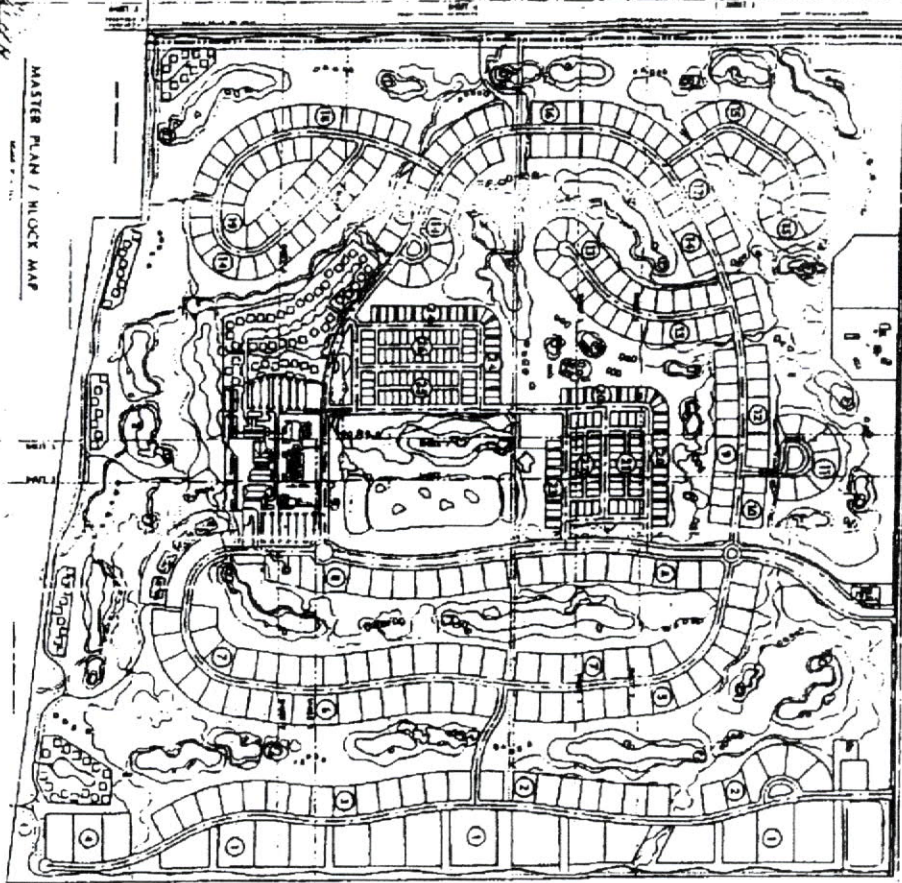


COPY

LEION SPRINGS

GOLF AND CASTING CLUB

[illegible]

AREA	CLIMATE	Soil	Water	Vegetation	Wildlife	Human	Other
1. Climate	1.1. Temperature	1.2. Humidity	1.3. Wind	1.4. Rainfall	1.5. Frost	1.6. Snow	1.7. Other
2. Soil	2.1. Type	2.2. Fertility	2.3. pH	2.4. Salinity	2.5. Texture	2.6. Color	2.7. Other
3. Water	3.1. Availability	3.2. Quality	3.3. Hardness	3.4. Pollution	3.5. Flow	3.6. Level	3.7. Other
4. Vegetation	4.1. Type	4.2. Density	4.3. Height	4.4. Color	4.5. Texture	4.6. Shape	4.7. Other
5. Wildlife	5.1. Type	5.2. Density	5.3. Size	5.4. Color	5.5. Shape	5.6. Sound	5.7. Other
6. Human	6.1. Population	6.2. Density	6.3. Age	6.4. Sex	6.5. Education	6.6. Income	6.7. Other
7. Other	7.1. Noise	7.2. Air Pollution	7.3. Water Pollution	7.4. Land Use	7.5. Urbanization	7.6. Transportation	7.7. Other

[illegible]

INDEX	INDEX	INDEX
1	1	1
2	2	2
3	3	3
4	4	4
5	5	5
6	6	6
7	7	7
8	8	8
9	9	9
10	10	10
11	11	11
12	12	12
13	13	13
14	14	14
15	15	15
16	16	16
17	17	17
18	18	18
19	19	19
20	20	20
21	21	21
22	22	22
23	23	23
24	24	24
25	25	25
26	26	26
27	27	27
28	28	28
29	29	29
30	30	30
31	31	31
32	32	32
33	33	33
34	34	34
35	35	35
36	36	36
37	37	37
38	38	38
39	39	39
40	40	40
41	41	41
42	42	42
43	43	43
44	44	44
45	45	45
46	46	46
47	47	47
48	48	48
49	49	49
50	50	50
51	51	51
52	52	52
53	53	53
54	54	54
55	55	55
56	56	56
57	57	57
58	58	58
59	59	59
60	60	60
61	61	61
62	62	62
63	63	63
64	64	64
65	65	65
66	66	66
67	67	67
68	68	68
69	69	69
70	70	70
71	71	71
72	72	72
73	73	73
74	74	74
75	75	75
76	76	76
77	77	77
78	78	78
79	79	79
80	80	80
81	81	81
82	82	82
83	83	83
84	84	84
85	85	85
86	86	86
87	87	87
88	88	88
89	89	89
90	90	90
91	91	91
92	92	92
93	93	93
94	94	94
95	95	95
96	96	96
97	97	97
98	98	98
99	99	99
100	100	100

[illegible]

MICROFILMED
OCT 07 2001

RECEIVED

JUL 09 2001

Department of Water Resources
Eastern Region

AFFIDAVIT OF PUBLICATION

State of Idaho)
)ss
County of Teton)

I, Barbara Gibson, being first duly sworn, depose and say that I am the Director of the Teton Valley News, a newspaper as defined by Idaho Codes Annotated, Section 58-106, as amended, and that said newspaper is a weekly newspaper printed and published at Driggs, in Teton County, Idaho, having a general circulation in said county, and that said newspaper has been printed in said county for more than 78 consecutive weeks prior to the first publication of the attached notice, advertisement, or publication of

Application for permit No: 22-13178.
And affiant further says that said attached notice, advertisement, or publication, as per clipping attached, was published in said newspaper, in the regular and entire issue thereof, and not in any supplement issue thereof, for 2 consecutive issues thereof; first publication having been made on the 24th day of June, 2001. And affiant further says that at the times herein mentioned said newspaper was made up of at least eight pages of at least five columns each, printed from typed matter, of at least sixteen inches deep.

Barbara Gibson
Signature

State of Idaho)
)
County of Teton)

On this 6th day of July, 2001, before me, a Notary Public, personally appeared Barbara Gibson known or identified to me to be the person whose name subscribed to the within instrument, and being by me first duly sworn, declared that the statements there-in are true, and acknowledged to me that he/she executed the same.

Bonnie Zohner

Notary Public for Idaho

Residing at Driggs Idaho
My commission expires 10/1/04

APPLICATION FOR PERMIT
NO: 22-13178

The following application(s) have been filed to appropriate the public waters of the State of Idaho: 22-13178.

Teton Springs Golf and Casting Club, 3395 N. Pines Way Suite 102, Wilson, WY 83014. Point(s) of Diversion: NENESE S14 T03N R45E, TETON County. Source GROUND WATER:

Point(s) of Diversion NWSWNE S23 T03NR45E TETON County Source GROUND WATER.

Use: DOMESTIC, 01/01 To 12/31, 1.1 CFS.

Total Diversion: 1.1 CFS. Date Filed: 06/08/2001. Place of Use: DOMESTIC, T03N R45E S13, 14, 23, and 24. Permits will be subject to all prior water rights. Protests may be submitted based on the criteria of Sec 42-203A, Idaho Code.

Any protest against the approval of this application must be filed with the Director, Dept. of Water Resource, Eastern Region, 900 N Skyline Dr. Ste A, Idaho Falls ID 83402 together with a protest fee of \$25.00 for each application on or before July 9, 2001. The protestant must also send a copy of the protest to the applicant.

KARL J DREHER, Director

Published in the Teton Valley News
June 21 and June 28, 2001.



MICROFILMED
JUL 09 2001

RECEIVED

SEP 2 2003

Department of Water Resources

RECEIVED

JUN 23 2003

Department of Water Resources
Eastern RegionSTATE 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): 22-13178
Adjudication Claim No(s): _____
2. The following **REQUIRED** information must be submitted with this form:
 - A) Evidence of the security interest. This may be a copy of a **DEED of TRUST, MORTGAGE, CONTRACT OF SALE** or other legal document indicating your interest in the property and water rights or claims in question, **WITH ATTACHED LEGAL DESCRIPTION.**
 - B) A **FEE** of \$25.00 per water right or adjudication claim.
3. Name and Mailing Address of Person or Company holding Security Interest
Metwest Mortgage Services, Inc
601 West 1st Avenue
Dept 115000
Spokane, WA 99201-5071
4. Name of Water Right Owner/Claimant(s) Teton Springs Golf & Casting Club, LLC
Teton Springs LLC
5. Expiration Date of Notification Period December 31, 2012
6. Is this a Renewal of Request for Notification? ☐ YES ☒ NO
7. Signature(s) (and title if applicable) Metwest Mortgage Services, Inc.
by: *[Signature]*
its: SECRETARY

For Office Use Only

Received by <u>QC</u>	Date <u>6-23-03</u>	Fee <u>\$125</u>
Receipted by <u>QC</u>	Date <u>6-24-03</u>	Receipt No. <u>EO28916</u>
Processed by _____ AJ	Date _____	WR _____ Date _____

MICROFILMED
OCT 07 2003

(Domestic)

RECEIVED

SEP 30 2003



Department of Water Resources
877 Main Street, Suite 1000
P.O. Box 1617
Boise, ID 83701-1617
(208) 344-6000 Fax (208) 342-3829
www.hteh.com

FACSIMILE COVERSHEET

Date: 9/30/2003 Pages (including cover page): 4
File No.: 41437-1
To: Kari Lyn Townsend
Firm: Idaho Department of Water Resources
Fax: 208-327-7866 Main No.: 208-327-7900

From: Theresa M. Howe E-Mail: TMH@HTEH.COM

Re: Water Right Permit No. 22-13178

Comments:

See attached.

ORIGINAL WILL:

BE SENT BY MAIL

BE SENT BY FEDEX/OVERNIGHT COURIER

BE SENT BY MESSENGER

X NOT BE SENT

CALL BACK: If the transmission to you was incomplete or not legible, please call the individual above listed at (208) 344-6000 or call the FAX operator at (208) 344-6000.

Confidentiality Notice: This message is intended only for the use of the individual or entity to which it is addressed and may contain information that is privileged, confidential, and exempt from disclosure under applicable law. If the reader of this message is not the intended recipient, or the employee or agent responsible for delivering the message to the intended recipient, you are hereby notified that any dissemination, distribution, or copying of this communication is strictly prohibited. If you have received this communication in error, please notify us immediately by telephone and return the original message to us at the above address via the US Postal Service. Thank you.

MICROFILMED

OCT 07 2003



877 Main Street, Suite 1000
P.O. Box 1617
Boise, Idaho 83701-1617
(208) 344-6000 · Fax (208) 342-3829
www.hteh.com

THERESA M. HOWE
LEGAL ASSISTANT
EMAIL: TMH@HTEH.COM

September 30, 2003

VIA FACSIMILE

Kari Lynn Townsend
Idaho Department of Water Resources
1301 North Orchard Street
Boise, ID 83706

Re: Notice of Security Interest in Water Right Permit 22-13178

Dear Ms. Townsend:

As per our telephone conversation and in response to your letter to Metwest Mortgage Services Inc. dated September 24, 2003, I have enclosed a copy of the legal description of the property prior to the filing of the subdivision plat and a copy of the first page of the plat. After the application was submitted to IDWR, the subdivision plat was filed in Teton County which changed the metes and bounds legal description to the subdivision plat legal description that is attached to the Metwest mortgage.

Please let me know if you need anything further to process the Notice of Security Interest. Thank you.

Sincerely,

HAWLEY TROXELL ENNIS & HAWLEY LLP

A handwritten signature in cursive script that reads "Theresa M. Howe".

Theresa M. Howe
Legal Assistant

Enclosures
cc (via facsimile): Pat Johnson

41437.0001.723983.1

MICROFILMED
OCT 07 2003

312-341 0133

10/23/00

10/23/00 10:100

EXHIBIT A

The land referred to in this policy is situated in the State of Idaho and is described as follows:
County of Teton

THE S 1/2 SECTION 14, THE N 1/2 SECTION 23, A PART OF THE W 1/4 SW 1/4 SECTION 13,
A PART OF THE W 1/4 NW 1/4 SECTION 24, AND A PART OF H.E.S. 386, ALL LOCATED
IN TOWNSHIP 3N., RNG. 45 E., B.M., TETON COUNTY, IDAHO, BEING FURTHER
DESCRIBED AS:

COMMENCING AT THE W 1/4 CORNER OF SAID SECTION 14: THENCE S 89°39'34" E,
5277.41 FEET ALONG THE NORTH LINE OF THE S 1/2 TO THE E 1/4 CORNER OF
SAID SECTION 14: THENCE S 89°43'54" E, 572.23 FEET ALONG THE NORTH LINE
OF THE S 1/2 OF SAID SECTION 13 TO A POINT: THENCE SOUTH 00°01'09" E,
6180.11 FEET TO A POINT ON THE SOUTH LINE OF H.E.S. 386: THENCE N
82°37'50"W, 4623.31 FEET ALONG THE SOUTH LINE OF H.E.S. 386 TO THE SW
CORNER OF H.E.S. 386: THENCE N 00°33'27" E, 330.00 FEET ALONG THE WEST
LINE OF H.E.S. 386 TO THE NW CORNER OF H.E.S. 386: THENCE N 89°43'39"W,
1270.02 FEET ALONG THE SOUTH LINE OF THE NW 1/4 OF SAID SECTION 23 TO
THE W 1/4 CORNER OF SAID SECTION 23: THENCE N 00°00'17" E, 2642.34 FEET
ALONG THE WESTERN SECTION LINE TO THE NW CORNER OF SAID SECTION 23:
THENCE N 00°00'07" E, 2642.79 FEET ALONG THE WESTERN SECTION LINE OF
SAID SECTION 14 TO THE POINT OF BEGINNING.

CONTAINS 774.17 ACRES, MORE OR LESS.

The following described tract is to be excluded from the land described above:

HASTINGS' RANCH TRACT 15

A PART OF THE NE 1/4 SW 1/4 SECTION 14, TWP. 3N., RNG. 45E., B.M., TETON
COUNTY, IDAHO, BEING FURTHER DESCRIBED AS:
FROM THE C 1/4 CORNER OF SAID SECTION 14, THENCE S 00°04'22"E, 30.00 FEET
ALONG THE EAST LINE OF THE SW 1/4 AND THENCE N 89°39'34"W, 191.84
FEET PARALLEL WITH THE NORTH LINE OF THE SE 1/4 TO THE TRUE POINT
OF BEGINNING;
THENCE SOUTH, 300.34 FEET TO A POINT;
THENCE S 45°00'00"W, 223.43 FEET TO A POINT;
THENCE WEST, 342.82 FEET TO A POINT;
THENCE NORTH, 461.31 FEET TO A POINT;
THENCE S 89°39'34"E, 500.82 FEET PARALLEL AND OFFSET 30 FEET SOUTH OF
THE NORTH LINE OF SW 1/4 OF SAID SECTION 14 TO THE POINT OF
BEGINNING.

CONTAINS 5.00 ACRES, MORE OR LESS.

139996

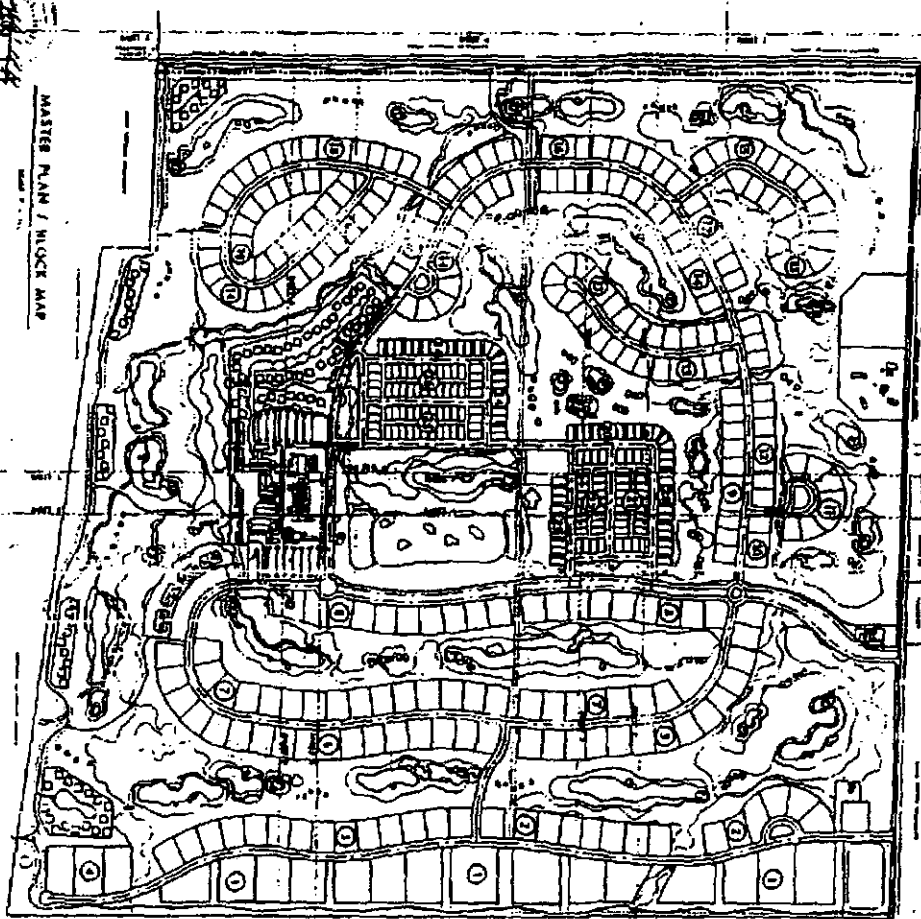
MICROFILMED

OCT 07 2003

COPY

LEION SPRINGS

GOLF AND CASTING CLUB



MASTER PLAN / HIGHWAY MAP

Case No.	Case Name	Case Type	Case Status	Case Date	Case Time	Case Location	Case Description	Case Action	Case Result	Case Comment
1	Case 1	Case Type 1	Case Status 1	Case Date 1	Case Time 1	Case Location 1	Case Description 1	Case Action 1	Case Result 1	Case Comment 1
2	Case 2	Case Type 2	Case Status 2	Case Date 2	Case Time 2	Case Location 2	Case Description 2	Case Action 2	Case Result 2	Case Comment 2
3	Case 3	Case Type 3	Case Status 3	Case Date 3	Case Time 3	Case Location 3	Case Description 3	Case Action 3	Case Result 3	Case Comment 3
4	Case 4	Case Type 4	Case Status 4	Case Date 4	Case Time 4	Case Location 4	Case Description 4	Case Action 4	Case Result 4	Case Comment 4
5	Case 5	Case Type 5	Case Status 5	Case Date 5	Case Time 5	Case Location 5	Case Description 5	Case Action 5	Case Result 5	Case Comment 5
6	Case 6	Case Type 6	Case Status 6	Case Date 6	Case Time 6	Case Location 6	Case Description 6	Case Action 6	Case Result 6	Case Comment 6
7	Case 7	Case Type 7	Case Status 7	Case Date 7	Case Time 7	Case Location 7	Case Description 7	Case Action 7	Case Result 7	Case Comment 7
8	Case 8	Case Type 8	Case Status 8	Case Date 8	Case Time 8	Case Location 8	Case Description 8	Case Action 8	Case Result 8	Case Comment 8
9	Case 9	Case Type 9	Case Status 9	Case Date 9	Case Time 9	Case Location 9	Case Description 9	Case Action 9	Case Result 9	Case Comment 9
10	Case 10	Case Type 10	Case Status 10	Case Date 10	Case Time 10	Case Location 10	Case Description 10	Case Action 10	Case Result 10	Case Comment 10

[illegible]

DATE RECEIVED BY	DATE FORWARDED BY
BY (NAME)	BY (NAME)
TO (NAME)	TO (NAME)
FROM (NAME)	FROM (NAME)
SUBJECT	SUBJECT
REMARKS	REMARKS

