 65.10 feet (formerly 65.00 feet) to a found ½" iron pin, marking the northwesterly corner of said Lot 34, Block 1, thence along the northerly line of Lot 35, Block 1 of said subdivision, North 79°52'57" West (formerly N 73°54'20" W) a distance of 42.01 feet (formerly 41.76 feet) to a found ½" iron pin, marking the northwesterly corner of said Lot 35, Block 1, thence along the westerly line of said Lot 35, Block 1, South 31°05'19" West (formerly S 31°08'52" West) a distance of 108.92 feet (formerly 108.73 feet) to a point marking the most westerly corner of said Lot 35, Block 1, also marking an angle point on Paradise Drive, as shown on said subdivision; thence North 58°51'08" West a distance of 165.33 feet to a point of curvature to the left, having a radius of 1045.04 feet; thence 196.38 feet along the arc of said curve, through a central angle of 10°46'00", the long chord of which bears North 64°14'08" West - 196.09 feet to a point; thence South 20°22'37" West (formerly S 20°22'52" W) a distance of 88.91 feet (formerly 88.92 feet) to a point of the said northeasterly right-of-way line of Grouse Creek Road on a curve to the left, having a radius of 956.12 feet; thence along said right-of-way line, 26.61 feet along the arc of said curve, through a central angle of 01°36'40", the long chord of which bears North 70°25'13" West - 26.60 feet to a point; thence continuing along said right-of-way line, North 71°13'03" West a distance of 147.78 feet to a point on a curve to the left, having a radius of 886.57 feet; thence continuing along said right-of-way line, 99.61 feet along the arc of said curve, through a central angle of 06°26'14", the long chord of which bears North 74°26'10" West - 99.55 feet to a point, thence continuing along said right-of-way line, North 77°39'17" West a distance of 12.66 feet to a point of a curve to the right, having a radius of 20.00 feet; thence continuing along said right-of-way line, 45.65 feet along the arc of said curve, through a central angle of 130°46'58" (formerly 128°39'21"), the long chord of which bears North 12°16'07" West - 36.37 feet (formerly North 13°19'36" West 36.05 feet) to the Point of Beginning.

Tract 2 - Parcel 4

A parcel of land being situated in Section 33, Township 3 North, Range 10 East of the Boise Meridian, and being all of Lot 25, Block 1 in Willis Carrie's Paradise Subdivision, recorded as Instrument No. 193441, records of Elmore County, Idaho, described as follows:

Beginning at a point on the northeasterly right-of-way line of Paradise Drive (Lot 36, Block 1 of said subdivision),

also marking the common corner of said Lot 25 and 26, Block 1 of said subdivision; thence along the southeasterly line of said Lot 26, Block 1, North 62°55'30" East a distance of 64.05 feet to a found ½" iron pin; thence along the northeasterly line of said Lot 25, Block 1, South 53°39'09" East a distance of 94.23 feet to a point marking the corner common to said Lot 25, Block 1 and Lot 24, Block 1, of said subdivision; thence along the northwesterly line of said Lot 24, Block 1, South 39°23'46" West a distance of 70.96 feet to a point on the said northeasterly right-of-way line of Paradise Drive on a curve to the right, having a radius of 465.00 feet; thence along said right-of-way line, 120.22 feet along the arc of said curve, through a central angle of 14°48'46", the long chord of which bears North 47°08'53" West - 119.88 feet to the Point of Beginning.

Tract 2 - Parcel 5

A parcel of land being situated in Section 33, Township 3 North, Range 10 East of the Boise Meridian, and being all of Lot 43, Block 1 in Willis Carrie's Paradise Subdivision, recorded as Instrument No. 193441, records of Elmore County, Idaho, described as follows:

Beginning at a point on the southeasterly right-of-way line of the Featherville Road, marking the most westerly corner of said Lot 43, Block 1; thence along said right-of-way line, North 46°15'20" East a distance of 111.39 feet (formerly 111.41') to a point of curvature to the left, having e radius of 1309.84 feet; thence 16.61 feet (formerly 18.59 feet) along the arc of said curve, through a central angle of 00°48'50" (formerly 0°48'47"), the long chord of which bears North 46°50'55" East - 18.61 feet to a found ½" iron pin; thence departing said right-of-way line South 44°33'27" East a distance of 193.25 feet (formerly 193.35') to a found ½" iron pin on the northwesterly line of Lot 38, Block 1 of said Willis Carrie's Paradise Subdivision; thence along said northwesterly line of Lot 38, Block 1, South 56°44'46" West (formerly S 56°45'09" W) a distance of 135.00 feet to a found ½" iron pin marking the most easterly corner of Lot 42, Block 1 of said Willis Carrie's Paradise Subdivision; thence along the northeasterly line of said Lot 42, Block 1, North 43°44'40" West a distance of 168.52 feet (formerly 168.61 feet) to the Point of Beginning.

