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American Bank v. Wadsworth Golf Construction Co Clerk's Record v. 6 Dckt. 39415

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Vol. 6 of 25

SUPREME COURT
OF THE
STATE OF IDAHO

AMERICAN BANK,

Plaintiffs-Cross Defendant-Appellant,

v.

WADSWORTH GOLF CONSTRUCTION COMPANY OF,
THE SOUTHWEST, etal.,

Defendant-Cross Defendant-Respondent-
Cross-Appellant,

and

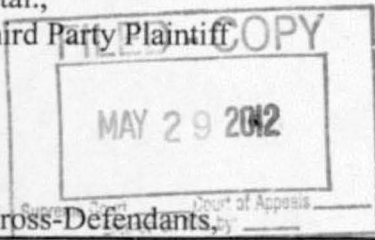
TAYLOR ENGINEERING, INC., etal.,

Defendant-Third Party Plaintiff

and

BRN DEVELOPMENT, INC., etal,

Defendants-Cross-Defendants,



*Appealed from the District Court of the First Judicial District of
the State of Idaho, in and for the County of Kootenai.*

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VOL. 6

STATE OF IDAHO
COUNTY OF KOOTENAI
FILED: SS

2010 JUL 16 AM 11:51

CLERK DISTRICT COURT

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Attorneys for Plaintiff

**IN THE DISTRICT COURT OF THE FIRST JUDICIAL DISTRICT OF THE STATE
OF IDAHO, IN AND FOR THE COUNTY OF KOOTENAI**

AMERICAN BANK, a Montana banking
corporation,

Plaintiff,

vs.

BRN DEVELOPMENT, INC., an Idaho
corporation, BRN INVESTMENTS, LLC, an
Idaho limited liability company, LAKE VIEW
AG, a Liechtenstein company, BRN-LAKE
VIEW JOINT VENTURE, an Idaho general
partnership, ROBERT LEVIN, Trustee for the
ROLAND M. CASATI FAMILY TRUST, dated
June 5, 2008, E. RYKER YOUNG, Trustee for
the E. RYKER YOUNG REVOCABLE TRUST,
MARSHALL CHESROWN a single man,
IDAHO ROOFING SPECIALIST, LLC, an Idaho

Case No. CV 09-2619

**AFFIDAVIT OF ELIZABETH A.
TELLESSEN IN SUPPORT OF
PLAINTIFF'S MOTION FOR PARTIAL
SUMMARY JUDGMENT**

ORIGINAL

AFFIDAVIT OF ELIZABETH A. TELLESSEN IN SUPPORT OF
PLAINTIFF'S MOTION FOR PARTIAL SUMMARY
JUDGMENT - PAGE 1

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1 limited liability company, THORCO, INC., an
2 Idaho corporation, CONSOLIDATED SUPPLY
3 COMPANY, an Oregon corporation,
4 INTERSTATE CONCRETE & ASPHALT
5 COMPANY, an Idaho corporation, CONCRETE
6 FINISHING , INC., an Arizona corporation, THE
7 TURF CORPORATION, an Idaho corporation,
8 WADSWORTH GOLF CONSTRUCTION
9 COMPANY OF THE SOUTHWEST, a Delaware
10 corporation, POLIN & YOUNG
11 CONSTRUCTION, INC., an Idaho corporation,
12 TAYLOR ENGINEERING, INC., a Washington
13 corporation, PRECISION IRRIGATION, INC.,
14 an Arizona corporation and SPOKANE
15 WILBERT VAULT CO., a Washington
16 corporation, d/b/a WILBERT PRECAST,

Defendants.

11 And

12 TAYLOR ENGINEERING, INC., a Washington
13 corporation,

14 Third-Party Plaintiff,

15 v.

16 ACI NORTHWEST, INC., an Idaho corporation;
17 STRATA, INC., an Idaho corporation; and
18 SUNDANCE INVESTMENTS, LLP, a limited
19 liability partnership,

20 Third-Party Defendants.

21 And

22 ACI NORTHWEST, INC., an Idaho corporation,

23 Cross-Claimant,

24 v.

25 AMERICAN BANK, a Montana banking

26 AFFIDAVIT OF ELIZABETH A. TELLESSEN IN SUPPORT OF
PLAINTIFF'S MOTION FOR PARTIAL SUMMARY
JUDGMENT - PAGE 2

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1042 -

1 corporation, BRN DEVELOPMENT, INC., an
2 Idaho corporation, BRN INVESTMENTS, LLC,
3 an Idaho limited liability company, LAKE VIEW
4 AG, a Liechtenstein company, BRN-LAKE
5 VIEW JOINT VENTURE, an Idaho general
6 partnership, ROBERT LEVIN, Trustee for the
7 ROLAND M. CASATI FAMILY TRUST, dated
8 June 5, 2008, E. RYKER YOUNG, Trustee for
9 the E. RYKER YOUNG REVOCABLE TRUST,
10 MARSHALL CHESROWN a single man,
11 THORCO, INC., an Idaho corporation,
12 CONSOLIDATED SUPPLY COMPANY, an
13 Oregon corporation, THE TURF
14 CORPORATION, an Idaho corporation,
15 WADSWORTH GOLF CONSTRUCTION
16 COMPANY OF THE SOUTHWEST, a Delaware
17 corporation, POLIN & YOUNG
18 CONSTRUCTION, INC., an Idaho corporation,
19 TAYLOR ENGINEERING, INC., a Washington
20 corporation and PRECISION IRRIGATION,
21 INC., an Arizona corporation,

22 Cross Claim Defendants.

23 STATE OF WASHINGTON)

24 : ss.

25 County of Spokane)

26 I, Elizabeth A. Tellessen, being first duly sworn on oath deposes and says:

1. I am one of the attorneys for Plaintiff America Bank,

2. Attached as **Exhibit A** are copies of the relevant pages from the 30(b)(6) deposition of

BRN Development, Inc., taken June 23, 2010, and the exhibits referenced therein, and cited in Plaintiff's

Memorandum in support of its motion for partial summary judgment, including:

- **Exhibit 164**-Revolving Credit Agreement
- **Exhibit 165**-Revolving Credit Note
- **Exhibit 166**- Mortgage Security Agreement and Fixture Filing
- **Exhibit 173** – Revolving Credit Agreement (with modifications)

AFFIDAVIT OF ELIZABETH A. TELLESSEN IN SUPPORT OF
PLAINTIFF'S MOTION FOR PARTIAL SUMMARY
JUDGMENT - PAGE 3

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- **Exhibit 174** - Revolving Credit Note (with modifications)

3. Attached as **Exhibit B** are copies of the relevant pages from the 30(b)(6) deposition of BRN Investments, LLC, taken June 22, 2010, and the exhibits referenced therein and cited in Plaintiff's Memorandum in support of its motion for partial summary judgment, including:

- **Exhibit 162**-Mortgage, granted by BRN Development to BRN Investments
- **Exhibit 163**- Subordination and Standstill Agreement

4. A true and correct copy of the mortgage granted to the E. Ryker Young Revocable Trust, and the Roland M. Casati Family Trust dated June 5, 2008, dated June 13, 2008, and recorded with the Kootenai County Assessor, under Instrument No. 2185210000, on November 7, 2008 is attached as **Exhibit C**.

5. A true and correct copy of the mortgage granted to Lake View AG, executed April 21, 2008, and recorded with the Kootenai County Assessor, under Instrument No. 2185211000, on November 7, 2008, is attached as **Exhibit D**.

6. Attached as **Exhibit E** are true and correct copies of the documents produced by Taylor Engineering, Inc., in response to the request for production of documents by American Bank, namely the employee time cards and Conditional Lien Waiver Release and Subordination Agreement waiving all right to priority before June 15, 2008.

7. Attached hereto as **Exhibit F** is a letter from counsel for Taylor Engineering, Inc., William D. Hyslop, dated September 14, 2009.

8. Attached as **Exhibit G** is a true and correct copy of Thorco's Claim of Materialman's and Mechanic's Lien, executed October 22, 2008, and recorded with the Kootenai County Assessor on

1 November 6, 2008, under Instruments No. 2184889000, as produced by Thorco in response to request
2 for production of documents by American Bank.

3 9. Attached as **Exhibit H** are true and correct copies of Polin & Young's Claim of Lien
4 recorded with the Kootenai County Assessor on January 23, 2009, under Instruments No. 2193506000
5 produced by Polin & Young in response to request for production of documents by American Bank.
6

7 10. Attached as **Exhibit I** are copies of the relevant pages from the 30(b)(6) Deposition of
8 BRN-Lake View Joint Venture taken on June 22, 2010, and the exhibit referenced therein and cited in
9 Plaintiff's Memorandum in support of its motion for partial summary judgment, **Exhibit 151**, the Joint
10 Venture Agreement

11 11. Attached as **Exhibit J** are copies the relevant pages from the deposition of Marshall
12 Chesrown taken June 23 and 24, 2010 and the exhibit referenced therein and cited in Plaintiff's
13 Memorandum in support of its motion for partial summary judgment, **Exhibit 215**, the Guaranty.
14


15 12. Attached as **Exhibit K** is a true and correct copy of Plaintiff American Bank's First Set
16 of Requests for Admission to Defendants BRN Development, Inc., BRN Investments, LLC., Lake View
17 AG and BRN -Lake View Joint Ventures which includes Defendants' responses.

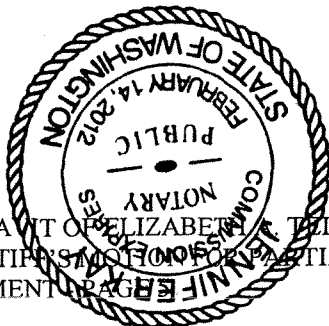
18 DATED this 15 day of July, 2010.

19 

20 ELIZABETH A. TELLESEN, ISB No. 7393
21 WINSTON & CASHATT
22 Attorneys for Plaintiff

23 SUBSCRIBED AND SWORN TO before me this 15th day of July, 2010.

24 
25 Notary Public in and for the State
26 of Washington, residing in Post Falls ID.
My appointment expires 2/14/12.



AFFIDAVIT OF ELIZABETH A. TELLESEN IN SUPPORT OF
PLAINTIFF'S MOTION FOR PARTIAL SUMMARY
JUDGMENT

1045

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CERTIFICATE OF SERVICE

The undersigned hereby certifies under penalty of perjury under the laws of the State of Idaho that on 15 day of July, 2010, the foregoing was caused to be served on the following persons in the manner indicated:

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Layman, Layman & Robinson, PLLP
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Spokane, WA 99202

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VIA CERTIFIED MAIL
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BY FACSIMILE 509-624-2902
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AFFIDAVIT OF ELIZABETH A. TELLESSEN IN SUPPORT OF PLAINTIFF'S MOTION FOR PARTIAL SUMMARY JUDGMENT - PAGE 6

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Court Appointed Receiver

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ELIZABETH A. TELLESSEN

198992

AFFIDAVIT OF ELIZABETH A. TELLESSEN IN SUPPORT OF
PLAINTIFF'S MOTION FOR PARTIAL SUMMARY
JUDGMENT - PAGE 7

1 IN THE DISTRICT COURT OF THE FIRST JUDICIAL DISTRICT OF
2 THE STATE OF IDAHO, IN AND FOR THE COUNTY OF KOOTENAI

3 AMERICAN BANK, a Montana banking)
4 corporation,) Case No. CV 09-2619
5)
6 Plaintiff,)

7 vs.)

8 BRN DEVELOPMENT, INC., an Idaho) RULE 30(b)(6)
9 corporation, BRN INVESTMENTS,) DEPOSITION OF
10 LLC, an Idaho limited liability) BRN DEVELOPMENT, INC

11 company, LAKE VIEW AG, a)
12 Liechtenstein company, BRN-LAKE) TESTIMONY OF
13 VIEW JOINT VENTURE, an Idaho) MARSHALL CHESROWN

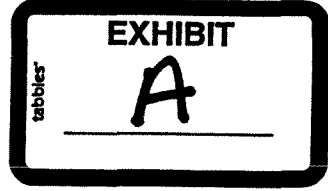
14 general partnership, ROBERT)
15 LEVIN, Trustee for the ROLAND M.) TAKEN ON BEHALF OF
16 CASATI FAMILY TRUST, dated) THE PLAINTIFF

17 June 5, 2008, RYKER YOUNG,)
18 Trustee for the RYKER YOUNG) AT
19 REVOCABLE TRUST, MARSHALL) SPOKANE, WASHINGTON

20 CHESROWN, a single man, IDAHO)
21 ROOFING SPECIALIST, LLC, an) JUNE 23, 2010
22 Idaho limited liability company,) AT 9:08 A.M.

23 THORCO, INC., an Idaho)
24 corporation, CONSOLIDATED SUPPLY)
25 COMPANY, an Oregon corporation,)
INTERSTATE CONCRETE & ASPHALT)
COMPANY, an Idaho corporation,)
CONCRETE FINISHING, INC., an)
Arizona corporation, THE TURF)
CORPORATION, an Idaho)

26 REPORTED BY:
27 PATRICIA L. PULLO, CSR
28 Notary Public



1 Q. -- recorded against the property right now as
2 far as American Bank is concerned?

3 A. Yes, to my knowledge.

4 Q. That loan is secured by the mortgage that's
5 been marked as Exhibit 166; is that correct?

6 A. Yes.

7 Q. And on page 14 of that agreement ...

8 A. On page 14, you said?

9 Q. Yes, sir.

10 A. All right.

11 Q. Is that your signature on that page?

12 A. Yes, it is.

13 Q. And you've signed on behalf of BRN
14 Development as its president?

15 A. Yes.

16 Q. And by your signature, did you intend to bind
17 BRN Development to the terms of this mortgage?

18 A. Yes.

19 MR. LAYMAN: Elizabeth, just for the -- I'll
20 interrupt for cleaning -- housekeeping. When the court
21 reporter goes through the record, if we could ask her
22 to maybe put the Bates stamp number next to the exhibit
23 number. That would help us when we all go back and
24 make reference to it.

25 (Discussion off the record.)

1 BY MS. TELLESSEN:

2 Q. In the Recitals on page 1 of Exhibit 166, it
3 references the revolving credit agreement and the
4 revolving credit note. Do you see that?

5 A. Yes.

6 Q. And those two agreements were marked as
7 exhibits yesterday as Exhibits 164 and 165.

8 A. Yes.

9 Q. And looking at Exhibit 165, the revolving
10 credit note, is that your signature on the third page?

11 A. Yes.

12 Q. AB002411, it says --

13 A. Yes.

14 Q. -- the Bates number?

15 And you signed as president on behalf of BRN
16 Development, Inc.?

17 A. Yes.

18 Q. And by signing this agreement, did you intend
19 to bind BRN Development?

20 A. Yes.

21 Q. Turning to Exhibit 164, the revolving credit
22 agreement, on page 24 of that agreement, what's the
23 Bates number in the bottom right-hand corner?

24 A. AB002469.

25 Q. And your signature appears on that page?

1 A. Yes.

2 Q. And you signed on behalf of BRN Development
3 as its president?

4 A. Yes.

5 Q. And by signing this agreement, you intended
6 to bind BRN Development to the terms of this agreement?

7 A. Yes.

8 Q. In our discussions yesterday, you mentioned
9 that there were negotiations and discussions
10 preceding -- or that took place prior to the signing of
11 the revolving credit agreement, revolving note and
12 mortgage. Do you recall that?

13 A. Yes.

14 Q. And were those agreements generally -- or
15 discussions generally made in the form of term sheets
16 or preliminary commitments?

17 A. Not necessarily.

18 Q. How would you describe the precursors to this
19 loan agreement?

20 A. Well, there were several conversations and
21 meetings. The relationship of how we got to American
22 Bank -- and I can't speak to other than -- the little
23 bit I know is that the relationship really started with
24 my partner, who's Robert Samuel, who had a relationship
25 with Bruce Erickson, who was the owner of the bank, it

1 A. No. I mean, you can tell from, like, on 168
2 these were purely draft documents. They're still
3 red-lined, et cetera. So I don't think there was an
4 intention at that point to execute this particular
5 document. I think they were more for discussion
6 purposes. I don't know that it says that. But I think
7 that was the intent.

8 Q. Are you aware of any other lending commitment
9 or conditional lending commitment that was signed by
10 you other than what appears in Exhibit 170?

11 A. I'm not -- signed commitments, no.

12 Q. Entering into the revolving credit
13 agreement -- that's Exhibit 164 -- to your knowledge
14 has that agreement been modified?

15 A. Not to my knowledge.

16 (Whereupon, Deposition Exhibit No. 173 was
17 marked for identification.)

18 BY MS. TELLESSEN:

19 Q. You've been handed what's been marked as
20 Exhibit 173.

21 A. Okay.

22 Q. This is a letter from Bryan Klein to you and
23 BRN Development referencing certain changes to the
24 revolving credit agreement. Do you remember receiving
25 this document?

1 A. Yes.

2 Q. Do you recall what caused this document to be
3 drafted and sent to you?

4 A. I don't actually remember. But it appears it
5 was with regards to release prices on parcels of land
6 in the loan document.

7 Q. Does it also relate to the capital
8 investments you received from the Lake View AG?

9 A. Correct. They had -- there was something in
10 the loan documents that they had to approve -- approve
11 that. Since it wasn't part of the original plan to
12 have private equity in reducing our ownership, if you
13 will, it had to be approved by the bank, as I remember.

14 Q. Okay. Is that your signature that appears on
15 the bottom of page AB002443?

16 A. Yes.

17 Q. And so you agreed to this modification?

18 A. Yes.

19 Q. On the third page of that exhibit there's
20 another letter from American Bank to BRN Development.

21 A. Yes.

22 Q. This is titled a Waiver of Default under the
23 Revolving Credit Agreement.

24 A. Okay.

25 Q. Is that your signature on the bottom of page

1 2445?

2 A. Yes, it is.

3 Q. And you agreed to the change that's
4 referenced in this letter as well?

5 A. Yes.

6 Q. And then attached is the original copy --

7 A. Right -- yes.

8 Q. -- of the revolving credit agreement?

9 A. Yes.

10 (Whereupon, Deposition Exhibit No. 174 was
11 marked for identification.)

12 BY MS. TELLESSEN:

13 Q. You have been handed Exhibit 174. Are you
14 familiar with that document?

15 A. I don't completely remember it. But I signed
16 it, so I assume I was at the time.

17 Q. Take a look at it if you'd like.

18 A. (Complying.) Okay.

19 Q. Do you recall the purpose of this document?

20 A. Looks like they're extending the payment date
21 from -- for interest and principal from February 2nd,
22 2008, to March 2nd, 2008. And I think this was at the
23 request of the bank. If I remember correctly, they had
24 regulators in or something and didn't want to have a
25 note that was -- that wasn't current.

1 Q. And would you consider this another
2 modification to -- well, a modification to the
3 revolving credit note that's attached from the
4 subsequent pages?

5 A. Yes.

6 Q. And you on behalf of BRN Development agreed
7 to that modification; is that correct?

8 A. Yes.

9 Q. And it appears the bank has signed it as
10 well?

11 A. Yes.

12 Q. Are there any other modifications to the
13 terms of the revolving credit agreement that you're
14 aware of that aren't referenced in Exhibit 173?

15 A. Not that I'm aware of. But I didn't remember
16 these either, so there could be more.

17 Q. Are you aware of any modifications that would
18 not have been in writing and agreed to by BRN
19 Development and American Bank?

20 A. Modifications to the note itself?

21 Q. To the revolving credit agreement first.

22 A. Right. No.

23 Q. Are there any oral agreements modifying the
24 terms of the revolving credit agreement?

25 A. Not modifying the terms.

1 Q. Other than the modification referenced in
2 Exhibit 174, are you aware of any other modifications
3 to that revolving credit note?

4 A. No.

5 Q. Is it your understanding that any
6 modifications to that note would have been in writing?

7 A. I would assume so, yes.

8 Q. If you would look at Exhibit 164 one more
9 time. Sorry to keep going back and forth.

10 A. Okay.

11 Q. On page 23 of the agreement at paragraph
12 8.12 --

13 A. Okay.

14 Q. -- it references that this agreement, with
15 the other loan documents, which is a defined term as we
16 discussed yesterday -- and we can go back to it -- this
17 is complete and integrated agreement of the parties
18 with respect to subject matter and supersedes all prior
19 agreements, written or oral, on the subject matter.

20 Do you see where I'm at?

21 A. Yes.

22 Q. Do you have an understanding of what that
23 paragraph means?

24 A. I would say that anything that was relating
25 to this loan referenced in this revolving credit

1 agreement would supersede whatever other loan
2 agreements that we had in place.

3 Q. And is there any specific prior agreement,
4 written or oral, that you have in mind that would have
5 been superseded?

6 A. That would have been superseded?

7 Q. (Nodding.)

8 A. The other loan documents, I would assume.
9 You'd want to supersede the previous loans, right,
10 bridge loans or whatever there might have been.

11 Q. Okay. And what about Exhibit 170, the
12 conditional lending commitment?

13 A. So you're asking me was it my interpretation
14 that this would supersede this?

15 Q. That the revolving credit agreement would
16 supersede the conditional lending agreement. Is that
17 your understanding?

18 A. Well, I assume it would. This is the actual
19 legal document where they're going to advance the
20 money. And this is kind of the plan. So sometimes
21 between here and here there might have been some
22 changes or whatever.

23 Q. And would your answer be the same for the
24 draft conditional lending agreement dated November 7th?

25 A. No. 168?

1 Q. Yes, sir.

2 A. Yes.

3 Q. And would the same answer apply to Exhibit
4 169, the conditional lending agreement from
5 December 7th?

6 A. Yes.

7 (Whereupon, Deposition Exhibit No. 175 was
8 marked for identification.)

9 BY MS. TELLESSEN:

10 Q. Would you take a minute to review Exhibit
11 175, please.

12 A. (Complying.) Okay.

13 Q. Do you recognize these documents?

14 A. Not really.

15 MR. LAYMAN: Can we please identify them.

16 MS. TELLESSEN: Oh, this is Exhibit 175,
17 Bates numbers beginning AB003219.

18 MR. LAYMAN: These aren't in consecutive
19 order though.

20 MS. TELLESSEN: They should be in
21 chronological order though.

22 MR. LAYMAN: When we search in these kind of
23 large-document cases, they do Bates stamps numbers to
24 make sure we're referring to the -- subsequent to
25 follow-up analysis we got the same Bates stamp numbers.

1 A. It looks like the bank would have drafted it,
2 because it has some "On behalf of Borrower" language on
3 the bottom. That wouldn't be something we would
4 typically put on draw requests we were doing unless we
5 were requested to.

6 Q. And did you ever review this form in blank or
7 in reference to a particular request?

8 A. I don't remember. I don't recall.

9 Q. To your knowledge, was the entire amount of
10 the American Bank loan, the \$15 million, disbursed at
11 one point?

12 A. Yes.

13 Q. And then a payment was made in order to
14 release American Bank's lien against the four lots that
15 were sold to you?

16 A. Correct.

17 Q. After that payment was made, was any other
18 disbursement request made?

19 MR. LAYMAN: The \$400,000 payment?

20 MS. TELLESSEN: (Nodding.)

21 THE WITNESS: Don't remember.

22 BY MS. TELLESSEN:

23 Q. Would you have instructed Mr. Rountree to
24 request those funds if they were necessary?

25 A. I doubt it. I don't think they were

1 \$400,000 payment for more funds on the revolving credit
2 agreement?

3 A. On that agreement, no.

4 (Whereupon, Deposition Exhibit No. 176 was
5 marked for identification.)

6 BY MS. TELLESSEN:

7 Q. Mr. Chesrown, you've been handed Exhibit 176.
8 Do you recognize this document?

9 A. Yes.

10 Q. And it's Bates numbered AB002438?

11 A. Yes.

12 Q. And this is American Bank's notice to you
13 that BRN Development is in default under the loan
14 documents?

15 A. Yes.

16 Q. To your knowledge, have either of the
17 defaults referenced in this letter been cured?

18 A. No.

19 Q. When was the last payment made to American
20 Bank?

21 A. That I don't recall. There was a payment. I
22 mean, I don't think it was this payment. It could have
23 been. There was some form of payment about the same
24 time of the default. I don't know if it was after
25 notification of default or before. But I think we did

1 actually pay some interest at some point. I don't
2 remember exactly what it was. And then of course the
3 400,000.

4 Q. Right. And the payment that was made didn't
5 cure the default?

6 A. I don't remember. It might have at the time
7 we paid. I don't remember if the payment was made
8 before the default or after. But if it ...

9 Q. Okay. And there are still liens other than
10 American Bank's filed against the property?

11 A. Yes.

12 (Whereupon, Deposition Exhibit No. 177 was
13 marked for identification.)

14 BY MS. TELLESSEN:

15 Q. You have been handed Exhibit 177. It's a
16 string of e-mails with a Bates No. AB000846.

17 A. Yes.

18 Q. Do you recall this communication?

19 A. I don't recall it. But it is to me.

20 Q. Do you recall at this time how much money you
21 were asking American Bank to loan?

22 A. I don't.

23 Q. But at this time there's reference to
24 American Bank bringing participants in in order to fund
25 the loan?

REVOLVING CREDIT AGREEMENT

THIS REVOLVING CREDIT AGREEMENT ("Agreement") is effective as of February 2, 2007 (the "Effective Date") between BRN Development, Inc. an Idaho corporation ("Borrower") and American Bank, a Montana banking corporation ("Lender").

RECITALS:

- A. Borrower owns certain real property located in Kootenai County, Idaho commonly referred to as the "Black Rock North" development. Borrower is developing the real property by, among other things, the construction of a golf course and equestrian facility and related improvements and the subdivision of the property for the sale of residential parcels.
- B. Borrower has requested that Lender make available to Borrower an extension of credit and to advance from time to time funds for the construction of improvements and the development of the real property in the ordinary course of Borrower's business.
- C. Lender has agreed to provide Borrower the requested extension of credit on the terms and covenants of this Agreement.

IN CONSIDERATION OF THE ABOVE, the parties agree as follows:

1.0 Defined Terms. As used in this Agreement, capitalized terms have the following meanings:

"Affiliate" means (a) a Shareholder and (b) any Person controlled by, controlling or under common control with Borrower or a Shareholder and, including, without limitation, BRN Investments. The term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities or membership interests, by contract, or otherwise including, without limitation, the ownership or control of ten percent (10%) or more of the equity, membership or voting interests in any entity.

"Agreement" means this Revolving Credit Agreement, as amended, supplemented, or modified from time to time.

"Appraisal" means the appraisal prepared by the Appraiser relating to the Real Property and dated as of December 4, 2006, or such later appraisals as Lender may accept from time to time.

"Appraiser" means Cushman & Wakefield of Colorado, Inc. or such other appraiser consented to by Lender.

"Black Rock Management Contract" means the Services and Management Contract between Borrower and Black Rock Development, Inc. dated as of December 1, 2006 and in the form provided by Borrower to Lender.

"BRN Investments" means BRN Investments, LLC, an Idaho limited liability company.

"BRN Mortgage" means the Mortgage dated as of January 5, 2007 securing the payment of the BRN Note and encumbering the Real Property or part thereof.

"BRN Note" means the promissory note dated as of January 5, 2007 in the initial principal balance of Thirty Million One Hundred Ninety-Two Thousand Five Hundred Dollars (\$30,192,500.00) delivered by Borrower to BRN Investments, as the same may be renewed, extended or amended with the prior written consent of Lender.

"Business Day" means any day other than a Saturday, Sunday, or other day on which commercial banks in Montana are authorized or required to close.

"Change in Control" means any event the effect of which is to (a) cause Marshall Chesrown to beneficially own and have the power to vote less than eighty percent (80%) of all classes of the then outstanding voting securities of Borrower and (b) to cause Robert Samuel to beneficially own and have the power to vote, collectively, less than twenty percent (20%) of all classes of the then outstanding voting securities of Borrower.

"Chesrown Debt" means the obligations of Borrower to Marshall R. Chesrown under a Promissory Note dated as of July 11, 2006 in the face amount of \$3,500,000.00.

"Collateral" means all assets and properties of Borrower in which a mortgage lien, pledge, security interest, assignment or other lien is granted under the Mortgage.

"Commitment" means the Lender's obligation to make Loans to the Borrower pursuant to Section 2.0.

"Construction Budget" means a budget setting forth the estimated costs of construction of the Project together with supporting documentation, contracts, bids, invoices or similar items requested by Lender.

"Default Interest Rate" means the Interest Rate plus 500 basis points (5%).

"Entitlements" means the licenses, permits, approvals or other authorities necessary for the construction of the Project and the development of the Real Property in accordance with the Plans.

"Event of Default" means any of the events specified in Section 7.0, provided that any requirement for the giving of notice, the lapse of time, or both, or any other condition, has been satisfied.

"Existing Debt" means (a) the indebtedness of Borrower to Lender evidenced by Promissory Note No. 6405989 and (b) the indebtedness of Robert Samuel to Lender evidenced by Promissory Note No. 6405812.

"Funding Account" means the deposit account, if any, maintained by Borrower with Lender and designated as the funding account by Borrower with the consent of Lender.

"GAAP" means generally accepted accounting principles in the United States.

"Guarantor" means Marshall R. Chesrown, individually.

"Guaranty" means the agreement or agreements entered by the Guarantor and guarantying the obligations of Borrower to Lender.

"Intercompany Agreement(s)" means the agreements and instruments between Borrower and BRN Investments, or delivered by Borrower to BRN Investments and relating to, among other things, the purchase of the Real Property by Borrower and the payment of amounts due or to become due with respect to such purchase and including, without limitation, the BRN Note and the BRN Mortgage.

"Interest Rate" as defined in Section 2.5.

"Laws" means all federal, state and local statutes, regulations, ordinances and requirements, and any decisions, judgments, writs or orders applicable to Borrower or the Real Property, or the conduct of any activity in, under or upon the Real Property including, without limitation, laws relating to subdivision, sanitation, zoning and use and the protection of the environment.

"Letter of Credit" means a letter of credit issued by the Lender upon application of Borrower in accordance with this Agreement.

"Lien" means any mortgage, deed of trust, pledge, security interest, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), or preference, priority, or other security agreement or preferential arrangement, charge, or encumbrance of any kind or nature whatsoever (including, without limitation, any conditional sale or other title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing, and the filing of any financing statement under the Uniform Commercial Code or comparable law of any jurisdiction to evidence any of the foregoing).

"Line" means the line of credit established by Lender under Section 2.1 of this Agreement.

"Loans" means (a) each and all advances under the Line made to or for the benefit of Borrower or as otherwise contemplated by this Agreement and (b) amounts drawn under a Letter of Credit.

"Loan Documents" means this Agreement, the Mortgage, the Note, the Subordination Agreement, the Guaranty, any Letter of Credit and any document or instrument required or contemplated by the foregoing.

"Loan Fee" means the sum of Seventy-Five Thousand Dollars (\$75,000.00).

"Loan Request" means as defined in Section 2.3.1.

"Lot" means a portion of the Real Property divided in accordance with and available for sale or other disposition as a separate legally described parcel under governing law and identified from time to time by Borrower, with the reasonable consent of Lender, as a Lot.

"Material Contracts" means the agreements entered by Borrower for the construction of improvements or the placement of fixtures upon the Real Property in furtherance of the Project including, without limitation, the contracts identified on Schedule 1 attached.

"Maturity Date" means the first anniversary of the Effective Date.

"Maximum Balance" means Fifteen Million Dollars (\$15,000,000.00) as the same may be reduced in accordance with this Agreement.

"Mortgage" means the Mortgage, Security Agreement and Fixture Filing delivered by Borrower in the form required by Lender.

"Note" as defined in Section 2.7.

"Permitted Encumbrances" means encumbrances on or exceptions to Borrower's title for the Real Property acceptable to Lender in its sole discretion.

"Permitted Purpose" means (a) the payment of Borrower operating expenses incurred in the ordinary course of Borrower's business and relating to the development of the Real Property and including, without limitation, (i) amounts due under the Black Rock Management Contract and (ii) amounts incurred under agreements or contracts with Affiliates entered in the ordinary course of business and on terms and prices consistent with agreements between nonaffiliated parties, (b) the payment of interest on the Loans under the Note, and (c) the payment of direct costs and expenses incurred in the construction of the Project in accordance with the Entitlements and the Plans.

"Person" means an individual, partnership, corporation, business trust, joint stock company, trust, unincorporated association, joint venture, governmental authority, or other entity of whatever nature.

"Plans" means, collectively, the final order and decision of the Board of Commissioners of Kootenai County, Idaho on PUD #055-05 dated August 10, 2006, together with the documents and instruments referred to therein, and the Conceptual Land Use Diagram dated November 18, 2005.

"Prime Rate" means (a) the prime rate of interest of major New York banks as published from time to time in the Money Rates section of the Wall Street Journal, Western Edition or (b) if the Wall Street Journal ceases publication of the "Money Rates" section or ceases quotation of a "Prime Rate", Lender shall, in its sole and absolute discretion, select the prime rate of a money-center bank as a substitute Prime Rate.

"Project" means the construction or other installation of infrastructure and improvements upon the Real Property, for the development of the golf course and equestrian center, or relating to the subdivision of the Real Property into Lots, all in accordance with the Entitlements and the Plans.

"Released Lot" means as defined in Section 4.2.

"Real Property" means the real property described in the Mortgage and being approximately 1,001 acres.

"Samuel Debt" means the obligations of Borrower to Robert C. Samuel under a Promissory Note dated as of July 11, 2006 in the face amount of \$3,150,000.00

"Shareholder" means any person holding, legally or beneficially, any shares of voting or non-voting stock of Borrower, of any class or series.

"Subordination Agreement" means an agreement of BRN Investments, in form and substance satisfactory to Lender, and subordinating (a) the BRN Note, (b) the Lien of the BRN Mortgage and (c) the other obligations of Borrower to BRN Investments, to the obligations of Borrower to Lender under the Loan Documents and the Liens of Lender.

"Survey" means an ALTA/ ACSM survey of the Real Property, identifying all encumbrances or similar items of record, and otherwise sufficient for the issuance of a lender's policy insuring the lien of the Mortgage together with endorsements commonly referred to as an "extended policy".

"Tax Distributions" means distributions on or with respect to the then issued and outstanding stock of Borrower in an amount reasonably determined by Borrower to be equivalent to the state or federal income tax liability of a Shareholder arising from the tax attributes of Borrower required to be included on the individual income tax filings or returns of a Shareholder.

"Term" means the period commencing on the Effective Date and terminating on the Maturity Date.

2.0 Credit Facility.

2.1 Extension of Line of Credit. Lender makes available to Borrower a line of credit (the "Line"). Subject to the terms of this Agreement, Lender will make Loans to Borrower during the Term in an aggregate principal amount (which for purposes of this

Section 2.1 shall include all amounts drawn or available for draw under any Letter of Credit issued under this Agreement) not to exceed at any time the Maximum Balance (as such amount may be reduced under Section 2.2). The Borrower may borrow, repay, and re-borrow under the Line, without premium or penalty.

2.1.1 The Line may be drawn by Borrower for any Permitted Purpose in the ordinary course of Borrower's business. Unless otherwise required by Lender, all draws upon the Line shall be funded as reasonably directed by Borrower.

2.1.2 In addition to the Permitted Purposes, Borrower may draw upon the Line in the initial draw, (a) for the payment of the Existing Debt of Borrower and (b) for the making of a distribution by Borrower to one or more Shareholders if the proceeds of the distribution are used solely for the payment in full of the Existing Debt of such Shareholder.

2.1.3 If at any time the total principal balance of the Loans outstanding together with amounts drawn or available for draw under issued Letters of Credit exceeds the Maximum Balance, Borrower will immediately pay to Lender an amount sufficient to reduce the amount outstanding to the Maximum Balance.

2.1.4 Borrower will pay all accrued and unpaid interest, in arrears, on the Loans at the Interest Rate on the second calendar day of each calendar month. Borrower will pay the entire principal balance of Loans then outstanding, together with accrued and unpaid interest, and together with any other amounts due from Borrower under the Loan Documents, on the Maturity Date.

2.2 Reduction of Maximum Balance. The Maximum Balance shall be reduced (a) by the Parcel Reduction Amount upon the sale, transfer or other disposition of the parcels or Lots, each as identified on Schedule 2.2, and (b) in the sole discretion of Lender, by the amount of condemnation awards or proceeds or insurance proceeds retained by Borrower, if any.

2.3 Loan Requests and Funding.

2.3.1 Subject to the provisions of Section 2.4 relating to Letters of Credit, Borrower may request Loans by delivering Lender a written loan request in the form attached to this Agreement as Exhibit A together with such additional documents or instruments as may be required under this Agreement (each a "Loan Request"). The Loan Request shall be delivered (a) by facsimile or (b) by electronic mail addressed to Lender's designated representative. The Loan request shall state a date for requested funding which shall not be earlier than the next Business Day. A Loan request received by the Lender after 11:00 a.m. Mountain time on any Business Day shall be deemed received for all purposes on the next Business Day.

2.3.2 Loan Requests may be made by Borrower representatives designated by Borrower and reasonably acceptable to Lender. The initial Borrower representatives are identified on Schedule 2.3.2. Lender may request, in its sole discretion, confirmation of the Loan Request by Borrower by any reasonable method selected by Lender.

2.3.3 Lender will fund a Loan Request on or before 2:00 p.m. Mountain time on the later of (a) the date requested by Borrower, or (b) the first Business Day following the later of (i) the date upon which the Loan Request is received or deemed received or (ii) the date upon which the confirmation of the Loan Request, if requested by the Lender, is received by the Lender.

2.3.4 Subject to the terms and conditions of this Agreement, Lender shall deliver funds in the amount of the Loan Request on the date, and at or prior to the time, required under this Agreement.

2.4 Letters of Credit. Borrower may request that Lender issue one or more Letters of Credit relating to the development of the Real Property by Borrower and on draw and other terms acceptable to Lender in its sole discretion. Issuance of Letters of Credit are subject to the terms and conditions of the Loan Documents relating to Loans generally, including, without limitation, the Maximum Balance and conditions precedent to Lender's obligations to fund Loans under Section 3.0. Borrower will provide Lender a written request for issuance of a Letter of Credit not later than ten (10) Business Days prior to the day upon which Borrower desires the Letter of Credit to be issued. The request shall (a) state (i) the intended beneficiary, (ii) the face amount, (iii) the purposes and (iv) the terms and conditions for draws upon, the Letter of Credit, and (b) include a copy of the form of letter of credit, if any, requested by the intended beneficiary, and (c) include a copy of any contract or other agreement to which the requested Letter of Credit relates. Borrower shall also provide such additional information with respect to a Letter of Credit request as Lender requires. All issued Letters of Credit shall state a date of termination of Lender's obligations which is not later than the Maturity Date. Draws made by a beneficiary under a Letter of Credit shall be considered outstanding Loans, be evidenced by the Note and bear interest thereunder, and shall be secured by the Mortgage. Unless otherwise agreed by Lender, Letters of Credit shall be governed by Montana law, including the Uniform Commercial Code as adopted in the state of Montana. As a condition to issuance of a Letter of Credit, Borrower shall reimburse Lender for all costs and expenses, including fees and expenses of Lender's counsel, incurred by Lender in the issuance of the Letter of Credit. A separate Letter of Credit origination or loan fee shall not be charged by Lender.

2.5 Interest. The Borrower shall pay interest on the daily balance of the principal amount of the Loans outstanding at a rate per annum equal to the Prime Rate plus 50 basis points (0.50%) (the "Interest Rate"). The Interest Rate shall be adjusted as of 12:01 a.m. on each Business Day upon which the Prime Rate changes. Interest shall be calculated on the basis of a year of 360 days and for the actual number of days elapsed. Any principal amount or accrued interest not paid when due, whether at stated

maturity, by acceleration, or otherwise, shall bear interest from the date when due until paid in full at the Default Interest Rate.

2.6 Loan Fee. Upon execution of this Agreement, Borrower shall pay the Loan Fee.

2.7 Note. All Loans made by the Lender under this Agreement shall be evidenced by, and repaid with interest in accordance with, a promissory note of the Borrower in substantially the form of Exhibit B, duly completed, dated the Effective Date, payable to the Lender, and maturing as to principal on the Maturity Date (the "Note"). Borrower authorizes the Lender to enter, on its books and records, the amount of each Loan and of each payment of principal received on account of the Loans, which entries shall, in the absence of manifest error, be conclusive as to the outstanding balance of the Loans made by the Lender; provided, however, that the failure to make such entry with respect to any Loan or payment shall not limit or otherwise affect the obligations of the Borrower under the Loan Documents including under the Note.

2.8 Prepayments. The Borrower may prepay the Loans in whole or in part at any time and without penalty.

2.9 Method of Payment. The Borrower shall make each payment required under the Loan Documents including under the Note, to the Lender not later than 11:00 a.m. Mountain time on the date when due in lawful money of the United States in immediately available funds to the Lender and at the Lender's office in Bozeman, Montana. Whenever any payment to be made under this Agreement or under the Note shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day, and the extension of time shall in such case be included in the computation of the payment of interest. Payments received by the Lender after 11:00 a.m. Mountain time on a Business Day shall be considered received on the next Business Day for all purposes.

2.10 Application of Payments. Unless otherwise expressly provided in the Loan Documents, and unless an Event of Default has occurred and is continuing, all payments, including prepayments, will be applied first to interest then due, if any, and then to principal. If an Event of Default has occurred and is continuing, all payments will be applied first to amounts due under the Loan Documents other than principal or interest, second to accrued and unpaid interest, whether then due or otherwise, and the remainder to principal. Notwithstanding the foregoing, payments required to reduce the outstanding Loans to not exceed the Maximum Balance shall be applied first to principal to the extent necessary to reduce the outstanding Loans to the Maximum Balance and the remainder, thereafter, in accordance with the preceding sentences of this Section 2.10.

2.11 Late Payment Fees and Charges. In addition to the Default Interest Rate and any other amounts due Lender, and not in limitation of any other right or remedy of Lender, if Borrower fails to make any payment on or before the 10th calendar day following the date such payment was due under the Loan Documents (a "Late

Payment"), Borrower will pay to Lender five percent (5.0%) of the amount of the Late Payment (the "Late Payment Charge").

3.0 Conditions Precedent.

3.1 Condition Precedent to Initial Loan. The obligation of the Lender to make an initial Loan to the Borrower is subject to the condition precedent that the Lender shall have received on or before the day of such initial Loan each of the following, in form and substance satisfactory to the Lender and its counsel:

3.1.1 The Note and each of the Loan Documents duly executed and delivered by the Borrower and each other party thereto.

3.1.2 Documents and instruments granting to Lender a mortgage lien upon, security interests in, or assigning or pledging to Lender, the Collateral as security for the Loan, including, without limitation, financing statements duly filed under the Uniform Commercial Code of all jurisdictions necessary or, in the judgment of the Lender, desirable, to perfect the Liens granted to Lender.

3.1.3 Payment of the Loan Fee together with reimbursement to Lender of all costs and expenses incurred in the negotiation, preparation, entry and perfection of the Loan Documents, including, without limitations, fees and expenses of Lender's legal counsel and filing, recording, registration or similar fees.

3.1.4 Payment of the Existing Debt, in full, by Borrower or such other person obligated on the Existing Debt.

3.1.5 Receipt by Lender of an Appraisal of the Real Property by Appraiser and stating an aggregate value in an amount reasonably acceptable to Lender.

3.1.6 An opinion of Borrower's legal counsel in form and substance satisfactory to Lender.

3.1.7 Delivery by Borrower of (a) its Articles of Incorporation and Bylaws as in effect on the Effective Date and certified to be true and correct copies by the President of Borrower (the "Borrower Organizational Documents") and (b) a list identifying each Shareholder as of the Effective Date, together with the number, series and class of shares owned by such Shareholder, and (c) a Certificate of Existence for Borrower issued by the Idaho Secretary of State as of a recent date and (d) a resolution or other evidence acceptable to Lender of the Borrower board of director approval and authorization of the Loan Documents.

3.1.8 Delivery by Borrower of a complete copy of (a) each of the Intercompany Agreements, certified by an officer of Borrower to be true, correct and complete copies of each of the Intercompany Agreements, as the

same are in effect on the Effective Date and (b) the Material Agreements in effect on the Effective Date.

3.1.9 Delivery by Borrower of a certificate of the chief executive officer of Borrower to the effect that (a) each of the Intercompany Agreements is in effect and no default has occurred under or with respect to the Intercompany Agreement and (b) each of the Entitlements is in full force and effect as of the Effective Date.

3.1.10 Delivery by the Borrower of a Construction Budget in form and substance satisfactory to Lender.

3.1.11 Receipt by Lender of a title policy or policies insuring the interests of Lender in the Real Property under the Mortgage, subject only to the Permitted Encumbrances, and on terms and conditions otherwise satisfactory to Lender, and in the amount of the Commitment.

3.1.12 Evidence of the policies of insurance required to be maintained by Borrower under the Loan Documents.

3.1.13 Evidence satisfactory to Lender of the payment in full and termination of the Chesrown Debt, whether by conversion to equity investment in Borrower or otherwise.

3.1.14 Evidence satisfactory to Lender of the payment in full and termination of the Samuel Debt contemporaneously with the payment of the Existing Debt.

3.1.15 Evidence satisfactory to Lender that, after giving effect to the initial disbursement of the Loan and the payment of the Existing Debt, the Chesrown Debt and the Samuel Debt, Borrower will be in compliance with the covenants expressed in Section 6.13.

3.1.16 Such other documents and instruments as Lender may reasonably request.

3.2 Conditions Precedent to All Loans. The obligation of the Lender to make each Loan (including the initial Loan) shall be subject to the further conditions precedent that on the date of each Loan:

3.2.1 No Event of Default has occurred and is then continuing (without regard to the cure period, if any, that is accorded to Borrower), and no event has occurred which, with the passage of time, would constitute an Event of Default, under the Loan Documents.

3.2.2 No material adverse change has occurred in the financial or other condition of Borrower or of the Collateral.

3.2.3 Each of the conditions to Lender's obligations to make the requested Loan shall have occurred, been delivered or are otherwise satisfied at the time of funding of the Loan.

3.2.4 The representations and warranties of Borrower contained in the Loan Documents are true and correct on and as of the date of such Loan as though made on and as of such date.

3.2.5 The Lender shall have received such other approvals, opinions, or documents as the Lender may reasonably request including, documents or instruments evidencing or perfecting the Liens granted under the Mortgage.

4.0 Release of Lots.

4.1 Release. Lender is not obligated to release a Lot, or all or any portion of the Real Property, from the lien of the Mortgage or other security interests or other interests of Lender, unless prior to the effectiveness of such release, the following conditions will have each occurred to the reasonable satisfaction of Lender and at Borrower's sole cost and expense:

4.1.1 The Lot to be released (the "Released Lot") has been subdivided in accordance with all local, state or federal statutes, ordinances or regulations then in effect and in accordance with the Plans.

4.1.2 The release of the Released Lot is necessary for the sale, use or other disposition of the Released Lot and Borrower has delivered to Lender a request for release not later than five (5) Business Days prior to the proposed effective date of the release.

4.1.3 Borrower has, or will substantially simultaneously with the release by Lender, transfer all of Borrower's right, title and interest in and to the Released Lot in an arm's length transaction to a third party that is not an Affiliate.

4.1.4 Borrower is not then in default under the Loan Documents and no event has occurred that, with the passage of time, would constitute an Event of Default.

4.1.5 The sale or other disposition of the Released Lot does not materially impair the usefulness or value of the remaining Real Property or the ability of Borrower to (a) sell, transfer or otherwise dispose of or use any other portion of the Real Property remaining subject to the Mortgage or (b) complete the development of the Project in accordance with the Plans.

4.1.6 Borrower will have delivered to Lender documents and instruments relating to the proposed sale of the Released Lot and such additional documents and instruments and information as Lender may reasonably request with respect to the requested release.

4.1.7 Borrower or an Affiliate are not providing financing for the sale of the Lot or selling the Released Lot under an installment contract, contract for deed or similar instrument deferring, in any amount, the payment by the purchaser of the purchase price or other consideration for the Released Lot.

4.2 Sale or Other Disposition. Except as provided in this Section 4.0 Borrower will not sell, transfer, lease, assign or otherwise dispose of any right, title or interest in or to the Real Property.

5.0 Representations and Warranties. The Borrower represents and warrants to the Lender as of the Effective Date and as of each date on which any Loan Document remains in effect that:

5.1 Existence and Validity. Borrower is an Idaho corporation duly organized and validly existing under the laws of the State of Idaho and has all requisite power, authority and legal right to carry on the business now being conducted by it and to engage in the transactions contemplated by the Loan Documents. The execution and delivery of the Loan Documents and the performance of each of the terms, conditions and covenants of the Loan Documents have been duly authorized by all necessary actions on the part of Borrower. The Loan Documents are in all respects legal, valid and enforceable in accordance with their terms.

5.2 Legally Enforceable Agreement. This Agreement is, and each of the other Loan Documents when delivered under this Agreement will be, legal, valid, and binding obligations of the Borrower, enforceable against the Borrower in accordance with their respective terms, except to the extent that such enforcement may be limited by applicable bankruptcy, insolvency, and other similar laws affecting creditors' rights generally.

5.3 Other Agreements. Borrower is not a party to any indenture, loan, or credit agreement, or to any lease or other agreement or instrument, or subject to any restriction which could have a material adverse effect on the business, properties, assets, operations, or conditions, financial or otherwise, of the Borrower, or the ability of the Borrower to carry out and perform its obligations under the Loan Documents. The Borrower is not in default in any material respect in the performance, observance, or fulfillment of any of the obligations, covenants, or conditions contained in any agreement or instrument material to its business or to which it is a party or by which the Real Property is bound or affected, including, without limitation, the Intercompany Agreements. The execution, delivery and performance by the Borrower of the Loan Documents do not require approval of any governmental authority and will not violate any provision of law or regulation, or any order of any court or other governmental authority to which the Borrower or its assets or properties may be subject, nor result in the breach of, or constitute a default of, any lien, encumbrance, or other agreement or instrument to which the Borrower is a party, or by which the Borrower or the Collateral may be bound or affected.

5.4 Compliance With Laws and Entitlements. The Plans, and the construction of the Project in accordance with the Plans are, and will be upon completion of construction of the Project, in material compliance with all governmental laws and regulations and requirements, standards and regulations of appropriate supervising boards and agencies and all covenants, conditions, restrictions or other private agreements to which the Real Property is, or upon completion of construction of the Project will be, subject to including, without limitation, the Entitlements.

5.5 Litigation. There is no pending or threatened action or proceeding against or affecting the Borrower, the Entitlements or the Collateral before any court, governmental agency, or arbitrator.

5.6 No Defaults on Outstanding Judgments or Orders. The Borrower has satisfied all judgments and the Borrower is not in default with respect to any judgment, writ, injunction, decree, rule, or regulation of any court, arbitrator, or federal, state, municipal, or other governmental authority, commission, board, bureau, agency or instrumentality, domestic or foreign.

5.7 Material Contracts. There have been no material modifications or amendments to the Material Contracts from the form of such Material Contracts provided by Borrower to Lender. Borrower further represents and warrants that each of the Material Contracts delivered to Lender is in full force and effect as of the later of the Effective Date or the date of delivery to Lender, and no event has occurred that, but for the passage of time, would constitute a default in the Material Contracts.

5.8 Availability of Utilities. Except for improvements to be constructed or installed by Borrower, all public utility services necessary for the construction of the Project and the intended development of the Real Property as contemplated by the Plans are available at the boundaries of the Real Property, including water supply, storm and sanitary sewer facilities, natural gas, electric and telephone facilities and shall continue to be available in sufficient quantities when and as needed to serve the construction of the Project.

5.9 Taxes. Borrower has filed all tax returns (federal, state, and local) required to be filed and has paid all taxes, assessments, and governmental charges and levies thereon to be due, including interest and penalties.

5.10 Accuracy of Financial Statements. The financial statements, summaries, representations, and other financial information of Borrower submitted to the Lender, whether prior to the Effective Date or thereafter, (a) were prepared in accordance with generally accepted accounting principles, consistently applied, (b) disclose all liabilities, direct and contingent, as of their respective dates, and (c) fairly and accurately present the financial condition of the Borrower, as of their respective dates, in all material respects. No material adverse change in the financial condition of the Borrower has occurred from the last presentation of Borrower's financial statements to Lender.

5.11 No Violation of Law. There exists no violation of any Law with respect to the current or intended business operations of the Borrower, or the Collateral, which violation would have a material adverse effect on the business of the Borrower, the Collateral or the transactions contemplated by the Loan Documents, and there are no facts presently existing which, with the giving of notice or the passage of time or both, may form the basis of any such violation.

5.12 Title to Collateral. The Borrower has good and marketable title to all of the Collateral, free and clear of all liens and encumbrances, except liens in favor of the Lender and the Permitted Encumbrances. Borrower has not executed any security agreements or financing statements with respect to, or otherwise mortgaged or granted any consensual lien with respect to, any of its respective properties or assets, including, without limitation, in or to any portion of the Collateral, except for the Intercompany Agreements.

5.13 Condition of Real Property. The Real Property is not now damaged or injured as a result of any fire, explosion, accident, flood, or other casualty or act of God, and are not now the subject of any pending or threatened condemnation proceedings.

5.14 Priority of Lien on Collateral. The Loan Documents grant to Lender a direct, valid and enforceable first priority lien on the Collateral.

5.15 Continuing Nature. All warranties and representations by the Borrower and guarantors herein and in the other Loan Documents are now and will continue to be true and correct until the Loans and all interest thereon and all other obligations of Borrower under the Loan Documents are paid in full and all covenants and agreements are observed and performed by the Borrower. By submitting a Loan Request or issuance of a Letter of Credit, Borrower confirms to Lender that the representations and warranties of Borrower are materially true and correct on and as of the date of such request.

6.0 Covenants. So long as the Note shall remain unpaid or the Lender shall have any obligation under this Agreement, the Borrower will perform each of the covenants stated in this Section 6.0. By requesting a Loan or issuance of a Letter of Credit, Borrower confirms to Lender that Borrower has performed each of the covenants on and prior to the date of such request.

6.1 Restriction on Certain Actions. Borrower will not:

6.1.1 Issue any shares of voting or nonvoting stock of Borrower to any person or permit the transfer of any shares of any voting or nonvoting stock of Borrower by or to any Person.

6.1.2 Make any payment or distribution to Shareholders in property or in cash at any time except for (a) Tax Distributions or (b) distributions made for the payment of Existing Debt in accordance with this Agreement.

6.1.3 (a) Following the occurrence of an Event of Default, make any payment on or with respect to the BRN Note or the Intercompany Agreements or (b) pay any amount on or with respect to the BRN Note or the Intercompany Agreements prior to the time at which payment is actually due.

6.1.4 Cause, enter or consent to the amendment, modification, or termination of the Borrower Organizational Documents or the Intercompany Agreements.

6.1.5 Sell or agree to sell or otherwise transfer any interest in or to the Collateral except for the sale of Released Lots in accordance with Section 4.0.

6.1.6 Make any loans or advances to, or guarantee, endorse, or become a surety or otherwise become liable, directly or contingently, upon the obligation of any Person.

6.1.7 Dissolve or liquidate, or sell, assign, lease or transfer all or any material part of its assets or business, or enter into any merger, consolidation, pool, joint venture, or other combination or engage in or conduct any business activity other than such activities as are conducted by Borrower as of the Effective Date.

6.1.8 Make any investment in, or acquire any debt or equity interests in, or acquire all or substantially all of the assets of, any Person.

6.1.9 Incur or assume any debt except for (a) debt under the Intercompany Agreements which is subordinate to the obligations of Borrower to Lender or (b) accounts payable incurred in the ordinary course of business, which are unsecured, and which state an initial maturity of not greater than ninety (90) days of incurrence by Borrower.

6.1.10 Create, incur, assume, or suffer to exist, any pledge, lien, security interest, assignment, deposit arrangement, or other preferential arrangement, charge, or encumbrance (including, without limitation, any conditional sale, or other title retention agreement, or finance lease) of any nature, upon or with respect to the Collateral, or any asset now owned or hereafter acquired other than Liens in favor of the Lender.

6.1.11 Except for the Black Rock Management Contract, enter any agreement for the management, leasing or operation of the Real Property.

6.2 Title to Assets and Maintenance. Borrower will defend and maintain title to all of its material properties and assets, including, without limitation, in and to the Collateral. Borrower will keep its assets, both real and personal, including, without limitation, the Collateral, in good order and condition consistent with industry practice and will make all necessary repairs, replacements and improvements sufficient to maintain the value of the Collateral commensurate with industry practices.

6.3 Payment of Liabilities. Borrower will pay all its liabilities as they become due unless they are contested in good faith by appropriate actions or legal proceedings and Borrower establishes adequate reserves in accordance with generally accepted accounting principles. Borrower will (a) keep accurate and complete records of all accounts; and (b) make no material change in any of the terms of any account or grant to any account debtor any rebate, refund, allowance, or credit upon any account nor adjust, settle or compromise the amount or payment of any account.

6.4 Inspection of Collateral. Borrower will allow Lender and any person or entity designated by the Lender, to inspect, at any reasonable time, Borrower's business premises and any or all of the Collateral and the Borrower's operations with respect to the Collateral.

6.5 Setoff. Borrower grants to the Lender a contractual possessory security interest in, and hereby assigns, conveys, delivers, pledges, and transfers to the Lender all the Borrower's right, title and interest in and to, the Borrower's deposit accounts with Lender and that upon the occurrence and during the continuance of any Event of Default the Lender is hereby authorized at any time and from time to time, without notice to the Borrower (any such notice being expressly waived by the Borrower), to set off and apply any and all deposits (whether general or special, time or demand, provisional or final) held against the indebtedness at any time owing to the Lender. The foregoing rights of the Lender are in addition to other rights and remedies (including, without limitation, other rights of setoff) which the Lender may have.

6.6 Maintain Entitlements. Borrower will not cause or permit, by any act or failure to act, any Entitlement, to expire without filing a timely application for renewal or to be surrendered or modified, or take any action that would cause any governmental or other authority to institute proceedings for the suspension, revocation, or adverse modification of any such Entitlement.

6.7 Further Assurances. Borrower will execute and deliver such other and further instruments and to perform such other and further acts as in the opinion of the Lender may be necessary or desirable to carry out more effectively the purposes of this Loan Agreement or to create or perfect the Liens of Lender in the Collateral.

6.8 Perform Covenants. The Borrower will perform all of its duties, covenants and obligations under, and make all payments and take all other action required by, the Loan Documents.

6.9 Insurance. Borrower will obtain and keep in full effect such insurance or evidence of insurance as Lender may reasonably require including, but not limited to, the insurance required on Schedule 6.9. All such insurance policies will contain such reasonable endorsements as Lender may from time to time require, and all liability policies will name Lender as additional insureds or additional loss payees as their interests may appear. All such insurance policies will be endorsed with a loss payable clause in favor of Lender. Borrower will give Lender satisfactory evidence of renewal of all such policies with premiums paid at least thirty (30) days before expiration of

such policy or policies. Borrower agrees to pay all premiums on such insurance as they become due, and will not permit any condition to exist on or with respect to the Collateral which would wholly or partially invalidate any insurance. Borrower will give immediate written notice to the insurance carrier and to the Lender of any loss. Borrower hereby authorizes and empowers Lender, at Lender's option and in Lender's sole discretion, and following an Event of Default, to act as attorney-in-fact for Borrower to make proof of loss, to adjust and compromise any claim under insurance policies, to collect and receive insurance proceeds and to deduct therefrom expenses incurred in the collection of such proceeds, and all insurance policies of Borrower will provide that Lender may act as Borrower's attorney-in-fact for such purposes. Borrower will provide copies of all insurance policies to Lender when and as Lender may request. Upon demand of Lender, Borrower shall deliver to Lender for application to the obligations of Borrower to Lender, all insurance proceeds received or receivable by Borrower.

6.10 Compliance With Laws. Borrower will comply in all respects with all applicable Laws, such compliance to include, without limitation, paying before the same become delinquent all taxes, assessments, or governmental charges imposed upon Borrower or upon its property, including the Real Property.

6.11 Right of Inspection. The Lender will be allowed, at the Borrower's sole cost and expense, by any person or entity designated by the Lender, to (i) inspect, at any reasonable time, all of the Borrower's books, records, accounting systems and accounts, (ii) inspect the Borrower's records to audit the statements provided or required to be provided by Borrower, and (iii) to discuss the contents of such books of record and accounts with appropriate employees, agents, officers, managers, members or directors of the Borrower and (iv) make and keep copies of such books and records and other information of Borrower as Lender may deem appropriate.

6.12 Reporting Requirements. Borrower shall furnish to the Lender:

6.12.1 Monthly Financial Statements. As soon as available, and in any event on or before the 20th calendar day following the last day of each calendar month, Borrower financial statements including, without limitation, balance sheets, statements of income and statements of changes in financial position of the Borrower and any subsidiary, all in reasonable detail and all prepared in accordance with GAAP consistently applied.

6.12.2 Annual Financial Statements. As soon as available, and in any event on or before the 60th day following the last day of Borrower's fiscal year, Borrower financial statements including, without limitation, balance sheets, statements of income and statements of changes in financial position of the Borrower and any subsidiary, all in reasonable detail and all prepared in accordance with GAAP consistently applied.

6.12.3 Tax Returns. When and as filed, complete copies of state and federal income tax and information returns, together with any amendments, filed by Borrower.

6.12.4 Guarantor Information. As soon as available, and in any event (a) on or before April 15th of each calendar year, a personal financial statement of the Guarantor, in reasonable detail and (b) when and as filed, the federal income tax return of Guarantor.

6.12.5 Notice of Litigation. Promptly after the commencement thereof, notice of all actions, suits, and proceedings before any court or governmental department, commission, board, bureau, agency, or instrumentality, domestic or foreign, affecting the Borrower, which, if determined adversely to the Borrower, could have a material adverse effect on the financial condition, properties, or operations of the Borrower.

6.12.6 Notice of Events of Default. Upon the occurrence of an Event of Default (without regard to the cure period, if any, accorded Borrower), a written notice setting forth the details of such Event of Default and the action which is proposed to be taken by the Borrower.

6.12.7 Notification of Liens. Borrower will immediately advise Lender in writing of any written notice from any laborer, supplier, subcontractor, vendor or materialman to the effect that such laborer, supplier, subcontractor, vendor or materialman has not been paid when due for any labor or materials furnished in connection with the construction of the Project, whether Borrower shall have received written notice of an intention to file a lien or otherwise.

6.13 Certain Financial Covenants. Borrower will conduct its business so as to maintain the following financial covenants, each as determined in accordance with GAAP:

6.13.1 Borrower will maintain a Tangible Net Worth of not less than \$4,500,000, measured as of the last day of each calendar month. "Tangible Net Worth" means the excess of total book value of Borrower assets over the sum of (a) total Borrower liabilities plus (b) total Borrower intangible assets.

6.13.2 Borrower will maintain a ratio of Total Debt to Adjusted Net Worth of not greater than 2.00:1.00, measured as of the last day of each calendar month. "Total Debt" means all indebtedness of Borrower, including, without limitation, indebtedness under the BRN Note. "Adjusted Net Worth" means the total book value of Borrower assets less the book value of receivables due from Affiliates.

6.14 Material Contracts. Upon request of Lender, Borrower will provide Lender true, correct and complete copies of all Material Contracts then in effect.

6.15 Entitlements. On request of Lender, Borrower will provide Lender (a) updated lists of Entitlements held and further Entitlements required for completion of the Project in accordance with the Plans and (b) copies of all Entitlements and (c) a confirming letter of the Borrower or Borrower's counsel, as Lender may request, to the effect that, after due inquiry, the Entitlements not yet obtained but required for completion of the Project are obtainable by Borrower in the ordinary course.

6.16 Use of Loan Proceeds. Borrower will use the proceeds of the Loan solely for Permitted Purposes.

6.17 Completion of Construction. Borrower will, and will cause all parties with which Borrower contracts to, diligently pursue construction of the Project to completion and will supply such monies and perform such duties as may be necessary to complete the construction in accordance with the Plans and in full compliance with all terms, conditions and covenants of the Loan Documents. All of such construction shall be completed without liens, claims or assessments (actual or contingent) asserted against the Collateral for any material, labor or other items furnished in connection with such construction, excluding only such liens, claims or assessments as are assured or bonded to Lender's satisfaction. Borrower shall cause the construction to be completed in full compliance with all Entitlements and all construction, use, building, zoning and other similar requirements of any governmental jurisdiction and all covenants, conditions, restrictions or other private agreements to which the Real Property is or may become subject. Borrower shall provide Lender with satisfactory evidence of such compliance, from time to time, upon reasonable request of Lender.

6.18 Final Plats. Borrower shall cause the final plat(s) or similar instruments necessary for the completion of the Project and disposition of Lots, to be recorded with respect to some or all of the Real Property as soon as commercially reasonable and consistent with the Plans. All final plats or similar instruments shall be materially consistent, in all respects, with the Plans and the Entitlements. Borrower will provide Lender the form of any final plat or similar instrument not later than fifteen (15) days prior to the date of intended recording.

7.0 Events of Default and Remedies.

7.1 Events of Default. The occurrence, and, with respect to default other than for nonpayment, the continuance thereof unremedied for thirty (30) days or such longer period as may be specifically provided in the Loan Documents with respect to such occurrence, of any of the followings events will be deemed to constitute an "Event of Default" under this Loan Agreement:

7.1.1 The Borrower fails to pay in full, any payment or other amount required under the Note or any of the other Loan Documents, when and as such payment is due.

7.1.2 The Borrower fails to fully perform and keep any and all covenants and agreements in the Loan Documents required to be performed by

it or the occurrence of any event of default as defined in or provided in any Loan Document.

7.1.3 An event of default or other failure of performance occurs under (a) the Subordination Agreement or (b) the Guaranty or (c) the Entitlements or (d) the Material Contracts, which remains uncured for the period of time, if any, accorded under such instrument or agreement.

7.1.4 The filing or other assertion of any lien or other encumbrance on the Collateral by any Person other than the Lender.

7.1.5 The voluntary or involuntary transfer of any right, title or interest in or to the Collateral except for the sale of Lots as permitted by Section 4.0 of this Agreement.

7.1.6 If the Borrower or Guarantor shall become insolvent (however such insolvency may be evidenced) or bankrupt, or shall file for bankruptcy, or shall make an assignment for the benefit of or a composition with creditors, or shall be unable, or shall admit in writing its or their inability, to pay its or their debts as they mature; or if bankruptcy, reorganization, arrangement, insolvency or similar proceeding for relief of financially distressed debtors shall be instituted against Borrower or Guarantor and shall not be dismissed on appeal, within sixty (60) days of such institution; or if Borrower or Guarantor shall petition for, or there shall be appointed for a substantial part of the assets or properties of the Borrower or Guarantor, a trustee, receiver or liquidator, or if the Borrower or Guarantor shall take any action for the purposes of effecting any of the foregoing.

7.1.7 If any representation or warranty of the Borrower contained in any of the Loan Documents, or if any financial statement or other document provided to the Lender by Borrower in connection with the Loan or required under the Loan Documents proves to have been false in any material respect when made or furnished.

7.1.8 If the Borrower is in default in payment or performance under any agreement to which Borrower is a party or by which the property of Borrower is bound or affected, including, without limitation, under the Intercompany Agreements.

7.1.9 The entry of one or more judgments against Borrower.

7.1.10 A Change in Control occurs.

7.1.11 Death of Guarantor.

7.2 Remedies. Upon the occurrence of any Event of Default, the Lender shall be entitled to exercise, in addition to any right or remedy accorded at law or in equity, the following remedies and all such remedies are deemed to be cumulative and may be

exercised individually or in combination as appropriate: (i) to declare all amounts owing under the Loan Documents including under the Note to be immediately due and payable in full; (ii) to pursue all rights and remedies provided for in the Loan Documents; (iii) to have a receiver appointed by a court of competent jurisdiction, in order to manage, protect, and preserve the Borrower's business and all other Collateral and to continue the operation of the Borrower's business (including the collection of all revenues and payment of all expenses of the receivership) until sale or other final disposition of the Collateral and (iv) to foreclose the Mortgage and to exercise any remedy accorded a secured party under the Uniform Commercial Code or similar law. The exercise of any one or more rights or remedies shall not be deemed a waiver of any other rights or remedies.

7.3 Lender's Curative Rights. Upon the happening of any Event of Default which may be cured by payment of money or by performance of any act, the Lender, without waiving any right or remedy, shall have the right, but not the obligation, to make such payment or perform such act, and to add to the amount owing to Lender, and to demand and receive from Borrower, the amount of such payment or the cost of performing such action. All such amounts shall bear interest, until paid, at the Default Interest Rate.

8.0 General Provisions.

8.1 Amendments; Consents. No amendment, modification, supplement, extension, termination or waiver of any provision of this Agreement or any other Loan Document, no approval or consent thereunder, and no consent to any departure by the Borrower or any other party therefrom, may in any event be effective unless in writing signed by the Lender, and then only in the specific instance and for the specific purpose given.

8.2 Notices. All notices, requests and demands hereunder will be in writing and (i) made to the address set forth below, or to such other address as either party may designate by written notice to the other in accordance with this provision, and (ii) deemed to have been given or made: if delivered in person, immediately upon delivery; if by telex, or telegram, immediately upon sending and upon confirmation of receipt; if by nationally recognized overnight courier service with instructions to deliver the next Business Day, one (1) Business Day after sending; and if by certified mail, return receipt requested, five (5) days after mailing.

If to Borrower: BRN Development, Inc.
Attn: Marshall R. Chesrown
912 Northwest Blvd.
Coeur d'Alene, ID 83814

If to Lender: American Bank
1612 W. Main Street
Bozeman, MT 59715
Attn: Mark Hendrickson

8.3 Actions. The Lender shall have the right to commence, appear in, or defend any action or proceedings purporting to affect the rights, duties or liabilities of the parties as set forth in the Loan Documents. In such event, the Borrower agrees to pay the Lender on demand all expenses, including reasonable attorneys' fees, incurred in connection with such action.

8.4 Assignment. This Agreement and the rights or obligations of Borrower may not be assigned by the Borrower without the Lender's prior written consent, which consent the Lender may grant or withhold in its sole discretion. Without in any way lessening the effect of the preceding sentence, the duties and obligations provided in the Loan Documents shall be binding upon and inure to the benefit of the successors and assigns of the parties. The Borrower acknowledges that the Lender may transfer all or a portion of the Loan to one or more third parties and the Borrower consents thereto and agrees to render performance to the assignees and the Lender as appropriate.

8.5 Governing Law. This Agreement is being executed in the State of Montana and is to be governed by and construed in accordance with the laws of Montana.

8.6 Costs, Expenses and Taxes. Borrower shall pay on demand the costs and expenses of the Lender in connection with the negotiation, preparation, execution and delivery of the Loan Documents, and in connection with the amendment, waiver, refinancing, restructuring, reorganization (including a bankruptcy reorganization) and enforcement or attempted enforcement of the Loan Documents, and any matter related thereto, including, without limitation, filing fees, recording fees, title insurance fees, appraisal fees, search fees and other out-of-pocket expenses and the reasonable fees and out-of-pocket expenses of any legal counsel, independent public accountants and other outside experts retained by the Lender. Borrower shall pay any and all documentary and other taxes (other than income or gross receipts taxes generally applicable to Lender) and all costs, expenses, fees and charges payable or determined to be payable in connection with the filing or recording of this Agreement, any other Loan Document or any other instrument or writing to be delivered hereunder or thereunder, or in connection with any transaction pursuant hereto or thereto, and shall reimburse, hold harmless and indemnify the Lender from and against any and all loss, liability or legal or other expense with respect to or resulting from any delay in paying or failure to pay any tax, cost, expense, fee or charge or that any of them may suffer or incur by reason of the failure of any party to perform any of its obligations. Any amount payable to the Lender under this Section shall bear interest from the second Business Day following the date of demand for payment at the Default Interest Rate.

8.7 Severability/Titles. In case any one or more of the provisions of any of the Loan Documents shall be held to be invalid, illegal or unenforceable in any respect

by any court or other entity having the authority to do so, the validity of the remaining provisions shall in no way be affected, prejudiced or disturbed. Titles and headings herein are for reference purposes only and do not constitute a part of this Agreement.

8.8 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one agreement.

8.9 Time. Time is of the essence of this Agreement.

8.10 Attorneys' Fees. The prevailing party in any legal proceeding for the interpretation or enforcement of this Agreement or the Loan Documents will be entitled to recover its cost and expenses, including reasonable attorneys' fees, incurred in or with respect to such proceeding.

8.11 Further Assurance. Each party to this Agreement shall execute such additional documents and instruments and take such actions as may be reasonably necessary or convenient to effectuate the intent of this Agreement and the Loan Documents.

8.12 Entire Agreement. This Agreement, together with the other Loan Documents, comprises the complete and integrated agreement of the parties with respect to the subject matter and supersedes all prior agreements, written or oral, on the subject matter. Each Loan Document was drafted with the joint participation of the respective parties and shall be construed neither against nor in favor of any party.

[Remainder of page blank. Signature page follows.]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

LENDER:

AMERICAN BANK

By: Mark S. Hendrickson
Its: COO

BORROWER:

BRN DEVELOPMENT, INC.

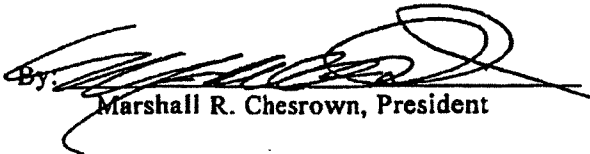
By: 
Marshall R. Chesrown, President

EXHIBIT A
LOAN REQUEST FORM

EXHIBIT B

NOTE

SCHEDULE 2.2

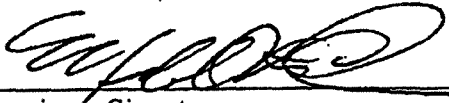
PARCEL REDUCTION AMOUNTS

Parcel	Number of Units	Release Price per unit	Release Price per acre
A			40,000
B			30,000
C			20,000
I	8	95,051	
II	21	83,283	
III	26	83,896	
IV	64	27,061	
1	24	124,644	
2	22	151,897	
3	4	260,000	
4	12	199,870	
5	11	114,532	
6	32	229,553	
7	4	212,914	
9	17	155,117	
10	17	156,224	
11	11	153,090	
12	17	122,138	
13	10	134,815	
14	4	153,375	
15	5	114,400	
16	16	147,784	
Total	325		

SCHEDULE 2.3.2

BORROWER REPRESENTATIVE

Marshall R. Chesrown



Specimen Signature

Chad V. Rountree



Specimen Signature

SCHEDULE 6.9

INSURANCE

Fire and "all risk" insurance covering 100 percent (100%) of the replacement cost of all fixtures, buildings, structures or other improvements on the Real Property or otherwise owned or leased by Borrower in the event of fire, lightening, earthquake, flood, vandalism and other risks normally covered by "all risk" policies.

6406036

REVOLVING CREDIT NOTE

\$15,000,000.00

February 2, 2007

FOR VALUE RECEIVED, the undersigned, BRN Development, Inc., (the "Borrower"), delivers this Revolving Credit Note (the "Note") under the Revolving Credit Agreement of even date (the "Agreement") and promises to pay to the order of American Bank (the "Lender"), at its office located at 1612 W. Main Street, Bozeman, Montana 59715, the principal amount of Fifteen Million Dollars (\$15,000,000.00), or the aggregate unpaid principal amount of all Loans when and as provided herein or under the Agreement.

Capitalized terms used in this Note are accorded the meaning given such terms in the Agreement.

The principal balance of this Note from time to time will bear interest (computed on the basis of a year of 360 days for the actual number of days elapsed) at the Interest Rate or Default Interest Rate, as applicable, from the date of this Note until fully paid and satisfied. In addition to the payments otherwise required by this Note or the Agreement, Borrower will pay all accrued and unpaid interest, in arrears, on the Loan (a) for interest accrued during each calendar month, on the 2nd calendar day of the succeeding calendar month and (b) on the Maturity Date.

Borrower shall make payments of principal on this Note as required under the Agreement. Without limiting the foregoing, unless otherwise permitted under the Agreement, Borrower shall fully pay and satisfy the entire principal balance of the Note on the Maturity Date.

All payments by Borrower shall be applied to the principal or accrued and unpaid interest on this Note as provided in the Agreement.

The Borrower authorizes the Lender to endorse on a schedule annexed to this Note, or to otherwise evidence on Lender's books and records, all Loans made to the Borrower and all payments of principal amounts in respect of such Loans, which endorsements or evidence shall, in the absence of manifest error, be conclusive as to the outstanding principal amount of all Loans; provided, however, that the failure to make such notation with respect to any Loan or payment shall not limit or otherwise affect the obligations of the Borrower under the Revolving Credit Agreement or this Note.

The Agreement, among other things, contains provisions for acceleration of the maturity of this Note upon the happening of certain stated events, and also for payments of the principal balance or accrued interest on this Note, prior to the Maturity Date upon the terms and conditions stated in the Agreement. This Note is secured by, among other things, a Mortgage, Security Agreement and Fixture Filing.

The occurrence of an Event of Default under the Agreement is a default under this Note as if such Events of Default were fully stated on the face of this Note.

The Borrower shall make each payment under this Note not later than 11:00 a.m. Mountain time on the date when due in lawful money of the United States to the Lender in immediately available funds and at the Lender's office in Bozeman, Montana. Whenever any payment to be made under this Note shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day, and the extension of time shall in such case be included in the computation of the payment of interest. Payments received by Lender after 11:00 a.m. Mountain time shall be deemed received for all purposes on the next Business Day.

This Note shall be governed by the laws of the state of Montana.

Borrower waives demand, presentment for payment, diligence in collection, notice of nonpayment and protest.


In the event of any suit or other proceeding for the interpretation or enforcement of this Note, the prevailing party in such suit or other legal proceeding shall be entitled to recover its costs and expenses incurred, including, without limitation, reasonable attorneys' fees.

Time is of the essence of this Note.

Borrower agrees to execute such further documents and instruments and take such further actions as may be reasonably necessary or convenient to effectuate the intention of this Note.

[Remainder of page blank. Signature page follows.]

BRN DEVELOPMENT, INC.

By: 
Marshall R. Chesrown, President

DANIEL S. ENGLISH 26P I 2081643000
KOOTENAI CO. RECORDER Page 1 of 26
BBB Date 02/08/2007 Time 15:10:38
REC-REQ OF NORTH IDAHO TITLE INSURA
RECORDING FEE: 78.00
2081643000 NY 5

When Recorded Return To:
American Bank
Attn: Mark Hendrickson
1612 W. Main Street
Bozeman, MT 59715

6001-17833T0

MORTGAGE, SECURITY AGREEMENT AND FIXTURE FILING

BORROWER: BRN Development, Inc.
912 Northwest Blvd.
Coeur d'Alene, ID 83814

LENDER: American Bank
1612 W. Main Street
Bozeman, MT 59715

DATE: February 2, 2007

MORTGAGE, SECURITY AGREEMENT AND FIXTURE FILING

THIS MORTGAGE, SECURITY AGREEMENT AND FIXTURE FILING (the "Mortgage") effective as of February 2, 2007, by BRN Development, Inc., an Idaho corporation, whose address is 912 Northwest Blvd., Coeur d'Alene, Idaho 83814, as mortgagor (the "Borrower"), and American Bank, a Montana banking corporation, its successors and assigns, whose address is 1612 W. Main Street, Bozeman, Montana 59715, as mortgagee (the "Lender").

RECITALS:

A. Borrower and Lender have, on even date with this Mortgage, entered a Revolving Credit Agreement (the "Agreement") together with additional loan documents contemplated by the Agreement and including a Revolving Credit Note (together with all substitutions, consolidations, modifications, replacements, restatements, increases, renewals, and extensions thereof, in whole or in part, shall collectively be referred to as the "Note") under which Borrower is indebted to Lender in the original principal sum of Fifteen Million Dollars (\$15,000,000.00) with interest thereon, and with final payment due and payable on the Maturity Date. The Agreement and the Note, together with instruments and documents contemplated by, or executed or delivered pursuant to, the Agreement and

DEPOSITION
EXHIBIT

Chesrown #166
6-22-10 PP ±D

Confidentiality
Waived

1094

AB002488

the Note, and including, without limitation, this Mortgage, are referred to as the "Loan Documents". Capitalized terms used in this Mortgage and not otherwise defined herein are accorded the meaning given such terms in the Agreement.

B. Lender, as a condition precedent to the extension of credit and the making of the loan evidenced by the Note, has required that Borrower provide Lender with security for the repayment of the indebtedness evidenced by the Note as well as for the performance, observance and discharge by Borrower of various covenants, conditions and agreements made by Borrower to, with, in favor of, and for the benefit of, Lender with respect to such indebtedness and security.

1.0 Grants of Security.

1.1 Property Granted. In consideration of and in order to secure the repayment of the indebtedness evidenced and represented by the Note, together with interest on such indebtedness, as well as the payment of all sums advanced pursuant to this Mortgage to protect and preserve the Property and the lien and security interest created hereby and all other sums of money secured hereby, as provided below; and to secure the observance, performance and discharge by Borrower of all covenants, conditions and agreements set forth in the Loan Documents (all of the forgoing obligations are referred to as the "Secured Obligations"), Borrower mortgages, grants, bargains, sells, aliens, remises, releases, conveys, assigns, transfers, pledges, delivers, sets over, hypothecates, warrants, and confirms to Lender, subject to the terms and conditions of this Mortgage, all estate, right, title and interest which Borrower now has or may later acquire in and to the following described properties, rights and interests and all replacements of, substitutions for, and additions thereto (all of which are referred to below as the "Property"):

1.1.1 Real Property. (i) The real property located in Kootenai County, Idaho described in Exhibit A attached hereto and made a part hereof, and (ii) all buildings, fixtures, improvements, water delivery systems, roads, cables, structures, and all equipment or machinery affixed to the real property and (iii) all reversions, remainders, tenements, hereditaments, easements, water rights, rights-of-way or use, rights (including timber, alley, air, drainage, crop, mineral, mining, coal, water, oil and gas rights, sand and gravel, rights of access and any other rights to produce or share in the production of anything from or attributable thereto), development rights, entitlements, licenses, privileges, royalties and appurtenances to said real property, now or hereafter belonging or in any way pertaining thereto and any improvement thereto (collectively the "Real Property").

1.1.2 Improvements. All buildings, structures and other improvements of any kind, nature or description now or hereafter erected, constructed, placed or located upon the Real Property (the "Improvements").