AREA	DATE	CHGR	YR	NO	CHGR	YR
Adm. Serv.	1967-1970	1	1	1	1	1
Adm. Serv.	1971-1974	1	1	1	1	1
Adm. Serv.	1975-1978	1	1	1	1	1
Adm. Serv.	1979-1982	1	1	1	1	1
Adm. Serv.	1983-1986	1	1	1	1	1
Adm. Serv.	1987-1990	1	1	1	1	1
Adm. Serv.	1991-1994	1	1	1	1	1
Adm. Serv.	1995-1998	1	1	1	1	1
Adm. Serv.	1999-2002	1	1	1	1	1
Adm. Serv.	2003-2006	1	1	1	1	1
Adm. Serv.	2007-2010	1	1	1	1	1
Adm. Serv.	2011-2014	1	1	1	1	1
Adm. Serv.	2015-2018	1	1	1	1	1
Adm. Serv.	2019-2022	1	1	1	1	1
Adm. Serv.	2023-2026	1	1	1	1	1
Adm. Serv.	2027-2030	1	1	1	1	1
Adm. Serv.	2031-2034	1	1	1	1	1
Adm. Serv.	2035-2038	1	1	1	1	1
Adm. Serv.	2039-2042	1	1	1	1	1
Adm. Serv.	2043-2046	1	1	1	1	1
Adm. Serv.	2047-2050	1	1	1	1	1
Adm. Serv.	2051-2054	1	1	1	1	1
Adm. Serv.	2055-2058	1	1	1	1	1
Adm. Serv.	2059-2062	1	1	1	1	1
Adm. Serv.	2063-2066	1	1	1	1	1
Adm. Serv.	2067-2070	1	1	1	1	1
Adm. Serv.	2071-2074	1	1	1	1	1
Adm. Serv.	2075-2078	1	1	1	1	1
Adm. Serv.	2079-2082	1	1	1	1	1
Adm. Serv.	2083-2086	1	1	1	1	1
Adm. Serv.	2087-2090	1	1	1	1	1
Adm. Serv.	2091-2094	1	1	1	1	1
Adm. Serv.	2095-2098	1	1	1	1	1
Adm. Serv.	2099-2102	1	1	1	1	1
Adm. Serv.	2103-2106	1	1	1	1	1
Adm. Serv.	2107-2110	1	1	1	1	1
Adm. Serv.	2111-2114	1	1	1	1	1
Adm. Serv.	2115-2118	1	1	1	1	1
Adm. Serv.	2119-2122	1	1	1	1	1
Adm. Serv.	2123-2126	1	1	1	1	1
Adm. Serv.	2127-2130	1	1	1	1	1
Adm. Serv.	2131-2134	1	1	1	1	1
Adm. Serv.	2135-2138	1	1	1	1	1
Adm. Serv.	2139-2142	1	1	1	1	1
Adm. Serv.	2143-2146	1	1	1	1	1
Adm. Serv.	2147-2150	1	1	1	1	1
Adm. Serv.	2151-2154	1	1	1	1	1
Adm. Serv.	2155-2158	1	1	1	1	1
Adm. Serv.	2159-2162	1	1	1	1	1
Adm. Serv.	2163-2166	1	1	1	1	1
Adm. Serv.	2167-2170	1	1	1	1	1
Adm. Serv.	2171-2174	1	1	1	1	1
Adm. Serv.	2175-2178	1	1	1	1	1
Adm. Serv.	2179-2182	1	1	1	1	1
Adm. Serv.	2183-2186	1	1	1	1	1
Adm. Serv.	2187-2190	1	1	1	1	1
Adm. Serv.	2191-2194	1	1	1	1	1
Adm. Serv.	2195-2198	1	1	1	1	1
Adm. Serv.	2199-2202	1	1	1	1	1
Adm. Serv.	2203-2206	1	1	1	1	1
Adm. Serv.	2207-2210	1	1	1	1	1
Adm. Serv.	2211-2214	1	1	1	1	1
Adm. Serv.	2215-2218	1	1	1	1	1
Adm. Serv.	2219-2222	1	1	1	1	1
Adm. Serv.	2223-2226	1	1	1	1	1
Adm. Serv.	2227-2230	1	1	1	1	1
Adm. Serv.	2231-2234	1	1	1	1	1
Adm. Serv.	2235-2238	1	1	1	1	1
Adm. Serv.	2239-2242	1	1	1	1	1
Adm. Serv.	2243-2246	1	1	1	1	1
Adm. Serv.	2247-2250	1	1	1	1	1
Adm. Serv.	2251-2254	1	1	1	1	1
Adm. Serv.	2255-2258	1	1	1	1	1
Adm. Serv.	2259-2262	1	1	1	1	1
Adm. Serv.	2263-2266	1	1	1	1	1
Adm. Serv.	2267-2270	1	1	1	1	1
Adm. Serv.	2271-2274	1	1	1	1	1
Adm. Serv.	2275-2278	1	1	1	1	1
Adm. Serv.	2279-2282	1	1	1	1	1
Adm. Serv.	2283-2286	1	1	1	1	1
Adm. Serv.	2287-2290	1	1	1	1	1
Adm. Serv.	2291-2294	1	1	1	1	1
Adm. Serv.	2295-2298	1	1	1	1	1
Adm. Serv.	2299-2302	1	1	1	1	1
Adm. Serv.	2303-2306	1	1	1	1	1
Adm. Serv.	2307-2310	1	1	1	1	1
Adm. Serv.	2311-2314	1	1	1	1	1
Adm. Serv.	2315-2318	1	1	1	1	1
Adm. Serv.	2319-2322	1	1	1	1	1
Adm. Serv.	2323-2326	1	1	1	1	1
Adm. Serv.	2327-2330	1	1	1	1	1
Adm. Serv.	2331-2334	1	1	1	1	1
Adm. Serv.	2335-2338	1	1	1	1	1
Adm. Serv.	2339-2342	1	1	1	1	1
Adm. Serv.	2343-2346	1	1	1	1	1
Adm. Serv.	2347-2350	1	1	1	1	1
Adm. Serv.	2351-2354	1	1	1	1	1
Adm. Serv.	2355-2358	1	1	1	1	1
Adm. Serv.	2359-2362	1	1	1	1	1
Adm. Serv.	2363-2366	1	1	1	1	1
Adm. Serv.	2367-2370	1	1	1	1	1
Adm. Serv.	2371-2374	1	1	1	1	1
Adm. Serv.	2375-2378	1	1	1	1	1
Adm. Serv.	2379-2382	1	1	1	1	1
Adm. Serv.	2383-2386	1	1	1	1	1
Adm. Serv.	2387-2390	1	1	1	1	1
Adm. Serv.	2391-2394	1	1	1	1	1
Adm. Serv.	2395-2398	1	1	1	1	1
Adm. Serv.	2399-2402	1	1	1	1	1
Adm. Serv.	2403-2406	1	1	1	1	1
Adm. Serv.	2407-2410	1	1	1	1	1
Adm. Serv.	2411-2414	1	1	1	1	1
Adm. Serv.	2415-2418	1	1	1	1	1
Adm. Serv.	2419-2422	1	1	1	1	1
Adm. Serv.	2423-2426	1	1	1	1	1
Adm. Serv.	2427-2430	1	1	1	1	1
Adm. Serv.	2431-2434	1	1	1	1	1
Adm. Serv.	2435-2438	1	1	1	1	1
Adm. Serv.	2439-2442	1	1	1	1	1
Adm. Serv.	2443-2446	1	1	1	1	1
Adm. Serv.	2447-2450	1	1	1	1	1
Adm. Serv.	2451-2454	1	1	1	1	1
Adm. Serv.	2455-2458	1	1	1	1	1
Adm. Serv.	2459-2462	1	1	1	1	1
Adm. Serv.	2463-2466	1	1	1	1	1
Adm. Serv.	2467-2470	1	1	1	1	1
Adm. Serv.	2471-2474	1	1	1	1	1
Adm. Serv.	2475-2478	1	1	1	1	1
Adm. Serv.	2479-2482	1	1	1	1	1
Adm. Serv.	2483-2486	1	1	1	1	1
Adm. Serv.	2487-2490	1	1	1	1	1
Adm. Serv.	2491-2494	1	1	1	1	1
Adm. Serv.	2495-2498	1	1	1	1	1
Adm. Serv.	2499-2502	1	1	1	1	1
Adm. Serv.	2503-2506	1	1	1	1	1
Adm. Serv.	2507-2510	1	1	1	1	1
Adm. Serv.	2511-2514	1	1	1	1	1
Adm. Serv.	2515-2518	1	1	1	1	1
Adm. Serv.	2519-2522	1	1	1	1	1
Adm. Serv.	2523-2526	1	1	1	1	1
Adm. Serv.	2527-2530	1	1	1	1	1
Adm. Serv.	2531-2534	1	1	1	1	1
Adm. Serv.	2535-2538	1	1	1	1	1
Adm. Serv.	2539-2542	1	1	1	1	1
Adm. Serv.	2543-2546	1	1	1	1	1
Adm. Serv.	2547-2550	1	1	1	1	1
Adm. Serv.	2551-2554	1	1	1	1	1
Adm. Serv.	2555-2558	1	1	1	1	1
Adm. Serv.	2559-2562	1	1	1	1	1
Adm. Serv.	2563-2566	1	1	1	1	1
Adm. Serv.	2567-2570	1	1	1	1	1
Adm. Serv.	2571-2574	1	1	1	1	1
Adm. Serv.	2575-2578	1	1	1	1	1
Adm. Serv.	2579-2582	1	1	1	1	1
Adm. Serv.	2583-2586	1	1	1	1	1
Adm. Serv.	2587-2590	1	1	1	1	1
Adm. Serv.	2591-2594	1	1	1	1	1
Adm. Serv.	2595-2598	1	1	1	1	1
Adm. Serv.	2599-2602	1	1	1	1	1
Adm. Serv.	2603-2606	1	1	1	1	1
Adm. Serv.	2607-2610	1	1	1	1	1
Adm. Serv.	2611-2614	1	1	1	1	1
Adm. Serv.	2615-2618	1	1	1	1	1
Adm. Serv.	2619-2622	1	1	1	1	1
Adm. Serv.	2623-2626	1	1	1	1	1
Adm. Serv.	2627-2630	1	1	1	1	1
Adm. Serv.	2631-2634	1	1	1	1	1
Adm. Serv.	2635-2638	1	1	1	1	1
Adm. Serv.	2639-2642	1	1	1	1	1
Adm. Serv.	2643-2646	1	1	1	1	1
Adm. Serv.	2647-2650	1	1	1	1	1
Adm. Serv.	2651-2654	1	1	1	1	1
Adm. Serv.	2655-2658	1	1	1	1	1
Adm. Serv.	2659-2662	1	1	1	1	1
Adm. Serv.	2663-2666	1	1	1	1	1
Adm. Serv.	2667-2670	1	1	1	1	1
Adm. Serv.	2671-2674	1	1	1	1	1
Adm. Serv.	2675-2678	1	1	1	1	1
Adm. Serv.	2679-2682	1	1	1	1	1
Adm. Serv.	2683-2686	1	1	1	1	1
Adm. Serv.	2687-2690	1	1	1	1	1
Adm. Serv.	2691-2694	1	1	1	1	1
Adm. Serv.	2695-2698	1	1	1	1	1
Adm. Serv.	2699-2702	1	1	1	1	1
Adm. Serv.	2703-2706	1	1	1	1	1
Adm. Serv.	2707-2710	1	1	1	1	1
Adm. Serv.	2711-2714	1	1	1	1	1
Adm. Serv.	2715-2718	1	1	1	1	1
Adm. Serv.	2719-2722	1	1	1	1	1
Adm. Serv.	2723-2726	1	1	1	1	1
Adm. Serv.	2727-2730	1	1	1	1	1
Adm. Serv.	2731-2734	1	1	1	1	1
Adm. Serv.	2735-2738	1	1	1	1	1
Adm. Serv.	2739-2742	1	1	1	1	1
Adm. Serv.	2743-2746	1	1	1	1	1
Adm. Serv.	2747-2750	1	1	1	1	1
Adm. Serv.	2751-2754	1	1	1	1	1
Adm. Serv.	2755-2758	1	1	1	1	1
Adm. Serv.	2759-2762	1	1	1	1	1
Adm. Serv.	2763-2766	1	1	1	1	1
Adm. Serv.	2767-2770	1	1	1	1	1
Adm. Serv.	2771-2774	1	1	1	1	1
Adm. Serv.	2775-2778	1	1	1	1	1
Adm. Serv.	2779-2782	1	1	1	1	1
Adm. Serv.	2783-2786	1	1	1	1	1
Adm. Serv.	2787-2790	1	1	1	1	1
Adm. Serv.	2791-2794	1	1	1	1	1
Adm. Serv.	2795-2798	1	1	1	1	1
Adm. Serv.	2799-2802	1	1	1		

[illegible]

MICROFILMED

OCT 07 2003

JUN 19 2002

TETON CO., ID
CLERK RECORDER

RECORDING REQUESTED BY: WHEN RECORDED MAIL TO:

METWEST MORTGAGE
SERVICES, INC.METWEST MORTGAGE
SERVICES, INC.
601 WEST 1ST AVENUE
Department 115000
Spokane, WA 99210-5071**Instrument # 148694**

DRIGGS, TETON, IDAHO

2002-06-19

03:14:12 No. of Pages: 43

Recorded for : FIRST AMERICAN TITLE

NOLAN G. BOYLE

Fee: 128.00

Ex-Officio Recorder Deputy *[Signature]*

Index to: MORTGAGE

**CONSTRUCTION AND PERMANENT MORTGAGE, SECURITY AGREEMENT,
ASSIGNMENT OF LEASES AND RENTS AND FIXTURE FILING**

THIS CONSTRUCTION AND PERMANENT MORTGAGE, SECURITY AGREEMENT, ASSIGNMENT OF LEASES AND RENTS AND FIXTURE FILING ("Mortgage"), is dated for reference purposes as of June 19 2002, by **TETON SPRINGS GOLF & CASTING CLUB, LLC**, a Wyoming limited liability company ("Teton Golf & Casting"), and **TETON SPRINGS, LLC**, a Wyoming limited liability company ("Teton"), (collectively the "Mortgagor"), to **METWEST MORTGAGE SERVICES, INC.**, a Washington corporation ("Mortgagee").

1. Grant and Assignment. For good and valuable consideration, Mortgagor hereby irrevocably and unconditionally grants, bargains, mortgages, sells and conveys to Mortgagee, with power of sale and right of entry and possession, as provided herein, all of Mortgagor's estate, right, title, interest, claim and demand, now owned or hereafter acquired, in and to that certain real property (the "Land") located in the County of Teton, State of Idaho, and more particularly described in Exhibit "A," attached hereto and incorporated herein by reference, which Land is not used principally for agricultural purposes;

TOGETHER with all land lying in streets and roads adjoining the Land and all access rights and easements pertaining to the Land;

TOGETHER with all right, title and interest of Mortgagor in and to all buildings and improvements now located or hereafter to be constructed on the Land including, without limitation, not less than a 502 lot platted and approved residential subdivision with common areas and amenities, roads and utilities (the "Residential Development"), a twenty-seven (27) hole golf course and related improvements and facilities, including without limitation, an approximately 15,000 square foot clubhouse (which will include a pro shop, restaurant, bar, and locker rooms), a golf cart storage barn and a maintenance facility and all related improvements and facilities (the "Golf Development"), and all of the water, sanitary and storm sewer systems now or hereafter located by, over and/or upon the Land or any part and parcel thereof, and which water systems include all water mains, service laterals, hydrants, valves and appurtenances, and which sewer systems include all sanitary sewer lines, including mains, laterals, manholes and appurtenances (collectively, the "Improvements");

TOGETHER with all right, title and interest of Mortgagor in and to any and all licenses authorizations, registrations, permits, entitlements and approvals for the development, construction, use, occupancy, offer and sale of the Residential Development, the Golf Development, and the Land, all air rights, development rights, zoning rights,

MICROFILMED
OCT 07 2003

building or construction permits, density allocated or transferred to the Land, and similar rights or interests that benefit or are appurtenant to the Land or the Improvements, and all rights as Declarant under the Master Declaration of Protective Covenants for Teton Springs Golf & Casting Club recorded in the official records of Teton County, Idaho;

TOGETHER with all right, title and interest of Mortgagor in and to the appurtenances, privileges, easements, franchises and tenements of the Land and the Improvements, including all minerals, oil, gas and other hydrocarbon substances thereon or therein, air rights, water rights, whether riparian, appropriative or otherwise, whether held in the names of Mortgagor or otherwise, and whether or not appurtenant to the Land, including without limitation, water rights evidenced by court decrees, claims, permits, or licenses; all applications, proofs, maps and certificates relating to such water and water rights; all water service contracts, right to receive water from any irrigation district and all other rights to receive water from any other water distribution entity or to the use of wells, canals, flumes, aqueducts or other means of conveying water and all shares of stock, certificates or other evidence of any such water or distribution rights, evidenced by timber rights and development rights, and any land lying in the streets, roads or avenues, open or proposed, in front of or adjoining the Land and Improvements (collectively, the "Appurtenances");

TOGETHER with all right, title and interest of Mortgagor in and to any and all equipment, machinery, fixtures, chattels, furniture, furnishings and other articles of tangible personal property and any additions to, substitutions for, changes in or replacements of the whole or any part thereof now or at any time hereafter affixed to, attached to, placed upon or used in any way in connection with the use, enjoyment, occupancy or operation of the Land and Improvements or any portion thereof, including all building materials and equipment now or hereafter delivered to the Land and Improvements and intended to be installed in or about the same, all construction materials, vaults, gas, electric and other utility fixtures, radiators, heaters, engines, machinery, boilers, ranges, elevators, plumbing and heating fixtures, draperies, carpeting and other floor coverings, fire extinguishers and any other safety equipment, washers, dryers, water heaters, water fountains, mirrors, mantels, air conditioning apparatus, refrigerating plants, refrigerators, cooking apparatus and appurtenances, restaurant and kitchen furniture, furnishings, equipment, inventory and supplies, office equipment, office machines, office furnishings, bar equipment, furnishings, fixtures, inventory and supplies, pro shop equipment, furnishings, fixtures, inventory and supplies, golf equipment, inventory and supplies, golf clubs, golf carts, landscaping equipment, tools and supplies, sprinkler and irrigation systems, facilities and equipment, valves, rotors, computer and other control systems, window screens, awnings and storm sashes which are or shall be attached to the Land and Improvements or any portion thereof;

TOGETHER with all inventory, accounts, deposit accounts, accounts receivable and contract rights and all Accounts, Equipment, General Intangibles and Inventory as those terms are defined in Article 9 of the Uniform Commercial Code as enacted in Idaho (the "Uniform Commercial Code"), including, without limitation, revenue from the sale of residential lots, from the sale of golf memberships, greens fees, golf cart fees, restaurant receipts, revenues and receipts from the operation of the driving range, accounts receivable

MICROFILMED

2007 07 2003

arising from the sale of residential lots, accounts receivable arising from the use or operation of the golf course, pro shop, restaurant and bar, and driving range located on or about the Land and all other payments received or due from users of the facilities located on the Land, the parties hereto hereby agreeing that any and all payments described in this clause are to be regarded as "proceeds, product, offspring, rents or profits" ("BC Rents") as defined in and for purposes of Section 552(b) of the United States Bankruptcy Code, as amended (the "Bankruptcy Code"), utility contracts, maintenance contracts and agreements, management contracts and agreements, service contracts, and all development and use rights, permits, licenses, applications, approvals, certificates, architectural and engineering plans, specifications and drawings, chattel paper, instruments, documents, notes, drafts and letters of credit, warranties, purchase orders, contracts, subcontracts, and service and other agreements arising from or related to the Land, or any construction on the Land, and Improvements and any business conducted thereon by Mortgagor and any other intangible personal property and rights relating to the Land and Improvements or any part thereof or to the use, operation, maintenance, construction or development thereof or used in connection therewith including, without limitation, trade names and trademarks including, without limitation, the use of the name "Teton Springs Golf & Casting Club" and all other names used in connection with the Land or the Improvements;

TOGETHER with all of Mortgagor's right, title and interest in and to the following:

(a) All furniture, furnishings, appliances, machinery, vehicles, equipment and all other property of any kind now or hereafter located on or affixed to the Collateral, used or intended to be used on the Land or Improvements wherever actually located, or purchased with the proceeds of the Loan (as defined herein), and all rights of Mortgagor as lessee of any property described in this Section 2 and Section 1 above.

(b) All compensation, awards, damages, rights of action and proceeds (including insurance proceeds and any interest on any of the foregoing) arising out of or relating to a taking or damaging of the Land or Improvements by reason of any public or private improvement, condemnation proceeding (including change of grade), fire, earthquake or other casualty, injury or decrease in the value of the Land or Improvements.

(c) All returned premiums or other payments on any insurance policies pertaining to the Land or Improvements and any refunds or rebates of taxes or assessments on the Land or Improvements.

(d) All general intangibles, rights to the payment of money, accounts, accounts receivable, deferred payments, refunds, cost savings, payments and deposits, whether now or later to be received from third parties (including all utility deposits), architectural and engineering plans, specifications and drawings, contract rights, governmental permits and licenses, and agreements and purchase orders which pertain to or are incidental to the development of, or the design or construction of any improvements on the Land, Mortgagor's rights under any payment, performance, or other bond in connection with construction of improvements on the Land, and all construction materials, supplies, and equipment delivered to the Land or intended to be used in connection with the construction of improvements on the Land wherever actually located.

MICROFILMED

SEP 7 2003

(e) All contracts and agreements pertaining to or affecting the Collateral (as defined hereinafter), including, but not limited to, development, construction, operating and management agreements, licenses, trade names and trademarks.

(f) All of Mortgagor's interest in and to the proceeds of the loan (the "Loan") evidenced by the Note (defined below), whether disbursed or not, any account into which Loan proceeds are deposited, and Mortgagor's own funds now or later held on deposit as equity funds or for payment of bills relating to the Collateral.

(g) All loan commitments or other agreements, now or hereafter in existence, which will provide Mortgagor with proceeds to satisfy the Secured Obligations (defined below) and the right to receive the proceeds due under such commitments or agreements including refundable deposits and fees.

(h) All books and records pertaining to any and all of the Collateral and the other collateral described in this Section 1, including computer readable memory and any computer hardware or software necessary to access and process such memory.

(i) All additions, accessions, replacements, substitutions, proceeds and products of the Collateral.

(j) All planning documents, environmental assessments or studies, soil tests, feasibility studies, appraisals, engineering reports, agreements, and similar items pertaining to the development or use of the Land or Improvements.

(k) All governmental permissions, authorizations to subdivide and rights to improvements, licenses and permits necessary for the commencement, continuation or completion of construction of improvements, reservoirs, water diversion and/or distribution works or for the occupancy, use or disposition of the Land or Improvements.

TOGETHER with all of Mortgagor's right, title and interest in and to all proceeds (including claims or demands thereto) from the conversion, voluntary or involuntary, of any of the Land, Improvements or other Collateral into cash or liquidated claims including, without limitation, proceeds of all present and future fire, hazard or casualty insurance policies and all condemnation awards or payments in lieu thereof made by any public body or decree by any court of competent jurisdiction for taking or for degradation of the value in any condemnation or eminent domain proceeding, and all causes of action and the proceeds thereof of all types for any damage or injury to the Land, Improvements or other Collateral or any part thereof including, without limitation, causes of action arising in tort or contract and causes of action for fraud or concealment of a material fact (collectively, the "Proceeds"; the parties hereto hereby agreeing that the Proceeds are to be regarded as BC Rents for purposes of Section 552(b) of the Bankruptcy Code).

TOGETHER WITH ALL OF Mortgagor's right, title and interest of Mortgagor in and to all room occupancy agreements, tenancies, leases, rental agreements and other contracts and agreements relating to use and possession (collectively "Leases") of any of the Land or Improvements and the rents, issues, profits and proceeds therefrom together with all guarantees thereof and all deposits (to the full extent permitted by law) and other

OCT 17 2003

security therefore (collectively "Rents"; the parties hereto hereby agreeing that Rents are to be regarded as BC Rents for purposes of Section 552(b) of the Bankruptcy Code). (The Land, Improvements, Appurtenances, Personal Property, Proceeds, Leases, Rents and all other right, title and interest of Mortgagor described above are hereinafter collectively referred to as (the "Collateral")

2. Security Agreement. If any of the Collateral is determined to be personal property, Mortgagor as Debtor hereby grants to Mortgagee as Secured Party a first priority security interest in all such personal property to secure payment and performance of the Secured Obligations. This Mortgage constitutes a security agreement between Mortgagor and Mortgagee pursuant to the Uniform Commercial Code as adopted in the State of Idaho, as now or hereafter amended, with respect to the Collateral, and any and all property affecting or related to the use and enjoyment of the Land and Improvements, now or hereafter described in any Uniform Commercial Code Financing Statement naming Mortgagor as Debtor and Mortgagee as Secured Party. The remedies of Mortgagee for any violation of the covenants, terms and conditions of this Mortgage or any other Loan Agreement (defined below) shall include all remedies available to secured parties under the Uniform Commercial Code. Mortgagor agrees the filing of a financing statement in the records normally having to do with personal property shall not be construed as in anywise derogating from or impairing the intention of Mortgagor and Mortgagee that everything used in connection with the production of income from the Collateral that is the subject of this Mortgage and/or adapted for use therein and/or which is described or reflected in this Mortgage is, and at all times and for all purposes and in all proceedings both legal or equitable shall be, regarded as part of the real estate irrespective of whether (i) any such item is physically attached to the improvements, (ii) serial numbers are used for the better identification of certain equipment items capable of being thus identified in any list filed with the Mortgagee, or (iii) any such item is referred to or reflected in any such financing statement so filed at any time.

3. Obligations Secured.

(a) Mortgagor makes this Mortgage for the purpose of securing:

(1) Payment of all indebtedness and other obligations evidenced by that certain promissory note (the "Note"), of even date herewith, in the principal sum of Twenty-Two Million Six Hundred Thousand Dollars (\$22,600,000.00), made by Mortgagor to the order of Mortgagee, to evidence a loan (the "Loan") of such amount by Mortgagee to Mortgagor. THE NOTE MAY CONTAIN PROVISIONS ALLOWING FOR THE INTEREST RATE TO BE INDEXED, ADJUSTED, RENEWED OR RENEGOTIATED.

(2) Payment and performance of all obligations of Mortgagor under the following documents, each of even date herewith, unless otherwise noted, as the same may be amended from time to time:

(i) That certain Loan Agreement (the "Loan Agreement") between Mortgagor and Mortgagee;

MICROFILMED

OCT 27 2003

- (ii) That certain Assignment of Leases and Rents made by Mortgagor in favor of Mortgagee;
- (iii) That certain Security Agreement made by Mortgagor in favor of Mortgagee;
- (iv) That certain Assignment of Contracts and Permits made by Mortgagor in favor of Mortgagee;
- (v) That certain Certificate of Borrower and Guarantors (the Certificate") made by Mortgagor and Guarantors below in favor of Mortgagee; and
- (vi) Such other documents and instruments of the dates specified therein which by their terms evidence or secure the Note and/or the Loan.