Tract 3

A parcel of land being a portion of the north half of Section 5, Township 2 North, Range 10 East of the Boise Meridian, Elmore County, Idaho more particularly described as follows:

Commencing at a Brass Cap monument marking the corner common to Sections 32 and 33, Township 3 North, Range 10 East and Sections 4 and 5, Township 2 North, Range 10 East; thence South 00°06'43" West a distance of 720.36 feet along the line common to said Sections 4 and 5; thence leaving said Section line South 46°31'18" West a distance of 1169.86 feet to the True Point of Beginning, said point being the most easterly corner of Lot 5, Block 3 of Ballantyne Camp No. 4, thence along the boundary of said Ballantyne Camp Subdivision No. 4, the following courses and distances:
South 53°52'20" West, 122.16 feet (formerly South 53°41'35" West 122.40 feet), thence South 59°34'06" West, 94.05 feet (formerly South 59°32'05" West 94.02 feet); thence South 64°28'52" West 205.01 feet (formerly South 64°37'05" West 205.18 feet); thence South 77°28'27" West 83.70 feet (formerly South 77°28'45" West 82.71 feet); thence North 47°41'13" West, 154.78 feet (formerly North 47°40'55" East 153.81 feet); thence North 82°42'25" West 123.06 feet (formerly North 82°34'07" West 125.25 feet); thence North 27°43'33" West, 38.49 feet (formerly North 27°14'15" West 38.16 feet); thence South 58°31'46" West 49.59 feet (formerly South 58°31'45" West, 49.28 feet); thence South 76°15'22" West 87.23 feet (formerly South 76°15'40" West 87.23 feet); thence North 73°04'38" West 80.11 feet (formerly North 73°04'20" West 80.11 feet); thence North 63°37'48" West, 116.16 feet (formerly North 63°37'30" West, 116.16 feet); thence North 13°17'18" West 61.71

feet (formerly North 13°17'00" West, 61.71 feet) to the most westerly corner of said Ballantyne Camp Subdivision No. 4; thence leaving said Subdivision boundary, North 13°17'18" West a distance of 36.81 feet (formerly North 13°17'00" West, 36.96 feet) to a point on the Southeasterly right-of-way line of the County Road (Pine-Featherville Highway); thence 66.42 feet along the arc of a 5769.58 foot radius curve to the left, through a central angle of 00°39'34", the chord of which bears South 68°25'54" West, 66.42 feet; thence continuing along said right-of-way line South 68°45'42" West a distance of 85.46 feet to a point on the high water line of the Left Bank of the South Fork of the Boise River; thence along said high water line of the South Fork of the Boise River, South 08°25'41" West a distance of 157.79 feet; thence South 14°29'48" West a distance of 213.37 feet; thence along said high water line of the South Fork of the Boise River, South 25°06'02" West a distance of 73.91 feet; thence leaving the high water line of the South Fork of the Boise River, South 89°49'59" East a distance of 222.59 feet; thence South 00°16'25" East a distance of 664.31 feet to a point on the north-south mid-section line of said Section 5; thence along said mid-section line South 89°49'19" East a distance of 1900.02 feet (formerly South 89°52'30" East) to the East one-quarter corner of said Section 5; thence along the East line of said Section 5, North 00°06'43" East a distance of 1908.85 feet (formerly North 00°03'00" West 1909.29 feet); thence North 83°14'13" West a distance of 477.34 feet (formerly North 83°13'21" West 466.16 feet) to a point on the Southeasterly right-of-way of the County Road (Pine-Featherville Highway); thence along said right-of-way line 19.87 feet along the arc of a 6072.11 foot radius curve to the left, through a central angle of 00°11'15", the chord of which bears South 55°06'33" West 19.86 feet; thence continuing along said right-of-way line, South 56°21'18" West a distance of 424.48 feet; thence 614.41 feet along the arc of a 5754.58 foot radius curve to the left, through a central angle of 06°07'03", the chord of which bears South 59°24'49" West, 614.12 feet; thence leaving said right-of-way line, South 29°26'44" East a distance of 39.52 feet (formerly South 27°28'24" East, 30.90 feet) to the northwest corner of Lot 5, Block 1, Ballantyne Camp Subdivision No. 4; thence along the boundary line of said Ballantyne Camp Subdivision No. 4 along the following courses and distances: South 83°47'18" East, 85.34 feet (formerly South 83°51'05" East 85.25 feet) thence South 70°26'22" East 96.44 feet (formerly South 70°21'35" East, 96.17 feet); thence South 59°28'58" East 94.88 feet (formerly 58°32'05" East, 95.18 feet); thence South 53°20'33" East 173.97 feet (formerly South 53°53'35" East 173.91 feet); thence South 19°24'56" East, 35.19 feet (formerly South 19°24'07" East, 35.16 feet) thence South 66°44'20" East 103.75 feet (formerly South 66°43'45" East 103.77 feet) to the Point of Beginning.