1.1.3 Appurtenances. All tenements, hereditaments, strips and gores of land, rights-of-way, easements, privileges and other appurtenances now or hereafter belonging or in any way appertaining to the Real Property, including, without limitation, all right, title and interest of the Borrower in any after-acquired right, title, interest, remainder

or reversion, in and to the beds of any ways, streets, avenues, roads, alleys, passages and public places, open or proposed, in front of, running through, adjoining or adjacent to the Real Property; all minerals, royalties, gas rights, water, water rights, water stock, flowers, shrubs, lawn plants, crops, trees, timber and other emblements now or hereafter located on, under, or above all or any part of the Real Property (the "Appurtenances").

1.1.4 Leases and Rents. All leases and other agreements affecting the use, enjoyment or occupancy of all or any part of the Real Property or the Improvements heretofore or hereafter entered into as the same may be amended from time to time (the "Leases") and all right, title and interest of Borrower, its successors and assigns therein and thereunder, including, without limitation, cash or securities deposited thereunder to secure the performance by the lessees of their obligations thereunder and all rents, additional rents, revenues, issues and profits (including all oil and gas or other mineral royalties and bonuses) from the Real Property and the Improvements whether paid or accruing before or after the filing by or against Borrower of any petition for relief under the Bankruptcy Code (the "Rents") and all proceeds from the sale or other disposition of the Leases and the right to receive and apply the Rents to the payment of the Secured Obligations.

1.1.5 Condemnation Awards. Any and all awards, payments or settlements, including interest thereon, and the right to receive the same, as a result of (a) the exercise of the right of eminent domain, (b) the alteration of the grade of any street, and (c) any other injury, damage or casualty to, taking of, or decrease in the value of, the Property, to the extent of all amounts that may be secured by this Mortgage at the date of any such award or payment, including but not limited to Reasonable Attorneys' Fees (as defined below), costs, and disbursements incurred by Lender in connection with the collection of such award or payment.

1.1.6 Fixtures and Personal Property. All machinery, equipment, fixtures (including, but not limited to all heating, air conditioning, plumbing, lighting, communications and elevator fixtures) and other property of every kind and nature whatsoever owned by Borrower, or in which Borrower has or shall have an interest, now or hereafter located upon the Real Property or the Improvements, or appurtenant thereto, and used in connection with the present or future operation and occupancy of the Real Property and the Improvements and all building equipment, materials and supplies of any nature whatsoever owned by Borrower, or in which Borrower has or shall have an interest, now or hereafter located upon the Real Property and the Improvements, or appurtenant thereto, or used in connection with the present or future operation and occupancy of the Real Property and the Improvements. All personal property and fixtures of every kind and nature including without limitation all goods (including inventory, equipment and any accessions thereto), instruments (including promissory notes), documents, accounts, chattel paper (whether tangible or electronic), deposit accounts, letter of credit rights (whether or not the letter or credit is evidenced by a writing), commercial tort claims, securities and all other investment property, supporting obligations, any other contract rights or rights to the payment of money, insurance claims and proceeds, tort claims, and all general intangibles including, without limitation, development rights and entitlements, all payment intangibles, patents, patent applications, trademarks, trademark applications, trade names, copyrights,

copyright applications, software, licenses, permits, agreements of any kind or nature pursuant to which the Borrower possesses, uses or has authority to possess or use of property (whether tangible or intangible) of others or that others possess, use or have authority to possess or use property (whether tangible or intangible) of the Borrower, and all recorded data of any kind or nature, regardless of the medium of recording, including, without limitation, all software, writings, plans, specifications and schematics, wherever located, whether now owned or hereafter acquired or arising, and all proceeds and products thereof (together referred to as the "Fixtures and Personal Property," which term expressly excludes any toxic waste or substance deemed hazardous under federal, regional, state, or local laws).

1.1.7 Insurance Proceeds. All proceeds of and any unearned premiums on any insurance policies covering the Property, including, without limitation, the right to receive and apply the proceeds of any insurance judgments, or settlements made in lieu thereof, for damage to the Property.

1.1.8 Agreements. All agreements, contracts, certificates, instruments, franchises, permits, licenses, plans, specifications and other documents, now or hereafter entered into, and all rights therein and thereto, respecting or pertaining to the use, occupation, construction, management or operation of the Real Property and any part thereof and any Improvements or respecting any business or activity conducted on the Real Property and any part thereof and all right, title and interest of Borrower therein and thereunder, including, without limitation, the right to receive and collect any sums payable to Borrower thereunder.

1.1.9 Intangibles. All trade names, trademarks, service marks, logos, copyrights, goodwill, books and records and all other general intangibles specific to or used in connection with the operation of the Property.

1.2 Assignment of Leases and Rents. Borrower absolutely and unconditionally assigns to Lender all of Borrower's right, title and interest in and to all current and future Leases and Rents; it being intended by Borrower that this assignment constitutes a present, absolute assignment and not an assignment for additional security only. Nevertheless, subject to the terms of this Mortgage, Lender grants to Borrower a revocable license to collect and receive the Rents. Borrower shall hold a portion of the Rents sufficient to discharge all current sums due on the Note, for use in the payment of such sums.

1.3 Security Agreement. This Mortgage is both a real property mortgage and a "security agreement" within the meaning of the Idaho Uniform Commercial Code. The Property includes all rights and interests, whether tangible or intangible in nature, of Borrower in the Property. By executing and delivering this Mortgage, Borrower grants Lender, as security for the Secured Obligations, a security interest in the Property that is personal property (the "Personal Property") to the full extent that the Personal Property may be subject to the Idaho Uniform Commercial Code. This Mortgage shall operate as and constitute a financing statement filed as a fixture filing, covering any of the Property that now is or later becomes fixtures attached to the Real Property or the Improvements.

2.0 Borrower Covenants. Borrower covenants and agrees as follows:

2.1 Performance of Obligations. Borrower shall perform, comply with, and abide by each and every one of the covenants, agreements and conditions contained and set forth in the Loan Documents and shall comply with all laws, ordinances, rules, regulations and orders of any governmental authorities having jurisdiction over the Property that now or hereafter affect the Property or requires any alterations or improvements to be made thereon, and shall perform all of its obligations under any covenant, condition, restriction or agreement of record affecting the Property and shall insure that at all times the Property constitutes one or more legal lots capable of being conveyed without violation of any subdivision or platting laws, ordinances, rules or regulations, or other laws relating to the division or separation of real property.

2.3 Preservation and Maintenance of Property. Borrower shall keep all Improvements now existing or hereafter erected on the Real Property in good order and repair and shall not do or permit any waste, impairment or deterioration thereof or thereon, nor alter, remove, or demolish any of the Improvements or any Fixtures or Personal Property attached or appertaining thereto, without the prior written consent of Lender. Borrower shall not initiate, join in, or consent to any change in any private restrictive covenant, zoning ordinance or other public or private restrictions limiting or defining the uses that may be made of the Property or any part thereof, nor do or permit any other act whereby the Property shall become less valuable, be used for purposes contrary to applicable law, or be used in any manner that will increase the premium for or result in a termination or cancellation of the insurance policies hereinafter required to be kept and maintained on the Property. Borrower shall effect such repairs as Lender may reasonably require, and from time to time make all needful and proper replacements so that the Improvements, Appurtenances, Fixtures and Personal Property will, at all times, be in good condition, fit and proper for the respective purposes for which they were originally erected or installed.

2.3 Hazardous Waste.

2.3.1 Borrower at all times shall keep the Property and ground water of the Property free of Hazardous Materials (as defined below). Borrower shall not and shall not knowingly permit its tenants or any third party requiring the consent of Borrower to enter the Property, to use, generate, manufacture, treat, store, release, threaten release, or dispose of Hazardous Materials in, on, or about the Property or the ground water of the Property in violation of any federal, regional, state, or local law, decision, statute, rule, ordinance or regulation currently in existence or hereinafter enacted or rendered (collectively the "Hazardous Waste Laws"). Borrower shall give Lender prompt written notice of any claim by any person, entity, or governmental agency that a significant release or disposal of Hazardous Materials has occurred in, on, or under the Property in excess of legal limits. Borrower, through its professional engineers and at its cost, shall promptly and thoroughly investigate suspected Hazardous Materials contamination of the Property. Borrower shall forthwith remove, repair, clean up, and/or detoxify any Hazardous Materials found on the

Property or in the ground water of the Property if such actions are required by Hazardous Waste Laws, and whether or not Borrower was responsible for the existence of the Hazardous Materials in, on or about the Property or the ground water of the Property. Hazardous Materials shall include, but not be limited to, substances defined as "hazardous substances," "hazardous materials," or "toxic substances" under federal law or the laws of the state of Idaho. Borrower shall not put any underground storage tanks on the Real Property.

2.3.2 Borrower shall indemnify Lender and hold Lender harmless from and against any and all losses, liabilities, damages, injuries, costs, expenses and claims of any and every kind whatsoever paid, incurred or suffered by, or asserted against Lender for, with respect to, or as a direct or indirect result of, the presence in, on, or under, or the escape, seepage, leakage, spillage, discharge, emission, or release from, the Property of any Hazardous Materials (including, without limitation, any losses, liabilities, damages, injuries, costs, expenses or claims asserted or arising under any Hazardous Waste Laws), regardless of the source of origination and whether or not caused by, or within the control of, Borrower.

2.3.3 Borrower liability under this Section 2.3 and similar provisions in this Mortgage and the other Loan Documents concerning Hazardous Materials shall survive repayment of the Note and satisfaction of this Mortgage.

2.4 **Payment of Taxes, Assessments and Other Charges.** Borrower shall pay all taxes, assessments, and other charges that are or may be hereafter levied or assessed upon or against the Property, when the same shall become due and payable according to law, before the same become delinquent, and before any interest or penalty shall attach thereto. Borrower shall have the right to contest, in good faith, the proposed assessment of ad valorem taxes or special assessments by governmental authorities having jurisdiction over the Property; provided, however, Borrower shall give written notice thereof to Lender and Lender may, in its sole discretion, require Borrower to post a bond or other collateral satisfactory to Lender in connection with any such action by Borrower.

2.5 **Payment of Liens, Charges and Encumbrances.** Borrower shall immediately pay and discharge from time to time when the same shall become due all lawful claims and demands of mechanics, materialmen, laborers and others which, if unpaid, might result in, or permit the creation of, a lien, charge or encumbrance upon the Property or any part thereof, or on the rents, issues, income, revenues, profits and proceeds arising therefrom and, in general, to do or cause to be done everything necessary so that the lien of this Mortgage shall be fully preserved, at the cost of Borrower, without expense to Lender. Borrower shall have the right to contest, in good faith and in accordance with applicable laws and procedures, mechanics' and materialmen's liens filed against the Property; provided however, that Borrower shall give written notice thereof to Lender, and Lender may, in its sole discretion, require Borrower to post a bond or other collateral satisfactory to Lender (and acceptable to the title insurance company insuring this Mortgage) in connection with any such action by Borrower.

2.6 Payment of Junior Encumbrances. Borrower shall not permit default or delinquency under any lien, imposition, charge or encumbrance against the Property, even though junior and inferior to the lien of this Mortgage; provided however, the foregoing shall not be construed to permit any other lien or encumbrance against the Property.

2.7 Payment of Mortgage Taxes. Borrower shall pay any and all taxes that may be levied or assessed directly or indirectly upon the Note and/or this Mortgage (except for income taxes payable by Lender) or the debt secured hereby, without regard to any law that may be hereafter enacted imposing payment of the whole or any part thereof upon Lender, its successors or assigns.

2.8 Condemnation. Borrower shall promptly give Lender notice of the actual or threatened commencement of any condemnation or eminent domain proceeding and shall deliver to Lender copies of any and all papers served in connection with such proceedings. Lender may participate in any such proceedings to the extent permitted by law. Borrower shall, at its expense, diligently prosecute any such proceedings, and shall consult with Lender, its attorneys and experts, and cooperate with them in the carrying on or defense of any such proceedings. Notwithstanding any taking by any public or quasi-public authority through eminent domain or otherwise (including, but not limited to any transfer made in lieu of or in anticipation of the exercise of such taking), Borrower shall continue to pay the Secured Obligations at the time and in the manner provided for its payment in the Note and in this Mortgage and the Secured Obligations shall not be reduced until any award or payment therefor shall have been actually received and applied by Lender, after the deduction of expenses of collection, to the reduction or discharge of such obligations. Lender shall not be limited to the interest paid on the award by the condemning authority but shall be entitled to receive out of the award interest at the rate or rates provided herein or in the Note. Borrower shall, upon demand of Lender, pay to Lender for application to the Secured Obligations all amounts received or receivable by Borrower in respect of any condemnation of all or any part of the Property.

2.9 Compliance with Laws. Borrower shall observe, abide by, and comply with all statutes, ordinances, laws, orders, requirements or decrees relating to the Property enacted, promulgated or issued by any federal, state, county or local governmental authority or any agency or subdivision thereof having jurisdiction over Borrower or the Property. Borrower shall observe and comply with all conditions and requirements necessary to preserve and extend any and all rights, licenses, permits (including, but not limited to, zoning, variances, special exceptions and nonconforming uses), privileges, franchises and concessions that are applicable to the Property or that have been granted to or contracted for by Borrower in connection with any existing, presently contemplated or future use of the Property.

3.0 Execution of Additional Documents. Borrower shall, at the cost of Borrower, execute, acknowledge and deliver all and every such further acts, deeds, conveyances, mortgages, assignments, notices of assignments, transfers, assurances and other instruments, including security agreements and financing statements, as Lender shall from time to time require for the purpose of better assuring, conveying, assigning, transferring and confirming unto Lender the Property and rights hereby encumbered, created, conveyed, assigned or intended now or hereafter so to be encumbered, created, conveyed or assigned or that Borrower may now be or may hereafter become bound to encumber, create, convey, or assign to Lender, or for the purpose of carrying out the intention or facilitating the performance of the terms of this Mortgage, or for filing, registering, or recording this Mortgage, and to pay all filing, registration, or recording fees and all taxes, costs and other expenses, including reasonable attorneys' fees, incident to the preparation, execution, acknowledgment, delivery, and recordation of any of the same.

4.0 Further Encumbrance Prohibited. Except as permitted by the Agreement, Borrower shall not, without the prior written consent of Lender, sell, convey, mortgage, grant, bargain, encumber, pledge, assign, or otherwise transfer the Property or any part thereof or permit the Property or any part thereof to be sold, conveyed, mortgaged, granted, bargained, encumbered, pledged, assigned, or otherwise transferred. A sale, conveyance, mortgage, grant, bargain, encumbrance, pledge, assignment, or transfer within the meaning of this Section shall be deemed to include, but not limited to (a) an installment sales agreement wherein Borrower agrees to sell the Property or any part thereof for a price to be paid in installments; and (b) an agreement by Borrower leasing all or any part of the Property.

5.0 Default. The occurrence of any one or more of the following events shall constitute an "Event of Default":

5.1 The occurrence of any Event of Default as defined in the Loan Documents.

5.2 If any representation or warranty of Borrower or any Guarantor, or any member, general partner, principal or beneficial owner of any of the foregoing, made herein, or in any other Loan Document, or in any guaranty, or in any certificate, report, financial statement or other instrument or document furnished to Lender shall have been false or misleading in any material respect when made.

6.0 Rights And Remedies

6.1 Remedies. Upon the occurrence of any Event of Default, Lender may take such action, without notice or demand, as it deems advisable to protect and enforce its rights against Borrower and in and to the Property, including, but not limited to the following actions, each of which may, to the extent permitted by applicable law, be pursued concurrently or otherwise, at such time and in such order as Lender may determine, in its sole discretion, without impairing or otherwise affecting the other rights and remedies of Lender:

6.1.1 Declare the entire unpaid Secured Obligations to be immediately due and payable.

6.1.2 Institute proceedings, judicial or otherwise, for the complete foreclosure of this Mortgage under any applicable provision of law in which case the Property or any interest therein may be sold for cash or upon credit in one or more parcels or in several interests or portions and in any order or manner.

6.1.3 Institute an action, suit or proceeding in equity for the specific performance of any covenant, condition or agreement contained herein, in the Note or in the other Loan Documents.

6.1.4 Apply for the appointment of a receiver, trustee, liquidator or conservator of the Property, without notice and without regard for the adequacy of the security for the Secured Obligations and without regard for the solvency of Borrower or of any person, firm or other entity liable for the payment of the Secured Obligations.

6.1.5 Exercise any and all rights and remedies granted to a secured party upon default under the Uniform Commercial Code, including, without limiting the generality of the foregoing: (i) the right to take possession of the Personal Property or any part thereof, and to take such other measures as Lender may deem necessary for the care, protection and preservation of the Personal Property, and (ii) request Borrower at its expense to assemble the Personal Property and make it available to Lender at a convenient place acceptable to Lender. Any notice of sale, disposition or other intended action by Lender with respect to the Personal Property sent to Borrower in accordance with the provisions hereof at least five (5) days prior to such action, shall constitute commercially reasonable notice to Borrower.

6.1.6 Pursue such other remedies as Lender may have under applicable law or the Loan Documents.

6.2 **Application of Proceeds.** The purchase money, proceeds and avails of any disposition of the Property, or any part thereof, or any other sums collected by Lender pursuant to the Note, this Mortgage or the other Loan Documents, may be applied by Lender to the payment of the Secured Obligations in such priority and proportions as Lender in its discretion shall deem proper, subject to any applicable law.

6.3 Right to Cure Defaults. Upon the occurrence of any Event of Default, Lender may, but without any obligation to do so and without notice to or demand on Borrower and without releasing Borrower from any obligation hereunder, cure the same in such manner and to such extent as Lender may deem necessary to protect the security hereof. Lender is authorized to enter upon the Property for such purposes, or appear in, defend, or bring any action or proceeding to protect its interest in the Property or to foreclose this Mortgage or collect the Secured Obligations, and the cost and expense thereof (including reasonable attorneys' fees to the extent permitted by law), with interest as provided in this Section, shall constitute a portion of the Secured Obligations and shall be due and payable to Lender upon demand. All such costs and expenses incurred by Lender in remedying such Event of Default or in appearing in, defending, or bringing any such action or proceeding shall bear interest at the Default Interest Rate for the period after notice from Lender that such cost or expense was incurred to the date of payment to Lender. All such costs and expenses incurred by Lender together with interest thereon calculated at the Default Rate shall be deemed to constitute a portion of the Secured Obligations and be secured by this Mortgage and the other Loan Documents and shall be immediately due and payable upon demand by Lender therefor.

6.4 Other Rights.

6.4.1 The failure of Lender to insist upon strict performance of any term hereof shall not be deemed to be a waiver of any term of this Mortgage. Borrower shall not be relieved of Borrower's obligations hereunder by reason of (i) the failure of Lender to comply with any request of Borrower to take any action to foreclose this Mortgage or otherwise enforce any of the provisions hereof or of the Note or the other Loan Documents, (ii) the release, regardless of consideration, of the whole or any part of the Property, or of any person liable for the Secured Obligations or any portion thereof, or (iii) any agreement or stipulation by Lender extending the time of payment or otherwise modifying or supplementing the terms of the Note, this Mortgage or the other Loan Documents.

6.4.2 The risk of loss or damage to the Property is on Borrower, and Lender shall have no liability whatsoever for decline in value of the Property, for failure to maintain the Policies, or for failure to determine whether insurance in force is adequate as to the amount of risks insured. Possession by Lender shall not be deemed an election of judicial relief, if any such possession is requested or obtained, with respect to any Property or collateral not in Lender's possession.

6.4.3 Lender may resort for the payment of the Secured Obligations to any other security held by Lender in such order and manner as Lender, in its discretion, may elect. Lender may take action to recover the Secured Obligations, or any portion thereof, or to enforce any covenant hereof without prejudice to the right of Lender thereafter to foreclose this Mortgage. The rights of Lender under this Mortgage shall be separate, distinct and cumulative and none shall be given effect to the exclusion of the others. No act of Lender shall be construed as an election to proceed under any one provision herein to the exclusion of any other provision. Lender shall not be limited exclusively to the rights

and remedies herein stated but shall be entitled to every right and remedy now or hereafter afforded at law or in equity.

6.5 Lender's Powers. Lender may release or reconvey any portion of the Property for such consideration as Lender may require without, as to the remainder of the Property, in any way impairing or affecting the lien or priority of this Mortgage, or improving the position of any subordinate lienholder with respect thereto, except to the extent that the obligations hereunder shall have been reduced by the actual monetary consideration, if any, received by Lender for such release or reconveyance, and may accept by assignment, pledge or otherwise any other property in place thereof as Lender may require without being accountable for so doing to any other lienholder. This Mortgage shall continue as a lien and security interest in the remaining portion of the Property. Without affecting the liability of any other person liable for the payment and/or performance of the Obligations and without in any way impairing or affecting the lien or priority of this Mortgage, Lender may, from time to time and without notice (i) release any person so liable; (ii) extend the maturity or alter any of the terms of any Secured Obligation; (iii) grant other indulgences; or (iv) make compositions or other arrangements with debtors in relation thereto.

6.6 Right of Entry. Lender and its agents shall have the right upon prior written notice to enter and inspect the Property at all reasonable times upon notice to Borrower.

7.0 Indemnification. If Lender shall become a party either as plaintiff or as defendant, in any action, suit, appeal or legal proceeding (including, without limitation, foreclosure, condemnation, bankruptcy, administrative proceedings or any proceeding wherein proof of claim is by law required to be filed), hearing, motion or application before any court or administrative body in relation to the Property or the lien and security interest granted or created hereby or herein, or for the recovery or protection of said indebtedness or the Property, or for the foreclosure of this Mortgage, Borrower shall save and hold Lender harmless from and against any and all costs and expenses incurred by Lender on account thereof, including, but not limited to, reasonable attorneys' fees, title searches and abstract and survey charges, at all trial and appellate levels, and Borrower shall repay, on demand, all such costs and expenses, together with interest thereon until paid at the then applicable rate of interest of the Note plus five hundred basis points (5%); all of which sums, if unpaid, shall be added to and become a part of the indebtedness secured hereby.

8.0 Usury Savings Clause. Notwithstanding any provisions in the Note or in this Mortgage to the contrary, the total liability for payments in the nature of interest including but not limited to default interest and late payment charges shall not exceed the limits imposed by the laws of the State of Idaho or, if controlling, the United States relating to maximum allowable charges of interest. Lender shall not be entitled to receive, collect or apply, as interest on the indebtedness evidenced by the Note, any amount in excess of the maximum lawful rate of interest permitted to be charged by applicable law. If Lender ever receives, collects or applies as interest any such excess, such amount that would be excessive interest shall be applied to reduce the unpaid principal balance of the

indebtedness evidenced by the Note. If the unpaid principal balance of such indebtedness has been paid in full, any remaining excess shall be paid to Borrower.

9.0 Notices. All notices or other written communications hereunder shall be deemed to have been properly given (a) upon delivery, if delivered in person, (b) one (1) business day after having been deposited for overnight delivery with any reputable overnight courier service, or (c) three (3) business days after having been deposited in any post office or mail depository regularly maintained by the U.S. Postal Service and sent by registered or certified mail, postage prepaid, return receipt requested, addressed as follows:

If to Borrower: BRN Development, Inc.
912 Northwest Blvd.
Coeur d'Alene, ID 83814
Attention: Marshall R. Chesrown

If to Lender: American Bank
1612 W. Main Street
Bozeman, MT 59715
Attention: Mark S. Hendrickson

or addressed as such party may from time to time designate by written notice to the other parties. Either party by notice to the other may designate additional or different addresses for subsequent notices or communications.

10.0 Governing Law. This Mortgage is to be governed by and construed in accordance with the laws of the state of Idaho and, if controlling, by the laws of the United States, and shall be binding upon Borrower, its heirs, personal representatives, successors and assigns and shall inure to the benefit of Lender, its successors and assigns.

11.0 Miscellaneous.

11.1 Successors and Assigns: Terminology. The provisions hereof shall be binding upon Borrower and the heirs, personal representatives, successors and assigns of Borrower, and shall inure to the benefit of Lender, its successors and assigns. Wherever used in this Mortgage, unless the context clearly indicates a contrary intent or unless otherwise specifically provided herein, the word "Borrower" shall mean Borrower and/or any subsequent owner or owners of the Property, the word "Lender" shall mean Lender or any subsequent holder or holders of this Mortgage. As used herein, the phrase "reasonable attorneys' fees" shall mean fees charged by attorneys selected by Lender based upon such attorneys' then prevailing hourly rates as opposed to any statutory presumption specified by any statute then in effect in the State of Idaho.

11.2 Provisions Subject to Applicable Law. All rights, powers and remedies provided in this Mortgage may be exercised only to the extent that the exercise thereof does not violate any applicable provisions of law and are intended to be limited to the extent necessary so that they will not render this Mortgage invalid, unenforceable or not entitled to be recorded, registered or filed under the provisions of any Applicable Law.

11.3 Inapplicable Provision. If any term of this Mortgage or any application thereof shall be invalid or unenforceable, the remainder of this Mortgage and any other application of the term shall not be affected thereby.

11.4 Attorney's Fees for Enforcement. Borrower shall pay to Lender on demand any and all expenses, including legal expenses and attorney's fees, incurred or paid by Lender in protecting its interest in the Property or Personal Property or in collecting any amount payable hereunder or in enforcing its rights hereunder with respect to the Property or Personal Property, whether or not any legal proceeding is commenced hereunder or thereunder and whether or not any default or Event of Default shall have occurred and is continuing, together with interest thereon at the Default Rate from the date paid or incurred by Lender until such expenses are paid by Borrower.

11.5 Modifications. This Mortgage cannot be changed, altered, amended or modified except by an agreement in writing and in recordable form, executed by both Borrower and Lender.

11.6 Captions. The captions set forth at the beginning of the various sections of this Mortgage are for convenience only and shall not be used to interpret or construe the provisions of this Mortgage.

11.7 Liability. If Borrower consists of more than one person, the obligations and liabilities of each such person hereunder shall be joint and several.


11.8 Duplicate Originals; Counterparts. This Mortgage may be executed in any number of duplicate originals and each duplicate original shall be deemed to be an original. This Mortgage may be executed in several counterparts, each of which counterparts shall be deemed an original instrument and all of which together shall constitute a single Mortgage. The failure of any party hereto to execute this Mortgage, or any counterpart hereof, shall not relieve the other signatories from their obligations hereunder.

[Remainder of page blank. Signature page follows.]

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

BORROWER

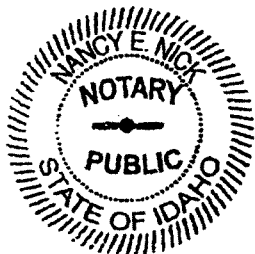
BRN DEVELOPMENT, INC.

By: 
Marshall R. Chesrown, President

STATE OF IDAHO)
) ss.
County of Kootenai)

On this 8 day of February, 2007, before me a Notary Public, personally appeared Marshall R. Chesrown, known or identified to me to be the President of BRN Development, Inc., the person who executed this instrument on behalf of said corporation, and acknowledged to me that such corporation executed the same.

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



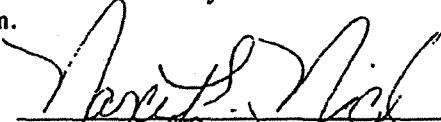

Print Name: Nancy E. Nick
NOTARY PUBLIC FOR IDAHO
Residing at Int Falls, ID
My Commission Expires 10-31-2009

EXHIBIT A

REAL PROPERTY DESCRIPTION

Legal description attached hereto.

**EXHIBIT "A"
LEGAL DESCRIPTION**

PARCEL 1:

THE FOLLOWING 4 TRACTS LABELLED A-D IN GOVERNMENT LOTS 7 AND 8 IN SECTION 8, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO:

TRACT A:

A TRACT OF LAND LOCATED IN GOVERNMENT LOT 8, SECTION 8, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, STATE OF IDAHO, DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF SAID GOVERNMENT LOT 8;

THENCE SOUTH 3 DEGREES 37'03" WEST ALONG THE WEST LINE OF SAID GOVERNMENT LOT, A DISTANCE OF 1111.1 FEET TO THE NORTH RIGHT OF WAY OF EXISTING LOFF'S BAY ROAD;

THENCE 55.69 SOUTHEASTERLY ALONG A CURVE TO THE RIGHT WITH A RADIUS OF 290.0 FEET ON A CHORD BEARING SOUTH 68 DEGREES 17'44" EAST, 55.60 FEET;

THENCE SOUTH 62 DEGREES 47'39" EAST ALONG SAID RIGHT OF WAY, 115.37 FEET TO THE TRUE POINT OF BEGINNING;

THENCE NORTH 3 DEGREES 37'03" EAST, 588.0 FEET;

THENCE SOUTH 86 DEGREES 54'39" EAST, 955.4 FEET TO THE INTERSECTION WITH THE NORTH RIGHT OF WAY OF EXISTING COUNTY ROAD;

THENCE SOUTH 42 DEGREES 34'10" WEST ALONG SAID RIGHT OF WAY 538.6 FEET;

THENCE ALONG SAID RIGHT OF WAY ON A CURVE TO THE RIGHT, 161.47 FEET WITH A RADIUS OF 690.0 FEET AND A CENTRAL ANGLE OF 13 DEGREES 24'29";

THENCE SOUTH 55 DEGREES 58'39" WEST ALONG SAID RIGHT OF WAY, 107.27 FEET;

THENCE ALONG SAID RIGHT OF WAY ON A CURVE TO THE RIGHT, 341.96 FEET WITH A RADIUS OF 320.0 FEET AND A CENTRAL ANGLE OF 61 DEGREES 13'42";

THENCE NORTH 62 DEGREES 47'39" WEST ALONG SAID RIGHT OF WAY, 100.0 FEET TO THE TRUE POINT OF BEGINNING.

TRACT B:

LEGAL COUNSEL

LEGAL DESCRIPTION
(Continued)

A PARCEL OF LAND LOCATED IN THE NORTH HALF OF SECTION 8, TOWNSHIP 48 NORTH, RANGE 4 WEST OF THE BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO, SAID PARCEL BEING A PORTION OF GOVERNMENT LOT 7, SAID SECTION 8, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHEAST CORNER OF LOT 20, AS SHOWN ON THE RECORD OF SURVEY BY EUGENE H. WELBORN, R.L.S. #1020, FILED IN BOOK 4 AT PAGE 249, KOOTENAI COUNTY RECORDS, FROM WHICH THE CENTER OF SAID SECTION 8 BEARS SOUTH 3 DEGREES 28' 34" WEST A DISTANCE OF 1,759.89 FEET;

THENCE SOUTH 86 DEGREES 54' 39" EAST ALONG THE NORTH BOUNDARY LINE, SAID GOVERNMENT LOT 7, A DISTANCE OF 1329.84 FEET TO THE NORTHEAST CORNER OF LOT 7;

THENCE 3 DEGREES 37' 03" WEST ALONG THE EASTERLY BOUNDARY LINE, SAID LOT 7, A DISTANCE OF 766.02 FEET TO THE TRUE POINT OF BEGINNING FOR THIS DESCRIPTION;

THENCE SOUTH 3 DEGREES 37' 03" WEST CONTINUING ALONG SAID LINE A DISTANCE OF 345.08 FEET TO A POINT ON THE NORTHERLY RIGHT OF WAY LINE OF LOFF'S BAY ROAD, SAID POINT BEING THE BEGINNING OF A NON-TANGENT CURVE CONCAVE TO THE SOUTH, HAVING A RADIUS OF 290.00 FEET, THROUGH A CENTRAL ANGLE OF 50 DEGREES 52' 50" A DISTANCE ALONG THE ARC OF 257.53 FEET, THE CHORD BEARING OF SAID CURVE BEING SOUTH 80 DEGREES 44' 47" WEST;

THENCE SOUTH 55 DEGREES 18' 20" WEST CONTINUING ALONG SAID RIGHT OF WAY, A DISTANCE OF 297.82 FEET TO THE BEGINNING OF A CURVE CONCAVE TO THE SOUTHEAST, HAVING A RADIUS OF 1980.00 FEET, THROUGH A CENTRAL ANGLE OF 7 DEGREES 02' 34", A DISTANCE ALONG THE ARC OF 243.38 FEET;

THENCE SOUTH 48 DEGREES 15' 46" WEST CONTINUING ALONG SAID RIGHT OF WAY A DISTANCE OF 243.62 FEET TO THE BEGINNING OF A CURVE CONCAVE TO THE NORTHWEST, HAVING A RADIUS OF 670.00 FEET, THROUGH A CENTRAL ANGLE OF 11 DEGREES 00' 00" A DISTANCE ALONG THE ARC OF 128.63 FEET;

THENCE NORTH 3 DEGREES 51' 04" EAST LEAVING SAID RIGHT OF WAY, A DISTANCE OF 279.05 FEET;

THENCE NORTH 16 DEGREES 00' 00" EAST A DISTANCE OF 831.46 FEET;

THENCE SOUTH 86 DEGREES 54' 39" EAST A DISTANCE OF 84.09 FEET;

THENCE SOUTH 41 DEGREES 42' 23" EAST A DISTANCE OF 133.87 FEET;

THENCE SOUTH 86 DEGREES 54' 39" EAST A DISTANCE OF 568.90 FEET TO THE TRUE POINT OF BEGINNING.

TRACT C:

LEGAL_EXEMPT.0

LEGAL DESCRIPTION
(Continued)

A PARCEL OF LAND LOCATED IN THE NORTH HALF OF SECTION 8, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO, SAID PARCEL BEING A PORTION OF GOVERNMENT LOT 7, SAID SECTION 8, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHEAST CORNER, LOT 20, AS SHOWN ON THE RECORD OF SURVEY BY EUGENE H. WELBORN, R.L.S. #1020, FILED IN BOOK 4, AT PAGE 249, KOOTENAI COUNTY RECORDS, FROM WHICH THE CENTER OF SAID SECTION 8 BEARS SOUTH 3 DEGREES 28' 34" WEST, A DISTANCE OF 1759.89 FEET;

THENCE SOUTH 3 DEGREES 28' 34" WEST, ALONG THE EASTERLY BOUNDARY LINE OF LOT 20, AS SHOWN ON SAID RECORD OF SURVEY, A DISTANCE OF 671.01 FEET TO THE SOUTHEAST CORNER OF SAID LOT 20, SAID CORNER BEING THE TRUE POINT OF BEGINNING FOR THIS DESCRIPTION;

THENCE SOUTH 86 DEGREES 54' 39" EAST, A DISTANCE OF 580.00 FEET; THENCE SOUTH 16 DEGREES 00' 00" WEST, A DISTANCE OF 831.46 FEET;

THENCE SOUTH 3 DEGREES 51' 04" WEST, A DISTANCE OF 279.05 FEET TO A POINT ON THE NORTH RIGHT OF WAY LINE OF LOFF'S BAY ROAD;

THENCE NORTH 86 DEGREES 49' 26" WEST, LEAVING SAID RIGHT OF WAY, A DISTANCE OF 397.86 FEET TO THE SOUTHEAST CORNER OF LOT 21, AS SHOWN ON THE SAID RECORD OF SURVEY;

THENCE NORTH 3 DEGREES 28' 34" EAST, ALONG THE EASTERLY BOUNDARY LINE, SAID LOT 21, A DISTANCE OF 1088.88 FEET TO THE TRUE POINT OF BEGINNING.

TRACT D THE FOLLOWING 3 PARCELS:

TRACT 1:

THAT PORTION OF GOVERNMENT LOT 8, SECTION 8, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO, LYING NORTH OF LOFF'S BAY COUNTY ROAD, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF SAID GOVERNMENT LOT 8;

THENCE SOUTH 86 DEGREES 54' 39" EAST, ALONG THE NORTH LINE THEREOF 225.00 FEET;

THENCE SOUTH 03 DEGREES 28' 34" WEST, 587.97 FEET;

THENCE NORTH 86 DEGREES 54' 39" WEST, 69.31 FEET;

THENCE SOUTH 03 DEGREES 28' 34" WEST, 588.00 FEET TO THE NORTH MARGIN OF SAID LOFF'S BAY ROAD;

THENCE NORTH 62 DEGREES 47' 39" WEST, ALONG SAID NORTH MARGIN 115.37 FEET TO THE

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LEGAL DESCRIPTION
(Continued)

BEGINNING OF A CURVE TO THE LEFT HAVING A RADIUS OF 290 FEET THROUGH A CENTRAL ANGLE OF 11 DEGREES 00' 10", AN ARC DISTANCE OF 55.69 FEET;

THENCE NORTH 03 DEGREES 37' 03" EAST, ALONG THE WEST LINE OF SAID GOVERNMENT LOT 8, 1111.10 FEET TO THE NORTH LINE THEREOF, AND THE TRUE POINT OF BEGINNING.

TRACT 2:

THAT PORTION OF GOVERNMENT LOT 8, SECTION 8, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO, LYING NORTH OF LOFF'S BAY COUNTY ROAD DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF SAID GOVERNMENT LOT 8;

THENCE SOUTH 86 DEGREES 54' 39" EAST, ALONG THE NORTH LINE THEREOF, 225.00 FEET TO THE TRUE POINT OF BEGINNING;

THENCE CONTINUING SOUTH 86 DEGREES 54' 39" EAST, ALONG SAID NORTH LINE 757.32 FEET;

THENCE SOUTH 23 DEGREES 49' 53" WEST, 628.71 FEET;

THENCE NORTH 86 DEGREES 54' 39" WEST, 538.63 FEET;

THENCE NORTH 03 DEGREES 28' 34" EAST, 587.97 FEET TO SAID NORTH LINE AND THE TRUE POINT OF BEGINNING.

TRACT 3:

THAT PORTION OF GOVERNMENT LOT 8, SECTION 8, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO, LYING NORTH OF LOFF'S BAY ROAD.

LESS AND EXCEPT A TRACT OF LAND LOCATED IN GOVERNMENT LOT 8, SECTION 8, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, STATE OF IDAHO, DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF SAID GOVERNMENT LOT 8;

THENCE SOUTH 3 DEGREES 37' 03" WEST ALONG THE WEST LINE OF SAID GOVERNMENT LOT, A DISTANCE OF 1111.1 FEET TO THE NORTH RIGHT OF WAY OF EXISTING LOFF'S BAY ROAD;

THENCE 55.69 SOUTHEASTERLY ALONG A CURVE TO THE RIGHT WITH A RADIUS OF 290.0 FEET ON A CHORD BEARING SOUTH 68 DEGREES 17' 44" EAST, 55.60 FEET;

THENCE SOUTH 62 DEGREES 47' 39" EAST ALONG SAID RIGHT OF WAY 115.37 FEET TO THE TRUE POINT OF BEGINNING;

THENCE NORTH 3 DEGREES 37' 03" EAST, 588.0 FEET;

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**LEGAL DESCRIPTION
(Continued)**

THENCE SOUTH 86 DEGREES 54' 39" EAST, 955.4 FEET TO THE INTERSECTION WITH THE NORTH RIGHT OF WAY OF EXISTING COUNTY ROAD;

THENCE SOUTH 42 DEGREES 34' 10" WEST ALONG SAID RIGHT OF WAY 538.6 FEET;

THENCE ALONG SAID RIGHT OF WAY ON A CURVE TO THE RIGHT 161.47 FEET WITH A RADIUS OF 690.0 FEET AND A CENTRAL ANGLE OF 13 DEGREES 24' 29";

THENCE SOUTH 55 DEGREES 58' 39" WEST ALONG SAID RIGHT WAY 107.27 FEET;

THENCE ALONG SAID RIGHT OF WAY ON A CURVE TO THE RIGHT 341.96 FEET WITH A RADIUS OF 320.0 FEET AND A CENTRAL ANGLE OF 61 DEGREES 13' 42";

THENCE NORTH 62 DEGREES 47' 39" WEST ALONG SAID RIGHT OF WAY 100.0 FEET TO THE TRUE POINT OF BEGINNING.

ALSO EXCEPTING THEREFROM THAT PORTION OF GOVERNMENT LOT 8, SECTION 8, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO, LYING NORTH OF LOFF'S BAY COUNTY ROAD, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF SAID GOVERNMENT LOT 8;

THENCE SOUTH 86 DEGREES 54' 39" EAST, ALONG THE NORTH LINE THEREOF 225.00 FEET;

THENCE SOUTH 03 DEGREES 28' 34" WEST, 587.97 FEET;

THENCE NORTH 86 DEGREES 54' 39" WEST, 69.31 FEET;

THENCE SOUTH 03 DEGREES 28' 34" WEST, 588.00 FEET TO THE NORTH MARGIN OF SAID LOFF'S BAY ROAD;

THENCE NORTH 62 DEGREES 47' 39" WEST, ALONG SAID NORTH MARGIN 115.37 FEET TO THE BEGINNING OF A CURVE TO THE LEFT HAVING A RADIUS OF 290 FEET THROUGH A CENTRAL ANGLE OF 11 DEGREES 00' 10", AN ARC DISTANCE OF 55.69 FEET;

THENCE NORTH 03 DEGREES 37' 03" EAST, ALONG THE WEST LINE OF SAID GOVERNMENT LOT 8, 1111.10 FEET TO THE NORTH LINE THEREOF, AND THE TRUE POINT OF BEGINNING.

ALSO EXCEPTING THEREFROM THAT PORTION OF GOVERNMENT LOT 8, SECTION 8, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO, LYING NORTH OF LOFF'S BAY COUNTY ROAD DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF SAID GOVERNMENT LOT 8;

THENCE SOUTH 86 DEGREES 54' 39" EAST, ALONG THE NORTH LINE THEREOF, 225.00 FEET TO THE TRUE POINT OF BEGINNING;

LEGAL-EXHIBIT-0

LEGAL DESCRIPTION
(Continued)

THENCE CONTINUING SOUTH 86 DEGREES 54' 39" EAST, ALONG SAID NORTH LINE 757.32 FEET;

THENCE SOUTH 23 DEGREES 49' 53" WEST, 628.71 FEET;

THENCE NORTH 86 DEGREES 54' 39" WEST, 538.63 FEET;

THENCE NORTH 03 DEGREES 28' 34" EAST, 587.97 FEET TO SAID NORTH LINE AND THE TRUE POINT OF BEGINNING.

PARCEL 2:

THE NORTH HALF OF THE SOUTHEAST QUARTER, THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 5, AND GOVERNMENT LOTS 1 AND 2, SECTION 8, ALL IN TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, STATE OF IDAHO.

PARCEL 3:

THE SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 5, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO.

PARCEL 4:

THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER AND THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 5, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO.

PARCEL 5:

THE SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 5, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, STATE OF IDAHO,

AND

LOT 2, BLOCK 1, SCHORZMAN-ATKINS SHORT PLAT, ACCORDING TO THE PLAT RECORDED IN BOOK "I" OF PLATS AT PAGES 253 AND 253A, RECORDS OF KOOTENAI COUNTY, IDAHO.

PARCEL 6:

LOTS 1, 2 AND 3, THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER, THE NORTHEAST QUARTER OF THE SOUTHWEST QUARTER, THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER AND THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 5, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN.

AND

GOVERNMENT LOT 4, SECTION 4, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO.

LEGAL, EXHIBIT, 0

**LEGAL DESCRIPTION
(Continued)**

EXCEPTING THEREFROM A PORTION OF THAT PROPERTY REFERRED TO IN EXHIBIT "E" OF QUIET TITLE JUDGEMENT RECORDED UNDER INSTRUMENT NO. 1906262 IN SAID COUNTY AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHEAST CORNER OF SAID GOVERNMENT LOT 4, SECTION 4;
THENCE

NORTH 00 DEGREES 45' 39" EAST ALONG THE EAST LINE OF SAID LOT 4 A DISTANCE OF 135.30 FEET TO THE POINT OF BEGINNING; THENCE

SOUTH 87 DEGREES 21' 30" WEST 48.71 FEET; THENCE

NORTH 02 DEGREES 51' 12" WEST 32.07 FEET; THENCE

NORTH 03 DEGREES 13' 21" WEST 10.60 FEET; THENCE

NORTH 02 DEGREES 51' 19" WEST 23.11 FEET; THENCE

NORTH 03 DEGREES 43' 08" WEST 37.65 FEET; THENCE

NORTH 03 DEGREES 46' 01" WEST 51.50 FEET; THENCE

NORTH 03 DEGREES 11' 51" WEST 16.13 FEET; THENCE

NORTH 07 DEGREES 58' 23" WEST 24.73 FEET; THENCE

NORTH 05 DEGREES 22' 53" WEST 23.29 FEET; THENCE

NORTH 06 DEGREES 14' 48" WEST 58.80 FEET; THENCE

NORTH 05 DEGREES 01' 03" WEST 87.73 FEET; THENCE

NORTH 00 DEGREES 16' 11" WEST 39.22 FEET; THENCE

NORTH 18 DEGREES 20' 54" WEST 5.57 FEET; THENCE

NORTH 00 DEGREES 28' 20" WEST 116.01 FEET; THENCE

NORTH 04 DEGREES 23' 45" EAST 125.91 FEET; THENCE

NORTH 03 DEGREES 34' 02" EAST 185.71 FEET; THENCE

NORTH 02 DEGREES 44' 00" EAST 41.99 FEET; THENCE

SOUTH 80 DEGREES 57' 24" EAST 34.12 FEET; THENCE

SOUTH 73 DEGREES 27' 34" EAST 37.42 FEET TO A POINT ON THE EAST LINE OF SAID GOVERNMENT LOT 4; THENCE

LEGAL INSTRUMENT

**LEGAL DESCRIPTION
(Continued)**

SOUTH 00 DEGREES 45' 39" WEST A DISTANCE OF 880.68 FEET TO THE POINT OF BEGINNING.

AND EXCEPTING THEREFROM ALL OF THAT PORTION OF SAID GOVERNMENT LOT 4, SECTION 4, LYING NORTHEASTERLY OF THE EXISTING ROADWAY, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, FURTHER DESCRIBED AS FOLLOWS:

ALL OF THAT PORTION OF GOVERNMENT LOT 4, SECTION 4, LYING NORTHEASTERLY OF THE EXISTING ROADWAY, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING AT A FOUND 1/2 INCH IRON ROD AND PLS 3451 CAP MARKING THE NORTHEAST CORNER OF GOVERNMENT LOT 4, SECTION 4, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO;

THENCE ALONG THE EAST LINE OF SAID GOVERNMENT LOT 4, SECTION 4, SOUTH 00 DEGREES 46'41" WEST, A DISTANCE OF 137.94 FEET TO A SET IRON ROD AND PLS 4194 CAP ON THE NORTHEASTERLY RIGHT OF WAY OF COUNTY ROAD NO. 115 BELLGROVE-STINSON ROAD;

THENCE ALONG THE NORTHEASTERLY RIGHT OF WAY OF SAID ROAD THE FOLLOWING 2 COURSES, ALL MARKED BY IRON RODS AND PLS 4194 CAPS:

1) NORTH 50 DEGREES 44'36" WEST, A DISTANCE OF 73.10 FEET;

2) THENCE NORTH 60 DEGREES 31'30" WEST, A DISTANCE OF 210.09 FEET TO THE INTERSECTION WITH THE NORTH LINE OF THE AFOREMENTIONED GOVERNMENT LOT 4, SECTION 4;

THENCE ALONG SAID NORTH LINE OF GOVERNMENT LOT 4, SECTION 4, SOUTH 87 DEGREES 13'28" EAST, A DISTANCE OF 241.66 FEET TO THE POINT OF BEGINNING.

PARCEL 7. THE FOLLOWING TRACTS:

TRACT A:

A PART OF THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER, AND GOVERNMENT LOT 2, SECTION 4, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF SAID SOUTHWEST QUARTER OF THE NORTHEAST QUARTER (CN 1/16 CORNER);

THENCE NORTH 1 DEGREES 08' 28" EAST, 159.98 FEET ALONG THE WEST BOUNDARY OF SAID LOT 2 TO A POINT ON THE CENTERLINE OF LOFFS BAY ROAD;

THENCE TRAVERSING SAID CENTERLINE AS FOLLOWS:

LEGAL INSTRUMENT

**LEGAL DESCRIPTION
(Continued)**

SOUTH 58 DEGREES 36' 55" EAST, 49.07 FEET;

THENCE 332.38 FEET ALONG THE ARC OF A 335.58 FOOT RADIUS CURVE RIGHT, SAID CURVE HAVING A CHORD BEARING SOUTH 30 DEGREES 14' 24" EAST, 318.96 FEET;

THENCE SOUTH 1 DEGREES 51' 53" EAST, 328.02 FEET;

THENCE SOUTH 2 DEGREES 28' 04" WEST, 104.42 FEET;

THENCE SOUTH 12 DEGREES 40' 51" WEST, 42.73 FEET;

THENCE SOUTH 21 DEGREES 56' 11" WEST, 51.81 FEET;

THENCE SOUTH 31 DEGREES 00' 18" WEST, 99.74 FEET;

THENCE SOUTH 32 DEGREES 35' 22" WEST, 104.42 FEET;

THENCE SOUTH 36 DEGREES 33' 02" WEST, 100.94 FEET;

THENCE SOUTH 42 DEGREES 15' 53" WEST, 51.24 FEET;

THENCE NORTH 1 DEGREES 08' 28" EAST, AND LEAVING SAID CENTERLINE 955.75 FEET ALONG THE WEST BOUNDARY OF SAID SOUTHWEST QUARTER OF THE NORTHEAST QUARTER TO THE POINT OF BEGINNING.

EXCEPT ANY PORTION LYING IN LOFF'S BAY ROAD.

TRACT B:

A PARCEL OF LAND IN GOVERNMENT LOT 3, SECTION 4, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO, AND FURTHER DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID GOVERNMENT LOT 3, SECTION 4;

THENCE NORTH 00 DEGREES 46' 05" EAST, ALONG THE WEST LINE OF SAID GOVERNMENT LOT 3, A DISTANCE OF 135.57 FEET;

THENCE NORTH 89 DEGREES 12' 07" EAST, A DISTANCE OF 312.12 FEET;

THENCE NORTH 89 DEGREES 47' 56" EAST, A DISTANCE OF 321.36 FEET;

THENCE NORTH 89 DEGREES 06' 35" EAST, A DISTANCE OF 325.48 FEET;

THENCE NORTH 82 DEGREES 25' 36" EAST, A DISTANCE OF 170.38 FEET;

THENCE SOUTH 84 DEGREES 22' 44" EAST, A DISTANCE OF 128.59 FEET;

THENCE NORTH 87 DEGREES 27' 56" EAST, A DISTANCE OF 78.74 FEET TO THE

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LEGAL DESCRIPTION
(Continued)

INTERSECTION WITH THE WEST LINE OF SAID GOVERNMENT LOT 2;

THENCE SOUTH 01 DEGREES 08' 46" WEST, A DISTANCE OF 260.57 FEET TO THE NORTH LINE OF THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER OF SECTION 4, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN;

THENCE NORTH 85 DEGREES 39' 49" WEST, 1334.86 FEET TO THE POINT OF BEGINNING.

EXCEPT THAT PORTION OF THE NORTHWEST QUARTER OF SECTION 4, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO, DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTH ONE QUARTER CORNER OF SAID SECTION 4;

THENCE SOUTH 01 DEGREES 57' 14" WEST, ALONG THE EAST LINE OF THE NORTHWEST QUARTER OF SAID SECTION 4, 980.93 FEET TO THE POINT OF BEGINNING OF THIS DESCRIPTION;

THENCE CONTINUE SOUTH 01 DEGREES 57' 14" WEST, ALONG SAID EAST LINE, 65.86 FEET TO THE NORTHERLY RIGHT OF WAY LINE OF LOFFS BAY ROAD;

THENCE NORTH 57 DEGREES 48' 19" WEST, ALONG SAID NORTHERLY RIGHT OF WAY LINE 125.33 FEET;

THENCE SOUTH 83 DEGREES 34' 01" EAST, 29.69 FEET;

THENCE NORTH 88 DEGREES 16' 39" EAST, 78.83 FEET TO THE POINT OF BEGINNING.

ALL LYING SOUTH OF THE SOUTH LINE OF THE PLAT OF MCLEAN MEADOWS RECORDED IN BOOK "G" OF PLATS PAGE 493, KOOTENAI COUNTY, IDAHO.

TRACT C:

THE NORTH HALF OF THE SOUTHWEST QUARTER AND THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER AND THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER AND THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER AND THE SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER, ALL IN SECTION 4, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO.

AND

THE SOUTH HALF OF THE NORTHWEST QUARTER OF SECTION 4, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, STATE OF IDAHO.

EXCEPTING THEREFROM THAT PORTION CONVEYED TO BABBITT LOGGING, INC. BY WARRANTY DEED RECORDED JULY 1, 1997 AS INSTRUMENT NO. 1495927, DESCRIBED AS FOLLOWS:

LEGAL.DRIBST.0

**LEGAL DESCRIPTION
(Continued)**

THAT PORTION OF THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER OF SECTION 4, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, STATE OF IDAHO, LYING EAST OF LOFF'S BAY COUNTY ROAD.

TOGETHER WITH THAT PORTION OF THE NORTHEAST QUARTER OF THE SOUTHWEST QUARTER, SECTION 4, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, STATE OF IDAHO, LYING EAST OF LOFF'S BAY COUNTY ROAD.

PARCEL 8:

ALL OF THAT PORTION OF GOVERNMENT LOT 4, SECTION 4, LYING NORTHEASTERLY OF THE EXISTING ROADWAY, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING AT A FOUND 1/2 INCH IRON ROD AND PLS 3451 CAP MARKING THE NORTHEAST CORNER OF GOVERNMENT LOT 4, SECTION 4, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO;

THENCE ALONG THE EAST LINE OF SAID GOVERNMENT LOT 4, SECTION 4, SOUTH 00 DEGREES 46'41" WEST, A DISTANCE OF 137.94 FEET TO A SET IRON ROD AND PLS 4194 CAP ON THE NORTHEASTERLY RIGHT OF WAY OF COUNTY ROAD NO. 115 BELLGROVE-STINSON ROAD;

THENCE ALONG THE NORTHEASTERLY RIGHT OF WAY OF SAID ROAD THE FOLLOWING 2 COURSES, ALL MARKED BY IRON RODS AND PLS 4194 CAPS:

- 1) NORTH 50 DEGREES 44'36" WEST, A DISTANCE OF 73.10 FEET;
- 2) THENCE NORTH 60 DEGREES 31'30" WEST, A DISTANCE OF 210.09 FEET TO THE INTERSECTION WITH THE NORTH LINE OF THE AFOREMENTIONED GOVERNMENT LOT 4, SECTION 4;

THENCE ALONG SAID NORTH LINE OF GOVERNMENT LOT 4, SECTION 4, SOUTH 87 DEGREES 13'28" EAST, A DISTANCE OF 241.66 FEET TO THE POINT OF BEGINNING.

GUARANTY

This GUARANTY ("Guaranty"), dated as of February 2, 2007 is made by Marshall R. Chesrown (the "Guarantor"), in favor of and for the benefit of American Bank.

RECITALS:

- A. American Bank (the "Lender"), on even date with this Guaranty, has extended certain loans or extensions of credit to BRN Development, Inc., an Idaho corporation (the "Borrower") pursuant to a Revolving Credit Agreement dated as of February 2, 2007 (the "Credit Agreement").
- B. Guarantor desires to execute and deliver this Guaranty and to induce Lender to make the loan pursuant to the Credit Agreement and to guaranty the payment and performance by the Borrower of its obligations under the Credit Agreement.

IN CONSIDERATION OF THE ABOVE, the parties agree as follows:

AGREEMENT

1.0 Definitions. Capitalized terms used in this Guaranty are accorded the meaning given such terms in the Credit Agreement.

2.0 Guaranty. The Guarantor hereby irrevocably, absolutely and unconditionally guarantees to and for the benefit of Lender, and its successors and assigns, the timely payment and performance of the Guaranteed Obligations (as defined below), in full, when and as the same shall become due, whether by maturity, acceleration or otherwise. Guarantor payments shall be made directly to the Lender or as the Lender may direct. This Guaranty is a guarantee of due and punctual payment and is not merely a guarantee of collection. The obligations of the Guarantor hereunder are absolute and unconditional, irrespective of the value, genuineness, validity, regularity or enforceability of the Guaranteed Obligations or any other agreement or instrument referred to herein or therein. The obligations of the Guarantor shall be automatically reinstated if and to the extent that, for any reason, any Guarantor payment made to Lender is rescinded or must be otherwise restored by any holder of any of the Guaranteed Obligations, whether as a result of any proceedings in bankruptcy or reorganization or otherwise.

3.0 Guaranteed Obligations. As used in this Guaranty, the term "Guaranteed Obligations" shall mean all of Borrower's obligations of payment and performance under, arising out of or related to the Credit Agreement, the Note and each of the other Loan Documents.

4.0 Lender Actions. The Guarantor agrees that the Lender may from time to time, without notice or demand and without affecting the validity or enforceability of this Guaranty or giving rise to any limitation, impairment or discharge of the Guarantor's

liability hereunder, (i) renew, extend, or otherwise change the time, place, manner, amount or other terms of the Guaranteed Obligations or accelerate the payment of the Guaranteed Obligations following the occurrence of an event of default, (ii) settle, compromise, release or discharge, or accept or refuse substitutions for the Guaranteed Obligations or any agreement relating thereto, (iii) request and accept other guaranties of the Guaranteed Obligations and take and hold security for the payment of this Guaranty or the Guaranteed Obligations, (iv) release, exchange, compromise, subordinate or modify, with or without consideration, any security for payment of the Guaranteed Obligations or any other guaranties of the Guaranteed Obligations, (v) following an Event of Default by Borrower under the Guaranteed Obligations, enforce and apply any security now or hereafter held by or for the benefit of the Lender in respect of this Guaranty or the Guaranteed Obligations and direct the order or manner of sale thereof, or exercise any other right or remedy that the Lender may have against any such security, as the Lender in its discretion, may determine pursuant to any applicable security agreement, including foreclosure on any such security pursuant to one or more judicial or nonjudicial sales, and (vi) exercise any other rights available to the Lender at law or in equity.

5.0 Waivers by Guarantor. The Guarantor hereby waives, to the fullest extent permitted by law, for the benefit of Lender (a) any right to require the Lender as a condition of payment or performance by the Guarantor, to (i) proceed against the Borrower any other guarantor of the Guaranteed Obligations or any other person, (ii) proceed against or exhaust any security held as collateral for the Guaranteed Obligations (iii) pursue or exhaust any other remedy or power against any maker or person whatsoever; (b) any defense arising by reason of the incapacity, lack of authority or any disability or other defense of the Borrower or other guarantor of the Guaranteed Obligations; (c) except for notices or demands for payment or performance by Guarantor under the Guaranty, notices, demands, presentations, protests, notices of protest, notices of dishonor and notices of any action or inaction, including acceptance of this Guaranty, notices of default, notices of any extension of credit to Borrower, notices of any of the matters referred to in the preceding paragraph and any right to consent to any thereof; and (d) any defenses or benefits that may be derived from or afforded by law (whether now in effect or hereafter adopted) that limit the liability of or exonerate guarantors or sureties, in conflict with the terms of this Guaranty. Without limiting the generality of the foregoing, it is agreed that the occurrence of any one or more of the following shall not affect the liability of the Guarantor hereunder: (x) any requirement imposed on or condition applicable to the Borrower shall be waived by the Lender; and (y) any lien or security interest granted to, or in favor of, the Lender shall fail to be perfected.

6.0 Guarantor Actions. Until the Guaranteed Obligations shall have been indefeasibly paid in full, the Guarantor shall withhold exercise of (a) any right of subrogation, (b) any right of contribution the Guarantor may have against Borrower or any other guarantor of the Guaranteed Obligations, (c) any right to enforce any remedy which the Guarantor may have now or may hereafter have against the Borrower, or (d) any benefit of, and any right to participate in, any security now or hereafter held by the Lender. The Guarantor further agrees that, to the extent the waiver of its rights of

subrogation and contribution as set forth herein is found by a court of competent jurisdiction to be void or voidable for any reason, any rights of subrogation the Guarantor may have against the Borrower, any collateral or security, and any rights of contribution the Guarantor may have against any such other guarantor, shall be junior and subordinate to any rights of the Lender.

7.0 Lender Disclosures. The Guarantor hereby waives and relinquishes any duty on the part of the Lender to disclose any matter, fact or thing relating to the financial or other condition of Borrower or any other guarantor now known or hereafter known by the Lender.

8.0 Notices. All notices, requests and demands hereunder will be in writing and (i) made to the address set forth below, or to such other address as either party may designate by written notice to the other in accordance with this provision, and (ii) deemed to have been given or made: if delivered in person, immediately upon delivery; if by telex, or telegram, immediately upon sending and upon confirmation of receipt; if by nationally recognized overnight courier service with instructions to deliver the next Business Day, one (1) Business Day after sending; and if by certified mail, return receipt requested, five (5) days after mailing.

If to Borrower: BRN Development, Inc.
Attn: Marshall R. Chesrown
912 Northwest Blvd.
Coeur d'Alene, ID 83814

If to Lender: American Bank
1612 W. Main Street
Bozeman, MT 59715
Attn: Mark Hendrickson

9.0 Lender Rights. The rights, powers and remedies given to the Lender by this Guaranty are cumulative and shall be in addition to and independent of all rights, powers and remedies given to it by virtue of any statute or rule of law. Any forbearance or failure to exercise, and any delay by the Lender in exercising, any right, power or remedy hereunder shall not impair any such right, power or remedy or be construed to be a waiver thereof, nor shall it preclude the further exercise of any such right, power or remedy.

10.0 Insolvency. The Guarantor acknowledges and agrees that its obligations hereunder shall continue in full force and effect after the commencement of any proceeding, voluntary or involuntary, involving the bankruptcy, insolvency, or receivership of Borrower or Guarantor.

11.0 Severability. If any provision in or obligation under this Guaranty shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or

obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

12.0 Governing Law. This Guaranty shall be governed by and construed in accordance with the laws of the state of Montana.

13.0 Continuing Guaranty. This Guaranty is a continuing guaranty and shall be binding upon the Guarantor and Guarantor's heirs, successors and assigns and shall survive the death or disability of Guarantor. This Guaranty shall inure to the benefit of the Lender and its respective successors and assigns.

14.0 Amendment or Waiver. The terms of this Guaranty may be waived, altered or amended only by an instrument in writing duly executed by the Guarantor and the Lender.

15.0 Counterparts. This Guaranty may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one agreement.


16.0 Attorneys' Fees. The prevailing party in any suit or other proceeding brought for the enforcement or interpretation of this Guaranty shall be entitled to recover its reasonable costs and expenses, including reasonable attorneys' fees, incurred in such suit or proceeding.

17.0 Time. Time is of the essence of this Guaranty.

IN WITNESS WHEREOF, the Guarantor has executed this Guaranty as of the date first set forth above.

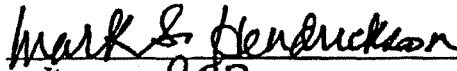

[Remainder of page blank. Signature page follows.]

GUARANTOR:


Marshall R. Chesrown, Individually

ACCEPTED:

AMERICAN BANK

By: 
Its: 



Bryan J. Klein
Chief Operating Officer

June 18, 2008

Mr. Marshall Chesrown, President
BRN Development, LLC
1450 Northwest Blvd., Suite 302
Coeur d'Alene, Idaho 83814

Dear Marshall:

Thank you for providing the documents associated with the Securities Purchase and Sales Agreements and the Joint Venture Agreement (the "Agreements"). Although I have discussed this with you and Sam, to appropriately document our agreement, this letter is necessary to confirm certain waivers and changes in the Revolving Credit Agreement.

As discussed, BRN Development, LLC's ("BRN") entry to the Agreements breach certain terms of the Revolving Credit Agreement dated February 2, 2007. American Bank consents to BRN entering into the Agreements and the associated Guaranty and Mortgage in the form and on the terms, provided to us. The consent is subject to BRN's confirmation in writing that BRN will not transfer or convey any interest in any real property or other assets to the joint venture or to Lake View AG, except only for the mortgage interests under the Mortgage, until the lien and other interests in the real property or other assets have been released by American Bank.

American Bank and BRN also agree to replace Schedule 2.2 Parcel Reduction Amounts of the Revolving Credit Agreement with the Revised Schedule 2.2, dated June 18, 2008, which is attached to this letter.

If you agree with the terms of this letter, please sign it in the space provided below and return it to my attention on or before June 25, 2008. Upon return of this signed letter, the Revolving Credit Agreement will be amended to include the terms of this letter.

We appreciate your business and look forward to your continued success.

Sincerely,

Accepted and agreed to by:
BRN Development, LLC

Marshall R. Chesrown, President

P.O. Box 1970 • 1612 West Main Street • Bozeman, MT 59711-1970
406.522.3538 • Fax 406.522.3577 • bklein@americanbankmontana.com

**DEPOSITION
EXHIBIT**

CHESROWN #173
6-23-10 PP 20

REVISED SCHEDULE 2.2
 PARCEL REDUCTION AMOUNTS
 June 18, 2008

Parcel	Final Plat Number of Units	Release Price per Unit	Release Price per acre
A			40,000
B			30,000
C			20,000
I	8	95,051	
II	21	83,283	
III	36	60,592	
IV	32	54,122	
1	24	124,644	
2	28	119,348	
3	4	260,000	
4	12	199,870	
5	11	114,532	
6	32	229,553	
7	4	212,914	
9	21	125,571	
10	20	132,790	
11	18	93,555	
12	17	122,138	
13	10	134,815	
14	4	153,375	
15	10	57,200	
16	13	181,888	
TOTAL	325		



December 14, 2007

BRN Development, Inc.
Marshall R. Chesrown, President
P.O. Box 3070
Coeur d'Alene, ID 83816

RE: Waiver of Default under Revolving Credit Agreement dated February 2, 2007
Delivery via mail

Dear Marshall:

This letter is delivered pursuant to the Revolving Credit Agreement dated as of February 2, 2007 by and among American Bank as Lender, BRN Development, Inc. as Borrower.

The Borrower has requested that the Lender temporarily waive Sections 6.1, Restriction on Certain Actions (paragraphs 1 and 4), and 7.1, Events of Default (paragraph 10) of the Revolving Credit Agreement so that the Borrower can pursue a sale of 30% of the Borrowers stock to a third party. By this letter, Lender hereby agrees to temporarily waive this default and thereby allow for the on time sale/transfer of up to 30% of Borrower's stock, either voting or nonvoting.

The withholding of the exercise of its rights afforded under the Revolving Credit Agreement is not, and is not intended to be, a waiver to pursue remedies with respect to the Borrower, any Guarantor or any other person at any time in the future or with respect to any other events of default.

Sincerely,

Bryan Klein
Executive Vice President
Chief Operating Officer

Borrower hereby agrees to the temporary waiver of covenants described under Sections 6.1 and 7.1 of the Revolving Credit Agreement.

_____, President
Marshall R. Chesrown

Date: 12-17, 2007.

REVOLVING CREDIT AGREEMENT

THIS REVOLVING CREDIT AGREEMENT ("Agreement") is effective as of February 2, 2007 (the "Effective Date") between BRN Development, Inc. an Idaho corporation ("Borrower") and American Bank, a Montana banking corporation ("Lender").

RECITALS:

- A. Borrower owns certain real property located in Kootenai County, Idaho commonly referred to as the "Black Rock North" development. Borrower is developing the real property by, among other things, the construction of a golf course and equestrian facility and related improvements and the subdivision of the property for the sale of residential parcels.
- B. Borrower has requested that Lender make available to Borrower an extension of credit and to advance from time to time funds for the construction of improvements and the development of the real property in the ordinary course of Borrower's business.
- C. Lender has agreed to provide Borrower the requested extension of credit on the terms and covenants of this Agreement.

IN CONSIDERATION OF THE ABOVE, the parties agree as follows:

1.0 Defined Terms. As used in this Agreement, capitalized terms have the following meanings:

"Affiliate" means (a) a Shareholder and (b) any Person controlled by, controlling or under common control with Borrower or a Shareholder and, including, without limitation, BRN Investments. The term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities or membership interests, by contract, or otherwise including, without limitation, the ownership or control of ten percent (10%) or more of the equity, membership or voting interests in any entity.

"Agreement" means this Revolving Credit Agreement, as amended, supplemented, or modified from time to time.

"Appraisal" means the appraisal prepared by the Appraiser relating to the Real Property and dated as of December 4, 2006, or such later appraisals as Lender may accept from time to time.

"Appraiser" means Cushman & Wakefield of Colorado, Inc. or such other appraiser consented to by Lender.

"Black Rock Management Contract" means the Services and Management Contract between Borrower and Black Rock Development, Inc. dated as of December 1, 2006 and in the form provided by Borrower to Lender.

"BRN Investments" means BRN Investments, LLC, an Idaho limited liability company.

"BRN Mortgage" means the Mortgage dated as of January 5, 2007 securing the payment of the BRN Note and encumbering the Real Property or part thereof.

"BRN Note" means the promissory note dated as of January 5, 2007 in the initial principal balance of Thirty Million One Hundred Ninety-Two Thousand Five Hundred Dollars (\$30,192,500.00) delivered by Borrower to BRN Investments, as the same may be renewed, extended or amended with the prior written consent of Lender.

"Business Day" means any day other than a Saturday, Sunday, or other day on which commercial banks in Montana are authorized or required to close.

"Change in Control" means any event the effect of which is to (a) cause Marshall Chesrown to beneficially own and have the power to vote less than eighty percent (80%) of all classes of the then outstanding voting securities of Borrower and (b) to cause Robert Samuel to beneficially own and have the power to vote, collectively, less than twenty percent (20%) of all classes of the then outstanding voting securities of Borrower.

"Chesrown Debt" means the obligations of Borrower to Marshall R. Chesrown under a Promissory Note dated as of July 11, 2006 in the face amount of \$3,500,000.00.

"Collateral" means all assets and properties of Borrower in which a mortgage lien, pledge, security interest, assignment or other lien is granted under the Mortgage.

"Commitment" means the Lender's obligation to make Loans to the Borrower pursuant to Section 2.0.

"Construction Budget" means a budget setting forth the estimated costs of construction of the Project together with supporting documentation, contracts, bids, invoices or similar items requested by Lender.

"Default Interest Rate" means the Interest Rate plus 500 basis points (5%).

"Entitlements" means the licenses, permits, approvals or other authorities necessary for the construction of the Project and the development of the Real Property in accordance with the Plans.

"Event of Default" means any of the events specified in Section 7.0, provided that any requirement for the giving of notice, the lapse of time, or both, or any other condition, has been satisfied.

"Existing Debt" means (a) the indebtedness of Borrower to Lender evidenced by Promissory Note No. 6405989 and (b) the indebtedness of Robert Samuel to Lender evidenced by Promissory Note No. 6405812.

"Funding Account" means the deposit account, if any, maintained by Borrower with Lender and designated as the funding account by Borrower with the consent of Lender.

"GAAP" means generally accepted accounting principles in the United States.

"Guarantor" means Marshall R. Chesrown, individually.

"Guaranty" means the agreement or agreements entered by the Guarantor and guarantying the obligations of Borrower to Lender.

"Intercompany Agreement(s)" means the agreements and instruments between Borrower and BRN Investments, or delivered by Borrower to BRN Investments and relating to, among other things, the purchase of the Real Property by Borrower and the payment of amounts due or to become due with respect to such purchase and including, without limitation, the BRN Note and the BRN Mortgage.

"Interest Rate" as defined in Section 2.5.

"Laws" means all federal, state and local statutes, regulations, ordinances and requirements, and any decisions, judgments, writs or orders applicable to Borrower or the Real Property, or the conduct of any activity in, under or upon the Real Property including, without limitation, laws relating to subdivision, sanitation, zoning and use and the protection of the environment.

"Letter of Credit" means a letter of credit issued by the Lender upon application of Borrower in accordance with this Agreement.

"Lien" means any mortgage, deed of trust, pledge, security interest, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), or preference, priority, or other security agreement or preferential arrangement, charge, or encumbrance of any kind or nature whatsoever (including, without limitation, any conditional sale or other title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing, and the filing of any financing statement under the Uniform Commercial Code or comparable law of any jurisdiction to evidence any of the foregoing).

"Line" means the line of credit established by Lender under Section 2.1 of this Agreement.

"Loans" means (a) each and all advances under the Line made to or for the benefit of Borrower or as otherwise contemplated by this Agreement and (b) amounts drawn under a Letter of Credit.

"Loan Documents" means this Agreement, the Mortgage, the Note, the Subordination Agreement, the Guaranty, any Letter of Credit and any document or instrument required or contemplated by the foregoing.

"Loan Fee" means the sum of Seventy-Five Thousand Dollars (\$75,000.00).

"Loan Request" means as defined in Section 2.3.1.

"Lot" means a portion of the Real Property divided in accordance with and available for sale or other disposition as a separate legally described parcel under governing law and identified from time to time by Borrower, with the reasonable consent of Lender, as a Lot.

"Material Contracts" means the agreements entered by Borrower for the construction of improvements or the placement of fixtures upon the Real Property in furtherance of the Project including, without limitation, the contracts identified on Schedule 1 attached.

"Maturity Date" means the first anniversary of the Effective Date.

"Maximum Balance" means Fifteen Million Dollars (\$15,000,000.00) as the same may be reduced in accordance with this Agreement.

"Mortgage" means the Mortgage, Security Agreement and Fixture Filing delivered by Borrower in the form required by Lender.

"Note" as defined in Section 2.7.

"Permitted Encumbrances" means encumbrances on or exceptions to Borrower's title for the Real Property acceptable to Lender in its sole discretion.

"Permitted Purpose" means (a) the payment of Borrower operating expenses incurred in the ordinary course of Borrower's business and relating to the development of the Real Property and including, without limitation, (i) amounts due under the Black Rock Management Contract and (ii) amounts incurred under agreements or contracts with Affiliates entered in the ordinary course of business and on terms and prices consistent with agreements between nonaffiliated parties, (b) the payment of interest on the Loans under the Note, and (c) the payment of direct costs and expenses incurred in the construction of the Project in accordance with the Entitlements and the Plans.

"Person" means an individual, partnership, corporation, business trust, joint stock company, trust, unincorporated association, joint venture, governmental authority, or other entity of whatever nature.

"Plans" means, collectively, the final order and decision of the Board of Commissioners of Kootenai County, Idaho on PUD #055-05 dated August 10, 2006, together with the documents and instruments referred to therein, and the Conceptual Land Use Diagram dated November 18, 2005.

"Prime Rate" means (a) the prime rate of interest of major New York banks as published from time to time in the Money Rates section of the Wall Street Journal, Western Edition or (b) if the Wall Street Journal ceases publication of the "Money Rates" section or ceases quotation of a "Prime Rate", Lender shall, in its sole and absolute discretion, select the prime rate of a money-center bank as a substitute Prime Rate.

"Project" means the construction or other installation of infrastructure and improvements upon the Real Property, for the development of the golf course and equestrian center, or relating to the subdivision of the Real Property into Lots, all in accordance with the Entitlements and the Plans.

"Released Lot" means as defined in Section 4.2.

"Real Property" means the real property described in the Mortgage and being approximately 1,001 acres.

"Samuel Debt" means the obligations of Borrower to Robert C. Samuel under a Promissory Note dated as of July 11, 2006 in the face amount of \$3,150,000.00

"Shareholder" means any person holding, legally or beneficially, any shares of voting or non-voting stock of Borrower, of any class or series.

"Subordination Agreement" means an agreement of BRN Investments, in form and substance satisfactory to Lender, and subordinating (a) the BRN Note, (b) the Lien of the BRN Mortgage and (c) the other obligations of Borrower to BRN Investments, to the obligations of Borrower to Lender under the Loan Documents and the Liens of Lender.

"Survey" means an ALTA/ ACSM survey of the Real Property, identifying all encumbrances or similar items of record, and otherwise sufficient for the issuance of a lender's policy insuring the lien of the Mortgage together with endorsements commonly referred to as an "extended policy".

"Tax Distributions" means distributions on or with respect to the then issued and outstanding stock of Borrower in an amount reasonably determined by Borrower to be equivalent to the state or federal income tax liability of a Shareholder arising from the tax attributes of Borrower required to be included on the individual income tax filings or returns of a Shareholder.

"Term" means the period commencing on the Effective Date and terminating on the Maturity Date.

2.0 Credit Facility.

2.1 Extension of Line of Credit. Lender makes available to Borrower a line of credit (the "Line"). Subject to the terms of this Agreement, Lender will make Loans to Borrower during the Term in an aggregate principal amount (which for purposes of this

Section 2.1 shall include all amounts drawn or available for draw under any Letter of Credit issued under this Agreement) not to exceed at any time the Maximum Balance (as such amount may be reduced under Section 2.2). The Borrower may borrow, repay, and re-borrow under the Line, without premium or penalty.

2.1.1 The Line may be drawn by Borrower for any Permitted Purpose in the ordinary course of Borrower's business. Unless otherwise required by Lender, all draws upon the Line shall be funded as reasonably directed by Borrower.

2.1.2 In addition to the Permitted Purposes, Borrower may draw upon the Line in the initial draw, (a) for the payment of the Existing Debt of Borrower and (b) for the making of a distribution by Borrower to one or more Shareholders if the proceeds of the distribution are used solely for the payment in full of the Existing Debt of such Shareholder.

2.1.3 If at any time the total principal balance of the Loans outstanding together with amounts drawn or available for draw under issued Letters of Credit exceeds the Maximum Balance, Borrower will immediately pay to Lender an amount sufficient to reduce the amount outstanding to the Maximum Balance.

2.1.4 Borrower will pay all accrued and unpaid interest, in arrears, on the Loans at the Interest Rate on the second calendar day of each calendar month. Borrower will pay the entire principal balance of Loans then outstanding, together with accrued and unpaid interest, and together with any other amounts due from Borrower under the Loan Documents, on the Maturity Date.

2.2 Reduction of Maximum Balance. The Maximum Balance shall be reduced (a) by the Parcel Reduction Amount upon the sale, transfer or other disposition of the parcels or Lots, each as identified on Schedule 2.2, and (b) in the sole discretion of Lender, by the amount of condemnation awards or proceeds or insurance proceeds retained by Borrower, if any.

2.3 Loan Requests and Funding.

2.3.1 Subject to the provisions of Section 2.4 relating to Letters of Credit, Borrower may request Loans by delivering Lender a written loan request in the form attached to this Agreement as Exhibit A together with such additional documents or instruments as may be required under this Agreement (each a "Loan Request"). The Loan Request shall be delivered (a) by facsimile or (b) by electronic mail addressed to Lender's designated representative. The Loan request shall state a date for requested funding which shall not be earlier than the next Business Day. A Loan request received by the Lender after 11:00 a.m. Mountain time on any Business Day shall be deemed received for all purposes on the next Business Day.

2.3.2 Loan Requests may be made by Borrower representatives designated by Borrower and reasonably acceptable to Lender. The initial Borrower representatives are identified on Schedule 2.3.2. Lender may request, in its sole discretion, confirmation of the Loan Request by Borrower by any reasonable method selected by Lender.

2.3.3 Lender will fund a Loan Request on or before 2:00 p.m. Mountain time on the later of (a) the date requested by Borrower, or (b) the first Business Day following the later of (i) the date upon which the Loan Request is received or deemed received or (ii) the date upon which the confirmation of the Loan Request, if requested by the Lender, is received by the Lender.

2.3.4 Subject to the terms and conditions of this Agreement, Lender shall deliver funds in the amount of the Loan Request on the date, and at or prior to the time, required under this Agreement.

2.4 Letters of Credit. Borrower may request that Lender issue one or more Letters of Credit relating to the development of the Real Property by Borrower and on draw and other terms acceptable to Lender in its sole discretion. Issuance of Letters of Credit are subject to the terms and conditions of the Loan Documents relating to Loans generally, including, without limitation, the Maximum Balance and conditions precedent to Lender's obligations to fund Loans under Section 3.0. Borrower will provide Lender a written request for issuance of a Letter of Credit not later than ten (10) Business Days prior to the day upon which Borrower desires the Letter of Credit to be issued. The request shall (a) state (i) the intended beneficiary, (ii) the face amount, (iii) the purposes and (iv) the terms and conditions for draws upon, the Letter of Credit, and (b) include a copy of the form of letter of credit, if any, requested by the intended beneficiary, and (c) include a copy of any contract or other agreement to which the requested Letter of Credit relates. Borrower shall also provide such additional information with respect to a Letter of Credit request as Lender requires. All issued Letters of Credit shall state a date of termination of Lender's obligations which is not later than the Maturity Date. Draws made by a beneficiary under a Letter of Credit shall be considered outstanding Loans, be evidenced by the Note and bear interest thereunder, and shall be secured by the Mortgage. Unless otherwise agreed by Lender, Letters of Credit shall be governed by Montana law, including the Uniform Commercial Code as adopted in the state of Montana. As a condition to issuance of a Letter of Credit, Borrower shall reimburse Lender for all costs and expenses, including fees and expenses of Lender's counsel, incurred by Lender in the issuance of the Letter of Credit. A separate Letter of Credit origination or loan fee shall not be charged by Lender.

2.5 Interest. The Borrower shall pay interest on the daily balance of the principal amount of the Loans outstanding at a rate per annum equal to the Prime Rate plus 50 basis points (0.50%) (the "Interest Rate"). The Interest Rate shall be adjusted as of 12:01 a.m. on each Business Day upon which the Prime Rate changes. Interest shall be calculated on the basis of a year of 360 days and for the actual number of days elapsed. Any principal amount or accrued interest not paid when due, whether at stated

maturity, by acceleration, or otherwise, shall bear interest from the date when due until paid in full at the Default Interest Rate.

2.6 Loan Fee. Upon execution of this Agreement, Borrower shall pay the Loan Fee.

2.7 Note. All Loans made by the Lender under this Agreement shall be evidenced by, and repaid with interest in accordance with, a promissory note of the Borrower in substantially the form of Exhibit B, duly completed, dated the Effective Date, payable to the Lender, and maturing as to principal on the Maturity Date (the "Note"). Borrower authorizes the Lender to enter, on its books and records, the amount of each Loan and of each payment of principal received on account of the Loans, which entries shall, in the absence of manifest error, be conclusive as to the outstanding balance of the Loans made by the Lender; provided, however, that the failure to make such entry with respect to any Loan or payment shall not limit or otherwise affect the obligations of the Borrower under the Loan Documents including under the Note.