(3) Payment of all amounts advanced pursuant to the Loan Agreement. Subject to the conditions stated in the Loan Agreement, all advances thereunder by Mortgagee are obligatory and are secured by this Mortgage. All such advances will have the same priority as the funds initially advanced under the Loan Agreement;

(4) Payment and performance of all obligations of Mortgagor under this Mortgage, including payment of all sums expended or advanced by Mortgagee hereunder, together with interest thereon;

(5) Payment and performance of all future advances and other obligations that the then record owner of all or part of the Collateral may agree to pay or perform (whether as principal, surety or guarantor) for the benefit of Mortgagee, when such obligation is evidenced by a writing which states that it is secured by this Mortgage; and

(6) All modifications, extensions and renewals (if any) of one or more of the obligations secured hereby including, without limitation: (i) modifications of the required principal payment dates or interest payment dates, deferring or accelerating payment dates wholly or partly; and (ii) modifications, extensions or renewals at a different rate of interest whether or not, in the case of a note or other contract, the modification, extension or renewal is evidenced by a new or additional promissory note or other contract.

(b) The indebtedness and other obligations secured by this Mortgage are herein collectively called the "Secured Obligations." All persons who may have or acquire an interest in the Collateral shall be deemed to have notice of, and shall be bound by, the terms of the Note, this Mortgage and all other documents, agreements and instruments referred to above in this Section 5 (collectively, the "Loan Documents"), and each of the Secured Obligations. Notwithstanding the foregoing, the Loan Documents exclude: (i) that certain Environmental Indemnity Agreement, dated of even date herewith, as amended (the "EIA") made by Mortgagor in favor of Mortgagee; (ii) those certain Guaranty

MICRO...

OCT 6 7 2003

Agreements, dated of even date herewith, as amended (the "Guaranty") made by Jim Eden, Tony Vest, Rick Brawner, David Peterschmidt, Mike Potter, Keith Self and Bill Ward (the "Guarantors"), in favor of Mortgagee; and (iii) the Certificate, insofar as it imposes obligations upon Guarantors.

4. Leases and Rents.

(a) Neither the Assignment of Leases and Rents set forth above nor any other provision of any of the Loan Documents shall impose upon Mortgagee any duty to produce Rents from the Collateral or cause Mortgagee to be: (i) a "mortgagee in possession" for any purpose; (ii) responsible for performing any of the obligations of the lessor under any Lease; or (iii) responsible or liable for any waste by any lessees or any other parties, for any dangerous or defective condition of the Collateral, for any negligence in the management, upkeep, repair or control of the Collateral or for any other act or omission by any other person. The foregoing assignment is an absolute assignment and not an assignment for security only and Mortgagee's right to the Rents is not contingent upon its possession of the Collateral.

(b) Mortgagor irrevocably appoints Mortgagee as its true and lawful attorney-in-fact, at the option of Mortgagee, at any time and from time to time, to demand, receive and enforce payment, to give receipts, releases and satisfactions and to sue, in the name of Mortgagor or Mortgagee, for all such Leases and Rents and apply the same to the Secured Obligations; provided, however, Mortgagee confers upon Mortgagor the authority to collect and retain the Rents as they become due and payable, subject, however, to the right of Mortgagee to revoke said authority at any time upon the occurrence of an Event of Default (as defined below) or default by Mortgagor under any of the Leases and without taking possession of all or any part of the Collateral. Mortgagor shall not accept any deposit or prepayment of a rental or lease payment in excess of three (3) months in advance, other than deposits or prepayments received for tournaments, banquets, weddings, bar mitzvahs, bat mitzvahs, and other similar types of group outings, which may be accepted by Mortgagee up to one (1) year in advance. Upon the occurrence of an Event of Default, Mortgagee at any time may require that all deposits and prepayments be delivered to Mortgagee. Mortgagor covenants and agrees that Mortgagor shall not: (i) amend, modify or change any material term, covenant or condition of any Lease in existence on the date of this Mortgage without the prior written consent of Mortgagee; or (ii) enter into any Lease of the Collateral from and after the date of this Mortgage without the prior written consent of Mortgagee.

(c) Mortgagor shall: (i) fulfill or perform each and every condition and covenant of each Lease to be fulfilled or performed by the lessor thereunder; (ii) give prompt notice to Mortgagee of any notice of default by the lessor or the lessee thereunder received by Mortgagor which would have a material adverse impact on the Residential Development or the Golf Development, together with a complete copy of any such notice; and (iii) enforce, short of termination thereof, the performance or observance of each and every covenant and condition thereof by the lessee thereunder to be performed or observed.

MICROFILMED

OCT 07 2003

(d) Mortgagor shall furnish to Mortgagee within thirty (30) calendar days after a request by Mortgagee, a written statement containing the names of all lessees of the Collateral who have entered into a Lease Agreement with a term of thirty (30) days or more and a monthly rental obligation of Five Thousand Dollars (\$5,000) or more (a Material Lease"), the terms of the respective Material Lease, the premises demised thereunder and the rentals payable thereunder and a copy of each Material Lease.

(e) All Material Leases shall provide for the subordination, in form and substance satisfactory to Mortgagee, of such Material Leases to this Mortgage and all extensions, renewals and modifications thereof. In addition, each Material Lease shall provide that, in the event of the enforcement by Mortgagee of the remedies provided at law or by this Mortgage, each lessee under a Material Lease shall, if requested by Mortgagee as a result of such enforcement, automatically become the lessee of such successor, without any change in the terms or other provisions of the respective Material Lease; provided, such successor shall not be: (i) bound by any payment of rent or other sum more than one (1) month in advance, except payments in the nature of security; (ii) bound by any amendment or modification to any material term, covenant or condition of any Material Lease made without the consent of Mortgagee; and (iii) liable for damages or any act or omission of any prior lessor. (All lease security deposits of tenants of the Collateral held by Mortgagor shall be treated as trust funds; provided, however, such trust funds may be commingled with other funds of the Mortgagor. Within ten (10) calendar days after request by Mortgagee, Mortgagor shall furnish to Mortgagee satisfactory evidence of compliance with this section together with a statement of all lease securities deposited by the tenants and copies of all leases not theretofore delivered to Mortgagee, certified by Mortgagor

5. Representations and Warranties. Mortgagor acknowledges, represents and warrants to Mortgagee as follows:

(a) Mortgagor is a limited liability company, duly organized, validly existing and in good standing under the laws of the State of Wyoming, is qualified to do business and in good standing under the laws of the State of Idaho. The execution, delivery and performance of this Mortgage, the Note and all other Loan Documents have been duly authorize by all necessary action of Mortgagor.

(b) Mortgagor lawfully holds, owns and possesses the Land and all Improvements thereon in fee simple subject to no lien, claim, security interest or encumbrance except those described in the lender's policy of title insurance issued to Mortgagee concurrently with the closing of the Loan (the "Lender's Title Policy"). Neither at the time of execution of this Mortgage by Mortgagor nor at any time thereafter shall the Land be used principally for agricultural purposes.

(c) When executed and delivered by the undersigned persons on behalf of Mortgagor, this Mortgage and each of the other Loan Documents will be valid and binding obligations of Mortgagor legally enforceable in accordance with their express terms.

(d) Mortgagor's execution and performance of this Mortgage and each of the other Loan Documents does not conflict with nor violate any law, statute, rule or

OCT 17 2003

regulation or any order of any court or other governmental authority or any contract or other obligation of Mortgagor or any other person.

(e) No "Event of Default," as defined below, or event or condition which with notice or the passage of time or both would constitute an Event of Default ("Incipient Default") now exists and no default now exists on any obligation or under any contract or instrument secured by any lien or security interest on any of the Collateral or under any contract or instrument creating any such lien or security interest.

(f) The Improvements, as planned to date, and their intended use, comply with all material and applicable laws, zoning, design and land use ordinances, building codes, rules, regulations, restrictive covenants and requirements of governmental authorities (including, without limitation, zoning laws and environmental regulations).

(g) There is no litigation or proceeding pending or threatened, against or affecting Mortgagor or the Collateral, or any circumstance existing which would in any manner adversely affect the Collateral, the priority or enforceability of the Loan Documents or the ability of Mortgagor to perform its obligations under the Loan Documents.

(h) No information, certification or report submitted to Mortgagee by Mortgagor pursuant to this Mortgage or any of the other Loan Documents contains any misstatement of fact or omits to state any fact necessary to make the information contained therein not misleading.

(i) The financial statements of Mortgagor and each Guarantor delivered to Mortgagee pursuant hereto are prepared in accordance with generally accepted accounting principles consistently applied and fairly present the financial condition of Mortgagor and each Guarantor. No adverse change has occurred in the financial condition of Mortgagor or of each Guarantor since the date thereof.

(j) Mortgagor has filed all required federal and local tax returns and paid all taxes due pursuant to said returns or any assessments against Mortgagor or the Collateral, except for those taxes being contested in good faith and for which adequate reserves have been provided.

(k) Mortgagor does not have a defined benefit pension plan under the Employee Retirement Income Security Act of 1974, as amended from time to time, the unfunded liabilities of which upon termination could be held to be a liability of Mortgagor by the Pension Benefit Guaranty Corporation.

(l) There exist no leases or subleases, occupancy agreements or similar arrangements affecting all or any portion of the Land or the Improvements.

(m) Except as otherwise set forth in the Loan Agreement, there are no license, franchise, commission, service, maintenance, or other contracts or agreements in existence affecting in any way the operation, maintenance or conduct of business at the Collateral.

MICHAEL

OCT 27 2003

(n) Except as otherwise set forth in the Loan Agreement, there are no equipment leases, rental agreements or similar arrangements affecting in any way the operation, maintenance or conduct of business at the Collateral.

(o) All licenses, permits and other approvals necessary or appropriate for conduct of the business to be carried out at the Collateral have been or will be obtained by Mortgagor and same are current and in full force and effect.

(p) All sales and payroll tax obligations of Mortgagor which are due and payable have been satisfied.

(q) There are no UCC Financing Statements which affect or encumber any portion of the Collateral or any other security for the Secured Obligations other than those in favor of Mortgagee.

(r) Mortgagor will have annualized revenues, reserves or capital sufficient to cover all operating costs and expenses and all Secured Obligations as they become due, including installments of principal and interest on the Note.

(s) The purchase and sale agreements, any required statement of rescission rights required by Idaho law or the law of any other applicable state or as may be required by H.U.D., disclosure documents and the form of other instruments and documents related thereto shall be in compliance with all applicable state and federal laws.

(t) There are no bankruptcy or foreclosure actions or other material litigation or judgments outstanding against the Collateral, any Guarantor or Mortgagor.

(u) The proceeds of the Loan will be used as set forth in the Loan Agreement.

(v) Mortgagor will develop and sell the 502 lot residential subdivision so as to maximize gross revenues from the Collateral. With respect to the consummation of each sale of a residential lot, Mortgagor shall cause the owner of such residential lot to have access to a publicly dedicated road and access to all private roadways and all amenities relating to the P.U.D.

(w) Subsequent to the opening, Mortgagor will at all times operate a well-maintained, private, professionally-designed golf course and related improvements and facilities on the Land and including related amenities such as a pro shop, restaurant, bar, locker rooms, golf cart rental and a driving range, and the like, following completion thereof, so as to maximize gross revenues from the operation of the Golf Development.

MICRO...

OCT 07 2022

(x) Mortgagor will not change the golf course operation to be located on the Land from an eighteen (18) hole private, championship-length and a nine (9) hole par 3 golf course operation to any other type of operation at any time prior to payment of the Secured Obligations in full without the prior written approval of Mortgagee, which approval may be granted or denied in Mortgagee's sole discretion.

(y) Except for emergency repairs, routine renovation and maintenance, or non-routine maintenance approved by Mortgagee in writing in advance, Mortgagor will not take any action or affect any change to the Land and/or the Improvements or the operation or management of the business conducted thereon which would limit the ability to develop and sell the residential lots in the Residential Development, or would decrease the amount of play or revenue from the Golf Development following the completion thereof, at any time prior to payment of the Secured Obligations in full.

(z) To the best of Mortgagor's knowledge and belief, after diligent inquiry, there are no underground storage tanks located on, under or about the Land.

6. Hazardous Materials.

(a) Definitions. For the purposes of this paragraph the following terms shall have the following meanings: (i) the term "Hazardous Material" shall mean any material or substance that, whether by its nature or use, is now or hereafter defined as a hazardous waste, hazardous substance, pollutant or contaminant under any Environmental Requirement, or which is toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic or otherwise hazardous and which is now or hereafter regulated under any Environmental Requirement, or which is or contains petroleum, gasoline, diesel fuel or another petroleum hydrocarbon product, (ii) the term "Environmental Requirement(s)" shall collectively mean all present and future laws, statutes, ordinances, rules, regulations, orders, codes, licenses, permits, decrees, judgments, directives or the equivalent of or by any Governmental Authority and relating to or addressing the protection of the environment or human health, and (iii) the term "Governmental Authority" shall mean the Federal government or any state or other political subdivision thereof, or any agency, court or body of the Federal government, any state or other political subdivision thereof exercising executive, legislative, judicial, regulatory or administrative functions.

(b) Representations and Warranties. Mortgagor hereby represents and warrants to Mortgagee that to the best of Mortgagor's knowledge after due inquiry: (i) no Hazardous Material is currently located at, in, on, under or about the Collateral in a manner which violates any Environmental Requirement or which requires cleanup, remedial or other corrective action of any kind under any Environmental Regulation, (ii) no releasing, emitting, discharging, leaching, dumping or disposing of any Hazardous Material from the Collateral onto or into any other property or from any other property onto or into the Collateral has occurred or is occurring in violation of any Environmental Requirement, (iii) no notice of violation, lien, complaint, suit, order or other notice with respect to the Collateral is presently outstanding under any Environmental Requirement, and (iv) the

MICRO

OCT 07 2003

Collateral and the operation thereof are in full compliance with all Environmental requirements.

(c) Covenants. Mortgagor shall comply, and shall cause all tenants or other occupants of the Collateral to comply in all respects, with all Environmental Requirements, and will not generate, release, store, handle, process, dispose of or otherwise use, and will not permit any tenant or other occupant of the Collateral to generate, release, store, handle, process, dispose of or otherwise use, Hazardous Materials at, in, on, under or about the Collateral in a manner that could lead or potentially lead to the imposition on Mortgagor, Mortgagee or the Collateral of any liability or lien of any nature whatsoever under any material Environmental Requirement. Mortgagor shall notify Mortgagee promptly in the event of any material reportable spill or other reportable release of any Hazardous Material at, in, on, under or about the Collateral, will promptly forward to Mortgagee copies of any notices received by Mortgagor relating to alleged violations of any Environmental Requirement and will promptly pay when due any fine or assessment against Mortgagor, Mortgagee or the Collateral relating to any Environmental Requirement. If at any time it is determined that the operation or use of the Collateral violates any applicable Environmental Requirement or that there are Hazardous Materials located at, in, on, under or about the Collateral which, under any Environmental Requirement, require special handling in collection, storage, treatment or disposal, or any other form of cleanup or corrective action, Mortgagor shall, within thirty (30) calendar days after receipt of notice within such thirty (30) calendar day period, Mortgagor shall commence such necessary action within such thirty (30) calendar day period and shall thereafter diligently and expeditiously proceed to fully comply in all respects on and in a timely fashion with all Environmental Requirements. If Mortgagor fails to timely take, or to diligently and expeditiously proceed to complete in a timely fashion, any such action, Mortgagee may, in its sole and absolute discretion, make advances or payments towards the performance or satisfaction of the same, but shall in no event be under any obligation to do so. All sums so advanced or paid by Mortgagee (including, without limitation, counsel and consultant fees and expenses, investigation and laboratory fees and expenses, and fines or other penalty payments) and all sums advanced or paid in connection with any judicial or administrative investigation or proceeding relating thereto, will immediately, upon demand, become due and payable from Mortgagor and shall bear interest at the Default Rate (as defined in the Note) from the date any such sums are so advanced or paid by Mortgagee until the date any such sums are repaid by Mortgagor to Mortgagee. Mortgagor will execute and deliver, promptly upon request, such instruments as Mortgagee may deem useful or necessary to permit Mortgagee to take any such action, and such additional notes and mortgages, as Mortgagee may require to secure all sums so advanced or paid by Mortgagee.

(d) Liens. If a lien is filed against the Collateral by any Governmental Authority resulting from the need to expend or the actual expending of monies arising from an action or omission, whether intentional or unintentional, of Mortgagor or for which Mortgagor is responsible, resulting in the releasing, spilling, leaking, leaching, pumping, emitting, pouring, emptying or dumping of any Hazardous Material into the waters or onto land or into the air located within or without the State where the Collateral is located, then Mortgagor will, ^{within} within thirty (30) calendar days from the date that Mortgagor is first given

OCT 07 2003

notice that such lien has been placed against the Collateral (or within such shorter period of time as may be specified by Mortgagee if such Governmental Authority has commenced steps to cause the Collateral to be sold pursuant to such lien) either: (a) pay the claim and remove the lien; or (b) furnish a cash deposit, bond, or such other security with respect thereto as is satisfactory in all respects to Mortgagee and is sufficient to effect a complete discharge of such lien on the Collateral. If this Mortgage is foreclosed, or if the Collateral is sold pursuant to the provisions of this Mortgage, or if Mortgagor tenders a deed or assignment in lieu of foreclosure or sale, Mortgagor shall deliver the Collateral to the purchaser at foreclosure or sale or to Mortgagee, its nominee, or wholly owned subsidiary, as the case may be, in a condition that complies in all respects with all material Environmental Requirements.

(e) Tests and Studies.

(1) Mortgagor hereby authorizes Mortgagee, any prospective bidder at any foreclosure sale and their respective officers, directors, employees, agents and independent contractors, after twenty-four (24) hours advance notice to Mortgagor, to enter upon all or any portion of the Collateral (including, without limitation, following the occurrence of a default hereunder) for the purpose of conducting such tests, inspections, inquiries, examinations, studies, analyses, samples, surveys, and other information gathering activities (collectively, the "Tests and Studies") with respect to the Collateral as any of them may from time to time deem necessary or appropriate, including, without limitation, Tests and Studies with respect to the presence of Hazardous Materials in or around the Collateral and the occurrence of any actual, proposed or threatened storage, existence, release, removal, remediation, handling or transportation of any Hazardous Materials in or around the Collateral. Except in case of an emergency, or when the Mortgagor or any tenant has abandoned the Collateral, or if it is impracticable to do so, Mortgagee shall give Mortgagor reasonable advance written notice of Mortgagee's intent to enter the Collateral and shall enter the Collateral only during normal business hours. Mortgagor hereby covenants and agrees to cooperate fully with such parties in their efforts to conduct the Tests and Studies, and further covenants and agrees to make available to such parties such portions of the Collateral as any of them may designate. If Mortgagee is refused the right of entry and inspection by the Mortgagor or any tenant of the Collateral, or is otherwise unable to enter and conduct Tests and Studies on the Collateral without a breach of peace, Mortgagee may obtain an order from a court of competent jurisdiction, the appointment of a receiver, or both, to enable Mortgagee to exercise its rights under this section. Mortgagee's rights and remedies set forth herein are in addition to any other rights and remedies that Mortgagee may have under Idaho law. The decision of Mortgagee as to whether there exists a release or threatened release of Hazardous Materials onto the Collateral shall be deemed reasonable and conclusive as between the parties hereto so long as supported by an independent third party consultant retained by Lender. The results of all Tests and Studies shall be and at all times remain the property of Mortgagee; provided, however, that Mortgagee shall provide copies thereof to Mortgagor upon written request. Under no circumstances shall Mortgagee have any obligation whatsoever to disclose or otherwise make available to any other party such results or any other information obtained by them in connection with such Tests and Studies. Mortgagee, its agents and representatives shall be responsible for all damage caused to the Mortgagor's Collateral

MICHAEL

OCT 07 2003

resulting from the negligence or wrongful conduct of Mortgagee, its agents or representatives.

(2) Notwithstanding the provisions of subsection (1) above, Mortgagee hereby reserves the right, and Mortgagor hereby expressly authorizes Mortgagee to make available to any governmental agency or authority, any prospective bidder at any foreclosure sale of the Collateral, any institutional lender which is a prospective purchaser of the loan or a portion thereof and any auditor or examiner of Mortgagee's business, any and all information which Mortgagee may have with respect to the Collateral, whether provided by Mortgagor or any third party or obtained as a result of Tests and Studies, including, without limitation, environmental reports, surveys and engineering reports. Mortgagor consents to Mortgagee notifying any party (either as part of a notice of sale or otherwise) of the availability of any or all of the Tests and Studies and the information contained therein. Mortgagor acknowledges that Mortgagee cannot control or otherwise assure the truthfulness or accuracy of the Tests and Studies, and that the release of Tests and Studies, or any information contained therein, to prospective bidders at any foreclosure sale of the Collateral may have a material and adverse effect upon the amount which a party may bid at such sale. Mortgagor agrees that Mortgagee shall have no liability whatsoever as a result of delivering any or all of the Tests and Studies or any information contained therein to any third party, and Mortgagor hereby releases, remises and forever discharges Mortgagee from any and all claims, damages, or causes of action, arising out of, connected with or incidental to the Tests and Studies or the delivery thereof, excluding any claims arising out of the gross negligence or willful misconduct of Lender, Lender's agents or representatives.

(3) Except as provided below, all costs and expenses incurred by Mortgagee pursuant to this section including, without limitation, costs of consultants and contractors, costs of repair of any physical injury to the Collateral normal and customary to the Tests and Studies, court costs and attorneys' fees, whether incurred in litigation or not and whether before or after judgment, shall be payable by Mortgagor and, to the extent advanced or incurred by Mortgagee, shall be reimbursed to Mortgagee by Mortgagor upon demand. It is the parties' intention that Mortgagee be responsible only for the cost of repair of physical injury to the Collateral that was not reasonable or necessary to the conducting of the Tests and Studies in accordance with normal and customary procedures. Any and all costs and expenses incurred or advanced by Mortgagee pursuant to this section, together with interest thereon at the rate then applicable under the Note, shall be secured by this Mortgage and shall enjoy the same priority as the original principal amount of the Note. Notwithstanding the foregoing, Mortgagor shall not be responsible for the costs of Tests and Studies conducted more frequently than once each year unless such Tests and Studies were conducted due to a reasonable belief by Mortgagee that: (i) Mortgagor's representations and warranties in Section 8(b) above were materially untrue when made or as of the date of such Tests and Studies; (ii) Mortgagor shall have breached any material covenant contained in Section 8(c) above; or (iii) any other Event of Default shall have occurred and be continuing hereunder.

(f) Waiver of Lien. Mortgagee expressly reserves all rights to waive its lien against the Collateral or any portion thereof, if and to the extent such property is found

MICHO, LANE

OCT 17 2000

to be environmentally impaired or otherwise, and may exercise any and all rights and remedies of an unsecured creditor against Mortgagor and all of Mortgagor's assets and property for the recovery of any deficiency. No such waiver shall be final or binding on Mortgagee unless and until a final money judgment is obtained against Mortgagor. Mortgagor's obligations hereunder shall survive the foreclosure, deed in lieu of foreclosure, release, or any other transfer of the Collateral or this Mortgage. For the purposes of any action brought under this section, Mortgagor hereby waives the defense of laches and any applicable statute of limitations.