EXHIBIT B

List of Water Rights Claims, Permits, and Licenses

All of Grantor's right, title, and interest in and to:

- Water Right No. 63-4327
- Water Right No. 63-8206
- Water Right No. 63-8207
- Water Right No. 63-11051
- Water Right No. 63-11053
- Water Right No. 63-27144
- Water Permit No. 63-11439
- Any and all rights, entitlement, and interests associated with the cold water well at the site of common boundary between the SE1/4NE1/4 and NE1/4NE/14 of Section 5, Township 2 North, Range 10 East, Boise Meridian
- Contract No. 2-07-10-W0943 (Industrial Water Service Contract with the U.S. Department of Interior, Bureau of Reclamation)
- Water Right No. 63-4221
- Water Right No. 63-10559
- Water Right No. 63-10560
- Water Permit No. 63-12316
- Water Permit No. 63-12317
- Water Permit No. 63-31526
- Water Permit No. 63-32016
- Any and all other rights, title and interests of Trinity Springs, Inc. to use or control water, including those associated with Paradise Lodge and Paradise Subdivision and those held in the name of Paradise Homeowners' Association.

EXHIBIT C

Permitted Encumbrances

See attached.

1. Taxes or Assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records
2. Any facts, rights, interest or claims which are not shown by the public records but which could be ascertained by an inspection of said land or by making inquiry or persons in possession thereof.
3. Easements, claims of easement or encumbrances which are not shown by the public records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the title, including discrepancies, conflicts in boundary lines, shortage in area, or any other facts that would be disclosed by an accurate and complete land survey of the land, and that are not shown in the public records.
5. (a) Unpatented mining claims, (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof, (c) water rights, claims or title to water whether or not the matters excepted under (a), (b), or (c) are shown by the public records.
6. Any lien, or right to a lien for services, labor or material theretofore or hereafter furnished, imposed by law and not shown by the public records.
7. 2009 taxes are an accruing lien, not due or payable until the fourth Monday in November of the current year, the first one-half of which is not delinquent until after December 20th of the current year.
8. Levies and assessments of King Hill Irrigation District, no delinquencies appear of record.
9. Any claim arising from the difference in the mean high water line of the South Fork of the Boise River and the meander line as shown by the Original Government Survey.
10. Reservations in United States Patent, recorded as Instrument Nos. 17278 and 22645.
11. Rights-of-way for ditches, tunnels and telephone and transmission lines constructed by authority of the United States, as granted to the United States under provisions of Section 58-604, Idaho Code.
12. Exceptions and reservations contained in Deed from the State of Idaho, wherein mineral rights are reserved to the State under provisions of 47-701 and 47-701A. Idaho Code.
13. Power line easements granted to Idaho Power Company, a corporation, recorded as Instrument Nos. 30300 (Tract 3), 30402 and 30406 (Tract 2, Parcel 1).
14. Right-of-Way Deed executed by Edna Ballantyne as Grantor and Elmore County, a political subdivision, as Grentee, recorded January 20, 1954 as Instrument No. 87117. (Tract 3)
15. Right-of-Way Deed executed by Edna Ballantyne, a widow as Grantor and the County of Elmore, State of Idaho as Grantee, recorded May 23, 1955 as Instrument No. 90428. (Tract 3)
16. Easement to Elmore County for Flood Control executed by Edna Ballantyne, a widow, recorded September 1, 1959 as Instrument No. 101408. (Tract 3)
17. Covenants, Conditions and Restrictions recorded as Instrument No. 113989, but omitting any covenant, condition or restriction based on race, color, religion, sex, handicap, familial status, or national origin to the extent that such covenants, conditions or restrictions violate 42 USC 3604 (c).
18. Trust Agreement for the Water System in Ballantyne Camp Subdivisions 1, 2, 3 and 4 upon the terms, conditions and provisions contained therein:
    Parties: Lake Cascade, Inc.
    Recorded: July 28, 1966 as Instrument No. 129643

19. Easements on the recorded plat of said subdivision.

20. All matters, covenants, conditions, restrictions, easements and any rights, interests or claim which may exist by reason thereof, disclosed by the recorded plat of said subdivision, recorded as Instrument No. 131510, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c).

21. All matters, covenants, conditions, restrictions, easements and any rights, interests or claim which may exist by reason thereof, disclosed by the recorded plat of said subdivision, recorded as Instrument No. 193441, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c).