2.8 Prepayments. The Borrower may prepay the Loans in whole or in part at any time and without penalty.

2.9 Method of Payment. The Borrower shall make each payment required under the Loan Documents including under the Note, to the Lender not later than 11:00 a.m. Mountain time on the date when due in lawful money of the United States in immediately available funds to the Lender and at the Lender's office in Bozeman, Montana. Whenever any payment to be made under this Agreement or under the Note shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day, and the extension of time shall in such case be included in the computation of the payment of interest. Payments received by the Lender after 11:00 a.m. Mountain time on a Business Day shall be considered received on the next Business Day for all purposes.

2.10 Application of Payments. Unless otherwise expressly provided in the Loan Documents, and unless an Event of Default has occurred and is continuing, all payments, including prepayments, will be applied first to interest then due, if any, and then to principal. If an Event of Default has occurred and is continuing, all payments will be applied first to amounts due under the Loan Documents other than principal or interest, second to accrued and unpaid interest, whether then due or otherwise, and the remainder to principal. Notwithstanding the foregoing, payments required to reduce the outstanding Loans to not exceed the Maximum Balance shall be applied first to principal to the extent necessary to reduce the outstanding Loans to the Maximum Balance and the remainder, thereafter, in accordance with the preceding sentences of this Section 2.10.

2.11 Late Payment Fees and Charges. In addition to the Default Interest Rate and any other amounts due Lender, and not in limitation of any other right or remedy of Lender, if Borrower fails to make any payment on or before the 10th calendar day following the date such payment was due under the Loan Documents (a "Late

Payment"), Borrower will pay to Lender five percent (5.0%) of the amount of the Late Payment (the "Late Payment Charge").

3.0 Conditions Precedent.

3.1 Condition Precedent to Initial Loan. The obligation of the Lender to make an initial Loan to the Borrower is subject to the condition precedent that the Lender shall have received on or before the day of such initial Loan each of the following, in form and substance satisfactory to the Lender and its counsel:

3.1.1 The Note and each of the Loan Documents duly executed and delivered by the Borrower and each other party thereto.

3.1.2 Documents and instruments granting to Lender a mortgage lien upon, security interests in, or assigning or pledging to Lender, the Collateral as security for the Loan, including, without limitation, financing statements duly filed under the Uniform Commercial Code of all jurisdictions necessary or, in the judgment of the Lender, desirable, to perfect the Liens granted to Lender.

3.1.3 ~~Payment of the Loan Fee together with reimbursement to Lender of all costs and expenses incurred in the negotiation, preparation, entry and perfection of the Loan Documents, including, without limitations, fees and expenses of Lender's legal counsel and filing, recording, registration or similar fees.~~

3.1.4 Payment of the Existing Debt, in full, by Borrower or such other person obligated on the Existing Debt.

3.1.5 Receipt by Lender of an Appraisal of the Real Property by Appraiser and stating an aggregate value in an amount reasonably acceptable to Lender.

3.1.6 An opinion of Borrower's legal counsel in form and substance satisfactory to Lender.

3.1.7 Delivery by Borrower of (a) its Articles of Incorporation and Bylaws as in effect on the Effective Date and certified to be true and correct copies by the President of Borrower (the "Borrower Organizational Documents") and (b) a list identifying each Shareholder as of the Effective Date, together with the number, series and class of shares owned by such Shareholder, and (c) a Certificate of Existence for Borrower issued by the Idaho Secretary of State as of a recent date and (d) a resolution or other evidence acceptable to Lender of the Borrower board of director approval and authorization of the Loan Documents.

3.1.8 Delivery by Borrower of a complete copy of (a) each of the Intercompany Agreements, certified by an officer of Borrower to be true, correct and complete copies of each of the Intercompany Agreements, as the

same are in effect on the Effective Date and (b) the Material Agreements in effect on the Effective Date.

3.1.9 Delivery by Borrower of a certificate of the chief executive officer of Borrower to the effect that (a) each of the Intercompany Agreements is in effect and no default has occurred under or with respect to the Intercompany Agreement and (b) each of the Entitlements is in full force and effect as of the Effective Date.

3.1.10 Delivery by the Borrower of a Construction Budget in form and substance satisfactory to Lender.

3.1.11 Receipt by Lender of a title policy or policies insuring the interests of Lender in the Real Property under the Mortgage, subject only to the Permitted Encumbrances, and on terms and conditions otherwise satisfactory to Lender, and in the amount of the Commitment.

3.1.12 Evidence of the policies of insurance required to be maintained by Borrower under the Loan Documents.

3.1.13 Evidence satisfactory to Lender of the payment in full and termination of the Chesrown Debt, whether by conversion to equity investment in Borrower or otherwise.

3.1.14 Evidence satisfactory to Lender of the payment in full and termination of the Samuel Debt contemporaneously with the payment of the Existing Debt.

3.1.15 Evidence satisfactory to Lender that, after giving effect to the initial disbursement of the Loan and the payment of the Existing Debt, the Chesrown Debt and the Samuel Debt, Borrower will be in compliance with the covenants expressed in Section 6.13.

3.1.16 Such other documents and instruments as Lender may reasonably request.

3.2 Conditions Precedent to All Loans. The obligation of the Lender to make each Loan (including the initial Loan) shall be subject to the further conditions precedent that on the date of each Loan:

3.2.1 No Event of Default has occurred and is then continuing (without regard to the cure period, if any, that is accorded to Borrower), and no event has occurred which, with the passage of time, would constitute an Event of Default, under the Loan Documents.

3.2.2 No material adverse change has occurred in the financial or other condition of Borrower or of the Collateral.

3.2.3 Each of the conditions to Lender's obligations to make the requested Loan shall have occurred, been delivered or are otherwise satisfied at the time of funding of the Loan.

3.2.4 The representations and warranties of Borrower contained in the Loan Documents are true and correct on and as of the date of such Loan as though made on and as of such date.

3.2.5 The Lender shall have received such other approvals, opinions, or documents as the Lender may reasonably request including, documents or instruments evidencing or perfecting the Liens granted under the Mortgage.

4.0 Release of Lots.

4.1 **Release.** Lender is not obligated to release a Lot, or all or any portion of the Real Property, from the lien of the Mortgage or other security interests or other interests of Lender, unless prior to the effectiveness of such release, the following conditions will have each occurred to the reasonable satisfaction of Lender and at Borrower's sole cost and expense:

4.1.1 The Lot to be released (the "Released Lot") has been subdivided in accordance with all local, state or federal statutes, ordinances or regulations then in effect and in accordance with the Plans.

4.1.2 The release of the Released Lot is necessary for the sale, use or other disposition of the Released Lot and Borrower has delivered to Lender a request for release not later than five (5) Business Days prior to the proposed effective date of the release.

4.1.3 Borrower has, or will substantially simultaneously with the release by Lender, transfer all of Borrower's right, title and interest in and to the Released Lot in an arm's length transaction to a third party that is not an Affiliate.

4.1.4 Borrower is not then in default under the Loan Documents and no event has occurred that, with the passage of time, would constitute an Event of Default.

4.1.5 The sale or other disposition of the Released Lot does not materially impair the usefulness or value of the remaining Real Property or the ability of Borrower to (a) sell, transfer or otherwise dispose of or use any other portion of the Real Property remaining subject to the Mortgage or (b) complete the development of the Project in accordance with the Plans.

4.1.6 Borrower will have delivered to Lender documents and instruments relating to the proposed sale of the Released Lot and such additional documents and instruments and information as Lender may reasonably request with respect to the requested release.

4.1.7 Borrower or an Affiliate are not providing financing for the sale of the Lot or selling the Released Lot under an installment contract, contract for deed or similar instrument deferring, in any amount, the payment by the purchaser of the purchase price or other consideration for the Released Lot.

4.2 Sale or Other Disposition. Except as provided in this Section 4.0 Borrower will not sell, transfer, lease, assign or otherwise dispose of any right, title or interest in or to the Real Property.

5.0 Representations and Warranties. The Borrower represents and warrants to the Lender as of the Effective Date and as of each date on which any Loan Document remains in effect that:

5.1 Existence and Validity. Borrower is an Idaho corporation duly organized and validly existing under the laws of the State of Idaho and has all requisite power, authority and legal right to carry on the business now being conducted by it and to engage in the transactions contemplated by the Loan Documents. The execution and delivery of the Loan Documents and the performance of each of the terms, conditions and covenants of the Loan Documents have been duly authorized by all necessary actions on the part of Borrower. The Loan Documents are in all respects legal, valid and enforceable in accordance with their terms.

5.2 Legally Enforceable Agreement. This Agreement is, and each of the other Loan Documents when delivered under this Agreement will be, legal, valid, and binding obligations of the Borrower, enforceable against the Borrower in accordance with their respective terms, except to the extent that such enforcement may be limited by applicable bankruptcy, insolvency, and other similar laws affecting creditors' rights generally.

5.3 Other Agreements. Borrower is not a party to any indenture, loan, or credit agreement, or to any lease or other agreement or instrument, or subject to any restriction which could have a material adverse effect on the business, properties, assets, operations, or conditions, financial or otherwise, of the Borrower, or the ability of the Borrower to carry out and perform its obligations under the Loan Documents. The Borrower is not in default in any material respect in the performance, observance, or fulfillment of any of the obligations, covenants, or conditions contained in any agreement or instrument material to its business or to which it is a party or by which the Real Property is bound or affected, including, without limitation, the Intercompany Agreements. The execution, delivery and performance by the Borrower of the Loan Documents do not require approval of any governmental authority and will not violate any provision of law or regulation, or any order of any court or other governmental authority to which the Borrower or its assets or properties may be subject, nor result in the breach of, or constitute a default of, any lien, encumbrance, or other agreement or instrument to which the Borrower is a party, or by which the Borrower or the Collateral may be bound or affected.

5.4 Compliance With Laws and Entitlements. The Plans, and the construction of the Project in accordance with the Plans are, and will be upon completion of construction of the Project, in material compliance with all governmental laws and regulations and requirements, standards and regulations of appropriate supervising boards and agencies and all covenants, conditions, restrictions or other private agreements to which the Real Property is, or upon completion of construction of the Project will be, subject to including, without limitation, the Entitlements.

5.5 Litigation. There is no pending or threatened action or proceeding against or affecting the Borrower, the Entitlements or the Collateral before any court, governmental agency, or arbitrator.

5.6 No Defaults on Outstanding Judgments or Orders. The Borrower has satisfied all judgments and the Borrower is not in default with respect to any judgment, writ, injunction, decree, rule, or regulation of any court, arbitrator, or federal, state, municipal, or other governmental authority, commission, board, bureau, agency or instrumentality, domestic or foreign.

5.7 Material Contracts. There have been no material modifications or amendments to the Material Contracts from the form of such Material Contracts provided by Borrower to Lender. Borrower further represents and warrants that each of the Material Contracts delivered to Lender is in full force and effect as of the later of the Effective Date or the date of delivery to Lender, and no event has occurred that, but for the passage of time, would constitute a default in the Material Contracts.

5.8 Availability of Utilities. Except for improvements to be constructed or installed by Borrower, all public utility services necessary for the construction of the Project and the intended development of the Real Property as contemplated by the Plans are available at the boundaries of the Real Property, including water supply, storm and sanitary sewer facilities, natural gas, electric and telephone facilities and shall continue to be available in sufficient quantities when and as needed to serve the construction of the Project.

5.9 Taxes. Borrower has filed all tax returns (federal, state, and local) required to be filed and has paid all taxes, assessments, and governmental charges and levies thereon to be due, including interest and penalties.

5.10 Accuracy of Financial Statements. The financial statements, summaries, representations, and other financial information of Borrower submitted to the Lender, whether prior to the Effective Date or thereafter, (a) were prepared in accordance with generally accepted accounting principles, consistently applied, (b) disclose all liabilities, direct and contingent, as of their respective dates, and (c) fairly and accurately present the financial condition of the Borrower, as of their respective dates, in all material respects. No material adverse change in the financial condition of the Borrower has occurred from the last presentation of Borrower's financial statements to Lender.

5.11 No Violation of Law. There exists no violation of any Law with respect to the current or intended business operations of the Borrower, or the Collateral, which violation would have a material adverse effect on the business of the Borrower, the Collateral or the transactions contemplated by the Loan Documents, and there are no facts presently existing which, with the giving of notice or the passage of time or both, may form the basis of any such violation.

5.12 Title to Collateral. The Borrower has good and marketable title to all of the Collateral, free and clear of all liens and encumbrances, except liens in favor of the Lender and the Permitted Encumbrances. Borrower has not executed any security agreements or financing statements with respect to, or otherwise mortgaged or granted any consensual lien with respect to, any of its respective properties or assets, including, without limitation, in or to any portion of the Collateral, except for the Intercompany Agreements.

5.13 Condition of Real Property. The Real Property is not now damaged or injured as a result of any fire, explosion, accident, flood, or other casualty or act of God, and are not now the subject of any pending or threatened condemnation proceedings.

5.14 Priority of Lien on Collateral. The Loan Documents grant to Lender a direct, valid and enforceable first priority lien on the Collateral.

5.15 Continuing Nature. All warranties and representations by the Borrower and guarantors herein and in the other Loan Documents are now and will continue to be true and correct until the Loans and all interest thereon and all other obligations of Borrower under the Loan Documents are paid in full and all covenants and agreements are observed and performed by the Borrower. By submitting a Loan Request or issuance of a Letter of Credit, Borrower confirms to Lender that the representations and warranties of Borrower are materially true and correct on and as of the date of such request.

6.0 Covenants. So long as the Note shall remain unpaid or the Lender shall have any obligation under this Agreement, the Borrower will perform each of the covenants stated in this Section 6.0. By requesting a Loan or issuance of a Letter of Credit, Borrower confirms to Lender that Borrower has performed each of the covenants on and prior to the date of such request.

6.1 Restriction on Certain Actions. Borrower will not:

6.1.1 Issue any shares of voting or nonvoting stock of Borrower to any person or permit the transfer of any shares of any voting or nonvoting stock of Borrower by or to any Person.

6.1.2 Make any payment or distribution to Shareholders in property or in cash at any time except for (a) Tax Distributions or (b) distributions made for the payment of Existing Debt in accordance with this Agreement.

6.1.3 (a) Following the occurrence of an Event of Default, make any payment on or with respect to the BRN Note or the Intercompany Agreements or (b) pay any amount on or with respect to the BRN Note or the Intercompany Agreements prior to the time at which payment is actually due.

6.1.4 Cause, enter or consent to the amendment, modification, or termination of the Borrower Organizational Documents or the Intercompany Agreements.

6.1.5 Sell or agree to sell or otherwise transfer any interest in or to the Collateral except for the sale of Released Lots in accordance with Section 4.0.

6.1.6 Make any loans or advances to, or guarantee, endorse, or become a surety or otherwise become liable, directly or contingently, upon the obligation of any Person.

6.1.7 Dissolve or liquidate, or sell, assign, lease or transfer all or any material part of its assets or business, or enter into any merger, consolidation, pool, joint venture, or other combination or engage in or conduct any business activity other than such activities as are conducted by Borrower as of the Effective Date.

6.1.8 Make any investment in, or acquire any debt or equity interests in, or acquire all or substantially all of the assets of, any Person.

6.1.9 Incur or assume any debt except for (a) debt under the Intercompany Agreements which is subordinate to the obligations of Borrower to Lender or (b) accounts payable incurred in the ordinary course of business, which are unsecured, and which state an initial maturity of not greater than ninety (90) days of incurrence by Borrower.

6.1.10 Create, incur, assume, or suffer to exist, any pledge, lien, security interest, assignment, deposit arrangement, or other preferential arrangement, charge, or encumbrance (including, without limitation, any conditional sale, or other title retention agreement, or finance lease) of any nature, upon or with respect to the Collateral, or any asset now owned or hereafter acquired other than Liens in favor of the Lender.

6.1.11 Except for the Black Rock Management Contract, enter any agreement for the management, leasing or operation of the Real Property.

6.2 Title to Assets and Maintenance. Borrower will defend and maintain title to all of its material properties and assets, including, without limitation, in and to the Collateral. Borrower will keep its assets, both real and personal, including, without limitation, the Collateral, in good order and condition consistent with industry practice and will make all necessary repairs, replacements and improvements sufficient to maintain the value of the Collateral commensurate with industry practices.

6.3 Payment of Liabilities. Borrower will pay all its liabilities as they become due unless they are contested in good faith by appropriate actions or legal proceedings and Borrower establishes adequate reserves in accordance with generally accepted accounting principles. Borrower will (a) keep accurate and complete records of all accounts; and (b) make no material change in any of the terms of any account or grant to any account debtor any rebate, refund, allowance, or credit upon any account nor adjust, settle or compromise the amount or payment of any account.

6.4 Inspection of Collateral. Borrower will allow Lender and any person or entity designated by the Lender, to inspect, at any reasonable time, Borrower's business premises and any or all of the Collateral and the Borrower's operations with respect to the Collateral.

6.5 Setoff. Borrower grants to the Lender a contractual possessory security interest in, and hereby assigns, conveys, delivers, pledges, and transfers to the Lender all the Borrower's right, title and interest in and to, the Borrower's deposit accounts with Lender and that upon the occurrence and during the continuance of any Event of Default the Lender is hereby authorized at any time and from time to time, without notice to the Borrower (any such notice being expressly waived by the Borrower), to set off and apply any and all deposits (whether general or special, time or demand, provisional or final) held against the indebtedness at any time owing to the Lender. The foregoing rights of the Lender are in addition to other rights and remedies (including, without limitation, other rights of setoff) which the Lender may have.

6.6 Maintain Entitlements. Borrower will not cause or permit, by any act or failure to act, any Entitlement, to expire without filing a timely application for renewal or to be surrendered or modified, or take any action that would cause any governmental or other authority to institute proceedings for the suspension, revocation, or adverse modification of any such Entitlement.

6.7 Further Assurances. Borrower will execute and deliver such other and further instruments and to perform such other and further acts as in the opinion of the Lender may be necessary or desirable to carry out more effectively the purposes of this Loan Agreement or to create or perfect the Liens of Lender in the Collateral.

6.8 Perform Covenants. The Borrower will perform all of its duties, covenants and obligations under, and make all payments and take all other action required by, the Loan Documents.

6.9 Insurance. Borrower will obtain and keep in full effect such insurance or evidence of insurance as Lender may reasonably require including, but not limited to, the insurance required on Schedule 6.9. All such insurance policies will contain such reasonable endorsements as Lender may from time to time require, and all liability policies will name Lender as additional insureds or additional loss payees as their interests may appear. All such insurance policies will be endorsed with a loss payable clause in favor of Lender. Borrower will give Lender satisfactory evidence of renewal of all such policies with premiums paid at least thirty (30) days before expiration of

such policy or policies. Borrower agrees to pay all premiums on such insurance as they become due, and will not permit any condition to exist on or with respect to the Collateral which would wholly or partially invalidate any insurance. Borrower will give immediate written notice to the insurance carrier and to the Lender of any loss. Borrower hereby authorizes and empowers Lender, at Lender's option and in Lender's sole discretion, and following an Event of Default, to act as attorney-in-fact for Borrower to make proof of loss, to adjust and compromise any claim under insurance policies, to collect and receive insurance proceeds and to deduct therefrom expenses incurred in the collection of such proceeds, and all insurance policies of Borrower will provide that Lender may act as Borrower's attorney-in-fact for such purposes. Borrower will provide copies of all insurance policies to Lender when and as Lender may request. Upon demand of Lender, Borrower shall deliver to Lender for application to the obligations of Borrower to Lender, all insurance proceeds received or receivable by Borrower.

6.10 Compliance With Laws. Borrower will comply in all respects with all applicable Laws, such compliance to include, without limitation, paying before the same become delinquent all taxes, assessments, or governmental charges imposed upon Borrower or upon its property, including the Real Property.

6.11 Right of Inspection. The Lender will be allowed, at the Borrower's sole cost and expense, by any person or entity designated by the Lender, to (i) inspect, at any reasonable time, all of the Borrower's books, records, accounting systems and accounts, (ii) inspect the Borrower's records to audit the statements provided or required to be provided by Borrower, and (iii) to discuss the contents of such books of record and accounts with appropriate employees, agents, officers, managers, members or directors of the Borrower and (iv) make and keep copies of such books and records and other information of Borrower as Lender may deem appropriate.

6.12 Reporting Requirements. Borrower shall furnish to the Lender:

6.12.1 Monthly Financial Statements. As soon as available, and in any event on or before the 20th calendar day following the last day of each calendar month, Borrower financial statements including, without limitation, balance sheets, statements of income and statements of changes in financial position of the Borrower and any subsidiary, all in reasonable detail and all prepared in accordance with GAAP consistently applied.

6.12.2 Annual Financial Statements. As soon as available, and in any event on or before the 60th day following the last day of Borrower's fiscal year, Borrower financial statements including, without limitation, balance sheets, statements of income and statements of changes in financial position of the Borrower and any subsidiary, all in reasonable detail and all prepared in accordance with GAAP consistently applied.

6.12.3 Tax Returns. When and as filed, complete copies of state and federal income tax and information returns, together with any amendments, filed by Borrower.

6.12.4 Guarantor Information. As soon as available, and in any event (a) on or before April 15th of each calendar year, a personal financial statement of the Guarantor, in reasonable detail and (b) when and as filed, the federal income tax return of Guarantor.

6.12.5 Notice of Litigation. Promptly after the commencement thereof, notice of all actions, suits, and proceedings before any court or governmental department, commission, board, bureau, agency, or instrumentality, domestic or foreign, affecting the Borrower, which, if determined adversely to the Borrower, could have a material adverse effect on the financial condition, properties, or operations of the Borrower.

6.12.6 Notice of Events of Default. Upon the occurrence of an Event of Default (without regard to the cure period, if any, accorded Borrower), a written notice setting forth the details of such Event of Default and the action which is proposed to be taken by the Borrower.

6.12.7 Notification of Liens. Borrower will immediately advise Lender in writing of any written notice from any laborer, supplier, subcontractor, vendor or materialman to the effect that such laborer, supplier, subcontractor, vendor or materialman has not been paid when due for any labor or materials furnished in connection with the construction of the Project, whether Borrower shall have received written notice of an intention to file a lien or otherwise.

6.13 Certain Financial Covenants. Borrower will conduct its business so as to maintain the following financial covenants, each as determined in accordance with GAAP:

6.13.1 Borrower will maintain a Tangible Net Worth of not less than \$4,500,000, measured as of the last day of each calendar month. "Tangible Net Worth" means the excess of total book value of Borrower assets over the sum of (a) total Borrower liabilities plus (b) total Borrower intangible assets.

6.13.2 Borrower will maintain a ratio of Total Debt to Adjusted Net Worth of not greater than 2.00:1.00, measured as of the last day of each calendar month. "Total Debt" means all indebtedness of Borrower, including, without limitation, indebtedness under the BRN Note. "Adjusted Net Worth" means the total book value of Borrower assets less the book value of receivables due from Affiliates.

6.14 Material Contracts. Upon request of Lender, Borrower will provide Lender true, correct and complete copies of all Material Contracts then in effect.

6.15 Entitlements. On request of Lender, Borrower will provide Lender (a) updated lists of Entitlements held and further Entitlements required for completion of the Project in accordance with the Plans and (b) copies of all Entitlements and (c) a confirming letter of the Borrower or Borrower's counsel, as Lender may request, to the effect that, after due inquiry, the Entitlements not yet obtained but required for completion of the Project are obtainable by Borrower in the ordinary course.

6.16 Use of Loan Proceeds. Borrower will use the proceeds of the Loan solely for Permitted Purposes.

6.17 Completion of Construction. Borrower will, and will cause all parties with which Borrower contracts to, diligently pursue construction of the Project to completion and will supply such monies and perform such duties as may be necessary to complete the construction in accordance with the Plans and in full compliance with all terms, conditions and covenants of the Loan Documents. All of such construction shall be completed without liens, claims or assessments (actual or contingent) asserted against the Collateral for any material, labor or other items furnished in connection with such construction, excluding only such liens, claims or assessments as are assured or bonded to Lender's satisfaction. Borrower shall cause the construction to be completed in full compliance with all Entitlements and all construction, use, building, zoning and other similar requirements of any governmental jurisdiction and all covenants, conditions, restrictions or other private agreements to which the Real Property is or may become subject. Borrower shall provide Lender with satisfactory evidence of such compliance, from time to time, upon reasonable request of Lender.

6.18 Final Plats. Borrower shall cause the final plat(s) or similar instruments necessary for the completion of the Project and disposition of Lots, to be recorded with respect to some or all of the Real Property as soon as commercially reasonable and consistent with the Plans. All final plats or similar instruments shall be materially consistent, in all respects, with the Plans and the Entitlements. Borrower will provide Lender the form of any final plat or similar instrument not later than fifteen (15) days prior to the date of intended recording.

7.0 Events of Default and Remedies.

7.1 Events of Default. The occurrence, and, with respect to default other than for nonpayment, the continuance thereof unremedied for thirty (30) days or such longer period as may be specifically provided in the Loan Documents with respect to such occurrence, of any of the followings events will be deemed to constitute an "Event of Default" under this Loan Agreement:

7.1.1 The Borrower fails to pay in full, any payment or other amount required under the Note or any of the other Loan Documents, when and as such payment is due.

7.1.2 The Borrower fails to fully perform and keep any and all covenants and agreements in the Loan Documents required to be performed by

it or the occurrence of any event of default as defined in or provided in any Loan Document.

7.1.3 An event of default or other failure of performance occurs under (a) the Subordination Agreement or (b) the Guaranty or (c) the Entitlements or (d) the Material Contracts, which remains uncured for the period of time, if any, accorded under such instrument or agreement.

7.1.4 The filing or other assertion of any lien or other encumbrance on the Collateral by any Person other than the Lender.

7.1.5 The voluntary or involuntary transfer of any right, title or interest in or to the Collateral except for the sale of Lots as permitted by Section 4.0 of this Agreement.

7.1.6 If the Borrower or Guarantor shall become insolvent (however such insolvency may be evidenced) or bankrupt, or shall file for bankruptcy, or shall make an assignment for the benefit of or a composition with creditors, or shall be unable, or shall admit in writing its or their inability, to pay its or their debts as they mature; or if bankruptcy, reorganization, arrangement, insolvency or similar proceeding for relief of financially distressed debtors shall be instituted against Borrower or Guarantor and shall not be dismissed on appeal, within sixty (60) days of such institution; or if Borrower or Guarantor shall petition for, or there shall be appointed for a substantial part of the assets or properties of the Borrower or Guarantor, a trustee, receiver or liquidator, or if the Borrower or Guarantor shall take any action for the purposes of effecting any of the foregoing.

7.1.7 If any representation or warranty of the Borrower contained in any of the Loan Documents, or if any financial statement or other document provided to the Lender by Borrower in connection with the Loan or required under the Loan Documents proves to have been false in any material respect when made or furnished.

7.1.8 If the Borrower is in default in payment or performance under any agreement to which Borrower is a party or by which the property of Borrower is bound or affected, including, without limitation, under the Intercompany Agreements.

7.1.9 The entry of one or more judgments against Borrower.

7.1.10 A Change in Control occurs.

7.1.11 Death of Guarantor.

7.2 **Remedies.** Upon the occurrence of any Event of Default, the Lender shall be entitled to exercise, in addition to any right or remedy accorded at law or in equity, the following remedies and all such remedies are deemed to be cumulative and may be

exercised individually or in combination as appropriate: (i) to declare all amounts owing under the Loan Documents including under the Note to be immediately due and payable in full; (ii) to pursue all rights and remedies provided for in the Loan Documents; (iii) to have a receiver appointed by a court of competent jurisdiction, in order to manage, protect, and preserve the Borrower's business and all other Collateral and to continue the operation of the Borrower's business (including the collection of all revenues and payment of all expenses of the receivership) until sale or other final disposition of the Collateral and (iv) to foreclose the Mortgage and to exercise any remedy accorded a secured party under the Uniform Commercial Code or similar law. The exercise of any one or more rights or remedies shall not be deemed a waiver of any other rights or remedies.

7.3 Lender's Curative Rights. Upon the happening of any Event of Default which may be cured by payment of money or by performance of any act, the Lender, without waiving any right or remedy, shall have the right, but not the obligation, to make such payment or perform such act, and to add to the amount owing to Lender, and to demand and receive from Borrower, the amount of such payment or the cost of performing such action. All such amounts shall bear interest, until paid, at the Default Interest Rate.

8.0 General Provisions.

8.1 Amendments; Consents. No amendment, modification, supplement, extension, termination or waiver of any provision of this Agreement or any other Loan Document, no approval or consent thereunder, and no consent to any departure by the Borrower or any other party therefrom, may in any event be effective unless in writing signed by the Lender, and then only in the specific instance and for the specific purpose given.

8.2 Notices. All notices, requests and demands hereunder will be in writing and (i) made to the address set forth below, or to such other address as either party may designate by written notice to the other in accordance with this provision, and (ii) deemed to have been given or made: if delivered in person, immediately upon delivery; if by telex, or telegram, immediately upon sending and upon confirmation of receipt; if by nationally recognized overnight courier service with instructions to deliver the next Business Day, one (1) Business Day after sending; and if by certified mail, return receipt requested, five (5) days after mailing.

If to Borrower: BRN Development, Inc.
Attn: Marshall R. Chesrown
912 Northwest Blvd.
Coeur d'Alene, ID 83814

If to Lender: American Bank
1612 W. Main Street
Bozeman, MT 59715
Attn: Mark Hendrickson

8.3 Actions. The Lender shall have the right to commence, appear in, or defend any action or proceedings purporting to affect the rights, duties or liabilities of the parties as set forth in the Loan Documents. In such event, the Borrower agrees to pay the Lender on demand all expenses, including reasonable attorneys' fees, incurred in connection with such action.

8.4 Assignment. This Agreement and the rights or obligations of Borrower may not be assigned by the Borrower without the Lender's prior written consent, which consent the Lender may grant or withhold in its sole discretion. Without in any way lessening the effect of the preceding sentence, the duties and obligations provided in the Loan Documents shall be binding upon and inure to the benefit of the successors and assigns of the parties. The Borrower acknowledges that the Lender may transfer all or a portion of the Loan to one or more third parties and the Borrower consents thereto and agrees to render performance to the assignees and the Lender as appropriate.

8.5 Governing Law. This Agreement is being executed in the State of Montana and is to be governed by and construed in accordance with the laws of Montana.

8.6 Costs, Expenses and Taxes. Borrower shall pay on demand the costs and expenses of the Lender in connection with the negotiation, preparation, execution and delivery of the Loan Documents, and in connection with the amendment, waiver, refinancing, restructuring, reorganization (including a bankruptcy reorganization) and enforcement or attempted enforcement of the Loan Documents, and any matter related thereto, including, without limitation, filing fees, recording fees, title insurance fees, appraisal fees, search fees and other out-of-pocket expenses and the reasonable fees and out-of-pocket expenses of any legal counsel, independent public accountants and other outside experts retained by the Lender. Borrower shall pay any and all documentary and other taxes (other than income or gross receipts taxes generally applicable to Lender) and all costs, expenses, fees and charges payable or determined to be payable in connection with the filing or recording of this Agreement, any other Loan Document or any other instrument or writing to be delivered hereunder or thereunder, or in connection with any transaction pursuant hereto or thereto, and shall reimburse, hold harmless and indemnify the Lender from and against any and all loss, liability or legal or other expense with respect to or resulting from any delay in paying or failure to pay any tax, cost, expense, fee or charge or that any of them may suffer or incur by reason of the failure of any party to perform any of its obligations. Any amount payable to the Lender under this Section shall bear interest from the second Business Day following the date of demand for payment at the Default Interest Rate.

8.7 Severability/Titles. In case any one or more of the provisions of any of the Loan Documents shall be held to be invalid, illegal or unenforceable in any respect

by any court or other entity having the authority to do so, the validity of the remaining provisions shall in no way be affected, prejudiced or disturbed. Titles and headings herein are for reference purposes only and do not constitute a part of this Agreement.

8.8 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one agreement.

8.9 Time. Time is of the essence of this Agreement.

8.10 Attorneys' Fees. The prevailing party in any legal proceeding for the interpretation or enforcement of this Agreement or the Loan Documents will be entitled to recover its cost and expenses, including reasonable attorneys' fees, incurred in or with respect to such proceeding.

8.11 Further Assurance. Each party to this Agreement shall execute such additional documents and instruments and take such actions as may be reasonably necessary or convenient to effectuate the intent of this Agreement and the Loan Documents.

8.12 Entire Agreement. This Agreement, together with the other Loan Documents, comprises the complete and integrated agreement of the parties with respect to the subject matter and supersedes all prior agreements, written or oral, on the subject matter. Each Loan Document was drafted with the joint participation of the respective parties and shall be construed neither against nor in favor of any party.

[Remainder of page blank. Signature page follows.]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

LENDER:

AMERICAN BANK

By: Mark S. Hendrickson
Its: COO

BORROWER:

BRN DEVELOPMENT, INC.

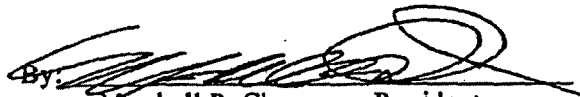
By: 
Marshall R. Chesrown, President

EXHIBIT A
LOAN REQUEST FORM

EXHIBIT B

NOTE

SCHEDULE 1

MATERIAL CONTRACTS

Pool World Swimming Pool Design Fee Proposal
Nystrom Olson Collins Proposal for Architectural Design Services
DCI Engineers Professional Services Agreement
Summit Professional Engineering, LLC
Energy Control, Inc. Fee Proposal
Clay Enterprises Contract Proposal
Nystrom Olson Collins Proposal for Architectural Design Services
Summit Professional Engineering, LLC Proposal
Energy Control, Inc. Fee Proposal
DCI Engineers Professional Services Agreement
Contract Agreement between BRN and Aapex Construction, Inc.
Contract Agreement between BRN and Peak Sand and Gravel
Strata Engineering Revised Proposal
Agreements between Design Workshop and BRD
Golf Course Design Agreement

SCHEDULE 2.2

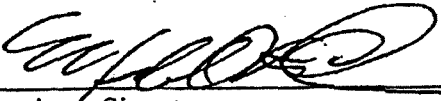
PARCEL REDUCTION AMOUNTS

Parcel	Number of Units	Release Price per unit	Release Price per acre
A			40,000
B			30,000
C			20,000
I	8	95,051	
II	21	83,283	
III	26	83,896	
IV	64	27,061	
1	24	124,644	
2	22	151,897	
3	4	260,000	
4	12	199,870	
5	11	114,532	
6	32	229,553	
7	4	212,914	
9	17	155,117	
10	17	156,224	
11	11	153,090	
12	17	122,138	
13	10	134,815	
14	4	153,375	
15	5	114,400	
16	16	147,784	
Total	325		

SCHEDULE 2.3.2

BORROWER REPRESENTATIVE

Marshall R. Chesrown



Specimen Signature

Chad V. Rountree



Specimen Signature

SCHEDULE 6.9

INSURANCE

Fire and "all risk" insurance covering 100 percent (100%) of the replacement cost of all fixtures, buildings, structures or other improvements on the Real Property or otherwise owned or leased by Borrower in the event of fire, lightning, earthquake, flood, vandalism and other risks normally covered by "all risk" policies.

CHANGE IN TERMS

(Extension, Deferral, Assumption, Transfer of Equity)

Loan Center Use Only:

CLIF Number	Loan Number	Original Amount	Original Note Date	New Balance	Modification Date	Officer	Loan Center Process Date
		15,000,000 Line	2/02/07	15,000,000 Line	2/6/08	BJK	2-20-08

References above to any particular loan or item shall not limit the applicability of this document.

Customer:

BRN DEVELOPMENT INC
P.O. BOX 3070
COEUR D'ALENE ID 83816

Lender:

American Bank
P.O. Box 1970
1632 West Main Street
Bozeman, MT 59711-1970

On **February 2, 2007**, Customer became obligated to Lender on a note contract credit agreement in the original principal amount of **\$ 15,000,000 Line**. The amount remaining due is **\$ 15,000,000 Line** principal plus **\$ 0.00** accrued interest, plus **\$ 0.00** late charges, for a total of **\$ 15,000,000 Line**. That obligation is secured by the following property: **1st Mortgage on Black Rock North Project**

For valuable consideration Customer and Lender agree to the following change in Customer's obligation:

Extension. The payment schedule is deferred, starting with the payment of **\$ interest and principal due February 2, 2008**. The new payment schedule is (a) **12 monthly payments of \$ interest only** each starting **March 2, 2008**; (b) as follows: **one payment of all accrued interest and principal due at maturity.**

The new date of final payment will be **August 2, 2009**. On that date all remaining amounts of principal and interest must be paid. Customer acknowledges that this deferral will result in Customer paying more interest. If Customer purchased credit insurance and the credit insurance is not now rewritten, Customer acknowledges that the insurance may cover only the original term of the obligation, and the payments being made after that time may not be covered by the credit insurance.

This extension also constitutes a conversion of an open-end credit plan to a fixed payment schedule as listed above. All other terms and collateral of the credit plan remain in effect, except that Customer is not entitled to further advances.

Rate Change. The interest rate is changed from _____ % per annum _____ to: _____ % per annum. a rate of _____ points over under the following rate:

In any event, the rate will not be less than _____ % nor more than _____ % per annum.

Other Changes. _____

New Borrower(s). The following person(s) are now liable for the obligation of Customer to Lender: _____ ("New Borrowers")

The New Borrowers agree to pay the obligation to Lender. The New Borrowers acknowledge the Lender gave them copies of each of the following documents, which cover the obligation of Customer to Lender:

Note Security Agreement Deed of Trust
 Mortgage Contract _____

The New Borrowers agree that they are now bound by the terms of these documents, plus any others given by New Borrowers in favor of Lender.

The obligation of New Borrowers is in addition to and does not release in place of and releases the obligations of Customer. If Customer is not released, Customer acknowledges that Customer is still liable for the obligation, and Customer will be liable for any deficiency judgment if property securing the obligation is not enough to pay the obligation, to the same extent as before this change in terms. If Customer is released from liability, this will not release the property securing the obligation nor any other persons liable on the obligation.

Customer assigns the following escrow's, held at Lender, to New Borrowers:

tax escrow of \$ _____ insurance escrow of \$ _____

New Borrowers agree to provide their own insurance covering the property that secures the obligation satisfactory to Lender, as required in the original agreements between Lender and Customer.

Fees. In return for its consent, Customer agrees to pay Lender a non-refundable fee of **\$ 37,500**. This fee will be paid in cash when this agreement is signed. If the New Borrowers are being added, they also are liable to pay the fee.

Miscellaneous. If more than one Customer or New Borrower signs below, their obligations will be joint and several. Except as expressly changed by this agreement, the terms of the obligation, including all agreements evidencing or securing it, remain unchanged and in full force and effect. Consent by Lender to this change in terms does not waive Lender's right to strict performance of the obligation as changed, nor obligate Lender to any future change in terms. Nothing in this agreement shall constitute a satisfaction of the obligation. This agreement is a final expression of the agreement between Lender and Customer and may not be contradicted by evidence of any alleged oral agreement. It is the intention of Lender to retain as liable parties all makers and endorsers of the original obligation, including accommodation parties, unless a party is expressly named and released above. Any maker or endorser, including accommodation makers, shall not be released by virtue of this change in terms. If any person who signed the original obligation has not signed below, then all persons signing below acknowledge that this extension agreement is given conditionally, based upon the representation to Lender that the non-signing party consents to this extension or otherwise will not be released by it. This waiver applies not only to any initial extension, modification, or release, but also to all such subsequent actions.

BRN DEVELOPMENT INC

2/6/08
Date

By: 
MARSHALL R CHESROWN, President

Date

Consent of Lender: American Bank

2/6/08
Date


BRYAN J KLEIN

Chief Operating Officer
Title

Consent of other persons liable on the obligation who agree that they are still liable:

2/6/08
Date


MARSHALL R CHESROWN, Guarantor

Date

Revision: December 22, 2005

Reviewed: 

**DEPOSITION
EXHIBIT**

chesrown #174
6-23-10 PP 20

Confidentiality
Waived

1158

AB002408

6406036

REVOLVING CREDIT NOTE

\$15,000,000.00

February 2, 2007

FOR VALUE RECEIVED, the undersigned, BRN Development, Inc., (the "Borrower"), delivers this Revolving Credit Note (the "Note") under the Revolving Credit Agreement of even date (the "Agreement") and promises to pay to the order of American Bank (the "Lender"), at its office located at 1612 W. Main Street, Bozeman, Montana 59715, the principal amount of Fifteen Million Dollars (\$15,000,000.00), or the aggregate unpaid principal amount of all Loans when and as provided herein or under the Agreement.

Capitalized terms used in this Note are accorded the meaning given such terms in the Agreement.

The principal balance of this Note from time to time will bear interest (computed on the basis of a year of 360 days for the actual number of days elapsed) at the Interest Rate or Default Interest Rate, as applicable, from the date of this Note until fully paid and satisfied. In addition to the payments otherwise required by this Note or the Agreement, Borrower will pay all accrued and unpaid interest, in arrears, on the Loan (a) for interest accrued during each calendar month, on the 2nd calendar day of the succeeding calendar month and (b) on the Maturity Date.

Borrower shall make payments of principal on this Note as required under the Agreement. Without limiting the foregoing, unless otherwise permitted under the Agreement, Borrower shall fully pay and satisfy the entire principal balance of the Note on the Maturity Date.

All payments by Borrower shall be applied to the principal or accrued and unpaid interest on this Note as provided in the Agreement.

The Borrower authorizes the Lender to endorse on a schedule annexed to this Note, or to otherwise evidence on Lender's books and records, all Loans made to the Borrower and all payments of principal amounts in respect of such Loans, which endorsements or evidence shall, in the absence of manifest error, be conclusive as to the outstanding principal amount of all Loans; provided, however, that the failure to make such notation with respect to any Loan or payment shall not limit or otherwise affect the obligations of the Borrower under the Revolving Credit Agreement or this Note.

The Agreement, among other things, contains provisions for acceleration of the maturity of this Note upon the happening of certain stated events, and also for payments of the principal balance or accrued interest on this Note, prior to the Maturity Date upon the terms and conditions stated in the Agreement. This Note is secured by, among other things, a Mortgage, Security Agreement and Fixture Filing.

The occurrence of an Event of Default under the Agreement is a default under this Note as if such Events of Default were fully stated on the face of this Note.

The Borrower shall make each payment under this Note not later than 11:00 a.m. Mountain time on the date when due in lawful money of the United States to the Lender in immediately available funds and at the Lender's office in Bozeman, Montana. Whenever any payment to be made under this Note shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day, and the extension of time shall in such case be included in the computation of the payment of interest. Payments received by Lender after 11:00 a.m. Mountain time shall be deemed received for all purposes on the next Business Day.

This Note shall be governed by the laws of the state of Montana.

Borrower waives demand, presentment for payment, diligence in collection, notice of nonpayment and protest.

In the event of any suit or other proceeding for the interpretation or enforcement of this Note, the prevailing party in such suit or other legal proceeding shall be entitled to recover its costs and expenses incurred, including, without limitation, reasonable attorneys' fees.

Time is of the essence of this Note.

Borrower agrees to execute such further documents and instruments and take such further actions as may be reasonably necessary or convenient to effectuate the intention of this Note.

[Remainder of page blank. Signature page follows.]

BRN DEVELOPMENT, INC.

By:


Marshall R. Chesrown, President

REVOLVING CREDIT NOTE

Page 1

CONFIDENTIAL

1161

AB002411

1 IN THE DISTRICT COURT OF THE FIRST JUDICIAL DISTRICT OF
2 THE STATE OF IDAHO, IN AND FOR THE COUNTY OF KOOTENAI

3 American Bank, a Montana banking)
4 corporation,)
5 Plaintiff,)

) Case No. CV 09-2619

6 vs.)

7 BRN Development, INC., an Idaho)
corporation, BRN INVESTMENTS,)
8 LLC, an Idaho limited liability)
company, Lake View AG, a)
9 Liechtenstein company, BRN-LAKE)
View Joint Venture, an Idaho)
10 general partnership, ROBERT)
LEVIN, Trustee for the ROLAND M.)
11 CASATI FAMILY TRUST, dated)
June 5, 2008, Ryker Young,)
12 Trustee for the Ryker Young)
REVOCABLE TRUST, MARSHALL)
13 CHESROWN, a single man, IDAHO)
ROOFING SPECIALIST, LLC, an)
14 Idaho limited liability company,)
THORCO, INC., an Idaho)
15 corporation, CONSOLIDATED SUPPLY)
COMPANY, an Oregon corporation,)
16 INTERSTATE CONCRETE & ASPHALT)
COMPANY, an Idaho corporation,)
17 CONCRETE FINISHING, INC., an)
Arizona corporation, THE TURF)
18 CORPORATION, an Idaho)

) RULE 30(b)(6)
) DEPOSITION OF
) BRN INVESTMENTS, LLC

) TESTIMONY OF
) MARSHALL CHESROWN

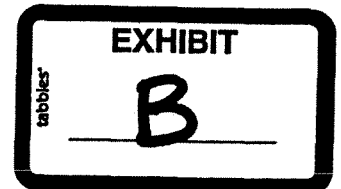
) TAKEN ON BEHALF OF
) THE PLAINTIFF

) AT
) SPOKANE, WASHINGTON

) JUNE 22, 2010
) AT 1:00 P.M.

19
20 REPORTED BY:

21 PATRICIA L. PULLO, CSR
22 Notary Public



1 assessments against BRN -- Black Rock North, the
2 property?

3 A. Whether BRNI has paid any?

4 Q. Whether BRN Development has paid the taxes
5 and liens and assessments.

6 A. I'm not aware if they have or haven't.

7 Q. Does BRN Investments assert that it has made
8 any payments of taxes, liens or assessments against
9 Black Rock North?

10 A. Paid any taxes, liens or assessments, I don't
11 believe so.

12 Q. Okay.

13 MR. LAYMAN: Just for clarification, after
14 this transfer you mean?

15 BY MS. TELLESSEN:

16 Q. Yeah. Subsequent to the transfer of -- to
17 BRN Development.

18 A. I don't believe so.

19 Q. All right.

20 (Whereupon, Deposition Exhibit No. 163 was
21 marked for identification.)

22 BY MS. TELLESSEN:

23 Q. You have now been handed what's been marked
24 as Exhibit 163, a document entitled Subordination and
25 Standstill Agreement. Do you recognize this document?

1 A. Yes.

2 Q. And how do you recognize it?

3 A. It's a document that I signed with a loan
4 agreement, I believe.

5 Q. And if you turn to the page marked with
6 AB002614 --

7 A. Okay.

8 Q. -- is that's your signature signing as the
9 managing member of BRN Investments, LLC?

10 A. Yes.

11 Q. Who drafted this document?

12 A. I assume the bank.

13 Q. Do you know?

14 A. I don't know for fact.

15 Q. This agreement was entered into on
16 February 2nd, 2007, correct?

17 A. Correct.

18 Q. Do you understand the purpose of this
19 document?

20 A. Yes.

21 Q. What is that?

22 A. This BRNI, on title I believe, is in first
23 position prior to making the loan. And upon receiving
24 a \$50 million loan commitment, BRNI agreed to
25 subordinate to the bank for their lending to finish

1 A. Yes.

2 Q. And BRN Investments signed this agreement,
3 correct?

4 A. Yes.

5 Q. And did you negotiate any portion of this
6 agreement?

7 A. I don't remember if I did or not. I mean,
8 I've signed a lot of subordination agreements. So I
9 assume I looked at it and signed it. But it could have
10 been negotiated, I'm sure.

11 Q. Did you read it or were you --

12 A. Yes.

13 Q. And based on your signature, BRN Investments
14 is bound to comply with this agreement?

15 A. Yes.

16 Q. And are there oral agreements that add to or
17 detract from the Subordination and Standstill
18 Agreement?

19 A. Oral agreements. I would say there had to
20 be.

21 Q. And what were those?

22 A. Well, what I'm -- what I'm talking about is,
23 you know, where we were starting and where we were
24 going with the loan.

25 Q. So is it your contention then that American

1 BY MS. TELLESSEN:

2 Q. And you have been handed Exhibit 166,
3 Mortgage, Security Agreement and Fixture Filing. To
4 the best of your knowledge, is that the mortgage
5 referred to in the definition of "Loan Documents" on
6 Exhibit 164?

7 A. Yes.

8 Q. And each of these documents are dated
9 February 2nd, 2007, the same as the Subordination and
10 Standstill Agreement, correct?

11 A. Right.

12 Q. Now, our previous discussion was the purpose
13 of the subordination agreement. And your testimony was
14 in order for BRN Investments to subordinate its debt in
15 favor of a \$50 million loan from American Bank; is that
16 a fair characterization?

17 A. Yes.

18 Q. And in looking at Exhibits 164, 165 and 166,
19 can you direct me to any portion of these documents
20 where American Bank agrees to loan \$50 million?

21 MR. LAYMAN: Can we take a minute?

22 MS. TELLESSEN: Go ahead.

23 MR. LAYMAN: You just take a minute and see
24 if there's anything in that that you want to look at
25 that specifically refers to that before you answer that

1 question. There may or may not.

2 THE WITNESS: I'm going to say there isn't
3 any.

4 BY MS. TELLESSEN:

5 Q. If you look at Exhibit 163 in the Recitals
6 (B) ...

7 MR. ANSON: 163?

8 MS. TELLESSEN: Yes. The subordination
9 agreement.

10 THE WITNESS: Which page?

11 BY MS. TELLESSEN:

12 Q. The first page.

13 A. Okay.

14 Q. (B) in the Recitals states "To induce Lender
15 to make the extension of credit to Borrower,
16 Subordinated Lender desires to subordinate all loans,
17 extensions of credit and other indebtedness of Borrower
18 to Subordinated Lender to the loans and extensions of
19 credit of Lender to Borrower, including, without
20 limitation, any liens, security interests or other
21 interests of Subordinated Lender in or to the real
22 property or other assets of Borrower."

23 What was your understanding of that statement
24 at the time this agreement was executed?

25 A. Well, that's what subordination is, to the

1 best of my knowledge.

2 Q. Were there any other conditions to BRN
3 Investments' agreement to subordinate?

4 A. In this agreement?

5 Q. In -- well, let's start with this agreement.

6 A. No.

7 Q. Were there conditions outside of this
8 agreement?

9 A. I don't know if you'd call them conditions or
10 representations. But there's clearly a representation
11 that this was the starting point of this project. I
12 mean, it was clear -- everybody had budgets. Everybody
13 knew \$15 million wasn't even going to light the candle.
14 So ...

15 Q. Looking at the second page of the
16 subordination agreement --

17 A. Okay.

18 Q. -- in 2.0 it again states that "The
19 Subordinated Interest shall be, and hereby are made,
20 subordinate and inferior in all respects to the
21 interests of Lender under the Lender Mortgage." Do you
22 see that?

23 A. Yes.

24 Q. What's your understanding of that statement?

25 A. Same as the previous; that's what a

1 subordination agreement is for, to the best of my
2 knowledge.

3 Q. And the subordinated interests would be those
4 of BRN Investments, correct?

5 A. Right.

6 Q. Moving down the page to subsection 4.1 --

7 A. Mm-hmm.

8 Q. -- I believe your testimony has been that no
9 payments were made to BRN Investments before or after
10 the default under the loan documents?

11 A. I believe that to be true.

12 Q. And on page 3 of the subordination
13 agreement --

14 A. Let me correct that. There might have
15 been -- and, again, I'm operating from memory here.
16 There might have been a payment to my partner that was
17 agreed -- that was part of the -- my partner negotiated
18 most of the loan stuff. He is good friends with the
19 owner of the bank, Bruce Erikson. And he might have
20 negotiated a partial payment out of the initial
21 proceeds. And I don't remember clearly how much it was
22 or what it was. But it's something that's just kind of
23 coming back to me now. But I think there was something
24 as part of that deal that -- I think actually maybe 12
25 million or something went towards construction and

DANIEL J. ENGLISH 19P I 2078648000
KOOTENAI CO. RECORDER Page 1 of 19
BBB Date 01/19/2007 Time 15:13:53
REC-REQ OF NORTH IDAHO TITLE INSURA
RECORDING FEE: 57.00
2078648000 MD

ACCOMMODATION ONLY

REAL ESTATE MORTGAGE

10

FOR VALUE RECEIVED, BRN DEVELOPMENT, INC., an Idaho corporation (the "Mortgagor") does hereby grant, bargain, sell and convey unto BRN INVESTMENTS, LLC, an Idaho limited liability company (the "Mortgagee") that certain real property, improvements, and appurtenances, located in Kootenai County, Idaho, more particularly described on the attached Exhibit "A" attached hereto and incorporated herein by reference, (the "Property").

TO HAVE AND TO HOLD the said Property, with their appurtenances, unto the said Mortgagee, and its successors and assigns forever.

This conveyance is intended as a Mortgage to secure the payment of the sum of THIRTY MILLION ONE HUNDRED NINETY TWO THOUSAND FIVE HUNDRED and no/100 dollars (\$30,192,500.00) with interest (together with any further advances made by the Mortgagee to the Mortgagor, or expended by the Mortgagee to protect the Property of the Mortgagee's interest therein), in accordance with the terms of a promissory note of even date herewith, in such amount (the "Note"), payable to the order of the Mortgagee, with final payment due on or before the tenth (10th) anniversary of the date hereof, and providing for acceleration of the due date of the principal for default in the payment of interest or any installment of principal, and providing for a reasonable attorney's fee in case of suit or action.

The Mortgagor hereby covenants and agrees with the Mortgagee as follows:

That the Mortgagor is the owner in fee simple of the above described Property and that the Property is free from all encumbrances other than those encumbering the Property as of the date of this Mortgage;

That the Mortgagor will pay the indebtedness hereby secured promptly, according to the terms of the Note;

That the Mortgagor will pay all taxes, liens, and assessments of any nature hereafter levied or imposed, or becoming payable, upon said Property not later than that day before delinquency;

That the Mortgagor will keep any buildings and other improvements now or hereafter located on the Property insured against loss or damage by fire, by an insurance company acceptable to the Mortgagee, with loss payable to the Mortgagee and Mortgagor as their interests may appear, in an amount equal to the full replacement value thereof, and shall deliver such policy or policies of insurance to the Mortgagee, until the sums secured by this Mortgage are fully paid with interest.

If the Mortgagor shall fail to pay any such tax or lien, or fail to maintain such fire insurance, the Mortgagee may pay the same or procure said insurance, and pay the cost hereof, and all payments by the Mortgagee for any such purpose shall be added to the indebtedness hereby secured, and shall be repayable on demand, with interest at the default rate of interest cited in the Note, until paid.

**DEPOSITION
EXHIBIT**

chesrown #162
6-22-10 PP 20

1170

For the purpose of further securing said indebtedness and performance of the covenants herein contained, the Mortgagor hereby sells and assigns to the Mortgagee any and all rentals accruing, or to accrue on said Property, during the term of this Mortgage.


If the Mortgagor shall pay or cause to be paid all monies which may become due upon said Note, and shall otherwise comply with the terms and conditions hereof, this conveyance shall be void; but in case default shall be made in the payment of the indebtedness hereby secured, or any part thereof, principal or interest, or in any of the covenants or agreements herein contained (any such default or delinquency remaining uncured following notice as provided under the Note), then the Mortgagee or its successors or assigns, at its option, may declare the entire indebtedness hereby secured immediately due and payable, and may foreclose this Mortgage and cause said Property to be sold in the manner provided by law. Out of the monies arising from such sale, the Mortgagee may retain all principal, interest, and late charges, together with any sums advanced as provided herein, with interest as aforesaid, together with the costs and charges of such foreclosure suit and sale, including such sum as the court may adjudge reasonable as an attorney's fee to be allowed the plaintiff, and the excess, if any there be, paid over to the Mortgagor, or her successors and assigns.

DATED: January 5, 2007

MORTGAGOR:

BRN DEVELOPMENT, INC.
an Idaho Corporation

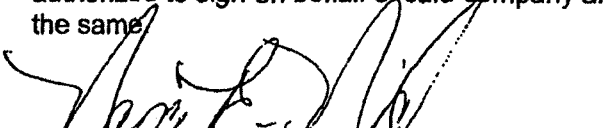
By:


Marshall R. Chesrown, President

STATE OF IDAHO)
)ss
County of Kootenai)

On this 5 day of January 2007, before me, the undersigned, a Notary Public in and for said County and State, personally appeared MARSHALL R. CHESROWN, known or identified to me to be the Managing Member of BRN Investments, LLC, an Idaho ^{Corporation} limited liability company, who signed the foregoing instrument on behalf of said company and acknowledged to me that he is authorized to sign on behalf of said company and that said company executed the same.

BRN
Development
Inc.



Notary Public in and for the State of Idaho
Residing at 2001 1st St
My Commission Expires: 10-31-2009

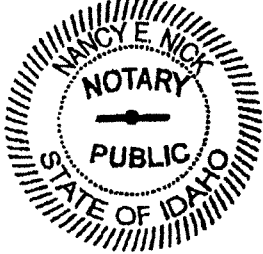


EXHIBIT "A"
LEGAL DESCRIPTION

PARCEL 1:

THE FOLLOWING 4 TRACTS LABELLED A-D IN GOVERNMENT LOTS 7 AND 8 IN SECTION 8,
TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY,
IDAHO:

TRACT A:

A TRACT OF LAND LOCATED IN GOVERNMENT LOT 8, SECTION 8, TOWNSHIP 48 NORTH,
RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, STATE OF IDAHO, DESCRIBED AS
FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF SAID GOVERNMENT LOT 8;

THENCE SOUTH 3 DEGREES 37'03" WEST ALONG THE WEST LINE OF SAID GOVERNMENT LOT,
A DISTANCE OF 1111.1 FEET TO THE NORTH RIGHT OF WAY OF EXISTING LOFF'S BAY
ROAD;

THENCE 55.69 SOUTHEASTERLY ALONG A CURVE TO THE RIGHT WITH A RADIUS OF 290.0
FEET ON A CHORD BEARING SOUTH 68 DEGREES 17'44" EAST, 55.60 FEET;

THENCE SOUTH 62 DEGREES 47'39" EAST ALONG SAID RIGHT OF WAY, 115.37 FEET TO
THE TRUE POINT OF BEGINNING;

THENCE NORTH 3 DEGREES 37'03" EAST, 588.0 FEET;

THENCE SOUTH 86 DEGREES 54'39" EAST, 955.4 FEET TO THE INTERSECTION WITH THE
NORTH RIGHT OF WAY OF EXISTING COUNTY ROAD;

THENCE SOUTH 42 DEGREES 34'10" WEST ALONG SAID RIGHT OF WAY 538.6
FEET;

THENCE ALONG SAID RIGHT OF WAY ON A CURVE TO THE RIGHT, 161.47 FEET WITH A
RADIUS OF 690.0 FEET AND A CENTRAL ANGLE OF 13 DEGREES 24'29";

THENCE SOUTH 55 DEGREES 58'39" WEST ALONG SAID RIGHT OF WAY, 107.27
FEET;

THENCE ALONG SAID RIGHT OF WAY ON A CURVE TO THE RIGHT, 341.96 FEET WITH A
RADIUS OF 320.0 FEET AND A CENTRAL ANGLE OF 61 DEGREES 13'42";

THENCE NORTH 62 DEGREES 47'39" WEST ALONG SAID RIGHT OF WAY, 100.0 FEET TO THE
TRUE POINT OF BEGINNING.

TRACT B:

EXHIBIT "A"
LEGAL DESCRIPTION

A PARCEL OF LAND LOCATED IN THE NORTH HALF OF SECTION 8, TOWNSHIP 48 NORTH, RANGE 4 WEST OF THE BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO, SAID PARCEL BEING A PORTION OF GOVERNMENT LOT 7, SAID SECTION 8, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHEAST CORNER OF LOT 20, AS SHOWN ON THE RECORD OF SURVEY BY EUGENE H. WELBORN, R.L.S. #1020, FILED IN BOOK 4 AT PAGE 249, KOOTENAI COUNTY RECORDS, FROM WHICH THE CENTER OF SAID SECTION 8 BEARS SOUTH 3 DEGREES 28' 34" WEST A DISTANCE OF 1,759.89 FEET;

THENCE SOUTH 86 DEGREES 54' 39" EAST ALONG THE NORTH BOUNDARY LINE, SAID GOVERNMENT LOT 7, A DISTANCE OF 1329.84 FEET TO THE NORTHEAST CORNER OF LOT 7;

THENCE 3 DEGREES 37' 03" WEST ALONG THE EASTERLY BOUNDARY LINE, SAID LOT 7, A DISTANCE OF 766.02 FEET TO THE TRUE POINT OF BEGINNING FOR THIS DESCRIPTION;

THENCE SOUTH 3 DEGREES 37' 03" WEST CONTINUING ALONG SAID LINE A DISTANCE OF 345.08 FEET TO A POINT ON THE NORTHERLY RIGHT OF WAY LINE OF LOFF'S BAY ROAD, SAID POINT BEING THE BEGINNING OF A NON-TANGENT CURVE CONCAVE TO THE SOUTH, HAVING A RADIUS OF 290.00 FEET, THROUGH A CENTRAL ANGLE OF 50 DEGREES 52' 50" A DISTANCE ALONG THE ARC OF 257.53 FEET, THE CHORD BEARING OF SAID CURVE BEING SOUTH 80 DEGREES 44' 47" WEST;

THENCE SOUTH 55 DEGREES 18' 20" WEST CONTINUING ALONG SAID RIGHT OF WAY, A DISTANCE OF 297.82 FEET TO THE BEGINNING OF A CURVE CONCAVE TO THE SOUTHEAST, HAVING A RADIUS OF 1980.00 FEET, THROUGH A CENTRAL ANGLE OF 7 DEGREES 02' 34", A DISTANCE ALONG THE ARC OF 243.38 FEET;

THENCE SOUTH 48 DEGREES 15' 46" WEST CONTINUING ALONG SAID RIGHT OF WAY A DISTANCE OF 243.62 FEET TO THE BEGINNING OF A CURVE CONCAVE TO THE NORTHWEST, HAVING A RADIUS OF 670.00 FEET, THROUGH A CENTRAL ANGLE OF 11 DEGREES 00' 00" A DISTANCE ALONG THE ARC OF 128.63 FEET;

THENCE NORTH 3 DEGREES 51' 04" EAST LEAVING SAID RIGHT OF WAY, A DISTANCE OF 279.05 FEET;

THENCE NORTH 16 DEGREES 00' 00" EAST A DISTANCE OF 831.46 FEET;

THENCE SOUTH 86 DEGREES 54' 39" EAST A DISTANCE OF 84.09 FEET;

THENCE SOUTH 41 DEGREES 42' 23" EAST A DISTANCE OF 133.87 FEET;

THENCE SOUTH 86 DEGREES 54' 39" EAST A DISTANCE OF 568.90 FEET TO THE TRUE POINT OF BEGINNING.

EXHIBIT "A"
LEGAL DESCRIPTION

TRACT C:

A PARCEL OF LAND LOCATED IN THE NORTH HALF OF SECTION 8, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO, SAID PARCEL BEING A PORTION OF GOVERNMENT LOT 7, SAID SECTION 8, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHEAST CORNER, LOT 20, AS SHOWN ON THE RECORD OF SURVEY BY EUGENE H. WELBORN, R.L.S. #1020, FILED IN BOOK 4, AT PAGE 249, KOOTENAI COUNTY RECORDS, FROM WHICH THE CENTER OF SAID SECTION 8 BEARS SOUTH 3 DEGREES 28' 34" WEST, A DISTANCE OF 1759.89 FEET;

THENCE SOUTH 3 DEGREES 28' 34" WEST, ALONG THE EASTERLY BOUNDARY LINE OF LOT 20, AS SHOWN ON SAID RECORD OF SURVEY, A DISTANCE OF 671.01 FEET TO THE SOUTHEAST CORNER OF SAID LOT 20, SAID CORNER BEING THE TRUE POINT OF BEGINNING FOR THIS DESCRIPTION;

THENCE SOUTH 86 DEGREES 54' 39" EAST, A DISTANCE OF 580.00 FEET; THENCE SOUTH 16 DEGREES 00' 00" WEST, A DISTANCE OF 831.46 FEET;

THENCE SOUTH 3 DEGREES 51' 04" WEST, A DISTANCE OF 279.05 FEET TO A POINT ON THE NORTH RIGHT OF WAY LINE OF LOFF'S BAY ROAD;

THENCE NORTH 86 DEGREES 49' 26" WEST, LEAVING SAID RIGHT OF WAY, A DISTANCE OF 397.86 FEET TO THE SOUTHEAST CORNER OF LOT 21, AS SHOWN ON THE SAID RECORD OF SURVEY;

THENCE NORTH 3 DEGREES 28' 34" EAST, ALONG THE EASTERLY BOUNDARY LINE, SAID LOT 21, A DISTANCE OF 1088.88 FEET TO THE TRUE POINT OF BEGINNING.

TRACT D THE FOLLOWING 3 PARCELS:

TRACT 1:

THAT PORTION OF GOVERNMENT LOT 8, SECTION 8, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO, LYING NORTH OF LOFF'S BAY COUNTY ROAD, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF SAID GOVERNMENT LOT 8;

THENCE SOUTH 86 DEGREES 54' 39" EAST, ALONG THE NORTH LINE THEREOF 225.00 FEET;

THENCE SOUTH 03 DEGREES 28' 34" WEST, 587.97 FEET;

THENCE NORTH 86 DEGREES 54' 39" WEST, 69.31 FEET;

THENCE SOUTH 03 DEGREES 28' 34" WEST, 588.00 FEET TO THE NORTH MARGIN OF

EXHIBIT "A"
LEGAL DESCRIPTION

SAID LOFF'S BAY ROAD;

THENCE NORTH 62 DEGREES 47' 39" WEST, ALONG SAID NORTH MARGIN 115.37 FEET TO THE BEGINNING OF A CURVE TO THE LEFT HAVING A RADIUS OF 290 FEET THROUGH A CENTRAL ANGLE OF 11 DEGREES 00' 10", AN ARC DISTANCE OF 55.69 FEET;

THENCE NORTH 03 DEGREES 37' 03" EAST, ALONG THE WEST LINE OF SAID GOVERNMENT LOT 8, 1111.10 FEET TO THE NORTH LINE THEREOF, AND THE TRUE POINT OF BEGINNING.

TRACT 2:

THAT PORTION OF GOVERNMENT LOT 8, SECTION 8, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO, LYING NORTH OF LOFF'S BAY COUNTY ROAD DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF SAID GOVERNMENT LOT 8;

THENCE SOUTH 86 DEGREES 54' 39" EAST, ALONG THE NORTH LINE THEREOF, 225.00 FEET TO THE TRUE POINT OF BEGINNING;

THENCE CONTINUING SOUTH 86 DEGREES 54' 39" EAST, ALONG SAID NORTH LINE 757.32 FEET;

THENCE SOUTH 23 DEGREES 49' 53" WEST, 628.71 FEET;

THENCE NORTH 86 DEGREES 54' 39" WEST, 538.63 FEET;

THENCE NORTH 03 DEGREES 28' 34" EAST, 587.97 FEET TO SAID NORTH LINE AND THE TRUE POINT OF BEGINNING.

TRACT 3:

THAT PORTION OF GOVERNMENT LOT 8, SECTION 8, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO, LYING NORTH OF LOFF'S BAY ROAD.

LESS AND EXCEPT A TRACT OF LAND LOCATED IN GOVERNMENT LOT 8, SECTION 8, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, STATE OF IDAHO, DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF SAID GOVERNMENT LOT 8;

THENCE SOUTH 3 DEGREES 37' 03" WEST ALONG THE WEST LINE OF SAID GOVERNMENT LOT, A DISTANCE OF 1111.1 FEET TO THE NORTH RIGHT OF WAY OF EXISTING LOFF'S BAY ROAD;

EXHIBIT "A"
LEGAL DESCRIPTION

THENCE 55.69 SOUTHEASTERLY ALONG A CURVE TO THE RIGHT WITH A RADIUS OF 290.0 FEET ON A CHORD BEARING SOUTH 68 DEGREES 17' 44" EAST, 55.60 FEET;

THENCE SOUTH 62 DEGREES 47' 39" EAST ALONG SAID RIGHT OF WAY 115.37 FEET TO THE TRUE POINT OF BEGINNING;

THENCE NORTH 3 DEGREES 37' 03" EAST, 588.0 FEET;

THENCE SOUTH 86 DEGREES 54' 39" EAST, 955.4 FEET TO THE INTERSECTION WITH THE NORTH RIGHT OF WAY OF EXISTING COUNTY ROAD;

THENCE SOUTH 42 DEGREES 34' 10" WEST ALONG SAID RIGHT OF WAY 538.6 FEET;

THENCE ALONG SAID RIGHT OF WAY ON A CURVE TO THE RIGHT 161.47 FEET WITH A RADIUS OF 690.0 FEET AND A CENTRAL ANGLE OF 13 DEGREES 24' 29";

THENCE SOUTH 55 DEGREES 58' 39" WEST ALONG SAID RIGHT WAY 107.27 FEET;

THENCE ALONG SAID RIGHT OF WAY ON A CURVE TO THE RIGHT 341.96 FEET WITH A RADIUS OF 320.0 FEET AND A CENTRAL ANGLE OF 61 DEGREES 13' 42";

THENCE NORTH 62 DEGREES 47' 39" WEST ALONG SAID RIGHT OF WAY 100.0 FEET TO THE TRUE POINT OF BEGINNING.

ALSO EXCEPTING THEREFROM THAT PORTION OF GOVERNMENT LOT 8, SECTION 8, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO, LYING NORTH OF LOFF'S BAY COUNTY ROAD, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF SAID GOVERNMENT LOT 8;

THENCE SOUTH 86 DEGREES 54' 39" EAST, ALONG THE NORTH LINE THEREOF 225.00 FEET;

THENCE SOUTH 03 DEGREES 28' 34" WEST, 587.97 FEET;

THENCE NORTH 86 DEGREES 54' 39" WEST, 69.31 FEET;

THENCE SOUTH 03 DEGREES 28' 34" WEST, 588.00 FEET TO THE NORTH MARGIN OF SAID LOFF'S BAY ROAD;

THENCE NORTH 62 DEGREES 47' 39" WEST, ALONG SAID NORTH MARGIN 115.37 FEET TO THE BEGINNING OF A CURVE TO THE LEFT HAVING A RADIUS OF 290 FEET THROUGH A CENTRAL ANGLE OF 11 DEGREES 00' 10", AN ARC DISTANCE OF 55.69 FEET;

THENCE NORTH 03 DEGREES 37' 03" EAST, ALONG THE WEST LINE OF SAID GOVERNMENT LOT 8, 1111.10 FEET TO THE NORTH LINE THEREOF, AND THE TRUE POINT OF BEGINNING.

EXHIBIT "A"
LEGAL DESCRIPTION

ALSO EXCEPTING THEREFROM THAT PORTION OF GOVERNMENT LOT 8, SECTION 8, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO, LYING NORTH OF LOFF'S BAY COUNTY ROAD DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF SAID GOVERNMENT LOT 8;

THENCE SOUTH 86 DEGREES 54' 39" EAST, ALONG THE NORTH LINE THEREOF, 225.00 FEET TO THE TRUE POINT OF BEGINNING;

THENCE CONTINUING SOUTH 86 DEGREES 54' 39" EAST, ALONG SAID NORTH LINE 757.32 FEET;

THENCE SOUTH 23 DEGREES 49' 53" WEST, 628.71 FEET;

THENCE NORTH 86 DEGREES 54' 39" WEST, 538.63 FEET;

THENCE NORTH 03 DEGREES 28' 34" EAST, 587.97 FEET TO SAID NORTH LINE AND THE TRUE POINT OF BEGINNING.

PARCEL 2:

THE NORTH HALF OF THE SOUTHEAST QUARTER, THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 5, AND GOVERNMENT LOTS 1 AND 2, SECTION 8, ALL IN TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, STATE OF IDAHO.

PARCEL 3:

THE SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 5, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO.

PARCEL 4:

THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER AND THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 5, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO.

PARCEL 5:

LOTS 1, 2 AND 3, THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER, THE NORTHEAST QUARTER OF THE SOUTHWEST QUARTER, THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER AND THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 5, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN.

AND

EXHIBIT "A"
LEGAL DESCRIPTION

A PARCEL OF LAND LOCATED IN GOVERNMENT LOT 4, SECTION 4, TOWNSHIP 48 NORTH, RANGE 4 WEST, AND GOVERNMENT LOT 4, SECTION 33, TOWNSHIP 49 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHEAST CORNER OF SAID GOVERNMENT LOT 4, SECTION 4, THE TRUE POINT OF BEGINNING; THENCE

NORTH 00 DEGREES 46' 41" EAST 135.30 FEET; THENCE

SOUTH 87 DEGREES 21' 30" WEST 48.71 FEET; THENCE

NORTH 02 DEGREES 51' 12" WEST 32.07 FEET; THENCE

NORTH 03 DEGREES 13' 21" WEST 10.60 FEET; THENCE

NORTH 02 DEGREES 51' 19" WEST 23.11 FEET; THENCE

NORTH 03 DEGREES 43' 08" WEST 37.65 FEET; THENCE

NORTH 03 DEGREES 46' 01" WEST 51.50 FEET; THENCE

NORTH 03 DEGREES 11' 51" WEST 16.13 FEET; THENCE

NORTH 07 DEGREES 58' 23" WEST 24.73 FEET; THENCE

NORTH 05 DEGREES 22' 53" WEST 23.29 FEET; THENCE

NORTH 06 DEGREES 14' 48" WEST 58.80 FEET; THENCE

NORTH 05 DEGREES 01' 03" WEST 87.73 FEET; THENCE

NORTH 00 DEGREES 16' 11" WEST 39.22 FEET; THENCE

NORTH 18 DEGREES 20' 54" WEST 5.57 FEET; THENCE

NORTH 00 DEGREES 28' 20" WEST 116.01 FEET; THENCE

NORTH 04 DEGREES 23' 45" EAST 125.91 FEET; THENCE

NORTH 03 DEGREES 34' 02" EAST 185.71 FEET; THENCE

NORTH 02 DEGREES 44' 00" EAST 41.99 FEET; THENCE

SOUTH 80 DEGREES 57' 24" EAST 34.12 FEET; THENCE

SOUTH 73 DEGREES 27' 34" EAST 37.42 FEET TO A POINT ON THE EAST LINE OF

EXHIBIT "A"
LEGAL DESCRIPTION

SAID GOVERNMENT LOT 4; THENCE

NORTH 00 DEGREES 40' 02" EAST 30.07 FEET; THENCE

NORTH 01 DEGREES 04' 37" WEST 29.85 FEET; THENCE

NORTH 27 DEGREES 06' 58" EAST 2.29 FEET; THENCE

NORTH 50 DEGREES 44' 36" WEST 73.10 FEET; THENCE

NORTH 60 DEGREES 31' 30" WEST 210.09 FEET TO A POINT ON THE NORTH LINE OF
GOVERNMENT LOT 4, SECTION 4, TOWNSHIP 48 NORTH, RANGE 4 WEST; THENCE

NORTH 87 DEGREES 13' 28" WEST 186.38 FEET; THENCE

NORTH 76 DEGREES 32' 21" WEST 72.58 FEET; THENCE

NORTH 66 DEGREES 02' 41" WEST 53.72 FEET; THENCE

NORTH 66 DEGREES 02' 41" WEST 131.40 FEET; THENCE

NORTH 74 DEGREES 06' 45" WEST 97.90 FEET; THENCE

NORTH 86 DEGREES 51' 55" WEST 226.49 FEET; THENCE

NORTH 86 DEGREES 51' 55" WEST 34.91 FEET; THENCE

SOUTH 32 DEGREES 35' 02" WEST 58.34 FEET; THENCE

SOUTH 24 DEGREES 46' 03" EAST 60.41 FEET; THENCE

NORTH 87 DEGREES 13' 28" WEST 311.47 FEET TO THE NORTHWEST CORNER OF
GOVERNMENT LOT 4, SECTION 4, TOWNSHIP 48 NORTH, RANGE 4 WEST; THENCE

SOUTH 00 DEGREES 22' 47" WEST 1163.33 FEET; THENCE

SOUTH 00 DEGREES 22' 47" WEST 5.05 FEET TO THE SOUTHWEST CORNER OF SAID
GOVERNMENT LOT 4, SECTION 4, TOWNSHIP 48 NORTH, RANGE 4 WEST; THENCE

SOUTH 85 DEGREES 38' 20" EAST 1334.93 FEET TO THE TRUE POINT OF
BEGINNING.

EXCEPTING THEREFROM ALL OF THAT PROPERTY SOUTH OF THE EXISTING FOUR-STRAND
BARBED WIRE FENCE LINE AS SAID FENCE EXISTED IN 1979 AND STILL EXISTS AT
THE TIME OF EXECUTION OF THIS DEED, RUNNING EAST AND WEST ALONG THE SOUTH
EDGE OF THE EXISTING ROAD, FORMERLY KNOWN AS COUNTY ROAD 115, IN THE
SOUTHERLY PART OF THE PROPERTY DESCRIBED BELOW:

EXHIBIT "A"
LEGAL DESCRIPTION

EAST ONE-HALF OF THE WEST TWO THIRDS OF GOVERNMENT LOT 4, SECTION 33, TOWNSHIP 49 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO, COMMONLY KNOWN AS ROCKFORD BAY TRACT 29 AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

COMMENCING AT A FOUND 2 1/2" ALUMINUM PIPE AND 3" ALUMINUM CAP MARKING THE SOUTHWEST CLOSING CORNER OF SECTION 33;

THENCE, ALONG THE SOUTH BOUNDARY OF SECTION 33, SOUTH 87 DEGREES 22' 19" EAST, A DISTANCE OF 87.72 FEET TO THE STANDARD CORNER FOR SECTIONS 4 AND 5;

THENCE, CONTINUING ALONG THE SOUTH BOUNDARY OF SECTION 33, SOUTH 87 DEGREES 13' 28" EAST, A DISTANCE OF 352.88 FEET TO A SET IRON ROD AND PLS 4194 CAP MARKING THE SOUTHWEST CORNER OF THE EAST 1/2 OF THE WEST 2/3 OF GOVERNMENT LOT 4, SECTION 33 AND THE TRUE POINT OF BEGINNING;

THENCE, ALONG THE WEST LINE OF SAID EAST 1/2 OF THE WEST 2/3 OF GOVERNMENT LOT 4, SECTION 33, NORTH 00 DEGREES 12' 52" WEST, A DISTANCE OF 104.11 FEET TO A SET IRON ROD AND PLS 4194 CAP MARKING THE INTERSECTION WITH THE AFOREMENTIONED FOUR-STRAND BARBED WIRE FENCE;

THENCE, ALONG SAID FENCE THE FOLLOWING THREE COURSES ALL MARKED WITH SET IRON RODS AND PLS 4194 CAPS:

1. SOUTH 86 DEGREES 51' 55" EAST, A DISTANCE OF 226.49 FEET;
2. SOUTH 74 DEGREES 06' 45" EAST, A DISTANCE OF 97.90 FEET;
3. SOUTH 66 DEGREES 02' 41" EAST, A DISTANCE OF 131.40 FEET TO THE INTERSECTION WITH THE EAST LINE OF SAID EAST 1/2 OF THE WEST 2/3 OF GOVERNMENT LOT 4;

THENCE, ALONG SAID EAST LINE, SOUTH 00 DEGREES 09' 11" EAST, A DISTANCE OF 32.91 FEET TO A SET IRON ROD AND PLS 4194 CAP MARKING THE INTERSECTION WITH THE SOUTH LINE OF SECTION 33 AND THE SOUTHEAST CORNER OF SAID EAST 1/2 OF THE WEST 2/3 OF GOVERNMENT LOT 4;

THENCE, ALONG THE SOUTH LINE OF THE EAST 1/2 OF THE WEST 2/3 OF GOVERNMENT LOT 4 AND THE SOUTH LINE OF SECTION 33, NORTH 87 DEGREES 13' 28" WEST, A DISTANCE OF 440.61 FEET TO THE POINT OF BEGINNING.

ALSO EXCEPTING THEREFROM ALL OF THE PROPERTY SOUTH OF THE EXISTING FOUR-STRAND BARBED WIRE FENCE LINE AS SAID FENCE EXISTED IN 1979 AND STILL EXISTS AT THE TIME OF EXECUTION OF THIS DEED, RUNNING EAST AND WEST ALONG THE SOUTH EDGE OF THE EXISTING ROAD, FORMERLY KNOWN AS COUNTY ROAD 115, IN THE SOUTHWESTERLY PART OF THE PROPERTY DESCRIBED BELOW:

EXHIBIT "A"
LEGAL DESCRIPTION

EAST ONE THIRD OF GOVERNMENT LOT 4, SECTION 33, TOWNSHIP 49 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO, AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

COMMENCING AT A FOUND 2 1/2" ALUMINUM PIPE AND 3" ALUMINUM CAP MARKING THE SOUTHWEST CLOSING CORNER OF SECTION 33;

THENCE, ALONG THE SOUTH BOUNDARY OF SECTION 33, SOUTH 87 DEGREES 22' 19" EAST, A DISTANCE OF 87.72 FEET TO THE STANDARD CORNER FOR SECTION 4 AND 5;

THENCE, CONTINUING ALONG THE SOUTH BOUNDARY OF SECTION 33, SOUTH 87 DEGREES 13' 28" EAST, A DISTANCE OF 793.49 FEET TO A SET IRON ROD AND PLS 4194 CAP MARKING THE SOUTHWEST CORNER OF THE EAST 1/3 OF GOVERNMENT LOT 4, SECTION 33 AND THE POINT OF BEGINNING;

THENCE, ALONG THE WEST LINE OF SAID EAST 1/3 OF GOVERNMENT LOT 4, SECTION 33, NORTH 00 DEGREES 09' 11" WEST, A DISTANCE OF 32.91 FEET TO A SET IRON ROD AND PLS 4194 CAP MARKING THE INTERSECTION WITH THE AFOREMENTIONED FOUR STRAND BARBED WIRE FENCE;

THENCE, ALONG SAID FENCE THE FOLLOWING TWO COURSES ALL MARKED WITH SET IRON RODS AND PLS 4194 CAPS:

1. SOUTH 66 DEGREES 02' 41" EAST, A DISTANCE OF 53.72 FEET; THENCE
2. SOUTH 76 DEGREES 32' 21" EAST, A DISTANCE OF 72.58 FEET TO THE INTERSECTION WITH THE SOUTH LINE OF SAID EAST 1/3 OF GOVERNMENT LOT 4;

THENCE, ALONG THE SOUTH LINE OF SAID EAST 1/3 OF GOVERNMENT LOT 4 AND THE SOUTH LINE OF SECTION 33, NORTH 87 DEGREES, 13' 28" WEST, A DISTANCE OF 119.73 FEET TO THE POINT OF BEGINNING.