(g) Indemnification. Mortgagor will defend, indemnify, and hold harmless Mortgagee, its employees, agents, officers, and directors, from and against any and all claims, demands, penalties, causes of action, fines, liabilities, settlements, damages, costs, or expenses of whatever kind or nature, known or unknown, foreseen or unforeseen, contingent or otherwise (including, without limitation, counsel and consultant fees and expenses, investigation and laboratory fees and expenses, court costs, and litigation expenses) arising out of, or in any way related to: (i) any breach by Mortgagor of any of the provisions of this section; (ii) the presence, disposal, spillage, discharge, emission, leakage, generation, release, or threatened release of any Hazardous Material which is at, in, on, under, about, from or affecting the Collateral including, without limitation, any damage or injury resulting from any such Hazardous Material to or affecting the Collateral or the soil, water, air, vegetation, buildings, personal property, persons or animals located on the Land or on any other property or otherwise; (iii) any personal injury (including wrongful death) or property damage (real or personal) arising out of or related to any such Hazardous Material; (iv) any lawsuit brought or threatened, settlement reached, or order or directive of or by any Governmental Authority relating to such Hazardous Material; or (v) any violation of any Environmental Requirement. The aforesaid indemnification shall, notwithstanding any exculpatory or other provision of any nature whatsoever to the contrary set forth in the Note, this Mortgage or any other document or instrument now or hereafter executed and delivered in connection with the Loan, constitute the undertakings, obligations and liabilities of Mortgagor. The aforesaid indemnification shall not be applicable to any claim, demand, penalty, cause of action, fine, liability, settlement, damage, cost or other expense of any type whatsoever occasioned, arising and caused solely and directly as the result of the gross negligence or willful misconduct of Mortgagee, its nominee or wholly owned subsidiary or their respective employees or agents and irrespective of whether occurring prior or subsequent to the date upon which Mortgagee, its nominee or wholly owned subsidiary acquires possession of the Collateral by foreclosure of this Mortgage, a sale of the Collateral pursuant to the provisions of this Mortgage, acceptance of a deed or assignment in lieu of foreclosure or sale or otherwise. Except as hereinabove specifically provided to the contrary in this section, the obligations and liabilities of Mortgagor under this section shall survive and continue in full force and effect and shall not be terminated, discharged or released, in whole or in part, irrespective of whether the Secured Obligations have been paid in full and irrespective of any foreclosure of this Mortgage, sale of the Collateral pursuant to the provisions of this Mortgage or acceptance by Mortgagee, its nominee or wholly owned subsidiary of a deed or assignment in lieu of foreclosure or sale and irrespective of any other fact or circumstance of any nature whatsoever.

MICROFILMED

001 07 2003

7. Taxes and Assessments. Mortgagor shall pay prior to delinquency all taxes, assessments, levies, utilities and charges of any kind or nature whatsoever imposed by any governmental or quasi-public authority or utility company which are (or, if not paid, may become) a lien upon or cause a loss in value of any interest in any of the Collateral. Mortgagor shall also pay prior to delinquency all taxes, assessments, levies and charges imposed by any governmental authority upon Mortgagee by reason of its interest in any Secured Obligation or in any of the Collateral or by reason of any payment made to Mortgagee hereunder or pursuant to any Secured Obligation; but Mortgagor shall have no obligation to pay or discharge taxes which may be imposed from time to time upon this Mortgage and which are measured by and imposed upon Mortgagee's income. Mortgagor shall furnish Mortgagee, at least thirty (30) days prior to the date such payments are due and payable, official receipts of the appropriate authority or other proof satisfactory to Mortgagee evidencing the payment thereof, unless Mortgagor has made all "Payments" as required herein, in which event no such proof shall be required.

8. Insurance.

(a) Mortgagor, at its sole cost and expense, shall obtain and keep in full force and effect the following policies of insurance:

(1) Insurance against loss or damage by fire, lightning, hurricane, tornado and wind damage, vandalism and malicious mischief, flood (in the event flood insurance shall be required for the Collateral under the United States Flood Disaster Protection Act of 1973), and against such other hazards as are presently included in so-called "all risk extended coverage" and against other such insurable hazards as, under good insurance practices, from time to time are insured against for the properties of similar character and location; the amount of the foregoing insurance shall be not less than the full replacement value of the Collateral including all Improvements and Personal Collateral thereon;

(2) Comprehensive public liability insurance including, without limitation, coverage against claims for personal injury, bodily injury, death or property damage occurring on, in or about the Collateral and the adjoining streets and passageways in amounts not less than One Million Dollars (\$1,000,000.00) per person and Two Million Dollars (\$2,000,000.00) per occurrence;

(3) During the course of any construction of improvements to the Property: (A) workers' compensation insurance (including employer's liability insurance) for all persons engaged on or with respect to the Collateral in such amounts as are reasonably satisfactory to Mortgagee or, if such limits are established by law, in such amounts; (B) builder's completed value risk insurance against "all risks of physical loss" during construction, covering the total value of work performed and equipment, supplies and materials furnished; and (C) any other insurance coverage described on Exhibit "G" to the Loan Agreement;

MICROFILMED

(4) Once the Golf Development is operational, business interruption insurance, projected or actual, in an amount not less than one hundred percent (100%) of twelve (12) months' average gross income for the Golf Development;

(5) Once the Golf Development is operational, tees and greens insurance in an aggregate amount of not less than Two Hundred Thousand Dollars (\$200,000);

(6) If at any time any Improvement is in an area identified by the Department of Housing and Urban Development or any other rule, ordinance, statute, or law of Teton County or the State of Idaho as an area having special flood hazards, flood insurance (without extended coverage) which flood insurance shall insure the Improvements excluding the fairways, greens and the tees;

(7) Boiler and machinery insurance covering air tanks, boilers, machinery, pressure piping, heating, air conditioning and elevator equipment and escalator equipment, if the Improvements contain equipment of such nature, and insurance against loss of occupancy or use arising from any such breakdown, in such amounts as are reasonably satisfactory to Mortgagee;

(8) Such other insurance, in such form and such amounts, as may from time to time be required to provide commercially reasonable and adequate coverage to protect the Collateral; and

(9) Such other insurance as Mortgagee shall reasonably require having due regard for good insurance practices with respect to properties of similar character and location.

(b) Should any insurance required by Mortgagee be cancelled, reduced or non-renewed, or if Mortgagor fails to provide such required insurance, Mortgagee may, at its sole discretion, procure insurance and the cost thereof shall be additional indebtedness of Mortgagor under this Mortgage. Mortgagor shall reimburse Mortgagee for any premiums or other costs associated with obtaining insurance which Mortgagee may pay.

(c) All insurance required hereby shall be provided by policies written in terms, amounts, deductibles and by companies and otherwise in form and content satisfactory to Mortgagee. Mortgagee shall be named as an additional insured on all liability policies; and losses under all other policies shall be payable to Mortgagee pursuant to a standard mortgagee endorsement satisfactory to Mortgagee. All such policies shall contain a waiver of subrogation clause for the benefit of Mortgagee. Mortgagor shall deliver to Mortgagee annually during the term of this Mortgage certificates for all policies of insurance required hereunder evidencing compliance with the provisions of this Mortgage. All such policies shall contain a provision that such policies may not be cancelled or amended (including any reduction of the scope or limits of coverage) without at least thirty (30) days prior written notice to Mortgagee accompanied, in the case of amendments, by a new certificate evidencing the insurance as amended. Upon Mortgagee's request, Mortgagor

MICROFILMED

OCT 9 7 2003

shall cause all bills, statements or other documents relating to the foregoing insurance to be sent or mailed directly to Mortgagee.

(d) At least thirty (30) days prior to the expiration of each such policy, Mortgagor shall furnish Mortgagee with evidence satisfactory to Mortgagee of the payment of premiums and the reissuance of a policy or policies continuing such insurance in force as required by this Mortgage.

(e) In the event of a foreclosure sale hereunder, the purchaser of the Collateral shall succeed to all rights of Mortgagor, including any rights to the proceeds of insurance and to unearned premiums, in and to all policies of insurance assigned to Mortgagee pursuant hereto.

9. Insurance and Condemnation Proceeds.

(a) All awards of damages and all other compensation payable directly or indirectly by reason of a condemnation for public or private use affecting any interest in any of the Collateral and all proceeds of any insurance policies payable by reason of loss of or damage to any part of the Collateral shall be governed by the terms hereof and paid to Mortgagee. Mortgagee shall be entitled to settle and adjust all claims under insurance policies provided hereunder and to collect and receive the proceeds from any such policies; and Mortgagee may deduct and retain from the proceeds of any insurance the amount of all expenses incurred by Mortgagee (including, without limitation, attorneys' fees and costs) in connection with any settlement or adjustment. In the event any insurance company fails to disburse directly and solely to Mortgagee but disburses instead either solely to Mortgagor or to Mortgagor and Mortgagee jointly, Mortgagor agrees immediately to endorse and transfer such proceeds to Mortgagee. Upon the failure of Mortgagor to endorse and transfer such proceeds as aforesaid, Mortgagee may execute such endorsements or transfers for and in the name of Mortgagor and Mortgagor hereby unconditionally and irrevocably appoints Mortgagee as Mortgagor's agent and attorney-in-fact, which appointment is coupled with an interest and irrevocable, to endorse and transfer such proceeds to Mortgagee. Mortgagor hereby unconditionally and irrevocably waives all rights, if any, of a property owner under Idaho law to an allocation of condemnation proceeds between a property owner and a lien holder.

(b) For purposes of this section, the following terms and phrases shall have the meanings indicated:

(1) "Restoration" means the restoration, repair, replacement or rebuilding of the Improvements to a value, condition and character equal to or greater than that immediately prior to the damage, destruction or "Taking" (as defined below), all in accordance with then applicable law, including building codes and zoning ordinances.

(2) "Taking" means the taking of all or any part of the Improvements, or any interest therein or right accruing thereto, as the result of the exercise of the right of condemnation or eminent domain, or change of grade affecting the

MICRO...

OCT 07 2003

Improvements or any part thereof. A conveyance in lieu of or in anticipation of the exercise of any such right of condemnation or eminent domain shall be considered a Taking.

(c) In case of any damage to the Collateral or any part thereof, if the cost of Restoration (and any temporary repairs and property protection pending commencement of the Restoration) exceeds Twenty-Five Thousand Dollars (\$25,000.00), Mortgagor shall promptly give written notice of such damage to Mortgagee, describing the nature and extent of such damage and setting forth the best estimate of the cost of Restoration (and such temporary repairs and property protection). In case of any damage to the Collateral or any part thereof, Mortgagor at its expense shall promptly commence and complete the Restoration. All insurance proceeds on account of any damage to the Collateral shall be payable to, and deposited with, Mortgagee. Subject to the conditions set forth in Section 9(d) below, Mortgagee shall apply such insurance proceeds to accomplish the Restoration. In the event insurance proceeds are ineligible for disbursement under Section 9(d) below, Mortgagee may at Mortgagee's sole election apply such insurance proceeds to the accrued interest or principal balance under the Note or any Secured Obligation without reducing the principal amount of the Note or any Secured Obligation. No such application shall change the due date of installments under the Note or change the amount of such installments or cure or waive any Event of Default or notice of Event of Default under the Loan Documents or invalidate any act done pursuant to such notice. Any unapplied, undisbursed insurance proceeds remaining with Mortgagee shall inure to the benefit of and pass to the owner or purchaser of the Collateral or any part of it at any foreclosure or sale under any of the Loan Documents (or, in the case of the personal property alone, at any public or private sale under any of the Loan Documents).

(d) In the event that Mortgagor requests that the insurance proceeds be used to accomplish the Restoration, then any "Net Casualty Insurance Proceeds" (i.e., the casualty insurance proceeds remaining after reimbursement of Mortgagee for any costs and expenses of Mortgagee, including attorneys' fees and costs, for collection thereof) received by Mortgagee shall be applied to the cost of Restoration and disbursed in accordance with the conditions set forth in subsection (e) below or in any other manner approved by Mortgagee if, but only if, each of the following conditions is satisfied: (A) no Event of Default or Incipient Default exists hereunder; (B) the Net Casualty Insurance Proceeds, together with such additional funds ("Required Equity Funds") as Mortgagor shall have deposited with Mortgagee (and which Mortgagor shall be required to deposit with Mortgagee within one hundred twenty (120) calendar days after the occurrence of such casualty), are sufficient, in the reasonable judgment of Mortgagee, to pay all costs of: (1) the Restoration; and (2) interest under the Note and all other operating expenses of the Collateral during the Restoration period, except to the extent of any business interruption or rent loss insurance available to Mortgagor and Mortgagee; (C) the anticipated date for completion of Restoration shall, in the reasonable judgment of Mortgagee, be prior to the maturity date of the Note; and (D) each of the insurance companies from which the Net Casualty Insurance Proceeds are received shall have waived in writing all right of subrogation for the benefit of Mortgagor and Mortgagee.

MICROFILMED

OCT 07 2003

(e) In the event insurance proceeds shall be eligible for disbursement, the same shall be disbursed by Mortgagee upon the following terms and conditions:

(1) The work shall be in charge of an architect or engineer approved by Mortgagee ("Architect") before Mortgagor commences any work, other than temporary work to protect property or prevent interference with business, and Mortgagee shall have approved the construction contract and plans and specifications for such work, which plans and specifications shall provide, to the extent feasible, that, upon completion of such, the Collateral shall be at least equal in value and general utility as existed prior to the damage or destruction; and complete copies of the plans and specifications for the work, approved by all governmental authorities whose approval is required, and bearing the signed approval thereof by the Architect and accompanied by the Architect's signed estimate, bearing the Architect's seal, of the entire cost of completing the work, shall be delivered to Mortgagee;

(2) Each request for payment shall be made upon seven (7) days' prior notice to Mortgagee and shall be accompanied by a certificate to be made by such architect or engineer stating: (A) that all of the work completed has been done in compliance with the approved plans and specifications; (B) that the sum requested is justly required to reimburse Mortgagor for payments by Mortgagor to, or is justly due to, the contractor, subcontractors, materialmen, laborers, engineers, architects or other persons rendering services or materials for the work (giving a brief description of such services and materials) and, when added to all sums previously paid out by Mortgagee, does not exceed the value of the work done to the date of such certificate; and (C) that the amount of such proceeds remaining with Mortgagee shall be sufficient on completion of the work to pay for the same in full (giving in such detail, as Mortgagee may require, an estimate of the cost of such completion);

(3) Each request shall be accompanied by waivers of lien satisfactory to Mortgagee covering that part of the work for which payment or reimbursement is being requested and, if required by Mortgagee, by a search prepared by a title company satisfactory to Mortgagee, that there has not been filed with respect to the Collateral any mechanics', materialmen's or other lien or instrument for the retention of title in respect of any part of the work not discharged of record;

(4) The request for any payment after the work has been completed shall be accompanied by a copy of any certificate or certificates required by law to render occupancy of the Improvements and use of the Collateral legal;

(5) Mortgagor shall deliver to Mortgagee certified or photostatic copies of all permits and approvals required by law in connection with the commencement and conduct of the work; and

(f) In the event of a partial Taking such that the Collateral is subject to Restoration, all proceeds and awards shall be paid to Mortgagee to accomplish the Restoration in the event that Mortgagor requests and satisfies the conditions for the same; and such amount shall be disbursed as set forth in the immediately preceding subsections (as the same ^{8/16}applies to the application of the Net Casualty Insurance Proceeds, with each

OCT 07 2003

reference therein to insurance proceeds deemed to include a reference to condemnation proceeds and awards). In the event of a total Taking or in the event of a partial Taking where Mortgagor does not elect or qualify to apply such award or proceeds to the Restoration, such amount shall be applied as follows, in the order of priority indicated:

- (1) To reimburse Mortgagee for all reasonable costs and expenses, including reasonable attorneys' fees, incurred in connection with collecting such proceeds;
- (2) To the payment of the accrued and unpaid interest on the Note;
- (3) To the payment of the unpaid principal of the Note;
- (4) To the payment of the balance of any other Secured Obligations; and
- (5) The balance, if any, shall be paid to Mortgagor.

10. Liens, Encumbrances and Charges. Mortgagor shall immediately discharge any lien, claim or encumbrance which is not set forth in the Lender's Title Policy or approved by Mortgagee in writing that has or may attain priority over this Mortgage. Mortgagor shall pay at or prior to maturity all obligations secured by or reducible to liens or encumbrances which shall now or hereafter encumber or appear to encumber all or any interest in any of the Collateral, whether senior or subordinate hereto. Upon the occurrence of any Event of Default hereunder, Mortgagee shall have the right, but shall not be obligated, to pay, without notice, to Mortgagor, such payments and charges, and Mortgagor shall, on demand, reimburse Mortgagee for amounts so paid. In addition, upon default of Mortgagor in the performance of any other terms, covenants, conditions or obligations by it to be performed under any such prior or subordinate lien, encumbrance, lease or security interest, Mortgagee shall have the right, but shall not be obligated, to cure such default in the name and on behalf of Mortgagor. All sums advanced and expenses incurred at any time by Mortgagee pursuant to this section or as otherwise provided under the terms and provisions of this Mortgage or under applicable law shall bear interest from the date that such sum is advanced or expense incurred, to and including the date of reimbursement, computed at an interest rate equal to the Default Rate.

11. Intentionally Deleted.

12. Conduct of Business. Mortgagor will at all times maintain and operate (or cause to be maintained and operated as permitted hereunder) the Residential Development, Golf Development and related facilities, and all buildings and other improvements to be constructed upon the Collateral including, but not limited to, the Residential Development and the Golf Development in accordance with the Loan Agreement in a first-class condition and repair with "first-class" being defined as comparable to other similar residential golf developments in the western United States.

MICRO...

OCT 07 2003

13. Residential Lot Release.

(a) Without affecting the obligations of any party under the Loan Agreement and without affecting the lien of this Mortgage and Mortgagee's security interest in the Collateral, Mortgagee will release lots in the Residential Development from the lien of this Mortgage in accordance with the provisions of Article VI of the Loan Agreement.

(b) The obligation of Mortgagee to release lots in the Residential Development contained in this Section 13 is conditioned upon Mortgagor complying in advance with each and every term and condition contained in Sections 6.1 to 6.8 of the Loan Agreement.

14. Additional Obligations. Without the prior written consent of Mortgagee, which consent may be granted or withheld in the sole and absolute discretion of Mortgagee, Mortgagor shall not create, incur or suffer to exist:

(a) Any guaranty by Mortgagor of obligations of a third party, except by endorsement of checks for deposit or collection in the ordinary course of business; or

(b) Any investment (whether by loan, advance or commitment to invest) other than in: (i) demand deposit accounts; (ii) short-term obligations of or fully guaranteed by the United States of America; and (iii) certificates of deposit issued by commercial banks having capital and surplus in excess of One Hundred Thousand Dollars (\$100,000.00).

15. Maintenance and Preservation of the Collateral; Mortgagor Covenants:

(a) To keep the Collateral including, without limitation, all buildings, parking areas, roads and walkways, recreational facilities, landscaping, and all other improvements of any kind now or hereafter located on the Land including, without limitation, the golf course and related facilities and the fixtures, furnishings and equipment therein and thereon, in good condition and repair (normal wear and tear excepted);

(b) Not to remove or demolish any of the material Collateral or materially alter the structural character of any Improvements without Mortgagee's prior written consent;

(c) To cause Restoration (as defined in Section 11(b)(1) above) of any of the Collateral which may be damaged or destroyed or which may be affected by any condemnation or eminent domain proceeding, regardless of the unavailability or insufficiency of insurance or condemnation proceeds (but subject to Mortgagee's disbursement of any net insurance or condemnation proceeds pursuant to Section 11(e) above);

(d) Not to suffer violation of any, and to comply with all: (i) material and applicable laws, ordinances, rules and regulations and standards; (ii) covenants,

MICROSOFT

DEC 07 2022

conditions, restrictions and equitable servitudes, whether public or private, of every kind and character; and (iii) requirements of insurance companies and not do or suffer to be done anything which will increase the risk of fire or other hazard to the Collateral; which affect any of the Collateral or pertain to acts committed or conditions existing thereon;

(e) Not to initiate or acquiesce in any change in any zoning or other land use or legal classification which affects any of the Collateral without Mortgagee's prior written consent;

(f) Not to materially alter the planned use of all or any part of the Collateral without the prior written consent of Mortgagee;

(g) Not to commit or permit waste of the Collateral or to conduct or permit any nuisance thereon or abandon the same;

(h) To do all other acts which from the character or use of the Collateral may be reasonably necessary to maintain and preserve its value;

(i) To make no further assignment of Rents or Leases without Mortgagee's prior written consent; and

(j) To pay when due all installments owing upon conditional sales or like agreements with respect to any Personal Property.

16. Defense and Notice of Losses, Claims and Actions. Mortgagor shall protect, preserve and defend the Collateral and title to and right of possession of the Collateral, the security and priority hereof and the rights and powers of Mortgagee hereunder at Mortgagor's sole expense against all adverse claims. Mortgagor shall give Mortgagee prompt notice in writing of the assertion of any claim, of the filing of any action or proceeding, of the occurrence of any damage to any of the Collateral, of any condemnation offer or action and of any other Event of Default.

17. Inspection. Mortgagee, its agents and employees, may enter the Land and the Improvements at any reasonable time after twenty-four (24) hours advance notice to Mortgagor or, following an Event of Default, at any time, for the purpose of inspecting the Collateral and ascertaining Mortgagor's compliance with the terms of this Mortgage and each of the other Loan Documents. Mortgagee's reasonable out-of-pocket costs in connection with any such inspection shall be paid by Mortgagor upon demand, except that Mortgagor shall not be responsible for any costs of inspections conducted more frequently than once each year unless such inspections were conducted due to a reasonable belief by Mortgagee of any matters set forth in clauses (i) through (iii) of Section 8(e) above. So long as any Secured Obligation remains outstanding, Mortgagor shall cause the golf course and related facilities located on the Land to be inspected by the USGA Turf Advisory Service (or by another entity satisfactory to Mortgagee) within thirty (30) days of September of each year (or on such other date as may be requested by Mortgagee) and cause a written report to be prepared and delivered to Mortgagee in connection therewith within ten (10) days following the completion of such inspection.

MICHAEL

SEP 27 2003

18. Compensation; Exculpation. Mortgagor shall pay to Mortgagee reasonable compensation for agreed upon services rendered by Mortgagee or its agents which relate to this Mortgage including, without limitation, preparation of any statement of any Secured Obligation. Mortgagee shall not directly or indirectly be liable to Mortgagor or any other person as a consequence of: (i) the exercise of the rights, remedies or powers granted to Mortgagee under this Mortgage; (ii) the failure or refusal of Mortgagee to perform or discharge any obligation or liability of Mortgagor under any agreement related to the Collateral or under this Mortgage; or (iii) any loss sustained by Mortgagor or any third party resulting from Mortgagee's failure to lease the Collateral after an Event of Default or from any other act or omission of Mortgagee in managing the Collateral after an Event of Default unless the loss is caused by the willful misconduct, gross negligence, and/or bad faith of Mortgagee.

19. General Indemnification. Mortgagor shall indemnify Mortgagee against, and shall hold it harmless from, all losses, damages, liabilities, claims, causes of action, judgments, court costs, attorneys' fees and other legal expenses, cost of evidence of title, cost of evidence of value, and other expenses which Mortgagee may suffer or incur: (i) by reason of this Mortgage or any of the other Loan Documents; (ii) in performance of any act required or permitted hereunder, under any of the other Loan Documents or by law, unless the loss is caused by the gross negligence, bad faith or willful misconduct of Mortgagee; (iii) as a result of any failure of Mortgagor to perform any of Mortgagor's obligations; or (iv) by reason of any alleged obligation or undertaking on Mortgagor's part to perform or discharge any of the representations, warranties, conditions, covenants or other obligations related to the Collateral.