22. Covenants, Conditions and Restrictions recorded as Instrument No. 193442, but omitting any covenant, condition or restriction based on race, color, religion, sex, handicap, familial status, or national origin to the extent that such covenants, conditions or restrictions violate 42 USC 3604 (c).

23. Amendment to said Covenants recorded as Instrument No. 195095, but deleting any covenant, conditions or restriction, indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, or national origin to the extent such covenants, conditions or violate 42 USC 3604 (c).

    Amendment to said Covenants recorded as Instrument No. 308466, but deleting any covenant, conditions or restriction, indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, or national origin to the extent such covenants, conditions or violate 42 USC 3604 (c).

24. Declaration and Acceptance of the Association Members as to their Right, Duties, Responsibilities and Liabilities to the Paradise Homeowners Association, Inc., recorded May 9, 1980 as Instrument No. 195096.

    First Amendment to Declaration and Acceptance of the Association Members as to their Rights, Duties, Responsibilities and Liabilities to the Paradise Homeowners Association, Inc., recorded June 9, 1998 as Instrument No. 308467.

25. Levies and Assessments of Paradise Homeowners Association, Inc., no delinquencies appear of record.

26. Easement for Use of Water System, executed by Paradise Resort, Inc., an Idaho corporation as Grantor and Paradise Inn, Inc., an Idaho nonprofit corporation, recorded December 20, 1985 as Instrument No. 232228. (Tract 2, Parcels 2 & 3)

27. Application for Membership and Agreement for Purchase of Power executed by and between Prairie Power Cooperative, Inc. and Paradise Homeowner's Association, recorded February 7, 1989 as Instrument No. 251901. (Tract 2, Parcel 4)

28. Memorandum for Recording executed by and between Trinity Springs, LTD., an Idaho Corporation and William D. Johnson as to the terms, conditions and provisions contained therein, recorded October 7, 1991 as Instrument No. 265747.

29. Memorandum of Agreement upon the terms, conditions and provisions contained therein:
    Parties: Prairie Power Cooperative, Inc. and Trinity Springs, LTD
    Recorded: November 27, 1991 as Instrument No. 266350

30. Right-of-Way Easement executed by and between Trinity Springs, LTD. and Prairie Power Cooperative, Inc., recorded November 27, 1991 as Instrument No. 266366. (Tract 2, Parcel 1)

31. All Matters and any rights, easements, interests or claims which may exist by reason thereof, disclosed by a survey made by Desert West Land Surveys, recorded August 27, 1999, as Instrument No. 317532.

32. All Matters and any rights, easements, interests or claims which may exist by reason thereof, disclosed by a survey made by Anderson - David & Associates, Inc., recorded June 10, 2004, as Instrument No. 357330.

    All Matters and any rights, easements, interests or claims which may exist by reason thereof, disclosed by a survey made by Anderson - David & Associates, Inc., recorded June 10, 2004, as Instrument No. 357331.

    All Matters and any rights, easements, interests or claims which may exist by reason thereof, disclosed by a survey made by Anderson - David & Associates, Inc., recorded June 10, 2004, as Instrument No. 357332.

33. All matters, covenants, conditions, restrictions, easements and any right, interests or claims which may exist by reason thereof, disclosed by Records of Survey, recorded June 10, 2004, as Instrument Nos. 317532, 357330, 357331 and 357332, but deleting any covenant, condition, or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604 (c).

GIVENS PURSLEY LLP

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PO Box 2720, Boise, Idaho 83701
TELEPHONE: 208 388-1200
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James A. McClure
OF COUNSEL

Raymond D. Givens
RETIRED

June 18, 2004

Idaho Department of Water Resources
Western Regional Office
2735 Airport Way
Boise, ID 83705-5082

Re: Assignment of Permit Nos. 63-11439, 63-12316, 63-31526 and 63-12317
GP File No. 7145-1

To Whom It May Concern:

Enclosed please find the original and one copy of Assignment of Permit forms for each of the above referenced permits. Please stamp the copies as received by your office and return them to me in the enclosed self-addressed, stamped envelope. Also enclosed is a check in the amount of $100.00 to cover the associated filing fee ($25.00 for each Assignment).

Thank you for your assistance with this matter if you have any questions or require any additional information please call.

Sincerely,

John M. Marshall

Encl: Assignment of Permit for Permit No. 63-11439
Assignment of Permit for Permit No. 63-12316
Assignment of Permit for Permit No. 63-31526
Assignment of Permit for Permit No. 63-12317

cc: Robert A. Maynard, Perkins Coie LLP
George E. Rider, Stinson Morrison Hecker LLP
Christopher H. Meyer, Givens Pursley LLP

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