PARCEL 6. THE FOLLOWING TRACTS:

TRACT A:

A PART OF THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER, AND GOVERNMENT LOT 2, SECTION 4, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF SAID SOUTHWEST QUARTER OF THE NORTHEAST QUARTER (CN 1/16 CORNER);

THENCE NORTH 1 DEGREES 08' 28" EAST, 159.98 FEET ALONG THE WEST BOUNDARY OF SAID LOT 2 TO A POINT ON THE CENTERLINE OF LOFFS BAY ROAD;

THENCE TRAVERSING SAID CENTERLINE AS FOLLOWS:

EXHIBIT "A"
LEGAL DESCRIPTION

SOUTH 58 DEGREES 36' 55" EAST, 49.07 FEET;

THENCE 332.38 FEET ALONG THE ARC OF A 335.58 FOOT RADIUS CURVE RIGHT, SAID CURVE HAVING A CHORD BEARING SOUTH 30 DEGREES 14' 24" EAST, 318.96 FEET;

THENCE SOUTH 1 DEGREES 51' 53" EAST, 328.02 FEET;

THENCE SOUTH 2 DEGREES 28' 04" WEST, 104.42 FEET;

THENCE SOUTH 12 DEGREES 40' 51" WEST, 42.73 FEET;

THENCE SOUTH 21 DEGREES 56' 11" WEST, 51.81 FEET;

THENCE SOUTH 31 DEGREES 00' 18" WEST, 99.74 FEET;

THENCE SOUTH 32 DEGREES 35' 22" WEST, 104.42 FEET;

THENCE SOUTH 36 DEGREES 33' 02" WEST, 100.94 FEET;

THENCE SOUTH 42 DEGREES 15' 53" WEST, 51.24 FEET;

THENCE NORTH 1 DEGREES 08' 28" EAST, AND LEAVING SAID CENTERLINE 955.75 FEET ALONG THE WEST BOUNDARY OF SAID SOUTHWEST QUARTER OF THE NORTHEAST QUARTER TO THE POINT OF BEGINNING.

EXCEPT ANY PORTION LYING IN LOFF'S BAY ROAD.

TRACT B:

A PARCEL OF LAND IN GOVERNMENT LOT 3, SECTION 4, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO, AND FURTHER DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID GOVERNMENT LOT 3, SECTION 4;

THENCE NORTH 00 DEGREES 46' 05" EAST, ALONG THE WEST LINE OF SAID GOVERNMENT LOT 3, A DISTANCE OF 135.57 FEET;

THENCE NORTH 89 DEGREES 12' 07" EAST, A DISTANCE OF 312.12 FEET;

THENCE NORTH 89 DEGREES 47' 56" EAST, A DISTANCE OF 321.36 FEET;

THENCE NORTH 89 DEGREES 06' 35" EAST, A DISTANCE OF 325.48 FEET;

THENCE NORTH 82 DEGREES 25' 36" EAST, A DISTANCE OF 170.38 FEET;

THENCE SOUTH 84 DEGREES 22' 44" EAST, A DISTANCE OF 128.59 FEET;

EXHIBIT "A"
LEGAL DESCRIPTION

THENCE NORTH 87 DEGREES 27' 56" EAST, A DISTANCE OF 78.74 FEET TO THE INTERSECTION WITH THE WEST LINE OF SAID GOVERNMENT LOT 2;

THENCE SOUTH 01 DEGREES 08' 46" WEST, A DISTANCE OF 260.57 FEET TO THE NORTH LINE OF THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER OF SECTION 4, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN;

THENCE NORTH 85 DEGREES 39' 49" WEST, 1334.86 FEET TO THE POINT OF BEGINNING.

EXCEPT THAT PORTION OF THE NORTHWEST QUARTER OF SECTION 4, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO, DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTH ONE QUARTER CORNER OF SAID SECTION 4;

THENCE SOUTH 01 DEGREES 57' 14" WEST, ALONG THE EAST LINE OF THE NORTHWEST QUARTER OF SAID SECTION 4, 980.93 FEET TO THE POINT OF BEGINNING OF THIS DESCRIPTION;

THENCE CONTINUE SOUTH 01 DEGREES 57' 14" WEST, ALONG SAID EAST LINE, 65.86 FEET TO THE NORTHERLY RIGHT OF WAY LINE OF LOFFS BAY ROAD;

THENCE NORTH 57 DEGREES 48' 19" WEST, ALONG SAID NORTHERLY RIGHT OF WAY LINE 125.33 FEET;

THENCE SOUTH 83 DEGREES 34' 01" EAST, 29.69 FEET;

THENCE NORTH 88 DEGREES 16' 39" EAST, 78.83 FEET TO THE POINT OF BEGINNING.

ALL LYING SOUTH OF THE SOUTH LINE OF THE PLAT OF MCLEAN MEADOWS RECORDED IN BOOK "G" OF PLATS PAGE 493, KOOTENAI COUNTY, IDAHO.

TRACT C:

THE NORTH HALF OF THE SOUTHWEST QUARTER AND THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER AND THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER AND THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER AND THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER, ALL IN SECTION 4, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO.

AND

THE SOUTH HALF OF THE NORTHWEST QUARTER OF SECTION 4, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, STATE OF IDAHO.

EXHIBIT "A"
LEGAL DESCRIPTION

EXCEPTING THEREFROM THAT PORTION CONVEYED TO BABBITT LOGGING, INC. BY WARRANTY DEED RECORDED JULY 1, 1997 AS INSTRUMENT NO. 1495927, DESCRIBED AS FOLLOWS:

THAT PORTION OF THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER OF SECTION 4, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, STATE OF IDAHO, LYING EAST OF LOFF'S BAY COUNTY ROAD.

TOGETHER WITH THAT PORTION OF THE NORTHEAST QUARTER OF THE SOUTHWEST QUARTER, SECTION 4, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, STATE OF IDAHO, LYING EAST OF LOFF'S BAY COUNTY ROAD.

PARCEL 7:

THE EAST 1/3 OF GOVERNMENT LOT 4, SECTION 33, TOWNSHIP 49 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO.

LESS ALL OF THAT PROPERTY SOUTH OF THE EXISTING FOUR-STRAND BARBED WIRE FENCE LINE AS SAID FENCE EXISTED IN 1979 AND STILL EXISTS AT THE TIME OF EXECUTION OF THIS DEED, RUNNING EAST AND WEST ALONG THE SOUTH EDGE OF THE EXISTING ROAD, FORMERLY KNOWN AS COUNTY ROAD 115, IN THE SOUTHWESTERLY PART OF THE PROPERTY DESCRIBED BELOW:

EAST 1/3 OF GOVERNMENT LOT 4, SECTION 33, TOWNSHIP 49 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO, AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

COMMENCING AT A FOUND 2 1/2 INCH ALUMINUM PIPE AND 3 INCH ALUMINUM CAP MARKING THE SOUTHWEST CLOSING CORNER OF SECTION 33;

THENCE ALONG THE SOUTH BOUNDARY OF SECTION 33, SOUTH 87 DEGREES 22'19" EAST, A DISTANCE OF 87.72 FEET TO THE STANDARD CORNER FOR SECTIONS 4 AND 5;

THENCE CONTINUING ALONG THE SOUTH BOUNDARY OF SECTION 33, SOUTH 87 DEGREES 13'28" EAST, A DISTANCE OF 793.49 FEET TO A SET IRON ROD AND PLS 4194 CAP MARKING THE SOUTHWEST CORNER OF THE EAST 1/3 OF GOVERNMENT LOT 4, SECTION 33 AND THE POINT OF BEGINNING;

THENCE ALONG THE WEST LINE OF THE EAST 1/3 OF GOVERNMENT LOT 4, SECTION 33, NORTH 00 DEGREES 09'11" WEST, A DISTANCE OF 32.91 FEET TO A SET IRON ROD AND PLS 4194 CAP MARKING THE INTERSECTION WITH THE AFOREMENTIONED FOUR-STRAND BARBED WIRE FENCE;

THENCE ALONG SAID FENCE THE FOLLOWING TWO COURSES ALL MARKED WITH SET IRON RODS AND PLS 4194 CAPS;

1) SOUTH 66 DEGREES 02'41" EAST, A DISTANCE OF 53.72 FEET;

EXHIBIT "A"
LEGAL DESCRIPTION

2) THENCE SOUTH 76 DEGREES 32'21" EAST, A DISTANCE OF 72.58 FEET TO THE INTERSECTION WITH THE SOUTH LINE OF SAID EAST 1/3 OF GOVERNMENT LOT 4;

THENCE ALONG THE SOUTH LINE OF SAID EAST 1/3 OF GOVERNMENT LOT 4 AND THE SOUTH LINE OF SECTION 33, NORTH 87 DEGREES 13'28" WEST, A DISTANCE OF 199.73 FEET TO THE POINT OF BEGINNING.

PARCEL 8:

ALL OF THAT PORTION OF GOVERNMENT LOT 4, SECTION 4, LYING NORTHEASTERLY OF THE EXISTING ROADWAY, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING AT A FOUND 1/2 INCH IRON ROD AND PLS 3451 CAP MARKING THE NORTHEAST CORNER OF GOVERNMENT LOT 4, SECTION 4, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO;

THENCE ALONG THE EAST LINE OF SAID GOVERNMENT LOT 4, SECTION 4, SOUTH 00 DEGREES 46'41" WEST, A DISTANCE OF 137.94 FEET TO A SET IRON ROD AND PLS 4194 CAP ON THE NORTHEASTERLY RIGHT OF WAY OF COUNTY ROAD NO. 115 BELLGROVE-STINSON ROAD;

THENCE ALONG THE NORTHEASTERLY RIGHT OF WAY OF SAID ROAD THE FOLLOWING 2 COURSES, ALL MARKED BY IRON RODS AND PLS 4194 CAPS:

1) NORTH 50 DEGREES 44'36" WEST, A DISTANCE OF 73.10 FEET;

2) THENCE NORTH 60 DEGREES 31'30" WEST, A DISTANCE OF 210.09 FEET TO THE INTERSECTION WITH THE NORTH LINE OF THE AFOREMENTIONED GOVERNMENT LOT 4, SECTION 4;

THENCE ALONG SAID NORTH LINE OF GOVERNMENT LOT 4, SECTION 4, SOUTH 87 DEGREES 13'28" EAST, A DISTANCE OF 241.66 FEET TO THE POINT OF BEGINNING.

PARCEL 9:

ALL OF THAT PROPERTY SOUTH OF THE EXISTING FOUR-STRAND BARBED WIRE FENCE LINE AS SAID FENCE EXISTED IN 1979 AND STILL EXISTS AT THE TIME OF EXECUTION OF THIS DEED, RUNNING EAST AND WEST ALONG THE SOUTH EDGE OF THE EXISTING ROAD, FORMERLY KNOWN AS COUNTY ROAD 115, IN THE SOUTHERLY PART OF THE PROPERTY DESCRIBED BELOW:

EAST 1/2 OF THE WEST 2/3 OF GOVERNMENT LOT 4, SECTION 33, TOWNSHIP 49 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO, COMMONLY KNOWN AS ROCKFORD BAY TRACT 29 AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

EXHIBIT "A"
LEGAL DESCRIPTION

COMMENCING AT A FOUND 2 1/2 INCH ALUMINUM PIPE AND 3 INCH ALUMINUM CAP MARKING THE SOUTHWEST CLOSING CORNER OF SECTION 33;

THENCE ALONG THE SOUTH BOUNDARY OF SECTION 33, SOUTH 87 DEGREES 22'19" EAST, A DISTANCE OF 87.72 FEET TO THE STANDARD CORNER FOR SECTIONS 4 AND 5;

THENCE CONTINUING ALONG THE SOUTH BOUNDARY OF SECTION 33, SOUTH 87 DEGREES 13'28" EAST, A DISTANCE OF 352.88 FEET TO A SET IRON ROD AND PLS 4194 CAP MARKING THE SOUTHWEST CORNER OF THE EAST 1/2 OF THE WEST 2/3 OF GOVERNMENT LOT 4, SECTION 33 AND THE POINT OF BEGINNING;

THENCE ALONG THE WEST LINE OF SAID EAST 1/2 OF THE WEST 2/3 OF GOVERNMENT LOT 4, SECTION 33, NORTH 00 DEGREES 12'52" WEST, A DISTANCE OF 104.11 FEET TO A SET IRON ROD AND PLS 4194 CAP MARKING THE INTERSECTION WITH THE AFOREMENTIONED FOUR-STRAND BARBED WIRE FENCE;

THENCE ALONG SAID FENCE THE FOLLOWING 3 COURSES ALL MARKED WITH SET IRON RODS AND PLS 4194 CAPS:

- 1) SOUTH 86 DEGREES 51'55" EAST, A DISTANCE OF 226.49 FEET;
- 2) SOUTH 74 DEGREES 06'45" EAST, A DISTANCE OF 97.90 FEET;
- 3) SOUTH 66 DEGREES 02'41" EAST, A DISTANCE OF 131.40 FEET TO THE INTERSECTION WITH THE EAST LINE OF SAID EAST 1/2 OF THE WEST 2/3 OF GOVERNMENT LOT 4;

THENCE ALONG SAID EAST LINE, SOUTH 00 DEGREES 09'11" EAST, A DISTANCE OF 32.91 FEET TO A SET IRON ROD AND PLS 4194 CAP MARKING THE INTERSECTION WITH THE SOUTH LINE OF SECTION 33 AND THE SOUTHEAST CORNER OF SAID EAST 1/2 OF THE WEST 2/3 OF GOVERNMENT LOT 4;

THENCE ALONG THE SOUTH LINE OF SAID EAST 1/2 OF THE WEST 2/3 OF GOVERNMENT LOT 4 AND THE SOUTH LINE OF SECTION 33, NORTH 87 DEGREES 13'28" WEST, A DISTANCE OF 440.61 FEET TO THE POINT OF BEGINNING.

THE ABOVE DESCRIPTION IS THE SAME PROPERTY DESCRIBED IN QUIT CLAIM DEED INSTRUMENT NUMBER 1159066.

PARCEL 10:

THE EAST HALF OF THE WEST 2/3 OF GOVERNMENT LOT 4, SECTION 33, TOWNSHIP 49 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO.

LESS:

EXHIBIT "A"
LEGAL DESCRIPTION

ALL OF THAT PROPERTY SOUTH OF THE EXISTING FOUR-STRAND BARBED WIRE FENCE LINE AS SAID FENCE EXISTED IN 1979 AND STILL EXISTS AT THE TIME OF EXECUTION OF THIS DEED, RUNNING EAST AND WEST ALONG THE SOUTH EDGE OF THE EXISTING ROAD, FORMERLY KNOWN AS COUNTY ROAD 115, IN THE SOUTHERLY PART OF THE PROPERTY DESCRIBED BELOW:

EAST 1/2 OF THE WEST 2/3 OF GOVERNMENT LOT 4, SECTION 33, TOWNSHIP 49 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO, COMMONLY KNOWN AS ROCKFORD BAY TRACT 29 AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

COMMENCING AT A FOUND 2 1/2 INCH ALUMINUM PIPE AND 3 INCH ALUMINUM CAP MARKING THE SOUTHWEST CLOSING CORNER OF SECTION 33;

THENCE ALONG THE SOUTH BOUNDARY OF SECTION 33, SOUTH 87 DEGREES 22'19" EAST, A DISTANCE OF 87.72 FEET TO THE STANDARD CORNER OF SECTIONS 4 AND 5;

THENCE CONTINUING ALONG THE SOUTH BOUNDARY OF SECTION 33, SOUTH 87 DEGREES 13'28" EAST, A DISTANCE OF 352.88 FEET TO A SET IRON ROD AND PLS 4194 CAP MARKING THE SOUTHWEST CORNER OF THE EAST HALF OF THE WEST 2/3 OF GOVERNMENT LOT 4, SECTION 33 AND THE POINT OF BEGINNING;

THENCE ALONG THE WEST LINE OF SAID EAST HALF OF THE WEST 2/3 OF GOVERNMENT LOT 4, SECTION 33, NORTH 00 DEGREES 12'52" WEST, A DISTANCE OF 104.11 FEET TO A SET IRON ROD AND PLS 4194 CAP MARKING THE INTERSECTION WITH THE AFOREMENTIONED FOUR-STRAND BARBED WIRE FENCE;

THENCE ALONG SAID FENCE THE FOLLOWING 3 COURSES ALL MARKED WITH SET IRON RODS AND PLS 4194 CAPS:

- 1) SOUTH 86 DEGREES 51'55" EAST, A DISTANCE OF 226.49 FEET;
- 2) SOUTH 74 DEGREES 06'45" EAST, A DISTANCE OF 97.90 FEET;
- 3) SOUTH 66 DEGREES 02'41" EAST, A DISTANCE OF 131.40 FEET TO THE INTERSECTION WITH THE EAST LINE OF SAID EAST HALF OF THE WEST 2/3 OF GOVERNMENT LOT 4;

THENCE ALONG SAID EAST LINE, SOUTH 00 DEGREES 09'11" EAST, A DISTANCE OF 32.91 FEET TO A SET IRON ROD AND PLS 4194 CAP MARKING THE INTERSECTION WITH THE SOUTH LINE OF SECTION 33 AND THE SOUTHEAST CORNER OF SAID EAST HALF OF THE WEST 2/3 OF GOVERNMENT LOT 4;

THENCE ALONG THE SOUTH LINE OF SAID EAST HALF OF THE WEST 2/3 OF GOVERNMENT LOT 4 AND THE SOUTH LINE OF SECTION 33, NORTH 87 DEGREES 13'28" WEST, A DISTANCE OF 440.61 FEET TO THE POINT OF BEGINNING.

EXHIBIT "A"
LEGAL DESCRIPTION

PARCEL 11:

ALL OF THAT PROPERTY SOUTH OF THE EXISTING FOUR-STRAND BARBED WIRE FENCE LINE AS SAID FENCE EXISTED IN 1979 AND STILL EXISTS AT THE TIME OF EXECUTION OF THIS DEED, RUNNING EAST AND WEST ALONG THE SOUTH EDGE OF THE EXISTING ROAD, FORMERLY KNOWN AS COUNTY ROAD 115, IN THE SOUTHWESTERLY PART OF THE PROPERTY DESCRIBED BELOW:

EAST 1/3 OF GOVERNMENT LOT 4, SECTION 33, TOWNSHIP 49 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

COMMENCING AT A FOUND 2 1/2 INCH ALUMINUM PIPE AND 3 INCH ALUMINUM CAP MARKING THE SOUTHWEST CLOSING CORNER OF SECTION 33;

THENCE ALONG THE SOUTH BOUNDARY OF SECTION 33, SOUTH 87 DEGREES 22'19" EAST, A DISTANCE OF 87.72 FEET TO THE STANDARD CORNER OF SECTIONS 4 AND 5;

THENCE CONTINUING ALONG THE SOUTH BOUNDARY OF SECTION 33, SOUTH 87 DEGREES 13'28" EAST, A DISTANCE OF 793.49 FEET TO A SET IRON ROD AND PLS 4194 CAP MARKING THE SOUTHWEST CORNER OF THE EAST 1/3 OF GOVERNMENT LOT 4, SECTION 33 AND THE POINT OF BEGINNING;

THENCE ALONG THE WEST LINE OF THE EAST 1/3 OF GOVERNMENT LOT 4, SECTION 33, NORTH 00 DEGREES 09'11" WEST, A DISTANCE OF 32.91 FEET TO A SET IRON ROD AND PLS 4194 CAP MARKING THE INTERSECTION WITH THE AFOREMENTIONED FOUR-STRAND BARBED WIRE FENCE;

THENCE ALONG SAID FENCE THE FOLLOWING 2 COURSES ALL MARKED WITH SET IRON RODS AND PLS 4194 CAPS:

- 1) SOUTH 66 DEGREES 02'41" EAST, A DISTANCE OF 53.72 FEET;
- 2) THENCE SOUTH 76 DEGREES 32'21" EAST, A DISTANCE OF 72.58 FEET TO THE INTERSECTION WITH THE SOUTH LINE OF SAID EAST 1/3 OF GOVERNMENT LOT 4;

THENCE ALONG THE SOUTH LINE OF SAID EAST 1/3 OF GOVERNMENT LOT 4 AND THE SOUTH LINE OF SECTION 33, NORTH 87 DEGREES 13'28" WEST, A DISTANCE OF 119.73 FEET TO THE POINT OF BEGINNING.

6001-1780370

SUBORDINATION AND STANDSTILL AGREEMENT

This Subordination and Standstill Agreement ("Subordination Agreement") is effective as of February 2, 2007 (the "Agreement Date") by and among American Bank ("Lender"), BRN Investments, LLC, an Idaho limited liability company ("Subordinated Lender") and BRN Development, Inc., an Idaho corporation ("Borrower").

RECITALS:

- A. Borrower and Lender have entered an agreement for the extension of credit by Lender to Borrower for, among other things, the construction of improvements upon real property owned by Borrower. The extension of credit is secured by a mortgage or similar instrument granting to Lender a lien upon the real property owned by Borrower and other assets of Borrower.
- B. To induce Lender to make the extension of credit to Borrower, Subordinated Lender desires to subordinate all loans, extensions of credit and other indebtedness of Borrower to Subordinated Lender to the loans and extensions of credit of Lender to Borrower, including, without limitation, any liens, security interests or other interests of Subordinated Lender in or to the real property or other assets of Borrower.

IN CONSIDERATION OF THE ABOVE, the parties agree as follows:

1.0 Definitions. Except as otherwise defined in this Subordination Agreement, capitalized terms used in this Subordination Agreement are accorded the following meanings.

"Lender Debt" means any and all indebtedness of Borrower to Lender now existing or hereafter arising, including, without limitation, amounts due or to become due under the Revolving Credit Agreement between Borrower and Lender dated as of February 2, 2007 and the "Loan Documents" as defined in the Revolving Credit Agreement.

"Lender Mortgage" means any trust indenture, mortgage, security interest or other lien granted by Borrower to Lender to secure any obligation or indebtedness of Borrower to Lender and encumbering any property or assets of Borrower, including, without limitation, any mortgage lien granted upon the Real Property, whenever the same may be granted or created, whether on or before or after the Agreement Date.

"Real Property" means the real property of Borrower described on Exhibit "A" to this Subordination Agreement.

"Subordinated Debt" means any and all indebtedness or other obligations of payment or performance of Borrower to Subordinated Lender, now existing or hereafter arising, and all extensions, renewals, refunding, replacements, and modifications of the same, and including, without limitation, any indebtedness or other obligations arising under or related to the Subordinated Note.

DEPOSITION
EXHIBIT

Chesrown #163
6-22-10 PP ID

AB002606

1189

6001-17833T0

SUBORDINATION AND STANDSTILL AGREEMENT

This Subordination and Standstill Agreement ("Subordination Agreement") is effective as of February 2, 2007 (the "Agreement Date") by and among American Bank ("Lender"), BRN Investments, LLC, an Idaho limited liability company ("Subordinated Lender") and BRN Development, Inc., an Idaho corporation ("Borrower").

RECITALS:

- A. Borrower and Lender have entered an agreement for the extension of credit by Lender to Borrower for, among other things, the construction of improvements upon real property owned by Borrower. The extension of credit is secured by a mortgage or similar instrument granting to Lender a lien upon the real property owned by Borrower and other assets of Borrower.
- B. To induce Lender to make the extension of credit to Borrower, Subordinated Lender desires to subordinate all loans, extensions of credit and other indebtedness of Borrower to Subordinated Lender to the loans and extensions of credit of Lender to Borrower, including, without limitation, any liens, security interests or other interests of Subordinated Lender in or to the real property or other assets of Borrower.

IN CONSIDERATION OF THE ABOVE, the parties agree as follows:

1.0 Definitions. Except as otherwise defined in this Subordination Agreement, capitalized terms used in this Subordination Agreement are accorded the following meanings.

"Lender Debt" means any and all indebtedness of Borrower to Lender now existing or hereafter arising, including, without limitation, amounts due or to become due under the Revolving Credit Agreement between Borrower and Lender dated as of February 2, 2007 and the "Loan Documents" as defined in the Revolving Credit Agreement.

"Lender Mortgage" means any trust indenture, mortgage, security interest or other lien granted by Borrower to Lender to secure any obligation or indebtedness of Borrower to Lender and encumbering any property or assets of Borrower, including, without limitation, any mortgage lien granted upon the Real Property, whenever the same may be granted or created, whether on or before or after the Agreement Date.

"Real Property" means the real property of Borrower described on Exhibit "A" to this Subordination Agreement.

"Subordinated Debt" means any and all indebtedness or other obligations of payment or performance of Borrower to Subordinated Lender, now existing or hereafter arising, and all extensions, renewals, refunding, replacements, and modifications of the same, and including, without limitation, any indebtedness or other obligations arising under or related to the Subordinated Note.

"Subordinated Interests" means all liens and encumbrances granted by Borrower to Subordinated Lender or otherwise held by Subordinated Lender and securing the Subordinated Debt, or any other right, title or interests, if any, of Subordinated Lender in or to the property or assets of Borrower, and including, without limitation, any interests arising under the (a) Subordinated Mortgage or (b) the Subordinated Note.

"Subordinated Mortgage" means the Mortgage dated January 5, 2007 with Borrower as "Mortgagor" and Subordinated Lender as "Mortgagee" and recorded as Document No. 2078648000 in the records of Kootenai County, Idaho and granting to Subordinated Lender a mortgage lien upon the Real Property described in the attached Exhibit "A", as the same may be supplemented, amended, replaced or modified from time to time.

"Subordinated Note" means the promissory note made by Borrower in favor of Subordinated Lender dated January 5, 2007 in the face amount of \$30,192,500.00, together with all interest, charges or fees charged thereon.

2.0 Subordination. The Subordinated Interests shall be, and hereby are made, subordinate and inferior in all respects to the interests of Lender under the Lender Mortgage. Without limiting the foregoing, the subordination of the Subordinated Interests shall be given the same effect as if the Subordinated Interests were created, and notice of the same recorded, after the date of creation and recording of the Lender Mortgage and without regard to the date of creation, entry or recording of the Lender Mortgage.

3.0 Representations. Subordinated Lender represents that: (a) the execution, delivery and performance of this Subordination Agreement is the legal, valid, and binding obligation of Subordinated Lender enforceable in accordance with its terms; (b) there are no defenses, set off, or counterclaims that may be asserted with respect to the Subordinated Debt; (c) the Subordinated Debt is not represented or evidenced by a negotiable instrument; and (d) the Subordinated Lender is the sole holder of the Subordinated Debt and the Subordinated Interests and Subordinated Lender has not assigned as security, or otherwise, or sold a participation in, or otherwise transferred, in whole or in part, any interest in the Subordinated Debt or the Subordinated Interests.

4.0 Payments on Subordinated Debt and Forbearance.

4.1 Payments Prior to Notice of Default. Until Lender shall notify Subordinated Lender in writing of the occurrence of an Event of Default under and as defined in the Revolving Credit Agreement or the Loan Documents (a "Default Notice"), Subordinated Lender may receive and retain payments made by Borrower to Subordinated Lender on the Subordinated Debt when and as scheduled or required under the Subordinated Note as such note is in effect on the Agreement Date, but not by prepayment or other payment in advance of the actual time for payment required under the Note.

4.2 Forbearance. Except as permitted under Section 4.1, Subordinated Lender will not ask, demand, sue for, take or receive, by setoff or in any other manner, the whole or any part of any money or property, now or hereafter owing by Borrower to Subordinated Lender, in respect of the Subordinated Debt or otherwise, unless and until the Lender Debt shall have been indefeasibly paid in full and Lender has terminated this Subordination Agreement.

5.0 Delivery of Payments to Lender. Except for payments permitted under Section 4.1, if Subordinated Lender receives any payment or anything of value on the Subordinated Debt, including, following delivery of a Default Notice, or in any bankruptcy, insolvency, receivership, or similar proceeding, Subordinated Lender will immediately deliver such payment or value to Lender for application to the Lender Debt.

6.0 Subordinated Lender Covenants.

6.1 Collection or Proceedings. At any time prior to the full and final payment of the Lender Debt and release of the Lender Mortgage, Subordinated Lender will not, and will not join with any other creditor or creditors of Borrower, (a) in commencing any enforcement, collection, execution, levy, or foreclosure proceeding with respect to the property or assets of Borrower including, without limitation, any foreclosure of the Subordinated Mortgage or (b) to contest the validity, priority, or perfection of any lien, mortgage or security interest held by Lender with respect to any assets or properties of Borrower. Except as expressly permitted by this Agreement, if any property of Borrower or the proceeds thereof are received or collected by Subordinated Lender prior to payment in full of the Lender Debt, Subordinated Lender shall immediately deliver the same to Lender, in precisely the form received, together with any necessary endorsement, and, until so delivered, such property or proceeds shall be held in trust and segregated from all other property or assets of Subordinated Lender.

6.2 Assignment. Subordinated Lender shall not sell, assign, pledge, grant a security interest in, hypothecate, encumber, or otherwise transfer (in whole or as a participation) all or part of the Subordinated Debt or the Subordinated Interests.

6.3 Modification. Subordinated Lender shall not cancel, discharge, amend or modify in any respect the Subordinated Debt or the Subordinated Interests or convert or exchange any of the Subordinated Debt into any other debt or equity of Borrower, or otherwise alter, amend, or modify the Subordinated Debt or the Subordinated Interests without the prior written consent of Lender.

6.4 Further Subordination. Subordinated Lender shall not subordinate all or any part of the Subordinated Debt to the interests of any other person, except to the Lender Debt.

6.5 Subrogation. Subordinated Lender shall not exercise any right of subrogation arising out of or related to the Subordinated Debt or Subordinated Interests until Lender is paid in full on the Lender Debt.

6.6 Bankruptcy or Similar Proceedings. Subordinated Lender shall not commence, or join with any creditor other than Lender, or assist Borrower in commencing, any bankruptcy, insolvency, arrangement, reorganization, receivership, relief, or other similar case or proceeding relating to Borrower.

6.7 Release of Subordinated Interests. Until the Lender Debt is paid in full and the Lender Mortgage is released, and notwithstanding any term of the Subordinated Debt to the contrary, Subordinated Lender will, upon request of either Borrower or Lender, release the Subordinated Interests, including, without limitation, the Subordinated Mortgage in connection with the sale or other disposition of any portion of the Real Property. Without limiting the foregoing, Subordinated Lender will deliver to or for the benefit of Lender, releases, or similar instruments in recordable form, and otherwise in form and substance satisfactory to Lender, releasing the Subordinated Interests.

7.0 Waiver of Suretyship Defenses. Subordinated Lender hereby waives and agrees not to assert any rights or defenses of a guarantor or surety, including, without limitation, (a) any lack of validity or enforceability of the Loan Documents; (b) to the extent permitted by law, failure or delay in giving any notice or taking any action required by Article 9 of the Uniform Commercial Code or laws governing mortgages made in the state of Idaho; (c) failure to preserve, protect, or resort to any security for the Lender Debt; (d) failure of Lender to proceed against or exercise any right or remedy against any other person; (e) the renewal, extension, modification, acceleration, compromise, or release of the Lender Debt; (f) the release, substitution, or failure to maintain a perfected security interest in any security for or guaranty of the Lender Debt; or (g) any other circumstance that might constitute a defense available to, or discharge of, Borrower or any guarantor.

8.0 Remedies. Subordinated Lender agrees that Lender may enforce this Subordination Agreement by a proceeding for specific performance and waives any defense based on the adequacy of a remedy at law that might be asserted as a bar to such proceeding.

9.0 Cross Default. Subordinated Lender acknowledges its duty to Lender to remain informed of any circumstances that may affect the Subordinated Debt, and to notify Lender promptly, but in any event no later than five (5) days after the discovery, of any event of default under the Subordinated Debt. If any representation or warranty made herein shall prove to be false, or in the event of Subordinated Lender's failure to perform any of the terms of this Subordinated Agreement, Lender may declare the indebtedness of Borrower to Lender due and payable and may proceed to exercise its remedies thereunder.

10.0 Reinstatement. If after the Lender Debt is paid, in whole or in part, Lender is compelled to surrender or voluntarily surrenders payment or proceeds to any person, because such payment or application of proceeds is or may be avoided, invalidated, declared fraudulent, set aside, declared to be void or voidable as a preference, fraudulent conveyance, impermissible setoff, or diversion of trust funds, or because of

any settlement or compromise of such claim, then this Subordination Agreement shall continue to be in full force and effect, as if such payment had not been received by Lender.

11.0 Assignment. Lender may assign or otherwise transfer all or a portion of its rights under this Subordination Agreement to any person or entity, and such assignee shall thereafter be vested, to all of Lender's rights and interests. This Subordination Agreement shall remain in full force and effect and shall be binding upon Subordinated Lender and its successors and assigns.

12.0 Miscellaneous.

12.1 No Waiver. No waiver of any event of default or other failure in performance shall be implied from any omission by the Lender to take action on account of such default, and no express waiver shall affect any default other than the defaults specified in the waiver and shall be operative only for the time and to the extent therein stated.

12.2 Notices. All notices, requests and demands hereunder will be in writing and (i) made to the address set forth below, or to such other address as either party may designate by written notice to the other in accordance with this provision, and (ii) deemed to have been given or made: if delivered in person, immediately upon delivery; if by facsimile, immediately upon sending and upon confirmation of receipt; if by nationally recognized overnight courier service with instructions to deliver the next Business Day, one (1) business day after sending; and if by certified mail, return receipt requested, five (5) days after mailing.

If to Borrower: BRN Development, Inc.
912 Northwest Blvd.
Coeur d'Alene, ID 83814

If to Lender: American Bank
1612 W. Main Street
Bozeman, MT 59715

If to Subordinated Lender: BRN Investments, LLC
912 Northwest Blvd.
Coeur d'Alene, ID 83814

12.3 Governing Law. This Subordination Agreement is being executed in the State of Montana and is to be governed by and construed in accordance with the laws of Montana.

12.4 Amendment. No amendment to this Subordination Agreement shall be effective unless in writing and signed by the party sought to be bound thereby.

12.5 Severability/Titles. In case any one or more of the provisions of this Subordination Agreement shall be held to be invalid, illegal or unenforceable in any respect by any court or other entity having the authority to do so, the validity of the remaining provisions shall in no way be affected, prejudiced or disturbed. Titles and headings herein are for reference purposes only and do not constitute a part of this Subordination Agreement.

12.6 Counterparts. This Subordination Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one agreement.

12.7 Time. Time is of the essence of this Subordination Agreement.

12.8 Attorneys' Fees. The prevailing party in any legal proceeding for the interpretation or enforcement of this Subordination Agreement or the Loan Documents will be entitled to recover its cost and expenses, including reasonable attorneys' fees, incurred in or with respect to such proceeding.

12.9 Further Assurance. Each party to this Subordination Agreement shall execute such additional documents and instruments and take such actions as may be reasonably necessary or convenient to effectuate the intent of this Subordination Agreement and the Loan Documents.

12.10 Specific Performance. In addition to any right or remedy at law or equity for the enforcement of this Subordination Agreement, a party may enforce this Subordination by seeking and receiving orders of specific performance or for injunctive relief.

[Remainder of page blank. Signature page follows.]

BRN DEVELOPMENT, INC.

By: _____
Marshall R. Chesrown, President

AMERICAN BANK

By: Mark S. Hendrickson
Its: COO

BRN INVESTMENTS, LLC

By: _____
Its: _____

STATE OF IDAHO)
) ss.
County of Kooetani)

On this ____ day of February, 2007, before me the undersigned, a Notary Public for the State of Idaho, personally appeared Marshall R. Chesrown known to me to be the President of BRN Development, Inc., and acknowledged to me that he executed the same on behalf of the BRN Development, Inc. pursuant to the power and authority vested in him.

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

(SEAL)

Print Name: _____
Notary Public for the State of Idaho
Residing at: _____
My Commission Expires: _____

STATE OF IDAHO)
) ss.
County of Kootenai)

On this ____ day of February, 2007, before me, the undersigned, a Notary Public for the State of Idaho, personally appeared _____, known to me to be the _____ of BRN Investments, LLC, and acknowledged to me that he executed the same on behalf of BRN Investments, LLC pursuant to the power and authority vested in him.

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

(SEAL)

Print Name: _____
Notary Public for the State of Idaho
Residing at: _____
My Commission Expires: _____

STATE OF MONTANA)
) ss.
County of Gallatin)

On this 5th day of February, 2007, before me, the undersigned, a Notary Public for the State of Montana, personally appeared Mark S. Henderson, known to me to be the COO of American Bank, the entity that executed the within instrument, and acknowledged to me that he executed the same on behalf of the entity pursuant to the power and authority vested in him.

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

(SEAL)



Tanaya Carter
Print Name: TANAYA CARTER
Notary Public for the State of Montana
Residing at: Bellevue
My Commission Expires: 2/21/2009

BRN DEVELOPMENT, INC.

By: [Signature]
Marshall R. Chesrown, President

AMERICAN BANK

By: _____
Its: _____

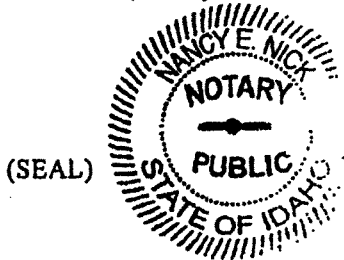
BRN INVESTMENTS, LLC

By: [Signature]
Its: Managing member

STATE OF IDAHO)
) ss.
County of Kooteni)

On this 2 day of February, 2007, before me the undersigned, a Notary Public for the State of Idaho, personally appeared Marshall R. Chesrown known to me to be the President of BRN Development, Inc., and acknowledged to me that he executed the same on behalf of the BRN Development, Inc. pursuant to the power and authority vested in him.

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

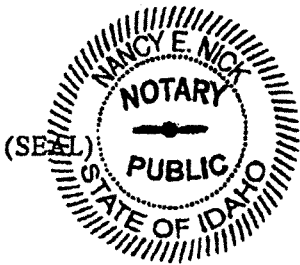


[Signature]
Print Name: Nancy E. Nick
Notary Public for the State of Idaho
Residing at: Int Falls, ID
My Commission Expires: 10-31-2009

STATE OF IDAHO)
) ss.
County of Kootenai)

On this 2 day of February, 2007, before me, the undersigned, a Notary Public for the State of Idaho, personally appeared Marshall R. Chesman, known to me to be the Managing Member of BRN Investments, LLC, and acknowledged to me that he executed the same on behalf of BRN Investments, LLC pursuant to the power and authority vested in him.

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



Nancy E. Nick
Print Name: Nancy E. Nick
Notary Public for the State of Idaho
Residing at: Port Falls, ID
My Commission Expires: 10.31.2009

STATE OF MONTANA)
) ss.
County of Gallatin)

On this ____ day of February, 2007, before me, the undersigned, a Notary Public for the State of Montana, personally appeared _____, known to me to be the _____ of American Bank, the entity that executed the within instrument, and acknowledged to me that he executed the same on behalf of the entity pursuant to the power and authority vested in him.

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

(SEAL)

Print Name: _____
Notary Public for the State of Montana
Residing at: _____
My Commission Expires: _____

EXHIBIT "A"
REAL PROPERTY

Legal description attached.

**EXHIBIT "A"
LEGAL DESCRIPTION**

PARCEL 1:

THE FOLLOWING 4 TRACTS LABELLED A-D IN GOVERNMENT LOTS 7 AND 8 IN SECTION 8, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO:

TRACT A:

A TRACT OF LAND LOCATED IN GOVERNMENT LOT 8, SECTION 8, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, STATE OF IDAHO, DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF SAID GOVERNMENT LOT 8;

THENCE SOUTH 3 DEGREES 37'03" WEST ALONG THE WEST LINE OF SAID GOVERNMENT LOT, A DISTANCE OF 1111.1 FEET TO THE NORTH RIGHT OF WAY OF EXISTING LOFF'S BAY ROAD;

THENCE 55.69 SOUTHEASTERLY ALONG A CURVE TO THE RIGHT WITH A RADIUS OF 290.0 FEET ON A CHORD BEARING SOUTH 68 DEGREES 17'44" EAST, 55.60 FEET;

THENCE SOUTH 62 DEGREES 47'39" EAST ALONG SAID RIGHT OF WAY, 115.37 FEET TO THE TRUE POINT OF BEGINNING;

THENCE NORTH 3 DEGREES 37'03" EAST, 588.0 FEET;

THENCE SOUTH 86 DEGREES 54'39" EAST, 955.4 FEET TO THE INTERSECTION WITH THE NORTH RIGHT OF WAY OF EXISTING COUNTY ROAD;

THENCE SOUTH 42 DEGREES 34'10" WEST ALONG SAID RIGHT OF WAY 538.6 FEET;

THENCE ALONG SAID RIGHT OF WAY ON A CURVE TO THE RIGHT, 161.47 FEET WITH A RADIUS OF 690.0 FEET AND A CENTRAL ANGLE OF 13 DEGREES 24'29";

THENCE SOUTH 55 DEGREES 58'39" WEST ALONG SAID RIGHT OF WAY, 107.27 FEET;

THENCE ALONG SAID RIGHT OF WAY ON A CURVE TO THE RIGHT, 341.96 FEET WITH A RADIUS OF 320.0 FEET AND A CENTRAL ANGLE OF 61 DEGREES 13'42";

THENCE NORTH 62 DEGREES 47'39" WEST ALONG SAID RIGHT OF WAY, 100.0 FEET TO THE TRUE POINT OF BEGINNING.

TRACT B:

LEGAL EXHIBIT

LEGAL DESCRIPTION
(Continued)

A PARCEL OF LAND LOCATED IN THE NORTH HALF OF SECTION 8, TOWNSHIP 48 NORTH, RANGE 4 WEST OF THE BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO, SAID PARCEL BEING A PORTION OF GOVERNMENT LOT 7, SAID SECTION 8, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHEAST CORNER OF LOT 20, AS SHOWN ON THE RECORD OF SURVEY BY EUGENE H. WELBORN, R.L.S. #1020, FILED IN BOOK 4 AT PAGE 249, KOOTENAI COUNTY RECORDS, FROM WHICH THE CENTER OF SAID SECTION 8 BEARS SOUTH 3 DEGREES 28' 34" WEST A DISTANCE OF 1,759.89 FEET;

THENCE SOUTH 86 DEGREES 54' 39" EAST ALONG THE NORTH BOUNDARY LINE, SAID GOVERNMENT LOT 7, A DISTANCE OF 1329.84 FEET TO THE NORTHEAST CORNER OF LOT 7;

THENCE 3 DEGREES 37' 03" WEST ALONG THE EASTERLY BOUNDARY LINE, SAID LOT 7, A DISTANCE OF 766.02 FEET TO THE TRUE POINT OF BEGINNING FOR THIS DESCRIPTION;

THENCE SOUTH 3 DEGREES 37' 03" WEST CONTINUING ALONG SAID LINE A DISTANCE OF 345.08 FEET TO A POINT ON THE NORTHERLY RIGHT OF WAY LINE OF LOFF'S BAY ROAD, SAID POINT BEING THE BEGINNING OF A NON-TANGENT CURVE CONCAVE TO THE SOUTH, HAVING A RADIUS OF 290.00 FEET, THROUGH A CENTRAL ANGLE OF 50 DEGREES 52' 50" A DISTANCE ALONG THE ARC OF 257.53 FEET, THE CHORD BEARING OF SAID CURVE BEING SOUTH 80 DEGREES 44' 47" WEST;

THENCE SOUTH 55 DEGREES 18' 20" WEST CONTINUING ALONG SAID RIGHT OF WAY, A DISTANCE OF 297.82 FEET TO THE BEGINNING OF A CURVE CONCAVE TO THE SOUTHEAST, HAVING A RADIUS OF 1980.00 FEET, THROUGH A CENTRAL ANGLE OF 7 DEGREES 02' 34", A DISTANCE ALONG THE ARC OF 243.38 FEET;

THENCE SOUTH 48 DEGREES 15' 46" WEST CONTINUING ALONG SAID RIGHT OF WAY A DISTANCE OF 243.62 FEET TO THE BEGINNING OF A CURVE CONCAVE TO THE NORTHWEST, HAVING A RADIUS OF 670.00 FEET, THROUGH A CENTRAL ANGLE OF 11 DEGREES 00' 00" A DISTANCE ALONG THE ARC OF 128.63 FEET;

THENCE NORTH 3 DEGREES 51' 04" EAST LEAVING SAID RIGHT OF WAY, A DISTANCE OF 279.05 FEET;

THENCE NORTH 16 DEGREES 00' 00" EAST A DISTANCE OF 831.46 FEET;

THENCE SOUTH 86 DEGREES 54' 39" EAST A DISTANCE OF 84.09 FEET;

THENCE SOUTH 41 DEGREES 42' 23" EAST A DISTANCE OF 133.87 FEET;

THENCE SOUTH 86 DEGREES 54' 39" EAST A DISTANCE OF 568.90 FEET TO THE TRUE POINT OF BEGINNING.

TRACT C:

**LEGAL DESCRIPTION
(Continued)**

A PARCEL OF LAND LOCATED IN THE NORTH HALF OF SECTION 8, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO, SAID PARCEL BEING A PORTION OF GOVERNMENT LOT 7, SAID SECTION 8, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHEAST CORNER, LOT 20, AS SHOWN ON THE RECORD OF SURVEY BY EUGENE H. WELBORN, R.L.S. #1020, FILED IN BOOK 4, AT PAGE 249, KOOTENAI COUNTY RECORDS, FROM WHICH THE CENTER OF SAID SECTION 8 BEARS SOUTH 3 DEGREES 28' 34" WEST, A DISTANCE OF 1759.89 FEET;

THENCE SOUTH 3 DEGREES 28' 34" WEST, ALONG THE EASTERLY BOUNDARY LINE OF LOT 20, AS SHOWN ON SAID RECORD OF SURVEY, A DISTANCE OF 671.01 FEET TO THE SOUTHEAST CORNER OF SAID LOT 20, SAID CORNER BEING THE TRUE POINT OF BEGINNING FOR THIS DESCRIPTION;

THENCE SOUTH 86 DEGREES 54' 39" EAST, A DISTANCE OF 580.00 FEET; THENCE SOUTH 16 DEGREES 00' 00" WEST, A DISTANCE OF 831.46 FEET;

THENCE SOUTH 3 DEGREES 51' 04" WEST, A DISTANCE OF 279.05 FEET TO A POINT ON THE NORTH RIGHT OF WAY LINE OF LOFF'S BAY ROAD;

THENCE NORTH 86 DEGREES 49' 26" WEST, LEAVING SAID RIGHT OF WAY, A DISTANCE OF 397.86 FEET TO THE SOUTHEAST CORNER OF LOT 21, AS SHOWN ON THE SAID RECORD OF SURVEY;

THENCE NORTH 3 DEGREES 28' 34" EAST, ALONG THE EASTERLY BOUNDARY LINE, SAID LOT 21, A DISTANCE OF 1088.88 FEET TO THE TRUE POINT OF BEGINNING.

TRACT D THE FOLLOWING 3 PARCELS:

TRACT 1:

THAT PORTION OF GOVERNMENT LOT 8, SECTION 8, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO, LYING NORTH OF LOFF'S BAY COUNTY ROAD, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF SAID GOVERNMENT LOT 8;

THENCE SOUTH 86 DEGREES 54' 39" EAST, ALONG THE NORTH LINE THEREOF 225.00 FEET;

THENCE SOUTH 03 DEGREES 28' 34" WEST, 587.97 FEET;

THENCE NORTH 86 DEGREES 54' 39" WEST, 69.31 FEET;

THENCE SOUTH 03 DEGREES 28' 34" WEST, 588.00 FEET TO THE NORTH MARGIN OF SAID LOFF'S BAY ROAD;

THENCE NORTH 62 DEGREES 47' 39" WEST, ALONG SAID NORTH MARGIN 115.37 FEET TO THE

**LEGAL DESCRIPTION
(Continued)**

BEGINNING OF A CURVE TO THE LEFT HAVING A RADIUS OF 290 FEET THROUGH A CENTRAL ANGLE OF 11 DEGREES 00' 10", AN ARC DISTANCE OF 55.69 FEET;

THENCE NORTH 03 DEGREES 37' 03" EAST, ALONG THE WEST LINE OF SAID GOVERNMENT LOT 8, 1111.10 FEET TO THE NORTH LINE THEREOF, AND THE TRUE POINT OF BEGINNING.

TRACT 2:

THAT PORTION OF GOVERNMENT LOT 8, SECTION 8, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO, LYING NORTH OF LOFF'S BAY COUNTY ROAD DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF SAID GOVERNMENT LOT 8;

THENCE SOUTH 86 DEGREES 54' 39" EAST, ALONG THE NORTH LINE THEREOF, 225.00 FEET TO THE TRUE POINT OF BEGINNING;

THENCE CONTINUING SOUTH 86 DEGREES 54' 39" EAST, ALONG SAID NORTH LINE 757.32 FEET;

THENCE SOUTH 23 DEGREES 49' 53" WEST, 628.71 FEET;

THENCE NORTH 86 DEGREES 54' 39" WEST, 538.63 FEET;

THENCE NORTH 03 DEGREES 28' 34" EAST, 587.97 FEET TO SAID NORTH LINE AND THE TRUE POINT OF BEGINNING.

TRACT 3:

THAT PORTION OF GOVERNMENT LOT 8, SECTION 8, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO, LYING NORTH OF LOFF'S BAY ROAD.

LESS AND EXCEPT A TRACT OF LAND LOCATED IN GOVERNMENT LOT 8, SECTION 8, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, STATE OF IDAHO, DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF SAID GOVERNMENT LOT 8;

THENCE SOUTH 3 DEGREES 37' 03" WEST ALONG THE WEST LINE OF SAID GOVERNMENT LOT, A DISTANCE OF 1111.1 FEET TO THE NORTH RIGHT OF WAY OF EXISTING LOFF'S BAY ROAD;

THENCE 55.69 SOUTHEASTERLY ALONG A CURVE TO THE RIGHT WITH A RADIUS OF 290.0 FEET ON A CHORD BEARING SOUTH 68 DEGREES 17' 44" EAST, 55.60 FEET;

THENCE SOUTH 62 DEGREES 47' 39" EAST ALONG SAID RIGHT OF WAY 115.37 FEET TO THE TRUE POINT OF BEGINNING;

THENCE NORTH 3 DEGREES 37' 03" EAST, 588.0 FEET;

LEGAL EXHIBIT 0

LEGAL DESCRIPTION
(Continued)

THENCE SOUTH 86 DEGREES 54' 39" EAST, 955.4 FEET TO THE INTERSECTION WITH THE NORTH RIGHT OF WAY OF EXISTING COUNTY ROAD;

THENCE SOUTH 42 DEGREES 34' 10" WEST ALONG SAID RIGHT OF WAY 538.6 FEET;

THENCE ALONG SAID RIGHT OF WAY ON A CURVE TO THE RIGHT 161.47 FEET WITH A RADIUS OF 690.0 FEET AND A CENTRAL ANGLE OF 13 DEGREES 24' 29";

THENCE SOUTH 55 DEGREES 58' 39" WEST ALONG SAID RIGHT WAY 107.27 FEET;

THENCE ALONG SAID RIGHT OF WAY ON A CURVE TO THE RIGHT 341.96 FEET WITH A RADIUS OF 320.0 FEET AND A CENTRAL ANGLE OF 61 DEGREES 13' 42";

THENCE NORTH 62 DEGREES 47' 39" WEST ALONG SAID RIGHT OF WAY 100.0 FEET TO THE TRUE POINT OF BEGINNING.

ALSO EXCEPTING THEREFROM THAT PORTION OF GOVERNMENT LOT 8, SECTION 8, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO, LYING NORTH OF LOFF'S BAY COUNTY ROAD, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF SAID GOVERNMENT LOT 8;

THENCE SOUTH 86 DEGREES 54' 39" EAST, ALONG THE NORTH LINE THEREOF 225.00 FEET;

THENCE SOUTH 03 DEGREES 28' 34" WEST, 587.97 FEET;

THENCE NORTH 86 DEGREES 54' 39" WEST, 69.31 FEET;

THENCE SOUTH 03 DEGREES 28' 34" WEST, 588.00 FEET TO THE NORTH MARGIN OF SAID LOFF'S BAY ROAD;

THENCE NORTH 62 DEGREES 47' 39" WEST, ALONG SAID NORTH MARGIN 115.37 FEET TO THE BEGINNING OF A CURVE TO THE LEFT HAVING A RADIUS OF 290 FEET THROUGH A CENTRAL ANGLE OF 11 DEGREES 00' 10", AN ARC DISTANCE OF 55.69 FEET;

THENCE NORTH 03 DEGREES 37' 03" EAST, ALONG THE WEST LINE OF SAID GOVERNMENT LOT 8, 1111.10 FEET TO THE NORTH LINE THEREOF, AND THE TRUE POINT OF BEGINNING.

ALSO EXCEPTING THEREFROM THAT PORTION OF GOVERNMENT LOT 8, SECTION 8, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO, LYING NORTH OF LOFF'S BAY COUNTY ROAD DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF SAID GOVERNMENT LOT 8;

THENCE SOUTH 86 DEGREES 54' 39" EAST, ALONG THE NORTH LINE THEREOF, 225.00 FEET TO THE TRUE POINT OF BEGINNING;

**LEGAL DESCRIPTION
(Continued)**

THENCE CONTINUING SOUTH 86 DEGREES 54' 39" EAST, ALONG SAID NORTH LINE 757.32 FEET;

THENCE SOUTH 23 DEGREES 49' 53" WEST, 628.71 FEET;

THENCE NORTH 86 DEGREES 54' 39" WEST, 538.63 FEET;

THENCE NORTH 03 DEGREES 28' 34" EAST, 587.97 FEET TO SAID NORTH LINE AND THE TRUE POINT OF BEGINNING.

PARCEL 2:

THE NORTH HALF OF THE SOUTHEAST QUARTER, THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 5, AND GOVERNMENT LOTS 1 AND 2, SECTION 8, ALL IN TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, STATE OF IDAHO.

PARCEL 3:

THE SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 5, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO.

PARCEL 4:

THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER AND THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 5, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO.

PARCEL 5:

THE SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 5, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, STATE OF IDAHO,

AND

LOT 2, BLOCK 1, SCHORZMAN-ATKINS SHORT PLAT, ACCORDING TO THE PLAT RECORDED IN BOOK "I" OF PLATS AT PAGES 253 AND 253A, RECORDS OF KOOTENAI COUNTY, IDAHO.

PARCEL 6:

LOTS 1, 2 AND 3, THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER, THE NORTHEAST QUARTER OF THE SOUTHWEST QUARTER, THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER AND THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 5, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN.

AND

GOVERNMENT LOT 4, SECTION 4, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO.

LEGAL INSTRUMENT

**LEGAL DESCRIPTION
(Continued)**

EXCEPTING THEREFROM A PORTION OF THAT PROPERTY REFERRED TO IN EXHIBIT "E" OF QUIET TITLE JUDGEMENT RECORDED UNDER INSTRUMENT NO. 1906262 IN SAID COUNTY AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHEAST CORNER OF SAID GOVERNMENT LOT 4, SECTION 4;
THENCE

NORTH 00 DEGREES 45' 39" EAST ALONG THE EAST LINE OF SAID LOT 4 A DISTANCE OF 135.30 FEET TO THE POINT OF BEGINNING; THENCE

SOUTH 87 DEGREES 21' 30" WEST 48.71 FEET; THENCE

NORTH 02 DEGREES 51' 12" WEST 32.07 FEET; THENCE

NORTH 03 DEGREES 13' 21" WEST 10.60 FEET; THENCE

NORTH 02 DEGREES 51' 19" WEST 23.11 FEET; THENCE

NORTH 03 DEGREES 43' 08" WEST 37.65 FEET; THENCE

NORTH 03 DEGREES 46' 01" WEST 51.50 FEET; THENCE

NORTH 03 DEGREES 11' 51" WEST 16.13 FEET; THENCE

NORTH 07 DEGREES 58' 23" WEST 24.73 FEET; THENCE

NORTH 05 DEGREES 22' 53" WEST 23.29 FEET; THENCE

NORTH 06 DEGREES 14' 48" WEST 58.80 FEET; THENCE

NORTH 05 DEGREES 01' 03" WEST 87.73 FEET; THENCE

NORTH 00 DEGREES 16' 11" WEST 39.22 FEET; THENCE

NORTH 18 DEGREES 20' 54" WEST 5.57 FEET; THENCE

NORTH 00 DEGREES 28' 20" WEST 116.01 FEET; THENCE

NORTH 04 DEGREES 23' 45" EAST 125.91 FEET; THENCE

NORTH 03 DEGREES 34' 02" EAST 185.71 FEET; THENCE

NORTH 02 DEGREES 44' 00" EAST 41.99 FEET; THENCE

SOUTH 80 DEGREES 57' 24" EAST 34.12 FEET; THENCE

SOUTH 73 DEGREES 27' 34" EAST 37.42 FEET TO A POINT ON THE EAST LINE OF SAID GOVERNMENT LOT 4; THENCE

LEGAL EXHIBIT 0

**LEGAL DESCRIPTION
(Continued)**

SOUTH 00 DEGREES 45' 39" WEST A DISTANCE OF 880.68 FEET TO THE POINT OF BEGINNING.

AND EXCEPTING THEREFROM ALL OF THAT PORTION OF SAID GOVERNMENT LOT 4, SECTION 4, LYING NORTHEASTERLY OF THE EXISTING ROADWAY, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, FURTHER DESCRIBED AS FOLLOWS:

ALL OF THAT PORTION OF GOVERNMENT LOT 4, SECTION 4, LYING NORTHEASTERLY OF THE EXISTING ROADWAY, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING AT A FOUND 1/2 INCH IRON ROD AND PLS 3451 CAP MARKING THE NORTHEAST CORNER OF GOVERNMENT LOT 4, SECTION 4, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO;

THENCE ALONG THE EAST LINE OF SAID GOVERNMENT LOT 4, SECTION 4, SOUTH 00 DEGREES 46'41" WEST, A DISTANCE OF 137.94 FEET TO A SET IRON ROD AND PLS 4194 CAP ON THE NORTHEASTERLY RIGHT OF WAY OF COUNTY ROAD NO. 115 BELLGROVE-STINSON ROAD;

THENCE ALONG THE NORTHEASTERLY RIGHT OF WAY OF SAID ROAD THE FOLLOWING 2 COURSES, ALL MARKED BY IRON RODS AND PLS 4194 CAPS:

1) NORTH 50 DEGREES 44'36" WEST, A DISTANCE OF 73.10 FEET;

2) THENCE NORTH 60 DEGREES 31'30" WEST, A DISTANCE OF 210.09 FEET TO THE INTERSECTION WITH THE NORTH LINE OF THE AFOREMENTIONED GOVERNMENT LOT 4, SECTION 4;

THENCE ALONG SAID NORTH LINE OF GOVERNMENT LOT 4, SECTION 4, SOUTH 87 DEGREES 13'28" EAST, A DISTANCE OF 241.66 FEET TO THE POINT OF BEGINNING.

PARCEL 7. THE FOLLOWING TRACTS:

TRACT A:

A PART OF THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER, AND GOVERNMENT LOT 2, SECTION 4, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF SAID SOUTHWEST QUARTER OF THE NORTHEAST QUARTER (CN 1/16 CORNER);

THENCE NORTH 1 DEGREES 08' 28" EAST, 159.98 FEET ALONG THE WEST BOUNDARY OF SAID LOT 2 TO A POINT ON THE CENTERLINE OF LOFFS BAY ROAD;

THENCE TRAVERSING SAID CENTERLINE AS FOLLOWS:

**LEGAL DESCRIPTION
(Continued)**

SOUTH 58 DEGREES 36' 55" EAST, 49.07 FEET;

THENCE 332.38 FEET ALONG THE ARC OF A 335.58 FOOT RADIUS CURVE RIGHT, SAID CURVE HAVING A CHORD BEARING SOUTH 30 DEGREES 14' 24" EAST, 318.96 FEET;

THENCE SOUTH 1 DEGREES 51' 53" EAST, 328.02 FEET;

THENCE SOUTH 2 DEGREES 28' 04" WEST, 104.42 FEET;

THENCE SOUTH 12 DEGREES 40' 51" WEST, 42.73 FEET;

THENCE SOUTH 21 DEGREES 56' 11" WEST, 51.81 FEET;

THENCE SOUTH 31 DEGREES 00' 18" WEST, 99.74 FEET;

THENCE SOUTH 32 DEGREES 35' 22" WEST, 104.42 FEET;

THENCE SOUTH 36 DEGREES 33' 02" WEST, 100.94 FEET;

THENCE SOUTH 42 DEGREES 15' 53" WEST, 51.24 FEET;

THENCE NORTH 1 DEGREES 08' 28" EAST, AND LEAVING SAID CENTERLINE 955.75 FEET ALONG THE WEST BOUNDARY OF SAID SOUTHWEST QUARTER OF THE NORTHEAST QUARTER TO THE POINT OF BEGINNING.

EXCEPT ANY PORTION LYING IN LOFF'S BAY ROAD.

TRACT B:

A PARCEL OF LAND IN GOVERNMENT LOT 3, SECTION 4, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO, AND FURTHER DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID GOVERNMENT LOT 3, SECTION 4;

THENCE NORTH 00 DEGREES 46' 05" EAST, ALONG THE WEST LINE OF SAID GOVERNMENT LOT 3, A DISTANCE OF 135.57 FEET;

THENCE NORTH 89 DEGREES 12' 07" EAST, A DISTANCE OF 312.12 FEET;

THENCE NORTH 89 DEGREES 47' 56" EAST, A DISTANCE OF 321.36 FEET;

THENCE NORTH 89 DEGREES 06' 35" EAST, A DISTANCE OF 325.48 FEET;

THENCE NORTH 82 DEGREES 25' 36" EAST, A DISTANCE OF 170.38 FEET;

THENCE SOUTH 84 DEGREES 22' 44" EAST, A DISTANCE OF 128.59 FEET;

THENCE NORTH 87 DEGREES 27' 56" EAST, A DISTANCE OF 78.74 FEET TO THE

LEGAL-REVISIT.0

LEGAL DESCRIPTION
(Continued)

INTERSECTION WITH THE WEST LINE OF SAID GOVERNMENT LOT 2;

THENCE SOUTH 01 DEGREES 08' 46" WEST, A DISTANCE OF 260.57 FEET TO THE NORTH LINE OF THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER OF SECTION 4, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN;

THENCE NORTH 85 DEGREES 39' 49" WEST, 1334.86 FEET TO THE POINT OF BEGINNING.

EXCEPT THAT PORTION OF THE NORTHWEST QUARTER OF SECTION 4, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO, DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTH ONE QUARTER CORNER OF SAID SECTION 4;

THENCE SOUTH 01 DEGREES 57' 14" WEST, ALONG THE EAST LINE OF THE NORTHWEST QUARTER OF SAID SECTION 4, 980.93 FEET TO THE POINT OF BEGINNING OF THIS DESCRIPTION;

THENCE CONTINUE SOUTH 01 DEGREES 57' 14" WEST, ALONG SAID EAST LINE, 65.86 FEET TO THE NORTHERLY RIGHT OF WAY LINE OF LOFFS BAY ROAD;

THENCE NORTH 57 DEGREES 48' 19" WEST, ALONG SAID NORTHERLY RIGHT OF WAY LINE 125.33 FEET;

THENCE SOUTH 83 DEGREES 34' 01" EAST, 29.69 FEET;

THENCE NORTH 88 DEGREES 16' 39" EAST, 78.83 FEET TO THE POINT OF BEGINNING.

ALL LYING SOUTH OF THE SOUTH LINE OF THE PLAT OF MCLEAN MEADOWS RECORDED IN BOOK "G" OF PLATS PAGE 493, KOOTENAI COUNTY, IDAHO.

TRACT C:

THE NORTH HALF OF THE SOUTHWEST QUARTER AND THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER AND THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER AND THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER AND THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER, ALL IN SECTION 4, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO.

AND

THE SOUTH HALF OF THE NORTHWEST QUARTER OF SECTION 4, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, STATE OF IDAHO.

EXCEPTING THEREFROM THAT PORTION CONVEYED TO BABBITT LOGGING, INC. BY WARRANTY DEED RECORDED JULY 1, 1997 AS INSTRUMENT NO. 1495927, DESCRIBED AS FOLLOWS:

LEGAL EXHIBIT, 0

LEGAL DESCRIPTION
(Continued)

THAT PORTION OF THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER OF SECTION 4, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, STATE OF IDAHO, LYING EAST OF LOFF'S BAY COUNTY ROAD.

TOGETHER WITH THAT PORTION OF THE NORTHEAST QUARTER OF THE SOUTHWEST QUARTER, SECTION 4, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, STATE OF IDAHO, LYING EAST OF LOFF'S BAY COUNTY ROAD.

PARCEL 8:

ALL OF THAT PORTION OF GOVERNMENT LOT 4, SECTION 4, LYING NORTHEASTERLY OF THE EXISTING ROADWAY, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING AT A FOUND 1/2 INCH IRON ROD AND PLS 3451 CAP MARKING THE NORTHEAST CORNER OF GOVERNMENT LOT 4, SECTION 4, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO;

THENCE ALONG THE EAST LINE OF SAID GOVERNMENT LOT 4, SECTION 4, SOUTH 00 DEGREES 46'41" WEST, A DISTANCE OF 137.94 FEET TO A SET IRON ROD AND PLS 4194 CAP ON THE NORTHEASTERLY RIGHT OF WAY OF COUNTY ROAD NO. 115 BELLGROVE-STINSON ROAD;

THENCE ALONG THE NORTHEASTERLY RIGHT OF WAY OF SAID ROAD THE FOLLOWING 2 COURSES, ALL MARKED BY IRON RODS AND PLS 4194 CAPS:

- 1) NORTH 50 DEGREES 44'36" WEST, A DISTANCE OF 73.10 FEET;
- 2) THENCE NORTH 60 DEGREES 31'30" WEST, A DISTANCE OF 210.09 FEET TO THE INTERSECTION WITH THE NORTH LINE OF THE AFOREMENTIONED GOVERNMENT LOT 4, SECTION 4;

THENCE ALONG SAID NORTH LINE OF GOVERNMENT LOT 4, SECTION 4, SOUTH 87 DEGREES 13'28" EAST, A DISTANCE OF 241.66 FEET TO THE POINT OF BEGINNING.

Return to:

BRN Development, Inc.
P.O. Box 3070
Coeur d'Alene, Idaho 83816
Attention: Marshall Chesrown and Robert Samuel

2008-224

REAL ESTATE MORTGAGE

FOR VALUE RECEIVED, BRN Development, Inc., an Idaho corporation (the "Mortgagor") does hereby grant, bargain, sell and convey unto the persons and entities identified on Exhibit "A" attached hereto (collectively, the "Mortgagees"), which exhibit may be supplemented or amended by Mortgagor from time to time to add additional Mortgagees, that certain real property, improvements, and appurtenances, located in Kootenai County, Idaho, more particularly described on the attached Exhibit "B" attached hereto and incorporated herein by reference (the "Property").

TO HAVE AND TO HOLD the said Property, with their appurtenances, unto the said Mortgagee, and its successors and assigns forever.

Security for Payments Due under Notes. This conveyance is intended as a Mortgage to secure the payment of all sums owing to the Mortgagees, with interest (together with any further advances made by the Mortgagees to the Mortgagor, or expended by the Mortgagees to protect the Property of the Mortgagees' interests therein), in accordance with the terms of promissory notes of even date herewith in such amount (the "Notes"), payable to the order of the Mortgagees, with final payment due on or before January 5, 2018, and providing for acceleration of the due date of the principal for default in the payment of interest or any installment of principal, and providing for a reasonable attorney's fee in case of suit or action.

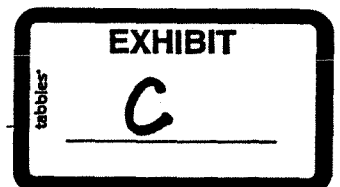
Subordination of Lien. The lien created by this Mortgage is hereby expressly subordinated to all Permitted Encumbrances (including the Senior Debt, which is a Permitted Encumbrance), as such terms are defined in the Notes and in the subordination agreements executed by the Mortgagees (the "Subordination Agreements"), and all advances or charges made or accruing thereunder, including any extension of renewal thereof.

Mortgagor's Covenants. The Mortgagor hereby covenants and agrees with the Mortgagees and each of them as follows:

That the Mortgagor is the owner in fee simple of the above described Property and that the Property is free from all encumbrances other than those encumbering the Property as of the date of this Mortgage;

That the Mortgagor will pay the indebtedness hereby secured promptly, according to the terms of the Notes and subject only to the limitations of the Subordination Agreements;

That the Mortgagor will pay all taxes, liens, and assessments of any nature hereafter levied or imposed, or becoming payable, upon said Property before delinquency;



That the Mortgagor will keep any buildings and other improvements now or hereafter located on the Property insured against loss or damage by fire, by an insurance company acceptable to the Mortgagees, with loss payable to the Mortgagees and Mortgagor as their interests may appear, in an amount equal to the full replacement value thereof, and shall deliver such policy or policies of insurance to the Mortgagees, until the sums secured by this Mortgage are fully paid with interest.

If the Mortgagor shall fail to pay any such tax or lien, or fail to maintain such fire insurance, the Mortgagees may pay the same or procure said insurance, and pay the cost hereof, and all payments by the Mortgagees for any such purpose shall be added to the indebtedness hereby secured, and shall be repayable on demand, with interest at the default rate of interest cited in the Note, until paid.

For the purpose of further securing said indebtedness and performance of the covenants herein contained, the Mortgagor hereby sells and assigns to the Mortgagees any and all rentals accruing, or to accrue on said Property, during the term of this Mortgage, subject only to the limitations of the Subordination Agreements.

If the Mortgagor shall pay or cause to be paid all monies which may become due upon said Note, and shall otherwise comply with the terms and conditions hereof, this conveyance shall be void; but in case default shall be made in the payment of the indebtedness hereby secured, or any part thereof, principal or interest, or in any of the covenants or agreements herein contained (any such default or delinquency remaining uncured following notice as provided under the Notes), then the Mortgagees or their successors or assigns, at their option, may, subject to the limitations of the Subordination Agreements, declare the entire indebtedness hereby secured immediately due and payable, and may foreclose this Mortgage and cause said Property to be sold in the manner provided by law. Subject to the limitations of the Subordination Agreements, the Mortgagees may retain from the monies arising from such sale all principal, interest, and late charges, together with any sums advanced as provided herein, with interest as aforesaid, together with the costs and charges of such foreclosure suit and sale, including such sum as the court may adjudge reasonable as an attorney's fee to be allowed the plaintiff, and the excess, if any there be, paid over to the Mortgagor.


Equally and Ratably Interpreted and Construed. This Mortgage shall be interpreted and construed to secure the obligations evidenced by the Notes equally and ratably with that certain mortgage of even date by and among the Mortgagor and the BRN Investments, LLC, as mortgagee, (which mortgage secures the Mortgagor's obligations to such mortgagee evidenced by a promissory note of like tenor and effect as the Notes except as to denomination) and shall be subject to the limitations of the Subordination Agreements.

Mortgagee's Agreement to Partial Releases. Provided no event of default has occurred and is continuing under the Notes, Mortgagee hereby: (a) agrees from time-to-time and at any time, upon the request of Mortgagor and without payment of any amount or delivery of other consideration to Mortgagee, to release the subordinated lien of this Mortgage in connection with Mortgagor's sale of each residential parcel comprising a portion of the Property; and (b) grants to Mortgagor a limited power of attorney to execute and deliver releases or similar instruments in form and substance satisfactory to Mortgagor to release such lien.

DATED: 6-13, 2008

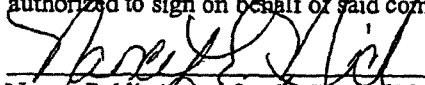
MORTGAGOR:

BRN DEVELOPMENT, INC.
an Idaho Corporation

By: 
Marshall Chesrown, its president

STATE OF IDAHO)
)ss
County of Kootenai)

On this 13 day of June, 2008, before me, the undersigned, a Notary Public in and for said County and State, personally appeared MARSHALL CHESROWN, known or identified to me to be the President of BRN Development, Inc., an Idaho corporation, who signed the foregoing instrument on behalf of said company and acknowledged to me that he is authorized to sign on behalf of said company and that said company executed the same.



Notary Public in and for the State of Idaho
Residing at: East Falls, ID
My Commission Expires: 10-21-2009

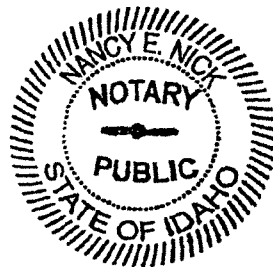


Exhibit A to Mortgage

<u>Name and Address of Mortgagee</u>	<u>Principal Amount Owed</u>
E. Ryker Young Revocable Trust E. Ryker Young, Trustee 2448 South Manard Road Ft. Gibson, Oklahoma 74434	\$5,000,000
The Roland E. Casati Family Trust dated June 5, 2008 Robert M. Levin, Trustee Levin & Schreder 120 N. LaSalle Street, #3800 Chicago, Illinois 60602	\$5,000,000

Order No. 60-13342
Version 3
AMEND

EXHIBIT "B"
LEGAL DESCRIPTION

PARCEL 1:

THE FOLLOWING 4 TRACTS LABELLED A-D IN GOVERNMENT LOTS 7 AND 8 IN SECTION 8,
TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY,
IDAHO:

TRACT A:

A TRACT OF LAND LOCATED IN GOVERNMENT LOT 8, SECTION 8, TOWNSHIP 48 NORTH,
RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, STATE OF IDAHO, DESCRIBED AS
FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF SAID GOVERNMENT LOT 8;

THENCE SOUTH 3 DEGREES 37'03" WEST ALONG THE WEST LINE OF SAID GOVERNMENT LOT,
A DISTANCE OF 1111.1 FEET TO THE NORTH RIGHT OF WAY OF EXISTING LOFF'S BAY
ROAD;

THENCE 55.69 SOUTHEASTERLY ALONG A CURVE TO THE RIGHT WITH A RADIUS OF 290.0
FEET ON A CHORD BEARING SOUTH 68 DEGREES 17'44" EAST, 55.60 FEET;

THENCE SOUTH 62 DEGREES 47'39" EAST ALONG SAID RIGHT OF WAY, 115.37 FEET TO
THE TRUE POINT OF BEGINNING;

THENCE NORTH 3 DEGREES 37'03" EAST, 588.0 FEET;

THENCE SOUTH 86 DEGREES 54'39" EAST, 955.4 FEET TO THE INTERSECTION WITH THE
NORTH RIGHT OF WAY OF EXISTING COUNTY ROAD;

THENCE SOUTH 42 DEGREES 34'10" WEST ALONG SAID RIGHT OF WAY 538.6
FEET;

THENCE ALONG SAID RIGHT OF WAY ON A CURVE TO THE RIGHT, 161.47 FEET WITH A
RADIUS OF 690.0 FEET AND A CENTRAL ANGLE OF 13 DEGREES 24'29";

THENCE SOUTH 55 DEGREES 58'39" WEST ALONG SAID RIGHT OF WAY, 107.27
FEET;

THENCE ALONG SAID RIGHT OF WAY ON A CURVE TO THE RIGHT, 341.96 FEET WITH A
RADIUS OF 320.0 FEET AND A CENTRAL ANGLE OF 61 DEGREES 13'42";

THENCE NORTH 62 DEGREES 47'39" WEST ALONG SAID RIGHT OF WAY, 100.0 FEET TO THE
TRUE POINT OF BEGINNING.

TRACT B:

COUNTY LEGAL

LEGAL DESCRIPTION

A PARCEL OF LAND LOCATED IN THE NORTH HALF OF SECTION 8, TOWNSHIP 48 NORTH, RANGE 4 WEST OF THE BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO, SAID PARCEL BEING A PORTION OF GOVERNMENT LOT 7, SAID SECTION 8, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHEAST CORNER OF LOT 20, AS SHOWN ON THE RECORD OF SURVEY BY EUGENE H. WELBORN, R.L.S. #1020, FILED IN BOOK 4 AT PAGE 249, KOOTENAI COUNTY RECORDS, FROM WHICH THE CENTER OF SAID SECTION 8 BEARS SOUTH 3 DEGREES 28' 34" WEST A DISTANCE OF 1,759.89 FEET;

THENCE SOUTH 86 DEGREES 54' 39" EAST ALONG THE NORTH BOUNDARY LINE, SAID GOVERNMENT LOT 7, A DISTANCE OF 1329.84 FEET TO THE NORTHEAST CORNER OF LOT 7;

THENCE 3 DEGREES 37' 03" WEST ALONG THE EASTERLY BOUNDARY LINE, SAID LOT 7, A DISTANCE OF 766.02 FEET TO THE TRUE POINT OF BEGINNING FOR THIS DESCRIPTION;

THENCE SOUTH 3 DEGREES 37' 03" WEST CONTINUING ALONG SAID LINE A DISTANCE OF 345.08 FEET TO A POINT ON THE NORTHERLY RIGHT OF WAY LINE OF LOFF'S BAY ROAD, SAID POINT BEING THE BEGINNING OF A NON-TANGENT CURVE CONCAVE TO THE SOUTH, HAVING A RADIUS OF 290.00 FEET, THROUGH A CENTRAL ANGLE OF 50 DEGREES 52' 50" A DISTANCE ALONG THE ARC OF 257.53 FEET, THE CHORD BEARING OF SAID CURVE BEING SOUTH 80 DEGREES 44' 47" WEST;

THENCE SOUTH 55 DEGREES 18' 20" WEST CONTINUING ALONG SAID RIGHT OF WAY, A DISTANCE OF 297.82 FEET TO THE BEGINNING OF A CURVE CONCAVE TO THE SOUTHEAST, HAVING A RADIUS OF 1980.00 FEET, THROUGH A CENTRAL ANGLE OF 7 DEGREES 02' 34", A DISTANCE ALONG THE ARC OF 243.38 FEET;

THENCE SOUTH 48 DEGREES 15' 46" WEST CONTINUING ALONG SAID RIGHT OF WAY A DISTANCE OF 243.62 FEET TO THE BEGINNING OF A CURVE CONCAVE TO THE NORTHWEST, HAVING A RADIUS OF 670.00 FEET, THROUGH A CENTRAL ANGLE OF 11 DEGREES 00' 00" A DISTANCE ALONG THE ARC OF 128.63 FEET;

THENCE NORTH 3 DEGREES 51' 04" EAST LEAVING SAID RIGHT OF WAY, A DISTANCE OF 279.05 FEET;

THENCE NORTH 16 DEGREES 00' 00" EAST A DISTANCE OF 831.46 FEET;

THENCE SOUTH 86 DEGREES 54' 39" EAST A DISTANCE OF 84.09 FEET;

THENCE SOUTH 41 DEGREES 42' 23" EAST A DISTANCE OF 133.87 FEET;

THENCE SOUTH 86 DEGREES 54' 39" EAST A DISTANCE OF 568.90 FEET TO THE TRUE POINT OF BEGINNING.

Order No. 60-13342
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AMEND

LEGAL DESCRIPTION

TRACT C:

A PARCEL OF LAND LOCATED IN THE NORTH HALF OF SECTION 8, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO, SAID PARCEL BEING A PORTION OF GOVERNMENT LOT 7, SAID SECTION 8, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHEAST CORNER, LOT 20, AS SHOWN ON THE RECORD OF SURVEY BY EUGENE H. WELBORN, R.L.S. #1020, FILED IN BOOK 4, AT PAGE 249, KOOTENAI COUNTY RECORDS, FROM WHICH THE CENTER OF SAID SECTION 8 BEARS SOUTH 3 DEGREES 28' 34" WEST, A DISTANCE OF 1759.89 FEET;

THENCE SOUTH 3 DEGREES 28' 34" WEST, ALONG THE EASTERLY BOUNDARY LINE OF LOT 20, AS SHOWN ON SAID RECORD OF SURVEY, A DISTANCE OF 671.01 FEET TO THE SOUTHEAST CORNER OF SAID LOT 20, SAID CORNER BEING THE TRUE POINT OF BEGINNING FOR THIS DESCRIPTION;

THENCE SOUTH 86 DEGREES 54' 39" EAST, A DISTANCE OF 580.00 FEET; THENCE SOUTH 16 DEGREES 00' 00" WEST, A DISTANCE OF 831.46 FEET;

THENCE SOUTH 3 DEGREES 51' 04" WEST, A DISTANCE OF 279.05 FEET TO A POINT ON THE NORTH RIGHT OF WAY LINE OF LOFF'S BAY ROAD;

THENCE NORTH 86 DEGREES 49' 26" WEST, LEAVING SAID RIGHT OF WAY, A DISTANCE OF 397.86 FEET TO THE SOUTHEAST CORNER OF LOT 21, AS SHOWN ON THE SAID RECORD OF SURVEY;

THENCE NORTH 3 DEGREES 28' 34" EAST, ALONG THE EASTERLY BOUNDARY LINE, SAID LOT 21, A DISTANCE OF 1088.88 FEET TO THE TRUE POINT OF BEGINNING.

TRACT D THE FOLLOWING 3 PARCELS:

TRACT 1:

THAT PORTION OF GOVERNMENT LOT 8, SECTION 8, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO, LYING NORTH OF LOFF'S BAY COUNTY ROAD, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF SAID GOVERNMENT LOT 8;

THENCE SOUTH 86 DEGREES 54' 39" EAST, ALONG THE NORTH LINE THEREOF 225.00 FEET;

THENCE SOUTH 03 DEGREES 28' 34" WEST, 587.97 FEET;

THENCE NORTH 86 DEGREES 54' 39" WEST, 69.31 FEET;

THENCE SOUTH 03 DEGREES 28' 34" WEST, 588.00 FEET TO THE NORTH MARGIN OF

Order No. 60-13342
Version 3
AMEND

LEGAL DESCRIPTION

SAID LOFF'S BAY ROAD;

THENCE NORTH 62 DEGREES 47' 39" WEST, ALONG SAID NORTH MARGIN 115.37 FEET TO THE BEGINNING OF A CURVE TO THE LEFT HAVING A RADIUS OF 290 FEET THROUGH A CENTRAL ANGLE OF 11 DEGREES 00' 10", AN ARC DISTANCE OF 55.69 FEET;

THENCE NORTH 03 DEGREES 37' 03" EAST, ALONG THE WEST LINE OF SAID GOVERNMENT LOT 8, 1111.10 FEET TO THE NORTH LINE THEREOF, AND THE TRUE POINT OF BEGINNING.