20. Estoppel Certificate. Mortgagor shall, at any time and from time to time upon not less than ten (10) business days prior written notice from Mortgagee, execute, acknowledge and deliver to Mortgagee a statement: (i) certifying that this Mortgage and the other Secured Obligations are unmodified and in full force and effect or, if modified, stating the nature thereof and certifying that each Secured Obligation, as so modified, is in full force and effect and the date to which principal, interest and other sums secured hereby have been paid; and (ii) acknowledging that Mortgagee is not in breach of any of its obligations under this Mortgage or any of the other Loan Documents or specifying such breach if any is claimed. Any such certificate may be conclusively relied upon by Mortgagee and any prospective purchaser or assignee of any Secured Obligation. Mortgagor's failure to deliver such certificate within such time shall be conclusive upon Mortgagor that: (i) the Secured Obligations are in full force and effect, without modification, except as may be represented by Mortgagee; and (ii) there are no such breaches by Mortgagee.

21. Further Assurances. Mortgagor shall promptly make, execute, acknowledge and deliver, in form and substance reasonably satisfactory to Mortgagee, all additional instruments, agreements and other documents, and Mortgagor shall do all other acts, as may at any time hereafter be reasonably requested by Mortgagee to effectuate and carry out the purposes of this Mortgage and each of the Secured Obligations.

MICHEL

OCT 07 2022

22. Expenses and Fees. All reasonable expenses, costs and other liabilities, including attorneys' fees, which Mortgagee may incur: (i) in enforcing, defending, construing this Mortgage (or its priority) or any of the other Loan Documents; (ii) for any inspection, evaluation, appraisal, survey or other service in connection with any of the Collateral authorized hereunder; (iii) for any title examination or title insurance policy relating to the title to any of the Collateral; or (iv) in the exercise by Mortgagee of any rights or remedies granted by this Mortgage or any of the other Loan Documents, shall be paid by Mortgagor upon demand by Mortgagee, together with interest thereon, from the date of expenditure until payment in full, at the rate then in effect under the Note.

23. Assignment by Mortgagee. Mortgagee shall have the right at any time and from time to time during the term of the Loan to sell, assign, syndicate or otherwise transfer and/or dispose of all or any portion of its interest in the Loan to any third party or parties. To the extent of any assignment by Mortgagee, Mortgagee shall be fully relieved of any and all liability of any nature whatsoever to Mortgagor, or its successors or assigns, in any way relating to the Loan with the exception of any claims that have been filed against Mortgagee prior to the date of such assignment. As used in this Mortgage, the term "Mortgagee" shall include Mortgagee, its successors, assigns, endorsees and participants. In the event Mortgagor, or its successors or assigns, asserts any claim (including, without limitation, counterclaims and third party claims) or seeks any relief in any way relating or pertaining to the Loan, including any such claim relating to any act or omission by Mortgagee, or its successors or assigns, or the officers, directors, shareholders, employees, agents or attorneys of any of the foregoing, (i) such claim or relief may be sought or asserted only against the then-holder and owner of the Note or this Mortgage, (ii) Mortgagor, for Mortgagor and its successors and assigns, expressly covenants not to sue, make claim or seek relief against any prior holder of the Note or this Mortgage, or any officer, director, shareholder, employee, agent or attorney of any past, present or future holder or participant of the Note or this Mortgage, and (iii) Mortgagor shall not seek to recover in connection with any such claim, and Mortgagor waives its right to seek or recover, any nominal, consequential, punitive or exemplary damages, it being agreed that any damage award shall be limited to actual damages proved by Mortgagor. Those parties other than Mortgagee which are described in this subparagraph are intended beneficiaries hereof. Notwithstanding anything in this Mortgage, the Note, or any other document evidencing, securing or setting forth the terms of the loan evidenced by the Note, the terms of this subparagraph shall survive indefinitely, notwithstanding any payment of the obligations secured hereby or any satisfaction, cancellation or release of this Mortgage and shall not be subject to any term or provision of any such document limiting the liability of Mortgagor.

24. Assignment at Closing. Mortgagor acknowledges that Mortgagee intends on assigning all of its rights and obligations under this Loan Agreement and the other Loan Documents to Western United Life Assurance Company, a Washington corporation (the "New Mortgagee"), concurrent with (or soon after) the closing of the Loan. Mortgagor hereby acknowledges such assignment in advance and agrees to look solely to the New Mortgagee with respect to the Loan and the Loan Documents following the effective date of such assignment. Mortgagee will provide notice of such assignment to Mortgagor, including the effective date thereof, following such assignment. Further, Mortgagor acknowledges that Mortgagee, its successors and assigns, including the New Mortgagee,

MICROSOFT

OCT 07 2003

may sell or hypothecate the Loan (or portions thereof) or participations in the Loan to third parties. Mortgagor agrees to cooperate with Mortgagee and make such revisions to the Loan Documents as are reasonably required by the Mortgagee, its successors and assigns, in the event of any such sale, hypothecation or participation of the Loan, or any portion thereof.

25. Mortgagee's Powers. Mortgagee may commence, appear in, defend or prosecute any assigned claim or action; and Mortgagee may adjust, compromise, settle and collect all claims and awards assigned to Mortgagee, but shall not be responsible for any failure to collect any claim or award regardless of the cause of the failure. Without affecting the liability of any other person liable for the payment of any obligation herein mentioned, and without affecting the lien or charge of this Mortgage upon any portion of the Collateral not then or theretofore released as security for the full amount of the Secured Obligations, Mortgagee may, from time to time and without notice: (i) release any person so liable; (ii) extend the maturity or alter any of the terms of any such obligation; (iii) grant other indulgences; (iv) release or reconvey, or cause to be released or reconveyed, at any time and at Mortgagee's option, any parcel, portion or all of the Collateral; (v) take or release any other or additional security for any Secured Obligation; or (vi) compromise or make other arrangements with debtors in relation thereto.

26. Security Agreement; Fixture Filing.

(a) Mortgagor hereby grants, assigns and transfers to Mortgagee a security interest in and to the Collateral; and this Mortgage shall constitute a security agreement pursuant to the Uniform Commercial Code ("UCC") of the State of Idaho with respect to the Collateral. For purposes of treating this Mortgage as a security agreement, Mortgagor shall be deemed to be the "Debtor" and Mortgagee the "Secured Party."

(b) Mortgagor maintains a place of business in the State of Idaho at the address set forth in this Mortgage; and Mortgagor will immediately notify Mortgagee in writing of any change in its place of business.

(c) At the request of Mortgagee, Mortgagor shall join Mortgagee in executing one or more financing statements and continuations and amendments thereof pursuant to the UCC in form satisfactory to Mortgagee; and Mortgagor will pay the cost of filing the same in all public offices wherever filing is deemed by Mortgagee to be necessary or desirable. In the event Mortgagor fails to execute such documents, Mortgagor hereby authorizes Mortgagee to file such financing statements and irrevocably constitutes and appoints Mortgagee, or any officer of Mortgagee, as its true and lawful attorney-in-fact to execute the same on behalf of Mortgagor.

(d) In addition to Mortgagee's rights under the UCC, Mortgagee may, but shall not be obligated to, at any time without notice and at the expense of Mortgagor: (i) give notice to any person of Mortgagee's rights hereunder and enforce such rights; (ii) insure, protect, defend and preserve the Collateral and any rights or interest of Mortgagee therein; (iii) inspect the Collateral; and (iv) endorse, collect and receive any right to payment of money owing to Mortgagor under or from the Collateral. Mortgagee shall have

OCT 07 2003

no duty or obligation to make or give any presentments, demand for performance, notices of nonperformance, notices of protest or notices of dishonor in connection with any of the Collateral.

(e) Upon the occurrence of an Event of Default, Mortgagee shall have with respect to the Collateral, in addition to all of its rights and remedies as stated in this Mortgage, all rights and remedies of a secured party under the UCC as well as all other rights and remedies available at law or in equity.

(f) This Mortgage constitutes a financing statement filed as a fixture filing under the UCC in the official records of the county in which the Collateral is located with respect to any and all fixtures included within the term "Collateral" and with respect to any goods or other personal property that may now be or hereafter become such a fixture. PARTS OF THE PERSONAL PROPERTY ARE, OR ARE TO BECOME, FIXTURES ON THE PROPERTY.

(g) Mortgagee has no responsibility for, and does not assume any of, Mortgagor's obligations or duties under any agreement or obligation which is part of the Collateral or any obligation relating to the acquisition, preparation, custody, use, enforcement or operation of any of the Collateral

(h) Mortgagor and Mortgagee agree that the filing of a financing statement in the records normally having to do with personal property shall never be construed as in any way derogating from or impairing this Mortgage and the intention of the parties that everything used in connection with the production of income from the Collateral or adapted for use therein or which is described or reflected in this Mortgage is, and at all times and for all purposes and in all proceedings both legal or equitable shall be regarded as, part of the real estate subject to the lien hereof, irrespective of whether: (i) any such item is physically attached to improvements located on such real property; or (ii) any such item is referred to or reflected in any financing statement so filed at any time. Similarly, the mention in any such financing statement of: (A) the rights in, or the proceeds of, any fire or hazard insurance policy; or (B) any award in eminent domain proceedings for taking or for loss of value or for any cause of action or proceeds thereof in connection with any damage or injury to the Collateral or any part thereof shall never be construed as in any way altering any of the rights of Mortgagee as determined by this instrument or impugning the priority of Mortgagee's lien granted hereby or by any other recorded document, but such mention in such financing statement is declared to be for the protection of Mortgagee in the event any court shall at any time hold with respect to matters (A) and (B) above that notice of Mortgagee's priority of interest, to be effective against a particular class of persons, including, without limitation, the Federal government and any subdivision or entity of the

Federal government, must be filed in the personal property records or other commercial code records.

(i) Mortgagor shall not permit any of the Collateral to be removed from the Improvements without the prior written consent of Mortgagee unless: (a) the removal is

MICAC. 10

OCT 17 2023

in the ordinary course of business; or (b) the replacements for such items of Collateral are of equivalent value and quality, and (1) Mortgagor leases such replacements or (2) Mortgagor acquires such replacements and has good and clear title to such replacements free and clear of any and all liens, encumbrances, security interests, ownership interests, claims of title (contingent or otherwise) or charges of any kind or the rights of any such conditional sellers, vendors or any other third parties have been expressly subordinated, at no cost to Mortgagee, to the lien and security interest granted hereby in a manner satisfactory to Mortgagee, other than the lien of purchase money security interests (as said term is defined in the UCC which arise by operation of law. Notwithstanding the foregoing, if the purchase or lease involves an aggregate purchase price or lease or other payments in excess of Fifty Thousand Dollars (\$50,000.00), the prior consent of Mortgagee shall be required, which approval shall not be unreasonably withheld.

(j) It is understood and agreed that, in order to protect Mortgagee from the effect of the UCC, as amended from time to time, in the event that: (A) Mortgagor intends to purchase any goods which may become fixtures to the Collateral, or any part thereof; and (B) such goods will be subject to a security interest held by a seller or any other party, Mortgagor shall, before executing any security agreement or other document evidencing such security interest, obtain the prior written approval of Mortgagee, and all requests for such written approval shall be in writing and contain the following information:

(1) A description of the Collateral to be replaced, added to, installed or substituted;

(2) The address at which the Collateral will be replaced, added to, installed or substituted; and

(3) The name and address of the proposed holder and proposed amount of the security interest; and any failure of Mortgagor to obtain such approval shall be a material breach of Mortgagor's covenants under this Mortgage, and shall, at the option of Mortgagee, entitle Mortgagee to all rights and remedies provided for herein upon default. No consent by Mortgagee pursuant to this section shall be deemed to constitute an agreement to subordinate any right of Mortgagee in fixtures or other property covered by this Mortgage.

(k) Mortgagee shall have the right to acquire by assignment from the holder of such security interest any and all contract rights, accounts receivable, negotiable or non-negotiable instruments or other evidence of Mortgagor's indebtedness for such Collateral and, upon acquiring such interest by assignment, shall have the right to enforce the security interest as assignee thereof, in accordance with the terms and provisions of the UCC then in effect and in accordance with any other provisions of law.

(l) If at any time Mortgagor fails to make any payment on an obligation secured by a security interest in any Collateral, Mortgagee, at its option, may at any time pay the amount secured by such security interest and the amount so paid shall be: (i) secured by this Mortgage and shall be a lien on the Collateral having the same priorities as

OCT 07 2023

the liens and security interests created by this Mortgage; and (ii) payable on demand with interest at the rate specified in the Note from the time of such payment. If Mortgagor shall fail to make such payment to Mortgagee within ten (10) days after demand, the entire principal sum secured thereby with all unpaid accrued interest and late charges or other amounts owing thereunder, shall, at the option of Mortgagee, become due and payable immediately.

27. Transfers.

(a) Mortgagor agrees that neither Mortgagor nor any member of Mortgagor shall directly or indirectly: (i) sell, transfer or convey or further pledge, encumber, hypothecate, mortgage, assign or lease, whether voluntary, involuntary or by operation of law, or suffer or permit the same, all or any part of the Land, Improvements and/or Appurtenances; or (ii) sell, transfer or convey any legal or beneficial ownership interest (whether membership interests or otherwise) in Mortgagor (each of such actions or events being herein called a "Transfer") other than the pledge of a membership interest in Mortgagor as security for a loan in which the proceeds therefrom are invested in Mortgagor or used in connection with the Collateral.

Notwithstanding the foregoing, and provided Mortgagee is not in default under this Mortgage or any Loan Document, Mortgagor may sell, transfer or convey to bona fide third party purchasers, lots in the Residential Development in accordance with the terms of Article VI of the Loan Agreement, and may sell private club memberships in the Golf Development in accordance with the Membership Plan submitted by Mortgagor to Mortgagee, without the prior written consent of Mortgagee.

(b) If any Transfer occurs without Mortgagee's prior written consent, which consent may be withheld by Mortgagee in its sole discretion, then, at its sole option, Mortgagee may, by written notice to Mortgagor, declare all Secured Obligations immediately due and payable. Mortgagor shall notify Mortgagee promptly in writing of all Transfers.

(c) Upon the occurrence of any Transfer without Mortgagee's prior written consent, which consent may be withheld by Mortgagee in its sole discretion, and without waiving Mortgagee's right to declare all Secured Obligations immediately due and payable, all Secured Obligations shall bear interest at the Default Rate accruing from time to time under the Note.

28. Subordinate Mortgage. Without the prior written consent of Mortgagee, which consent may be withheld by Mortgagee in its sole and absolute discretion, Mortgagor will not execute or deliver any mortgage or Mortgage covering all or any portion of the Collateral ("Subordinate Mortgage").

MICHAEL

OCT 27 2003

29. Default/Remedies.

(a) Default. Mortgagor will be in default under this Mortgage upon the occurrence of any one or more of the following events:

- (i) any payment is not made when due under the Note or any other Secured Obligation, this Mortgage or any other Loan Document;
- (ii) there is a default under, a breach of, or failure to perform any other covenant, agreement or obligation to be performed under the Note or any other Secured Obligation, this Mortgage or any other Loan Document, or under any Guaranty of all or any part of the Secured Obligations;
- (iii) any representation or warranty contained in this Mortgage or any other Loan Document, or any financial information furnished to Mortgagee in connection with the Loan, proves to be false or misleading in any material respect, and as a result Mortgagee reasonably believes that Mortgagor's financial condition or Mortgagor's ability to pay its debts as they become due will thereby be materially impaired;
- (iv) Mortgagor defaults under any lease or other contract or agreement relating to the Collateral, and such default is not cured within the applicable cure period, if any;
- (v) Mortgagor, or the maker of the Note if different from Mortgagor, is in default with respect to any other loan or business or financial accommodation from Mortgagee to Mortgagor and/or such other borrower;
- (vi) Mortgagor, any maker of the Note if different from Mortgagor, or any Guarantor of the Loan fails to pay his, her or its debts generally as they become due, or files a petition or action for relief under any bankruptcy, reorganization or insolvency laws or makes an assignment for the benefit of creditors;
- (vii) an involuntary petition is filed against Mortgagor, any maker of the Note if different from Mortgagor, or any Guarantor of the Loan under any bankruptcy, reorganization or other insolvency laws, or a custodian, receiver or trustee is appointed to take possession, custody or control of the Collateral or any other properties or assets of Mortgagor, of any maker of the Note if different from Mortgagor, or of any guarantor of the Loan, and such petition or appointment is not set aside, withdrawn or dismissed within thirty (30) days from the date of filing or appointment, or

MICROFILMED

OCT 6 7 2003

- (viii) if a writ of execution or attachment or any similar process is issued or levied against the Collateral or Collateral, or a judgment entered against Mortgagor for monetary damages becomes a lien on the Collateral or Collateral and the execution, attachment or similar process or judgment is not released, bonded, satisfied, vacated or stayed within sixty (60) days after its entry or levy.

(b) Remedies. In the event of a default Mortgagee may invoke all rights and remedies described below in addition to all other rights and remedies authorized by law:

- (i) declare the Secured Obligations, including the Loan and all other indebtedness evidenced by the Note or any other Loan Document, immediately due and payable;
- (ii) Mortgagee, in person, by agent or by court-appointed receiver, may enter, take possession of, manage and operate all or any part of the Collateral and Collateral, and in its own name or in the name of Mortgagor sue for or otherwise collect any and all Rents, including those that are past due, and may also do any and all other things in connection with those actions that Mortgagee may in its sole discretion consider necessary and appropriate to protect the security of this Mortgage. Such other things may include: entering into, enforcing, modifying, or canceling leases on such terms and conditions as Mortgagee may consider proper; obtaining and evicting tenants; fixing or modifying Rents; completing any unfinished construction; and contracting for and making repairs and alterations. Mortgagor hereby irrevocably constitutes and appoints Mortgagee as its attorney-in-fact to perform such acts and execute such documents as Mortgagee in its sole discretion may consider to be appropriate in connection with taking these measures, including endorsement of Mortgagor's name on any instruments. Mortgagor agrees to deliver to Mortgagee all books and records pertaining to the Collateral and Collateral, including computer-readable memory and any computer hardware or software necessary to access or process such memory, as may reasonably be requested by Mortgagee in order to enable Mortgagee to exercise its rights under this paragraph;
- (iii) Mortgagee may cure any breach or default of Mortgagor, and if it chooses to do so in connection with any such cure, Mortgagee may also enter the Collateral and/or do any and all other things which it may in its sole discretion consider necessary and appropriate to protect the security of this Mortgage. Such

MICROFILM

OCT 17 2003

other things may include: appearing in and/or defending any action or proceeding which purports to affect the security of, or the rights or powers of Mortgagee under this Mortgage; paying, purchasing, contesting or compromising any encumbrance, charge, lien or claim of lien which in Mortgagee's sole judgment is or may be senior in priority to this Mortgage, such judgment of Mortgagee to be conclusive as among the parties to this Mortgage; obtaining insurance and/or paying any premiums or charges for insurance required to be carried under this Mortgage; otherwise caring for and protecting any and all of the Collateral and Collateral; and/or employing counsel, accountants, contractors and other appropriate persons to assist Mortgagee. Mortgagee may take any of the actions permitted hereunder either with or without giving notice to any person; or

- (iv) Mortgagee may commence an action to judicially foreclose this Mortgage. Mortgagee's exercise of any of its rights and remedies shall not constitute a waiver or cure of a default. Mortgagee's failure to enforce any default shall not constitute a waiver of the default or any subsequent default. If the Loan Documents are referred to an attorney for enforcement or preservation of Mortgagee's rights or remedies, whether or not suit is filed or any proceedings are commenced, Mortgagor shall pay all Mortgagee's reasonable costs and expenses including attorneys' fees (including attorneys' fees for any appeal, bankruptcy proceeding or any other proceeding), accountants' fees, appraisal and inspection fees and cost of title report.

30. Notice and Opportunity to Cure. Notwithstanding any other provision of this Mortgage, Mortgagee shall not accelerate the maturity of one or more of the Secured Obligations (i) because of a monetary default (defined below) by Mortgagor unless Mortgagor fails to cure the default within five (5) days after its due date or (ii) because of a nonmonetary default (defined below) by Mortgagor unless Mortgagor fails to cure the default within thirty (30) calendar days of the date on which Mortgagee mails or delivers written notice of the default to Mortgagor. For purposes of this Mortgage, the term "monetary default" means a failure by Mortgagor to make any payment required of it pursuant to the Note or any other Loan Document, and the term "nonmonetary default" means a failure by Mortgagor or any other person or entity to perform any obligation contained in the Note or any other Loan Document, other than the obligation to make payments provided for in the Note or any other Loan Document. If a nonmonetary default is capable of being cured and the cure cannot reasonably be completed within the thirty (30) day cure period, the cure period shall be extended up to ninety (90) days so long as Mortgagor has commenced action to cure within the thirty (30) day cure period, and in Mortgagee's opinion, Mortgagor is proceeding to cure the default with due diligence. None of the foregoing shall be construed to obligate Mortgagee to forbear in any other manner from exercising its remedies and

MICROFILMED

OCT 07 2003

Mortgagee may pursue any other rights or remedies which Mortgagee may have because of a default.

31. Judicial Foreclosure. In the event of a default, Mortgagee may commence an action to judicially foreclose this Mortgage. The Collateral and/or Collateral may be sold at one or more sales, as a whole or in such parcels or lots, with such elements of real and/or personal property, and in such manner or order as the Mortgagee, in its sole discretion, may elect. Mortgagee will be entitled to possession of the Collateral and Collateral during any redemption period allowed under the laws of the State of Idaho. However, if Mortgagor remains in possession of the Collateral and/or Collateral after it has been sold, Mortgagor will become a tenant at will of the purchaser of the Collateral and/or Collateral and will pay a reasonable rental for the use thereof while the same is in Mortgagor's possession. During any redemption period, the purchaser may make such repairs and alterations to the Collateral and/or Collateral as may be reasonably necessary for its proper operation, care, preservation or protection; pay any Impositions which become due; insure the Collateral and Collateral against loss by casualty and itself against liability arising from its ownership and use of the Collateral and/or Collateral; pay liens not extinguished by the foreclosure; and pay any other amounts relating to the Collateral and/or Collateral as they become due. Any sums so paid, together with interest thereon from the date of the expenditure at the rate allowed under Idaho law during the period of redemption, will be included in the amount required to be paid to redeem the Collateral and/or Collateral.

32. Uniform Commercial Code Remedies. In the event of a default, Mortgagee may exercise any or all of the rights and remedies available to a secured party under the Uniform Commercial Code as in effect in the State of Idaho. Upon request, Mortgagor will assemble and make the personal property Collateral available to Mortgagee or its agent at a place to be designated by Mortgagee which is reasonably convenient to both parties. Mortgagee may sell (at public or private sale), lease or otherwise dispose of such Collateral in accordance with the Uniform Commercial Code. Unless such Collateral is perishable or threatens to decline rapidly in value or is of a type customarily sold on a recognized market, Mortgagee will give Mortgagor prior written notice of the time and place of any public sale of such Collateral or of the time after which any other intended disposition of such Collateral will occur, and notice will be deemed reasonably and properly given if mailed at least ten (10) days prior to such sale or other disposition. Mortgagee may elect to judicially foreclose its security interest. Mortgagee and its agents will have the right to enter the Collateral to exercise Mortgagee's rights with regard to such Collateral.

33. Cumulative Remedies. To the fullest extent allowed by law, all Mortgagee's rights and remedies specified in the Loan Documents (including this Mortgage) are cumulative, not mutually exclusive and not in substitution for any rights or remedies available at law or in equity. Without waiving its rights in the Collateral and the Collateral, Mortgagee may proceed against Mortgagor or may proceed against any other security or guaranty for the Secured Obligations, in such order and manner as Mortgagee may elect. The commencement of proceedings to enforce a particular remedy shall not preclude the discontinuance of the proceedings and the commencement of proceedings to enforce a different remedy.

OCT 07 2003

34. Entry. After a default, Mortgagee, in person, by agent or by court appointed receiver, may enter, take possession of, manage and operate all or any part of the Collateral and the Collateral, and may also do any and all other things in connection with those actions that Mortgagee may consider necessary and appropriate to protect the security of this Mortgage, including taking and possessing all of Mortgagor's or the then owner's books and records; entering into, enforcing, modifying, or canceling Leases on such terms and conditions as Mortgagee may consider proper; obtaining and evicting tenants; fixing or modifying Rents; collecting and receiving any payment of money owing to Mortgagor; completing any unfinished construction; and/or contracting for and making repairs and alterations. Mortgagor hereby irrevocably constitutes and appoints Mortgagee as its attorney-in-fact to perform such acts and execute such documents as Mortgagee in its sole discretion may consider to be appropriate in connection with taking these measures. Although the foregoing power of attorney is effective immediately, Mortgagee shall not exercise the power until the occurrence of a default.

35. Appointment of Receiver. In the event of a default, Mortgagor consents to, and Mortgagee, to the fullest extent permitted by applicable law, shall be entitled, without notice, bond or regard to the adequacy of the Collateral and the Collateral, to the appointment of a receiver for the Collateral and the Collateral. The receiver shall have, in addition to all the rights and powers customarily given to and exercised by a receiver, all the rights and powers granted to Mortgagee by the Loan Documents. The receiver shall be entitled to receive a reasonable fee for management of the Collateral. If Mortgagor is an occupant of the Collateral, Mortgagee has the right to require Mortgagor to pay rent at fair market rates and the right to remove Mortgagor from Collateral if Mortgagor fails to pay rent.

36. Sale of Collateral After Default. Following a default, in furtherance of the foreclosure of this Mortgage, the Collateral and the Collateral may be sold separately or as a whole, and in any order, at the option of Mortgagee. Mortgagee may also realize on the personal property Collateral in accordance with the remedies available to secured parties under the Uniform Commercial Code or at law. Mortgagee shall apply the proceeds and rents of any sale of the Collateral and Collateral in the following manner: first, to pay the portion of the Secured Obligations attributable to the costs, fees and expenses of the sale, including costs of evidence of title in connection with the sale; and, second, to pay all other Secured Obligations in any order and proportion as Mortgagee in its sole discretion may choose. The remainder, if any, shall be remitted to the person or persons entitled thereto.

37. Subrogation. Mortgagee shall be subrogated, to any mechanic's or vendor's lien, superior titles, mortgages, deeds of trust, liens, encumbrances, rights, equities and charges of all kinds heretofore or hereafter existing on the Collateral, notwithstanding their release of record, to the extent that the same are paid or discharged from the proceeds of the Loan, but in no event shall the foregoing provision result in Mortgagee recovering more than the full amount of the Secured Obligations.

38. Releases, Extensions, Modifications and Additional Security. Without notice to or the consent, approval or agreement of Mortgagor, any subsequent owner of any part of the Collateral, any maker, surety, guarantor, or endorser of this Mortgage or any other

OCT 07 2003

Secured Obligation, or any holder of alien or other claim on all or any part of the Collateral, whether senior or subordinate hereto, Mortgagee may, from time to time, do one or more of the following: release any person's liability for the payment of any Secured Obligation, take any action or make any agreement extending the maturity or otherwise altering the terms or increasing the amount of any Secured Obligation, or accept additional security or release all or a portion of the Collateral and other security for any Secured Obligation. No such release of liability, taking of additional security, release of security, change in terms or conditions of any Secured Obligation, or other action shall release or reduce the liability of Mortgagor, subsequent purchasers of all or any part of the Collateral, or makers, sureties, guarantors or endorsers of this Mortgage or any other Secured Obligation, under any covenant of this Mortgage or any other Secured Obligation, or release or impair the priority of the lien of this Mortgage upon any of the Collateral.

39. Stamps; Credits. If at any time the United States of America, any state thereof or any governmental subdivision of such state shall require revenue stamps to be affixed to the Note or any of the other Loan Documents, or the payment of any other tax paid on or in connection therewith, Mortgagor shall pay the same with any interest or penalties imposed in connection therewith if Mortgagor is permitted by law to pay such amount and, if not so permitted, then the Secured Obligations shall immediately be due and payable. Mortgagor will not claim nor demand nor be entitled to any credit or credits against the indebtedness secured hereby for so much of the taxes assessed against the Collateral or any part thereof, and no deductions shall otherwise be made or claimed from the taxable value of the Collateral or any part thereof by reason of this Mortgage or the indebtedness.

40. [Intentionally Deleted]

41. Satisfaction of Mortgage. Upon payment and satisfaction of all obligations secured by this Mortgage, Mortgagee shall record, or cause to be recorded a satisfaction of mortgage in the real estate records of Teton County, Idaho. Mortgagor shall pay any costs, trustee's fees and recording fees incurred in the preparation and recordation of such satisfaction of mortgage.

42. Law. This Mortgage shall be governed by and construed in accordance with the laws of the State of Idaho.

43. Severable. If any provision of this Mortgage or its application to any person or circumstance is held invalid, the other provisions hereof or the application of the provision to other persons or circumstances shall not be affected.

44. Successors and Assigns. Each of the covenants and obligations of Mortgagor set forth in this Mortgage and each of the other Loan Documents shall run with the land and shall bind Mortgagor, the successors and assigns of Mortgagor and all subsequent encumbrances and tenants of the Collateral and shall inure to the benefit of Mortgagee, and their respective successors and assigns.

MICROFILMED

OCT 07 2003

45. Captions. The captions or headings at the beginning of each section hereof are for the convenience of the parties and are not a part of this Mortgage.

46. Notices. All notices, requests, demands, consents, approvals and other communications ("Notices") to either party hereunder shall be in writing and shall be given to such party at its address set forth below or at such other address as such party may hereafter specify upon at least thirty (30) days' prior written notice to the other party. Each such notice, request or other communication shall be effective: (a) if given by mail, three (3) calendar days following the date upon which such notice is deposited in the United States mail with first class postage prepaid, addressed as aforesaid, provided that such mailing is by registered or certified mail, return receipt requested; (b) if given by overnight delivery, one (1) calendar day following the date upon which such notice is deposited with a nationally recognized overnight delivery service such as Federal Express or Airborne with all fees and charges prepaid, addressed as provided on the first page hereof; or (c) if given by any other means, when delivered at the address specified in this Section 43.

Mortgagee: Metwest Mortgage Services, Inc.
601 West 1st Avenue
Dept. 115000
Spokane, WA 99201-5071
Attn: Patricia L. Johnson

With a copy to: Holland & Knight LLP
2300 U.S. Bancorp Tower
111 S.W. Fifth Avenue
Portland, Oregon 97204
Attn: George J. Gregores, Esq.

Mortgagor: Teton Springs Golf & Casting Club, LLC
Teton Springs, LLC
25 West 950 South
Victor, ID 83455
Attn: Chief Operating Officer

With a copy to: Holland & Hart
2515 Warren Avenue, Suite 450
Cheyenne, WY 82001-3162
Attn: Teresa (Terry) Buffington

47. Third Party Beneficiaries. This Mortgage is made and entered into for the sole protection and benefit of the parties hereto, and no other person or entity shall be a direct or indirect Mortgagee of, or shall have any direct or indirect cause of action or claim in connection with this Mortgage or any of the other Loan Documents.

48. No Offset. Under no circumstances shall Mortgagor fail or delay to perform (or resist the enforcement of) any of its obligations in connection with any of the Loan Documents because of any alleged offsetting claim or cause of action against Mortgagee (or

MICROFILMED

OCT 07 2003

any indebtedness or obligation of Mortgagee) which has not been confirmed in a final judgment of a court of competent jurisdiction (sustained on appeal, if any) against Mortgagee, and Mortgagor hereby waives any such rights of setoff (or offset) which it might otherwise have with respect to any such claims or causes of action against Mortgagee (or any such obligations or indebtedness of Mortgagee), unless and until such right of setoff is confirmed and liquidated by such a final judgment. Mortgagor further waives any right that it might otherwise have to require a marshalling of any security of Mortgagee or to direct the order in which Mortgagee pursues its rights or remedies with respect to any of its security.

49. Amendments. This Mortgage contains (or incorporates) the entire agreement of the parties hereto with respect to the matters discussed herein, and this Mortgage may only be modified or amended by a written instrument executed by each of the parties hereto.

50. Survival of Warranties. All representations, warranties, covenants and agreements of Mortgagor hereunder shall survive the delivery of this Mortgage and shall continue in full force and effect until the full and final payment and performance of all of the Secured Obligations.

51. Time. Time is of the essence of each provision of this Mortgage.

52. Waivers. To the fullest extent permitted by law, Mortgagor hereby waives the benefit of all laws now existing or hereafter enacted providing for the pleading of any statute of limitation as a defense to any Secured Obligation or extending the time for the enforcement of the collection of any Secured Obligation; and Mortgagor agrees that Mortgagor shall not at any time insist upon, plead, claim or take the benefit or advantage of any law now or hereafter in force providing for any stay of execution, extension or marshalling in the event of foreclosure of the liens and security interests hereby created.

53. Continuation of Payments. Notwithstanding any taking by eminent domain or other governmental action causing injury to, or decrease in value of, the Collateral and creating a right to compensation therefore, Mortgagor shall continue to make the required payments of principal and interest on the Note and all other payments required by the Loan documents. If, prior to the receipt by Mortgagee of such award or compensation, the Collateral shall have been sold in any action or proceeding to foreclose this Mortgage, Mortgagee shall have the right to receive said award or compensation to the extent of any deficiency found to be due upon such sale, with interest thereon, whether or not a deficiency judgment on this Mortgage shall have been sought or recovered, together with reasonable counsel fees and the costs and disbursements incurred by Mortgagee in connection with the collection of such award or compensation.

54. Statement of Condition. Mortgagee shall furnish any statement required by law regarding the obligations secured hereby or regarding the amounts held in any trust or reserve fund hereunder. For any such statement, Mortgagee may charge a reasonable fee, not to exceed the maximum amount permitted by law at the time of the request therefore.

MICHAEL J. JONES

OCT 07 2023

55. Specific Performance. At any time, Mortgagee may commence and maintain an action in any court of competent jurisdiction for specific performance of any of the covenants and agreements contained herein, and may obtain the aid and direction of the court in the performance of any of the covenants and agreements contained herein, and may obtain orders or decrees directing the execution of the same and, in case of any sale hereunder, directing, confirming or approving its or Mortgagee's acts and granting it such relief as may be warranted in the circumstances.

56. Usury Savings. All agreements between Mortgagor and Mortgagee are expressly limited so that in no event whatsoever shall the amount paid or agreed to be paid to the holder of the Note for the use, forbearance or retention of the money advanced thereunder or hereunder exceed the highest lawful rate permissible. If, from any circumstances whatsoever, fulfillment of any provisions of this Mortgage or the Note or any other Loan Document at the time performance of such provision shall be due shall involve transcending the limit of validity prescribed by law which a court of competent jurisdiction may deem applicable thereto or hereto, then the obligations to be fulfilled shall be reduced to the limit of such validity and, if from any circumstances Mortgagee shall ever receive as interest an amount which would exceed the highest lawful rate, such amount which would be excessive interest shall be applied to the reduction of the unpaid principal balance due hereunder and not to the payment of interest. This provision shall control every other provision of all agreements between Mortgagor and Mortgagee.

57. Contest. Mortgagor shall have the right to protest by proper proceeding any claim, encumbrance, demand, levy, tax, assessment, law, ordinance, rule, regulation or requirement asserted by a third party against the Collateral, provided that, and only for so long as, Mortgagor shall give prior written notice of such contest to Mortgagee and prosecute such contest diligently and in good faith, and such contest shall operate to prevent the collection or other realization of the contested matter and the sale or forfeiture of the Collateral or any part thereof to satisfy the same, and such contest shall not expose Mortgagee to any civil or criminal penalty or liability or any impairment of the security of Mortgagee. Upon Mortgagee's demand, Mortgagor shall furnish Mortgagee with a surety bond or other adequate security satisfactory to Mortgagee and sufficient both to indemnify Mortgagee against the liability and hold the Collateral free from adverse effect in the event the contest is not successful.

58. WAIVER OF JURY TRIAL. FOR AND IN CONSIDERATION OF MORTGAGEE'S ADVANCEMENT TO MORTGAGOR OF THE PRINCIPAL SUM IN THE AMOUNT OF UP TO TWENTY-TWO MILLION SIX HUNDRED THOUSAND AND NO/100 DOLLARS (\$22,600,000.00), MORTGAGOR, BEING AN EXPERIENCED DEVELOPER AND PARTICIPANT IN SOPHISTICATED REAL ESTATE VENTURES, AND HAVING CONSULTED WITH COUNSEL OF ITS CHOOSING, HEREBY WAIVES ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO ANY ACTION OR PROCEEDING: (1) BROUGHT BY MORTGAGOR, MORTGAGEE OR ANY OTHER PERSONS RELATING TO: (A) THE LOAN; OR (B) THE LOAN DOCUMENTS; OR (2) TO WHICH MORTGAGEE IS A PARTY. MORTGAGOR HEREBY AGREES THAT THIS MORTGAGE CONSTITUTES A WRITTEN CONSENT TO WAIVER OF TRIAL BY JURY, AND MORTGAGOR DOES HEREBY CONSTITUTE AND APPOINT MORTGAGEE ITS TRUE

MICROFILMED

OCT 27 2024

AND LAWFUL ATTORNEY IN FACT, WHICH APPOINTMENT IS COUPLED WITH AN INTEREST AND IRREVOCABLE, AND MORTGAGOR DOES HEREBY AUTHORIZE AND EMPOWER MORTGAGEE, IN THE NAME, PLACE, AND STEAD OF MORTGAGOR, TO FILE THIS MORTGAGE WITH THE CLERK OR JUDGE OF ANY COURT OF COMPETENT JURISDICTION AS A WRITTEN CONSENT TO WAIVER OF TRIAL BY JURY. MORTGAGOR ACKNOWLEDGES THAT ITS WAIVER OF TRIAL BY JURY HAS BEEN MADE KNOWINGLY, INTENTIONALLY AND WILLINGLY BY MAKER AS PART OF A BARGAINED FOR LOAN TRANSACTION.

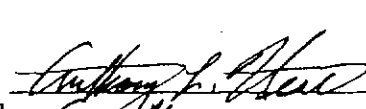
59. Cross-Default/Cross-Collateralization. The Loan and all obligations of Mortgagor under the Loan and the Loan Documents are hereby expressly cross-defaulted and cross-collateralized with any and all Secured Obligations of Mortgagor to Mortgagee and its affiliates, whether now existing or arising in the future. Without limiting the foregoing, the occurrence of an Event of Default under this Mortgage shall also constitute an event of default under all other Loan Documents. In the event of any such Event of Default, Mortgagee shall be entitled to exercise any and all rights and remedies provided for under the Loan Documents or under applicable law, it being expressly understood and agreed by Mortgagor that the Collateral and the Collateral securing any part of the Secured Obligations is Collateral for all of the Secured Obligations.

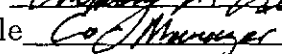
60. Construction Mortgage. This Mortgage is a "construction mortgage" as defined in and for purposes of the Uniform Commercial Code and secures on an obligation incurred for the construction of an improvement on land including a portion of the acquisition costs of the land.

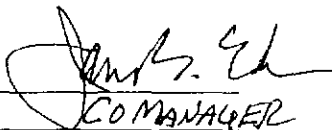
IN WITNESS WHEREOF, THIS MORTGAGE HAS BEEN DULY EXECUTED AND ACKNOWLEDGED BY MORTGAGOR AS OF THE DAY AND YEAR FIRST WRITTEN ABOVE.

MORTGAGOR:

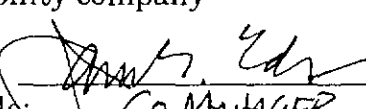
TETON SPRINGS GOLF & CASTING
CLUB, LLC, a Wyoming limited liability
company

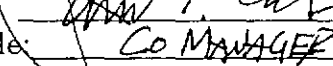
By: 

Title  Co Manager

 CO MANAGER

TETON SPRINGS, LLC, a Wyoming limited
liability company

By: 

Title  CO MANAGER

MICROFILMED

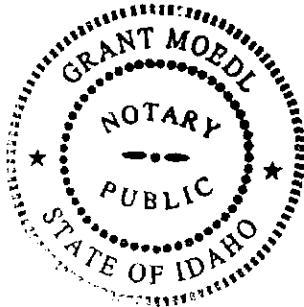
OCT 07 2003

ACKNOWLEDGMENT

STATE OF IDAHO)
) ss.
County of Teton)

On this 19th day of June, in the year 2002, before me Grant Moedel
personally appeared Anthony L. Vert and James E. Eden known or identified to me (or
proved to me on the oath of Undersigned) to be the manager or a
member of the limited liability company that executed the instrument or the person who
executed the instrument on behalf of said limited liability company and acknowledged to
me that such limited liability company executed the same.

WITNESS my hand and official seal.



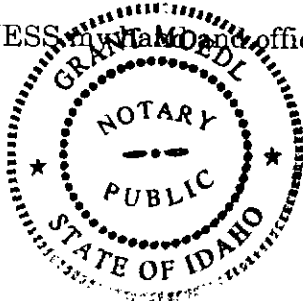
Grant Moedel
Notary Public for Idaho
My Commission Expires:

ACKNOWLEDGMENT

STATE OF IDAHO)
) ss.
County of Teton)

On this 19th day of June, in the year 2002, before me Grant Moedel
personally appeared James E. Eden, known or identified to me (or
proved to me on the oath of Undersigned) to be the manager or a
member of the limited liability company that executed the instrument or the person who
executed the instrument on behalf of said limited liability company and acknowledged to
me that such limited liability company executed the same.

WITNESS my hand and official seal.



Grant Moedel
Notary Public for Idaho
My Commission Expires: 8-2-2004

MICHAEL

OCT 17 2003

40 - CONSTRUCTION AND PERMANENT MORTGAGE
(TETON SPRINGS)

4400000

6/14/2002 4:55 PM

EXHIBIT "A"

LEGAL DESCRIPTION OF THE LAND

POR1 #146797 v9

MICRO

41 - CONSTRUCTION AND PERMANENT MORTGAGE
(TETON SPRINGS)

148694

6/14/2002 4:55 PM

Exhibit "A"

All of Teton Springs Golf and Casting Club Phase I, Teton County, Idaho as the same appears on the official plat thereof recorded February 13, 2001, as Instrument No. 141372.

LESS AND EXCEPTING THEREFROM THE FOLLOWING DESCRIBED LOTS WITHIN BLOCKS OF TETON SPRINGS GOLF AND CASTING CLUB PHASE I AS FOLLOWS:

Lots 5 and 8, Block 1, Teton Springs Golf and Casting Club Phase I, Teton County, Idaho as the same appears on the official plat thereof recorded February 13, 2001, as Instrument No. 141372.

Lot 3, 4, 6, 7, 13 and 14, Block 2, Teton Springs Golf and Casting Club Phase I, Teton County, Idaho as the same appears on the official plat thereof recorded February 13, 2001, as Instrument No. 141372.

Lots 11, 12, 13 and 14, Block 3, Teton Springs Golf and Casting Club Phase I, Teton County, Idaho as the same appears on the official plat thereof recorded February 13, 2001, as Instrument No. 141372.

Lot 1, Block 4, Teton Springs Golf and Casting Club Phase I, Teton County, Idaho as the same appears on the official plat thereof recorded February 13, 2001, as Instrument No. 141372.

Lots 2, 3, 4, 5, 6, 7 and 13, Block 5, Teton Springs Golf and Casting Club Phase I, Teton County, Idaho as the same appears on the official plat thereof recorded February 13, 2001, as Instrument No. 141372.

Lots 2, 13, 14, 16 and 17, Block 6, Teton Springs Golf and Casting Club Phase I, Teton County, Idaho as the same appears on the official plat thereof recorded February 13, 2001, as Instrument No. 141372.

Lots 1, 8, 9, 10, 11, 13, 16, 21 and 22, Block 7, Teton Springs Golf and Casting Club Phase I, Teton County, Idaho as the same appears on the official plat thereof recorded February 13, 2001, as Instrument No. 141372.

Lot 13, 15, 16, 17 and 18, Block 8, Teton Springs Golf and Casting Club Phase I, Teton County, Idaho as the same appears on the official plat thereof recorded February 13, 2001, as Instrument No. 141372.

Lots 1, 2, 4, 5, 6, 7, 8, 9 and 10 Block 9, Teton Springs Golf and Casting Club Phase I, Teton County, Idaho as the same appears on the official plat thereof recorded February 13, 2001, as Instrument No. 141372.

MICHAEL L. LEE

OCT 07 2003

Lots 2 and 7, Block 11, Teton Springs Golf and Casting Club Phase I, Teton County, Idaho as the same appears on the official plat thereof recorded February 13, 2001, as Instrument No. 141372.

Lots 5, 6, 7, 10, 11 and 13, Block 12, Teton Springs Golf and Casting Club Phase I, Teton County, Idaho as the same appears on the official plat thereof recorded February 13, 2001, as Instrument No. 141372.

Lots 1, 4, 6, 7, 9, 11, 12, 13, 14, 15, 16, 17, 20, 21 and 22 Block 14, Teton Springs Golf and Casting Club Phase I, Teton County, Idaho as the same appears on the official plat thereof recorded February 13, 2001, as Instrument No. 141372.

Lots 3, 7, 10 and 13, Block 16, Teton Springs Golf and Casting Club Phase I, Teton County, Idaho as the same appears on the official plat thereof recorded February 13, 2001, as Instrument No. 141372.

Lots 1, 3, and 4, Block 17, Teton Springs Golf and Casting Club Phase I, Teton County, Idaho as the same appears on the official plat thereof recorded February 13, 2001, as Instrument No. 141372.

ALSO LESS AND EXCEPTING THEREFROM THE FOLLOWING DESCRIBED TRACT OF LAND:

TRACT 15 HASTINGS' RANCH, Teton Springs Golf and Casting Club Phase I, Teton County, Idaho as the same appears on the official plat thereof recorded February 13, 2001, as Instrument No. 141372, also being more particularly described as follows:

A PART OF THE NE1/4SW1/4 SECTION 14, TWP. 3N, RNG, 45E., B.M., TETON COUNTY, IDAHO, BEING FURTHER DESCRIBED AS:

FROM THE C 1/4 CORNER OF SAID SECTION 14, THENCE S 00 04'22" E, 30.00 FEET ALONG THE EAST LINE OF THE SW1/4 AND THENCE N 89 39'34" W, 191.84 FEET PARALLEL WITH THE NORTH LINE OF THE SE1/4 TO THE TRUE POINT OF BEGINNING:

THENCE SOUTH, 300.34 FEET TO A POINT;

THENCE S 45 00'00" W, 223.43 FEET TO A POINT;

THENCE WEST, 342.82 FEET TO A POINT;

THENCE NORTH 461.31 FEET TO A POINT;

THENCE S 89 39'34" E, 500.82 FEET PARALLEL AND OFFSET 30 FEET SOUTH OF THE NORTH LINE OF SW1/4 OF SAID SECTION 14 TO THE POINT OF BEGINNING.