TRACT 2:

THAT PORTION OF GOVERNMENT LOT 8, SECTION 8, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO, LYING NORTH OF LOFF'S BAY COUNTY ROAD DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF SAID GOVERNMENT LOT 8;

THENCE SOUTH 86 DEGREES 54' 39" EAST, ALONG THE NORTH LINE THEREOF, 225.00 FEET TO THE TRUE POINT OF BEGINNING;

THENCE CONTINUING SOUTH 86 DEGREES 54' 39" EAST, ALONG SAID NORTH LINE 757.32 FEET;

THENCE SOUTH 23 DEGREES 49' 53" WEST, 628.71 FEET;

THENCE NORTH 86 DEGREES 54' 39" WEST, 538.63 FEET;

THENCE NORTH 03 DEGREES 28' 34" EAST, 587.97 FEET TO SAID NORTH LINE AND THE TRUE POINT OF BEGINNING.

TRACT 3:

THAT PORTION OF GOVERNMENT LOT 8, SECTION 8, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO, LYING NORTH OF LOFF'S BAY ROAD.

LESS AND EXCEPT A TRACT OF LAND LOCATED IN GOVERNMENT LOT 8, SECTION 8, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, STATE OF IDAHO, DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF SAID GOVERNMENT LOT 8;

THENCE SOUTH 3 DEGREES 37' 03" WEST ALONG THE WEST LINE OF SAID GOVERNMENT LOT, A DISTANCE OF 1111.1 FEET TO THE NORTH RIGHT OF WAY OF EXISTING LOFF'S BAY ROAD;

LEGAL DESCRIPTION

THENCE 55.69 SOUTHEASTERLY ALONG A CURVE TO THE RIGHT WITH A RADIUS OF 290.0 FEET ON A CHORD BEARING SOUTH 68 DEGREES 17' 44" EAST, 55.60 FEET;

THENCE SOUTH 62 DEGREES 47' 39" EAST ALONG SAID RIGHT OF WAY 115.37 FEET TO THE TRUE POINT OF BEGINNING;

THENCE NORTH 3 DEGREES 37' 03" EAST, 588.0 FEET;

THENCE SOUTH 86 DEGREES 54' 39" EAST, 955.4 FEET TO THE INTERSECTION WITH THE NORTH RIGHT OF WAY OF EXISTING COUNTY ROAD;

THENCE SOUTH 42 DEGREES 34' 10" WEST ALONG SAID RIGHT OF WAY 538.6 FEET;

THENCE ALONG SAID RIGHT OF WAY ON A CURVE TO THE RIGHT 161.47 FEET WITH A RADIUS OF 690.0 FEET AND A CENTRAL ANGLE OF 13 DEGREES 24' 29";

THENCE SOUTH 55 DEGREES 58' 39" WEST ALONG SAID RIGHT WAY 107.27 FEET;

THENCE ALONG SAID RIGHT OF WAY ON A CURVE TO THE RIGHT 341.96 FEET WITH A RADIUS OF 320.0 FEET AND A CENTRAL ANGLE OF 61 DEGREES 13' 42";

THENCE NORTH 62 DEGREES 47' 39" WEST ALONG SAID RIGHT OF WAY 100.0 FEET TO THE TRUE POINT OF BEGINNING.

ALSO EXCEPTING THEREFROM THAT PORTION OF GOVERNMENT LOT 8, SECTION 8, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO, LYING NORTH OF LOFF'S BAY COUNTY ROAD, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF SAID GOVERNMENT LOT 8;

THENCE SOUTH 86 DEGREES 54' 39" EAST, ALONG THE NORTH LINE THEREOF 225.00 FEET;

THENCE SOUTH 03 DEGREES 28' 34" WEST, 587.97 FEET;

THENCE NORTH 86 DEGREES 54' 39" WEST, 69.31 FEET;

THENCE SOUTH 03 DEGREES 28' 34" WEST, 588.00 FEET TO THE NORTH MARGIN OF SAID LOFF'S BAY ROAD;

THENCE NORTH 62 DEGREES 47' 39" WEST, ALONG SAID NORTH MARGIN 115.37 FEET TO THE BEGINNING OF A CURVE TO THE LEFT HAVING A RADIUS OF 290 FEET THROUGH A CENTRAL ANGLE OF 11 DEGREES 00' 10", AN ARC DISTANCE OF 55.69 FEET;

THENCE NORTH 03 DEGREES 37' 03" EAST, ALONG THE WEST LINE OF SAID GOVERNMENT LOT 8, 1111.10 FEET TO THE NORTH LINE THEREOF, AND THE TRUE POINT OF BEGINNING.

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LEGAL DESCRIPTION

ALSO EXCEPTING THEREFROM THAT PORTION OF GOVERNMENT LOT 8, SECTION 8, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO, LYING NORTH OF LOFF'S BAY COUNTY ROAD DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF SAID GOVERNMENT LOT 8;

THENCE SOUTH 86 DEGREES 54' 39" EAST, ALONG THE NORTH LINE THEREOF, 225.00 FEET TO THE TRUE POINT OF BEGINNING;

THENCE CONTINUING SOUTH 86 DEGREES 54' 39" EAST, ALONG SAID NORTH LINE 757.32 FEET;

THENCE SOUTH 23 DEGREES 49' 53" WEST, 628.71 FEET;

THENCE NORTH 86 DEGREES 54' 39" WEST, 538.63 FEET;

THENCE NORTH 03 DEGREES 28' 34" EAST, 587.97 FEET TO SAID NORTH LINE AND THE TRUE POINT OF BEGINNING.

PARCEL 2:

THE NORTH HALF OF THE SOUTHEAST QUARTER, THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 5, AND GOVERNMENT LOTS 1 AND 2, SECTION 8, ALL IN TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, STATE OF IDAHO.

PARCEL 3:

THE SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 5, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO.

PARCEL 4:

THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER AND THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 5, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO.

PARCEL 5:

THE SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 5, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, STATE OF IDAHO,

AND

LOT 2, BLOCK 1, SCHORZMAN-ATKINS SHORT PLAT, ACCORDING TO THE PLAT

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LEGAL DESCRIPTION

RECORDED IN BOOK "I" OF PLATS AT PAGES 253 AND 253A, RECORDS OF KOOTENAI COUNTY, IDAHO.

PARCEL 6:

LOTS 1, 2 AND 3, THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER, THE NORTHEAST QUARTER OF THE SOUTHWEST QUARTER, THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER AND THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 5, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN.

AND

A PARCEL OF LAND LOCATED IN GOVERNMENT LOT 4, SECTION 4, TOWNSHIP 48 NORTH, RANGE 4 WEST, AND GOVERNMENT LOT 4, SECTION 33, TOWNSHIP 49 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHEAST CORNER OF SAID GOVERNMENT LOT 4, SECTION 4, THE TRUE POINT OF BEGINNING; THENCE

NORTH 00 DEGREES 46' 41" EAST 135.30 FEET; THENCE

SOUTH 87 DEGREES 21' 30" WEST 48.71 FEET; THENCE

NORTH 02 DEGREES 51' 12" WEST 32.07 FEET; THENCE

NORTH 03 DEGREES 13' 21" WEST 10.60 FEET; THENCE

NORTH 02 DEGREES 51' 19" WEST 23.11 FEET; THENCE

NORTH 03 DEGREES 43' 08" WEST 37.65 FEET; THENCE

NORTH 03 DEGREES 46' 01" WEST 51.50 FEET; THENCE

NORTH 03 DEGREES 11' 51" WEST 16.13 FEET; THENCE

NORTH 07 DEGREES 58' 23" WEST 24.73 FEET; THENCE

NORTH 05 DEGREES 22' 53" WEST 23.29 FEET; THENCE

NORTH 06 DEGREES 14' 48" WEST 58.80 FEET; THENCE

NORTH 05 DEGREES 01' 03" WEST 87.73 FEET; THENCE

NORTH 00 DEGREES 16' 11" WEST 39.22 FEET; THENCE

NORTH 18 DEGREES 20' 54" WEST 5.57 FEET; THENCE

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NORTH 00 DEGREES 28' 20" WEST 116.01 FEET; THENCE
NORTH 04 DEGREES 23' 45" EAST 125.91 FEET; THENCE
NORTH 03 DEGREES 34' 02" EAST 185.71 FEET; THENCE
NORTH 02 DEGREES 44' 00" EAST 41.99 FEET; THENCE
SOUTH 80 DEGREES 57' 24" EAST 34.12 FEET; THENCE
SOUTH 73 DEGREES 27' 34" EAST 37.42 FEET TO A POINT ON THE EAST LINE OF
SAID GOVERNMENT LOT 4; THENCE
NORTH 00 DEGREES 40' 02" EAST 30.07 FEET; THENCE
NORTH 01 DEGREES 04' 37" WEST 29.85 FEET; THENCE
NORTH 27 DEGREES 06' 58" EAST 2.29 FEET; THENCE
NORTH 50 DEGREES 44' 36" WEST 73.10 FEET; THENCE
NORTH 60 DEGREES 31' 30" WEST 210.09 FEET TO A POINT ON THE NORTH LINE OF
GOVERNMENT LOT 4, SECTION 4, TOWNSHIP 48 NORTH, RANGE 4 WEST; THENCE
NORTH 87 DEGREES 13' 28" WEST 186.38 FEET; THENCE
NORTH 76 DEGREES 32' 21" WEST 72.58 FEET; THENCE
NORTH 66 DEGREES 02' 41" WEST 53.72 FEET; THENCE
NORTH 66 DEGREES 02' 41" WEST 131.40 FEET; THENCE
NORTH 74 DEGREES 06' 45" WEST 97.90 FEET; THENCE
NORTH 86 DEGREES 51' 55" WEST 226.49 FEET; THENCE
NORTH 86 DEGREES 51' 55" WEST 34.91 FEET; THENCE
SOUTH 32 DEGREES 35' 02" WEST 58.34 FEET; THENCE
SOUTH 24 DEGREES 46' 03" EAST 60.41 FEET; THENCE
NORTH 87 DEGREES 13' 28" WEST 311.47 FEET TO THE NORTHWEST CORNER OF
GOVERNMENT LOT 4, SECTION 4, TOWNSHIP 48 NORTH, RANGE 4 WEST; THENCE
SOUTH 00 DEGREES 22' 47" WEST 1163.33 FEET; THENCE
SOUTH 00 DEGREES 22' 47" WEST 5.05 FEET TO THE SOUTHWEST CORNER OF SAID

COUNTY LEGAL 0

LEGAL DESCRIPTION

GOVERNMENT LOT 4, SECTION 4, TOWNSHIP 48 NORTH, RANGE 4 WEST; THENCE

SOUTH 85 DEGREES 38' 20" EAST 1334.93 FEET TO THE TRUE POINT OF BEGINNING.

EXCEPTING THEREFROM ALL OF THAT PROPERTY SOUTH OF THE EXISTING FOUR-STRAND BARBED WIRE FENCE LINE AS SAID FENCE EXISTED IN 1979 AND STILL EXISTS AT THE TIME OF EXECUTION OF THIS DEED, RUNNING EAST AND WEST ALONG THE SOUTH EDGE OF THE EXISTING ROAD, FORMERLY KNOWN AS COUNTY ROAD 115, IN THE SOUTHERLY PART OF THE PROPERTY DESCRIBED BELOW:

EAST ONE-HALF OF THE WEST TWO THIRDS OF GOVERNMENT LOT 4, SECTION 33, TOWNSHIP 49 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO, COMMONLY KNOWN AS ROCKFORD BAY TRACT 29 AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

COMMENCING AT A POINT 2 1/2" ALUMINUM PIPE AND 3" ALUMINUM CAP MARKING THE SOUTHWEST CLOSING CORNER OF SECTION 33;

THENCE, ALONG THE SOUTH BOUNDARY OF SECTION 33, SOUTH 87 DEGREES 22' 19" EAST, A DISTANCE OF 87.72 FEET TO THE STANDARD CORNER FOR SECTIONS 4 AND 5;

THENCE, CONTINUING ALONG THE SOUTH BOUNDARY OF SECTION 33, SOUTH 87 DEGREES 13' 28" EAST, A DISTANCE OF 352.88 FEET TO A SET IRON ROD AND PLS 4194 CAP MARKING THE SOUTHWEST CORNER OF THE EAST 1/2 OF THE WEST 2/3 OF GOVERNMENT LOT 4, SECTION 33 AND THE TRUE POINT OF BEGINNING;

THENCE, ALONG THE WEST LINE OF SAID EAST 1/2 OF THE WEST 2/3 OF GOVERNMENT LOT 4, SECTION 33, NORTH 00 DEGREES 12' 52" WEST, A DISTANCE OF 104.11 FEET TO A SET IRON ROD AND PLS 4194 CAP MARKING THE INTERSECTION WITH THE AFOREMENTIONED FOUR-STRAND BARBED WIRE FENCE;

THENCE, ALONG SAID FENCE THE FOLLOWING THREE COURSES ALL MARKED WITH SET IRON RODS AND PLS 4194 CAPS:

1. SOUTH 86 DEGREES 51' 55" EAST, A DISTANCE OF 226.49 FEET;
2. SOUTH 74 DEGREES 06' 45" EAST, A DISTANCE OF 97.90 FEET;
3. SOUTH 66 DEGREES 02' 41" EAST, A DISTANCE OF 131.40 FEET TO THE INTERSECTION WITH THE EAST LINE OF SAID EAST 1/2 OF THE WEST 2/3 OF GOVERNMENT LOT 4;

THENCE, ALONG SAID EAST LINE, SOUTH 00 DEGREES 09' 11" EAST, A DISTANCE OF 32.91 FEET TO A SET IRON ROD AND PLS 4194 CAP MARKING THE INTERSECTION WITH THE SOUTH LINE OF SECTION 33 AND THE SOUTHEAST CORNER OF SAID EAST 1/2 OF THE WEST 2/3 OF GOVERNMENT LOT 4;

LEGAL DESCRIPTION

THENCE, ALONG THE SOUTH LINE OF THE EAST 1/2 OF THE WEST 2/3 OF GOVERNMENT LOT 4 AND THE SOUTH LINE OF SECTION 33, NORTH 87 DEGREES 13' 28" WEST, A DISTANCE OF 440.61 FEET TO THE POINT OF BEGINNING.

ALSO EXCEPTING THEREFROM ALL OF THE PROPERTY SOUTH OF THE EXISTING FOUR-STRAND BARBED WIRE FENCE LINE AS SAID FENCE EXISTED IN 1979 AND STILL EXISTS AT THE TIME OF EXECUTION OF THIS DEED, RUNNING EAST AND WEST ALONG THE SOUTH EDGE OF THE EXISTING ROAD, FORMERLY KNOWN AS COUNTY ROAD 115, IN THE SOUTHWESTERLY PART OF THE PROPERTY DESCRIBED BELOW:

EAST ONE THIRD OF GOVERNMENT LOT 4, SECTION 33, TOWNSHIP 49 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO, AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

COMMENCING AT A FOUND 2 1/2" ALUMINUM PIPE AND 3" ALUMINUM CAP MARKING THE SOUTHWEST CLOSING CORNER OF SECTION 33;

THENCE, ALONG THE SOUTH BOUNDARY OF SECTION 33, SOUTH 87 DEGREES 22' 19" EAST, A DISTANCE OF 87.72 FEET TO THE STANDARD CORNER FOR SECTION 4 AND 5;

THENCE, CONTINUING ALONG THE SOUTH BOUNDARY OF SECTION 33, SOUTH 87 DEGREES 13' 28" EAST, A DISTANCE OF 793.49 FEET TO A SET IRON ROD AND PLS 4194 CAP MARKING THE SOUTHWEST CORNER OF THE EAST 1/3 OF GOVERNMENT LOT 4, SECTION 33 AND THE POINT OF BEGINNING;

THENCE, ALONG THE WEST LINE OF SAID EAST 1/3 OF GOVERNMENT LOT 4, SECTION 33, NORTH 00 DEGREES 09' 11" WEST, A DISTANCE OF 32.91 FEET TO A SET IRON ROD AND PLS 4194 CAP MARKING THE INTERSECTION WITH THE AFOREMENTIONED FOUR STRAND BARBED WIRE FENCE;

THENCE, ALONG SAID FENCE THE FOLLOWING TWO COURSES ALL MARKED WITH SET IRON RODS AND PLS 4194 CAPS:

1. SOUTH 66 DEGREES 02' 41" EAST, A DISTANCE OF 53.72 FEET; THENCE
2. SOUTH 76 DEGREES 32' 21" EAST, A DISTANCE OF 72.58 FEET TO THE INTERSECTION WITH THE SOUTH LINE OF SAID EAST 1/3 OF GOVERNMENT LOT 4;

THENCE, ALONG THE SOUTH LINE OF SAID EAST 1/3 OF GOVERNMENT LOT 4 AND THE SOUTH LINE OF SECTION 33, NORTH 87 DEGREES, 13' 28" WEST, A DISTANCE OF 119.73 FEET TO THE POINT OF BEGINNING.

PARCEL 7. THE FOLLOWING TRACTS:

TRACT A:

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LEGAL DESCRIPTION

A PART OF THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER, AND GOVERNMENT LOT 2, SECTION 4, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF SAID SOUTHWEST QUARTER OF THE NORTHEAST QUARTER (CN 1/16 CORNER);

THENCE NORTH 1 DEGREES 08' 28" EAST, 159.98 FEET ALONG THE WEST BOUNDARY OF SAID LOT 2 TO A POINT ON THE CENTERLINE OF LOFFS BAY ROAD;

THENCE TRAVERSING SAID CENTERLINE AS FOLLOWS:

SOUTH 58 DEGREES 36' 55" EAST, 49.07 FEET;

THENCE 332.38 FEET ALONG THE ARC OF A 335.58 FOOT RADIUS CURVE RIGHT, SAID CURVE HAVING A CHORD BEARING SOUTH 30 DEGREES 14' 24" EAST, 318.96 FEET;

THENCE SOUTH 1 DEGREES 51' 53" EAST, 328.02 FEET;

THENCE SOUTH 2 DEGREES 28' 04" WEST, 104.42 FEET;

THENCE SOUTH 12 DEGREES 40' 51" WEST, 42.73 FEET;

THENCE SOUTH 21 DEGREES 56' 11" WEST, 51.81 FEET;

THENCE SOUTH 31 DEGREES 00' 18" WEST, 99.74 FEET;

THENCE SOUTH 32 DEGREES 35' 22" WEST, 104.42 FEET;

THENCE SOUTH 36 DEGREES 33' 02" WEST, 100.94 FEET;

THENCE SOUTH 42 DEGREES 15' 53" WEST, 51.24 FEET;

THENCE NORTH 1 DEGREES 08' 28" EAST, AND LEAVING SAID CENTERLINE 955.75 FEET ALONG THE WEST BOUNDARY OF SAID SOUTHWEST QUARTER OF THE NORTHEAST QUARTER TO THE POINT OF BEGINNING.

EXCEPT ANY PORTION LYING IN LOFF'S BAY ROAD.

TRACT B:

A PARCEL OF LAND IN GOVERNMENT LOT 3, SECTION 4, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO, AND FURTHER DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID GOVERNMENT LOT 3, SECTION 4;

THENCE NORTH 00 DEGREES 46' 05" EAST, ALONG THE WEST LINE OF SAID

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LEGAL DESCRIPTION

GOVERNMENT LOT 3, A DISTANCE OF 135.57 FEET;
THENCE NORTH 89 DEGREES 12' 07" EAST, A DISTANCE OF 312.12 FEET;
THENCE NORTH 89 DEGREES 47' 56" EAST, A DISTANCE OF 321.36 FEET;
THENCE NORTH 89 DEGREES 06' 35" EAST, A DISTANCE OF 325.48 FEET;
THENCE NORTH 82 DEGREES 25' 36" EAST, A DISTANCE OF 170.38 FEET;
THENCE SOUTH 84 DEGREES 22' 44" EAST, A DISTANCE OF 128.59 FEET;
THENCE NORTH 87 DEGREES 27' 56" EAST, A DISTANCE OF 78.74 FEET TO THE
INTERSECTION WITH THE WEST LINE OF SAID GOVERNMENT LOT 2;
THENCE SOUTH 01 DEGREES 08' 46" WEST, A DISTANCE OF 260.57 FEET TO THE
NORTH LINE OF THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER OF SECTION 4,
TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN;
THENCE NORTH 85 DEGREES 39' 49" WEST, 1334.86 FEET TO THE POINT OF
BEGINNING.

TRACT C:

THE NORTH HALF OF THE SOUTHWEST QUARTER AND THE SOUTHWEST QUARTER OF THE
SOUTHWEST QUARTER AND THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER AND
THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER AND THE SOUTHEAST QUARTER
OF THE SOUTHEAST QUARTER, ALL IN SECTION 4, TOWNSHIP 48 NORTH, RANGE 4
WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO.

AND

THE SOUTH HALF OF THE NORTHWEST QUARTER OF SECTION 4, TOWNSHIP 48 NORTH,
RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, STATE OF IDAHO.

EXCEPTING THEREFROM THAT PORTION CONVEYED TO BABBITT LOGGING, INC. BY
WARRANTY DEED RECORDED JULY 1, 1997 AS INSTRUMENT NO. 1495927, DESCRIBED
AS FOLLOWS:

THAT PORTION OF THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER OF SECTION
4, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, STATE
OF IDAHO, LYING EAST OF LOFF'S BAY COUNTY ROAD.

TOGETHER WITH THAT PORTION OF THE NORTHEAST QUARTER OF THE SOUTHWEST
QUARTER, SECTION 4, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN,
KOOTENAI COUNTY, STATE OF IDAHO, LYING EAST OF LOFF'S BAY COUNTY ROAD.

PARCEL 8:

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LEGAL DESCRIPTION

THE EAST 1/3 OF GOVERNMENT LOT 4, SECTION 33, TOWNSHIP 49 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO.

LESS ALL OF THAT PROPERTY SOUTH OF THE EXISTING FOUR-STRAND BARBED WIRE FENCE LINE AS SAID FENCE EXISTED IN 1979 AND STILL EXISTS AT THE TIME OF EXECUTION OF THIS DEED, RUNNING EAST AND WEST ALONG THE SOUTH EDGE OF THE EXISTING ROAD, FORMERLY KNOWN AS COUNTY ROAD 115, IN THE SOUTHWESTERLY PART OF THE PROPERTY DESCRIBED BELOW:

EAST 1/3 OF GOVERNMENT LOT 4, SECTION 33, TOWNSHIP 49 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO, AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

COMMENCING AT A FOUND 2 1/2 INCH ALUMINUM PIPE AND 3 INCH ALUMINUM CAP MARKING THE SOUTHWEST CLOSING CORNER OF SECTION 33;

THENCE ALONG THE SOUTH BOUNDARY OF SECTION 33, SOUTH 87 DEGREES 22'19" EAST, A DISTANCE OF 87.72 FEET TO THE STANDARD CORNER FOR SECTIONS 4 AND 5;

THENCE CONTINUING ALONG THE SOUTH BOUNDARY OF SECTION 33, SOUTH 87 DEGREES 13'28" EAST, A DISTANCE OF 793.49 FEET TO A SET IRON ROD AND PLS 4194 CAP MARKING THE SOUTHWEST CORNER OF THE EAST 1/3 OF GOVERNMENT LOT 4, SECTION 33 AND THE POINT OF BEGINNING;

THENCE ALONG THE WEST LINE OF THE EAST 1/3 OF GOVERNMENT LOT 4, SECTION 33, NORTH 00 DEGREES 09'11" WEST, A DISTANCE OF 32.91 FEET TO A SET IRON ROD AND PLS 4194 CAP MARKING THE INTERSECTION WITH THE AFOREMENTIONED FOUR-STRAND BARBED WIRE FENCE;

THENCE ALONG SAID FENCE THE FOLLOWING TWO COURSES ALL MARKED WITH SET IRON RODS AND PLS 4194 CAPS;

- 1) SOUTH 66 DEGREES 02'41" EAST, A DISTANCE OF 53.72 FEET;
- 2) THENCE SOUTH 76 DEGREES 32'21" EAST, A DISTANCE OF 72.58 FEET TO THE INTERSECTION WITH THE SOUTH LINE OF SAID EAST 1/3 OF GOVERNMENT LOT 4;

THENCE ALONG THE SOUTH LINE OF SAID EAST 1/3 OF GOVERNMENT LOT 4 AND THE SOUTH LINE OF SECTION 33, NORTH 87 DEGREES 13'28" WEST, A DISTANCE OF 199.73 FEET TO THE POINT OF BEGINNING.

PARCEL 9:

ALL OF THAT PORTION OF GOVERNMENT LOT 4, SECTION 4, LYING NORTHEASTERLY OF THE EXISTING ROADWAY, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

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LEGAL DESCRIPTION

BEGINNING AT A FOUND 1/2 INCH IRON ROD AND PLS 3451 CAP MARKING THE NORTHEAST CORNER OF GOVERNMENT LOT 4, SECTION 4, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO;

THENCE ALONG THE EAST LINE OF SAID GOVERNMENT LOT 4, SECTION 4, SOUTH 00 DEGREES 46'41" WEST, A DISTANCE OF 137.94 FEET TO A SET IRON ROD AND PLS 4194 CAP ON THE NORTHEASTERLY RIGHT OF WAY OF COUNTY ROAD NO. 115 BELLGROVE-STINSON ROAD;

THENCE ALONG THE NORTHEASTERLY RIGHT OF WAY OF SAID ROAD THE FOLLOWING 2 COURSES, ALL MARKED BY IRON RODS AND PLS 4194 CAPS:

- 1) NORTH 50 DEGREES 44'36" WEST, A DISTANCE OF 73.10 FEET;
- 2) THENCE NORTH 60 DEGREES 31'30" WEST, A DISTANCE OF 210.09 FEET TO THE INTERSECTION WITH THE NORTH LINE OF THE AFOREMENTIONED GOVERNMENT LOT 4, SECTION 4;

THENCE ALONG SAID NORTH LINE OF GOVERNMENT LOT 4, SECTION 4, SOUTH 87 DEGREES 13'28" EAST, A DISTANCE OF 241.66 FEET TO THE POINT OF BEGINNING.

PARCEL 10:

ALL OF THAT PROPERTY SOUTH OF THE EXISTING FOUR-STRAND BARBED WIRE FENCE LINE AS SAID FENCE EXISTED IN 1979 AND STILL EXISTS AT THE TIME OF EXECUTION OF THIS DEED, RUNNING EAST AND WEST ALONG THE SOUTH EDGE OF THE EXISTING ROAD, FORMERLY KNOWN AS COUNTY ROAD 115, IN THE SOUTHERLY PART OF THE PROPERTY DESCRIBED BELOW:

EAST 1/2 OF THE WEST 2/3 OF GOVERNMENT LOT 4, SECTION 33, TOWNSHIP 49 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO, COMMONLY KNOWN AS ROCKFORD BAY TRACT 29 AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

COMMENCING AT A FOUND 2 1/2 INCH ALUMINUM PIPE AND 3 INCH ALUMINUM CAP MARKING THE SOUTHWEST CLOSING CORNER OF SECTION 33;

THENCE ALONG THE SOUTH BOUNDARY OF SECTION 33, SOUTH 87 DEGREES 22'19" EAST, A DISTANCE OF 87.72 FEET TO THE STANDARD CORNER FOR SECTIONS 4 AND 5;

THENCE CONTINUING ALONG THE SOUTH BOUNDARY OF SECTION 33, SOUTH 87 DEGREES 13'28" EAST, A DISTANCE OF 352.88 FEET TO A SET IRON ROD AND PLS 4194 CAP MARKING THE SOUTHWEST CORNER OF THE EAST 1/2 OF THE WEST 2/3 OF GOVERNMENT LOT 4, SECTION 33 AND THE POINT OF BEGINNING;

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LEGAL DESCRIPTION

THENCE ALONG THE WEST LINE OF SAID EAST 1/2 OF THE WEST 2/3 OF GOVERNMENT LOT 4, SECTION 33, NORTH 00 DEGREES 12'52" WEST, A DISTANCE OF 104.11 FEET TO A SET IRON ROD AND PLS 4194 CAP MARKING THE INTERSECTION WITH THE AFOREMENTIONED FOUR-STRAND BARBED WIRE FENCE;

THENCE ALONG SAID FENCE THE FOLLOWING 3 COURSES ALL MARKED WITH SET IRON RODS AND PLS 4194 CAPS:

- 1) SOUTH 86 DEGREES 51'55" EAST, A DISTANCE OF 226.49 FEET;
- 2) SOUTH 74 DEGREES 06'45" EAST, A DISTANCE OF 97.90 FEET;
- 3) SOUTH 66 DEGREES 02'41" EAST, A DISTANCE OF 131.40 FEET TO THE INTERSECTION WITH THE EAST LINE OF SAID EAST 1/2 OF THE WEST 2/3 OF GOVERNMENT LOT 4;

THENCE ALONG SAID EAST LINE, SOUTH 00 DEGREES 09'11" EAST, A DISTANCE OF 32.91 FEET TO A SET IRON ROD AND PLS 4194 CAP MARKING THE INTERSECTION WITH THE SOUTH LINE OF SECTION 33 AND THE SOUTHEAST CORNER OF SAID EAST 1/2 OF THE WEST 2/3 OF GOVERNMENT LOT 4;

THENCE ALONG THE SOUTH LINE OF SAID EAST 1/2 OF THE WEST 2/3 OF GOVERNMENT LOT 4 AND THE SOUTH LINE OF SECTION 33, NORTH 87 DEGREES 13'28" WEST, A DISTANCE OF 440.61 FEET TO THE POINT OF BEGINNING.

THE ABOVE DESCRIPTION IS THE SAME PROPERTY DESCRIBED IN QUIT CLAIM DEED INSTRUMENT NUMBER 1159066.

PARCEL 11:

THE EAST HALF OF THE WEST 2/3 OF GOVERNMENT LOT 4, SECTION 33, TOWNSHIP 49 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO.

LESS:

ALL OF THAT PROPERTY SOUTH OF THE EXISTING FOUR-STRAND BARBED WIRE FENCE LINE AS SAID FENCE EXISTED IN 1979 AND STILL EXISTS AT THE TIME OF EXECUTION OF THIS DEED, RUNNING EAST AND WEST ALONG THE SOUTH EDGE OF THE EXISTING ROAD, FORMERLY KNOWN AS COUNTY ROAD 115, IN THE SOUTHERLY PART OF THE PROPERTY DESCRIBED BELOW:

EAST 1/2 OF THE WEST 2/3 OF GOVERNMENT LOT 4, SECTION 33, TOWNSHIP 49 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO, COMMONLY KNOWN AS ROCKFORD BAY TRACT 29 AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

COMMENCING AT A FOUND 2 1/2 INCH ALUMINUM PIPE AND 3 INCH ALUMINUM CAP MARKING THE SOUTHWEST CLOSING CORNER OF SECTION 33;

LEGAL DESCRIPTION

THENCE ALONG THE SOUTH BOUNDARY OF SECTION 33, SOUTH 87 DEGREES 22'19" EAST, A DISTANCE OF 87.72 FEET TO THE STANDARD CORNER OF SECTIONS 4 AND 5;

THENCE CONTINUING ALONG THE SOUTH BOUNDARY OF SECTION 33, SOUTH 87 DEGREES 13'28" EAST, A DISTANCE OF 352.88 FEET TO A SET IRON ROD AND PLS 4194 CAP MARKING THE SOUTHWEST CORNER OF THE EAST HALF OF THE WEST 2/3 OF GOVERNMENT LOT 4, SECTION 33 AND THE POINT OF BEGINNING;

THENCE ALONG THE WEST LINE OF SAID EAST HALF OF THE WEST 2/3 OF GOVERNMENT LOT 4, SECTION 33, NORTH 00 DEGREES 12'52" WEST, A DISTANCE OF 104.11 FEET TO A SET IRON ROD AND PLS 4194 CAP MARKING THE INTERSECTION WITH THE AFOREMENTIONED FOUR-STRAND BARBED WIRE FENCE;

THENCE ALONG SAID FENCE THE FOLLOWING 3 COURSES ALL MARKED WITH SET IRON RODS AND PLS 4194 CAPS:

- 1) SOUTH 86 DEGREES 51'55" EAST, A DISTANCE OF 226.49 FEET;
- 2) SOUTH 74 DEGREES 06'45" EAST, A DISTANCE OF 97.90 FEET;
- 3) SOUTH 66 DEGREES 02'41" EAST, A DISTANCE OF 131.40 FEET TO THE INTERSECTION WITH THE EAST LINE OF SAID EAST HALF OF THE WEST 2/3 OF GOVERNMENT LOT 4;

THENCE ALONG SAID EAST LINE, SOUTH 00 DEGREES 09'11" EAST, A DISTANCE OF 32.91 FEET TO A SET IRON ROD AND PLS 4194 CAP MARKING THE INTERSECTION WITH THE SOUTH LINE OF SECTION 33 AND THE SOUTHEAST CORNER OF SAID EAST HALF OF THE WEST 2/3 OF GOVERNMENT LOT 4;

THENCE ALONG THE SOUTH LINE OF SAID EAST HALF OF THE WEST 2/3 OF GOVERNMENT LOT 4 AND THE SOUTH LINE OF SECTION 33, NORTH 87 DEGREES 13'28" WEST, A DISTANCE OF 440.61 FEET TO THE POINT OF BEGINNING.

PARCEL 12:

ALL OF THAT PROPERTY SOUTH OF THE EXISTING FOUR-STRAND BARBED WIRE FENCE LINE AS SAID FENCE EXISTED IN 1979 AND STILL EXISTS AT THE TIME OF EXECUTION OF THIS DEED, RUNNING EAST AND WEST ALONG THE SOUTH EDGE OF THE EXISTING ROAD, FORMERLY KNOWN AS COUNTY ROAD 115, IN THE SOUTHWESTERLY PART OF THE PROPERTY DESCRIBED BELOW:

EAST 1/3 OF GOVERNMENT LOT 4, SECTION 33, TOWNSHIP 49 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

COMMENCING AT A FOUND 2 1/2 INCH ALUMINUM PIPE AND 3 INCH ALUMINUM CAP

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LEGAL DESCRIPTION

MARKING THE SOUTHWEST CLOSING CORNER OF SECTION 33;

THENCE ALONG THE SOUTH BOUNDARY OF SECTION 33, SOUTH 87 DEGREES 22'19" EAST, A DISTANCE OF 87.72 FEET TO THE STANDARD CORNER OF SECTIONS 4 AND 5;

THENCE CONTINUING ALONG THE SOUTH BOUNDARY OF SECTION 33, SOUTH 87 DEGREES 13'28" EAST, A DISTANCE OF 793.49 FEET TO A SET IRON ROD AND PLS 4194 CAP MARKING THE SOUTHWEST CORNER OF THE EAST 1/3 OF GOVERNMENT LOT 4, SECTION 33 AND THE POINT OF BEGINNING;

THENCE ALONG THE WEST LINE OF THE EAST 1/3 OF GOVERNMENT LOT 4, SECTION 33, NORTH 00 DEGREES 09'11" WEST, A DISTANCE OF 32.91 FEET TO A SET IRON ROD AND PLS 4194 CAP MARKING THE INTERSECTION WITH THE AFOREMENTIONED FOUR-STRAND BARBED WIRE FENCE;

THENCE ALONG SAID FENCE THE FOLLOWING 2 COURSES ALL MARKED WITH SET IRON RODS AND PLS 4194 CAPS:

- 1) SOUTH 66 DEGREES 02'41" EAST, A DISTANCE OF 53.72 FEET;**
- 2) THENCE SOUTH 76 DEGREES 32'21" EAST, A DISTANCE OF 72.58 FEET TO THE INTERSECTION WITH THE SOUTH LINE OF SAID EAST 1/3 OF GOVERNMENT LOT 4;**

THENCE ALONG THE SOUTH LINE OF SAID EAST 1/3 OF GOVERNMENT LOT 4 AND THE SOUTH LINE OF SECTION 33, NORTH 87 DEGREES 13'28" WEST, A DISTANCE OF 119.73 FEET TO THE POINT OF BEGINNING.

ACCOMMODATION RECORDING

KOOTENAI COUNTY TITLE COMPANY
has not examined this document,
assumes no liability as to its validity
and its affects upon the title.

CONTACT LEGAL.O

Return to:

BRN Development, Inc.
P.O. Box 3070
Coeur d'Alene, Idaho 83816
Attention: Marshall Chesrown and Robert Samuel

2008-127

REAL ESTATE MORTGAGE

FOR VALUE RECEIVED, BRN Development, Inc., an Idaho corporation (the "Mortgagor") does hereby grant, bargain, sell and convey unto Lake View AG, a Liechtenstein company (the "Mortgagee") that certain real property, improvements, and appurtenances, located in Kootenai County, Idaho, more particularly described on the attached Exhibit "A" attached hereto and incorporated herein by reference (the "Property").

TO HAVE AND TO HOLD the said Property, with their appurtenances, unto the said Mortgagee, and its successors and assigns forever.

Security for Payments Due under Notes. This conveyance is intended as a Mortgage to secure the payment of all sums owing to the Mortgagee, with interest (together with any further advances made by the Mortgagee to the Mortgagor, or expended by the Mortgagees to protect the Property of the Mortgagee's interests therein), in accordance with the terms of a promissory notes of even date herewith in such amount (the "Lake View Note"), payable to the order of the Mortgagee, with final payment due on or before January 5, 2018, and providing for acceleration of the due date of the principal for default in the payment of interest or any installment of principal, and providing for a reasonable attorney's fee in case of suit or action.

Subordination of Lien. The lien created by this Mortgage is hereby expressly subordinated to the Senior Debt, as such term is defined in the Lake View Note, in the joint venture agreement between Mortgagor and Mortgagee, and in the subordination agreement executed by the Mortgagee (the "Subordination Agreement"), and all advances or charges made or accruing thereunder, including any extension or renewal thereof.

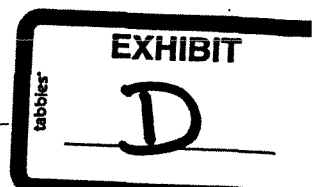
Mortgagor's Covenants. The Mortgagor hereby covenants and agrees with the Mortgagee as follows:

That the Mortgagor is the owner in fee simple of the above described Property and that the Property is free from all encumbrances other than those encumbering the Property as of the date of this Mortgage;

That the Mortgagor will pay the indebtedness hereby secured promptly, according to the terms of the Lake View Note and subject only to the limitations of the Subordination Agreements;

That the Mortgagor will pay all taxes, liens, and assessments of any nature hereafter levied or imposed, or becoming payable, upon said Property before delinquency;

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That the Mortgagor will keep any buildings and other improvements now or hereafter located on the Property insured against loss or damage by fire, by an insurance company acceptable to the Mortgagee, with loss payable to the Mortgagee and Mortgagor as their interests may appear, in an amount equal to the full replacement value thereof, and shall deliver such policy or policies of insurance to the Mortgagee, until the sums secured by this Mortgage are fully paid with interest.

If the Mortgagor shall fail to pay any such tax or lien, or fail to maintain such fire insurance, the Mortgagee may pay the same or procure said insurance, and pay the cost hereof, and all payments by the Mortgagee for any such purpose shall be added to the indebtedness hereby secured, and shall be repayable on demand, with interest at the default rate of interest cited in the Lake View Note, until paid.

For the purpose of further securing said indebtedness and performance of the covenants herein contained, the Mortgagor hereby sells and assigns to the Mortgagee any and all rentals accruing, or to accrue on said Property, during the term of this Mortgage, subject only to the limitations of the Subordination Agreement.

If the Mortgagor shall pay or cause to be paid all monies which may become due upon said the Lake View Note, and shall otherwise comply with the terms and conditions hereof, this conveyance shall be void; but in case default shall be made in the payment of the indebtedness hereby secured, or any part thereof, principal or interest, or in any of the covenants or agreements herein contained (any such default or delinquency remaining uncured following notice as provided under the Notes), then the Mortgagee or its successors or assigns, at their option, may, subject to the limitations of the Subordination Agreement, declare the entire indebtedness hereby secured immediately due and payable, and may foreclose this Mortgage and cause said Property to be sold in the manner provided by law. Subject to the limitations of the Subordination Agreement, the Mortgagee may retain from the monies arising from such sale all principal, interest, and late charges, together with any sums advanced as provided herein, with interest as aforesaid, together with the costs and charges of such foreclosure suit and sale, including such sum as the court may adjudge reasonable as an attorney's fee to be allowed the plaintiff, and the excess, if any there be, paid over to the Mortgagor.

Equally and Ratably Interpreted and Construed. This Mortgage shall be interpreted and construed to secure the obligations evidenced by the BRN Development Guaranty equally and ratably with that certain mortgage of even date by and between the Mortgagor and the BRN Investments, LLC, as mortgagee, and that certain mortgage of even date by and among Mortgagor and the holders of the BRN Development Notes (as such term is defined in the joint venture agreement between Mortgagor and Mortgagee), which mortgages secure the Mortgagor's obligations to such mortgagees evidenced by promissory notes of like tenor and effect as the Lake View Note except as to denomination, and shall be subject to the limitations of the Subordination Agreement.

Mortgagee's Agreement to Partial Releases. Provided no event of default has occurred and is continuing under the Lake View Note, Mortgagee hereby: (a) agrees from time-to-time and at any time, upon the request of Mortgagor and without payment of any amount or delivery of other consideration to Mortgagee, to release the subordinated lien of this Mortgage in connection with

Mortgagor's sale of each residential parcel comprising a portion of the Property; and (b) grants to Mortgagor a limited power of attorney to execute and deliver releases or similar instruments in form and substance satisfactory to Mortgagor to release such lien.

DATED: 4.21, 2008

MORTGAGOR:

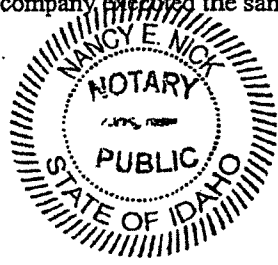
BRN DEVELOPMENT, INC.
an Idaho Corporation

By: *[Signature]*
Marshall Chesrown, its president

STATE OF IDAHO)
)ss
County of Kootenai)

On this 21 day of April, 2008, before me, the undersigned, a Notary Public in and for said County and State, personally appeared MARSHALL CHESROWN, known or identified to me to be the President of BRN Development, Inc., an Idaho corporation, who signed the foregoing instrument on behalf of said company and acknowledged to me that he is authorized to sign on behalf of said company and that said company executed the same.

[Signature]
Notary Public in and for the State of Idaho
Residing at: *[Address]*
My Commission Expires: 10-31-2009



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EXHIBIT "A"
LEGAL DESCRIPTION

PARCEL 1:

THE FOLLOWING 4 TRACTS LABELLED A-D IN GOVERNMENT LOTS 7 AND 8 IN SECTION 8, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO:

TRACT A:

A TRACT OF LAND LOCATED IN GOVERNMENT LOT 8, SECTION 8, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, STATE OF IDAHO, DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF SAID GOVERNMENT LOT 8;

THENCE SOUTH 3 DEGREES 37'03" WEST ALONG THE WEST LINE OF SAID GOVERNMENT LOT, A DISTANCE OF 1111.1 FEET TO THE NORTH RIGHT OF WAY OF EXISTING LOFF'S BAY ROAD;

THENCE 55.69 SOUTHEASTERLY ALONG A CURVE TO THE RIGHT WITH A RADIUS OF 290.0 FEET ON A CHORD BEARING SOUTH 68 DEGREES 17'44" EAST, 55.60 FEET;

THENCE SOUTH 62 DEGREES 47'39" EAST ALONG SAID RIGHT OF WAY, 115.37 FEET TO THE TRUE POINT OF BEGINNING;

THENCE NORTH 3 DEGREES 37'03" EAST, 588.0 FEET;

THENCE SOUTH 86 DEGREES 54'39" EAST, 955.4 FEET TO THE INTERSECTION WITH THE NORTH RIGHT OF WAY OF EXISTING COUNTY ROAD;

THENCE SOUTH 42 DEGREES 34'10" WEST ALONG SAID RIGHT OF WAY 538.6 FEET;

THENCE ALONG SAID RIGHT OF WAY ON A CURVE TO THE RIGHT, 161.47 FEET WITH A RADIUS OF 690.0 FEET AND A CENTRAL ANGLE OF 13 DEGREES 24'29";

THENCE SOUTH 55 DEGREES 58'39" WEST ALONG SAID RIGHT OF WAY, 107.27 FEET;

THENCE ALONG SAID RIGHT OF WAY ON A CURVE TO THE RIGHT, 341.96 FEET WITH A RADIUS OF 320.0 FEET AND A CENTRAL ANGLE OF 61 DEGREES 13'42";

THENCE NORTH 62 DEGREES 47'39" WEST ALONG SAID RIGHT OF WAY, 100.0 FEET TO THE TRUE POINT OF BEGINNING.

TRACT B:

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EXHIBIT "A"
LEGAL DESCRIPTION

A PARCEL OF LAND LOCATED IN THE NORTH HALF OF SECTION 8, TOWNSHIP 48 NORTH, RANGE 4 WEST OF THE BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO, SAID PARCEL BEING A PORTION OF GOVERNMENT LOT 7, SAID SECTION 8, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHEAST CORNER OF LOT 20, AS SHOWN ON THE RECORD OF SURVEY BY EUGENE H. WELBORN, R.L.S. #1020, FILED IN BOOK 4 AT PAGE 249, KOOTENAI COUNTY RECORDS, FROM WHICH THE CENTER OF SAID SECTION 8 BEARS SOUTH 3 DEGREES 28' 34" WEST A DISTANCE OF 1,759.89 FEET;

THENCE SOUTH 86 DEGREES 54' 39" EAST ALONG THE NORTH BOUNDARY LINE, SAID GOVERNMENT LOT 7, A DISTANCE OF 1329.84 FEET TO THE NORTHEAST CORNER OF LOT 7;

THENCE 3 DEGREES 37' 03" WEST ALONG THE EASTERLY BOUNDARY LINE, SAID LOT 7, A DISTANCE OF 766.02 FEET TO THE TRUE POINT OF BEGINNING FOR THIS DESCRIPTION;

THENCE SOUTH 3 DEGREES 37' 03" WEST CONTINUING ALONG SAID LINE A DISTANCE OF 345.08 FEET TO A POINT ON THE NORTHERLY RIGHT OF WAY LINE OF LOFF'S BAY ROAD, SAID POINT BEING THE BEGINNING OF A NON-TANGENT CURVE CONCAVE TO THE SOUTH, HAVING A RADIUS OF 290.00 FEET, THROUGH A CENTRAL ANGLE OF 50 DEGREES 52' 50" A DISTANCE ALONG THE ARC OF 257.53 FEET, THE CHORD BEARING OF SAID CURVE BEING SOUTH 80 DEGREES 44' 47" WEST;

THENCE SOUTH 55 DEGREES 18' 20" WEST CONTINUING ALONG SAID RIGHT OF WAY, A DISTANCE OF 297.82 FEET TO THE BEGINNING OF A CURVE CONCAVE TO THE SOUTHEAST, HAVING A RADIUS OF 1980.00 FEET, THROUGH A CENTRAL ANGLE OF 7 DEGREES 02' 34", A DISTANCE ALONG THE ARC OF 243.38 FEET;

THENCE SOUTH 48 DEGREES 15' 46" WEST CONTINUING ALONG SAID RIGHT OF WAY A DISTANCE OF 243.62 FEET TO THE BEGINNING OF A CURVE CONCAVE TO THE NORTHWEST, HAVING A RADIUS OF 670.00 FEET, THROUGH A CENTRAL ANGLE OF 11 DEGREES 00' 00" A DISTANCE ALONG THE ARC OF 128.63 FEET;

THENCE NORTH 3 DEGREES 51' 04" EAST LEAVING SAID RIGHT OF WAY, A DISTANCE OF 279.05 FEET;

THENCE NORTH 16 DEGREES 00' 00" EAST A DISTANCE OF 831.46 FEET;

THENCE SOUTH 86 DEGREES 54' 39" EAST A DISTANCE OF 84.09 FEET;

THENCE SOUTH 41 DEGREES 42' 23" EAST A DISTANCE OF 133.87 FEET;

THENCE SOUTH 86 DEGREES 54' 39" EAST A DISTANCE OF 568.90 FEET TO THE TRUE POINT OF BEGINNING.

EXHIBIT "A"
LEGAL DESCRIPTION

TRACT C:

A PARCEL OF LAND LOCATED IN THE NORTH HALF OF SECTION 8, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO, SAID PARCEL BEING A PORTION OF GOVERNMENT LOT 7, SAID SECTION 8, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHEAST CORNER, LOT 20, AS SHOWN ON THE RECORD OF SURVEY BY EUGENE H. WELBORN, R.L.S. #1020, FILED IN BOOK 4, AT PAGE 249, KOOTENAI COUNTY RECORDS, FROM WHICH THE CENTER OF SAID SECTION 8 BEARS SOUTH 3 DEGREES 28' 34" WEST, A DISTANCE OF 1759.89 FEET;

THENCE SOUTH 3 DEGREES 28' 34" WEST, ALONG THE EASTERLY BOUNDARY LINE OF LOT 20, AS SHOWN ON SAID RECORD OF SURVEY, A DISTANCE OF 671.01 FEET TO THE SOUTHEAST CORNER OF SAID LOT 20, SAID CORNER BEING THE TRUE POINT OF BEGINNING FOR THIS DESCRIPTION;

THENCE SOUTH 86 DEGREES 54' 39" EAST, A DISTANCE OF 580.00 FEET; THENCE SOUTH 16 DEGREES 00' 00" WEST, A DISTANCE OF 831.46 FEET;

THENCE SOUTH 3 DEGREES 51' 04" WEST, A DISTANCE OF 279.05 FEET TO A POINT ON THE NORTH RIGHT OF WAY LINE OF LOFF'S BAY ROAD;

THENCE NORTH 86 DEGREES 49' 26" WEST, LEAVING SAID RIGHT OF WAY, A DISTANCE OF 397.86 FEET TO THE SOUTHEAST CORNER OF LOT 21, AS SHOWN ON THE SAID RECORD OF SURVEY;

THENCE NORTH 3 DEGREES 28' 34" EAST, ALONG THE EASTERLY BOUNDARY LINE, SAID LOT 21, A DISTANCE OF 1088.88 FEET TO THE TRUE POINT OF BEGINNING.

TRACT D THE FOLLOWING 3 PARCELS:

TRACT 1:

THAT PORTION OF GOVERNMENT LOT 8, SECTION 8, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO, LYING NORTH OF LOFF'S BAY COUNTY ROAD, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF SAID GOVERNMENT LOT 8;

THENCE SOUTH 86 DEGREES 54' 39" EAST, ALONG THE NORTH LINE THEREOF 225.00 FEET;

THENCE SOUTH 03 DEGREES 28' 34" WEST, 587.97 FEET;

THENCE NORTH 86 DEGREES 54' 39" WEST, 69.31 FEET;

THENCE SOUTH 03 DEGREES 28' 34" WEST, 588.00 FEET TO THE NORTH MARGIN OF

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SAID LOFF'S BAY ROAD;

THENCE NORTH 62 DEGREES 47' 39" WEST, ALONG SAID NORTH MARGIN 115.37 FEET TO THE BEGINNING OF A CURVE TO THE LEFT HAVING A RADIUS OF 290 FEET THROUGH A CENTRAL ANGLE OF 11 DEGREES 00' 10", AN ARC DISTANCE OF 55.69 FEET;

THENCE NORTH 03 DEGREES 37' 03" EAST, ALONG THE WEST LINE OF SAID GOVERNMENT LOT 8, 1111.10 FEET TO THE NORTH LINE THEREOF, AND THE TRUE POINT OF BEGINNING.

TRACT 2:

THAT PORTION OF GOVERNMENT LOT 8, SECTION 8, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO, LYING NORTH OF LOFF'S BAY COUNTY ROAD DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF SAID GOVERNMENT LOT 8;

THENCE SOUTH 86 DEGREES 54' 39" EAST, ALONG THE NORTH LINE THEREOF, 225.00 FEET TO THE TRUE POINT OF BEGINNING;

THENCE CONTINUING SOUTH 86 DEGREES 54' 39" EAST, ALONG SAID NORTH LINE 757.32 FEET;

THENCE SOUTH 23 DEGREES 49' 53" WEST, 628.71 FEET;

THENCE NORTH 86 DEGREES 54' 39" WEST, 538.63 FEET;

THENCE NORTH 03 DEGREES 28' 34" EAST, 587.97 FEET TO SAID NORTH LINE AND THE TRUE POINT OF BEGINNING.

TRACT 3:

THAT PORTION OF GOVERNMENT LOT 8, SECTION 8, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO, LYING NORTH OF LOFF'S BAY ROAD.

LESS AND EXCEPT A TRACT OF LAND LOCATED IN GOVERNMENT LOT 8, SECTION 8, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, STATE OF IDAHO, DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF SAID GOVERNMENT LOT 8;

THENCE SOUTH 3 DEGREES 37' 03" WEST ALONG THE WEST LINE OF SAID GOVERNMENT LOT, A DISTANCE OF 1111.1 FEET TO THE NORTH RIGHT OF WAY OF EXISTING LOFF'S BAY ROAD;

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THENCE 55.69 SOUTHEASTERLY ALONG A CURVE TO THE RIGHT WITH A RADIUS OF 290.0 FEET ON A CHORD BEARING SOUTH 68 DEGREES 17' 44" EAST, 55.60 FEET;

THENCE SOUTH 62 DEGREES 47' 39" EAST ALONG SAID RIGHT OF WAY 115.37 FEET TO THE TRUE POINT OF BEGINNING;

THENCE NORTH 3 DEGREES 37' 03" EAST, 588.0 FEET;

THENCE SOUTH 86 DEGREES 54' 39" EAST, 955.4 FEET TO THE INTERSECTION WITH THE NORTH RIGHT OF WAY OF EXISTING COUNTY ROAD;

THENCE SOUTH 42 DEGREES 34' 10" WEST ALONG SAID RIGHT OF WAY 538.6 FEET;

THENCE ALONG SAID RIGHT OF WAY ON A CURVE TO THE RIGHT 161.47 FEET WITH A RADIUS OF 690.0 FEET AND A CENTRAL ANGLE OF 13 DEGREES 24' 29";

THENCE SOUTH 55 DEGREES 58' 39" WEST ALONG SAID RIGHT WAY 107.27 FEET;

THENCE ALONG SAID RIGHT OF WAY ON A CURVE TO THE RIGHT 341.96 FEET WITH A RADIUS OF 320.0 FEET AND A CENTRAL ANGLE OF 61 DEGREES 13' 42";

THENCE NORTH 62 DEGREES 47' 39" WEST ALONG SAID RIGHT OF WAY 100.0 FEET TO THE TRUE POINT OF BEGINNING.

ALSO EXCEPTING THEREFROM THAT PORTION OF GOVERNMENT LOT 8, SECTION 8, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO, LYING NORTH OF LOFF'S BAY COUNTY ROAD, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF SAID GOVERNMENT LOT 8;

THENCE SOUTH 86 DEGREES 54' 39" EAST, ALONG THE NORTH LINE THEREOF 225.00 FEET;

THENCE SOUTH 03 DEGREES 28' 34" WEST, 587.97 FEET;

THENCE NORTH 86 DEGREES 54' 39" WEST, 69.31 FEET;

THENCE SOUTH 03 DEGREES 28' 34" WEST, 588.00 FEET TO THE NORTH MARGIN OF SAID LOFF'S BAY ROAD;

THENCE NORTH 62 DEGREES 47' 39" WEST, ALONG SAID NORTH MARGIN 115.37 FEET TO THE BEGINNING OF A CURVE TO THE LEFT HAVING A RADIUS OF 290 FEET THROUGH A CENTRAL ANGLE OF 11 DEGREES 00' 10", AN ARC DISTANCE OF 55.69 FEET;

THENCE NORTH 03 DEGREES 37' 03" EAST, ALONG THE WEST LINE OF SAID GOVERNMENT LOT 8, 1111.10 FEET TO THE NORTH LINE THEREOF, AND THE TRUE POINT OF BEGINNING.

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LEGAL DESCRIPTION

ALSO EXCEPTING THEREFROM THAT PORTION OF GOVERNMENT LOT 8, SECTION 8, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO, LYING NORTH OF LOFF'S BAY COUNTY ROAD DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF SAID GOVERNMENT LOT 8;

THENCE SOUTH 86 DEGREES 54' 39" EAST, ALONG THE NORTH LINE THEREOF, 225.00 FEET TO THE TRUE POINT OF BEGINNING;

THENCE CONTINUING SOUTH 86 DEGREES 54' 39" EAST, ALONG SAID NORTH LINE 757.32 FEET;

THENCE SOUTH 23 DEGREES 49' 53" WEST, 628.71 FEET;

THENCE NORTH 86 DEGREES 54' 39" WEST, 538.63 FEET;

THENCE NORTH 03 DEGREES 28' 34" EAST, 587.97 FEET TO SAID NORTH LINE AND THE TRUE POINT OF BEGINNING.

PARCEL 2:

THE NORTH HALF OF THE SOUTHEAST QUARTER, THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 5, AND GOVERNMENT LOTS 1 AND 2, SECTION 8, ALL IN TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, STATE OF IDAHO.

PARCEL 3:

THE SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 5, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO.

PARCEL 4:

THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER AND THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 5, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO.

PARCEL 5:

THE SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 5, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, STATE OF IDAHO,

AND

LOT 2, BLOCK 1, SCHORZMAN-ATKINS SHORT PLAT, ACCORDING TO THE PLAT

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EXHIBIT "A"
LEGAL DESCRIPTION

RECORDED IN BOOK "T" OF PLATS AT PAGES 253 AND 253A, RECORDS OF KOOTENAI COUNTY, IDAHO.

PARCEL 6:

LOTS 1, 2 AND 3, THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER, THE NORTHEAST QUARTER OF THE SOUTHWEST QUARTER, THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER AND THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 5, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN.

AND

A PARCEL OF LAND LOCATED IN GOVERNMENT LOT 4, SECTION 4, TOWNSHIP 48 NORTH, RANGE 4 WEST, AND GOVERNMENT LOT 4, SECTION 33, TOWNSHIP 49 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHEAST CORNER OF SAID GOVERNMENT LOT 4, SECTION 4, THE TRUE POINT OF BEGINNING; THENCE

NORTH 00 DEGREES 46' 41" EAST 135.30 FEET; THENCE

SOUTH 87 DEGREES 21' 30" WEST 48.71 FEET; THENCE

NORTH 02 DEGREES 51' 12" WEST 32.07 FEET; THENCE

NORTH 03 DEGREES 13' 21" WEST 10.60 FEET; THENCE

NORTH 02 DEGREES 51' 19" WEST 23.11 FEET; THENCE

NORTH 03 DEGREES 43' 08" WEST 37.65 FEET; THENCE

NORTH 03 DEGREES 46' 01" WEST 51.50 FEET; THENCE

NORTH 03 DEGREES 11' 51" WEST 16.13 FEET; THENCE

NORTH 07 DEGREES 58' 23" WEST 24.73 FEET; THENCE

NORTH 05 DEGREES 22' 53" WEST 23.29 FEET; THENCE

NORTH 06 DEGREES 14' 48" WEST 58.80 FEET; THENCE

NORTH 05 DEGREES 01' 03" WEST 87.73 FEET; THENCE

NORTH 00 DEGREES 16' 11" WEST 39.22 FEET; THENCE

NORTH 18 DEGREES 20' 54" WEST 5.57 FEET; THENCE

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EXHIBIT "A"
LEGAL DESCRIPTION

NORTH 00 DEGREES 28' 20" WEST 116.01 FEET; THENCE
NORTH 04 DEGREES 23' 45" EAST 125.91 FEET; THENCE
NORTH 03 DEGREES 34' 02" EAST 185.71 FEET; THENCE
NORTH 02 DEGREES 44' 00" EAST 41.99 FEET; THENCE
SOUTH 80 DEGREES 57' 24" EAST 34.12 FEET; THENCE
SOUTH 73 DEGREES 27' 34" EAST 37.42 FEET TO A POINT ON THE EAST LINE OF SAID GOVERNMENT LOT 4; THENCE
NORTH 00 DEGREES 40' 02" EAST 30.07 FEET; THENCE
NORTH 01 DEGREES 04' 37" WEST 29.85 FEET; THENCE
NORTH 27 DEGREES 06' 58" EAST 2.29 FEET; THENCE
NORTH 50 DEGREES 44' 36" WEST 73.10 FEET; THENCE
NORTH 60 DEGREES 31' 30" WEST 210.09 FEET TO A POINT ON THE NORTH LINE OF GOVERNMENT LOT 4, SECTION 4, TOWNSHIP 48 NORTH, RANGE 4 WEST; THENCE
NORTH 87 DEGREES 13' 28" WEST 186.38 FEET; THENCE
NORTH 76 DEGREES 32' 21" WEST 72.58 FEET; THENCE
NORTH 66 DEGREES 02' 41" WEST 53.72 FEET; THENCE
NORTH 66 DEGREES 02' 41" WEST 131.40 FEET; THENCE
NORTH 74 DEGREES 06' 45" WEST 97.90 FEET; THENCE
NORTH 86 DEGREES 51' 55" WEST 226.49 FEET; THENCE
NORTH 86 DEGREES 51' 55" WEST 34.91 FEET; THENCE
SOUTH 32 DEGREES 35' 02" WEST 58.34 FEET; THENCE
SOUTH 24 DEGREES 46' 03" EAST 60.41 FEET; THENCE
NORTH 87 DEGREES 13' 28" WEST 311.47 FEET TO THE NORTHWEST CORNER OF GOVERNMENT LOT 4, SECTION 4, TOWNSHIP 48 NORTH, RANGE 4 WEST; THENCE
SOUTH 00 DEGREES 22' 47" WEST 1163.33 FEET; THENCE
SOUTH 00 DEGREES 22' 47" WEST 5.05 FEET TO THE SOUTHWEST CORNER OF SAID

CONKEY LEGAL, C

EXHIBIT "A"
LEGAL DESCRIPTION

GOVERNMENT LOT 4, SECTION 4, TOWNSHIP 48 NORTH, RANGE 4 WEST; THENCE
SOUTH 85 DEGREES 38' 20" EAST 1334.93 FEET TO THE TRUE POINT OF
BEGINNING.

EXCEPTING THEREFROM ALL OF THAT PROPERTY SOUTH OF THE EXISTING FOUR-STRAND
BARBED WIRE FENCE LINE AS SAID FENCE EXISTED IN 1979 AND STILL EXISTS AT
THE TIME OF EXECUTION OF THIS DEED, RUNNING EAST AND WEST ALONG THE SOUTH
EDGE OF THE EXISTING ROAD, FORMERLY KNOWN AS COUNTY ROAD 115, IN THE
SOUTHERLY PART OF THE PROPERTY DESCRIBED BELOW:

EAST ONE-HALF OF THE WEST TWO THIRDS OF GOVERNMENT LOT 4, SECTION 33,
TOWNSHIP 49 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO,
COMMONLY KNOWN AS ROCKFORD BAY TRACT 29 AND BEING MORE PARTICULARLY
DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

COMMENCING AT A POINT 2 1/2" ALUMINUM PIPE AND 3" ALUMINUM CAP MARKING
THE SOUTHWEST CLOSING CORNER OF SECTION 33;

THENCE, ALONG THE SOUTH BOUNDARY OF SECTION 33, SOUTH 87 DEGREES 22' 19"
EAST, A DISTANCE OF 87.72 FEET TO THE STANDARD CORNER FOR SECTIONS 4 AND
5;

THENCE, CONTINUING ALONG THE SOUTH BOUNDARY OF SECTION 33, SOUTH 87
DEGREES 13' 28" EAST, A DISTANCE OF 352.88 FEET TO A SET IRON ROD AND PLS
4194 CAP MARKING THE SOUTHWEST CORNER OF THE EAST 1/2 OF THE WEST 2/3 OF
GOVERNMENT LOT 4, SECTION 33 AND THE TRUE POINT OF BEGINNING;

THENCE, ALONG THE WEST LINE OF SAID EAST 1/2 OF THE WEST 2/3 OF GOVERNMENT
LOT 4, SECTION 33, NORTH 00 DEGREES 12' 52" WEST, A DISTANCE OF 104.11
FEET TO A SET IRON ROD AND PLS 4194 CAP MARKING THE INTERSECTION WITH THE
AFOREMENTIONED FOUR-STRAND BARBED WIRE FENCE;

THENCE, ALONG SAID FENCE THE FOLLOWING THREE COURSES ALL MARKED WITH SET
IRON RODS AND PLS 4194 CAPS:

1. SOUTH 86 DEGREES 51' 55" EAST, A DISTANCE OF 226.49 FEET;
2. SOUTH 74 DEGREES 06' 45" EAST, A DISTANCE OF 97.90 FEET;
3. SOUTH 66 DEGREES 02' 41" EAST, A DISTANCE OF 131.40 FEET TO THE
INTERSECTION WITH THE EAST LINE OF SAID EAST 1/2 OF THE WEST 2/3 OF
GOVERNMENT LOT 4;

THENCE, ALONG SAID EAST LINE, SOUTH 00 DEGREES 09' 11" EAST, A DISTANCE
OF 32.91 FEET TO A SET IRON ROD AND PLS 4194 CAP MARKING THE INTERSECTION
WITH THE SOUTH LINE OF SECTION 33 AND THE SOUTHEAST CORNER OF SAID EAST
1/2 OF THE WEST 2/3 OF GOVERNMENT LOT 4;

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EXHIBIT "A"
LEGAL DESCRIPTION

THENCE, ALONG THE SOUTH LINE OF THE EAST 1/2 OF THE WEST 2/3 OF GOVERNMENT LOT 4 AND THE SOUTH LINE OF SECTION 33, NORTH 87 DEGREES 13' 28" WEST, A DISTANCE OF 440.61 FEET TO THE POINT OF BEGINNING.

ALSO EXCEPTING THEREFROM ALL OF THE PROPERTY SOUTH OF THE EXISTING FOUR-STRAND BARBED WIRE FENCE LINE AS SAID FENCE EXISTED IN 1979 AND STILL EXISTS AT THE TIME OF EXECUTION OF THIS DEED, RUNNING EAST AND WEST ALONG THE SOUTH EDGE OF THE EXISTING ROAD, FORMERLY KNOWN AS COUNTY ROAD 115, IN THE SOUTHWESTERLY PART OF THE PROPERTY DESCRIBED BELOW:

EAST ONE THIRD OF GOVERNMENT LOT 4, SECTION 33, TOWNSHIP 49 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO, AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

COMMENCING AT A FOUND 2 1/2" ALUMINUM PIPE AND 3" ALUMINUM CAP MARKING THE SOUTHWEST CLOSING CORNER OF SECTION 33;

THENCE, ALONG THE SOUTH BOUNDARY OF SECTION 33, SOUTH 87 DEGREES 22' 19" EAST, A DISTANCE OF 87.72 FEET TO THE STANDARD CORNER FOR SECTION 4 AND 5;

THENCE, CONTINUING ALONG THE SOUTH BOUNDARY OF SECTION 33, SOUTH 87 DEGREES 13' 28" EAST, A DISTANCE OF 793.49 FEET TO A SET IRON ROD AND PLS 4194 CAP MARKING THE SOUTHWEST CORNER OF THE EAST 1/3 OF GOVERNMENT LOT 4, SECTION 33 AND THE POINT OF BEGINNING;

THENCE, ALONG THE WEST LINE OF SAID EAST 1/3 OF GOVERNMENT LOT 4, SECTION 33, NORTH 00 DEGREES 09' 11" WEST, A DISTANCE OF 32.91 FEET TO A SET IRON ROD AND PLS 4194 CAP MARKING THE INTERSECTION WITH THE AFOREMENTIONED FOUR STRAND BARBED WIRE FENCE;

THENCE, ALONG SAID FENCE THE FOLLOWING TWO COURSES ALL MARKED WITH SET IRON RODS AND PLS 4194 CAPS:

1. SOUTH 66 DEGREES 02' 41" EAST, A DISTANCE OF 53.72 FEET; THENCE
2. SOUTH 76 DEGREES 32' 21" EAST, A DISTANCE OF 72.58 FEET TO THE INTERSECTION WITH THE SOUTH LINE OF SAID EAST 1/3 OF GOVERNMENT LOT 4;

THENCE, ALONG THE SOUTH LINE OF SAID EAST 1/3 OF GOVERNMENT LOT 4 AND THE SOUTH LINE OF SECTION 33, NORTH 87 DEGREES, 13' 28" WEST, A DISTANCE OF 119.73 FEET TO THE POINT OF BEGINNING.

PARCEL 7, THE FOLLOWING TRACTS:

TRACT A:

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EXHIBIT "A"
LEGAL DESCRIPTION

A PART OF THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER, AND GOVERNMENT LOT 2, SECTION 4, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF SAID SOUTHWEST QUARTER OF THE NORTHEAST QUARTER (CN 1/16 CORNER);

THENCE NORTH 1 DEGREES 08' 28" EAST, 159.98 FEET ALONG THE WEST BOUNDARY OF SAID LOT 2 TO A POINT ON THE CENTERLINE OF LOFFS BAY ROAD;

THENCE TRAVERSING SAID CENTERLINE AS FOLLOWS:

SOUTH 58 DEGREES 36' 55" EAST, 49.07 FEET;

THENCE 332.38 FEET ALONG THE ARC OF A 335.58 FOOT RADIUS CURVE RIGHT, SAID CURVE HAVING A CHORD BEARING SOUTH 30 DEGREES 14' 24" EAST, 318.96 FEET;

THENCE SOUTH 1 DEGREES 51' 53" EAST, 328.02 FEET;

THENCE SOUTH 2 DEGREES 28' 04" WEST, 104.42 FEET;

THENCE SOUTH 12 DEGREES 40' 51" WEST, 42.73 FEET;

THENCE SOUTH 21 DEGREES 56' 11" WEST, 51.81 FEET;

THENCE SOUTH 31 DEGREES 00' 18" WEST, 99.74 FEET;

THENCE SOUTH 32 DEGREES 35' 22" WEST, 104.42 FEET;

THENCE SOUTH 36 DEGREES 33' 02" WEST, 100.94 FEET;

THENCE SOUTH 42 DEGREES 15' 53" WEST, 51.24 FEET;

THENCE NORTH 1 DEGREES 08' 28" EAST, AND LEAVING SAID CENTERLINE 955.75 FEET ALONG THE WEST BOUNDARY OF SAID SOUTHWEST QUARTER OF THE NORTHEAST QUARTER TO THE POINT OF BEGINNING.

EXCEPT ANY PORTION LYING IN LOFF'S BAY ROAD.

TRACT B:

A PARCEL OF LAND IN GOVERNMENT LOT 3, SECTION 4, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO, AND FURTHER DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID GOVERNMENT LOT 3, SECTION 4;

THENCE NORTH 00 DEGREES 46' 05" EAST, ALONG THE WEST LINE OF SAID

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EXHIBIT "A"
LEGAL DESCRIPTION

GOVERNMENT LOT 3, A DISTANCE OF 135.57 FEET;
THENCE NORTH 89 DEGREES 12' 07" EAST, A DISTANCE OF 312.12 FEET;
THENCE NORTH 89 DEGREES 47' 56" EAST, A DISTANCE OF 321.36 FEET;
THENCE NORTH 89 DEGREES 06' 35" EAST, A DISTANCE OF 325.48 FEET;
THENCE NORTH 82 DEGREES 25' 36" EAST, A DISTANCE OF 170.38 FEET;
THENCE SOUTH 84 DEGREES 22' 44" EAST, A DISTANCE OF 128.59 FEET;
THENCE NORTH 87 DEGREES 27' 56" EAST, A DISTANCE OF 78.74 FEET TO THE
INTERSECTION WITH THE WEST LINE OF SAID GOVERNMENT LOT 2;
THENCE SOUTH 01 DEGREES 08' 46" WEST, A DISTANCE OF 260.57 FEET TO THE
NORTH LINE OF THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER OF SECTION 4,
TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN;
THENCE NORTH 85 DEGREES 39' 49" WEST, 1334.86 FEET TO THE POINT OF
BEGINNING.

TRACT C:

THE NORTH HALF OF THE SOUTHWEST QUARTER AND THE SOUTHWEST QUARTER OF THE
SOUTHWEST QUARTER AND THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER AND
THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER AND THE SOUTHEAST QUARTER
OF THE SOUTHEAST QUARTER, ALL IN SECTION 4, TOWNSHIP 48 NORTH, RANGE 4
WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO.

AND

THE SOUTH HALF OF THE NORTHWEST QUARTER OF SECTION 4, TOWNSHIP 48 NORTH,
RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, STATE OF IDAHO.

EXCEPTING THEREFROM THAT PORTION CONVEYED TO BABBITT LOGGING, INC. BY
WARRANTY DEED RECORDED JULY 1, 1997 AS INSTRUMENT NO. 1495927, DESCRIBED
AS FOLLOWS:

THAT PORTION OF THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER OF SECTION
4, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, STATE
OF IDAHO, LYING EAST OF LOFF'S BAY COUNTY ROAD.

TOGETHER WITH THAT PORTION OF THE NORTHEAST QUARTER OF THE SOUTHWEST
QUARTER, SECTION 4, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN,
KOOTENAI COUNTY, STATE OF IDAHO, LYING EAST OF LOFF'S BAY COUNTY ROAD.

PARCEL 8:

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EXHIBIT "A"
LEGAL DESCRIPTION

THE EAST 1/3 OF GOVERNMENT LOT 4, SECTION 33, TOWNSHIP 49 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO.

LESS ALL OF THAT PROPERTY SOUTH OF THE EXISTING FOUR-STRAND BARBED WIRE FENCE LINE AS SAID FENCE EXISTED IN 1979 AND STILL EXISTS AT THE TIME OF EXECUTION OF THIS DEED, RUNNING EAST AND WEST ALONG THE SOUTH EDGE OF THE EXISTING ROAD, FORMERLY KNOWN AS COUNTY ROAD 115, IN THE SOUTHWESTERLY PART OF THE PROPERTY DESCRIBED BELOW:

EAST 1/3 OF GOVERNMENT LOT 4, SECTION 33, TOWNSHIP 49 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO, AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

COMMENCING AT A FOUND 2 1/2 INCH ALUMINUM PIPE AND 3 INCH ALUMINUM CAP MARKING THE SOUTHWEST CLOSING CORNER OF SECTION 33;

THENCE ALONG THE SOUTH BOUNDARY OF SECTION 33, SOUTH 87 DEGREES 22'19" EAST, A DISTANCE OF 87.72 FEET TO THE STANDARD CORNER FOR SECTIONS 4 AND 5;

THENCE CONTINUING ALONG THE SOUTH BOUNDARY OF SECTION 33, SOUTH 87 DEGREES 13'28" EAST, A DISTANCE OF 793.49 FEET TO A SET IRON ROD AND PLS 4194 CAP MARKING THE SOUTHWEST CORNER OF THE EAST 1/3 OF GOVERNMENT LOT 4, SECTION 33 AND THE POINT OF BEGINNING;

THENCE ALONG THE WEST LINE OF THE EAST 1/3 OF GOVERNMENT LOT 4, SECTION 33, NORTH 00 DEGREES 09'11" WEST, A DISTANCE OF 32.91 FEET TO A SET IRON ROD AND PLS 4194 CAP MARKING THE INTERSECTION WITH THE AFOREMENTIONED FOUR-STRAND BARBED WIRE FENCE;

THENCE ALONG SAID FENCE THE FOLLOWING TWO COURSES ALL MARKED WITH SET IRON RODS AND PLS 4194 CAPS;

- 1) SOUTH 66 DEGREES 02'41" EAST, A DISTANCE OF 53.72 FEET;
- 2) THENCE SOUTH 76 DEGREES 32'21" EAST, A DISTANCE OF 72.58 FEET TO THE INTERSECTION WITH THE SOUTH LINE OF SAID EAST 1/3 OF GOVERNMENT LOT 4;

THENCE ALONG THE SOUTH LINE OF SAID EAST 1/3 OF GOVERNMENT LOT 4 AND THE SOUTH LINE OF SECTION 33, NORTH 87 DEGREES 13'28" WEST, A DISTANCE OF 199.73 FEET TO THE POINT OF BEGINNING.

PARCEL 9:

ALL OF THAT PORTION OF GOVERNMENT LOT 4, SECTION 4, LYING NORTHEASTERLY OF THE EXISTING ROADWAY, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

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EXHIBIT "A"
LEGAL DESCRIPTION

BEGINNING AT A FOUND 1/2 INCH IRON ROD AND PLS 3451 CAP MARKING THE NORTHEAST CORNER OF GOVERNMENT LOT 4, SECTION 4, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO;

THENCE ALONG THE EAST LINE OF SAID GOVERNMENT LOT 4, SECTION 4, SOUTH 00 DEGREES 46'41" WEST, A DISTANCE OF 137.94 FEET TO A SET IRON ROD AND PLS 4194 CAP ON THE NORTHEASTERLY RIGHT OF WAY OF COUNTY ROAD NO. 115 BELLGROVE-STINSON ROAD;

THENCE ALONG THE NORTHEASTERLY RIGHT OF WAY OF SAID ROAD THE FOLLOWING 2 COURSES, ALL MARKED BY IRON RODS AND PLS 4194 CAPS:

- 1) NORTH 50 DEGREES 44'36" WEST, A DISTANCE OF 73.10 FEET;
- 2) THENCE NORTH 60 DEGREES 31'30" WEST, A DISTANCE OF 210.09 FEET TO THE INTERSECTION WITH THE NORTH LINE OF THE AFOREMENTIONED GOVERNMENT LOT 4, SECTION 4;

THENCE ALONG SAID NORTH LINE OF GOVERNMENT LOT 4, SECTION 4, SOUTH 87 DEGREES 13'28" EAST, A DISTANCE OF 241.66 FEET TO THE POINT OF BEGINNING.

PARCEL 10:

ALL OF THAT PROPERTY SOUTH OF THE EXISTING FOUR-STRAND BARBED WIRE FENCE LINE AS SAID FENCE EXISTED IN 1979 AND STILL EXISTS AT THE TIME OF EXECUTION OF THIS DEED, RUNNING EAST AND WEST ALONG THE SOUTH EDGE OF THE EXISTING ROAD, FORMERLY KNOWN AS COUNTY ROAD 115, IN THE SOUTHERLY PART OF THE PROPERTY DESCRIBED BELOW:

EAST 1/2 OF THE WEST 2/3 OF GOVERNMENT LOT 4, SECTION 33, TOWNSHIP 49 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO, COMMONLY KNOWN AS ROCKFORD BAY TRACT 29 AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

COMMENCING AT A FOUND 2 1/2 INCH ALUMINUM PIPE AND 3 INCH ALUMINUM CAP MARKING THE SOUTHWEST CLOSING CORNER OF SECTION 33;

THENCE ALONG THE SOUTH BOUNDARY OF SECTION 33, SOUTH 87 DEGREES 22'19" EAST, A DISTANCE OF 87.72 FEET TO THE STANDARD CORNER FOR SECTIONS 4 AND 5;

THENCE CONTINUING ALONG THE SOUTH BOUNDARY OF SECTION 33, SOUTH 87 DEGREES 13'28" EAST, A DISTANCE OF 352.88 FEET TO A SET IRON ROD AND PLS 4194 CAP MARKING THE SOUTHWEST CORNER OF THE EAST 1/2 OF THE WEST 2/3 OF GOVERNMENT LOT 4, SECTION 33 AND THE POINT OF BEGINNING;

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EXHIBIT "A"
LEGAL DESCRIPTION

THENCE ALONG THE WEST LINE OF SAID EAST 1/2 OF THE WEST 2/3 OF GOVERNMENT LOT 4, SECTION 33, NORTH 00 DEGREES 12'52" WEST, A DISTANCE OF 104.11 FEET TO A SET IRON ROD AND PLS 4194 CAP MARKING THE INTERSECTION WITH THE AFOREMENTIONED FOUR-STRAND BARBED WIRE FENCE;

THENCE ALONG SAID FENCE THE FOLLOWING 3 COURSES ALL MARKED WITH SET IRON RODS AND PLS 4194 CAPS:

- 1) SOUTH 86 DEGREES 51'55" EAST, A DISTANCE OF 226.49 FEET;
- 2) SOUTH 74 DEGREES 06'45" EAST, A DISTANCE OF 97.90 FEET;
- 3) SOUTH 66 DEGREES 02'41" EAST, A DISTANCE OF 131.40 FEET TO THE INTERSECTION WITH THE EAST LINE OF SAID EAST 1/2 OF THE WEST 2/3 OF GOVERNMENT LOT 4;

THENCE ALONG SAID EAST LINE, SOUTH 00 DEGREES 09'11" EAST, A DISTANCE OF 32.91 FEET TO A SET IRON ROD AND PLS 4194 CAP MARKING THE INTERSECTION WITH THE SOUTH LINE OF SECTION 33 AND THE SOUTHEAST CORNER OF SAID EAST 1/2 OF THE WEST 2/3 OF GOVERNMENT LOT 4;

THENCE ALONG THE SOUTH LINE OF SAID EAST 1/2 OF THE WEST 2/3 OF GOVERNMENT LOT 4 AND THE SOUTH LINE OF SECTION 33, NORTH 87 DEGREES 13'28" WEST, A DISTANCE OF 440.61 FEET TO THE POINT OF BEGINNING.

THE ABOVE DESCRIPTION IS THE SAME PROPERTY DESCRIBED IN QUIT CLAIM DEED INSTRUMENT NUMBER 1159066.

PARCEL 11:

THE EAST HALF OF THE WEST 2/3 OF GOVERNMENT LOT 4, SECTION 33, TOWNSHIP 49 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO.

LESS:

ALL OF THAT PROPERTY SOUTH OF THE EXISTING FOUR-STRAND BARBED WIRE FENCE LINE AS SAID FENCE EXISTED IN 1979 AND STILL EXISTS AT THE TIME OF EXECUTION OF THIS DEED, RUNNING EAST AND WEST ALONG THE SOUTH EDGE OF THE EXISTING ROAD, FORMERLY KNOWN AS COUNTY ROAD 115, IN THE SOUTHERLY PART OF THE PROPERTY DESCRIBED BELOW:

EAST 1/2 OF THE WEST 2/3 OF GOVERNMENT LOT 4, SECTION 33, TOWNSHIP 49 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO, COMMONLY KNOWN AS ROCKFORD BAY TRACT 29 AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

COMMENCING AT A FOUND 2 1/2 INCH ALUMINUM PIPE AND 3 INCH ALUMINUM CAP MARKING THE SOUTHWEST CLOSING CORNER OF SECTION 33;

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EXHIBIT "A"
LEGAL DESCRIPTION

THENCE ALONG THE SOUTH BOUNDARY OF SECTION 33, SOUTH 87 DEGREES 22'19" EAST, A DISTANCE OF 87.72 FEET TO THE STANDARD CORNER OF SECTIONS 4 AND 5;

THENCE CONTINUING ALONG THE SOUTH BOUNDARY OF SECTION 33, SOUTH 87 DEGREES 13'28" EAST, A DISTANCE OF 352.88 FEET TO A SET IRON ROD AND PLS 4194 CAP MARKING THE SOUTHWEST CORNER OF THE EAST HALF OF THE WEST 2/3 OF GOVERNMENT LOT 4, SECTION 33 AND THE POINT OF BEGINNING;

THENCE ALONG THE WEST LINE OF SAID EAST HALF OF THE WEST 2/3 OF GOVERNMENT LOT 4, SECTION 33, NORTH 00 DEGREES 12'52" WEST, A DISTANCE OF 104.11 FEET TO A SET IRON ROD AND PLS 4194 CAP MARKING THE INTERSECTION WITH THE AFOREMENTIONED FOUR-STRAND BARBED WIRE FENCE;

THENCE ALONG SAID FENCE THE FOLLOWING 3 COURSES ALL MARKED WITH SET IRON RODS AND PLS 4194 CAPS:

- 1) SOUTH 86 DEGREES 51'55" EAST, A DISTANCE OF 226.49 FEET;
- 2) SOUTH 74 DEGREES 06'45" EAST, A DISTANCE OF 97.90 FEET;
- 3) SOUTH 66 DEGREES 02'41" EAST, A DISTANCE OF 131.40 FEET TO THE INTERSECTION WITH THE EAST LINE OF SAID EAST HALF OF THE WEST 2/3 OF GOVERNMENT LOT 4;

THENCE ALONG SAID EAST LINE, SOUTH 00 DEGREES 09'11" EAST, A DISTANCE OF 32.91 FEET TO A SET IRON ROD AND PLS 4194 CAP MARKING THE INTERSECTION WITH THE SOUTH LINE OF SECTION 33 AND THE SOUTHEAST CORNER OF SAID EAST HALF OF THE WEST 2/3 OF GOVERNMENT LOT 4;

THENCE ALONG THE SOUTH LINE OF SAID EAST HALF OF THE WEST 2/3 OF GOVERNMENT LOT 4 AND THE SOUTH LINE OF SECTION 33, NORTH 87 DEGREES 13'28" WEST, A DISTANCE OF 440.61 FEET TO THE POINT OF BEGINNING.

PARCEL 12:

ALL OF THAT PROPERTY SOUTH OF THE EXISTING FOUR-STRAND BARBED WIRE FENCE LINE AS SAID FENCE EXISTED IN 1979 AND STILL EXISTS AT THE TIME OF EXECUTION OF THIS DEED, RUNNING EAST AND WEST ALONG THE SOUTH EDGE OF THE EXISTING ROAD, FORMERLY KNOWN AS COUNTY ROAD 115, IN THE SOUTHWESTERLY PART OF THE PROPERTY DESCRIBED BELOW:

EAST 1/3 OF GOVERNMENT LOT 4, SECTION 33, TOWNSHIP 49 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

COMMENCING AT A FOUND 2 1/2 INCH ALUMINUM PIPE AND 3 INCH ALUMINUM CAP

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EXHIBIT "A"
LEGAL DESCRIPTION

MARKING THE SOUTHWEST CLOSING CORNER OF SECTION 33;

THENCE ALONG THE SOUTH BOUNDARY OF SECTION 33, SOUTH 87 DEGREES 22'19" EAST, A DISTANCE OF 87.72 FEET TO THE STANDARD CORNER OF SECTIONS 4 AND 5;

THENCE CONTINUING ALONG THE SOUTH BOUNDARY OF SECTION 33, SOUTH 87 DEGREES 13'28" EAST, A DISTANCE OF 793.49 FEET TO A SET IRON ROD AND PLS 4194 CAP MARKING THE SOUTHWEST CORNER OF THE EAST 1/3 OF GOVERNMENT LOT 4, SECTION 33 AND THE POINT OF BEGINNING;

THENCE ALONG THE WEST LINE OF THE EAST 1/3 OF GOVERNMENT LOT 4, SECTION 33, NORTH 00 DEGREES 09'11" WEST, A DISTANCE OF 32.91 FEET TO A SET IRON ROD AND PLS 4194 CAP MARKING THE INTERSECTION WITH THE AFOREMENTIONED FOUR-STRAND BARBED WIRE FENCE;

THENCE ALONG SAID FENCE THE FOLLOWING 2 COURSES ALL MARKED WITH SET IRON RODS AND PLS 4194 CAPS:

- 1) SOUTH 66 DEGREES 02'41" EAST, A DISTANCE OF 53.72 FEET;
- 2) THENCE SOUTH 76 DEGREES 32'21" EAST, A DISTANCE OF 72.58 FEET TO THE INTERSECTION WITH THE SOUTH LINE OF SAID EAST 1/3 OF GOVERNMENT LOT 4;

THENCE ALONG THE SOUTH LINE OF SAID EAST 1/3 OF GOVERNMENT LOT 4 AND THE SOUTH LINE OF SECTION 33, NORTH 87 DEGREES 13'28" WEST, A DISTANCE OF 119.73 FEET TO THE POINT OF BEGINNING.

ACCOMMODATION RECORDING

KOOTENAI COUNTY TITLE COMPANY
has not examined this document.
assumes no liability as to its validity
and its affects upon the title.

CONTACT LEGAL, 0

NAME: ANDR NICE

JOB TITLE: 58



TIME PERIOD: FROM 2/16/2009 TO 2/28/2009

JOB NAME	JOB #	WFC	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31
General Admin.	09-998	10	/	/	/						/	/						
Marketing	09-999	11		1.0	1.0	1.0					1.0	2.0						
Sick Time	09-991	13																
Vacation	09-992	15																
Converted Sick/Vacation	09-995	17																
Holiday	09-993	14																
NVI P4173 - E - 200, Phase 1, (Design)	06-911	3		1.0	2.5													
Black Rock North 1st Addition Plat	07-090B	3		1.5	2.0													
Valleyview R.O.W. Services	08-620C	3		1.5														
Veterans Cemetery Ph 1 Design	07-100D	3		1.0														
IncYTE Pathology Easement & ROS	04-073E	3			0.5													
SVI P4173 - F - 200, Phase 1, (Design)	06-913	3			2.0													
Peone Road CE's	08-072	3				1.5												
Saddle Ridge Lot Line Adjustment 2 & 3	01-004E	3				4.5					1.0	5.0	6.5	1.0				
Canyon Bluff Phase 2 Apartment	05-150Q	3			0.5													
Central YMCA/YWCA North Parking Lot Access Easements	07-021I	3									2.0							
Felts Field Bldg. 6 TOPO	09-005A	3										1.0	1.5	3.0				
REGULAR TIME TOTAL	48.0		0.0	8.0	8.0	8.0	0.0	0.0	0.0	0.0	4.0	8.0	8.0	4.0	0.0	0.0	0.0	0.0
OVERTIME TOTAL	0.0		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

TAYLOR 000020

By completing and transmitting this timecard I attest that the hours worked and reported are accurate and true.

1255



NAME: DAVE ESE

JOB TITLE: 1

TIME PERIOD: FROM 2/16/2009

TO 2/28/2009

JOB NAME	JOB #	WKS																	
			16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	
General Admin.	09-998	10	2.0	3.0	4.0	2.0	3.0				5.0	3.0	2.0	3.0	3.0				
Marketing	09-999	11	3.0	2.0	2.0	5.0	4.0			2.0	2.0	3.0	3.0	3.0					
Sick Time	09-991	13																	
Vacation	09-992	15																	
Converted Sick/Vacation	09-995	17																	
Holiday	09-993	14																	
SADDLE RIDGE SHORT PLAT	01-004H	2		1.0	2.0							1.0	1.0						
NVI	06-911	2		2.0															
BLACK ROCK NORTH PLAT	07-090B	2	2.0			1.0					1.0	1.0							
YMCA	07-0211	2									3.0				1.0				
FELTS FIELD BLDG 6 TOPO	09-005A	1						1.0				1.0	1.0						
FAFB RUNWAY TOPO	08-084	1	1.0																
FAFB RUNWAY	08-084C	1									1.0				1.0				
REGULAR TIME TOTAL	80.0		8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	
OVERTIME TOTAL	0.0		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	

TAYLOR 000022

By completing and transmitting this timecard I attest that the hours worked and reported are accurate and true.

CONDITIONAL LIEN WAIVER, RELEASE AND SUBORDINATION



Payment Amount: \$64,410.48
For Work Through: June 15, 2008

TO: BRN DEVELOPMENT, INC., OWNER
P.O. Box 3070
Coeur d'Alene, ID 83816
- and -
ALL OTHER PARTIES IN INTEREST

05-102	21552.98
✓✓B	31182.50
✓✓C	3240.00
✓✓F	2812.50
✓-G	945.00
07-090	2727.50
✓✓B	1950.00
	<u>60410.48</u>

Filed 8-4-08

RE: PROJECT: BLACK ROCK NORTH
COEUR D'ALENE, IDAHO

Upon receipt of payment of the sum of \$64,410.48, the undersigned waives any and all right to any lien whatever and releases all rights to lien or claim any lien against the real property associated with the above Project by the undersigned in connection with any and all work or labor performed, materials, equipment, goods, or things supplied or furnished, or any other claims or obligations owed through the date shown above, on the above-named Project.

This waiver and release does not cover rights or obligations that might accrue after the above date for additional work that may be performed. In addition, upon receipt of the payment stated above, the undersigned agrees that any lien that may be filed for work performed after said date will only have lien priority from and after the date stated above and will be subordinate to any liens or encumbrances attaching to the subject property prior to said date.

As an inducement to the above-named Owner to make the payment first described above, the undersigned further covenants and represents that it has performed the work and/or furnished the materials pursuant to and in accordance with the plans and specifications or work order in effect up through June 15, 2008. The undersigned further covenants and represents that either all obligations related to labor, equipment, supplies, materials, lower tier subcontractors at all levels and consultants through the date first stated above have been fully paid, or all such obligations will be paid first out of the funds to be received before any of said funds will be applied to any other purpose and the payment first described above will be sufficient to fully satisfy all such obligations.

If signed on behalf of a company, the undersigned certifies under penalty of perjury under the laws of the State of Idaho that he or she is authorized to execute the same on behalf of the company to be bound.

TAYLOR ENGINEERING, INC.

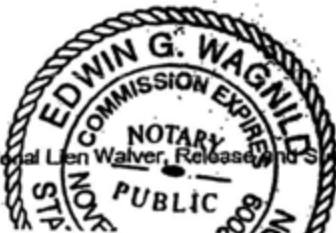
By: [Signature]
Its: _____

STATE of Washington
County of Spokane

ss.

On this 4 day of August, 2008, before me, the undersigned, a Notary Public in and for the State of Washington, personally appeared Stanley B. Stirling, known or identified to me to be the Principal of Taylor Engineering, Inc., the corporation that executed the foregoing instrument and acknowledge the said instrument to be a free and voluntary act and deed of the corporation, for the uses and purposes set forth therein, an oath stated that he is authorized to execute said instrument on behalf of said corporation.

Witness my hand and official seal hereto affixed the day and year first above written.



Edwin G. Wagner
Notary Public in and for the State of Washington
Residing at: Spokane
My Commission Expires: 11/30/09



CONDITIONAL LIEN WAIVER, RELEASE AND SUBORDINATION

Payment Amount: \$1,680.00
For Work Through: May 15, 2008

TO: BRN DEVELOPMENT, INC., OWNER
P.O. Box 3070
Coeur d'Alene, ID 83816
- and -
ALL OTHER PARTIES IN INTEREST

Fixed 7.8.08

RE: PROJECT: BLACK ROCK NORTH, Invoice 05-102G #8
COEUR D'ALENE, IDAHO

Upon receipt of payment of the sum of \$1,680.00, the undersigned waives any and all right to any lien whatever and releases all rights to lien or claim any lien against the real property associated with the above Project by the undersigned in connection with any and all work or labor performed, materials, equipment, goods, or things supplied or furnished, or any other claims or obligations owed through the date shown above, on the above-named Project.

This waiver and release does not cover rights or obligations that might accrue after the above date for additional work that may be performed. In addition, upon receipt of the payment stated above, the undersigned agrees that any lien that may be filed for work performed after said date will only have lien priority from and after the date stated above and will be subordinate to any liens or encumbrances attaching to the subject property prior to said date.

As an inducement to the above-named Owner to make the payment first described above, the undersigned further covenants and represents that it has performed the work and/or furnished the materials pursuant to and in accordance with the plans and specifications or work order in effect up through May 15, 2008. The undersigned further covenants and represents that either all obligations related to labor, equipment, supplies, materials, lower tier subcontractors at all levels and consultants through the date first stated above have been fully paid, or all such obligations will be paid first out of the funds to be received before any of said funds will be applied to any other purpose and the payment first described above will be sufficient to fully satisfy all such obligations.

If signed on behalf of a company, the undersigned certifies under penalty of perjury under the laws of the State of Idaho that he or she is authorized to execute the same on behalf of the company to be bound.

TAYLOR ENGINEERING, INC.

By: [Signature]
Its: Principal

STATE of Washington
County of Spokane

ss.

On this 8 day of July, 2008, before me, the undersigned, a Notary Public in and for the State of Washington, personally appeared Stanley R Stirling, known or identified to me to be the Principal of Taylor Engineering, Inc., the corporation that executed the foregoing instrument and acknowledged the said instrument to be a free and voluntary act and deed of the corporation, for the uses and purposes set forth therein, and oath stated that he is authorized to execute said instrument on behalf of said corporation.

Witness my hand and official seal hereto affixed the day and year first above written.



Ed W Wagnild
Notary Public in and for the State of Washington
Residing at: Spokane
My Commission Expires: 11/30/09

CONDITIONAL LIEN WAIVER, RELEASE AND SUBORDINATION



Payment Amount: \$52,667.5
For Work Through: May 15, 2008

Fixed 6-20-08

TO: BRN DEVELOPMENT, INC., OWNER
P.O. Box 3070
Coeur d'Alene, ID 83816
- and -
ALL OTHER PARTIES IN INTEREST

05-102 32030.00
102B 6375.00
102C 1020.00
102F 9887.50
07-090 2755.00
52667.50

RE: PROJECT: BLACK ROCK NORTH
COEUR D'ALENE, IDAHO

Upon receipt of payment of the sum of \$52,667.50, the undersigned waives any and all right to any lien whatever and releases all rights to lien or claim any lien against the real property associated with the above Project by the undersigned in connection with any and all work or labor performed, materials, equipment, goods, or things supplied or furnished, or any other claims or obligations owed through the date shown above, on the above-named Project.

This waiver and release does not cover rights or obligations that might accrue after the above date for additional work that may be performed. In addition, upon receipt of the payment stated above, the undersigned agrees that any lien that may be filed for work performed after said date will only have lien priority from and after the date stated above and will be subordinate to any liens or encumbrances attaching to the subject property prior to said date.

As an inducement to the above-named Owner to make the payment first described above, the undersigned further covenants and represents that it has performed the work and/or furnished the materials pursuant to and in accordance with the plans and specifications or work order in effect up through May 15, 2008. The undersigned further covenants and represents that either all obligations related to labor, equipment, supplies, materials, lower tier subcontractors at all levels and consultants through the date first stated above have been fully paid, or all such obligations will be paid first out of the funds to be received before any of said funds will be applied to any other purpose and the payment first described above will be sufficient to fully satisfy all such obligations.

If signed on behalf of a company, the undersigned certifies under penalty of perjury under the laws of the State of Idaho that he or she is authorized to execute the same on behalf of the company to be bound.

TAYLOR ENGINEERING, INC

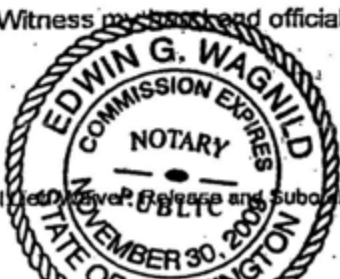
By: [Signature]
Its: PRINCIPAL

STATE of Washington
County of Spoкан

ss.

On this 20 day of June, 2008, before me, the undersigned, a Notary Public in and for the State of Washington, personally appeared Ronald G Pace, known or identified to me to be the (Principal) of Taylor Engineering, Inc., the corporation that executed the foregoing instrument and acknowledged the said instrument to be a free and voluntary act and deed of the corporation, for the uses and purposes set forth therein, and oath stated that he is authorized to execute said instrument on behalf of said corporation.

Witness my hand and official seal hereto affixed the day and year first above written.



Ed W Wagnild
Notary Public in and for the State of Washington
Residing at: Spoкан
My Commission Expires: 11/30/09



CONDITIONAL LIEN WAIVER, RELEASE AND SUBORDINATION

Payment Amount: \$49,833.02
For Work Through: April 15, 2008

TO: BRN DEVELOPMENT, INC., OWNER
P.O. Box 3070
Coeur d'Alene, ID 83816
- and -
ALL OTHER PARTIES IN INTEREST

05-102 20553.02
05-102B 10015.00
05-102C 1020.00
05-102F 17140.00
05-102G 1105.00

Fixed
5.30-0

RE: PROJECT: BLACK ROCK NORTH
COEUR D'ALENE, IDAHO

49833.02

Upon receipt of payment of the sum of \$49,833.02, the undersigned waives any and all right to any lien whatever and releases all rights to lien or claim any lien against the real property associated with the above Project by the undersigned in connection with any and all work or labor performed, materials, equipment, goods, or things supplied or furnished, or any other claims or obligations owed through the date shown above, on the above-named Project.

This waiver and release does not cover rights or obligations that might accrue after the above date for additional work that may be performed. In addition, upon receipt of the payment stated above, the undersigned agrees that any lien that may be filed for work performed after said date will only have lien priority from and after the date stated above and will be subordinate to any liens or encumbrances attaching to the subject property prior to said date.

As an Inducement to the above-named Owner to make the payment first described above, the undersigned further covenants and represents that it has performed the work and/or furnished the materials pursuant to and in accordance with the plans and specifications or work order in effect up through April 15, 2008. The undersigned further covenants and represents that either all obligations related to labor, equipment, supplies, materials, lower tier subcontractors at all levels and consultants through the date first stated above have been fully paid, or all such obligations will be paid first out of the funds to be received before any of said funds will be applied to any other purpose and the payment first described above will be sufficient to fully satisfy all such obligations.

If signed on behalf of a company, the undersigned certifies under penalty of perjury under the laws of the State of Idaho that he or she is authorized to execute the same on behalf of the company to be bound.

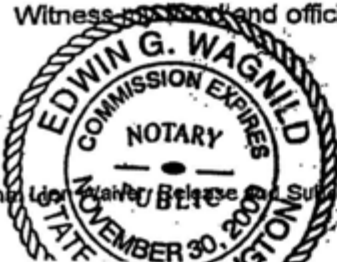
TAYLOR ENGINEERING, INC.

By: [Signature]
Its: TAYLOR ENGINEERING

STATE of Washington)
County of Spokane) ss.

On this 29 day of May, 2008, before me, the undersigned, a Notary Public in and for the State of Washington, personally appeared Ronald G Pace, known or identified to me to be the Principal of Taylor Engineering, Inc., the corporation that executed the foregoing instrument and acknowledged the said instrument to be a free and voluntary act and deed of the corporation, for the uses and purposes set forth therein, and oath stated that he is authorized to execute said instrument on behalf of said corporation.

Witness my hand and official seal hereto affixed the day and year first above written.



Edwin G Wagnild
Notary Public in and for the State of Washington
Residing at: Spokane
My Commission Expires: 11/30/09



CONDITIONAL LIEN WAIVER, RELEASE AND SUBORDINATION

Payment Amount: \$174,832.59
For Work Through: March 28, 2008

TO: BRN DEVELOPMENT, INC., OWNER
P.O. Box 3070
Coeur d'Alene, ID 83816
- and -
ALL OTHER PARTIES IN INTEREST

Fixed 4-15-08

RE: PROJECT: BLACK ROCK NORTH
COEUR D'ALENE, IDAHO

Incl. detail is attached

Upon receipt of payment of the sum of \$174,832.59., the undersigned waives any and all right to any lien whatever and releases all rights to lien or claim any lien against the real property associated with the above Project by the undersigned in connection with any and all work or labor performed, materials, equipment, goods, or things supplied or furnished, or any other claims or obligations owed through the date shown above, on the above-named Project.

This waiver and release does not cover rights or obligations that might accrue after the above date for additional work that may be performed. In addition, upon receipt of the payment stated above, the undersigned agrees that any lien that may be filed for work performed after said date will only have lien priority from and after the date stated above and will be subordinate to any liens or encumbrances attaching to the subject property prior to said date.

As an inducement to the above-named Owner to make the payment first described above, the undersigned further covenants and represents that it has performed the work and/or furnished the materials pursuant to and in accordance with the plans and specifications or work order in effect up through March 28, 2008. The undersigned further covenants and represents that either all obligations related to labor, equipment, supplies, materials, lower tier subcontractors at all levels and consultants through the date first stated above have been fully paid, or all such obligations will be paid first out of the funds to be received before any of said funds will be applied to any other purpose and the payment first described above will be sufficient to fully satisfy all such obligations.

If signed on behalf of a company, the undersigned certifies under penalty of perjury under the laws of the State of Idaho that he or she is authorized to execute the same on behalf of the company to be bound.

TAYLOR ENGINEERING, INC.

By: [Signature]
Its: Principal

STATE of Washington)
County of Spokane) ss.

On this 15 day of April, 2008, before me, the undersigned, a Notary Public in and for the State of Washington, personally appeared Stanley R. Stirling, known or identified to me to be the Principal of Taylor Engineering, Inc., the corporation that executed the foregoing instrument and acknowledge the said instrument to be a free and voluntary act and deed of the corporation, for the uses and purposes set forth therein, and oath stated that he is authorized to execute said instrument on behalf of said corporation.

Witness my hand and official seal hereto affixed the day and year first above written.

Edwin G. Wagner
Notary Public in and for the State of Washington
Residing at: Spokane
My Commission Expires: 11/30/09





CONDITIONAL LIEN WAIVER, RELEASE AND SUBORDINATION

Payment Amount: \$75,000.00
For Work Through: October 15, 2007

TO: BRN DEVELOPMENT, INC., OWNER
P.O. Box 3070
Coeur d'Alene, ID 83816
- and -
ALL OTHER PARTIES IN INTEREST

05-102 29866.51
✓✓ 17652.66
✓✓ B 27147.50
✓✓ C 1133.33
75000.00

Faxed 3/31/08

RE: PROJECT: BLACK ROCK NORTH
COEUR D'ALENE, IDAHO

Project: 05-102

Upon receipt of payment of the sum of \$75,000., the undersigned waives any and all right to any lien whatever and releases all rights to lien or claim any lien against the real property associated with the above Project by the undersigned in connection with any and all work or labor performed, materials, equipment, goods, or things supplied or furnished, or any other claims or obligations owed through the date shown above, on the above-named Project.

This waiver and release does not cover rights or obligations that might accrue after the above date for additional work that may be performed. In addition, upon receipt of the payment stated above, the undersigned agrees that any lien that may be filed for work performed after said date will only have lien priority from and after the date stated above and will be subordinate to any liens or encumbrances attaching to the subject property prior to said date.

As an inducement to the above-named Owner to make the payment first described above, the undersigned further covenants and represents that it has performed the work and/or furnished the materials pursuant to and in accordance with the plans and specifications or work order in effect up through October 15, 2007. The undersigned further covenants and represents that either all obligations related to labor, equipment, supplies, materials, lower tier subcontractors at all levels and consultants through the date first stated above have been fully paid, or all such obligations will be paid first out of the funds to be received before any of said funds will be applied to any other purpose and the payment first described above will be sufficient to fully satisfy all such obligations.

If signed on behalf of a company, the undersigned certifies under penalty of perjury under the laws of the State of Idaho that he or she is authorized to execute the same on behalf of the company to be bound.

TAYLOR ENGINEERING, INC.

By: [Signature]
Its: _____

Principal

STATE of Washington)
County of Spokane)

ss.

On this 31 day of March, 2008, before me, the undersigned, a Notary Public in and for the State of Washington, personally appeared Stanley R. Stirling, known or identified to me to be the Principal of Taylor Engineering, Inc., the corporation that executed the foregoing instrument and acknowledged the said instrument to be a free and voluntary act and deed of the corporation, for the uses and purposes set forth therein, an oath stated that he is authorized to execute said instrument on behalf of said corporation.

Witness my hand and official seal hereto affixed the day and year first above written.

Edwin G. Wagner
Notary Public in and for the State of Washington
Residing at: Spokane
My Commission Expires: 11/30/09





CONDITIONAL LIEN WAIVER, RELEASE AND SUBORDINATION

Payment Amount: \$157,141.21
For Work Through: September 15, 2007

TO: BRN DEVELOPMENT, INC., OWNER
P.O. Box 3070
Coeur d'Alene, ID 83816
- and -
ALL OTHER PARTIES IN INTEREST

Handwritten notes: Paid 11-13-07, 05-102, 07-090, B, C, F, G

RE: PROJECT: BLACK ROCK NORTH
COEUR D'ALENE, IDAHO

Project: 05-102 & 07-090

Upon receipt of payment of the sum of \$157,141.20, the undersigned waives any and all right to any lien whatever and releases all rights to lien or claim any lien against the real property associated with the above Project by the undersigned in connection with any and all work or labor performed, materials, equipment, goods, or things supplied or furnished, or any other claims or obligations owed through the date shown above, on the above-named Project.

This waiver and release does not cover rights or obligations that might accrue after the above date for additional work that may be performed. In addition, upon receipt of the payment stated above, the undersigned agrees that any lien that may be filed for work performed after said date will only have lien priority from and after the date stated above and will be subordinate to any liens or encumbrances attaching to the subject property prior to said date.

As an inducement to the above-named Owner to make the payment first described above, the undersigned further covenants and represents that it has performed the work and/or furnished the materials pursuant to and in accordance with the plans and specifications or work order in effect up through September 15, 2007. The undersigned further covenants and represents that either all obligations related to labor, equipment, supplies, materials, lower tier subcontractors at all levels and consultants through the date first stated above have been fully paid, or all such obligations will be paid first out of the funds to be received before any of said funds will be applied to any other purpose and the payment first described above will be sufficient to fully satisfy all such obligations.

If signed on behalf of a company, the undersigned certifies under penalty of perjury under the laws of the State of Idaho that he or she is authorized to execute the same on behalf of the company to be bound.

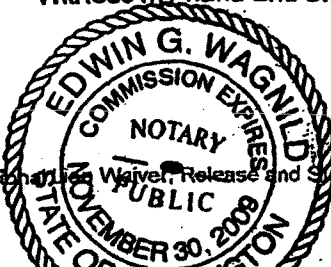
TAYLOR ENGINEERING, INC.

By: [Signature]
Its: PRINCIPAL

STATE of Washington)
County of Spokane) ss.

On this 13 day of Nov., 2007, before me, the undersigned, a Notary Public in and for the State of WA, personally appeared Ronald G. Pace, known or identified to me to be the Principal of Taylor Engineering, Inc., the corporation that executed the foregoing instrument and acknowledged the said instrument to be a free and voluntary act and deed of the corporation, for the uses and purposes set forth therein, and oath stated that he is authorized to execute said instrument on behalf of said corporation.

Witness my hand and official seal hereto affixed the day and year first above written.



Ed M. Wagnell
Notary Public in and for the State of Washington
Residing at: Spokane
My Commission Expires: 11/30/09

CONDITIONAL LIEN WAIVER, RELEASE AND SUBORDINATION

Payment Amount: \$46,196.
For Work Through: July 15, 20



TO: BRN DEVELOPMENT, INC., OWNER
P.O. Box 3070
Coeur d'Alene, ID 83816
- and -
ALL OTHER PARTIES IN INTEREST

Faxed 9-14-07

RE: PROJECT: BLACK ROCK NORTH
COEUR D'ALENE, IDAHO

Project 05-102#23, 05-102B#14 & 05-102C

Upon receipt of payment of the sum of \$46,196.20, the undersigned waives any and all right to any lien whatever and releases all rights to lien or claim any lien against the real property associated with the above Project by the undersigned in connection with any and all work or labor performed, materials, equipment, goods, or things supplied or furnished, or any other claims or obligations owed through the date shown above, on the above-named Project.

This waiver and release does not cover rights or obligations that might accrue after the above date for additional work that may be performed. In addition, upon receipt of the payment stated above, the undersigned agrees that any lien that may be filed for work performed after said date will only have lien priority from and after the date stated above and will be subordinate any liens or encumbrances attaching to the subject property prior to said date.

As an inducement to the above-named Owner to make the payment first described above, the undersigned further covenants and represents that it has performed the work and/or furnished the materials pursuant to and in accordance with the plans and specifications or work order in effect up through July 15, 2007. The undersigned further covenants and represents either all obligations related to labor, equipment, supplies, materials, lower tier subcontractors at all levels and consultants through the date first stated above have been fully paid, or all such obligations will be paid first out of the funds to be received before any of said funds will be applied to any other purpose and the payment first described above will be sufficient to fully satisfy all such obligations.

If signed on behalf of a company, the undersigned certifies under penalty of perjury under the laws of the State of Idaho that he or she is authorized to execute the same on behalf of the company to be bound.

TAYLOR ENGINEERING, INC.

By: [Signature]
Its: _____

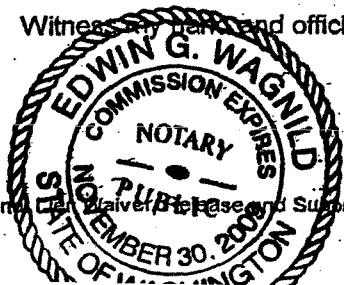
PRW

STATE of Washington)
County of Spokane)

ss.

On this 14 day of September, 2007, before me, the undersigned, a Notary Public in and for the State of Washington, personally appeared Stanley R. Strling, known or identified to me to be the Principal of Taylor Engineering, Inc., the corporation that executed the foregoing instrument and acknowledged the said instrument to be a free and voluntary act and deed of the corporation, for the uses and purposes set forth therein, a oath stated that he is authorized to execute said instrument on behalf of said corporation.

Witness my hand and official seal hereto affixed the day and year first above written.



Edwin G. Wagnild
Notary Public in and for the State of Washington
Residing at: Spokane
My Commission Expires: 11/30/09



CONDITIONAL LIEN WAIVER, RELEASE AND SUBORDINATION

Payment Amount: \$7,669.84
For Work Through: July 31, 2007

05-102

TO: BRMC DEVELOPMENT, INC., OWNER
P.O. Box 3070
Coeur d'Alene, ID 83816
- and -
ALL OTHER PARTIES IN INTEREST

RE: PROJECT - SUN UP BAY
COEUR D'ALENE, IDAHO

Upon receipt of payment of the sum of \$7,669.84, the undersigned waives any and all right to any lien whatever and releases all rights to lien or claim any lien against the real property associated with the above Project by the undersigned in connection with any and all work or labor performed, materials, equipment, goods, or things supplied or furnished, or any other claims or obligations owed through the date shown above, on the above-named Project.

This waiver and release does not cover rights or obligations that might accrue after the above date for additional work that may be performed. In addition, upon receipt of the payment stated above, the undersigned agrees that any lien that may be filed for work performed after said date will only have lien priority from and after the date stated above and will be subordinate to any liens or encumbrances attaching to the subject property prior to said date.

As an inducement to the above-named Owner to make the payment first described above, the undersigned further covenants and represents that it has performed the work and/or furnished the materials pursuant to and in accordance with the plans and specifications or work order in effect up through July 31, 2007. The undersigned further covenants and represents that either all obligations related to labor, equipment, supplies, materials, lower tier subcontractors at all levels and consultants through the date first stated above have been fully paid, or all such obligations will be paid first out of the funds to be received before any of said funds will be applied to any other purpose and the payment first described above will be sufficient to fully satisfy all such obligations.

If signed on behalf of a company, the undersigned certifies under penalty of perjury under the laws of the State of Idaho that he or she is authorized to execute the same on behalf of the company to be bound.

TAYLOR ENGINEERING, INC.

By: [Signature]
Its: Principal

STATE of WASHINGTON)
County of SPOKANE) ss.

On this 9th day of August, 2007, before me, the undersigned, a Notary Public in and for the State of WASHINGTON, personally appeared Stanley STIRLING, known or identified to me to be the a PRINCIPAL of Taylor Engineering, Inc., the corporation that executed the foregoing instrument and acknowledged the said instrument to be a free and voluntary act and deed of the corporation, for the uses and purposes set forth therein, and on oath stated that he is authorized to execute said instrument on behalf of said corporation.

Witness my hand and official seal hereto affixed the day and year first above written.

[Signature]
Notary Public in and for the State of WASHINGTON
Residing at: SPOKANE
My Commission Expires: 6/1/11





CONDITIONAL LIEN WAIVER, RELEASE AND SUBORDINATION

Payment Amount: \$60,747.4
For Work Through: June 15, 200

TO: BRN DEVELOPMENT, INC., OWNER
P.O. Box 3070
Coeur d'Alene, ID 83816
- and -
ALL OTHER PARTIES IN INTEREST

RE: PROJECT: BLACK ROCK NORTH
COEUR D'ALENE, IDAHO

Project: 05-102 #22, 05-102B #13,
05-102C #7, 05-102G #1

Upon receipt of payment of the sum of \$60,747.47, the undersigned waives any and all right to any lien whatever and releases all rights to lien or claim any lien against the real property associated with the above Project by the undersigned in connection with any and all work or labor performed, materials, equipment, goods, or things supplied or furnished, or any other claims or obligations owed through the date shown above, on the above-named Project.

This waiver and release does not cover rights or obligations that might accrue after the above date for additional work that may be performed. In addition, upon receipt of the payment stated above, the undersigned agrees that any lien that may be filed for work performed after said date will only have lien priority from and after the date stated above and will be subordinate to any liens or encumbrances attaching to the subject property prior to said date.

As an inducement to the above-named Owner to make the payment first described above, the undersigned further covenants and represents that it has performed the work and/or furnished the materials pursuant to and in accordance with the plans and specifications or work order in effect up through June 15, 2007. The undersigned further covenants and represents that either all obligations related to labor, equipment, supplies, materials, lower tier subcontractors at all levels and consultants through the date first stated above have been fully paid, or all such obligations will be paid first out of the funds to be received before any of said funds will be applied to any other purpose and the payment first described above will be sufficient to fully satisfy all such obligations.

If signed on behalf of a company, the undersigned certifies under penalty of perjury under the laws of the State of Idaho that he or she is authorized to execute the same on behalf of the company to be bound.

TAYLOR ENGINEERING, INC.

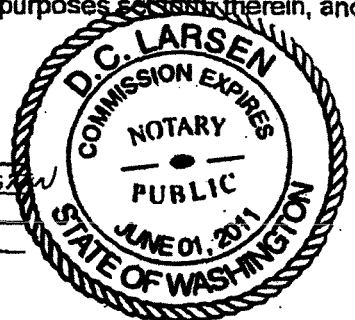
By: [Signature]
Its: Principal

STATE of WASHINGTON)
County of SPOKANE) ss.

On this 9th day of August, 2007, before me, the undersigned, a Notary Public in and for the State of WASHINGTON, personally appeared Stanley Stirling, known or identified to me to be the a principal of Taylor Engineering, Inc., the corporation that executed the foregoing instrument and acknowledged the said instrument to be a free and voluntary act and deed of the corporation, for the uses and purposes set forth therein, and oath stated that he is authorized to execute said instrument on behalf of said corporation.

Witness my hand and official seal hereto affixed the day and year first above written.

[Signature]
Notary Public in and for the State of WASHINGTON
Residing at: SPOKANE
My Commission Expires: 6/11





CONDITIONAL LIEN WAIVER, RELEASE AND SUBORDINATION

Payment Amount: \$86,759.23
For Work Through: May 15, 2007

TO: BRN DEVELOPMENT, INC., OWNER
P.O. Box 3070
Coeur d'Alene, ID 83816
- and -
ALL OTHER PARTIES IN INTEREST

Fixed 7.11.07

RE: PROJECT: BLACK ROCK NORTH
COEUR D'ALENE, IDAHO

Project: 05-102 #21, 05-102B #12
05-102C #6

Upon receipt of payment of the sum of \$86,759.23, the undersigned waives any and all right to any lien whatever and releases all rights to lien or claim any lien against the real property associated with the above Project by the undersigned in connection with any and all work or labor performed, materials, equipment, goods, or things supplied or furnished, or any other claims or obligations owed through the date shown above, on the above-named Project.

This waiver and release does not cover rights or obligations that might accrue after the above date for additional work that may be performed. In addition, upon receipt of the payment stated above, the undersigned agrees that any lien that may be filed for work performed after said date will only have lien priority from and after the date stated above and will be subordinate to any liens or encumbrances attaching to the subject property prior to said date.

As an inducement to the above-named Owner to make the payment first described above, the undersigned further covenants and represents that it has performed the work and/or furnished the materials pursuant to and in accordance with the plans and specifications or work order in effect up through May 15, 2007. The undersigned further covenants and represents that either all obligations related to labor, equipment, supplies, materials, lower tier subcontractors at all levels and consultants through the date first stated above have been fully paid, or all such obligations will be paid first out of the funds to be received before any of said funds will be applied to any other purpose and the payment first described above will be sufficient to fully satisfy all such obligations.

If signed on behalf of a company, the undersigned certifies under penalty of perjury under the laws of the State of Idaho that he or she is authorized to execute the same on behalf of the company to be bound.

TAYLOR ENGINEERING, INC.

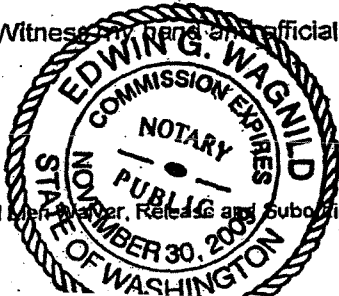
By: [Signature]
Its: Principal

STATE of Washington
County of Spokane

ss.

On this 11 day of July, 2007, before me, the undersigned, a Notary Public in and for the State of Washington, personally appeared Steven R. Straling, known or identified to me to be the Principal of Taylor Engineering, Inc., the corporation that executed the foregoing instrument and acknowledged the said instrument to be a free and voluntary act and deed of the corporation, for the uses and purposes set forth therein, an oath stated that he is authorized to execute said instrument on behalf of said corporation.

Witness my hand and official seal hereto affixed the day and year first above written.



Edwin G. Wagner
Notary Public in and for the State of Washington
Residing at: Spokane
My Commission Expires: 11/30/09



CONDITIONAL LIEN WAIVER, RELEASE AND SUBORDINATION

Payment Amount: \$48,898.75
For Work Through: April 27, 2007

(Farm 6-8-07)

TO: BRN DEVELOPMENT, INC., OWNER
P.O. Box 3070
Coeur d'Alene, ID 83816
- and -
ALL OTHER PARTIES IN INTEREST

RE: PROJECT: BLACK ROCK NORTH
COEUR D'ALENE, IDAHO

Project: 05-102 #1005-102B #11
05-102F # 3

Upon receipt of payment of the sum of \$48,898.75, the undersigned waives any and all right to any lien whatever and releases all rights to lien or claim any lien against the real property associated with the above Project by the undersigned in connection with any and all work or labor performed, materials, equipment, goods, or things supplied or furnished, or any other claims or obligations owed through the date shown above, on the above-named Project.

This waiver and release does not cover rights or obligations that might accrue after the above date for additional work that may be performed. In addition, upon receipt of the payment stated above, the undersigned agrees that any lien that may be filed for work performed after said date will only have lien priority from and after the date stated above and will be subordinate any liens or encumbrances attaching to the subject property prior to said date.

As an inducement to the above-named Owner to make the payment first described above, the undersigned further covenants and represents that it has performed the work and/or furnished the materials pursuant to and in accordance with the plans and specifications or work order in effect up through April 27, 2007. The undersigned further covenants and represents either all obligations related to labor, equipment, supplies, materials, lower tier subcontractors at all levels and consultants through the date first stated above have been fully paid, or all such obligations will be paid first out of the funds to be received before any of said funds will be applied to any other purpose and the payment first described above will be sufficient to fully satisfy all such obligations.

If signed on behalf of a company, the undersigned certifies under penalty of perjury under the laws of the State of ID that he or she is authorized to execute the same on behalf of the company to be bound.

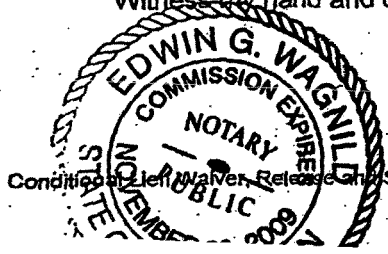
TAYLOR ENGINEERING, INC.

By: [Signature]
Its: [Signature]

STATE of Washington)
County of Spokane) ss.

On this 8 day of June, 2007, before me, the undersigned, a Notary Public in and for the State of Washington, personally appeared Stanley R. Strickland, known or identified to me to be the Principal of Taylor Engineering, Inc., the corporation that executed the foregoing instrument and acknowledged the said instrument to be a free and voluntary act and deed of the corporation, for the uses and purposes set forth therein, oath stated that he is authorized to execute said instrument on behalf of said corporation.

Witness my hand and official seal hereto affixed the day and year first above written.



Edwin G. Wagner
Notary Public in and for the State of Washington
Residing at: Spokane
My Commission Expires: 11/30/09

CONDITIONAL LIEN WAIVER, RELEASE AND SUBORDINATION



Payment Amount: \$3,295.00
For Work Through: March 15, 2007

05-102E

(Fax'd 5-10-07)

TO: THE RIDGE AT BLACK ROCK BAY, INC, OWNER
P.O. Box 3070
Coeur d'Alene, ID 83816
- and -
ALL OTHER PARTIES IN INTEREST

RE: PROJECT - ESTATES @ BLACK ROCK BAY
COEUR D'ALENE, IDAHO

Upon receipt of payment of the sum of \$3,295.00 the undersigned waives any and all right to any lien whatever and releases all rights to lien or claim any lien against the real property associated with the above Project by the undersigned in connection with any and all work or labor performed, materials, equipment, goods, or things supplied or furnished, or any other claims or obligations owed through the date shown above, on the above-named Project.

This waiver and release does not cover rights or obligations that might accrue after the above date for additional work that may be performed. In addition, upon receipt of the payment stated above, the undersigned agrees that any lien that may be filed for work performed after said date will only have lien priority from and after the date stated above and will be subordinate to any liens or encumbrances attaching to the subject property prior to said date.

As an inducement to the above-named Owner to make the payment first described above, the undersigned further covenants and represents that it has performed the work and/or furnished the materials pursuant to and in accordance with the plans and specifications or work order in effect up through March 15, 2007. The undersigned further covenants and represents that either all obligations related to labor, equipment, supplies, materials, lower tier subcontractors at all levels and consultants through the date first stated above have been fully paid, or all such obligations will be paid first out of the funds to be received before any of said funds will be applied to any other purpose and the payment first described above will be sufficient to fully satisfy all such obligations.

If signed on behalf of a company, the undersigned certifies under penalty of perjury under the laws of the State of Idaho that he or she is authorized to execute the same on behalf of the company to be bound.

TAYLOR ENGINEERING, INC.

By: [Signature]
Its: Principal

STATE of Washington)
County of Spokane) ss.

On this 10 day of May, 2007, before me, the undersigned, a Notary Public in and for the State of WA personally appeared Stanley R Stirling, known or identified to me to be the Principal of Taylor Engineering, Inc. the corporation that executed the foregoing instrument and acknowledged the said instrument to be a free and voluntary act and deed of the corporation, for the uses and purposes set forth therein, and on oath stated that he is authorized to execute said instrument on behalf of said corporation.

Witness my hand and official seal hereto affixed the day and year first above written.

Edwin G Wagnild
Notary Public in and for the State of WA
Residing at Spokane
My Commission Expires: 11/30/09





CONDITIONAL LIEN WAIVER, RELEASE AND SUBORDINATION

Payment Amount: \$78,565.0
For Work Through: March 15, 200

TO: BRN DEVELOPMENT, INC., OWNER
P.O. Box 3070
Coeur d'Alene, ID 83816
- and -
ALL OTHER PARTIES IN INTEREST

Filed 5-8-07

RE: PROJECT: BLACK ROCK NORTH
COEUR D'ALENE, IDAHO

Project: 05-102 #19, 05-102B #10
05-102F #2

Upon receipt of payment of the sum of \$78,565.00, the undersigned waives any and all right to any lien whatever and releases all rights to lien or claim any lien against the real property associated with the above Project by the undersigned in connection with any and all work or labor performed, materials, equipment, goods, or things supplied or furnished, or any other claims or obligations owed through the date shown above, on the above-named Project.

This waiver and release does not cover rights or obligations that might accrue after the above date for additional work that may be performed. In addition, upon receipt of the payment stated above, the undersigned agrees that any lien that may be filed for work performed after said date will only have lien priority from and after the date stated above and will be subordinate to any liens or encumbrances attaching to the subject property prior to said date.

As an inducement to the above-named Owner to make the payment first described above, the undersigned further covenants and represents that it has performed the work and/or furnished the materials pursuant to and in accordance with the plans and specifications or work order in effect up through March 15, 2007. The undersigned further covenants and represents that either all obligations related to labor, equipment, supplies, materials, lower tier subcontractors at all levels and consultants through the date first stated above have been fully paid, or all such obligations will be paid first out of the funds to be received before any of said funds will be applied to any other purpose and the payment first described above will be sufficient to fully satisfy all such obligations.

If signed on behalf of a company, the undersigned certifies under penalty of perjury under the laws of the State of Idaho that he or she is authorized to execute the same on behalf of the company to be bound.

TAYLOR ENGINEERING, INC.

By: [Signature]
Its: Principal

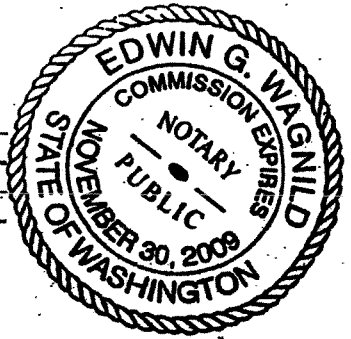
STATE of Washington
County of Spokane

ss.

On this 8 day of May, 2007, before me, the undersigned, a Notary Public in and for the State of WA, personally appeared Stanley R. Strilling, known or identified to me to be the Principal of Taylor Engineering, Inc., the corporation that executed the foregoing instrument and acknowledged the said instrument to be a free and voluntary act and deed of the corporation, for the uses and purposes set forth therein, and oath stated that he is authorized to execute said instrument on behalf of said corporation.

Witness my hand and official seal hereto affixed the day and year first above written.

Ed M. Wagnild
Notary Public in and for the State of WA
Residing at: Spokane
My Commission Expires: 11/30/09





CONDITIONAL LIEN WAIVER, RELEASE AND SUBORDINATION

Payment Amount: \$6,100.00
For Work Through: February 15, 2007

05-102 E

(Filed 4-9-07)

TO: THE RIDGE AT BLACK ROCK BAY, INC, OWNER
P.O. Box 3070
Coeur d'Alene, ID 83816
- and -
ALL OTHER PARTIES IN INTEREST

RE: PROJECT - ESTATES @ BLACK ROCK BAY
COEUR D'ALENE, IDAHO

Upon receipt of payment of the sum of \$6,100.00 the undersigned waives any and all right to any lien whatever and releases all rights to lien or claim any lien against the real property associated with the above Project by the undersigned in connection with any and all work or labor performed, materials, equipment, goods, or things supplied or furnished, or any other claims or obligations owed through the date shown above, on the above-named Project.

This waiver and release does not cover rights or obligations that might accrue after the above date for additional work that may be performed. In addition, upon receipt of the payment stated above, the undersigned agrees that any lien that may be filed for work performed after said date will only have lien priority from and after the date stated above and will be subordinate to any liens or encumbrances attaching to the subject property prior to said date.

As an inducement to the above-named Owner to make the payment first described above, the undersigned further covenants and represents that it has performed the work and/or furnished the materials pursuant to and in accordance with the plans and specifications or work order in effect up through February 15, 2007. The undersigned further covenants and represents that either all obligations related to labor, equipment, supplies, materials, lower tier subcontractors at all levels and consultants through the date first stated above have been fully paid, or all such obligations will be paid first out of the funds to be received before any of said funds will be applied to any other purpose and the payment first described above will be sufficient to fully satisfy all such obligations.

If signed on behalf of a company, the undersigned certifies under penalty of perjury under the laws of the State of Idaho that he or she is authorized to execute the same on behalf of the company to be bound.

TAYLOR ENGINEERING, INC.

By: [Signature]
Its: Principal

STATE of Washington)
County of Spokane) ss.

On this 9 day of April, 2007, before me, the undersigned, a Notary Public in and for the State of WA personally appeared Stanley R. Stirling known or identified to me to be the Principal of Taylor Engineering, Inc. the corporation that executed the foregoing instrument and acknowledged the said instrument to be a free and voluntary act and deed of the corporation, for the uses and purposes set forth therein, and on oath stated that he is authorized to execute said instrument on behalf of said corporation.

Witness my hand and official seal hereto affixed the day and year first above written.



Edwin Wagnild
Notary Public in and for the State of WA
Residing at Spokane
My Commission Expires: 11/30/09

1272

CONDITIONAL LIEN WAIVER, RELEASE AND SUBORDINATION



Payment Amount: \$99,222.70
For Work Through: February 15, 2007

TO: BRN DEVELOPMENT, INC., OWNER
P.O. Box 3070
Coeur d'Alene, ID 83816
- and -
ALL OTHER PARTIES IN INTEREST

Fixed 4-9-07

RE: PROJECT: BLACK ROCK NORTH
COEUR D'ALENE, IDAHO

Project: 05-102F#1, 05-102#18, 05102B#9
05-102C#5

Upon receipt of payment of the sum of \$99,222.70, the undersigned waives any and all right to any lien whatever and releases all rights to lien or claim any lien against the real property associated with the above Project by the undersigned in connection with any and all work or labor performed, materials, equipment, goods, or things supplied or furnished, or any other claims or obligations owed through the date shown above, on the above-named Project.

This waiver and release does not cover rights or obligations that might accrue after the above date for additional work that may be performed. In addition, upon receipt of the payment stated above, the undersigned agrees that any lien that may be filed for work performed after said date will only have lien priority from and after the date stated above and will be subordinate to any liens or encumbrances attaching to the subject property prior to said date.

As an inducement to the above-named Owner to make the payment first described above, the undersigned further covenants and represents that it has performed the work and/or furnished the materials pursuant to and in accordance with the plans and specifications or work order in effect up through February 15, 2007. The undersigned further covenants and represents that either all obligations related to labor, equipment, supplies, materials, lower tier subcontractors at all levels and consultants through the date first stated above have been fully paid, or all such obligations will be paid first out of the funds to be received before any of said funds will be applied to any other purpose and the payment first described above will be sufficient to fully satisfy all such obligations.

If signed on behalf of a company, the undersigned certifies under penalty of perjury under the laws of the State of Idaho that he or she is authorized to execute the same on behalf of the company to be bound.

TAYLOR ENGINEERING, INC.

By: [Signature]
Its: [Signature]

STATE of Washington
County of Spokane

ss.

On this 9 day of April, 2007, before me, the undersigned, a Notary Public in and for the State of WA, personally appeared Stanley R. Sturges, known or identified to me to be the Principal of Taylor Engineering, Inc., the corporation that executed the foregoing instrument and acknowledge the said instrument to be a free and voluntary act and deed of the corporation, for the uses and purposes set forth therein, an oath stated that he is authorized to execute said instrument on behalf of said corporation.

Witness and official seal hereto affixed the day and year first above written.



Edwin G. Wagnild
Notary Public in and for the State of WA
Residing at: Spokane
My Commission Expires: 11/30/09

CONDITIONAL LIEN WAIVER, RELEASE AND SUBORDINATION



Payment Amount: \$101,830.00
For Work Through: October 15, 2006

Fixed 12-8-06

TO: BRN DEVELOPMENT, INC., OWNER
PO BOX 3070
COEUR D'ALENE, ID 83816
- and -
ALL OTHER PARTIES IN INTEREST

RE: PROJECT: BLACK ROCK NORTH
COEUR D'ALENE, IDAHO

PROJECTS: 05-102#14, 05-102B#5 & 05-102C#1

Upon receipt of payment of the sum of \$101,830.00, the undersigned waives any and all right to any lien whatever and releases all rights to lien or claim any lien against the real property associated with the above Project by the undersigned in connection with any and all work or labor performed, materials, equipment, goods, or things supplied or furnished, or any other claims or obligations owed through the date shown above, on the above-named Project.

This waiver and release does not cover rights or obligations that might accrue after the above date for additional work that may be performed. In addition, upon receipt of the payment stated above, the undersigned agrees that any lien that may be filed for work performed after said date will only have lien priority from and after the date stated above and will be subordinate any liens or encumbrances attaching to the subject property prior to said date.

As an inducement to the above-named Owner to make the payment first described above, the undersigned further covenants and represents that it has performed the work and/or furnished the materials pursuant to and in accordance with the plans and specifications or work order in effect up through October 15, 2006. The undersigned further covenants and represents that either all obligations related to labor, equipment, supplies, materials, lower tier subcontractors at all levels and consultants through the date first stated above have been fully paid, or all such obligations will be paid first out of the funds to be received before any of said funds will be applied to any other purpose and the payment first described above will be sufficient to fully satisfy all such obligations.

If signed on behalf of a company, the undersigned certifies under penalty of perjury under the laws of the State of Idaho that he or she is authorized to execute the same on behalf of the company to be bound.

TAYLOR ENGINEERING, INC.

By: [Signature]
Its: Principal

STATE of WA
County of Spokane

ss.

On this 8 day of Dec, 2006, before me, the undersigned, a Notary Public in and for the State of WA, personally appeared Stanley R. Stirling, known or identified to me to be the Principal of Taylor Engineering, Inc., the corporation that executed the foregoing instrument and acknowledged the said instrument to be a free and voluntary act and deed of the corporation, for the uses and purposes set forth therein, and on oath stated that he is authorized to execute said instrument on behalf of said corporation.

Witness my hand and official seal hereto affixed the day and year first above written.

Edwin G. Wagnell
Notary Public in and for the State of WA
Residing at: Spokane
My Commission Expires: 11/30/09



1274

TAYLOR 000110



CONDITIONAL LIEN WAIVER, RELEASE AND SUBORDINATION

Payment Amount: \$136,252.60
For Work Through: November 15, 2006

TO: BRN DEVELOPMENT, INC., OWNER
P.O. Box 3070
Coeur d'Alene, ID 83816
- and -
ALL OTHER PARTIES IN INTEREST

Fixed 12.8.06

RE: PROJECT: BLACK ROCK NORTH
COEUR D'ALENE, IDAHO

Project: 05-102#15, 05-102B#6 & 05-102C#2

Upon receipt of payment of the sum of \$136,252.60, the undersigned waives any and all right to any lien whatever and releases all rights to lien or claim any lien against the real property associated with the above Project by the undersigned in connection with any and all work or labor performed, materials, equipment, goods, or things supplied or furnished, or any other claims or obligations owed through the date shown above, on the above-named Project.

This waiver and release does not cover rights or obligations that might accrue after the above date for additional work that may be performed. In addition, upon receipt of the payment stated above, the undersigned agrees that any lien that may be filed for work performed after said date will only have lien priority from and after the date stated above and will be subordinate to any liens or encumbrances attaching to the subject property prior to said date.

As an inducement to the above-named Owner to make the payment first described above, the undersigned further covenants and represents that it has performed the work and/or furnished the materials pursuant to and in accordance with the plans and specifications or work order in effect up through November 15, 2006. The undersigned further covenants and represents that either all obligations related to labor, equipment, supplies, materials, lower tier subcontractors at all levels and consultants through the date first stated above have been fully paid, or all such obligations will be paid first out of the funds to be received before any of said funds will be applied to any other purpose and the payment first described above will be sufficient to fully satisfy all such obligations.

If signed on behalf of a company, the undersigned certifies under penalty of perjury under the laws of the State of Idaho that he or she is authorized to execute the same on behalf of the company to be bound.

TAYLOR ENGINEERING, INC.

By: [Signature]
Its: Principal

STATE of Washington)
County of Spokane) ss.

On this 8 day of Dec, 2006, before me, the undersigned, a Notary Public in and for the State of WA, personally appeared Stanley R Stirling, known or identified to me to be the Principal of Taylor Engineering, Inc., the corporation that executed the foregoing instrument and acknowledged the said instrument to be a free and voluntary act and deed of the corporation, for the uses and purposes set forth therein, and on oath stated that he is authorized to execute said instrument on behalf of said corporation.

My official seal and official seal hereto affixed the day and year first above written.



Edwin H Wagnild
Notary Public in and for the State of WA
Residing at Spokane
My Commission Expires: 11/30/09



CONDITIONAL LIEN WAIVER, RELEASE AND SUBORDINATION

Payment Amount: \$54,770.16
For Work Through: January 30, 2007

TO: BRN DEVELOPMENT, INC., OWNER
P.O. Box 3070
Coeur d'Alene, ID 83816
- and -
ALL OTHER PARTIES IN INTEREST

Faxed 3-1-07

RE: PROJECT: BLACK ROCK NORTH
COEUR D'ALENE, IDAHO

Project: 05-102#17, 05-102B#8, 05-102C#4
05-102D#1

Upon receipt of payment of the sum of \$54,770.16, the undersigned waives any and all right to any lien whatever and releases all rights to lien or claim any lien against the real property associated with the above Project by the undersigned in connection with any and all work or labor performed, materials, equipment, goods, or things supplied or furnished, or any other claims or obligations owed through the date shown above, on the above-named Project.

This waiver and release does not cover rights or obligations that might accrue after the above date for additional work that may be performed. In addition, upon receipt of the payment stated above, the undersigned agrees that any lien that may be filed for work performed after said date will only have lien priority from and after the date stated above and will be subordinate to any liens or encumbrances attaching to the subject property prior to said date.

As an inducement to the above-named Owner to make the payment first described above, the undersigned further covenants and represents that it has performed the work and/or furnished the materials pursuant to and in accordance with the plans and specifications or work order in effect up through January 30, 2007. The undersigned further covenants and represents that either all obligations related to labor, equipment, supplies, materials, lower tier subcontractors at all levels and consultants through the date first stated above have been fully paid, or all such obligations will be paid first out of the funds to be received before any of said funds will be applied to any other purpose and the payment first described above will be sufficient to fully satisfy all such obligations.

If signed on behalf of a company, the undersigned certifies under penalty of perjury under the laws of the State of Idaho that he or she is authorized to execute the same on behalf of the company to be bound.

TAYLOR ENGINEERING, INC.

By: [Signature]
Its: Principal

STATE of Washington)
County of Spikeone) ss.

On this 15th day of March, 2007, before me, the undersigned, a Notary Public in and for the State of WA, personally appeared Stanley R. Sinding, known or identified to me to be the Principal of Taylor Engineering, Inc., the corporation that executed the foregoing instrument and acknowledged the said instrument to be a free and voluntary act and deed of the corporation, for the uses and purposes set forth therein, and on oath stated that he is authorized to execute said instrument on behalf of said corporation.

Official seal hereto affixed the day and year first above written.



Edwin Wagnild
Notary Public in and for the State of WA
Residing at: Spikeone
My Commission Expires: 11/30/09



CONDITIONAL LIEN WAIVER, RELEASE AND SUBORDINATION

Payment Amount: \$73,856.
For Work Through: December 15, 20

TO: BRN DEVELOPMENT, INC., OWNER
PO BOX 3070
COEUR D'ALENE, ID 83816
- and -
ALL OTHER PARTIES IN INTEREST

Faxed 1-25-07

RE: PROJECT: BLACK ROCK NORTH
COEUR D'ALENE, IDAHO

PROJECT NO.: 05-10216, 05-102b7, 05-102c3

Upon receipt of payment of the sum of \$73,856.74, the undersigned waives any and all right to any lien whatever and releases all rights to lien or claim any lien against the real property associated with the above Project by the undersigned in connection with any and all work or labor performed, materials, equipment, goods, or things supplied or furnished, or any other claims or obligations owed through the date shown above, on the above-named Project.

This waiver and release does not cover rights or obligations that might accrue after the above date for additional work that may be performed. In addition, upon receipt of the payment stated above, the undersigned agrees that any lien that may be filed for work performed after said date will only have lien priority from and after the date stated above and will be subordinate any liens or encumbrances attaching to the subject property prior to said date.

As an inducement to the above-named Owner to make the payment first described above, the undersigned further covenants and represents that it has performed the work and/or furnished the materials pursuant to and in accordance with the plans and specifications or work order in effect up through December 15, 2006. The undersigned further covenants and represents that either all obligations related to labor, equipment, supplies, materials, lower tier subcontractors at all levels and consultants through the date first stated above have been fully paid, or all such obligations will be paid first out of the funds to received before any of said funds will be applied to any other purpose and the payment first described above will be sufficient fully satisfy all such obligations.

If signed on behalf of a company, the undersigned certifies under penalty of perjury under the laws of the State of Idaho that he or she is authorized to execute the same on behalf of the company to be bound.

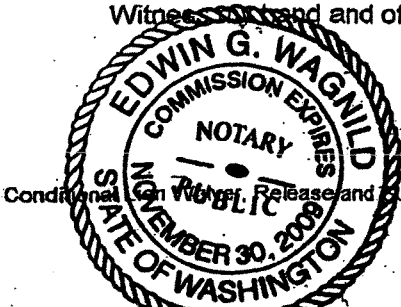
TALYOR ENGINEERING INC

By: Mark Aronson
Its: Principal

STATE of Washington)
County of Spokane) ss.

On this 25 day of JANUARY, 2007, before me, the undersigned, a Notary Public in and for the State of WA, personally appeared Mark Aronson, known or identified to me to be the Principal of Taylor Engineering, Inc., the corporation that executed the foregoing instrument and acknowledged the said instrument to be a free and voluntary act and deed of the corporation, for the uses and purposes set forth therein, and on oath stated that he is authorized to execute said instrument on behalf of said corporation.

Witness my hand and official seal hereto affixed the day and year first above written.



Ed G Wagnild
Notary Public in and for the State of WA
Residing at: Spokane
My Commission Expires: 11/30/09



CONDITIONAL LIEN WAIVER, RELEASE AND SUBORDINATION

Payment Amount: \$55,343.24
For Work Through: September 15, 2006

TO: BRN DEVELOPMENT, INC., OWNER
P.O. Box 3070
Coeur d'Alene, ID 83816
- and -
ALL OTHER PARTIES IN INTEREST

Fax'd 11-15-06

RE: PROJECT: BLACK ROCK NORTH
COEUR D'ALENE, IDAHO

Project: 05-102 #13 and 05-102B##4

Upon receipt of payment of the sum of \$55,343.24, the undersigned waives any and all right to any lien whatever and releases all rights to lien or claim any lien against the real property associated with the above Project by the undersigned in connection with any and all work or labor performed, materials, equipment, goods, or things supplied or furnished, or any other claims or obligations owed through the date shown above, on the above-named Project.

This waiver and release does not cover rights or obligations that might accrue after the above date for additional work that may be performed. In addition, upon receipt of the payment stated above, the undersigned agrees that any lien that may be filed for work performed after said date will only have lien priority from and after the date stated above and will be subordinate to any liens or encumbrances attaching to the subject property prior to said date.

As an inducement to the above-named Owner to make the payment first described above, the undersigned further covenants and represents that it has performed the work and/or furnished the materials pursuant to and in accordance with the plans and specifications or work order in effect up through September 15, 2006. The undersigned further covenants and represents that either all obligations related to labor, equipment, supplies, materials, lower tier subcontractors at all levels and consultants through the date first stated above have been fully paid, or all such obligations will be paid first out of the funds to be received before any of said funds will be applied to any other purpose and the payment first described above will be sufficient to fully satisfy all such obligations.

If signed on behalf of a company, the undersigned certifies under penalty of perjury under the laws of the State of Idaho that he or she is authorized to execute the same on behalf of the company to be bound.

TAYLOR ENGINEERING, INC.

By: [Signature]
Its: PRINCIPAL

STATE of Washington)
County of Spokane)

ss.

On this 15 day of Nov, 2006, before me, the undersigned, a Notary Public in and for the State of WA, personally appeared Stanley R. Stirling, known or identified to me to be the Principal of Taylor Engineering, Inc., the corporation that executed the foregoing instrument and acknowledged the said instrument to be a free and voluntary act and deed of the corporation, for the uses and purposes set forth therein, and on oath stated that he is authorized to execute said instrument on behalf of said corporation.



My official seal hereto affixed the day and year first above written.

Edwin G. Wagnild
Notary Public in and for the State of Washington
Residing at: Spokane
My Commission Expires: 11/30/09



CONDITIONAL LIEN WAIVER, RELEASE AND SUBORDINATION

Payment Amount: \$41,140.82
For Work Through: August 15, 2006

Faxed on 10-10-06

TO: BRN DEVELOPMENT, INC., OWNER
P.O. Box 3070
Coeur d'Alene, ID 83816
- and -
ALL OTHER PARTIES IN INTEREST

RE: PROJECT: BLACK ROCK NORTH
COEUR D'ALENE, IDAHO

Project: 05-102 #12 and 05-102B#3

Upon receipt of payment of the sum of \$41,140.82, the undersigned waives any and all right to any lien whatever and releases all rights to lien or claim any lien against the real property associated with the above Project by the undersigned in connection with any and all work or labor performed, materials, equipment, goods, or things supplied or furnished, or any other claims or obligations owed through the date shown above, on the above-named Project.

This waiver and release does not cover rights or obligations that might accrue after the above date for additional work that may be performed. In addition, upon receipt of the payment stated above, the undersigned agrees that any lien that may be filed for work performed after said date will only have lien priority from and after the date stated above and will be subordinate to any liens or encumbrances attaching to the subject property prior to said date.

As an inducement to the above-named Owner to make the payment first described above, the undersigned further covenants and represents that it has performed the work and/or furnished the materials pursuant to and in accordance with the plans and specifications or work order in effect up through August 15, 2006. The undersigned further covenants and represents that either all obligations related to labor, equipment, supplies, materials, lower tier subcontractors at all levels and consultants through the date first stated above have been fully paid, or all such obligations will be paid first out of the funds to be received before any of said funds will be applied to any other purpose and the payment first described above will be sufficient to fully satisfy all such obligations.

If signed on behalf of a company, the undersigned certifies under penalty of perjury under the laws of the State of Idaho that he or she is authorized to execute the same on behalf of the company to be bound.

TAYLOR ENGINEERING, INC.

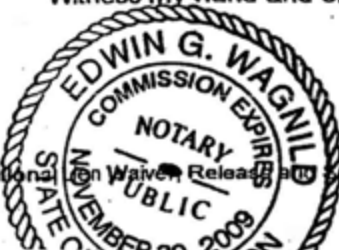
By: [Signature]
Its: Principal

STATE of WA
County of Spokane

ss.

On this 10 day of October, 2006, before me, the undersigned, a Notary Public in and for the State of WA, personally appeared Stanley R. Stirling, known or identified to me to be the Principal of Taylor Engineering, Inc., the corporation that executed the foregoing instrument and acknowledged the said instrument to be a free and voluntary act and deed of the corporation, for the uses and purposes set forth therein, and on oath stated that he is authorized to execute said instrument on behalf of said corporation.

Witness my hand and official seal hereto affixed the day and year first above written.



Ed M. Wagnil
Notary Public in and for the State of WA
Residing at: Spokane
My Commission Expires: 11/30/09



CONDITIONAL LIEN WAIVER, RELEASE AND SUBORDINATION

Payment Amount: \$36,481.26
For Work Through: July 15, 2006

TO: BRN DEVELOPMENT, INC., OWNER
P.O. Box 3070
Coeur d'Alene, ID 83816
- and -
ALL OTHER PARTIES IN INTEREST

Faxed 9-11-06

RE: PROJECT: BLACK ROCK NORTH
COEUR D'ALENE, IDAHO

Project: 05-102 \$ 05-102B

Upon receipt of payment of the sum of \$36,481.26, the undersigned waives any and all right to any lien whatever and releases all rights to lien or claim any lien against the real property associated with the above Project by the undersigned in connection with any and all work or labor performed, materials, equipment, goods, or things supplied or furnished, or any other claims or obligations owed through the date shown above, on the above-named Project.

This waiver and release does not cover rights or obligations that might accrue after the above date for additional work that may be performed. In addition, upon receipt of the payment stated above, the undersigned agrees that any lien that may be filed for work performed after said date will only have lien priority from and after the date stated above and will be subordinate to any liens or encumbrances attaching to the subject property prior to said date.

As an inducement to the above-named Owner to make the payment first described above, the undersigned further covenants and represents that it has performed the work and/or furnished the materials pursuant to and in accordance with the plans and specifications or work order in effect up through July 15, 2006. The undersigned further covenants and represents that either all obligations related to labor, equipment, supplies, materials, lower tier subcontractors at all levels and consultants through the date first stated above have been fully paid, or all such obligations will be paid first out of the funds to be received before any of said funds will be applied to any other purpose and the payment first described above will be sufficient to fully satisfy all such obligations.

If signed on behalf of a company, the undersigned certifies under penalty of perjury under the laws of the State of Idaho that he or she is authorized to execute the same on behalf of the company to be bound.

TAYLOR ENGINEERING, INC.

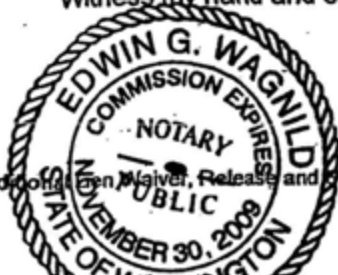
By: [Signature]
Its: Principal

STATE of WA)
County of Spokane)

ss.

On this 11 day of September, 2006, before me, the undersigned, a Notary Public in and for the State of WA, personally appeared Stanley Stirling, known or identified to me to be the Principal of Taylor Engineering, Inc., the corporation that executed the foregoing instrument and acknowledged the said instrument to be a free and voluntary act and deed of the corporation, for the uses and purposes set forth therein, and on oath stated that he is authorized to execute said instrument on behalf of said corporation.

Witness my hand and official seal hereto affixed the day and year first above written.



Edwin Wagnild
Notary Public in and for the State of WA
Residing at: Spokane
My Commission Expires: 11/30/09



CONDITIONAL LIEN WAIVER, RELEASE AND SUBORDINATION

Payment Amount: \$6,847
For Work Through: June 30, 2006

05-102
06-0001

TO: BRN DEVELOPMENT, INC., OWNER
P.O. Box 3070
Coeur d'Alene, ID 83816
- and -
ALL OTHER PARTIES IN INTEREST

RE: PROJECT - BLACK ROCK NORTH
COEUR D'ALENE, IDAHO

Upon receipt of payment of the sum of \$6,847.50, the undersigned waives any and all right to any lien whatever and releases all rights to lien or claim any lien against the real property associated with the above Project by the undersigned in connection with any and all work or labor performed, materials, equipment, goods, or things supplied or furnished, or any other claims or obligations owed through the date shown above, on the above-named Project.

This waiver and release does not cover rights or obligations that might accrue after the above date for additional work that may be performed. In addition, upon receipt of the payment stated above, the undersigned agrees that any lien that may be filed for work performed after said date will only have lien priority from and after the date stated above and will be subordinate to any liens or encumbrances attaching to the subject property prior to said date.

As an inducement to the above-named Owner to make the payment first described above, the undersigned further covenants and represents that it has performed the work and/or furnished the materials pursuant to and in accordance with the plans and specifications or work order in effect up through June 30, 2006. The undersigned further covenants and represents either all obligations related to labor, equipment, supplies, materials, lower tier subcontractors at all levels and consultants through the date first stated above have been fully paid, or all such obligations will be paid first out of the funds to be received before any of said funds will be applied to any other purpose and the payment first described above will be sufficient to fully satisfy all such obligations.

If signed on behalf of a company, the undersigned certifies under penalty of perjury under the laws of the State of Idaho that he or she is authorized to execute the same on behalf of the company to be bound.

TAYLOR ENGINEERING, INC.

By: [Signature]
Its: Principal

STATE of WASHINGTON)
County of SPOKANE) ss.

On this 10th day of August, 2006, before me, the undersigned, a Notary Public in and for the State of WASHINGTON personally appeared Stanley Shelling, known or identified to me to be the Principal of Taylor Engineering, Inc., the corporation that executed the foregoing instrument and acknowledged the said instrument to be a free and voluntary act and deed of the corporation, for the uses and purposes set forth therein, and on oath stated that he is authorized to execute said instrument on behalf of said corporation.

Witness my hand and official seal hereto affixed the day and year first above written.

[Signature]
Notary Public in and for the State of WASHINGTON
Residing at: SPOKANE
My Commission Expires: 6-1-07





CONDITIONAL LIEN WAIVER, RELEASE AND SUBORDINATION

Faxed 6-13-06

Payment Amount: \$43,017.10
For Work Through: May 26, 2006

TO: BLACK ROCK DEVELOPMENT, INC., OWNER
P.O. Box 3070
Coeur d'Alene, ID 83816
- and -
ALL OTHER PARTIES IN INTEREST

05-030A	2755.00
05-102	36064.60
05-C008	4197.50
<hr/>	
43017.10	

RE: PROJECT - BLACK ROCK NORTH
COEUR D'ALENE, IDAHO

Upon receipt of payment of the sum of \$43,017.10, the undersigned waives any and all right to any lien whatever and releases all rights to lien or claim any lien against the real property associated with the above Project by the undersigned in connection with any and all work or labor performed, materials, equipment, goods, or things supplied or furnished, or any other claims or obligations owed through the date shown above, on the above-named Project.

This waiver and release does not cover rights or obligations that might accrue after the above date for additional work that may be performed. In addition, upon receipt of the payment stated above, the undersigned agrees that any lien that may be filed for work performed after said date will only have lien priority from and after the date stated above and will be subordinate to any liens or encumbrances attaching to the subject property prior to said date.

As an inducement to the above-named Owner to make the payment first described above, the undersigned further covenants and represents that it has performed the work and/or furnished the materials pursuant to and in accordance with the plans and specifications or work order in effect up through May 26, 2006. The undersigned further covenants and represents that either all obligations related to labor, equipment, supplies, materials, lower tier subcontractors at all levels and consultants through the date first stated above have been fully paid, or all such obligations will be paid first out of the funds to be received before any of said funds will be applied to any other purpose and the payment first described above will be sufficient to fully satisfy all such obligations.

If signed on behalf of a company, the undersigned certifies under penalty of perjury under the laws of the State of Idaho that he or she is authorized to execute the same on behalf of the company to be bound.

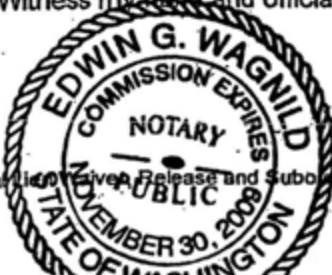
TAYLOR ENGINEERING, INC.

By: Mark Aronson
Its: Principal

STATE of WA)
County of Spokane) ss.

On this 12 day of June 2006, before me, the undersigned, a Notary Public in and for the State of WA personally appeared Mark Aronson, known or identified to me to be the Principal of Taylor Engineering, Inc., the corporation that executed the foregoing instrument and acknowledged the said instrument to be a free and voluntary act and deed of the corporation, for the uses and purposes set forth therein, and on oath stated that he is authorized to execute said instrument on behalf of said corporation.

Witness my hand and official seal hereto affixed the day and year first above written.



Edwin Wagnild
Notary Public in and for the State of WA
Residing at: Spokane
My Commission Expires: 11/30/09



CONDITIONAL LIEN WAIVER, RELEASE AND SUBORDINATION

Payment Amount: \$68,906
For Work Through: March 24, 2006

Final
4-11-06

<i>05-102</i>	<i>37819.38</i>
<i>05-102</i>	<i>30462.48</i>
<i>05-C008A</i>	<i>625.40</i>
	<u><u><i>68906.86</i></u></u>

TO: BLACK ROCK DEVELOPMENT, INC., OWNER
P.O. Box 3070
Coeur d'Alene, ID 83816
- and -
ALL OTHER PARTIES IN INTEREST

RE: PROJECT - BLACK ROCK NORTH
COEUR D'ALENE, IDAHO

Upon receipt of payment of the sum of \$68,906.86, the undersigned waives any and all right to any lien whatever and releases all rights to lien or claim any lien against the real property associated with the above Project by the undersigned in connection with any and all work or labor performed, materials, equipment, goods, or things supplied or furnished, or any other claims or obligations owed through the date shown above, on the above-named Project.

This waiver and release does not cover rights or obligations that might accrue after the above date for additional work that may be performed. In addition, upon receipt of the payment stated above, the undersigned agrees that any lien that may be filed for work performed after said date will only have lien priority from and after the date stated above and will be subordinate any liens or encumbrances attaching to the subject property prior to said date.

As an inducement to the above-named Owner to make the payment first described above, the undersigned further covenants and represents that it has performed the work and/or furnished the materials pursuant to and in accordance with the plans and specifications or work order in effect up through March 24, 2006. The undersigned further covenants and represents that either all obligations related to labor, equipment, supplies, materials, lower tier subcontractors at all levels and consultants through the date first stated above have been fully paid, or all such obligations will be paid first out of the funds to be received before any of said funds will be applied to any other purpose and the payment first described above will be sufficient to fully satisfy all such obligations.

If signed on behalf of a company, the undersigned certifies under penalty of perjury under the laws of the State of Idaho that he or she is authorized to execute the same on behalf of the company to be bound.

TAYLOR ENGINEERING, INC.

By: *[Signature]*
Its: *Principal*

STATE of WA)
County of Spokane) ss.

On this 11 day of April, 2006, before me, the undersigned, a Notary Public in and for the State of WA personally appeared Stanley R Sterling, known or identified to me to be the Principal of Taylor Engineering, Inc., the corporation that executed the foregoing instrument and acknowledged the said instrument to be a free and voluntary act and deed of the corporation, for the uses and purposes set forth therein, and on oath stated that he is authorized to execute said instrument on behalf of said corporation.

Witness my hand and official seal hereto affixed the day and year first above written.

Edwin G. Wagnild
Notary Public in and for the State of WA
Residing at: *Spokane*
My Commission Expires: *11/30/09*





CONDITIONAL LIEN WAIVER, RELEASE AND SUBORDINATION

Payment Amount: \$39,170.6
For Work Through: February 05, 2006

05-102

Faxed 3/10/06

TO: BLACK ROCK DEVELOPMENT, INC., OWNER
P.O. Box 3070
Coeur d'Alene, ID 83816
- and -
ALL OTHER PARTIES IN INTEREST

RE: PROJECT - BLACK ROCK NORTH; SUN UP BAY
COEUR D'ALENE, IDAHO

Upon receipt of payment of the sum of \$39,170.67, the undersigned waives any and all right to any lien whatever and releases all rights to lien or claim any lien against the real property associated with the above Project by the undersigned in connection with any and all work or labor performed, materials, equipment, goods, or things supplied or furnished, or any other claims or obligations owed through the date shown above, on the above-named Project.

This waiver and release does not cover rights or obligations that might accrue after the above date for additional work that may be performed. In addition, upon receipt of the payment stated above, the undersigned agrees that any lien that may be filed for work performed after said date will only have lien priority from and after the date stated above and will be subordinate any liens or encumbrances attaching to the subject property prior to said date.

As an inducement to the above-named Owner to make the payment first described above, the undersigned further covenants and represents that it has performed the work and/or furnished the materials pursuant to and in accordance with the plans and specifications or work order in effect up through February 05, 2006. The undersigned further covenants and represents that either all obligations related to labor, equipment, supplies, materials, lower tier subcontractors at all levels and consultant through the date first stated above have been fully paid, or all such obligations will be paid first out of the funds to be received before any of said funds will be applied to any other purpose and the payment first described above will be sufficient to fully satisfy all such obligations.

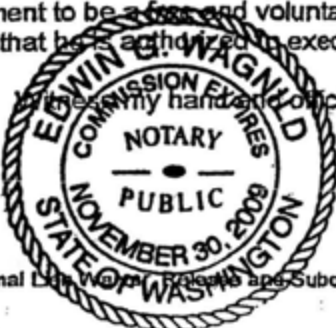
If signed on behalf of a company, the undersigned certifies under penalty of perjury under the laws of the State of Idaho that he or she is authorized to execute the same on behalf of the company to be bound.

TAYLOR ENGINEERING, INC.

By: [Signature]
Its: Principal

STATE of Washington)
County of Spokane) ss.

On this 10th day of March, 2006, before me, the undersigned, a Notary Public in and for the State of WA, personally appeared Stanley R. Stirling, known or identified to me to be the Principal of Taylor Engineering, Inc., the corporation that executed the foregoing instrument and acknowledged the said instrument to be a free and voluntary act and deed of the corporation, for the uses and purposes set forth therein, and on or stated that he is authorized to execute said instrument on behalf of said corporation.