MICHAEL

OCT 07 2003

State of Idaho
Department of Water Resources
Permit to Appropriate Water

NO. 22-13178

Priority: 06/08/2001

Maximum Diversion Rate: 1.10 CFS

This is to certify, that TETON SPRINGS GOLF & CASTING CLUB
3395 N PINES WAY #102
WILSON WY 83014

has applied for a permit to appropriate water from:

Source: GROUND WATER

and a permit is APPROVED for development of water as follows:

<u>BENEFICIAL USE</u>	<u>PERIOD OF USE</u>	<u>RATE OF DIVERSION</u>
DOMESTIC	01/01 to 12/31	1.10 CFS

LOCATION OF POINT(S) OF DIVERSION:

GROUND WATER	NE¼NE¼SE¼	Sec. 14, Twp 03N, Rge 45E, B.M.	TETON County
GROUND WATER	NW¼SW¼NE¼	Sec. 23, Twp 03N, Rge 45E, B.M.	TETON County

PLACE OF USE: DOMESTIC

Twp Rge Sec	NE				NW				SW				SE				Totals
	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
03N 45E 13										X	X						
03N 45E 14									X	X	X	X	X	X	X	X	
03N 45E 23	X	X	X	X	X	X	X	X									
03N 45E 24						X	X										

CONDITIONS OF APPROVAL

1. Proof of application of water to beneficial use shall be submitted on or before **August 1, 2006**.
2. Subject to all prior water rights.
3. Project construction shall commence within one year from the date of permit issuance and shall proceed diligently to completion unless it can be shown to the satisfaction of the Director of the Department of Water Resources that delays were due to circumstances over which permit holder had no control.
4. Right holder shall comply with the drilling permit requirements of Section 42-235, Idaho Code.
5. After specific notification by the Department, the right holder shall install a suitable measuring device or shall enter into an agreement with the Department to determine the amount of water diverted from power records and shall annually report the information to the Department.
6. The use of water under this right shall not give rise to any claim against the holder of a senior water right based upon the theories of forfeiture, abandonment, adverse possession, waiver, equitable estoppel, estoppel by laches or customary preference.
7. The Director retains jurisdiction of the right to incorporate the use into a water district, require streamflow augmentation or other action needed to protect prior surface water and groundwater rights.

MICROFILMED

OCT 02 2001

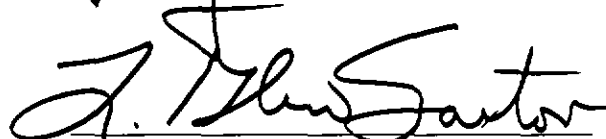
State of Idaho
Department of Water Resources
Permit to Appropriate Water

NO. 22-13178

CONDITIONS OF APPROVAL

8. Domestic use is for 710 residential units and does not include lawn, garden, landscape, or other types of irrigation.

This permit is issued pursuant to the provisions of Section 42-204, Idaho Code. Witness the signature of the Director, affixed at Boise, this 19th day of July, 2001.


for
KARL J DREHER, Director

MICROFILMED
OCT 02 2001

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

RECEIVED

JUL 16 2001

APPLICATION FOR PERMIT

To appropriate the public waters of the State of Idaho

RECEIVED

JUN 06 2001

Department of Water Resources
Eastern Region

1. Name of Applicant Teton Springs Golf and ^{Casting} fishing Club Phone 307-733-5252
 Mailing address 3395 NORTH PINES WAY SUITE 102, WILSON, WY 83014
2. Source of water supply Groundwater which is a tributary of _____
3. Location of point of diversion is Township 3N Range 45E Sec. 14, in the NF 1/4, NF 1/4, SE 1/4, Govt. Lot _____, B.M., Teton County;
 additional points of diversion if any: Future Well T: 3N R: 45E Sec. 23, in the NW 1/4, SW 1/4, N
4. Water will be used for the following purposes:
 Amount 6.10 for Domestic purposes from 1 January to 31 Dec (both dates inclusive)
 (cfs or acre-feet per annum)
 Amount _____ for _____ purposes from _____ to _____ (both dates inclusive)
 (cfs or acre-feet per annum)
 Amount _____ for _____ purposes from _____ to _____ (both dates inclusive)
 (cfs or acre-feet per annum)
 Amount _____ for _____ purposes from _____ to _____ (both dates inclusive)
 (cfs or acre-feet per annum)
 Amount _____ for _____ purposes from _____ to _____ (both dates inclusive)
 (cfs or acre-feet per annum)
 Amount _____ for _____ purposes from _____ to _____ (both dates inclusive)
 (cfs or acre-feet per annum)
5. Total quantity to be appropriated is (a) 6.10 cubic feet per second and/or (b) _____ acre feet per annum
6. Proposed diverting works:
 a. Describe type and size of devices used to divert water from the source 2 wells and pumps to a common distribution system
 b. Height of storage dam _____ feet; active reservoir capacity _____ acre-feet; total reservoir capacity _____ acre-feet
 c. Proposed well diameter is 24" inches; proposed depth of well is 900 feet
 d. Is ground water with a temperature of greater than 85°F being sought? NO
 e. If well is already drilled, when? May 2000; Drilling firm Andrew Well Drilling
 Well was drilled for (well owner) Teton Springs Resort; Drilling Permit No. 763306
7. Time required for completion of works and application of water to proposed beneficial use is 5 years (minimum 1 year)
8. Description of proposed uses (if irrigation only, go to item 9):
 a. Hydropower; show total feet of head and proposed capacity in kW.
 b. Stockwatering; list number and kind of livestock.
 c. Municipal; show name of municipality.
 d. Domestic; show number of households.
 e. Other; describe fully. 710 residential units: fire flow requirement is 1000 gpm for an eight hour period

MICROFILMED
OCT 02 2001

9. Description of place of use:

a. If water is for irrigation, indicate acreage in each subdivision in the tabulation below.

b. If water is used for other purposes, place a symbol of the use (example: D for Domestic) in the corresponding place of use below. See instructions for standard symbols.

TWP	RGE	SEC	NE				NW				SW				SE				TOTALS
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
3N	45E	13										D	D						
		14									D	D	D	D	D	D	D	D	
		23	D	D	D	D	D	D	D	D									
		24						D	D										

Total number of acres to be irrigated _____

10. Describe any other water rights used for the same purposes as described above. NONE

11. a. Who owns the property at the point of diversion? applicants

b. Who owns the land to be irrigated or place of use? applicants

c. If the property is owned by a person other than the applicant, describe the arrangement enabling the applicant to make this filing: _____

12. Remarks: This application is for inhouse use only.

Engineer: Robert T. Ablorchi

Rendezvous Engineering, P.C.

P.O. Box 4858

Jackson, Wyoming 83001 307 733 5252

Hydrogeologist: Tom Wood P.G. 208 589 5555

13. MAP OF PROPOSED PROJECT REQUIRED - Attach an 8½"x11" map clearly identifying the proposed point of diversion, place of use, section #, township & range. (A photocopy of a USGS 7.5 minute topographic quadrangle map is preferred.)

BE IT KNOWN that the undersigned hereby makes this application for permit to appropriate the public waters of the State of Idaho as herein set forth.

Levi Gull
Signature of Applicant (and title, if applicable)

MICROFILMED
OCT 02 2001

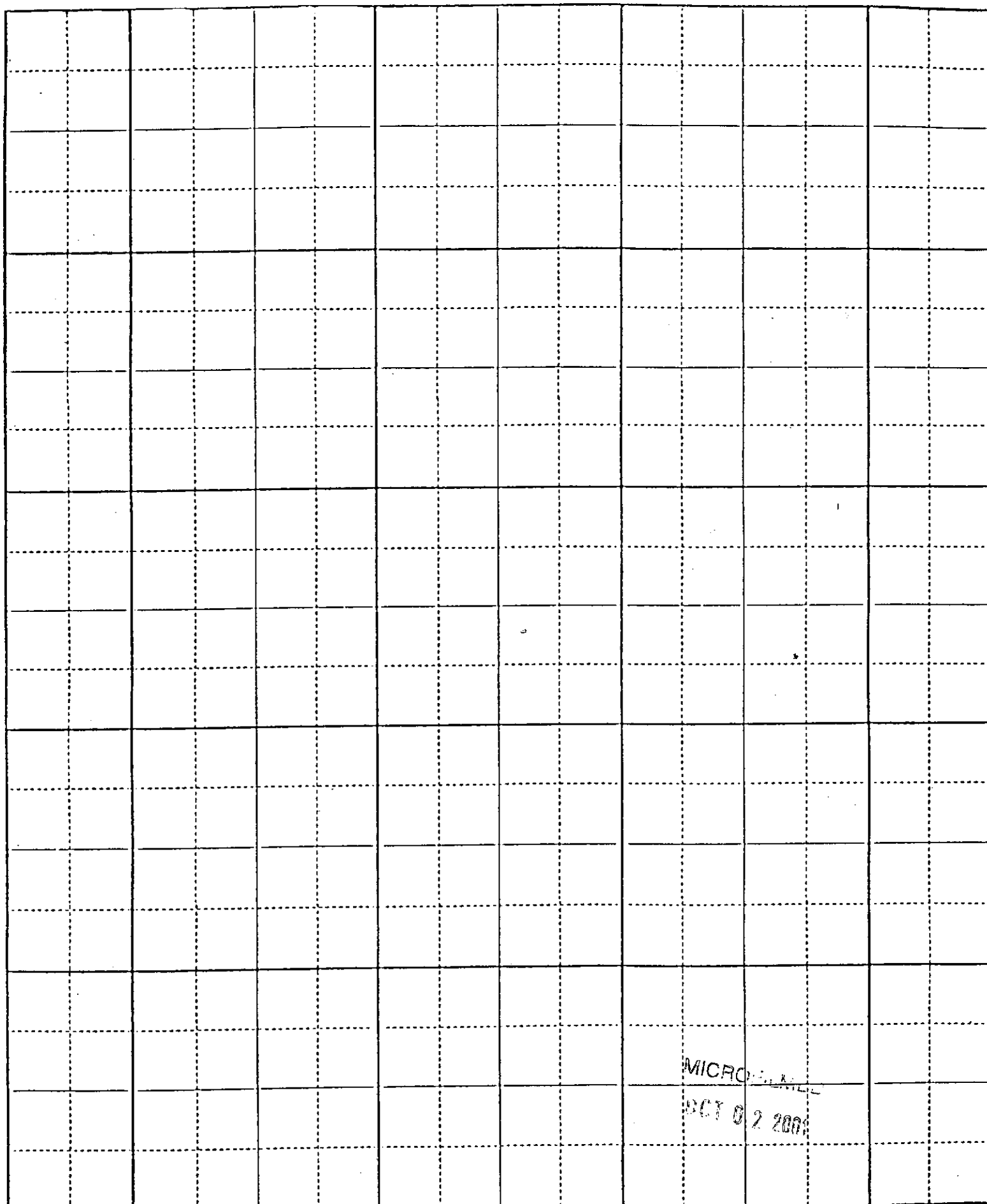
Received by HWT Date 5-6-01 Time _____ Preliminary check by _____

Fee \$ 200.00 Received by HWT # E026801 Date 6-8-01

Publication prepared by SC Date 6/21 & 6/28 Published in Teton Valley News
Publication approved _____ Date 7/19/01

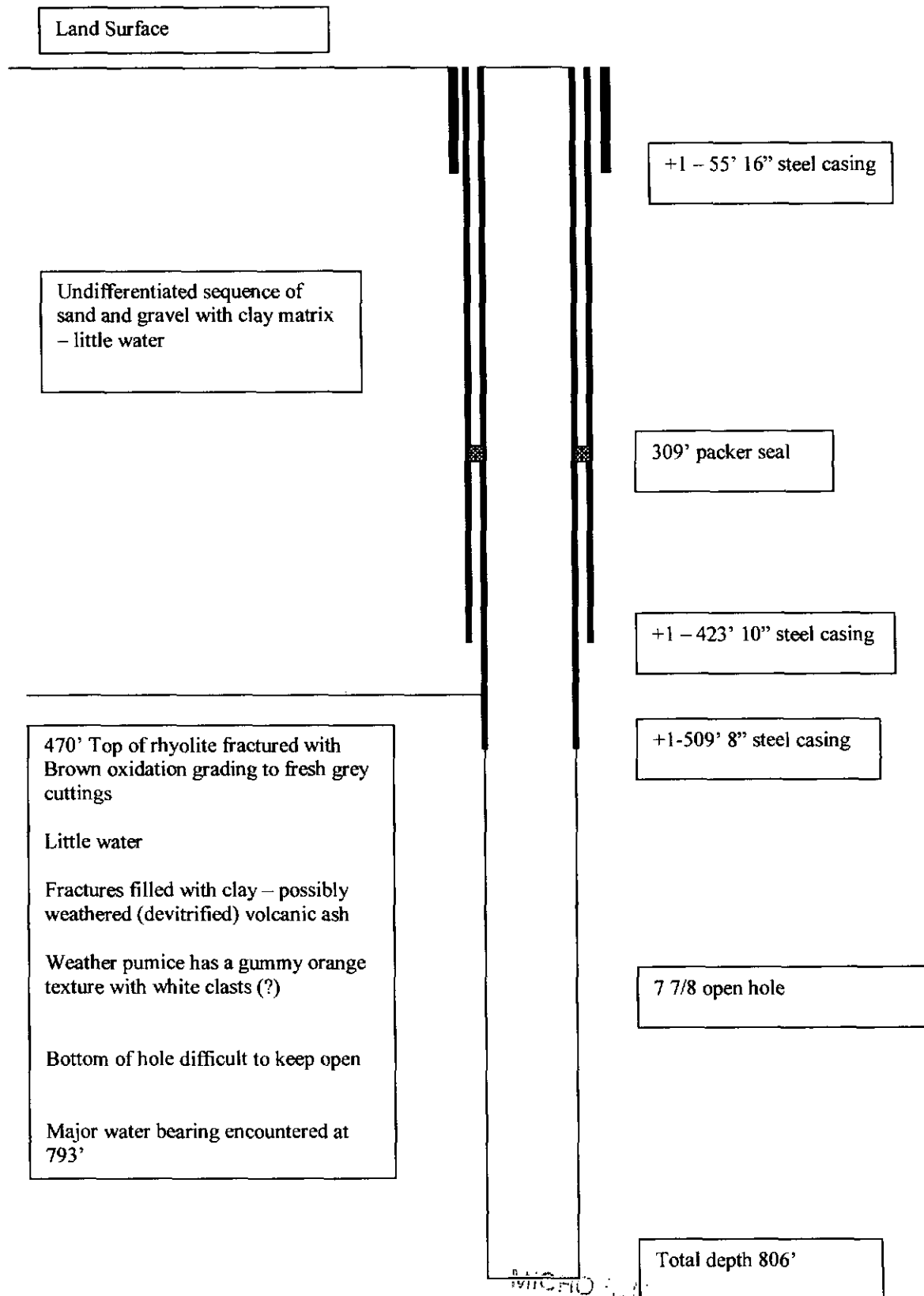
NAME OF APPLICANT.....

Form No. 0

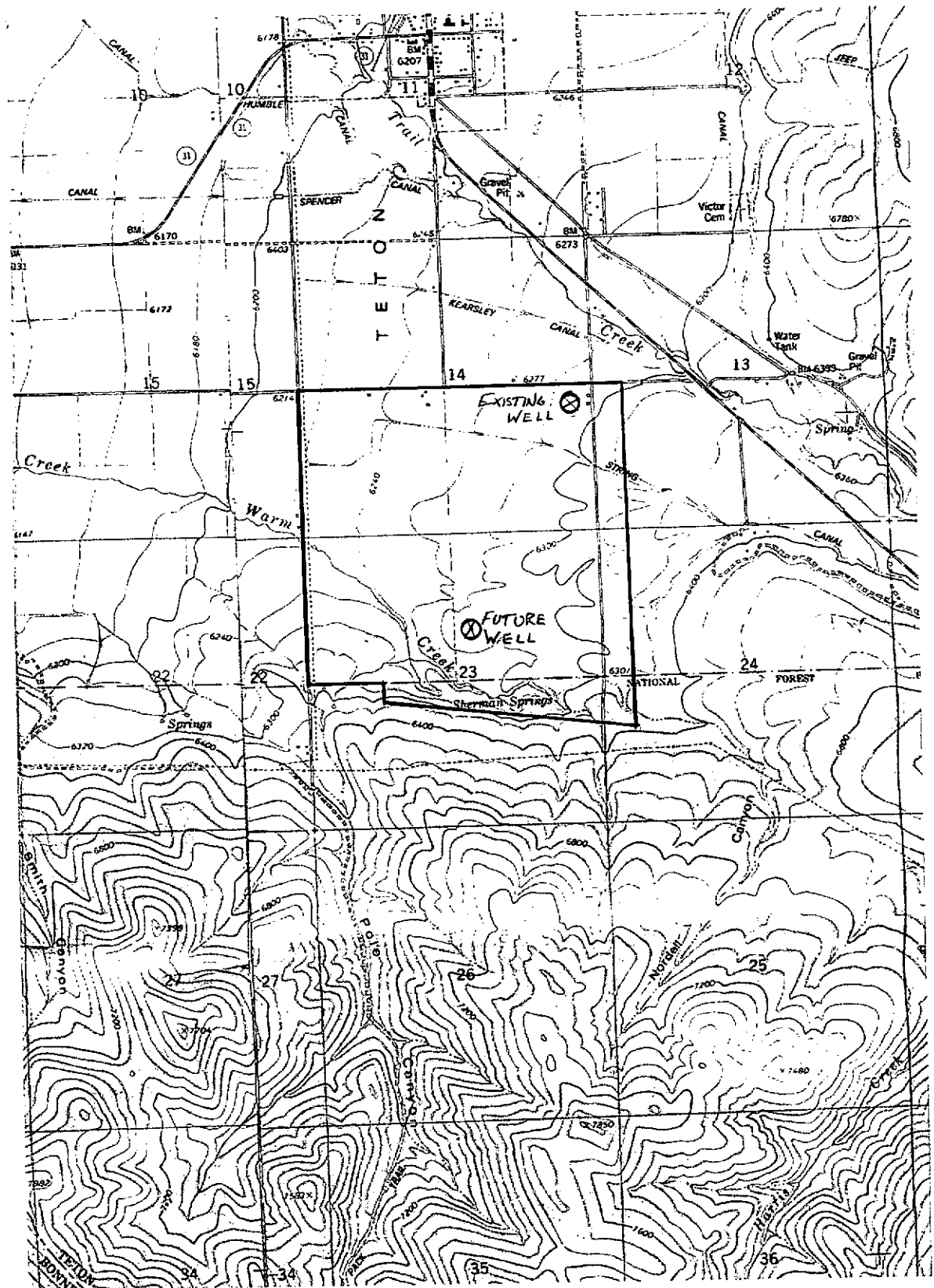


MICROFILM
OCT 02 2006

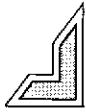
Teton Springs #1 Well Construction Diagram



MICRO
OCT 02 2001



MICROFILMED
OCT 02 2001



RENDEZVOUS ENGINEERING, P.C.

Civil Engineers and Planners in Wyoming and Idaho

RECEIVED

JUN 06 2001

Department of Water Resources
Eastern Region

Date: June 1, 2001

To: State of Idaho Department of Water Resources

Regarding: Application for Well Permit on Teton Springs Golf and Casting Club.

Attached is the Application for Permit for a Domestic Well on the Teton Springs Resort South of Victor, Idaho. Along with the application are the Well Construction Diagram, an 8.5" X 11" USGS map clearly identifying the proposed points of diversion and property lines, and the appropriate application fee.

Below is a list of the Corporation Officers:

James E. Eden, Managing Member
Jim Gill, Manager
Address:
3395 North Pines Way, Suite 102
Wilson, WY 83014

A copy of the approved plat will be sent June 6, 2001.

Any questions regarding the application may be directed towards me.

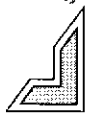
Sincerely,


Bob Ablondi

Receipt # EOR6802

MICROFILMED

OCT 02 2001



RENDEZVOUS ENGINEERING, P.C.

Civil Engineers and Planners in Wyoming and Idaho

June 7, 2001

Dennis Dunn
Idaho Department of Water Resources
900 North Skylines, Suite A
Idaho Falls, ID 83402

RE: Teton Springs Application Permit

Dear Mr. Dunn:

Please find our check for \$90.00 to cover the remaining cost for the application permit fee for Teton Springs. Sorry for the confusion, we did not realize that the permit was \$290.00.

Thank you.

Sincerely,


Donna Goutermont

Receipt # E026801

MICROFILMED

OCT 02 2001

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

RECEIVED

DEC - 1 2003

Department of Water Resources

CHANGE IN ADDRESS

This form can be used to notify the Department of a change in
address of the owners of record for the listed water rights.
(Please print or type)

[] Water Right Number(s): 22-13178

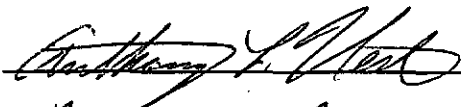
[] Name(s): TETON SPRINGS GOLF & CASTING CLUB

[] Old Mailing Address: _____

[] New Mailing Address: 1 TETON SPRINGS PKWY

VICTOR ID 83455-5254

Telephone Number: (208) 787 - 8008

[] Signature(s) of Owner(s) 

Managing Member
(Include your title if on behalf of company or organization)

Date: November 24, 2003

Recorded 12-3-03

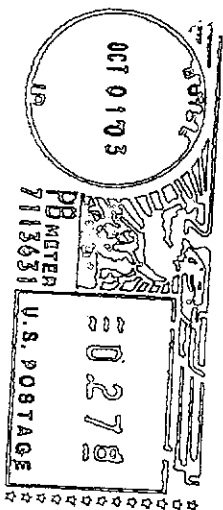
STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
1301 North Orchard Street, P.O. Box 83720
Boise, Idaho 83720-0098

Return Service Requested

RECEIVED
OCT 9 2003
Department of Water Resources

WR # 22-13178
Mail resent w/ address
Change form.
Kari Lynn 10.20.03

PRESORTED
FIRST CLASS



TET0395 030142011 1103 05 10/07/03
RETURN TO SENDER
TETON SPRINGS
TETON SPRINGS PKWY
VICTOR ID 834455-5254
RETURN TO SENDER

11030142011

11030142011



State of Idaho

DEPARTMENT OF WATER RESOURCES

1301 North Orchard Street, Boise, ID 83706 - P.O. Box 83720, Boise, ID 83720-0098
Phone: (208) 327-7900 Fax: (208) 327-7866 Web Site: www.idwr.state.id.us

DIRK KEMPTHORNE
Governor

KARL J. DREHER
Director

September 30, 2003

TETON SPRINGS GOLF & CASTING CLUB
3395 N PINES WAY #102
WILSON WY 83014

RE: Change of Ownership for Water Right 22-13178

Dear Water Right Holder(s):

The department acknowledges receipt of correspondence changing ownership of the above referenced water right to include a Security Interest in the name of Metwest Mortgage Services, Inc. The department has modified its records to reflect the change in ownership and has enclosed a computer-generated report for your records.

Please note that as of July 1, 1996, water right owners are required to report any change of water right ownership and any change of mailing address of the owner of a water right to the department. Notice of the change must be provided to the department within 120 days of the change. Change reporting forms are available from any office of the department.

Please feel free to contact this office if you have any questions regarding this matter.