Edwin S. Wagner
Notary Public in and for the State of _____
Residing at: Spokane
My Commission Expires: 11/30/09



CONDITIONAL LIEN WAIVER, RELEASE AND SUBORDINATION

Payment Amount: \$105,256.10
For Work Through: December 10, 2005

TO: BLACK ROCK DEVELOPMENT, INC., OWNER
P.O. Box 3070
Coeur d'Alene, ID 83816
- and -
ALL OTHER PARTIES IN INTEREST

05-102 Series
05-108 Series
05-143
05-144
05-145

RE: PROJECT - BLACK ROCK NORTH; SUN UP BAY
COEUR D'ALENE, IDAHO

Upon receipt of payment of the sum of \$105,256.10, the undersigned waives any and all right to any lien whatever and releases all rights to lien or claim any lien against the real property associated with the above Project by the undersigned in connection with any and all work or labor performed, materials, equipment, goods, or things supplied or furnished; or any other claims or obligations owed through the date shown above, on the above-named Project.

This waiver and release does not cover rights or obligations that might accrue after the above date for additional work that may be performed. In addition, upon receipt of the payment stated above, the undersigned agrees that any lien that may be filed for work performed after said date will only have lien priority from and after the date stated above and will be subordinate any liens or encumbrances attaching to the subject property prior to said date.

As an inducement to the above-named Owner to make the payment first described above, the undersigned further covenants and represents that it has performed the work and/or furnished the materials pursuant to and in accordance with the plans and specifications or work order in effect up through December 10, 2005. The undersigned further covenants and represents that either all obligations related to labor, equipment, supplies, materials, lower tier subcontractors at all levels and consultants through the date first stated above have been fully paid, or all such obligations will be paid first out of the funds to received before any of said funds will be applied to any other purpose and the payment first described above will be sufficient fully satisfy all such obligations.

If signed on behalf of a company, the undersigned certifies under penalty of perjury under the laws of the State of Idaho that he or she is authorized to execute the same on behalf of the company to be bound.

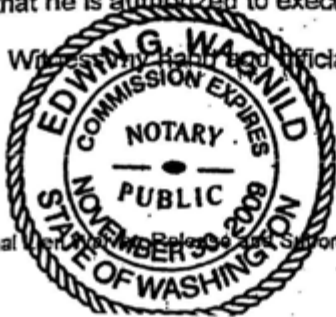
TAYLOR ENGINEERING, INC.

By: Mark Aronson
Its: Principal

STATE of Washington)
County of Spocon) ss.

On this 10 day of January, 2006, before me, the undersigned, a Notary Public in and for the State of WA, personally appeared Mark Aronson, known or identified to me to be the Principal of Taylor Engineering, Inc., the corporation that executed the foregoing instrument and acknowledged the instrument to be a free and voluntary act and deed of the corporation, for the uses and purposes set forth therein, and on oath stated that he is authorized to execute said instrument on behalf of said corporation.

Witness my hand and official seal hereto affixed the day and year first above written.



Edw. G. Wagnel
Notary Public in and for the State of WA
Residing at: Spocon
My Commission Expires: 11/30/09

1285

September 14, 2009

WILLIAM D. HYSLOP
Admitted In: Washington and
Idaho

Ms. Nancy L. Isserlis
Ms. Elizabeth A. Tellessen
Winston & Cashatt, P.S.
1900 Bank of America Financial Center
601 W Riverside Ave.
Spokane, WA 99201

Mr. Randall A Peterman
MOFFAT THOMAS BARRET ROCK & FIELDS CHARTERED
101 S Capitol Blvd 10th Floor
P. O. Box 829
Boise, ID 83701

Re: American Bank v. BRN Development, Inc., et al.
Kootenai County Cause No. CV 09-2619

Dear Nancy, Elizabeth and Randall:

This letter is sent for settlement purposes.

Enclosed for you are American Bank's First Set of Interrogatories and Requests for Production of Documents to Taylor Engineering, Inc. and Answers Thereto.

Attached with the response to Request for Production No. 15 are Conditional Lien Waiver documents signed by Taylor Engineering, Inc. and provided to BRN Development, Inc. Based on these, Taylor Engineering, Inc. will agree that the priority of its Claim of Lien and Amended Claim of Lien are junior to the interest claimed by American Bank.

In return, American Bank would agree to waive any other claim, including attorney fee and cost claims, against Taylor Engineering, Inc. insofar as the real property is involved as named by American Bank in the foregoing litigation.

Additionally, American Bank and its counsel would make available for review at Winston & Cashatt, P.S. by counsel for Taylor Engineering, Inc. copies of all other lien waiver agreements or documents signed by other parties to the pending litigation that you receive. We'll be happy to copy them at our expense if we elect to take copies.

1286

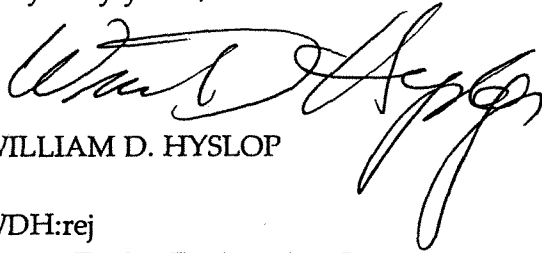


Ms. Nancy L. Isserlis
Ms. Elizabeth A. Tellessen
Mr. Randall A Peterman
September 14, 2009
Page 2

Likewise, it would be agreed that this settlement does not affect and does not control the disposition or standing of Taylor's Claim of Lien and Amended Claim of Lien insofar as these Claims of Lien attach to real property beyond the real property upon which American Bank's encumbrance is claimed.

Please advise if this proposal is acceptable to American Bank.

Very truly yours,



WILLIAM D. HYSLOP

WDH:rej

cc: Taylor Engineering, Inc.

131044

CONFORM COPY

DANIEL J. ENGLISH 5P I 2184889000
KOOTENAI CO. RECORDER Page 1 of 5
AAA Date 11/06/2008 Time 09:20:43
REC-REQ OF PIONEER TITLE COMPANY
RECORDING FEE: 15.00
2184889000 XN

RECORDING REQUESTED BY:

Charles B. Lempeis, Chtd
Attorney at Law
201 West Seventh Avenue
Post Falls ID 83854

CLAIM OF MATERIALMAN'S AND MECHANIC'S LIEN

CLAIMANT:

Thorco, Inc.
4918 Industrial Avenue
P. O. Box 2167
Coeur d'Alene ID 83816

OWNER/REPUTED OWNER(S):

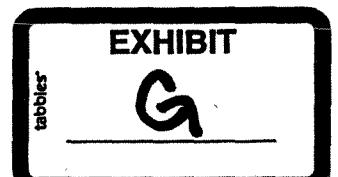
BRN Development, Inc.
American Bank
BRN Investments, LLC

NOTICE is hereby given that THORCO, INC., an Idaho corporation, transacting business from its offices in Kootenai County, Idaho at 4918 Industrial Avenue, P. O. Box 2167, Coeur d'Alene ID 83816, furnished general electrical work, materials, labor, and performed services, described below, installing said materials to be used and which were used upon the following described real property, buildings, improvements, and structures in the County of Kootenai, State of Idaho, to wit:

See Exhibit "A" attached hereto, and by reference made a part hereof.

That said real property, buildings, improvements and structures are owned, or reputed to be owned by BRN DEVELOPMENT, INC., an Idaho Corporation, whose current mailing and physical address is P. O. Box 3070, Coeur d'Alene ID 83816; that BRN DEVELOPMENT, INC. as owner of said real property, buildings, improvements, and structures, employed and requested THORCO, INC. to provide materials, services, and labor; that BRN DEVELOPMENT, INC., as owner, caused THORCO, INC. to furnish said general electrical work including, wiring, lighting and electrical-related materials, and perform said services and provide said labor; and that the work done and materials furnished were at the request of MARSHALL R. CHESROWN and KYLE CAPPS, as agents for BRN DEVELOPMENT, INC.

That said wiring, lighting and electrical-related materials, and labor were used in the construction of buildings and their related structures and improvements located on



CONFORM
COPY

the above described real property; and said real property, in its totality, is necessary for the convenient use of the buildings, structures and improvements. The wiring, lighting and electrical-related materials, services, and labor provided by THORCO, INC., in the construction of the buildings and improvements, involve the purchase and installation of wiring, lighting systems and electrical-related materials.


Total amount due and owing for said materials and labor as of this date, after deducting all just credits and off-sets, is the sum of One Hundred Sixteen Thousand Seven Hundred Sixty-Five Dollars (\$116,765), plus interest at the rate of twelve percent (12%) per annum until paid. That such materials, labor and services were supplied by THORCO, INC., beginning February 26, 2008 and continued to be supplied and substantially performed until and including August 14, 2008. The last date THORCO, INC. stopped providing materials and labor on said real property was August 14, 2008, and that ninety (90) days have not yet elapsed since that date.

That the same Claimant does further claim a lien for Claimant's attorneys fees in the amount of Seven Hundred-Fifty Dollars (\$750) in preparation and filing of his lien as well as the sum of Six Hundred Fifty-Six Dollars (\$656) representing Claimant's cost for obtaining a "Commitment for Title Insurance" prior to recordation of this lien.

WHEREFORE, the undersigned claims a materialman's and mechanic's lien upon the above-described buildings, materials, structures, real property, and improvements in the total sum of One Hundred Eighteen Thousand One Hundred Seventy-One Dollars (\$118,171), plus interest at the rate of twelve percent (12%) per annum until paid, with a priority date of October 21, 2008.

DATED this 22nd day of October, 2008.

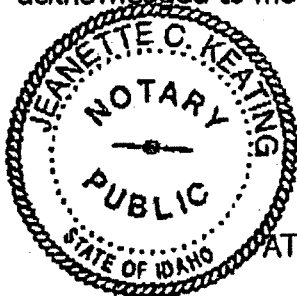
THORCO, INC.

By: 
JAMES THORPE, President

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STATE OF IDAHO)
) ss
COUNTY OF KOOTENAI)

On this 22 day of October, 2008, before me, a Notary Public in and for said State, personally appeared JAMES THORPE, known or identified to me to be the President of Thorco, Inc., that he executed the within instrument on behalf of said corporation and acknowledged to me that such corporation executed the same.



Jeanette C. Keating
NOTARY PUBLIC for the State of Idaho
Residing at: Athol, Idaho
My Commission Expires: 2-15-2014

ATTEST

STATE OF IDAHO)
) ss
COUNTY OF KOOTENAI)

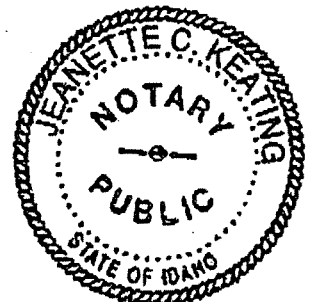
I, JAMES M. THORPE, being first and duly sworn on oath, state as follows:

I am the President of Thorco, Inc., an Idaho corporation, the claimant named in the foregoing Claim of Lien. I know that the information contained therein is true and correct to the best of my knowledge, information and belief and that all just credits and offsets have been fully allowed herein; and I believe the same to be just and correct.

James M. Thorpe
JAMES M. THORPE

The foregoing Claim of Lien was SWORN TO and SUBSCRIBED before me by JAMES M. THORPE on this the 22 day of October, 2008.

Jeanette C. Keating
NOTARY PUBLIC FOR IDAHO
Residing at: Athol, Idaho
Commission Expires: 2-15-2014



CONFORM
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CERTIFICATE OF COMPLIANCE WITH IDAHO CODE § 45-507

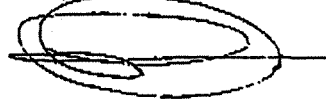
The undersigned declares under penalty of perjury that he caused a true and correct copy of this Notice of Claim of Lien, as recorded, to be mailed via United States Certified Mail, Return Receipt Requested, **and** first class mail, postage prepaid, on this 5th day of NOVEMBER 2008, which was no later than five (5) days following the filing and recordation of said Claim of Lien, to the following individuals or entities at the addresses so stated:

BRN Development, Inc.
P. O. Box 3070
Coeur d'Alene, ID 83816

BRN Development, Inc.
c/o Chad V. Rountree
912 Northwest Boulevard
Coeur d'Alene, ID 83814

American Bank
1612 W. Main Street
Bozeman, MT 59715

BRN Investments, LLC
P. O. Box 3070
Coeur d'Alene, ID 83816



CHARLES B. LEMPESIS

Old Republic National Title Insurance Company

LITIGATION GUARANTEE

SCHEDULE A

EXHIBIT A

The North Half of the Southwest Quarter and the Southwest Quarter of the Southwest Quarter and the Southeast Quarter of the Southwest Quarter and the Southwest Quarter of the Southeast Quarter and the Southeast Quarter of the Southeast Quarter, all in Section 4, Township 48 North, Range 4 West, Boise Meridian, Kootenai County, Idaho.

AND

The South Half of the Northwest Quarter of Section 4, Township 48 North, Range 4 West, Boise Meridian, Kootenai County, State of Idaho.

EXCEPTING THEREFROM that portion conveyed to Babbitt Logging, Inc. by Warranty Deed recorded July 1, 1997 as Instrument No. 1495927, described as follows:

That portion of the Southeast Quarter of the Northwest Quarter of Section 4, Township 48 North, Range 4 West, Boise Meridian, Kootenai County, State of Idaho, lying East of Loffs Bay County Road.

TOGETHER with that portion of the Northeast Quarter of the Southwest Quarter, Section 4, Township 48 North, Range 4 West, Boise Meridian, Kootenai County, State of Idaho, lying East of Loffs Bay County Road.

NOTE:

The address of the subject property is described as follows: 22095 S. Loffs Bay Rd., Coeur d'Alene, ID 83814

DANIEL J. ENGLISH 10P I 2193506000
KOOTENAI CO. RECORDER Page 1 of 10
JLM Date 01/23/2009 Time 10:43:16
REC-REQ OF MAIL
RECORDING FEE: 30.00
2193506000 XN

When Recorded Return to:

CAMPBELL, BISSELL & KIRBY, PLLC
416 Symons Building
7 South Howard Street
Spokane, WA 99201
Telephone: (509) 455-7100
Facsimile: (509) 455-7111

CLAIM OF LIEN

NOTICE IS HEREBY GIVEN that the person named below claims a lien pursuant to Title 45 Idaho Code § 507. In support of this lien the following information is submitted.

1. **PRINCIPAL AMOUNT FOR WHICH THE LIEN IS CLAIMED AFTER DEDUCTING ALL JUST CREDITS AND OFFSETS:**

\$185,976.70 (Kootenai Cabin and Pool House)
\$ 38,441.20 (Black Rock North Pumphouse)
Total: \$224,417.90 (plus interest, costs and attorney fees)

2. **NAME OF LIEN CLAIMANT:** Polin & Young Construction, Inc.
ADDRESS: P.O. Box 3701
Coeur d'Alene, ID 83816
TELEPHONE NUMBER: (208) 762-7000

3. **NAME OF OWNER OR REPUTED OWNER:**

BRN Development, Inc.

4. **CLAIMANT'S EMPLOYER OR PERSON TO WHOM CLAIMANT FURNISHED MATERIALS, LABOR OR EQUIPMENT:**

BRN Development, Inc.

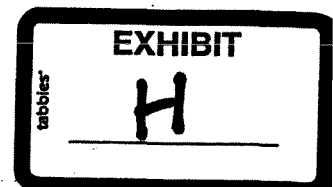
5. **DESCRIPTION OF THE PROPERTY AGAINST WHICH THE LIEN IS CLAIMED:**

Parcel Number(s):

48N04W043150
48N04W043200
48N04W043000

Claim of Lien
Page - 1 -

1293



48N04W042950
48N04W045000
071910010020
49N04W336400
49N04W336450
49N04W336500

Legal Description(s): See attached Exhibit A

6. **DESCRIPTION OF THE MATERIALS, SUPPLIES OR EQUIPMENT
FURNISHED OR LABOR OR WORK DONE OR PERFORMED:**

All labor, materials, equipment and supervision necessary to construct the Kootenai Cabin and Pool House at Black Rock North as set forth in the contract dated May 10, 2007, and incorporated herein by reference.

POLIN & YOUNG CONSTRUCTION, INC.
P.O. Box 3701
Coeur d'Alene, ID 83816

By: 

RICHARD D. CAMPBELL

Its: Attorney in fact

STATE OF WASHINGTON)

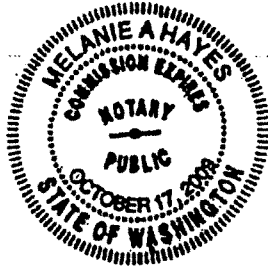
:SS

County of Spokane)

RICHARD D. CAMPBELL being sworn, says: I am the attorney for the claimant and a representative of the claimant POLIN & YOUNG CONSTRUCTION, INC. above named; I have read the foregoing claim, know the contents thereof, and believe the same to be true and just, and that the claim of lien is not frivolous and is made with reasonable cause, and is not clearly excessive under penalty of perjury.

RICHARD D. CAMPBELL

SUBSCRIBED AND SWORN to before me this 21st day of January, 2009.



Melanie A. Hayes
Print Name: Melanie A. Hayes
NOTARY PUBLIC in and for the State
Of Washington, residing at Deer Park
My Commission expires: 10.17.09

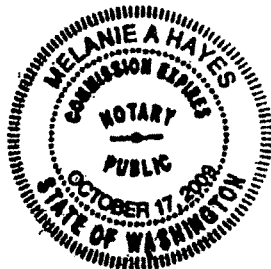
STATE OF WASHINGTON)

:SS

County of Spokane)

I certify that I know or have satisfactory evidence that RICHARD D. CAMPBELL is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the attorney for POLIN & YOUNG CONSTRUCTION, INC. to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED: 1.21.09



Melanie A. Hayes
Print Name: Melanie A. Hayes
NOTARY PUBLIC in and for the State
Of Washington, residing at Deer Park
My Commission expires: 10.17.09

STATE OF WASHINGTON)

:SS

County of Spokane)

RICHARD D. CAMPBELL, being first duly sworn on oath, deposes and says:

On the 21st day of January, 2009, I enclosed in an envelope the attached Claim of Lien in the above-entitled matter; via certified mail, sealed the same, addressed the same as follows:

BRN Development, Inc.
P.O. Box 3070
Coeur d'Alene, ID 83816

which is the last known address of said person(s) and on said date deposited the same so addressed with postage prepaid in the U.S. Post Office, City of Spokane, State of Washington.

RICHARD D. CAMPBELL

SUBSCRIBED AND SWORN to before me this 21st day of January, 2009.



Melanie A. Hayes
Print Name: Melanie A. Hayes
NOTARY PUBLIC in and for the State
Of Washington, residing at Spokane Park
My Commission expires: 10.17.09

Data\1046\Claim of Lien.Black Rock.doc

EXHIBIT A

DESCRIPTION OF THE PROPERTY AGAINST WHICH THE LIEN IS CLAIMED:

PARCEL 1:

Parcel Number	AIN	Situs Address	Current Total Value
48N04W043150204808			\$123,561

Owner Information

Owner Name	BRN DEVELOPMENT INC
Owner Address	PO BOX 3070 COEUR D ALENE ID 83816
Transfer Date	01/01/2007

Location / Description

Tax Authority Group	067000	Legal Desc	NW4-GOVT LT 4 04 48N 04W
Situs Address			
Assess	9.0430		

Parcel Type

Property Class Code	512- Rural residential tract
Neighborhood Code	5200 48N 5&6W; 49N 5&6W

PARCEL 2:

Parcel Number	AIN	Situs Address	Current Total Value
48N04W043200144227		6351 W SHRINER RD, COEUR D ALENE	\$271,968

Owner Information

Owner Name	BRN DEVELOPMENT INC
Owner Address	PO BOX 3070 COEUR D ALENE ID 83816
Transfer Date	01/01/2007

Location / Description

Tax Authority Group	067000	Legal Desc	S2-GOVT LT 4 EX TAX #20263 04 48N 04W
Situs Address	6351 W SHRINER RD, COEUR D ALENE		

Acresage 17.4290

Parcel Type

Property Class Code 534- Imp res rural tract
Neighborhood Code 5200 48N 5&6W; 49N 5&6W

PARCEL 3:

Parcel Number	AIN	Situs Address	Current Total Value
48N04W043000204807			\$115,597

Owner Information

Owner Name BRN DEVELOPMENT INC
Owner Address PO BOX 3070
COEUR D ALENE ID 83816
Transfer Date 01/01/2007

Location / Description

Tax Authority Group	067000	Land Desc	NE-GOVT LT 4, TX#21032 EX TAX #S 20031 & 20263 Section 04 Township 48N Range 04W
Situs Address			
Acresage	8.0949		

Parcel Type

Property Class Code 512- Rural residential tract
Neighborhood Code 5200 48N 5&6W; 49N 5&6W

PARCEL 4:

Parcel Number	AIN	Situs Address	Current Total Value
48N04W042950251433		22093 S LOFFS BAY RD, COEUR D ALENE	\$95,278

Owner Information

Owner Name BRN DEVELOPMENT INC

Owner Address PO BOX 3070
COEUR D ALENE ID 83816
Transfer Date 01/01/2007

Location / Description

Tax Authority Group 067000
Situs Address 22093 S LOFFS BAY RD, COEUR D ALENE
Acres 5.9350
Legal Desc TAX #20262 EX
TX#21352 [IN GOVT
LT 3] Section 04
Township 48N Range
04W

Parcel Type

Property Class Code 534- Imp res rural tract
Neighborhood Code 5200 48N 5&6W; 49N 5&6W

PARCEL 5:

Parcel Number	AIN	Situs Address	Current Total Value
48N04W045000132923		22095 S LOFFS BAY RD, COEUR D ALENE	\$2,643,041

Owner Information

Owner Name BRN DEVELOPMENT INC
Owner Address PO BOX 3070
COEUR D ALENE ID 83816
Transfer Date 01/01/2007

Location / Description

Tax Authority Group 067000
Situs Address 22095 S LOFFS BAY RD, COEUR D ALENE
Acres 304.5110
Legal Desc S2-NW EX PTN E OF
RD, SW EX PTN E OF
RD, S2-SE 04 48N
04W

Parcel Type

Property Class Code 534- Imp res rural tract
Neighborhood Code 5200 48N 5&6W; 49N 5&6W

PARCEL 6:

Parcel Number	AIN	Situs Address	Current Total Value
071910010020	229132	23342 S LOFFS BAY RD, COEUR D ALENE	\$321,515

Owner Information

Owner Name: BRN DEVELOPMENT INC
Owner Address: PO BOX 3070
COEUR D ALENE ID 83816
Transfer Date: 01/01/2006

Location / Description

Tax Authority Group: 067000
Legal Desc: SCHORZMAN-ATKINS, LT 2 BLK 1
09 48N 04W
Situs Address: 23342 S LOFFS BAY RD, COEUR D ALENE
Acreage: 32.6090

Parcel Type

Property Class Code: 515- Rural residential sub
Neighborhood Code: 5200 48N 5&6W; 49N 5&6W

PARCEL 7:

Parcel Number	AIN	Situs Address	Current Total Value
49N04W336400130087			\$162,598

Owner Information

Owner Name: BRN DEVELOPMENT INC
Owner Address: PO BOX 3070
COEUR D ALENE ID 83816
Transfer Date: 01/01/2007

Location / Description

Tax Authority Group: 249000
Legal Desc: GOVT LT 4 EX E 1/3 EX W 1/3
EX TAX#20170 33 49N 04W
Situs Address:
Acreage: 10.3570

Parcel Type

Property Class Code: 512- Rural residential tract
Neighborhood Code: 5200 48N 5&6W; 49N 5&6W

PARCEL 8:

Parcel Number	AIN	Situs Address	Current Total Value
49N04W336450249271			\$84,000

Owner Information

Owner Name	BRN DEVELOPMENT INC
Owner Address	PO BOX 3070 COEUR D ALENE ID 83816
Transfer Date	01/01/2007

Location / Description

Tax Authority Group	249000	Legal Desc	TAX#20170 & TAX#20171 [IN GL4] 33 49N 04W
Situs Address			
Acreage	.9270		

Parcel Type

Property Class Code	512- Rural residential tract
Neighborhood Code	5200 48N 5&6W; 49N 5&6W

PARCEL 9:

Parcel Number	AIN	Situs Address	Current Total Value
49N04W336500131329			\$169,764

Owner Information

Owner Name	BRN DEVELOPMENT INC
Owner Address	PO BOX 3070 COEUR D ALENE ID 83816
Transfer Date	01/01/2007

Location / Description

Tax Authority Group	249000	Legal Desc	E 1/3-GOVT LT 4 EX TX#20171 33 49N 04W
Situs Address			
Acreage	11.2100		

Parcel Type

Property class code

512- Rural residential tract

Neighborhood code

5200 48N 5&6W; 49N 5&6W

1 IN THE DISTRICT COURT OF THE FIRST JUDICIAL DISTRICT OF
2 THE STATE OF IDAHO, IN AND FOR THE COUNTY OF KOOTENAI

3 AMERICAN BANK, a Montana banking)
4 corporation,) Case No. CV 09-2619
5)
6 Plaintiff,)

7 vs.)

8 BRN DEVELOPMENT, INC., an Idaho) RULE 30(b)(6)
9 corporation, BRN INVESTMENTS,) DEPOSITION OF
10 LLC, an Idaho limited liability) BRN-LAKE VIEW
11 company, LAKE VIEW AG, a) JOINT VENTURE

12 Liechtenstein company, BRN-LAKE)
13 VIEW JOINT VENTURE, an Idaho) TESTIMONY OF
14 general partnership, ROBERT) MARSHALL CHESROWN

15 LEVIN, Trustee for the ROLAND M.)
16 CASATI FAMILY TRUST, dated) TAKEN ON BEHALF OF
17 June 5, 2008, RYKER YOUNG,) THE PLAINTIFF

18 Trustee for the RYKER YOUNG)
19 REVOCABLE TRUST, MARSHALL) AT
20 CHESROWN, a single man, IDAHO) SPOKANE, WASHINGTON

21 ROOFING SPECIALIST, LLC, an)
22 Idaho limited liability company,) JUNE 22, 2010
23 THORCO, INC., an Idaho) AT 9:00 A.M.

24 corporation, CONSOLIDATED SUPPLY)
25 COMPANY, an Oregon corporation,)
INTERSTATE CONCRETE & ASPHALT)
COMPANY, an Idaho corporation,)
CONCRETE FINISHING, INC., an)
Arizona corporation, THE TURF)
CORPORATION, an Idaho)

REPORTED BY:

PATRICIA L. PULLO, CSR
Notary Public



1 Q. Would you explain for me the purpose behind
2 forming the Joint Venture between BRN Development and
3 Lake View.

4 A. Lake View was formed to accommodate a private
5 investor that was not a U.S. citizen. He's a citizen
6 of Liechtenstein and he was not able -- the way I
7 understand it, he was not able to be a member of an
8 LLC -- in the United States, LLC, not being a citizen,
9 the way it was explained to me. So we formed the Joint
10 Venture which he was able to -- to have ownership in.
11 And his -- and his equity came in through that joint
12 venture.

13 Q. And who is the investor?

14 A. Gunnar Bjorg.

15 Q. And is he still a resident of Lichtenstein?

16 A. Yes, to my knowledge.

17 Q. And Lake View AG, that's his -- an entity
18 that he owns; do you know?

19 A. Lake View AG. I would assume so.

20 (Whereupon, Deposition Exhibit No. 151 was
21 marked for identification.)

22 BY MS. TELLESSEN:

23 Q. You have been handed Exhibit 151, which is
24 the Joint Venture Agreement of BRN-Lake View Joint
25 Venture.

1 A. Yes.

2 Q. Are you familiar with this document?

3 A. Yes.

4 Q. And on the front it references Lake View AG,
5 a Lichtenstein company. Had you had any involvement
6 with that entity prior to this investment?

7 A. No, I had not.

8 Q. Had you had any involvement with Mr. Bjorg?

9 A. No, I had not.

10 Q. And how did you come to know Mr. Bjorg and
11 Lake View AG?

12 A. He was referred to me by one of our other
13 investors by the name of Roland Casati. They're good
14 friends.

15 Q. And who is responsible for drafting this
16 joint venture agreement?

17 A. I believe it was done by Doug Siddoway.

18 Q. Did you have any involvement in negotiating
19 the terms of the agreement?

20 A. Some.

21 Q. If you turn to page 29 of that exhibit --

22 A. (Complying.)

23 Q. -- is that your signature that appears there?

24 A. Yes.

25 Q. And you've signed on behalf of BRN

1 Development?

2 A. Yes.

3 Q. This document is dated on page 1, April 22nd,
4 2008?

5 A. Yes.

6 Q. To your recollection, is that about the date
7 you signed the agreement?

8 A. Yes.

9 Q. And was Mr. Bjorg present when you signed?

10 A. I don't believe so.

11 Q. Was he in the United States when you signed;
12 do you recall?

13 A. I don't recall.

14 Q. Did his signature appear on the document when
15 you signed it?

16 A. I don't remember.

17 Q. Did you review this document at the time you
18 signed it?

19 A. I believe so.

20 Q. And have you reviewed it since?

21 A. No.

22 Q. Did you review it in advance of your
23 deposition today?

24 A. No.

25 Q. Do you recall which portions of this document

1 sheet?

2 A. I don't believe so.

3 Q. And by your signature on behalf of BRN
4 Development and on behalf of the Joint Venture on each
5 of these documents, you intended to bind those entities
6 to the terms of this agreement?

7 A. Yes.

8 Q. And I believe you mentioned that Mr. Siddoway
9 had drafted these agreements?

10 A. I believe he drafted them all.

11 Q. And did you select him or hire him to draft
12 these agreements?

13 A. Yes.

14 Q. Are there any agreements or documents that
15 were signed subsequent to Exhibit 151 that alter or
16 amended the terms?

17 A. Not to my knowledge.

18 Q. Would any such agreement have been entered
19 into without your knowledge?

20 A. I don't believe so.

21 (Whereupon, Deposition Exhibit No. 152 was
22 marked for identification.)

23 BY MS. TELLESSEN:

24 Q. You have been handed Exhibit 152. Do you
25 recognize this document?

1 BY MS. TELLESSEN:

2 Q. Do you have a policy for retaining records?
3 And when I say "you," I do mean the Joint Venture.

4 A. I don't know of a written policy, no.

5 Q. Do you have an unwritten policy for retaining
6 records?

7 A. I would say the unwritten policy is to keep
8 whatever is appropriate. I mean ...

9 Q. Since January 2009, have there been records
10 of the Joint Venture that have been lost?

11 A. Not to my knowledge.

12 Q. Have any been destroyed?

13 A. Not to my knowledge.

14 Q. As we discussed earlier, you have no
15 knowledge of any ownership interest that's held by the
16 Joint Venture; is that correct?

17 A. Ownership interest in?

18 Q. Black Rock North. Sorry.

19 A. BRN. No.

20 Q. Is the only interest the Joint Venture has is
21 that interest stated in the Joint Venture agreement?

22 A. Yes.

23 Q. And to your knowledge, does any member of the
24 Joint Venture, particularly Lake View, assert an
25 ownership interest in Black Rock North beyond that set

1 out in the mortgage?

2 A. No.

3 Q. Does the Joint Venture assert that it has a
4 superior right to Black Rock North over American Bank?

5 A. No.

6 MR. ANSON: I'm sorry. I didn't catch it.

7 MR. LAYMAN: No.

8 MS. TELLESSEN: Mr. Chesrown, thank you for
9 coming here today and discussing the Joint Venture with
10 me. I believe that's all I have, unless any of these
11 gentlemen have follow-up questions.

12 MR. ANSON: I have some questions.

13 EXAMINATION

14 QUESTIONS BY MR. ANSON:

15 Q. Mr. Chesrown, my name is Ed Anson. I
16 represent Wadsworth Golf. I also represent The Turf
17 Company and Precision --

18 (Brief interruption.)

19 BY MR. ANSON:

20 Q. You testified earlier today that Lake View AG
21 invested \$5 million into the Joint Venture?

22 A. Correct.

23 Q. And what happened to that \$5 million?

24 A. It was then transferred to BRN Development.
25 Funds were used in the course of business.

1 purchaser; they were the seller.

2 MR. LAYMAN: "They"?

3 THE WITNESS: The Joint Venture was the
4 seller; BRN had title.

5 BY MS. TELLESSEN:

6 Q. And did Ms. McKinley handle these closings
7 for you or were they handled through an escrow company?

8 A. Always through an escrow company.

9 Q. Do you have a recollection sitting here today
10 which escrow company you would have used?

11 A. Kootenai County Title.

12 Q. Okay. And that's based on the recording
13 information?

14 A. Yeah.

15 Q. So until a lot went under contract, it
16 remained in ownership with BRN Development?

17 A. I believe the way it's set up until it
18 closed.

19 Q. Okay. So your testimony relates the same,
20 that the Joint Venture, aside from the four lots that
21 were sold and closed, does not have any ownership
22 interest in Black Rock North, the real property?

23 A. Not ownership.

24 MS. TELLESSEN: That's all I have.

25 MR. LAYMAN: We have no questions. Thank

**JOINT VENTURE AGREEMENT
OF BRN-LAKE VIEW JOINT VENTURE**

An Idaho joint venture comprised of

BRN DEVELOPMENT, INC.
(an Idaho corporation)
and
LAKE VIEW AG
(a Liechtenstein company)

Dated and Effective

as of

April 22, 2008

**DEPOSITION
EXHIBIT**

Chesrown #151
6-22-10 PP ID

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JOINT VENTURE AGREEMENT

THIS JOINT VENTURE AGREEMENT (the "Agreement") is made and entered into as of April 22, 2008 (the "Effective Date") by and between BRN Development, Inc., an Idaho corporation ("BRN Development") and Lake View AG, a Liechtenstein company ("Lake View"). BRN Development and Lake View are sometimes hereinafter referred to singularly as a "Partner" and collectively as the "Partners".

RECITALS

A. BRN Development and Lake View have agreed to form a joint venture partnership (the "Joint Venture") to develop certain real properties located in Kootenai County, Idaho comprising a proposed planned unit development known as the Black Rock North Project.

B. The Partners are entering into this Agreement to confirm and set forth their understandings and agreements concerning their respective contributions and other terms and conditions of the Joint Venture.

NOW, THEREFORE, in consideration of the mutual covenants, agreements, representations, and warranties contained in this Agreement, the Partners hereby agree as follows:

ARTICLE 1 – DEFINITIONS

The following terms used in this Agreement shall have the following meanings unless otherwise expressly provided herein:

"*Affiliate*" means, with respect to a specified Person, a Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with such Person. "*Control*" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise. Unless the context otherwise clearly requires, any reference to an "*Affiliate*" is a reference to an Affiliate of a Partner.

"*Agreement*" means this joint venture agreement, inclusive of its schedules and exhibits, and any written amendment or modification of this joint venture agreement that is approved or consented to by BRN Development and Lake View.

"*Black Rock North Project*" shall have the meaning that is ascribed to it in the recitals and in Section 3.01.

"*Black Rock North Project Amenities*" shall have the meaning that is ascribed to it in Section 3.01.

"*Board of Directors*" means, with respect to a Partner, the board of directors, manager, managing member or other governing body of such Partner.

"*BRN Development*" has the meaning that is ascribed to it in the preamble.

"*BRN Development Guaranty*" means the limited guaranty to be issued to Lake View by BRN Development pursuant to Section 4.02 to secure repayment of the Lake View Note, the form of which is annexed as Exhibit B.

"*BRN Development Notes*" means the 5.00% convertible promissory notes of BRN Development that are offered and sold in the Offering.

"*BRN Investments Debt*" means BRN Development's indebtedness to BRN Investments, LLC, an Idaho limited liability company, which indebtedness is secured as to repayment by a subordinated mortgage covering substantially all of the real property comprising the Black Rock North Project.

"*Closing*" has the meaning set forth in subsection 4.06(a).

"*Code*" means the Internal Revenue Code of 1986, as amended.

"*Development Costs*" means, without intending to limit or restrict any proper definitions of such costs under any applicable laws and GAAP, the following: (a) obligations incurred for labor (including payroll costs of the employees of BRN Development or its Affiliates according to time spent by such employees on the Black Rock North Project) and to pay contractors, builders and materialmen, which may include BRN Development or its Affiliates, in connection with the construction of the Black Rock North Project, including obligations for labor, machinery, materials and equipment therefor; (b) fees and expenses of engineers, architects, environmental consultants and surveyors for surveys and estimates and other preliminary investigations, preparation of plans, drawings and specifications, and supervising construction, as well as for the performance of all other duties of engineers, architects, environmental consultants and surveyors in relation to the construction of the Black Rock North Project; and (c) any other obligation or expense heretofore or hereafter incurred by BRN Development in direct connection with the accomplishment of the Black Rock North Project (including payments made in respect of the Senior Debt and the BRN Development Notes, but excluding payments made in respect of the BRN Investments Debt), if approved by BRN Development.

"*Disclosure Information*" means the information concerning the Company, the Black Rock North Project, the BRN Development Notes and the Offering that is more particularly described in Exhibit E.

"*Distributable Cash*" means all cash received by the Joint Venture, less the sum of the following to the extent paid or set aside by the Joint Venture: (a) all unpaid Development Costs; (b) all short-term principal and interest payments on indebtedness of the Black Rock North Project and other sums paid or payable to lenders; (c) all short-term cash expenditures incurred or to be incurred incident in developing the Black Rock North Project; and (d) reasonable reserves.

"*Effective Date*" has the meaning set forth in the preamble.

"*Environmental Claim*" shall mean any claim, demand, investigation, action, cause of action, order, notice, suit or other legal proceeding under any Environmental Law that seeks to impose liability on BRN Development or its Affiliates or their respective successors or assigns for: (a) the pollution, contamination, protection, cleanup or restoration of air, surface water, groundwater, land or natural resources; (b) solid, gaseous or liquid waste, or Hazardous Material generation, handling, transportation, treatment, storage, disposal, recycling or reclamation; (c) exposure to Hazardous Materials or toxic substances; (d) the safety or health of BRN Development's or such Affiliate's employees; (e) noise; or (f) any other violation of Environmental Law. An Environmental Claim shall include, without limitation, a common law action, as

well as a proceeding to issue, modify or terminate an Environmental Permit, or to adopt or amend a regulation to the extent that the proceeding attempts to redress violations of the applicable permit, license or regulation.

"Environmental Laws" means any and all Federal, state, local, and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to pollution and the protection of the environment or the release of any materials into the environment, including but not limited to those related to hazardous substances or wastes, air emissions and discharges to waste or public systems.

"Environmental Permit" shall mean any permit, license, approval, or other authorization under any Environmental Law.

"Event of Bankruptcy" means (a) the filing of a petition by a Partner under the laws of the United States or any state or any foreign jurisdiction seeking adjudication as an insolvent or a bankrupt, or seeking a reorganization of a Partner or a composition or arrangement with the creditors of a Partner, the admission by a Partner in writing of its insolvency or inability to pay debts as they mature, or the consent of a Partner to the appointment of a receiver, trustee or debtor in possession for all or a major portion of its property, or taking by a Partner of any corporate action in furtherance of the foregoing; or (b) the appointment of a receiver, trustee or debtor in possession for all or a major portion of the property of a Partner or the filing of a petition against a Partner under the laws of the United States or any state or any foreign jurisdiction seeking adjudication of a Partner as an insolvent or a bankrupt or a composition or arrangement with the creditors of a Partner, and, if for a period of 60 days, such action has not been vacated, dismissed or otherwise neutralized and nullified.

Financial Statements has the meaning that is ascribed to it in Section 7.10.

"GAAP" means generally accepted accounting principles in the United States of America in effect from time to time.

"Governmental Authority" means with respect to any Person, the government of: the United States of America or any State or other political subdivision; or any jurisdiction in which the Person or any of its Subsidiaries conducts all or any part of its business, or which asserts jurisdiction over any properties of the Person or any of its Subsidiaries; or any entity exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, the government.

"Hazardous Material" means any and all pollutants, hazardous substances, toxic or hazardous wastes or any other substances that might pose a hazard to health or safety, the removal of which may be required or the generation, manufacture, refining, production, processing, treatment, storage, handling, transportation, transfer, use, disposal, release, discharge, spillage, seepage, or filtration of which is or shall be restricted, prohibited or penalized by any applicable law (including, without limitation, asbestos, urea formaldehyde foam insulation and polychlorinated biphenyls).

"Indemnified Partner" has the meaning set forth in subsection 13.04(a).

"Indemnifying Partner" has the meaning set forth in subsection 13.04(a).

"Insolvent" means "insolvent," as defined in the Federal Bankruptcy Code.

"Intellectual Property" means all of the following: patents, patent rights, copyrights, works which are the subject matter of copyrights, trademarks, trade names, trade styles, patent and trademark applications and licenses and rights thereunder, and all other rights under any of the foregoing, all extensions, renewals, reissues, divisions, continuations, and continuations-in-part of any of the foregoing, and all rights to sue for past, present, and future infringement of any of the foregoing; inventions, trade secrets, formulae, processes, compounds, drawings, designs, blueprints, surveys, reports, manuals, and operating standards; goodwill, customer and other lists, in whatever form maintained; and trade secret rights, copyright rights, patent rights, rights in works of authorship, and contract rights relating to computer software programs, in whatever form created or maintained.

"Joint Venture" has the meaning that is ascribed to it in the recitals and in Section 2.01.

"Joint Venture Business" has the meaning that is ascribed to it in Section 3.01.

"Knowledge" means the actual knowledge of the subject entity, or any of its respective Affiliates after due inquiry (including, where appropriate, consultation with responsible employees of the subject entity, or any of its Affiliates) into the subject matter.

"Lake View" has the meaning that is ascribed to it in the preamble.

"Lake View Note" means the convertible promissory note to be issued to Lake View by the Joint Venture pursuant to Section 4.03, the form of which is annexed as Exhibit A.

"Land Use Claim" means any claim, demand, investigation, action, cause of action, order, notice, suit or other legal proceeding under any Land Use Law that seeks to impose liability on BRN Development or its Affiliates or their respective successors or assigns with respect to the Black Rock North Project

"Land Use Laws" means any and all Federal, state, local, and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions, other than Environmental Laws, relating to the development of the Black Rock North Project.

"Land Use Permits and Approvals" means all permits and approvals other than Environmental Permits required to be obtained from any Governmental Authority with respect to the Black Rock North Project.

"Law" means any applicable statute, law, regulation, ordinance, rule, treaty, judgment, order, decree, permit, concession, license, or other governmental restriction of the United States or any state or political subdivision thereof or of any foreign country or any department, province or political subdivision thereof.

"Legal Requirement" means all laws, statutes, codes, acts, ordinances, orders, judgments, decrees, injunctions, rules, regulations, permits, licenses, authorizations, directions and requirements of Governmental Authorities.

"Lien" means, with respect to any Person, any mortgage, lien, pledge, charge, security interest or other encumbrance or rights of others, or any interest or title of any vendor, lessor, lender or other secured Partner to or of the Person under any conditional sale or other title retention agreement or capital lease, upon or with respect to any property or asset of the Person (including in the case of stock, stockholder agreements, voting trust agreements and all similar arrangements).

"Material" means material in relation to the business, operations, affairs, financial condition, assets, properties, or prospects of a Partner taken as a whole.

"Material Adverse Effect" means with respect to a Person, a material adverse effect on: (a) the business, operations, affairs, financial condition, assets, properties or prospects of the Person and its Subsidiaries taken as a whole; (b) the ability of the Person to perform its obligations under this Agreement; or (c) the validity or enforceability of this Agreement.

"Material Contract" means any agreement under which BRN Development has created, incurred, assumed, or guaranteed any indebtedness or any capitalized lease obligation in excess of \$100,000 or under which it has granted a Lien with respect to any of its properties or other assets.

"Mortgage" means the subordinated mortgage encumbering the real property comprising the Black Rock North Project securing the BRN Development Guaranty.

"Notice of Claim" has the meaning set forth in subsection 13.04(a).

"Offering" means BRN Development's offering of up to \$15,000,000 in principal amount of the BRN Development Notes.

"Percentage Interest" means a Partner's share of the Joint Venture's income, gain, loss or deduction.

"Permitted Encumbrances" means as of any particular time (a) liens for ad valorem taxes and special assessments not then delinquent, (b) the Senior Debt and any security interest or other lien created thereby, (c) the BRN Investments Debt and any security interest or other lien created thereby, (d) the Mortgage securing repayment of the BRN Development Notes; and (e) any security interest or other lien created by a loan agreement between BRN Development and a commercial bank or other institutional lender, the proceeds of which loan are required to fund the development of the Black Rock North Project.

"Partnership Act" has the meaning that is ascribed to it in Section 2.01.

"Person" shall mean any individual, corporation, partnership, limited liability company, joint venture, association, joint stock company, trust, unincorporated organization, government or political subdivision thereof, or agency.

"Regulations" includes proposed, temporary and final Treasury regulations promulgated under the Code and the corresponding sections of any regulations subsequently issued that amend or supersede such regulations.

"Residential Property Units" has the meaning that is ascribed to it in Section 3.01.

"*Senior Debt*" means BRN Development's indebtedness to American Bank, Bozeman, Montana, evidenced by that certain revolving credit loan agreement between BRN Development and said bank dated February 2, 2007, including the schedules and exhibits thereto, which debt is secured as to repayment by a first mortgage covering all of the real property comprising the Black Rock North Project.

"*Subordination Agreement*" means the Subordination Agreement substantially in the form that is annexed to and made a part of this Agreement as Exhibit D.

"*Taxes*" means: (a) all income taxes (including any tax on or based upon net income, gross income, income as specially defined, earnings, profits or selected items of income, earnings or profits) and all gross receipts, sales, use, ad valorem, transfer, franchise, license, withholding, payroll, employment, excise, severance, stamp, occupation, premium, property or windfall profits taxes, alternative or add-on minimum taxes, customs duties and other taxes of any kind whatsoever, together with all interest and penalties, additions to tax and other additional amounts imposed by any taxing authority (domestic or foreign) on entity; and (b) any liability for the payment of any amount of the type described in the immediately preceding clause.

ARTICLE 2 – ORGANIZATION

2.01 *Formation.* BRN Development and Lake View hereby confirm the formation of a joint venture partnership (the "Joint Venture") pursuant to the Idaho Revised Uniform Partnership Act, Sections 53-3-101 *et seq.* of the Idaho Code (the "Partnership Act"). Except as provided herein, the rights and liabilities of the Partners shall be governed by the Partnership Act.

2.02 *Partners.* The names and mailing addresses of the Partners are as follows:

BRN Development, Inc.
P.O. Box 3070
Coeur d'Alene, Idaho 83816

Lake View AG
c/o Interadvice Anstalt
Landstrasse 25
FL – 9490 Vaduz
Liechtenstein

2.03 *Name.* The name of the Joint Venture shall be the BRN-Lake View Joint Venture. The Partners may by mutual agreement change the name of the Joint Venture at any time.

2.04 *Principal Place of Business.* The principal place of business of the Joint Venture shall be at 1450 Northwest Boulevard, Coeur d'Alene, Idaho 83814 or such other place or places as the Partners may from time to time designate.

2.05 *Assumed Name Registration.* Upon the execution of this Agreement, and upon any subsequent change in the membership of the Joint Venture, the Partners shall take all steps necessary to comply with any and all laws of the State of Idaho governing the use or registration of assumed or fictitious names, including the filing of any fictitious-name statements or registrations.

2.06 *Commencement and Duration.* The Joint Venture shall commence as of the Closing and shall continue until terminated as provided in Article 11.

ARTICLE 3 – PURPOSES AND POWERS

3.01 *Purposes.* The purpose of this Joint Venture is to participate with and assist BRN Development in developing the Black Rock North Project, an upscale, golf-oriented residential community adjacent to the existing Club at Black Rock in Kootenai County, Idaho. ~~Whereas the Black Rock North Project is intended to comprise approximately 325 residential property units (the "Residential Property Units"), an eighteen-hole championship golf course, and related infrastructure and improvements.~~ The golf course and related infrastructure and improvements are referred to in this Agreement as the "Black Rock North Project Amenities." The Joint Venture will participate in developing the Black Rock North Project Amenities, but will not own or operate them. The Joint Venture's revenues will be derived solely from the sale of the Residential Property Units. The Joint Venture shall possess and may exercise all the powers and privileges granted by the Partnership Act, by any other law or by this Agreement, together with any lawful powers incident to those powers and privileges, as are necessary or convenient to conduct its business and attain such purpose (all of which are hereinafter referred to as the "Joint Venture Business").

3.02 *Joint Venture.* The Joint Venture created hereby is in the nature of a joint venture, solely for the purposes set forth in Section 3.01 above. None of the Partners shall have any fiduciary duty to the Joint Venture or to any other Partner except in connection with the Joint Venture Business. None of the Partners shall have any obligation to make available to the Joint Venture or to any other Partner any opportunities not related to the Joint Venture Business.

ARTICLE 4 – PURCHASE AND SALE OF THE LAKE VIEW NOTE; THE CLOSING

4.01 *Authorization.* As of the Closing (as defined below) the Joint Venture will have authorized the issuance of the Lake View Note pursuant to the terms of this Agreement.

4.02 *Description of the Lake View Note.* ~~The Lake View Note will be designated as the "BRN-Lake View Joint Venture 5.00% Convertible Promissory Note" and will be issued in fully registered form. The Lake View Note will be in the principal amount of \$5,000,000 and will bear interest at the fixed rate of 5.00% per annum, calculated on the basis of a 365-day year. Interest shall be payable annually, in arrears, on January 15th of each year, commencing January 15, 2009. Principal payments shall be made at the discretion of BRN Development, in its capacity as manager of the Joint Venture, until the full principal amount is paid. The Lake View Note will mature (subject to prior redemption or acceleration) on January 5, 2018 and will be partially convertible into equity of the Joint Venture as provided in Section 4.05. The Lake View Note will be secured by the BRN Development Guaranty (which will in turn be secured by the Mortgage) and will be issued in substantially the same form as Exhibit A hereto.~~

4.03 *Agreement to Purchase and Sell; Purchase Price.* The Joint Venture agrees to sell the Lake View Note to Lake View at Closing, and Lake View agrees to purchase the Lake View Note from the Joint Venture at Closing. The purchase price of the Lake View Note shall be \$5,000,000, which is equivalent to its face amount.

4.04 *Payment of Purchase Price.* Lake View agrees to pay the purchase price of the Lake View Note at Closing in immediately available funds by delivering a check payable to "BRN-Lake View Joint Venture" in immediately available funds or by wire transfer.

4.05 *Partial Conversion of the Lake View Note.* At the earlier to occur of the consummation of the Offering or December 31, 2008, BRN Development, in its capacity as manager of the Joint Venture, shall cause a portion of the principal amount of the Lake View Note to be converted into a Percentage Interest in the Joint Venture as hereinafter provided. Such conversion shall be effected automatically without the consent or approval of Lake View, who is hereby deemed to have given its assent to such conversion.

(a) The Percentage Interest in the Joint Venture to be issued to Lake View upon conversion shall be 10.00% of the Joint Venture's aggregate outstanding post-conversion Percentage Interest, which shall entitle Lake View to receive distributions of Distributable Cash equal to 10.00% (other than distributions upon liquidation, which shall be determined in accordance with subsection 5.06(b)).

(b) Upon conversion, BRN Development, in its capacity as manager of the Joint Venture, shall cause the principal amount of the Lake View Note to be reduced by an amount equal to the deemed value of Lake View's Percentage Interest in the Joint Venture.

(c) Upon conversion, BRN Development, in its capacity as manager of the Joint Venture, shall issue Lake View an instrument evidencing its Percentage Interest in the Joint Venture, together with a statement showing the reduction in the principal amount of the Lake View Note.

4.06 *Closing and Conditions to Closing.*

(a) The Closing. The closing of the transactions herein described shall take place at 10:00 a.m. at the offices of BRN Development within five (5) business days after the satisfaction of the conditions set forth in subsection 4.06(b) and (c), or at another place, time or date as the Partners may mutually agree in writing (the "Closing").

(b) BRN Development's Closing Obligations. BRN Development's obligation to consummate the transactions contemplated by this Agreement is subject to the fulfillment, prior to or at the Closing, of each of the conditions in this subsection 4.06(b) (any or all of which may be waived in whole or in part by BRN Development).

(i) Representations and Warranties. All representations and warranties of Lake View to BRN Development shall be true and correct in all Material respects as of the date of this Agreement, and at and as of the time of the Closing with the same effect as though those representations and warranties had been made at and as of that time.

(ii) Notifications and Approvals Are Obtained. All notifications, consents, authorizations, approvals and clearances from each Governmental Authority and other Person required to be made or obtained, in connection with the transactions provided for in this Agreement shall have been made or obtained on terms satisfactory to BRN Development.

(iii) No Pending Suits or Actions. No action, suit, or proceeding shall be pending or threatened before any court or quasi-judicial or administrative agency of any federal, state, local, or foreign jurisdiction or before any arbitrator wherein an unfavorable injunction, judgment, order, decree, ruling, or charge would: (1) prevent consummation of

any of the transactions contemplated by this Agreement; or (2) cause any of the transactions contemplated by this Agreement to be rescinded following consummation (and no such injunction, judgment, order, decree, ruling, or charge is in effect).

(iv) Closing Deliveries Made. Lake View shall have delivered the sum of \$5,000,000 as provided in Section 4.04.

(v) Proceedings and Documents in Satisfactory Form. All proceedings to be taken in connection with the transactions contemplated by this Agreement and all documents incident thereto shall be reasonably satisfactory in form and substance to BRN Development and its respective counsel, and BRN Development shall have received copies of all documents and other evidence as it or its counsel may reasonably request in order to establish the consummation of the transactions and the taking of all proceedings in connection herewith.

(c) Conditions Precedent to Lake View's Closing Obligations. Lake View's obligation to consummate the transactions contemplated by this Agreement at the Closing is subject to the fulfillment, prior to or at the Closing, of each of the conditions in this subsection 4.06(c) (any or all of which may be waived in whole or in part by Lake View).

(i) Representations and Warranties. All representations and warranties made BRN Development to Lake View shall be true and correct in all Material respects as of the Effective Date and as of the time of the Closing with the same effect as though made again at and as of that time.

(ii) Notifications and Approvals Obtained. All notifications, consents, authorizations, approvals and clearances from each Governmental Authority and any other Person required to be made or obtained, in connection with the transactions provided for in this Agreement shall have been obtained.

(iii) No Pending Suits or Actions. No action, suit, or proceeding shall be pending or threatened before any court or quasi-judicial or administrative agency of any federal, state, local, or foreign jurisdiction or before any arbitrator wherein an unfavorable injunction, judgment, order, decree, ruling, or charge would: (1) prevent consummation of any of the transactions contemplated by this Agreement; (2) cause any of the transactions contemplated by this Agreement to be rescinded following consummation; or (3) be likely to have a Material Adverse Effect on the business, financial condition, operations, results of operations, or future prospects of the Joint Venture.

(iv) No Material Adverse Effect. BRN Development shall not have suffered or incurred any Material Adverse Effect since the Effective Date.

(v) Proceedings and Documents in Satisfactory Form. All proceedings to be taken in connection with the transactions contemplated by this Agreement and all documents incident thereto shall be reasonably satisfactory in form and substance to Lake View and its counsel, and Lake View shall have received copies of all documents and other evidence as they or their counsel may reasonably request in order to establish the consummation of the transactions and the taking of all proceedings in connection herewith.

4.07 Deliveries.

(a) Deliveries by BRN Development. At such time as the Lien of the Senior Debt is released with respect to a Residential Property Unit, BRN Development shall deliver:

(i) an executed assignment to the Joint Venture, as assignee, transferring all of BRN Development's right, title and interest in and to such Residential Property Unit, together with any indebtedness then encumbering such Residential Property Unit;

(ii) any other instrument or document reasonably necessary to effectuate the assignment specified in subsection 4.07(a)(i); and

(iii) the BRN Development Guaranty.

(b) Deliveries by Lake View. At the Closing, Lake View shall deliver the sum of \$5,000,000, which shall be payable to the Joint Venture by delivering a check in immediately available funds payable to "BRN-Lake View Joint Venture" or by wire transfer.

(c) Delivery by the Joint Venture. At the Closing, the Joint Venture shall deliver the Lake View Note to Lake View.

ARTICLE 5 – CAPITAL ACCOUNTS, ALLOCATIONS AND DISTRIBUTIONS

5.01 Capital Accounts.

(a) Establishment and Maintenance. A separate capital account shall be established on the books of the Joint Venture for each Partner in accordance with the rules of Regulation Section 1.704-1(b)(2)(iv). Each Partner's capital account will be increased by (i) the amount of money contributed by such Partner to the Joint Venture; (ii) the fair market value of property or services contributed by such Partner to the Joint Venture (net of liabilities secured by such contributed property that the Joint Venture is considered to assume or take the property subject to under Code Section 752); (iii) allocations to such Partner of net profits; and (iv) allocations to such Partner of income and gain exempt from federal income tax. Each Partner's capital account will be decreased by (w) the amount of money distributed to such Partner by the Joint Venture; (x) the fair market value of property distributed to such Partner by the Joint Venture (net of liabilities secured by such distributed property that such Partner is considered to assume or take the property subject to Code Section 752); (y) allocations to such Partner of the expenditures described in Code Section 705(a)(2)(B); and (z) allocations to such Partner of net losses. In the event of a permitted sales, exchange or other transfer of an interest in the Joint Venture, the capital account of the transferor shall become the capital account of the transferee to the extent it relates to the transferred interest.

(b) Capital Accounts at Closing. At Closing, the capital account of BRN Development shall be deemed to be \$900 and the capital contribution of Lake View shall be deemed to be \$100.

(c) Compliance with Regulations. The manner in which capital accounts are to be maintained pursuant to this Section 5.01 is intended to comply with the requirements of Code Section 704(b) and the Regulations promulgated thereunder. If, in the opinion of BRN Development's legal counsel or accountants, the manner in which capital accounts are to be maintained pursuant to the preceding provisions of this Section 5.01 should be modified in order to comply with Code Section

Not obligated but still
can
Real Property Rights

704(b) and the regulations thereunder, then, notwithstanding anything to the contrary contained in the preceding provisions of this Section 5.01, the method in which capital accounts are maintained shall be so modified; provided, however, that any change in the manner of maintaining capital accounts shall not materially alter the economic agreement between or among the Partners.

(d) Withdrawal or Reduction of a Partner's Contributions to Capital. No Partner shall receive any part of its capital contribution out of the Joint Venture's property until all liabilities of the Joint Venture and the Black Rock North Project have been paid or there remains property of the Joint Venture sufficient to pay them. Irrespective of the nature of his capital contribution, a Partner has only the right to receive cash in return for its capital contribution.

5.02 General Allocation of Net Profit and Loss. The net profit or net loss for any fiscal year of the Joint Venture shall be allocated between the Partners in accordance with their respective Percentage Interest.

5.03 Corrective Allocations.

(a) Allocations to Achieve Economic Agreement. The allocations set forth in Sections 5.01 and 5.02 are intended to comply with the regulatory requirements under Code Section 704(b). Accordingly, BRN Development, in its capacity as manager of the Joint Venture, is hereby authorized and directed to make offsetting allocations of Joint Venture income, gain, loss or deduction under this Section 5.03 in whatever manner it, in consultation with its accountants, determines is appropriate so that, after such offsetting special allocations are made, the capital accounts of the Partners are, to the extent possible, equal to the capital accounts each would have had if all income, gain, loss and deduction of the Joint Venture were instead allocated pursuant to Code Section 704(b) and the regulations thereto.

(b) Other Allocation Rules.

(i) General. Except as otherwise provided in this Agreement, all items of Joint Venture income, gain, loss, deduction, and any other allocations not otherwise provided for shall be divided between the Partners according to their respective Percentage Interests.

(ii) Allocation of Recapture Items. In making any allocation among the Partners of income or gain from the sale or other disposition of a Joint Venture asset, the ordinary income portion, if any, of such income or gain resulting from the recapture of cost recovery or other deductions shall be allocated to the Partners who were previously allocated (or whose predecessors-in-interest were previously allocated) the cost recovery deductions or other deductions resulting in the recapture items, in proportion to the amount of such cost recovery deductions or other deductions previously allocated to them.

(iii) Allocation of Excess Nonrecourse Liabilities. Solely for purposes of determining a Partner's proportionate share of the "excess nonrecourse liabilities" of the Joint Venture within the meaning of Regulation Section 1.752-3(a)(3) under the Code, the Partner's interests in the Joint Venture's profits shall be the same as its Percentage Interest.

(iv) Allocations in Connection with Varying Interests. If, during a fiscal year, there is (1) a permitted transfer of an interest in the Joint Venture under this Agreement, or (2) the admission of a an additional Partner or Partners, net profit, net loss, each item thereof, and all other tax items of the Joint Venture for such period shall be divided and allocated

between the Partners by taking into account their varying interests during such fiscal year in accordance with Code Section 706(d) and using any conventions permitted by law and selected by BRN Development, in its capacity as manager of the Joint Venture.

5.04 *Determination of Net Profit or Loss.*

(a) Computation of Net Profit or Loss. The net profit or net loss of the Joint Venture for each fiscal year or other period, shall be an amount equal to the Joint Venture's taxable income or loss for such period, determined in accordance with Code Section 703(a) (and, for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Code Section 703(a)(1), including income and gain exempt from federal income tax, shall be included in taxable income or loss).

(b) Items Specifically Allocated. Notwithstanding any other provision of this Section 5.04, no items that are specially allocated pursuant to Section 5.03 shall be taken into account in computing net profit or net loss.

5.05 *Mandatory Tax Allocations under Code Section 704(c).* In accordance with Code Section 704(c) and Regulation Section 1.704-3, income, gain, loss and deduction with respect to any property contributed to the capital of the Joint Venture shall, solely for tax purposes, be allocated between the Partners so as to take account of any variation between the adjusted basis of such property to the Joint Venture for federal income tax purposes and its initial book value. Prior to the contribution of any property to the Joint Venture that has a fair market value that differs from its adjusted tax basis in the hands of the contributing Partners on the date of contribution, the contributing Partner and BRN Development, in its capacity as manager of the Joint Venture, shall agree upon the allocation method to be applied with respect to that property under Regulation Section 1.704-3, which allocation method shall be set forth on a schedule and shall be amended from time to time. If the book value of any Joint Venture property is adjusted, subsequent allocations of income, gain, loss and deduction with respect to such property shall take account of any variation between the adjusted basis of such property for federal income tax purposes and its book value in the same manner as under Code Section 704(c). The choice of allocation methods under Regulation Section 1.703-3 with respect to such revalued property shall be made by BRN Development and set forth in an attachment to this Agreement. Allocations pursuant to this Section 5.05 are solely for purposes of federal, state, and local taxes and shall not affect, or in any way be taken into account in computing any Partner's capital account or share of net profit, net loss, or other items as computed for book purposes, or distributions pursuant to any provision of this Agreement.

5.06 *Cash Distributions.*

(a) *Non-liquidating Distributions.* BRN Development, in its capacity as manager of the Joint Venture may, but shall not be obligated to make any distributions of Distributable Cash, other than distributions in liquidation pursuant to subsection 5.06(b). Any other distributions declared and made by BRN Development shall be between the Partners in accordance with their respective Percentage Interest.

(b) *Distributions in Liquidation.* There shall first be deducted from distributions in liquidation of the Joint Venture otherwise distributable to each Partner an amount equal to the negative balance, if any, of such Partner's capital account. Any remaining amounts available for distribution in the event of liquidation of the Joint Venture shall be distributed to the Partners in accordance with their respective capital accounts.

5.07 *Distributions in Kind.* Non-cash assets, if any, shall be distributed in a manner that reflects how cash proceeds from the sale of such assets for fair market value would have been distributed (after any unrealized gain or loss attributable to such non-cash assets have been allocated between the Partners in accordance with their respective Percentage Interest).

5.08 *Withholding; Amounts Withheld Treated as Distributions.* The Joint Venture is authorized to withhold from distributions, or with respect to allocations or payments, to the Partners and to pay over to the appropriate federal, state or local governmental authority, any amounts required to be withheld pursuant to the Code or provisions of applicable state or local law. All amounts withheld pursuant to the preceding sentence in connection with any payment, distribution or allocation to any Partner shall be treated as amounts distributed to such Partner pursuant to Sections 5.06 and 5.07 for all purposes of this Agreement.

5.09 *Limitation upon Distributions.* No distribution shall be declared or paid if the Joint Venture is Insolvent.

ARTICLE 6 – MANAGEMENT AND OPERATIONS

6.01 *Management.* The general management, control, and conduct of the business of the Joint Venture shall be vested in BRN Development. Other than as provided in Section 6.02, Lake View shall have no voting rights or other rights to control or manage the Joint Venture.

~~6.02: Matters Requiring Unanimity of Partners.~~ BRN Development shall not do any of the following:

- (a) assign the Joint Venture property in trust for creditors or on the assignee's promise to pay the debts of the Joint Venture;
- (b) dispose of the good will of the business of the Joint Venture;
- (c) do any other act which would make it impossible to carry on the ordinary business of the Joint Venture;
- (d) confess a judgment on behalf of the Joint Venture;
- (e) submit a Joint Venture claim to arbitration or reference;
- (f) make, execute, or deliver for the Joint Venture any bond, mortgage, deed of trust, guaranty, indemnity bond, surety bond, security agreement, accommodation paper, accommodation endorsement, or commercial paper;
- (g) borrow or lend money on behalf of the Joint Venture or use Joint Venture property as collateral;

(h) assign, transfer, pledge, compromise, or release any claim of or debt owing to the Joint Venture except upon the payment in full of such claim or debt;

BRN general
confidential

(i) ~~purchase or contract to purchase, or sell or contract to sell, or lease any property for or~~ of the Joint Venture, other than the type or property bought and sold in the regular course of the Joint Venture Business; or

(j) except as otherwise provided herein, assign, mortgage, grant a security interest in, or sell the Partner's interest in the Joint Venture or the Partner's share of its capital assets or property, or enter into any agreement as a result of which any person shall become interested in the Joint Venture.

6.03 *Accounting Period; Fiscal Year.* The Joint Venture's accounting period and fiscal year shall be the calendar year.

6.04 *Records and Reports.* BRN Development shall maintain records and accounts of all operations and expenditures of the Joint Venture, at the expense of the Joint Venture. At a minimum BRN Development shall keep at its principal place of business the following records: a list, current and historic, setting forth the full name and last known mailing address of each Partner; an executed copy of this Agreement and all amendments hereto; and copies of the Joint Venture's federal, state, and local tax returns and reports, if any, for the three most recent years.

6.05 *Access to Books and Records.* The books and records of the Joint Venture, together with a true and correct copy of this Agreement and any amendment hereto, shall at all times be maintained at the principal office of the Joint Venture and shall be available for reasonable inspection and examination by any Partner or its duly authorized representatives during ordinary business hours.

6.06 *Bank Accounts.* The Joint Venture shall maintain a separate bank account or accounts in the name of the Joint Venture, to be used solely for the purposes of the Joint Venture, with checks, drafts, or withdrawals to be signed by such person or persons as have been authorized by BRN Development, in its capacity as manager of the Joint Venture. All such accounts shall be at federally insured bank or savings and loan institutions. Except as otherwise provided herein, all monies received by the Joint Venture shall be deposited in such account or accounts.

6.07 *Accounting Principles.* The Joint Venture's books and records shall be kept, and its income tax returns prepared, under such permissible method of accounting, consistently applied, as BRN Development determine is in the best interest of the Joint Venture and its Partners.

6.08 *Loans to Joint Venture.* Nothing in this Agreement shall prevent any Partner from making secured or unsecured loans to the Joint Venture on such terms as shall have been approved in advance by the Partners.

6.09 *Tax Matters Partner.*

(a) Designation. BRN Development shall be the "tax matters partner" of the Joint Venture for purposes of Code Section 6221 et seq. and corresponding provisions of any state or local tax law.

(b) Expenses of Tax Matters Partner; Indemnification. The Joint Venture shall indemnify and reimburse the tax matters partner for all reasonable expenses, including legal and accounting fees, claims, liabilities, losses and damages incurred in connection with any administrative or judicial proceeding with respect to the tax liability of the Partners attributable to the Joint Venture. The payment of all such expenses shall be made before any distributions are made to the Partners (and such expenses shall be taken into consideration for purposes of determining Distributable Cash) or any discretionary reserves are set aside. Neither the tax matters partner nor any Partner shall have any obligation to provide funds for such purpose. The provisions for exculpation and indemnification of BRN Development set forth in Section 13.02 of this Agreement shall be equally applicable to BRN Development acting as tax matters partner.

6.10 *Returns and Other Elections.* BRN Development shall cause the preparation and timely filing of all tax and information returns required to be filed by the Joint Venture pursuant to the Code and all other tax and information returns deemed necessary and required in each jurisdiction in which the Joint Venture does business. Copies of such returns, or pertinent information therefrom, shall be furnished to the Partners within a reasonable time after the end of the Joint Venture's fiscal year. Except as otherwise expressly provided to the contrary in this Agreement, all elections permitted to be made by the Joint Venture under federal or state laws, including but not limited to an election under Section 754 of the Code, shall be made by BRN Development, in its capacity as manager of the Joint Venture, in its sole discretion.

ARTICLE 7 – REPRESENTATIONS AND WARRANTIES OF BRN DEVELOPMENT

BRN Development represents and warrants to Lake View on the Effective Date of this Agreement and at the Closing that the provisions of Sections 7.01 through 7.20 are true and correct, and can be relied upon by Lake View.

7.01 *Organization, Good Standing and Qualification.* BRN Development is a corporation duly organized, validly existing, and in good standing under the laws of the state of Idaho. BRN Development has all requisite corporate power and authority to own and operate its properties and assets, and to carry on its business as now conducted and as presently proposed to be conducted, to execute and deliver this Agreement, and to carry out the provisions of this Agreement. BRN Development is qualified to do business as a foreign corporation in every jurisdiction in which the failure to so qualify would have a material adverse effect on BRN Development or the Black Rock North Project.

7.02 *Authorization.* All corporate action on the part of BRN Development, its officers, directors and shareholders necessary for the authorization, execution and delivery of this Agreement, and the performance of all of the obligations of BRN Development hereunder at the Closing, has been taken or will be taken prior to the Closing, and this Agreement and any, when executed and delivered, will constitute valid and legally binding obligations of BRN Development, enforceable in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally; and general principles of equity (regardless of whether the enforceability is considered in a proceeding in equity or at law).

7.03 *Governmental Consents.* No consent, approval, qualification, order or authorization of, or filing with, any Governmental Authority is required on the part of BRN Development in connection with BRN Development's valid execution, delivery and performance of this Agreement.

7.04 *Contracts and Other Commitments.* BRN Development does not have and is not bound by any contract, agreement, lease, commitment, or proposed transaction, judgment, order, writ or decree, written or oral, absolute or contingent, other than: (a) the Senior Debt; (b) the BRN Investments Debt; (c) the debt evidenced by the BRN Development Notes, the repayment of which is secured by the Mortgage; (d) contracts that were entered into in the ordinary course of business; and (e) contracts terminable at will by BRN Development on no more than 30 days' notice without cost or liability to BRN Development and that do not involve any employment or consulting arrangement and are not material to the conduct of BRN Development's business or the Black Rock North Project.

7.05 *Permits.* BRN Development has or can obtain, without undue burden or expense, all Land Use Permits and Approvals, the lack of which could materially and adversely affect the business, properties, prospects, or financial condition of BRN Development or the Black Rock North Project. BRN Development is not in default in any material respect under any Land Use Permit or Approval.

~~7.06 *Compliance with Other Instruments.* BRN Development is not in violation or default in any material respect of any provision of its articles of incorporation or bylaws, or in any respect of any provision of any mortgage, indenture, agreement, instrument or contract to which it is a party or by which it is bound or, to its knowledge, of any federal or state judgment, order, writ, decree, statute, rule, regulation or restriction applicable to BRN Development or the Black Rock North Project. The execution, delivery, and performance by BRN Development of this Agreement and the consummation of the transactions contemplated hereby will not result in any such violation or be in material conflict with or constitute, with or without the passage of time or giving of notice, either a material default under any such provision or an event that results in the creation of any material lien, charge, or encumbrance upon any assets of BRN Development or the suspension, revocation, impairment, forfeiture, or nonrenewal of any material permit, license, authorization, or approval applicable to BRN Development, its business or operations, any of its assets or properties, or the Black Rock North Project.~~

7.07 *Title to Property and Assets.* BRN Development has good and marketable title to (a) all of the real property comprising the Black Rock North Project, free and clear of all liens and security interests other than Permitted Encumbrances, and (b) sufficient water rights necessary for the development of the Black Rock North Project. All of BRN Development's agreements with other Persons in respect of its real property and water rights are subsisting and enforceable in accordance with their terms, and to the Knowledge of BRN Development there does not exist any default or event or condition which, after notice or lapse of time or both, would constitute a default under the documents giving those rights of ownership to BRN Development or which would have a material adverse effect on BRN Development or the Black Rock North Project. BRN Development has good and sufficient title to the tangible and intangible personal properties, in each case free and clear of liens and security interests other than Permitted Encumbrances. All of BRN Development's agreements with other Persons in respect of BRN Development's personal property are subsisting and enforceable in accordance with their terms, and to the Knowledge of BRN Development there does not exist any default or event or condition which, after notice or lapse of time or both, would constitute a default under the documents giving those rights of ownership to BRN Development or which would have a material adverse effect on BRN Development or the Black Rock North Project.

7.08 *Material Liabilities.* BRN Development does not have any material liabilities other than the Senior Debt, the BRN Investments Debt and the debt evidenced by the BRN Development Notes. As used herein, the term "material liabilities" means liabilities, absolute, accrued, contingent or otherwise that are, individually or in the aggregate in excess of ten percent of the value of BRN Development's assets as of December 31, 2007.

7.09 *Litigation.* There is no action, suit, proceeding, or investigation pending or, to BRN Development's Knowledge, currently threatened against the BRN Development or in any way affecting the properties and assets comprising the Black Rock North Project.

7.10 *Financial Statements and Changes.* BRN Development's unaudited financial statements for the fiscal year ended December 31, 2007 (the "Financial Statements") are complete and correct in all material respects. To BRN Development's Knowledge, since the date of such Financial Statements, there has not been:

(a) any change in the assets, liabilities, financial condition, or operating results of BRN Development, except changes in the ordinary course of business that have not been and are not expected to be, individually or in the aggregate, materially adverse;

(b) any damage, destruction or loss, whether or not covered by insurance, materially and adversely affecting the business, properties, prospects, or financial condition of BRN Development or the Black Rock North Project (as such business is presently conducted and as it is presently proposed to be conducted);

(c) any waiver or compromise by BRN Development of a valuable right or of a material debt owed to it;

(d) any satisfaction or discharge of any lien, claim, or encumbrance or payment of any obligation by BRN Development, except in the ordinary course of business and that is not material to the business, properties, prospects, or financial condition of BRN Development or the Black Rock North Project as such business is presently conducted and as it is presently proposed to be conducted;

(e) any material change to a Material Contract or arrangement by which BRN Development or any of its assets is bound or subject;

(f) any material change in any compensation arrangement or agreement with any employee, officer, director or shareholder of BRN Development;

(g) any sale, assignment, or transfer of any patents, trademarks, copyrights, trade secrets, or other intangible assets;

(h) any resignation or termination of employment of any key officer of BRN Development; and BRN Development, to its Knowledge, does not know of the impending resignation or termination of employment of any such officer;

(i) any mortgage, pledge, transfer of a security interest in, or lien, created by BRN Development with respect to any of its material properties or assets, except liens for taxes not yet due or payable or contested by BRN Development in good faith;

(j) any loans or guarantees made by BRN Development to or for the benefit of its employees, shareholders, officers, or directors, or any members of their immediate families, other than travel advances and other advances made in the ordinary course of its business;

(k) any declaration, setting aside, or payment of any dividend or other distribution of BRN Development's assets in respect of any of outstanding capital stock of BRN Development, or any direct or indirect redemption, purchase, or other acquisition of any of such stock by BRN Development;

(l) to BRN Development's Knowledge there is no event or condition of any character that might materially and adversely affect the business, properties, prospects or financial condition of BRN Development or the Black Rock North Project (as such business is presently conducted and as it is presently proposed to be conducted); or

(m) any agreement or commitment by BRN Development to do any of the things described in this Section 7.10.

7.11 *Intellectual Property.* BRN Development owns or possesses sufficient legal rights to all patents, trademarks, service marks, trade names, copyrights, trade secrets, licenses, information, and proprietary rights and processes, if any, necessary for its business as now conducted and as proposed to be conducted without any conflict with, or infringement of the rights of, others. There are no outstanding options, licenses, or agreements of any kind relating to the foregoing, nor is BRN Development bound by or a party to any options, licenses, or agreements of any kind with respect to the patents, trademarks, service marks, trade names, copyrights, trade secrets, licenses, information, and proprietary rights and processes of any other person or entity. BRN Development has not received any communications alleging that it has violated or, by conducting its business as proposed, would violate any of the patents, trademarks, service marks, trade names, copyrights, trade secrets, or other proprietary rights or processes of any other person or entity. To BRN Development's Knowledge, none of its employees is obligated under any contract (including licenses, covenants, or commitments of any nature) or other agreement, or subject to any judgment, decree, or order of any court or administrative agency, that would interfere with the use of such employee's best efforts to promote the interests of BRN Development and the Black Rock North Project, or that would conflict with BRN Development's business or the Black Rock North Project.

7.12 *Employees.* BRN Development does not have any employees.

7.13 *Tax Returns, Payments, and Elections.* BRN Development has timely filed all federal, state and local tax returns and reports as required by law. Each such filing and report is true and correct in all material respects. BRN Development has elected pursuant to the Code to be treated as an S corporation, and since its inception has made adequate provisions on its books of account for all taxes, assessments, and governmental charges with respect to its business, properties, and operations for such period.

7.14 *Insurance.* BRN Development has in full force and effect fire and casualty insurance policies, with extended coverage, sufficient in amount (subject to reasonable deductibles) to allow it to replace any of its assets and properties that might be damaged or destroyed.

7.15 *Environmental Laws.*

(a) BRN Development has not received any communication alleging that BRN Development is in violation of, and, to its Knowledge, it has not received (i) any notice of any currently outstanding or currently threatened civil, criminal or administrative action, suit, demand, claim, lien, hearing, notice of violation, proceeding, or investigation relating to BRN Development or its interests in the Black Rock North Project alleging any material violation of the Environmental Laws (as defined in this subsection) or (ii) any written request for information from any governmental

agency pursuant to the Environmental Laws, and, to BRN Development's Knowledge, BRN Development and its real property or interests therein are in material compliance with all applicable Environmental Laws binding upon BRN Development and the Black Rock North Project as of the Closing.

(b) Except as authorized by any Environmental Permit (as defined in this subsection):

(i) There are no Hazardous Substances Released (as defined in this subsection) by BRN Development or any predecessor thereof on or beneath their current or former properties in quantities or concentrations that could give rise to material obligations, responsibilities, liabilities or debts under the Environmental Laws.

(ii) BRN Development has obtained all governmental licenses, permits, waivers, variances and other authorizations (the "Environmental Permits") that are required to be obtained by BRN Development under all Environmental Laws for the ownership, use and operation of its properties, the conduct of its business as currently conducted, and the Black Rock North Project. Any such Environmental Permits are in effect, no appeal nor any other action is outstanding or threatened to revoke any such Environmental Permit, and BRN Development is in compliance with all terms and conditions of all such Environmental Permits.

(c) BRN Development has not received notice of any currently outstanding or currently threatened claim alleging that any employee of any Affiliate of BRN Development in the course of his or her employment has been exposed to any Hazardous Substances (as defined in this subsection) generated, produced or used by BRN Development or any Affiliate of BRN Development in concentrations exceeding those permitted under applicable laws, including any provision of the Environmental Laws relating to worker health and safety.

(d) BRN Development has not received any notice or order from any governmental agency or private or public entity in connection with its business advising it that it is responsible for or potentially responsible for Cleanup (as defined in this subsection) or paying for the cost of Cleanup of any Hazardous Substances, and BRN Development has not entered into any agreements concerning such Cleanup.

(e) None of the real property currently or previously owned, leased or operated by BRN Development contains any: (i) underground storage tanks, (ii) underground injection wells; (iii) septic tanks in which process wastewater or any Hazardous Substances have been disposed; or (iv) any asbestos or equipment using polychlorinated biphenyls.

(f) BRN Development has not entered into any agreement in connection with BRN Development's business that may now, or in the future, require BRN Development to pay to, reimburse, guarantee, pledge, defend, indemnify or hold harmless any person for or against Environmental Liabilities and Costs (as defined in this subsection).

(g) The following terms shall be defined as follows:

"Cleanup" means all actions required to: (A) cleanup, remove, treat or remediate Hazardous Substances in the indoor or outdoor environment; (B) prevent the Release of Hazardous Substances so that they do not migrate, endanger or threaten to endanger public health or welfare or the indoor or

outdoor environment; (C) perform pre-remedial studies and investigations and post-remedial monitoring and care; or (D) respond to any government requests for information or documents in any way relating to cleanup, removal, treatment or remediation or potential cleanup, removal, treatment or remediation of Hazardous Substances in the indoor or outdoor environment.

"Environmental Laws" means any applicable federal, state or local law, rule, order, regulation, statute, decree or requirement of any executive, legislative, regulatory, administrative, judicial or other governmental authority regulating, relating to or imposing liability or standards of conduct concerning the protection of human health or the environment which is in effect and binding upon BRN Development as of the Closing. For the sake of clarity, "Environmental Laws" include the recordkeeping, disclosure, notification and reporting requirements contained in such Environmental Laws respecting Hazardous Substances, but do not include land use or zoning laws.

"Environmental Liabilities and Costs" means all claims, losses, assessments, judgments, costs, expenses (including reasonable fees and expenses of attorneys and experts including but not limited to, those incurred in connection with the defense or prosecution of any indemnifiable claim and those incurred in connection with the enforcement of this provision), obligations, responsibilities, liabilities, debts and damages sustained by BRN Development prior to any reimbursement therefor.

"Hazardous Substances" means (A) any "hazardous substance" "pollutant" or "contaminant" as defined in Section 101(14) and (33) of the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), 42 U.S.C. §9601(14) and (33) or 40 C.F.R. Part 302; (B) any pollutant, hazardous waste or hazardous substance as those terms are defined in any applicable state or local law; and (C) oil as defined under the Clean Water Act § 311(a)(1).

"Release" means when used as a noun, any releases, spill, emission, discharge, leaking, pumping, injection, deposit, disposal, discharge, dispersal, leaching or migration into the environment (including, without limitation, ambient air, surface water, groundwater, and surface or subsurface strata) or into or out of any property, including the movement of Hazardous Substances through or in the air, soil, surface water, groundwater or property, and when used as a verb, the occurrence of any Release.