Sincerely,

for 
Jeff Peppersack, Manager
Water Right Permits Section

JP:klt

Enclosure

cc: METWEST MORTGAGE SERVICES INC
HAWLEY TROXELL ENNIS & HAWLEY LLP

MICROFILMED

OCT 07 2003



877 Main Street, Suite 1000
P.O. Box 1617
Boise, Idaho 83701-1617
(208) 344-6000 · Fax (208) 342-3829
www.hteh.com

THERESA M. HOWE
LEGAL ASSISTANT
EMAIL: TMH@HTEH.COM

RECEIVED
JUN 23 2003

Department of Water Resources
Eastern Region

June 20, 2003

Idaho Department of Water Resources
Eastern Region
900 N. Skyline Dr., Suite A
Idaho Falls, ID 83401-1718

Re: Notice of Security Interest in a Water Right

Dear Sirs:

Enclosed please find two forms for Notice of Security Interest in a Water Right covering four water rights and one adjudication claim presently held by Teton Springs Golf and Casting Club LLC and Teton Springs, LLC in favor of our client, Metwest Mortgage Services, Inc. I have also enclosed a copy of the recorded mortgage and our check in the amount of \$125 to cover your fees.

Please stamp and return a conformed copy of each Notice of Security in a Water Right (copies enclosed) and return them to me in the enclosed envelope. If you have any questions or need anything further please call me.

Sincerely,

HAWLEY TROXELL ENNIS & HAWLEY LLP

Theresa M. Howe
Legal Assistant

Enclosures

MICROFILMED

OCT 07 2003



State of Idaho

DEPARTMENT OF WATER RESOURCES

1301 North Orchard Street, Boise, ID 83706 - P.O. Box 83720, Boise, ID 83720-0098

Phone: (208) 327-7900 Fax: (208) 327-7866 Web Site: www.idwr.state.id.us

DIRK KEMPTHORNE
Governor

KARL J. DREHER
Director

September 24, 2003

METWEST MORTGAGE SERVICES INC
601 WEST 1ST AVE DEPT 11500
SPOKANE WA 99201-5071

RE: Security Interest in Water Right Permit 22-13178

Dear Interested Parties:

The Department of Water Resources acknowledges receipt of your Notice of Security Interest. Our review of your notice indicates that additional information is required before we can process the change. The information required is indicated below:

X Legal Description of Property (should match enclosed copy of permit)

Because the Department cannot process the ownership change without proper documentation, we will hold any action on your notice pending receipt of the necessary information. If we do not receive the necessary information within **30 days** we will return your notice and all attachments and your notice will not be processed.

Please note that water right owners are required to report any change in water right ownership and/or mailing address to the Department within 120 days of the change. Failure to report these changes could result in a \$100 late filing fee. Contact any office of the Department or visit the Department's homepage (<http://www.idwr.state.id.us>) on the Internet to obtain the proper forms and instructions.

Please feel free to contact the Department if you have any questions.

Sincerely,

Kari Lynn Townsend
Secretary

KLT:k

Enclosure

MICROFILMED
OCT 07 2003



State of Idaho

DEPARTMENT OF WATER RESOURCES

1301 North Orchard Street, Boise, ID 83706 - P.O. Box 83720, Boise, ID 83720-0098

Phone: (208) 327-7900 Fax: (208) 327-7866 Web Site: www.idwr.state.id.us

July 20, 2001

DIRK KEMPTHORNE
Governor

KARL J. DREHER
Director

TETON SPRINGS GOLF & CASTING CLUB
3395 N PINES WAY #102
WILSON WY 83014

RE: Permit No. 22-13178

Permit Approval Notice

Dear Permit Holder:

The Department of Water Resources has issued the enclosed permit authorizing you to establish a new water right. Please be sure to thoroughly review the conditions of approval and remarks listed on your permit.

The permit is a PRELIMINARY ORDER issued by the Department pursuant to Section 67-5243, Idaho Code. It can and will become a final order without further action by the Department unless a party petitions for reconsideration or files an exception and/or brief within fourteen (14) days of the service date as described in the enclosed information sheet.

As a permit owner you must commence the excavation or construction of the diverting works within one year of the date the permit was issued, and you must proceed diligently until the project is completed. The date shown under condition no. 1 is the date when the project must be completed.

The Department will send you a 'Proof Due Notice' approximately 60 days prior to the above referenced date requesting you to file either a Proof of Beneficial Use form or a Request for Extension of Time form.

The right to drill a well is not a part of this permit to appropriate water. Beginning in July of 1987, a statute was enacted which requires a drilling permit for new well construction and deepening of existing wells. If the well(s) proposed for use under this water right permit were drilled or deepened after July 1, 1987, a separate drilling permit must be obtained from this Department. Please contact the Ground Water Protection Section located here at this office or our regional office nearest you.

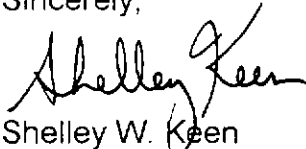
MICROFILMED

OCT 02 2001

Also, please note that water right owners are required to report any change of water right ownership and/or mailing address to the Department within 120 days of the change. Failure to report these changes could result in a \$100 late filing fee. Contact any office of the Department or visit the Department's homepage on the Internet to obtain the proper forms and instructions.

If you have any questions, please contact me at 208-327-7946.

Sincerely,



Shelley W. Keen

Water Rights Supervisor

SWK:klt

Enclosure(s)

MICROFILMED

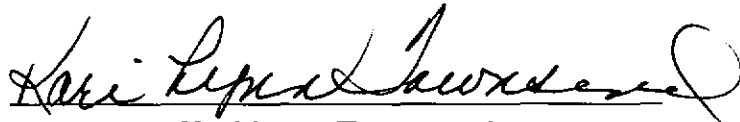
OCT 02 2001

CERTIFICATE OF MAILING

I hereby certify that on July 20, 2001 I mailed a true and correct copy, postage prepaid, of the foregoing PRELIMINARY ORDER(Approved Permit) to the person(s) listed below:

RE: WATER RIGHT NO. 22-13178

**TETON SPRINGS GOLF & CASTING CLUB
3395 N PINES WAY #102
WILSON WY 83014**

A handwritten signature in cursive script, reading "Kari Lynn Townsend", written over a horizontal line.

**Kari Lynn Townsend
Secretary**

MICROFILMED
OCT 02 2001

**EXPLANATORY INFORMATION
TO ACCOMPANY A
PRELIMINARY ORDER**

The accompanying order or approved document is a "Preliminary Order" issued by the department pursuant to section 67-5243, Idaho Code. It can and will become a final order without further action of the Department of Water Resources (department) unless a party petitions for reconsideration, files an exception and brief, or requests a hearing as further described below:

PETITION FOR RECONSIDERATION

Any party may file a petition for reconsideration of a preliminary order with the department within fourteen (14) days of the service date of this order. The department will act on a petition for reconsideration within twenty-one (21) days of its receipt, or the petition will be considered denied by operation of law. See Section 67-5243(3) Idaho Code.

EXCEPTIONS AND BRIEFS

Within fourteen (14) days after (a) the service date of a preliminary order, (b) the service date of a denial of a petition for reconsideration from this preliminary order, or (c) the failure within twenty-one (21) days to grant or deny a petition for reconsideration from this preliminary order, any party may in writing support or take exceptions to any part of a preliminary order and may file briefs in support of the party's position on any issue in the proceeding with the Director. Otherwise, this preliminary order will become a final order of the agency.

REQUEST FOR HEARING

Unless a right to a hearing before the department or the Idaho Water Resource Board (Board) is otherwise provided by statute, any person aggrieved by any final decision, determination, order or action of the Director of the department and who has not previously been afforded an opportunity for a hearing on the matter may request a hearing pursuant to section 42-1701A(3), Idaho Code. A written petition contesting the action of the Director and requesting a hearing shall be filed within fifteen (15) days after receipt of the denial or conditional approval.

ORAL ARGUMENT

If the Director grants a petition to review the preliminary order, the Director shall allow all parties an opportunity to file briefs in support of or taking exceptions to the preliminary order and may schedule oral argument in the matter before issuing a final order. If oral arguments are to be heard, the Director will within a reasonable time period notify each party of the place, date and hour for the argument of the case. Unless the Director orders otherwise, all oral arguments will be heard in Boise, Idaho.

CERTIFICATE OF SERVICE

All exceptions, briefs, requests for oral argument and any other matters filed with the Director in connection with the preliminary order shall be served on all other parties to the proceedings in accordance with IDAPA Rules 37.01.01302 and 37.01.01303 (Rules of Procedure 302 and 303).

MICROFILMED
OCT 02 2001

FINAL ORDER

The Director will issue a final order within fifty-six (56) days of receipt of the written briefs, oral argument or response to briefs, whichever is later, unless waived by the parties or for good cause shown. The Director may remand the matter for further evidentiary hearings if further factual development of the record is necessary before issuing a final order. The department will serve a copy of the final order on all parties of record.

Section 67-5246(5), Idaho Code, provides as follows:

Unless a different date is stated in a final order, the order is effective fourteen (14) days after its issuance if a party has not filed a petition for reconsideration. If a party has filed a petition for reconsideration with the agency head, the final order becomes effective when:

- (a) the petition for reconsideration is disposed of; or
- (b) the petition is deemed denied because the agency head did not dispose of the petition within twenty-one (21) days.

APPEAL OF FINAL ORDER TO DISTRICT COURT

Pursuant to sections 67-5270 and 67-5272, Idaho Code, if this preliminary order becomes final, any party aggrieved by the final order or orders previously issued in this case may appeal the final order and all previously issued orders in this case to district court by filing a petition in the district court of the county in which:

- i. A hearing was held,
- ii. The final agency action was taken,
- iii. The party seeking review of the order resides, or
- iv. The real property or personal property that was the subject of the agency action is located.

The appeal must be filed within twenty-eight (28) days of this preliminary order becoming final. See section 67-5273, Idaho Code. The filing of an appeal to district court does not itself stay the effectiveness or enforcement of the order under appeal.

10-30-2010
10-30-2010

APPLICATION FOR PERMIT
STATE OFFICE ANALYSIS
Reviewed by Sharla Curtis on 7/17/01

No. 22-13178 Name: Idon Apr. 20th Corp. Officers ☒ Ad ok ☒ Govt Lots
SL & Casting Club
AREA OF CONCERN: No/Yes dom ok Moratorium ☒ GWMA TRUST/NON-TRUST

GROUNDWATER: (✓Flow Chart)

DRILLING PERMIT

- ☒ All wells - 046
Basin 34 - 084 (if necessary)
WMD - North/East/West
≤ 0.24 cfs/5 acres - No MD
> 0.24 cfs/5 acres - 067
~~WMD~~
Supp irr (irr = only use) - 065-104
Supp irr (+ other uses) - 100-105
≤ 0.24 cfs/5 acres - No MD
≥ 0.24 cfs/5 acres - 01M

LOCATION:

- Boise Front LoGeo - 058 (<85 GW)
Mitigation - 121
Trust - 051 (consumptive uses)
Non-Trust - 048-049 (consumptive uses or non-cons. > 1.0 cfs)

USES:

- STORAGE - 18C-01H-01P-18B-NA
IRR ≤ 5 ac - R66/R67/R68/R69 (0.03 cfs/ac)
> 5 ac - R62/R63/R64/R65 (0.02 cfs/ac)
STOCKWATER - R37 (BLM/FS)-111 (instream stock)
MINING - 054-106
HEAT/COOL - R07 (injection well)
FIRE PROT - 077
COMMERCIAL/
INDUSTRIAL - 106-R07
DAIRY - 082-WD8
POWER - 17H or 17K (+uses)-17G (under FERC)
or 17M (not FERC regulated)
025-027-R22-08A

BENEFICIAL USE DUE: 8/01/2006

MISC CONDITIONS/REMARKS:

- ~~Protested~~ - 020-W19
Development Period
> 1 yr - 26A
Ownership - 004
Non-consumptive - 027
Water Quality - 106-R07

SURFACE WATER: (✓Flow Chart)

- F&G contacted - Yes/No Response
In/Above MSF - WB9
PLANNING REVIEW/RESPONSE
WD - R04 (WD#)
≤ 0.20 cfs/others - 01H, 01P or No MD
> 0.20 cfs - 01J

SPRINGS/SINK, INACTIVE WD or WB

- ≤ 0.24 cfs/5 acres - No MD
> 0.24 cfs/5 acres - 01M or No MD

RIVER BASINS: (SW special considerations)

- Snake R (01) - W23, N/A
(02,03) - 007 (w/ remark WB9 if above Weiser)
Payette R (65) - W23, 047 (Payette Lake)
Salmon R (70's) - 029 (fish screens)
Weiser R (67) - 086-087

USES:

- MUNICIPAL
Restricted area - 022,075
Irr, GW supp to SW - 102
Future needs - 007,109
FISH PROP - 029 (70's only)-007-042-106
DOMESTIC/
Surface water - WB5 (Big Wood/Boise above Star Bridge)
- 27A (Payette R)
> 1 in restricted area - 070-071-075 (no parks/common areas)
Irr separate or none allowed - WB5 710 residences.
GW w/irrigation from SW evident ~~065-104~~
Moratorium approvable - W03 (2500 gpd - meets domestic def
i.e. D/convenience store)

- Multiple pd's per ¼¼ - W32
Subd lot desc (pd) - W59
Subd lot desc (pu) - W60
Use definitions - W02 example - S/50 range
Pre-1987 development - 068-074 (allow 120 days for proof due)
Single p/d intended - 076

IRRIGATION SEASON _____ - _____ (Per updated map)

IRR VOLUME/ACRE _____

OTHER CONDITIONS/REMARKS _____

COMMENTS _____

RECEIVED

Send Copies

JUL 16 2001

Dist. for staffing

Department of Water Resources Submitted for advertising

6-8-01

Form No. 202

4/87

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

APPLICATIONS FOR PERMIT ANALYSIS PERMIT

Teton Springs 6 + 1st

INITIAL REVIEW BY HWT

DATE 6/8/01

APPLICATION NO 22-13178

69201

REQUIRED INFORMATION

- ☒ Name (If applicant is a corporation or partnership, names must be provided for the director, officers, & other partners.)
- ☒ Address
- ☒ Source (See USGS Quad for names of water sources)
- ☒ Point of Diversion (10 acres for spring, lot & block descriptions for subdivisions, local name, flow and/or volume)
- ☒ County
- ☒ Quantity (flow and/or volume)
- ☒ Period of Use
- ☒ Nature of proposed use (Include description of use.)
- ☒ Description of diverting works
- ☒ Time required for beneficial use of water
- ☒ Place of use or acres irrigated
- ☒ Map
- ☒ Signature (If applicant is corp., partnership, or municipality, title of signatory is required)
- ☒ Fee
- ☒ Yes ☐ No* In form to receipt

ADDITIONAL INFORMATION

- ☐ Overlapping place of use (Describe source & relationship to present application on the back.)
- ☐ Overlapping point of diversion
- ☐ Yes ☒ No Field check required
- ☐ Yes ☒ No Field report attached
- ☐ Yes ☒ No Critical groundwater area
- ☐ Yes ☒ No Groundwater management area
- ☐ Yes ☒ No Send dam safety information
- ☐ Yes ☒ No Send power requirement letter
- ☐ Yes ☒ No Send fish farm requirement letter
- ☐ Yes ☒ No Power residency affidavit
- ☐ Yes ☒ No Power efficiency form
- ☐ Yes ☒ No Within trustwater boundary (If yes, attach trust water supplementary analysis sheet.)
- ☐ Yes ☒ No Diversion greater than 5 cfs or 500 acre ft. (If yes, attach large diversion supplementary analysis sheet.)

See reverse side for additional information

*REQUEST THE FOLLOWING ADDITIONAL INFORMATION FROM THE APPLICANT

Date Requested

ADDITIONAL INFORMATION

Comments received from

Project impacts/implications report

COMMENTS

RECEIVED

JUL 09 2001

Department of Water Resources
Eastern Region

AFFIDAVIT OF PUBLICATION

State of Idaho)

)ss

County of Teton)

I, Barbara Gibson, being first duly sworn, depose and say that I am the Asst Director of the Teton Valley News, a newspaper as defined by Idaho Codes Annotated, Section 58-106, as amended, and that said newspaper is a weekly newspaper printed and published at Driggs, in Teton County, Idaho, having a general circulation in said county, and that said newspaper has been printed in said county for more than 78 consecutive weeks prior to the first publication of the attached notice, advertisement, or publication of

Application for permit No. 22-13178. And affiant further says that said attached notice, advertisement, or publication, as per clipping attached, was published in said newspaper, in the regular and entire issue thereof, and not in any supplement issue thereof, for 2 consecutive issues thereof; first publication having been made on the 24th day of June, 2001. And affiant further says that at the times herein mentioned said newspaper was made up of at least eight pages of at least five columns each, printed from typed matter, of at least sixteen inches deep.

Barbara Gibson

Signature

State of Idaho)

County of Teton)

On this 6th day of July, 2001, before me, a Notary Public, personally appeared Barbara Gibson known or identified to me to be the person whose name subscribed to the within instrument, and being by me first duly sworn, declared that the statements there-in are true, and acknowledged to me that he/she executed the same.

Bonnie Zohner

Notary Public for Idaho

Residing at Driggs Idaho

My commission expires 10/1/04

APPLICATION FOR PERMIT
NO: 22-13178

The following application(s) have been filed to appropriate the public waters of the State of Idaho: 22-13178.

Teton Springs Golf and Casting Club, 3395 N. Pines Way Suite 102, Wilson, WY 83014. Point(s) of Diversion: NENESE S14-T03N-R45E, TETON County. Source GROUND WATER:

Point(s) of Diversion NWSWNE S23 T03NR45E TETON County Source GROUND WATER.

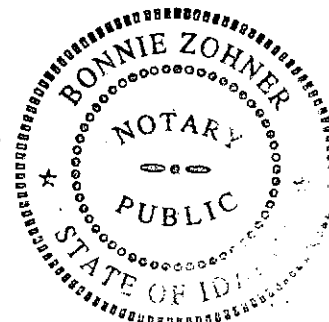
Use: DOMESTIC, 01/01 To 12/31, 1.1 CFS.

Total Diversion: 1.1 CFS. Date Filed: 06/08/2001. Place of Use: DOMESTIC, T03N R45E S13, 14, 23, and 24. Permits will be subject to all prior water rights. Protests may be submitted based on the criteria of Sec 42-203A, Idaho Code.

Any protest against the approval of this application must be filed with the Director, Dept. of Water Resource, Eastern Region, 900 N Skyline Dr. Ste A, Idaho Falls ID 83402 together with a protest fee of \$25.00 for each application on or before July 9, 2001. The protestant must also send a copy of the protest to the applicant.

KARL J DREHER, Director

Published in the Teton Valley News June 21 and June 28, 2001.



MICROFILMED
OCT 02 2001

48.00



State of Idaho

DEPARTMENT OF WATER RESOURCES

900 N. Skyline Dr., Suite A, Idaho Falls, Idaho 83402-1718 - (208) 525-7161- Fax (208) 525-7177

June 13, 2001
EASTERN REGION

DIRK KEMPTHORNE
GOVERNOR

KARL J. DREHER
DIRECTOR

TETON SPRINGS GOLF AND CASTING CLUB
3395 N. PINES WAY
SUITE 102
WILSON WY 83014

RE: Application for Permit No 22-13178

Dear Applicant(s):

The Department of Water Resources acknowledges receipt of your water right application. Please refer to the above referenced number in all future correspondence regarding this application.

A legal notice of the application has been prepared and is scheduled for publication in the Teton Valley News on June 21 and 28. Submittal of protests to this application will be allowed for a period ending ten days after the second publication.

If the application is protested you will be sent a copy of the protest(s). All protests must be resolved before the application can be considered for approval. If the protest(s) cannot be resolved voluntarily, the Department will conduct a conference and/or hearing on the matter.

Please feel free to contact this office if you have any questions.

Sincerely,


Harold W Jones
Water Right Supervisor

HWJ:sc

MICROFILMED
OCT 02 2001



State of Idaho

DEPARTMENT OF WATER RESOURCES

900 N. Skyline Dr., Suite A, Idaho Falls, Idaho 83402-1718 - (208) 525-7161- Fax (208) 525-7177

EASTERN REGION

DIRK KEMPTHORNE
GOVERNOR

KARL J. DREHER
DIRECTOR

June 13, 2001

Legal Notice Department

Teton Valley News

PO Box 509

Driggs ID 83422

RE: Application for Permit No. 22-13178

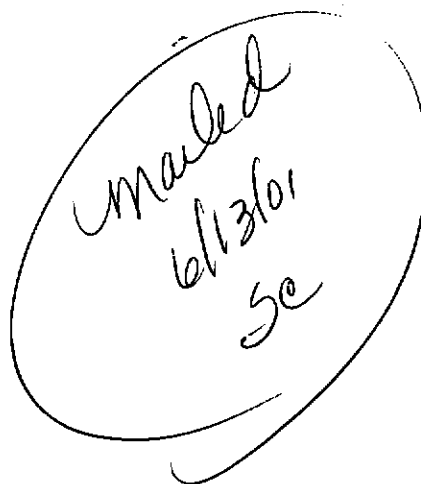
Dear LEGAL NOTICE DEPARTMENT:

Enclosed you will find a legal notice which we wish to have published in your newspaper on the dates indicated (once a week for two consecutive weekly issues). If you cannot publish the notice on the proposed dates, please contact us immediately.

An affidavit of publication must be submitted to the Department along with the publication bill. Please send the affidavit and bill to this office before July 9, 2001. Your cooperation is appreciated.

Sincerely

Sharla Cox
Administrative Assistant



MICROFILMED

OCT 02 2001

The following application(s) have been filed to appropriate the public waters of the State of Idaho:

22-13178

TETON SPRINGS GOLF AND CASTING CLUB
3395 N. PINES WAY SUITE 102
WILSON WY 83014

Point(s) of Diversion: NENESE S14 T03N R45E, TETON County

Source GROUND WATER

Point(s) of Diversion	NWSWNE	S23	T03NR45E	TETON County	Source
GROUND WATER					

Use: DOMESTIC	01/01 To 12/31	1.1 CFS
---------------	----------------	---------

Total Diversion:	1.1 CFS
------------------	---------

Date Filed: 06/08/2001

Place Of Use: DOMESTIC

T03N R45E S13, 14, 23, and 24

Permits will be subject to all prior water rights. Protests may be submitted based on the criteria of Sec 42-203A, Idaho Code.

Any protest against the approval of this application must be filed with the Director, Dept. of Water Resource, Eastern Region, 900 N Skyline Dr Ste A, Idaho Falls ID 83402 together with a protest fee of \$25.00 for each application on or before July 9, 2001. The protestant must also send a copy of the protest to the applicant.

KARL J DREHER, Director

Published on June 21 and 28, 2001

MICROFILMED

OCT 02 2001



State of Idaho

DEPARTMENT OF WATER RESOURCES

900 N. Skyline Dr., Suite A, Idaho Falls, Idaho 83402-1718 - (208) 525-7161- Fax (208) 525-7177

EASTERN REGION

June 13, 2001

DIRK KEMPTHORNE
GOVERNOR

KARL J. DREHER
DIRECTOR

Id Dept of Environmental Quality
900 N Skyline Dr Ste B
Idaho Falls ID 83402

RE: Applications for Permit #22-13178

Dear Sir:

We are enclosing a copy of the application (s) that may be of interest to your department. Please review the application (s) and submit any comments you may have to our Department as soon as possible. The last date of protest is July 9, 2001, and we are required to take final action shortly thereafter.

If we may be of further assistance, please feel free to contact us.

Respectfully submitted,

A handwritten signature in cursive script that reads "Harold W. Jones".

Harold W. Jones
Water Right Supervisor

HWJ: sc

Enc.

MICROFILMED

OCT 02 2001