7.16 *Non-Environmental Land Use Matters.*

(a) BRN Development has no Knowledge of any Land Use Claim against or affecting BRN Development or BRN Development's real property, and has received no notice of any such Land Use Claim. To BRN Development's Knowledge, there were no past actions, activities, circumstances, events or incidents occurring on or in any way relating to the former ownership, use or operation of BRN Development's real property that would give rise to any Land Use Claim or violation of Land Use Laws.

(b) To BRN Development's Knowledge, BRN Development's real property has been owned and operated in compliance with applicable Land Use Laws.

(c) BRN Development is in compliance with all applicable Land Use Laws with respect to its business, operations and assets, which compliance includes, but is not limited to, the possession by it of all Land Use Permits and Approvals, and compliance with the terms and conditions thereof.

7.17 *Corporate Records.* The minute and stock record books of BRN Development contain accurate, complete and correct copies of all charter documents and the records of all meetings and consents in lieu of meeting of BRN Development's board of directors (and any committee thereof) and voting shareholders since the date of incorporation.

7.18 *No Broker's or Finder's Fees.* No agent, broker, investment banker, person or firm acting on behalf of BRN Development is or will be entitled to any broker's or finder's fee or any other commission or similar fee directly or indirectly in connection with this Agreement.

7.19 *Solvency.* BRN Development is not Insolvent, nor has it ever been Insolvent at any time during the 90-day period immediately prior to the date of this Agreement.

7.20 *No Event of Bankruptcy.* There is no Event of Bankruptcy nor has an Event of Bankruptcy occurred during the 90-day period immediately prior to the date of this Agreement, nor, to BRN Development's Knowledge is an Event of Bankruptcy threatened.

ARTICLE 8 – REPRESENTATIONS AND WARRANTIES OF LAKE VIEW

Lake View represents and warrants to BRN Development on the Effective Date of this Agreement and at the Closing that the provisions of Sections 8.01 through 8.07 are true and correct, and can be relied upon by BRN Development.

8.01 *Organization; Power and Authority.* Lake View is a company that is duly organized, validly existing and in good standing under the laws of Liechtenstein, and is duly qualified to do business and is in good standing in each jurisdiction in which the qualification is required by law, other than those jurisdictions as to which the failure to be so qualified or in good standing could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on it. Lake View has the power and authority to execute and deliver this Agreement, and to perform the conditions and obligations of this Agreement.

8.02 *Authorization and Enforceability.* The execution of this Agreement has been duly authorized by all necessary action of Lake View, and this Agreement constitutes a legal, valid and binding obligation of Lake View, enforceable against it in accordance with its terms, except as enforceability may be limited by: (a) applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally; and (b) general principles of equity (regardless of whether the enforceability is considered in a proceeding in equity or at law).

8.03 *No Conflicts.* Neither the execution, delivery and performance of any of the this Agreement nor the consummation of any of the transactions contemplated by this Agreement by Lake View will: (a) conflict with or result in any violation of or constitute a breach of any of the terms or provisions of, or result in the acceleration of any obligation under, or constitute a default under any provision of Lake View's charter documents, or any Material mortgage, bond, indenture, agreement, license or other instrument or obligation to which Lake View is a party or subject; or (b) violate any Legal Requirement against, affecting or binding upon Lake View.

8.04 *Receipt of Information.* Lake View has received all of the Disclosure Information and all other information he considers necessary or appropriate for deciding whether to become a Partner. Lake View further represents that it has had an opportunity to ask questions and receive answers from BRN Development regarding the Disclosure Information and the business, properties, prospects and financial

condition of BRN Development, and to obtain additional information necessary to verify the accuracy of any information furnished to Lake View or to which Lake View had access concerning BRN Development and the Black Rock North Project.

8.05 *Investment Experience and Financial Capability.* Lake View is experienced in evaluating business enterprises and Black Rock North Projects like BRN Development and the Black Rock North Project, has such Knowledge and experience in financial and business matters that he is capable of evaluating the merits and risks of becoming a Partner, and is a "sophisticated investor" as such term is defined in Rule 506(b)(2)(ii) of the Rules and Regulations adopted under the Securities Act of 1933, as amended.

8.06 *Solvency.* Lake View is not Insolvent, nor has it ever been Insolvent at any time during the 90-day period immediately prior to the date of this Agreement.

8.07 *No Event of Bankruptcy.* There is no Event of Bankruptcy nor has an Event of Bankruptcy occurred during the 90-day period immediately prior to the date of this Agreement, nor, to Lake View's Knowledge is an Event of Bankruptcy threatened.

ARTICLE 9 – COVENANTS OF THE PARTNERS

9.01 *Cooperation and Best Efforts to Implement Agreement.* Subject to the fiduciary duties of their respective Boards of Directors and satisfaction of the conditions to Closing contained in subsections 5.01(b) and (c), each of the Partners shall use its respective reasonable best efforts and will cooperate with each other to secure all necessary consents, approvals, authorizations, assumptions and waivers from third Partners as shall be required in order to enable the transactions contemplated under this Agreement to be effected, and each of the Partners shall otherwise use its respective reasonable best efforts to cause the consummation of the transactions under this Agreement in accordance with the terms and conditions of this Agreement and to cause all conditions contained in this Agreement over which it has control to be satisfied.

9.02 *Access and Inspection.* BRN Development shall allow Lake View and its authorized representatives reasonable access from and after the Effective Date and prior to the Closing Date to BRN Development's properties, books, and records for the purpose of making such investigation of BRN Development as Lake View may reasonably desire.

9.03 *Notices and Consents.* BRN Development shall give any notices to third parties and shall use their reasonable commercial efforts to obtain any third party consents that Lake View may reasonably request. Each of the Partners will give any notices to, make any filings with, and use its reasonable commercial efforts to obtain any authorizations, consents and approvals of governments and governmental agencies known to them to be required in connection with the contributions of their respective properties and assets to the Joint Venture pursuant to this Agreement.

9.04 *Notification.* From and after the Effective Date and prior to the Closing Date, each Partner shall promptly notify the other Partners at any time that a Partner becomes aware that any representation or warranty made by the Partner in or pursuant to this Agreement is untrue or inaccurate in any Material respect, and shall promptly notify the other Partners of any Material Adverse Effect on a Partner and of any governmental complaints, investigations, hearings or proceedings which would have a Material Adverse Effect on a Partner. No notice by any Partner pursuant to this Section 9.4 shall be deemed to amend or supplement the Schedules hereto, or to prevent or cause any misrepresentation, breach of warranty or breach of contract.

9.05 *Disclosure and Exceptions.* The Partners agree that any disclosure or exception by a Partner in this Agreement or any Schedule, or any document or certificate required by this Agreement to be delivered by a Partner at or prior to the Closing, shall be deemed to be a disclosure or exception with respect to the same or similar matter contained elsewhere in this Agreement, any other Schedule or any document or certificate required by this Agreement to be delivered by the Partner at or prior to the Closing.

ARTICLE 10 – TRANSFERS OF INTERESTS

10.01 *Transfers Prohibited.* Except as provided in this Article 10, no Partner may directly or indirectly sell, transfer, assign, pledge, or otherwise encumber, voluntarily or involuntarily, all or any part of its interest in the Joint Venture. Any transfer or encumbrance not authorized by this Agreement shall be void.

10.02 *Dissociation of a Partner.* Notwithstanding the definite term of the Joint Venture, a Partner shall have the right to dissociate from the Joint Venture, but such dissociation shall only be deemed rightful if performed on the terms and conditions set forth in this section 10.02. Written notice of intention to withdraw must be served upon the other Partners at the addresses of such other Partners set forth in Section 2.02 at least 90 days prior to the effective date of dissociation. Upon the dissociation of a Partner, the remaining Partners may elect either to continue the Joint Venture Business and to acquire the dissociation Partner's interest in the Joint Venture, as hereinafter provided, or to dissolve and liquidate the Joint Venture Business. If the remaining Partners elect to continue the Joint Venture Business and to acquire the interest of the dissociation Partner, they shall serve notice in writing of such election upon the dissociation Partner at the dissociation Partner's address specified in Section 2.02 of this Agreement within 30 days after the receipt of such Partner's notice of intention to withdraw. If the remaining Partners elect to purchase the interest of the dissociation Partner in the Joint Venture, the purchase price shall be determined and paid as provided in Section 10.03. The remaining Partners shall be entitled to use the name of the Joint Venture. If the remaining Partners elect not to purchase the interest of the dissociation Partner in the Joint Venture, they shall proceed with reasonable promptness to liquidate the business of the Joint Venture and to distribute the assets of the Joint Venture as provided in Article 11.

10.03 *Price.* In the event of the dissociation or default of a Partner and the election of the remaining Partners to continue the Joint Venture Business and to acquire the interest of the deceased Partner, or in those other circumstances in which the remaining Partners may be entitled to purchase a Partner's interest in the Joint Venture, as may be provided in this Agreement, the price to be paid for the interest of said Partner shall be said Partner's proportionate share of the net value of the Joint Venture, which value shall be determined as follows:

(a) Agreement. The value may be set by mutual agreement of both Partners.

(b) Arbitration. If an agreement as to fair valuation cannot be reached by the Partners, then the withdrawing Partner and the remaining Partners, acting together, shall each appoint an arbitrator, and these two arbitrators shall select a third arbitrator. If the arbitrators reach agreement, their decision as to fair valuation shall be final and conclusive as to all parties. If the arbitrators are unable to reach an agreement, the price shall be an average of the values determined by the three arbitrators. The average of the three values shall be final and conclusive as to all parties hereto. The expenses of arbitration shall be borne by the purchasing Partners and the selling Partner in proportion to their respective percentage interests prior to the purchase.

(c) Terms. The purchase price shall be paid within twelve months, in equal quarterly installments, beginning 90 days after the date of death or effective date of withdrawal.

(d) Statement of Dissociation. In the event of the dissociation or default of a Partner and the election of the remaining Partners to continue the Joint Venture Business, the remaining Partners shall be entitled to file a statement of dissociation stating the name of the Joint Venture and that such other Partner is dissociated from the Joint Venture.

10.04 *Purchase of Defaulting Partner's Interest*. If any Partner shall become a defaulting Partner as defined in Section 12.01, the other Partners may elect to purchase the interest of the defaulting Partner in the Joint Venture by giving notice to the defaulting Partner of such election within 30 days after receiving notice of the occurrence of an event of default relating to such defaulting Partner. In such event, the purchase price for the defaulting Partner's interest shall be the value fixed pursuant to subsection 10.03(a), or if no such valuation is fixed, a price equal to seventy-five percent of the value fixed by arbitration pursuant to subsection 10.03(b), subject to further reduction in accordance with Section 12.02.

10.05 *Voluntary Sale Prohibited*. No Partner may sell or assign or otherwise transfer its interest in the Joint Venture to any person other than a Partner without the written consent of all other Partners.

10.06 *Additional Partners*. Additional partners may be admitted to this Joint Venture upon such terms and conditions as may be agreed upon in writing between the existing Partners and such new partners. The terms so agreed upon shall constitute an amendment to this Agreement.

10.07 *Indemnification by Remaining Partner*. Either Partner and the successors of any Partner whose interest is purchased pursuant to this Article 10, with the exception of a defaulting Partner whose interest is purchased pursuant to Section 10.04, shall be indemnified and held harmless by the remaining Partners from any and all further obligations of the Joint Venture, other than obligations created by the withdrawing Partner and not disclosed to or known by the other Partners at the time of withdrawal.

ARTICLE 11 – TERMINATION AND LIQUIDATION

11.01 *Dissolution*. The Joint Venture shall be dissolved upon the occurrence of any of the following events:

- (a) the unanimous agreement of the Partners;
- (b) the expiration of the term of the Joint Venture;
- (c) the sale or disposition of all or substantially all of the Joint Venture assets;
- (d) the withdrawal of a Partner, if such withdrawal is permitted by this Agreement, and the failure of the remaining Partners to exercise any option they may have to purchase the withdrawing Partner's interest;
- (f) the election of the nondefaulting Partners to dissolve the Joint Venture pursuant to Section 10.02; or
- (g) the occurrence of any other event that results in dissolution.

11.02 *Distribution of Assets on Termination.* If the Joint Venture is dissolved pursuant to Section 11.01, the Joint Venture affairs shall be wound up as expeditiously as possible, the assets liquidated to the extent practicable, and the Joint Venture terminated. Any Partner may be a purchaser of any or all of the assets during liquidation. Upon the termination of the Joint Venture, the assets of the Joint Venture shall be distributed in the following order:

- (a) to pay or provide for the payment of all liabilities to creditors of the Joint Venture, including any liabilities arising under the Lake View Note;
- (b) to repay loans, if any, made by any Partner to the Joint Venture;
- (c) to discharge the balances of the capital accounts of the Partners; and
- (d) to the Partners in proportion to their respective capital accounts.

11.03 *Termination.* The Board of Directors shall comply with any applicable requirements of applicable law pertaining to the winding up of the affairs of the Company and the final distribution of its assets. Upon completion of the winding up, liquidation and distribution of the assets, the Company shall be deemed terminated.

11.04 *Return of Contribution Nonrecourse to Other Members.* Except as provided by law or as expressly provided in this Agreement, upon dissolution each Partner shall look solely to the assets of the Joint Venture for the return of its capital contribution. If the property remaining after the payment or discharge of liabilities of the Joint Venture is insufficient to return the contributions of the Partners, no Partner shall have recourse against any other Partner.

ARTICLE 12 - DEFAULT

12.01 *Events of Default.* A Partner ("defaulting Partner") shall be in default hereunder upon the occurrence of any of the following events:

- (a) if any Partner makes an assignment for the benefit of creditors or applies for the appointment of a trustee, liquidator, or receiver of any part of such Partner's assets or commences any proceedings relating to itself under any federal or state law relating to bankruptcy, insolvency, reorganization, or similar laws;
- (b) if any Partner has a proceeding commenced against it relating to the appointment of a trustee, liquidator, or receiver or pursuant to any proceedings under any federal or state law relating to bankruptcy, insolvency, reorganization, or similar laws, which proceeding is not dismissed or discharged within 90 days after the commencement of such proceeding;
- (c) if any Partner suffers its interest in the Joint Venture to become subject to any attachment, levy, execution, or other judicial seizure;
- (d) if any Partner breaches or fails to perform any other provision of this Agreement and such breach or failure is not cured within 30 days after written notice by the other Partners requesting that the default be cured.

(e) if any Partner dissociates from the Joint Venture by express will and fails to carry out such dissociation in accordance with Section 10.02;

(f) if any Partner is expelled from the Joint Venture by judicial determination; or

(g) the Partner is expelled or otherwise dissociated because it willfully dissolved or terminated.

12.02 *Remedies.* Upon any Partner becoming a defaulting Partner, the remaining Partner may:

(a) dissolve and terminate the Joint Venture as provided in Article 11, and offset against any amount to be distributed to the defaulting Partner any and all damages to the Joint Venture by the defaulting Partner;

(b) elect to purchase the interest of the defaulting Partner pursuant to Section 11.04 and offset against the purchase price payable to the defaulting Partner any and all damages to the Joint Venture caused by the defaulting Partner; or

(c) pursue any remedy at law or in equity against the defaulting Partner.

A defaulting Partner shall have no right to vote upon or otherwise participate in management of the Joint Venture, regardless of whether the remaining Partners have begun to exercise any available remedies.

ARTICLE 13 – INDEMNIFICATION

13.01 *Survival of Representations, Warranties.* The representations and warranties of BRN Development and Lake View contained in Articles 7 and 8, respectively, shall survive the Closing until a date that is twelve months from and after the Closing.

13.02 *Reimbursement and Indemnification of Partners.* The Joint Venture shall promptly reimburse and indemnify each Partner in respect to payments reasonably made and personal liability reasonably incurred by the Partner in the ordinary course of the Joint Venture Business, or for the preservation of Joint Venture property.

13.03 *Indemnity and Contribution.* All debts, liabilities, and obligations of the Joint Venture shall be shared by the Partners in proportion to their respective percentage interests, as adjusted. The Joint Venture and each Partner in proportion to its percentage interest shall indemnify and hold harmless any other Partner against any liability in excess of such Partner's proportionate share. Any Partner which incurs a Joint Venture liability without authority to do so shall indemnify and hold harmless the Joint Venture and the other Partners against the entire amount of such liability.

13.04 *Third-Party Claims.*

(a) Notice of Claim. If any Partner entitled to be indemnified pursuant to Section 13.03 (an "Indemnified Partner") receives notice of the assertion of any claim or fact that does or could have a Material Adverse Effect on the Joint Venture or the Black Rock North Project, such Indemnified Partner shall give the Partner who may become obligated to provide indemnification hereunder (the "Indemnifying Partner") written notice describing such claim or fact in reasonable detail (the "Notice of Claim") promptly (and in any event within ten (10) Business Days after

receiving any written notice from a third party). The failure by the Indemnified Partner to timely provide a Notice of Claim to the Indemnifying Partner shall not relieve the Indemnifying Partner of any liability, except to the extent that the Indemnifying Partner is prejudiced by the Indemnified Partner's failure to provide timely notice under this Section 13.04.

(b) Procedure and Defense of Claims. In the event any Indemnifying Partner notifies the Indemnified Partner within ten (10) Business Days after the Indemnified Partner has given notice of the matter that the Indemnifying Partner is assuming the defense of the matter: (i) the Indemnifying Partner will defend the Indemnified Partner against the matter with counsel of its choice reasonably satisfactory to the Indemnified Partner; (ii) the Indemnified Partner may retain separate co-counsel at its sole cost and expense (except that the Indemnifying Partner will be responsible for the fees and expenses of the separate co-counsel to the extent the Indemnified Partner reasonably concludes that the counsel the Indemnifying Partner has selected has a conflict of interest); (iii) the Indemnified Partner will not consent to the entry of any judgment or enter into any settlement with respect to the matter without the written consent of the Indemnifying Partner which consent shall not be unreasonably withheld; and (iv) the Indemnifying Partner will not consent to the entry of any judgment with respect to the matter, or enter into any settlement which does not include a provision whereby the plaintiff or claimant in the matter releases the Indemnified Partner from all liability with respect thereto, and, in a settlement or compromise which does not involve only the payment of money by the Indemnifying Partner, without the prior written consent of the Indemnified Partner which consent shall not be unreasonably withheld.

(c) Failure to Notify of Claim. In the event the Indemnifying Partner does not notify the Indemnified Partner within ten (10) Business Days after the Indemnified Partner has received a Notice of Claim that the Indemnifying Partner is assuming the defense thereof, then the Indemnified Partner shall have the right, subject to the provisions of this Article, to undertake the defense, compromise or settlement of the Claim for the account of the Indemnifying Partner. Unless and until the Indemnifying Partner assumes the defense of any Claim, the Indemnifying Partner shall advance to the Indemnified Partner any of its reasonable attorneys' fees and other costs and expenses incurred in connection with the defense of any action or proceeding. Each Indemnified Partner shall agree in writing prior to any advance that, in the event it receives any advance, the Indemnified Partner shall reimburse the Indemnifying Partner for the fees, costs and expenses to the extent that it shall be determined that it was not entitled to indemnification under this Article 13.

(d) Procedure upon Assumption of Defense. In the event that the Indemnifying Partner undertakes the defense of any Claim, the Indemnifying Partner will keep the Indemnified Partner advised as to all Material developments in connection with such Claim, including, but not limited to, promptly furnishing the Indemnified Partner with copies of all Material documents filed or served in connection therewith.

13.05 *Sole Remedy.* Other than a claim for fraud, indemnification pursuant to this Agreement shall be the sole remedy available to the Partners for any inaccuracy in or any breach of any representation or warranty contained in this Agreement. The right to indemnification, reimbursement, or other remedy based on the representations, warranties and covenants of a Partner in this Agreement will not be affected by: (a) any investigation, analysis or evaluation conducted by any other Partners or its representatives with respect to, or any Knowledge acquired (or capable of being acquired) about the accuracy or inaccuracy of or compliance with, any representation, warranty, covenant, or obligation; or (b) the waiver of any condition based on the accuracy of any representation or warranty, or on the performance of or compliance with any covenant or obligation.

ARTICLE 14 – MISCELLANEOUS PROVISIONS

14.01 *Governing Law.* This Agreement shall be governed by and construed according to the laws of the State of Idaho.

14.02 *Dispute Resolution.* Any dispute involving the interpretation of this Agreement or the performance by the Partners of their respective obligations hereunder, unless voluntarily resolved, shall be resolved by binding arbitration conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association. The venue of any such arbitration proceeding shall be Coeur d'Alene, Idaho and judgment on any arbitration award shall be entered in the District Court of Kootenai County, Idaho or the United States District Court for the District of Idaho. The Partners hereto each hereby consent to the personal jurisdiction of the District Court of Kootenai County, Idaho and the United States District Court for the District of Idaho for the purposes of entering any such judgment.

14.03 *Successors and Assigns.* Except as otherwise expressly limited herein, the provisions hereof shall inure to the benefit of, and be binding upon, the successors, assigns, heirs, executors and administrators of the Partners hereto.

14.04 *Notices.* All notices and other communications required or permitted hereunder shall be in writing and shall be mailed by registered or certified mail, postage prepaid, or otherwise delivered by hand or by messenger, addressed as follows: (a) if to BRN Development, to Marshall Chesrown and Robert Samuel, BRN Development, Inc., P.O. Box 3070, Coeur d'Alene, Idaho 83816, with a copy to Douglas Siddoway, Randall & Danskin, P.S., 1500 Bank of America Financial Center, 601 West Riverside Avenue, Spokane, Washington 99201-0653; and (b) if to Lake View, to Gunnar M. Bjorg, Lake View AG, c/o Interadvice Anstalt, Landstrasse 25, FL – 9490 Vaduz, Liechtenstein. Any Partner may change its address for purposes of receiving notice by furnishing the other Partners written notice of such address.

14.05 *Severability.* If any provision of this Agreement or the application of any such provision shall be held invalid or unenforceable, the remainder of this Agreement shall not be affected thereby.

14.06 *Counterpart Signatures.* This Agreement may be signed in any number of counterparts, each of which shall be deemed an original and enforceable against the Partners actually signing such counterpart, and all of which together shall constitute one instrument.

14.07 *Waivers and Amendments.* This Agreement may be amended, superseded, cancelled, renewed or extended, and the terms may be waived, only by a written instrument signed by the Partners or, in the case of a waiver, by the Partner waiving compliance. No delay on the part of a Partner in exercising any right, power or privilege under this Agreement shall operate as a waiver, nor shall any waiver on the part of a Partner of any right, power or privilege, or any single or partial exercise of any right, power or privilege, preclude any further exercise of the same or the exercise of any other such right, power or privilege.

14.08 *Further Assurances.* Each Partner agrees to execute and deliver, or cause to be executed and delivered, all further instruments and to take all further action as any other Partner or Partners may reasonably request to confirm or carry out the provisions and intent of this Agreement.

14.09 *Captions.* The article and section titles or captions contained in this Agreement or in any Exhibit or Schedule attached or referred to in this Agreement are for convenience only, shall not be deemed a part of this Agreement and shall not affect the meaning or interpretation of this Agreement.

14.10 *Interpretation.* The words "hereof," "herein" and "hereunder" and words of similar import, when used in this Agreement, shall refer to this Agreement as a whole and not to any particular provision of this Agreement. The terms "dollars" and "\$" shall mean United States dollars. Personal pronouns, when used in this Agreement, whether in the masculine, feminine or neuter gender, shall include all other genders, and the singular shall include the plural, and vice versa.

14.11 *Third Parties.* Except as specifically set forth or referred to in this Agreement, nothing expressed or implied is intended or shall be construed to confer upon or give to any Person other than the Partners and their successors or assigns and the beneficiaries of contractual indemnification expressly set forth in this Agreement, any rights or remedies under or by reason of this Agreement.

14.12 *Publicity.* Except as otherwise required by applicable laws or regulation, no Partner to this Agreement and no Affiliate of a Partner shall issue or permit any press release or make any public statement, in each case relating to or connected with or arising out of this Agreement or the matters contained herein without obtaining the prior written approval of the other Partner as to the contents and the manner of presentation and publication thereof, such consent not to be unreasonably withheld. The Partners acknowledge and agree that as part of the process of obtaining approval of the transactions contemplated by this Agreement, it may be necessary or advisable for the Joint Venture to issue press releases and other information regarding the transactions contemplated by this Agreement.

Executed and effective as of the date first above written.

BRN DEVELOPMENT:

BRN Development, Inc.,
an Idaho corporation

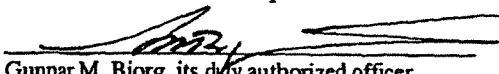
By


Marshall Chesrown, its duly authorized officer

LAKE VIEW:

Lake View AG,
a Liechtenstein BRN Development

By


Gunnar M. Bjorg, its duly authorized officer

BRN-LAKE VIEW JOINT VENTURE 5.00% CONVERTIBLE PROMISSORY NOTE

\$5,000,000

April 22, 2008
Coeur d'Alene, Idaho

BRN-Lake View Joint Venture, an Idaho joint venture partnership (hereinafter referred to as "Maker") promises to pay to Lake View AG, a Liechtenstein company (the "Holder"), or the Holder's permitted assigns, the principal sum of \$5,000,000, together with interest on that amount, upon the agreements, terms and conditions provided in this Note.

1. *Definitions.* Most of the capitalized terms used in this promissory note (the "Note") are defined in the Joint Venture Agreement of BRN-Lake View Joint Venture to which this Note is attached as an exhibit (the "Joint Venture Agreement") between Maker and Holder. Other capitalized terms used in this Note are defined below or elsewhere in this Note.

1.01 Cure Period shall mean the period of time Maker shall have to cure an Event of Default. If the Event of Default is a monetary default, the Cure Period shall be ten (10) days from the date Maker first receives Notice of such Event of Default. If the Event of Default is other than a monetary default, the Cure Period shall be fifteen (15) days from the date Maker first receives such Notice. As used herein, a "monetary default" means a failure by Maker to make any payment required of it by this Note.

1.02 Event of Default shall mean any of the following events:

(a) if any representation made in the Joint Venture Agreement shall have been Materially false when made or shall be breached in any material respect.

(b) if Maker shall breach any covenant contained in the Joint Venture Agreement and such breach is not cured within fifteen (15) days after notice from the Holder specifying the nature of the breach.

(c) if any of the following shall occur:

(i) Maker becomes insolvent, makes a transfer in fraud to or an assignment for the benefit of creditors, or admits in writing its inability to pay its debts as they become due;

(ii) A receiver, custodian, liquidator or trustee is applied for by Maker or is appointed for all or substantially all of the assets of Maker, or any such receiver, custodian, liquidator or trustee is appointed in any proceeding brought against Maker and such appointment is not contested or is not dismissed or discharged within 60 days after such appointment, or Maker acquiesces in such appointment;

(iii) Maker files a petition for relief under the federal Bankruptcy Code, as amended, or under any similar law or statute of the United States or any state thereof, or Maker seeks to take advantage of any insolvency law;

(iv) A petition against Maker is filed commencing an involuntary case under any present or future federal or state bankruptcy or similar law, and such petition is not dismissed or discharged within 60 days of filing; or

(v) Maker is dissolved or liquidated, or all or substantially all of the assets of Maker are sold or otherwise transferred.

1.03 Notice shall mean any notice or other communication required or permitted under this Note or the Joint Venture Agreement. Notice shall be in writing and shall be deemed sufficiently given and served for all purposes if hand delivered, if sent by overnight express mail or if sent by certified United States mail return receipt requested. If sent to Maker, Notice shall be addressed to BRN Development, Inc., P.O. Box 3070, Coeur d'Alene, Idaho 83816, Attention: Marshall Chesrown and Robert Samuel; and if sent to Holder, Notice shall be addressed to Holder at the address specified in the Joint Venture Agreement.

2. *Interest.* All sums owing on this Note shall bear interest from the date funds are advanced under this Note until paid, at a rate of interest equal to 5.00 percent; provided, however, that if Maker is delinquent by more than ten days in the payment of interest, then Maker shall pay additional interest equal to 1.00 percent on such accrued but unpaid interest for the period during which such interest remains unpaid; and provided, further, that upon the occurrence and during the continuance of any other Event of Default and expiration of the applicable Cure Period, all sums owing on this Note shall bear interest at the rate of interest otherwise payable on this Note plus one percent (the "Default Rate") for so long as the Event of Default continues. All computations of interest shall be based on a 365-day year for the actual number of days elapsed.

3. *Payment and Maturity.* Interest shall be payable annually, in arrears, on January 15th of each year, commencing January 15, 2009. Principal payments shall be made at the discretion of the Company until the full principal amount is paid. The Notes will mature (subject to prior redemption or acceleration) on January 5, 2018. All payments shall be made in the lawful currency of the United States of America.

4. *Security and Priority.* This Note is secured by the BRN Development Guaranty (which is in turn secured by the Mortgage) and shall be paid equally and ratably with the BRN Investments Debt and the BRN Development Notes (as such terms are defined in the Joint Venture Agreement).

5. *Prepayment.* Maker may prepay any or all amounts owing on this Note without incurring any additional charge.

6. *Partial Conversion for Percentage Interest in Joint Venture.* The principal of this Note shall be partially convertible into a Percentage Interest of Maker as provided in Section 4.05 of the Joint Venture Agreement, without the consent or approval of Holder.

7. *Notice of Event of Default; Cure.* Upon the occurrence and during the continuance of an Event of Default, Holder shall give Notice of the Event of Default to Maker, and Maker shall have the right to cure such Event of Default within the applicable Cure Period. If Maker fails to cure the Event of Default within the applicable Cure Period, or is prohibited from doing so, then Holder may accelerate all amounts owing on this Note.

8. *Remedies.* Upon the occurrence and during the continuance of an Event of Default and expiration of the applicable Cure Period, Holder shall have all rights available to it at law or in equity, including all rights available to it under the Idaho Uniform Commercial Code. Any unpaid balance outstanding at such time, and any costs or other expenses incurred by Holder in realizing on this Note, shall bear interest at the Default Rate. All rights and remedies granted under this Note shall be deemed cumulative and not exclusive of any other right or remedy available to Holder. Maker waives all rights to presentment, notice of dishonor and protest of this Note.

9. *Fees, Costs and Expenses in Event of Default.* Maker agrees to pay on demand all reasonable costs and expenses of Holder in connection with an Event of Default, including all reasonable attorneys' fees, costs and expenses incurred by Holder in enforcing any of the provisions of this Note or in collecting payments due under this Note through litigation or other dispute resolution. Such fees, costs and other expenses shall include all statutory costs and disbursements, all costs associated with discovery depositions and expert witness fees, and all out-of-pocket costs incurred by Holder in the prosecution or defense of the action. For purposes of this section, the phrase "litigation or other dispute resolution" shall be deemed to include any proceeding commenced in any court of general or limited jurisdiction, any arbitration or mediation, any proceeding commenced in the bankruptcy courts of the United States, and any appeal from any of the foregoing. The amount of all such fees, costs and expenses shall bear interest at the Default Rate from the date of demand and shall be secured by the Loan Documents.

10. *Transfer; Obligations Binding on Successors.* Maker may not transfer any of its rights, duties or obligations under this Note without the prior written consent of Holder, such consent not to be unreasonably withheld. This Note, and the duties set forth in this Note, shall bind Maker and its successors and assigns. All rights and powers established in this Note shall benefit Holder and its successors and assigns.

11. *Governing Law and Venue.* This Note will be construed, and the rights, duties, and obligations of the parties will be determined, in accordance with the laws of the State of Idaho, including the Idaho Uniform Commercial Code, and the federal laws of the United States of America. If any action or other proceeding shall be brought in connection with this Note, the venue of such action shall be in Kootenai County, Idaho. Holder hereby consents to the exclusive personal jurisdiction of the First Judicial District Court of Idaho and the United States District Court for the District of Idaho, Coeur d'Alene Division.

12. *Headings.* Headings used in this Note have been included for convenience and ease of reference only, and will not in any manner influence the construction or interpretation of any provision of this Note.

13. *Waiver.* No right or obligation under this Note will be deemed to have been waived unless evidenced by a writing signed by the party against whom the waiver is asserted, or by its duly authorized representative. Any waiver will be effective only with respect to the specific instance involved, and will not impair or limit the right of the waiving party to insist upon strict performance of the right or obligation on any other instance, in any other respect, or at any other time. No failure on the part of Holder to exercise, and no delay in exercising, any right or obligation under this Note shall operate as a waiver thereof.

14. *Severability.* The parties intend that this Note be enforced to the greatest extent permitted by applicable law. Therefore, if any provision of this Note, on its face or as applied to any person or circumstances, is or becomes unenforceable to any extent, the remainder of this Note and the application of that provision to other persons, circumstances or extent, will not be impaired.

15. *References.* Except as otherwise specifically indicated, all references in this Note to numbered or lettered sections or subsections refer to sections or subsections of this Note. All references to this Note include any subsequent amendments to this Note.

16. *Maximum Interest.* Notwithstanding any other provisions of this Note, any interest, fees, or charges payable by reason of the indebtedness evidenced by this Note shall not exceed the maximum permitted by law.

ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, EXTEND CREDIT OR TO FOREBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER IDAHO LAW.

MAKER:

BRN-Lake View Joint Venture,
an Idaho joint venture partnership

By: BRN Development, Inc.,
an Idaho corporation and the manager of the
BRN-Lake View Joint Venture

By: 
Marshall Chesrown, its president

BRN DEVELOPMENT GUARANTY

This Guaranty is made as of April 22 2008 by BRN Development, Inc., an Idaho corporation ("Guarantor"), for the benefit of Lake View AG, a Liechtenstein company ("Payee").

RECITALS

A. Guarantor and Payee are parties to a joint venture agreement dated April __, 2008 (the "Joint Venture Agreement") creating an Idaho joint venture partnership known as the BRN-Lake View Joint Venture (the "Joint Venture").

B. Pursuant to the terms of the Joint Venture Agreement, the Joint Venture has issued and delivered a convertible promissory note to Payee in the principal amount of \$5,000,000 (the "Lake View Note").

C. Guarantor has agreed to guarantee the payment of all amounts payable to Payee under the Lake View Note, and has further agreed to grant Payee the Mortgage to secure its performance of such guarantee.

GUARANTY

In consideration of the foregoing, Guarantor hereby makes the following promises and guarantees:

1. *Definitions.* Most of the capitalized terms used in this Guaranty are defined in the Joint Venture Agreement or the Lake View Note. Other capitalized terms are defined elsewhere in this Guaranty.

2. *Guarantee.* Guarantor hereby **IRREVOCABLY GUARANTEES AND PROMISES** to pay any and all indebtedness of the Joint Venture to Payee under or pursuant to the Lake View Note, as if the payment of such amount and the performance of such obligations constituted the direct primary obligation of Guarantor. This Guaranty is a guaranty of payment and performance and not of collection. The term "indebtedness" includes all obligations and liabilities of the Joint Venture to Payee under or pursuant to the Lake View Note, whether absolute or contingent, liquidated or unliquidated, determined or undetermined, and whether the Joint Venture may be liable individually or jointly with any other persons or entities, or whether such indebtedness may not or hereafter become otherwise enforceable as against the Joint Venture.

3. *Separate Obligation.* Guarantor hereby acknowledges and agrees that Guarantor's obligations hereunder are separate, distinct and independent from the obligations of the Joint Venture under the Lake View Note or otherwise, and that notwithstanding the existence of any security agreement or arrangement, a separate action or actions at law, and/or in equity, may be brought against Guarantor whether or not an action is brought against the Joint Venture, or whether or not the Joint Venture is joined in any such action or actions.

4. *Authorizations Granted to Payee.* Guarantor hereby authorizes Payee, without notice or demand, and without affecting Guarantor's liabilities or obligations hereunder, from time to time, to (a) renew, compromise, extend, increase, accelerate, modify or otherwise change the time for the payment of or otherwise change the terms of the indebtedness of the Joint Venture to Payee, or any part thereof, including, without limitation, the increase of the rate of interest thereon; and (b) release, substitute and/or add any one or more endorsers or guarantors.

5. *Waiver of Certain Rights.* Guarantor hereby waives any and all rights which Guarantor may now have or may hereafter acquire which would require Payee to: (a) proceed against the Joint Venture to recover any indebtedness or enforce any obligations subject to this Guaranty; (b) proceed or exhaust any security taken from the Joint Venture or Guarantor; or (c) pursue any other remedy which is or may be afforded to Payee under applicable law.

6. *Waiver of Certain Defenses.* Guarantor hereby waives any defense arising by reason of any disability or any other defense of the Joint Venture, or by reason of the cessation, from any cause whatsoever, of the liability of the Joint Venture to Payee. Guarantor further waives any and all defenses, claims and discharges of the Joint Venture pertaining to the indebtedness of the Joint Venture to Payee, except the defense of discharge by payment in full. Without limiting the generality of the foregoing, Guarantor will not assert, plead or enforce against Payee any defense of waiver, release, discharge in bankruptcy, statute of limitations, res judicata, statute of frauds, anti-deficiency statute, fraud, incapacity, minority, usury, illegality or unenforceability which may be available to the Joint Venture or any other person liable in respect of the indebtedness of the Joint Venture to Payee, or any setoff available against Payee to the Joint Venture or any such other person, whether or not on account of a related transaction. Guarantor expressly agrees that it shall be and remains liable for any deficiency remaining after foreclosure of any mortgage or security interest securing the indebtedness of the Joint Venture to Payee, whether or not the liability of the Joint Venture or any other person for such deficiency is discharged pursuant to statute or judicial decision.

7. *Waiver of Presentment and Demand.* Guarantor hereby waives all presentments, demands for performance, notices of nonperformance, protests, notices of protest, notices of dishonor and notices of acceptance of this Guaranty by Payee and the existence, creation or incurring of new or additional indebtedness. Guarantor also irrevocably waives, to the fullest extent permitted by law, all defenses that may at any time be available in respect to Guarantor's obligations hereunder by virtue of any moratorium law or otherwise.

8. *Reimbursement of Losses.* Guarantor further agrees, without demand, immediately to reimburse Payee for all losses incurred resulting from Guarantor's failure to perform his obligations hereunder and for all costs and expenses, including reasonable attorneys' fees, incurred by Payee in the enforcement of this Guaranty, regardless of whether judicial proceedings are instituted, and in any action to recover such losses.

9. *Continuing Obligation.* The obligation of Guarantor hereunder is a continuing guaranty and shall remain in full force until all amounts payable to Payee under or pursuant to the Lake View Note have been satisfactorily discharged.

10. *Security.* The obligation of Guarantor hereunder is secured by the Mortgage. The Mortgage (a) secures the obligations evidenced by this Guaranty equally and ratably with that certain mortgage of even date by and between the Guarantor and the BRN Investments, LLC, as mortgagee, and that certain mortgage of even date by and among the Guarantor and the holders of the BRN Development Notes (as such term is defined in the joint venture agreement between Guarantor and Payee), which mortgages secure

the Mortgagor's obligations to such mortgagees evidenced by promissory notes of like tenor and effect as the Lake View Note except as to denomination, and (b) shall be subject to the limitations of the Subordination Agreement.

11. *Miscellaneous Provisions.*

11.1 Modifications. This Guaranty may not be changed orally. For a modification of this Guaranty to be effective, it must be in writing and have been signed by each party. Every right or remedy granted by this Guaranty may be exercised as often as shall be deemed expedient by Payee.

11.2 Governing Law and Venue. This Guaranty will be construed and the rights, duties, and obligations of the parties will be determined in accordance with the laws of the State of Idaho, including the Idaho Uniform Commercial Code, and the federal laws of the United States of America. If any action or other proceeding shall be brought in connection with this Guaranty, the venue of such action shall be in Kootenai County, Idaho. Guarantor hereby consents to the exclusive personal jurisdiction of the First Judicial District Court of the State of Idaho, in and for Kootenai County, and the United States District Court for the District of Idaho, Coeur d'Alene Division.

11.3 Headings. Headings used in this Guaranty have been included for convenience and ease of reference only, and will not influence the construction or interpretation of any provision of this Guaranty.


11.4 Severability. The parties intend that this Guaranty be enforced to the greatest extent permitted by applicable law. Therefore, if any provision of this Guaranty, on its face or as applied to any person or circumstance, is or becomes unenforceable to any extent, the remainder of this Guaranty and the application of that provision to other persons, circumstances, or extent, will not be impaired.

11.5 References. Except as otherwise specifically indicated, all references to numbered or lettered sections or subsections refer to sections or subsections of this Guaranty, and all references to this Guaranty include any subsequent amendments to this Guaranty.

11.6 Attorneys' Fees. If any litigation or other dispute resolution proceeding is commenced between parties to this Guaranty to enforce or determine the rights or responsibilities of the parties, the prevailing party or parties in the proceeding will be entitled to receive, in addition to any other relief granted, its reasonable attorneys' fees, expenses and costs. Such fees, expenses and costs shall include all statutory costs and disbursements, all costs associated with discovery depositions and expert witness fees, and all out-of-pocket costs incurred by the prevailing party in the prosecution or defense of the action. For purposes of this section, the phrase "litigation or other dispute resolution" shall be deemed to include any proceeding commenced in any court of general or limited jurisdiction, any arbitration or mediation, any proceeding commenced in the bankruptcy courts of the United States, and any appeal from any of the foregoing.

IN WITNESS WHEREOF, the Guarantor has executed this Guaranty as of the date and year first written above.

BRN Development, Inc.,
an Idaho corporation

By: 
Marshall Chesrown, its president

Return to:

BRN Development, Inc.
P.O. Box 3070
Coeur d'Alene, Idaho 83816
Attention: Marshall Chesrown and Robert Samuel

REAL ESTATE MORTGAGE

FOR VALUE RECEIVED, BRN Development, Inc., an Idaho corporation (the "Mortgagor") does hereby grant, bargain, sell and convey unto Lake View AG, a Liechtenstein company (the "Mortgagee") that certain real property, improvements, and appurtenances, located in Kootenai County, Idaho, more particularly described on the attached Exhibit "B" attached hereto and incorporated herein by reference (the "Property").

TO HAVE AND TO HOLD the said Property, with their appurtenances, unto the said Mortgagee, and its successors and assigns forever.

Security for Payments Due under Notes. This conveyance is intended as a Mortgage to secure the payment of all sums owing to the Mortgagee, with interest (together with any further advances made by the Mortgagee to the Mortgagor, or expended by the Mortgagees to protect the Property of the Mortgagee's interests therein), in accordance with the terms of a promissory notes of even date herewith in such amount (the "Lake View Note"), payable to the order of the Mortgagee, with final payment due on or before January 5, 2018, and providing for acceleration of the due date of the principal for default in the payment of interest or any installment of principal, and providing for a reasonable attorney's fee in case of suit or action.

Subordination of Lien. The lien created by this Mortgage is hereby expressly subordinated to the Senior Debt, as such term is defined in the Lake View Note, in the joint venture agreement between Mortgagor and Mortgagee, and in the subordination agreement executed by the Mortgagee (the "Subordination Agreement"), and all advances or charges made or accruing thereunder, including any extension or renewal thereof.

Mortgagor's Covenants. The Mortgagor hereby covenants and agrees with the Mortgagee as follows:

That the Mortgagor is the owner in fee simple of the above described Property and that the Property is free from all encumbrances other than those encumbering the Property as of the date of this Mortgage;

That the Mortgagor will pay the indebtedness hereby secured promptly, according to the terms of the Lake View Note and subject only to the limitations of the Subordination Agreements;

That the Mortgagor will pay all taxes, liens, and assessments of any nature hereafter levied or imposed, or becoming payable, upon said Property before delinquency;

That the Mortgagor will keep any buildings and other improvements now or hereafter located on the Property insured against loss or damage by fire, by an insurance company acceptable to the Mortgagee, with loss payable to the Mortgagee and Mortgagor as their interests may appear, in an amount equal to the full replacement value thereof, and shall deliver such policy or policies of insurance to the Mortgagee, until the sums secured by this Mortgage are fully paid with interest.

If the Mortgagor shall fail to pay any such tax or lien, or fail to maintain such fire insurance, the Mortgagee may pay the same or procure said insurance, and pay the cost hereof, and all payments by the Mortgagee for any such purpose shall be added to the indebtedness hereby secured, and shall be repayable on demand, with interest at the default rate of interest cited in the Lake View Note, until paid.

For the purpose of further securing said indebtedness and performance of the covenants herein contained, the Mortgagor hereby sells and assigns to the Mortgagee any and all rentals accruing, or to accrue on said Property, during the term of this Mortgage, subject only to the limitations of the Subordination Agreement.

If the Mortgagor shall pay or cause to be paid all monies which may become due upon said the Lake View Note, and shall otherwise comply with the terms and conditions hereof, this conveyance shall be void; but in case default shall be made in the payment of the indebtedness hereby secured, or any part thereof, principal or interest, or in any of the covenants or agreements herein contained (any such default or delinquency remaining uncured following notice as provided under the Notes), then the Mortgagee or its successors or assigns, at their option, may, subject to the limitations of the Subordination Agreement, declare the entire indebtedness hereby secured immediately due and payable, and may foreclose this Mortgage and cause said Property to be sold in the manner provided by law. Subject to the limitations of the Subordination Agreement, the Mortgagee may retain from the monies arising from such sale all principal, interest, and late charges, together with any sums advanced as provided herein, with interest as aforesaid, together with the costs and charges of such foreclosure suit and sale, including such sum as the court may adjudge reasonable as an attorney's fee to be allowed the plaintiff, and the excess, if any there be, paid over to the Mortgagor.

Equally and Ratably Interpreted and Construed. This Mortgage shall be interpreted and construed to secure the obligations evidenced by the BRN Development Guaranty equally and ratably with that certain mortgage of even date by and between the Mortgagor and the BRN Investments, LLC, as mortgagee, and that certain mortgage of even date by and among Mortgagor and the holders of the BRN Development Notes (as such term is defined in the joint venture agreement between Mortgagor and Mortgagee), which mortgages secure the Mortgagor's obligations to such mortgagees evidenced by promissory notes of like tenor and effect as the Lake View Note except as to denomination, and shall be subject to the limitations of the Subordination Agreement.

Mortgagee's Agreement to Partial Releases. Provided no event of default has occurred and is continuing under the Lake View Note, Mortgagee hereby: (a) agrees from time-to-time and at any time, upon the request of Mortgagor and without payment of any amount or delivery of other consideration to Mortgagee, to release the subordinated lien of this Mortgage in connection with Mortgagor's sale of each residential parcel comprising a portion of the Property; and (b) grants to Mortgagor a limited power of attorney to execute and deliver releases or similar instruments in form and substance satisfactory to Mortgagor to release such lien.

DATED: 4-29, 2008

MORTGAGOR:

BRN DEVELOPMENT, INC.
an Idaho Corporation

By: [Signature]
Marshall Chesrown, its president

STATE OF IDAHO)
)ss
County of Kootenai)

On this 21 day of April 2008, before me, the undersigned, a Notary Public in and for said County and State, personally appeared MARSHALL CHESROWN, known or identified to me to be the President of BRN Development, Inc., an Idaho corporation, who signed the foregoing instrument on behalf of said company and acknowledged to me that he is authorized to sign on behalf of said company and that said company executed the same.

[Signature]

Notary Public in and for the State of Idaho
Residing at Montpelier, ID
My Commission Expires: 10-31-2009

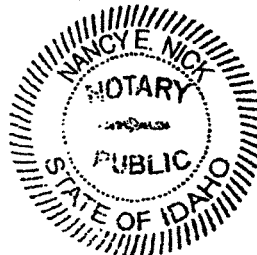


Exhibit D to Joint Venture Agreement

EXHIBIT "A" LEGAL DESCRIPTION

PARCEL 1:

THE FOLLOWING 4 TRACTS LABELLED A-D IN GOVERNMENT LOTS 7 AND 8 IN SECTION 8, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO:

TRACT A:

A TRACT OF LAND LOCATED IN GOVERNMENT LOT 8, SECTION 8, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, STATE OF IDAHO, DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF SAID GOVERNMENT LOT 8;

THENCE SOUTH 3 DEGREES 37'03" WEST ALONG THE WEST LINE OF SAID GOVERNMENT LOT, A DISTANCE OF 1111.1 FEET TO THE NORTH RIGHT OF WAY OF EXISTING LOFF'S BAY ROAD;

THENCE 55.69 SOUTHEASTERLY ALONG A CURVE TO THE RIGHT WITH A RADIUS OF 290.0 FEET ON A CHORD BEARING SOUTH 68 DEGREES 17'44" EAST, 55.60 FEET;

THENCE SOUTH 62 DEGREES 47'39" EAST ALONG SAID RIGHT OF WAY, 115.37 FEET TO THE TRUE POINT OF BEGINNING;

THENCE NORTH 3 DEGREES 37'03" EAST, 588.0 FEET;

THENCE SOUTH 86 DEGREES 54'39" EAST, 955.4 FEET TO THE INTERSECTION WITH THE NORTH RIGHT OF WAY OF EXISTING COUNTY ROAD;

THENCE SOUTH 42 DEGREES 34'10" WEST ALONG SAID RIGHT OF WAY 538.6 FEET;

THENCE ALONG SAID RIGHT OF WAY ON A CURVE TO THE RIGHT, 161.47 FEET WITH A RADIUS OF 690.0 FEET AND A CENTRAL ANGLE OF 13 DEGREES 24'29";

THENCE SOUTH 55 DEGREES 58'39" WEST ALONG SAID RIGHT OF WAY, 107.27 FEET;

THENCE ALONG SAID RIGHT OF WAY ON A CURVE TO THE RIGHT, 341.96 FEET WITH A RADIUS OF 320.0 FEET AND A CENTRAL ANGLE OF 61 DEGREES 13'42";

THENCE NORTH 62 DEGREES 47'39" WEST ALONG SAID RIGHT OF WAY, 100.0 FEET TO THE TRUE POINT OF BEGINNING.

TRACT B:

A PARCEL OF LAND LOCATED IN THE NORTH HALF OF SECTION 8, TOWNSHIP 48 NORTH, RANGE 4 WEST OF THE BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO, SAID PARCEL BEING A PORTION OF GOVERNMENT LOT 7, SAID SECTION 8, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

LEGAL, PCL, 504N

EXHIBIT "A" LEGAL DESCRIPTION

COMMENCING AT THE NORTHEAST CORNER OF LOT 20, AS SHOWN ON THE RECORD OF SURVEY BY EUGENE H. WELBORN, R.L.S. #1020, FILED IN BOOK 4 AT PAGE 249, KOOTENAI COUNTY RECORDS, FROM WHICH THE CENTER OF SAID SECTION 8 BEARS SOUTH 3 DEGREES 28' 34" WEST A DISTANCE OF 1,759.89 FEET;

THENCE SOUTH 86 DEGREES 54' 39" EAST ALONG THE NORTH BOUNDARY LINE, SAID GOVERNMENT LOT 7, A DISTANCE OF 1329.84 FEET TO THE NORTHEAST CORNER OF LOT 7;

THENCE 3 DEGREES 37' 03" WEST ALONG THE EASTERLY BOUNDARY LINE, SAID LOT 7, A DISTANCE OF 766.02 FEET TO THE TRUE POINT OF BEGINNING FOR THIS DESCRIPTION;

THENCE SOUTH 3 DEGREES 37' 03" WEST CONTINUING ALONG SAID LINE A DISTANCE OF 345.08 FEET TO A POINT ON THE NORTHERLY RIGHT OF WAY LINE OF LOFF'S BAY ROAD, SAID POINT BEING THE BEGINNING OF A NON-TANGENT CURVE CONCAVE TO THE SOUTH, HAVING A RADIUS OF 290.00 FEET, THROUGH A CENTRAL ANGLE OF 50 DEGREES 52' 50" A DISTANCE ALONG THE ARC OF 257.53 FEET, THE CHORD BEARING OF SAID CURVE BEING SOUTH 80 DEGREES 44' 47" WEST;

THENCE SOUTH 55 DEGREES 18' 20" WEST CONTINUING ALONG SAID RIGHT OF WAY, A DISTANCE OF 297.82 FEET TO THE BEGINNING OF A CURVE CONCAVE TO THE SOUTHEAST, HAVING A RADIUS OF 1980.00 FEET, THROUGH A CENTRAL ANGLE OF 7 DEGREES 02' 34", A DISTANCE ALONG THE ARC OF 243.38 FEET;

THENCE SOUTH 48 DEGREES 15' 46" WEST CONTINUING ALONG SAID RIGHT OF WAY A DISTANCE OF 243.62 FEET TO THE BEGINNING OF A CURVE CONCAVE TO THE NORTHWEST, HAVING A RADIUS OF 670.00 FEET, THROUGH A CENTRAL ANGLE OF 11 DEGREES 00' 00" A DISTANCE ALONG THE ARC OF 128.63 FEET;

THENCE NORTH 3 DEGREES 51' 04" EAST LEAVING SAID RIGHT OF WAY, A DISTANCE OF 279.05 FEET;

THENCE NORTH 16 DEGREES 00' 00" EAST A DISTANCE OF 831.46 FEET;

THENCE SOUTH 86 DEGREES 54' 39" EAST A DISTANCE OF 84.09 FEET;

THENCE SOUTH 41 DEGREES 42' 23" EAST A DISTANCE OF 133.87 FEET;

THENCE SOUTH 86 DEGREES 54' 39" EAST A DISTANCE OF 568.90 FEET TO THE TRUE POINT OF BEGINNING.

TRACT C:

A PARCEL OF LAND LOCATED IN THE NORTH HALF OF SECTION 8, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO, SAID PARCEL BEING A PORTION OF GOVERNMENT LOT 7, SAID SECTION 8, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

EXHIBIT "A" LEGAL DESCRIPTION

COMMENCING AT THE NORTHEAST CORNER, LOT 20, AS SHOWN ON THE RECORD OF SURVEY BY EUGENE H. WELBORN, R.L.S. #1020, FILED IN BOOK 4, AT PAGE 249, KOOTENAI COUNTY RECORDS, FROM WHICH THE CENTER OF SAID SECTION 8 BEARS SOUTH 3 DEGREES 28' 34" WEST, A DISTANCE OF 1759.89 FEET;

THENCE SOUTH 3 DEGREES 28' 34" WEST, ALONG THE EASTERLY BOUNDARY LINE OF LOT 20, AS SHOWN ON SAID RECORD OF SURVEY, A DISTANCE OF 671.01 FEET TO THE SOUTHEAST CORNER OF SAID LOT 20, SAID CORNER BEING THE TRUE POINT OF BEGINNING FOR THIS DESCRIPTION;

THENCE SOUTH 86 DEGREES 54' 39" EAST, A DISTANCE OF 580.00 FEET; THENCE SOUTH 16 DEGREES 00' 00" WEST, A DISTANCE OF 831.46 FEET;

THENCE SOUTH 3 DEGREES 51' 04" WEST, A DISTANCE OF 279.05 FEET TO A POINT ON THE NORTH RIGHT OF WAY LINE OF LOFF'S BAY ROAD;

THENCE NORTH 86 DEGREES 49' 26" WEST, LEAVING SAID RIGHT OF WAY, A DISTANCE OF 397.86 FEET TO THE SOUTHEAST CORNER OF LOT 21, AS SHOWN ON THE SAID RECORD OF SURVEY;

THENCE NORTH 3 DEGREES 28' 34" EAST, ALONG THE EASTERLY BOUNDARY LINE, SAID LOT 21, A DISTANCE OF 1088.88 FEET TO THE TRUE POINT OF BEGINNING.

TRACT D THE FOLLOWING 3 PARCELS:

TRACT 1:

THAT PORTION OF GOVERNMENT LOT 8, SECTION 8, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO, LYING NORTH OF LOFF'S BAY COUNTY ROAD, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF SAID GOVERNMENT LOT 8;

THENCE SOUTH 86 DEGREES 54' 39" EAST, ALONG THE NORTH LINE THEREOF 225.00 FEET;

THENCE SOUTH 03 DEGREES 28' 34" WEST, 587.97 FEET;

THENCE NORTH 86 DEGREES 54' 39" WEST, 69.31 FEET;

THENCE SOUTH 03 DEGREES 28' 34" WEST, 588.00 FEET TO THE NORTH MARGIN OF SAID LOFF'S BAY ROAD;

THENCE NORTH 62 DEGREES 47' 39" WEST, ALONG SAID NORTH MARGIN 115.37 FEET TO THE BEGINNING OF A CURVE TO THE LEFT HAVING A RADIUS OF 290 FEET THROUGH A CENTRAL ANGLE OF 11 DEGREES 00' 10", AN ARC DISTANCE OF 55.69 FEET;

THENCE NORTH 03 DEGREES 37' 03" EAST, ALONG THE WEST LINE OF SAID GOVERNMENT LOT 8, 1111.10 FEET TO THE NORTH LINE THEREOF, AND THE TRUE POINT OF BEGINNING.

EXHIBIT "A" LEGAL DESCRIPTION

TRACT 2:

THAT PORTION OF GOVERNMENT LOT 8, SECTION 8, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO, LYING NORTH OF LOFF'S BAY COUNTY ROAD DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF SAID GOVERNMENT LOT 8;

THENCE SOUTH 86 DEGREES 54' 39" EAST, ALONG THE NORTH LINE THEREOF, 225.00 FEET TO THE TRUE POINT OF BEGINNING;

THENCE CONTINUING SOUTH 86 DEGREES 54' 39" EAST, ALONG SAID NORTH LINE 757.32 FEET;

THENCE SOUTH 23 DEGREES 49' 53" WEST, 628.71 FEET;

THENCE NORTH 86 DEGREES 54' 39" WEST, 538.63 FEET;

THENCE NORTH 03 DEGREES 28' 34" EAST, 587.97 FEET TO SAID NORTH LINE AND THE TRUE POINT OF BEGINNING.

TRACT 3:

THAT PORTION OF GOVERNMENT LOT 8, SECTION 8, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO, LYING NORTH OF LOFF'S BAY ROAD.

LESS AND EXCEPT A TRACT OF LAND LOCATED IN GOVERNMENT LOT 8, SECTION 8, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, STATE OF IDAHO, DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF SAID GOVERNMENT LOT 8;

THENCE SOUTH 3 DEGREES 37' 03" WEST ALONG THE WEST LINE OF SAID GOVERNMENT LOT, A DISTANCE OF 1111.1 FEET TO THE NORTH RIGHT OF WAY OF EXISTING LOFF'S BAY ROAD;

THENCE 55.69 SOUTHEASTERLY ALONG A CURVE TO THE RIGHT WITH A RADIUS OF 290.0 FEET ON A CHORD BEARING SOUTH 68 DEGREES 17' 44" EAST, 55.60 FEET;

THENCE SOUTH 62 DEGREES 47' 39" EAST ALONG SAID RIGHT OF WAY 115.37 FEET TO THE TRUE POINT OF BEGINNING;

THENCE NORTH 3 DEGREES 37' 03" EAST, 588.0 FEET;

THENCE SOUTH 86 DEGREES 54' 39" EAST, 955.4 FEET TO THE INTERSECTION WITH THE NORTH RIGHT OF WAY OF EXISTING COUNTY ROAD;

THENCE SOUTH 42 DEGREES 34' 10" WEST ALONG SAID RIGHT OF WAY 538.6 FEET;

THENCE ALONG SAID RIGHT OF WAY ON A CURVE TO THE RIGHT 161.47 FEET WITH A RADIUS

EXHIBIT "A" LEGAL DESCRIPTION

OF 690.0 FEET AND A CENTRAL ANGLE OF 13 DEGREES 24' 29";

THENCE SOUTH 55 DEGREES 58' 39" WEST ALONG SAID RIGHT WAY 107.27 FEET;

THENCE ALONG SAID RIGHT OF WAY ON A CURVE TO THE RIGHT 341.96 FEET WITH A RADIUS OF 320.0 FEET AND A CENTRAL ANGLE OF 61 DEGREES 13' 42";

THENCE NORTH 62 DEGREES 47' 39" WEST ALONG SAID RIGHT OF WAY 100.0 FEET TO THE TRUE POINT OF BEGINNING.

ALSO EXCEPTING THEREFROM THAT PORTION OF GOVERNMENT LOT 8, SECTION 8, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO, LYING NORTH OF LOFF'S BAY COUNTY ROAD, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF SAID GOVERNMENT LOT 8;

THENCE SOUTH 86 DEGREES 54' 39" EAST, ALONG THE NORTH LINE THEREOF 225.00 FEET;

THENCE SOUTH 03 DEGREES 28' 34" WEST, 587.97 FEET;

THENCE NORTH 86 DEGREES 54' 39" WEST, 69.31 FEET;

THENCE SOUTH 03 DEGREES 28' 34" WEST, 588.00 FEET TO THE NORTH MARGIN OF SAID LOFF'S BAY ROAD;

THENCE NORTH 62 DEGREES 47' 39" WEST, ALONG SAID NORTH MARGIN 115.37 FEET TO THE BEGINNING OF A CURVE TO THE LEFT HAVING A RADIUS OF 290 FEET THROUGH A CENTRAL ANGLE OF 11 DEGREES 00' 10", AN ARC DISTANCE OF 55.69 FEET;

THENCE NORTH 03 DEGREES 37' 03" EAST, ALONG THE WEST LINE OF SAID GOVERNMENT LOT 8, 1111.10 FEET TO THE NORTH LINE THEREOF, AND THE TRUE POINT OF BEGINNING.

ALSO EXCEPTING THEREFROM THAT PORTION OF GOVERNMENT LOT 8, SECTION 8, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO, LYING NORTH OF LOFF'S BAY COUNTY ROAD DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF SAID GOVERNMENT LOT 8;

THENCE SOUTH 86 DEGREES 54' 39" EAST, ALONG THE NORTH LINE THEREOF, 225.00 FEET TO THE TRUE POINT OF BEGINNING;

THENCE CONTINUING SOUTH 86 DEGREES 54' 39" EAST, ALONG SAID NORTH LINE 757.32 FEET;

THENCE SOUTH 23 DEGREES 49' 53" WEST, 628.71 FEET;

THENCE NORTH 86 DEGREES 54' 39" WEST, 538.63 FEET;

THENCE NORTH 03 DEGREES 28' 34" EAST, 587.97 FEET TO SAID NORTH LINE AND THE

EXHIBIT "A" LEGAL DESCRIPTION

TRUE POINT OF BEGINNING.

PARCEL 2:

THE NORTH HALF OF THE SOUTHEAST QUARTER, THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 5, AND GOVERNMENT LOTS 1 AND 2, SECTION 8, ALL IN TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, STATE OF IDAHO.

PARCEL 3:

THE SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 5, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO.

PARCEL 4:

THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER AND THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 5, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO.

PARCEL 5:

THE SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 5, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, STATE OF IDAHO,

AND

LOT 2, BLOCK 1, SCHORZMAN-ATKINS SHORT PLAT, ACCORDING TO THE PLAT RECORDED IN BOOK "I" OF PLATS AT PAGES 253 AND 253A, RECORDS OF KOOTENAI COUNTY, IDAHO.

PARCEL 6:

LOTS 1, 2 AND 3, THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER, THE NORTHEAST QUARTER OF THE SOUTHWEST QUARTER, THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER AND THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 5, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN.

AND

GOVERNMENT LOT 4, SECTION 4, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO.

EXCEPTING THEREFROM A PORTION OF THAT PROPERTY REFERRED TO IN EXHIBIT "E" OF QUIET TITLE JUDGEMENT RECORDED UNDER INSTRUMENT NO. 1906262 IN SAID COUNTY AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHEAST CORNER OF SAID GOVERNMENT LOT 4, SECTION 4; THENCE

NORTH 00 DEGREES 45' 39" EAST ALONG THE EAST LINE OF SAID LOT 4 A DISTANCE OF

EXHIBIT "A" LEGAL DESCRIPTION

135.30 FEET TO THE POINT OF BEGINNING; THENCE
SOUTH 87 DEGREES 21' 30" WEST 48.71 FEET; THENCE
NORTH 02 DEGREES 51' 12" WEST 32.07 FEET; THENCE
NORTH 03 DEGREES 13' 21" WEST 10.60 FEET; THENCE
NORTH 02 DEGREES 51' 19" WEST 23.11 FEET; THENCE
NORTH 03 DEGREES 43' 08" WEST 37.65 FEET; THENCE
NORTH 03 DEGREES 46' 01" WEST 51.50 FEET; THENCE
NORTH 03 DEGREES 11' 51" WEST 16.13 FEET; THENCE
NORTH 07 DEGREES 58' 23" WEST 24.73 FEET; THENCE
NORTH 05 DEGREES 22' 53" WEST 23.29 FEET; THENCE
NORTH 06 DEGREES 14' 48" WEST 58.80 FEET; THENCE
NORTH 05 DEGREES 01' 03" WEST 87.73 FEET; THENCE
NORTH 00 DEGREES 16' 11" WEST 39.22 FEET; THENCE
NORTH 18 DEGREES 20' 54" WEST 5.57 FEET; THENCE
NORTH 00 DEGREES 28' 20" WEST 116.01 FEET; THENCE
NORTH 04 DEGREES 23' 45" EAST 125.91 FEET; THENCE
NORTH 03 DEGREES 34' 02" EAST 185.71 FEET; THENCE
NORTH 02 DEGREES 44' 00" EAST 41.99 FEET; THENCE
SOUTH 80 DEGREES 57' 24" EAST 34.12 FEET; THENCE
SOUTH 73 DEGREES 27' 34" EAST 37.42 FEET TO A POINT ON THE EAST LINE OF SAID
GOVERNMENT LOT 4; THENCE
SOUTH 00 DEGREES 45' 39" WEST A DISTANCE OF 880.68 FEET TO THE POINT OF
BEGINNING.

AND EXCEPTING THEREFROM ALL OF THAT PORTION OF SAID GOVERNMENT LOT 4, SECTION
4, LYING NORTHEASTERLY OF THE EXISTING ROADWAY, TOWNSHIP 48 NORTH, RANGE 4
WEST, BOISE MERIDIAN, FURTHER DESCRIBED AS FOLLOWS:

ALL OF THAT PORTION OF GOVERNMENT LOT 4, SECTION 4, LYING NORTHEASTERLY OF THE
EXISTING ROADWAY, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, AND BEING

LEGAL. PCL. LAW. 0

EXHIBIT "A" LEGAL DESCRIPTION

MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING AT A FOUND 1/2 INCH IRON ROD AND PLS 3451 CAP MARKING THE NORTHEAST CORNER OF GOVERNMENT LOT 4, SECTION 4, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO;

THENCE ALONG THE EAST LINE OF SAID GOVERNMENT LOT 4, SECTION 4, SOUTH 00 DEGREES 46'41" WEST, A DISTANCE OF 137.94 FEET TO A SET IRON ROD AND PLS 4194 CAP ON THE NORTHEASTERLY RIGHT OF WAY OF COUNTY ROAD NO. 115 BELLGROVE-STINSON ROAD;

THENCE ALONG THE NORTHEASTERLY RIGHT OF WAY OF SAID ROAD THE FOLLOWING 2 COURSES, ALL MARKED BY IRON RODS AND PLS 4194 CAPS:

- 1) NORTH 50 DEGREES 44'36" WEST, A DISTANCE OF 73.10 FEET;
- 2) THENCE NORTH 60 DEGREES 31'30" WEST, A DISTANCE OF 210.09 FEET TO THE INTERSECTION WITH THE NORTH LINE OF THE AFOREMENTIONED GOVERNMENT LOT 4, SECTION 4;

THENCE ALONG SAID NORTH LINE OF GOVERNMENT LOT 4, SECTION 4, SOUTH 87 DEGREES 13'28" EAST, A DISTANCE OF 241.66 FEET TO THE POINT OF BEGINNING.

PARCEL 7, THE FOLLOWING TRACTS:

TRACT A:

A PART OF THE SOUTHWEST QUARTER OF THE NORTHEAST QUARTER, AND GOVERNMENT LOT 2, SECTION 4, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF SAID SOUTHWEST QUARTER OF THE NORTHEAST QUARTER (CN 1/16 CORNER);

THENCE NORTH 1 DEGREES 08' 28" EAST, 159.98 FEET ALONG THE WEST BOUNDARY OF SAID LOT 2 TO A POINT ON THE CENTERLINE OF LOFFS BAY ROAD;

THENCE TRAVERSING SAID CENTERLINE AS FOLLOWS:

SOUTH 58 DEGREES 36' 55" EAST, 49.07 FEET;

THENCE 332.38 FEET ALONG THE ARC OF A 335.58 FOOT RADIUS CURVE RIGHT, SAID CURVE HAVING A CHORD BEARING SOUTH 30 DEGREES 14' 24" EAST, 318.96 FEET;

THENCE SOUTH 1 DEGREES 51' 53" EAST, 328.02 FEET;

THENCE SOUTH 2 DEGREES 28' 04" WEST, 104.42 FEET;

THENCE SOUTH 12 DEGREES 40' 51" WEST, 42.73 FEET;

EXHIBIT "A" LEGAL DESCRIPTION

THENCE SOUTH 21 DEGREES 56' 11" WEST, 51.81 FEET;

THENCE SOUTH 31 DEGREES 00' 18" WEST, 99.74 FEET;

THENCE SOUTH 32 DEGREES 35' 22" WEST, 104.42 FEET;

THENCE SOUTH 36 DEGREES 33' 02" WEST, 100.94 FEET;

THENCE SOUTH 42 DEGREES 15' 53" WEST, 51.24 FEET;

THENCE NORTH 1 DEGREES 08' 28" EAST, AND LEAVING SAID CENTERLINE 955.75 FEET ALONG THE WEST BOUNDARY OF SAID SOUTHWEST QUARTER OF THE NORTHEAST QUARTER TO THE POINT OF BEGINNING.

EXCEPT ANY PORTION LYING IN LOFF'S BAY ROAD.

TRACT B:

A PARCEL OF LAND IN GOVERNMENT LOT 3, SECTION 4, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO, AND FURTHER DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHWEST CORNER OF SAID GOVERNMENT LOT 3, SECTION 4;

THENCE NORTH 00 DEGREES 46' 05" EAST, ALONG THE WEST LINE OF SAID GOVERNMENT LOT 3, A DISTANCE OF 135.57 FEET;

THENCE NORTH 89 DEGREES 12' 07" EAST, A DISTANCE OF 312.12 FEET;

THENCE NORTH 89 DEGREES 47' 56" EAST, A DISTANCE OF 321.36 FEET;

THENCE NORTH 89 DEGREES 06' 35" EAST, A DISTANCE OF 325.48 FEET;

THENCE NORTH 82 DEGREES 25' 36" EAST, A DISTANCE OF 170.38 FEET;

THENCE SOUTH 84 DEGREES 22' 44" EAST, A DISTANCE OF 128.59 FEET;

THENCE NORTH 87 DEGREES 27' 56" EAST, A DISTANCE OF 78.74 FEET TO THE INTERSECTION WITH THE WEST LINE OF SAID GOVERNMENT LOT 2;

THENCE SOUTH 01 DEGREES 08' 46" WEST, A DISTANCE OF 260.57 FEET TO THE NORTH LINE OF THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER OF SECTION 4, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN;

THENCE NORTH 85 DEGREES 39' 49" WEST, 1334.86 FEET TO THE POINT OF BEGINNING.

EXCEPT THAT PORTION OF THE NORTHWEST QUARTER OF SECTION 4, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO, DESCRIBED AS FOLLOWS:

EXHIBIT "A" LEGAL DESCRIPTION

COMMENCING AT THE NORTH ONE QUARTER CORNER OF SAID SECTION 4;

THENCE SOUTH 01 DEGREES 57' 14" WEST, ALONG THE EAST LINE OF THE NORTHWEST QUARTER OF SAID SECTION 4, 980.93 FEET TO THE POINT OF BEGINNING OF THIS DESCRIPTION;

THENCE CONTINUE SOUTH 01 DEGREES 57' 14" WEST, ALONG SAID EAST LINE, 65.86 FEET TO THE NORTHERLY RIGHT OF WAY LINE OF LOFF'S BAY ROAD;

THENCE NORTH 57 DEGREES 48' 19" WEST, ALONG SAID NORTHERLY RIGHT OF WAY LINE 125.33 FEET;

THENCE SOUTH 83 DEGREES 34' 01" EAST, 29.69 FEET;

THENCE NORTH 88 DEGREES 16' 39" EAST, 78.83 FEET TO THE POINT OF BEGINNING.

ALL LYING SOUTH OF THE SOUTH LINE OF THE PLAT OF MCLEAN MEADOWS RECORDED IN BOOK "G" OF PLATS PAGE 493, KOOTENAI COUNTY, IDAHO.

TRACT C:

THE NORTH HALF OF THE SOUTHWEST QUARTER AND THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER AND THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER AND THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER AND THE SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER, ALL IN SECTION 4, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO.

AND

THE SOUTH HALF OF THE NORTHWEST QUARTER OF SECTION 4, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, STATE OF IDAHO.

EXCEPTING THEREFROM THAT PORTION CONVEYED TO BABBITT LOGGING, INC. BY WARRANTY DEED RECORDED JULY 1, 1997 AS INSTRUMENT NO. 1495927, DESCRIBED AS FOLLOWS:

THAT PORTION OF THE SOUTHEAST QUARTER OF THE NORTHWEST QUARTER OF SECTION 4, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, STATE OF IDAHO, LYING EAST OF LOFF'S BAY COUNTY ROAD.

TOGETHER WITH THAT PORTION OF THE NORTHEAST QUARTER OF THE SOUTHWEST QUARTER, SECTION 4, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, STATE OF IDAHO, LYING EAST OF LOFF'S BAY COUNTY ROAD.

PARCEL 8:

ALL OF THAT PORTION OF GOVERNMENT LOT 4, SECTION 4, LYING NORTHEASTERLY OF THE EXISTING ROADWAY, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, AND BEING

EXHIBIT "A" LEGAL DESCRIPTION

MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

BEGINNING AT A FOUND 1/2 INCH IRON ROD AND PLS 3451 CAP MARKING THE NORTHEAST CORNER OF GOVERNMENT LOT 4, SECTION 4, TOWNSHIP 48 NORTH, RANGE 4 WEST, BOISE MERIDIAN, KOOTENAI COUNTY, IDAHO;

THENCE ALONG THE EAST LINE OF SAID GOVERNMENT LOT 4, SECTION 4, SOUTH 00 DEGREES 46'41" WEST, A DISTANCE OF 137.94 FEET TO A SET IRON ROD AND PLS 4194 CAP ON THE NORTHEASTERLY RIGHT OF WAY OF COUNTY ROAD NO. 115 BELLGROVE-STINSON ROAD;

THENCE ALONG THE NORTHEASTERLY RIGHT OF WAY OF SAID ROAD THE FOLLOWING 2 COURSES, ALL MARKED BY IRON RODS AND PLS 4194 CAPS:

- 1) NORTH 50 DEGREES 44'36" WEST, A DISTANCE OF 73.10 FEET;**
- 2) THENCE NORTH 60 DEGREES 31'30" WEST, A DISTANCE OF 210.09 FEET TO THE INTERSECTION WITH THE NORTH LINE OF THE AFOREMENTIONED GOVERNMENT LOT 4, SECTION 4;**

THENCE ALONG SAID NORTH LINE OF GOVERNMENT LOT 4, SECTION 4, SOUTH 87 DEGREES 13'28" EAST, A DISTANCE OF 241.66 FEET TO THE POINT OF BEGINNING.

SUBORDINATION AGREEMENT

THIS SUBORDINATION AGREEMENT (the "Agreement") is made as of the 22 day of April 2008, by Lake View AG, a Liechtenstein company ("Junior Lender") for the benefit of American Bank (the "Senior Lender"). BRN Development, Inc. is also signing this Agreement in its capacity as manager of the BRN-Lake View Joint Venture, an Idaho joint venture partnership (the "Joint Venture") to acknowledge the subordination of the Subordinated Debt as provided herein.

RECITALS:

A. BRN Development, Inc. ("Borrower") and Senior Lender have entered into a Revolving Credit Agreement dated as of February 2, 2007, pursuant to which Senior Lender has made a secured loan to Borrower.

B. Junior Lender has advanced funds to the Joint Venture, which indebtedness is evidenced by the promissory note issued to Junior Lender by the Joint Venture pursuant to the terms of a Joint Venture Agreement dated April, __ 2008 (the "Lake View Note").

C. The Lake View Note is secured as to repayment by the limited guaranty of Borrower (the "BRN Development Guaranty"), which is, in turn, secured by a mortgage covering certain real property located in Kootenai County, Idaho between Borrower, as mortgagor, and Junior Lender, as mortgagee (the "Lake View Mortgage").

D. Junior Lender is entering into this Agreement in order to subordinate the indebtedness evidenced by the Lake View Note and secured by the BRN Development Guaranty and the Lake View Mortgage to the secured loan made by Senior Lender.

AGREEMENT:

In consideration of the foregoing, Junior Lender and Senior Lender hereby agree as follows:

1. *Definitions.* Most of the capitalized terms used in this Agreement are defined above. Other capitalized terms are defined below.

1.1 BRN Development Guaranty shall have the meaning that is ascribed to it in the recitals.

1.2 Borrower means BRN Development, Inc., an Idaho corporation, and its successors and assigns.

1.3 Joint Venture shall have the meaning that is ascribed to it in the recitals.

1.4 Junior Lender means Lake View AG, a Liechtenstein company, and its executors, successors and assigns.

1.5 Lake View Mortgage shall have the meaning that is ascribed to it in the recitals.

1.6 Lake View Note shall have the meaning that is ascribed to it in the recitals.

1.7 Senior Debt means all amounts payable by Borrower to Senior Lender pursuant to the Revolving Credit Agreement dated February 2, 2007 and the other loan documents executed and delivered by Borrower therewith as the same may be amended from time to time without consent of, or notice to, Junior Lender (hereinafter collectively referred to as the "Senior Debt Documents"). Senior Debt also means any other sums payable by Borrower to or for the benefit of Senior Lender in respect of the Senior Debt Documents.

1.8 Senior Lender means American Bank, whose address is 1612 West Main Street, Bozeman, Montana 59715, and its participants, successor and assigns.

1.9 Subordinated Debt means the indebtedness of the Joint Venture to Junior Lender evidenced by the Lake View Note. Subordinated Debt also means any other sums payable by the Joint Venture to or for the benefit of Junior Lender in respect of the Lake View Note, any sums payable by the Borrower to or for the benefit of Junior Lender in respect of the BRN Development Guaranty, and any sums payable by the Joint Venture in respect of any equity interests or other securities issued in exchange for, or in conversion of, the Lake View Note, including, without limitation, any dividends, distributions or payment in redemption or repurchase.

2. *Subordination of Debt.* The Subordinated Debt and any other indebtedness of Borrower to Junior Lender arising under the Lake View Note or other documents executed by the Joint Venture or Borrower to or for the benefit of Junior Lender, shall be and hereby are expressly subordinated to the Senior Debt, and to any new indebtedness of Borrower to Senior Lender. Junior Lender agrees that it will not collect or accept any payment of the Subordinated Debt or any property or assets of the Joint Venture or Borrower in respect of the Subordinated Debt other than interests in the Joint Venture issued upon conversion of all or any portion of the Lake View Note if an Event of Default (as such term is defined in the Senior Debt Documents) has occurred and is continuing under any of the Senior Debt Documents. Junior Lender further agrees that it will not accept any consideration other than interests in the Joint Venture in prepayment of the Subordinated Debt or in payment of more than the regularly scheduled interest installment(s) due under the Lake View Note so long as any portion of the Senior Debt is outstanding without first obtaining Senior Lender's written consent, which consent Senior Lender may grant or withhold in its sole discretion.

3. *Payments on Subordinated Debt.* Until Senior Lender shall notify Junior Lender in writing of an Event of Default, Junior Lender may receive and retain payments made by the Joint Venture to Junior Lender on the Subordinated Debt when and as scheduled or required under the Lake View Note as such note is in effect as of the date of this Agreement, but not by prepayment or other payment in advance of the actual time for payment required under the Lake View Note.

4. *Forbearance.* Except as permitted by this Section 4, Junior Lender will not ask, demand, sue for, take or receive, by setoff or in any other manner, the whole or any part of any money or property now or hereafter owing by the Joint Venture to Junior Lender in respect of the Subordinated Debt or otherwise, unless and until the Senior Debt shall have been indefeasibly paid in full and Senior Lender shall have terminated this Agreement; *provided, however,* that nothing contained in this Section 4 shall be construed or interpreted to prevent or prohibit the Joint Venture from issuing interests in the Joint Venture to Junior Lender pursuant to the conversion provisions of the Lake View Note.

5. *Delivery of Payments to Senior Lender.* Except for payments permitted under Section 3, if Junior Lender receives any payment or anything of value from the Joint Venture or Borrower on the Subordinated Debt, whether voluntarily or pursuant to any bankruptcy, insolvency, receivership or similar proceeding commenced by or against the Joint Venture or Borrower, or affecting the Joint Venture's or Borrower's respective assets, then Junior Lender will immediately deliver such payment or value to Senior Lender for application to the Senior Debt; *provided, however*, that nothing contained in this Section 5 shall be construed or interpreted to require Junior Lender to deliver Senior Lender any interest in the Joint Venture that is issued to Junior Lender pursuant to the conversion provisions of the Lake View Note.

6. *Enforcement of Security.* Junior Lender shall not enforce the rights granted it under the Lake View Note, the BRN Development Guaranty or the Lake View Mortgage without notifying Senior Lender in writing. If Junior Lender enforces any of its rights against any assets securing the Senior Debt, Junior Lender shall proceed first against any assets in which Junior Lender has a first priority security interest and in which Senior Lender has no security interest. Nothing in this Section 6 shall limit Senior Lender's right to collect amounts due to it under the Senior Debt Documents.

7. *Release of Subordinated Interests.* Junior Lender agrees to release its subordinated lien and security interest in the real property and improvements of Borrower and the Joint Venture at the request of Borrower, in its capacity as manager of the Joint Venture, or Senior Lender in connection with the sale or other disposition of the residential parcels comprising a portion of such real property and improvements. Without limiting the generality of the foregoing and without payment of unscheduled principal and interest, Junior Lender agrees to deliver such releases or similar instruments as Borrower or Senior Lender may reasonably request in order to evidence such release.

8. *Miscellaneous Provisions.*

8.1 Modifications. This Agreement may not be changed orally. For a modification of this Agreement to be effective, it must be in writing and have been signed by Junior Lender and Senior Lender, and acknowledged by Borrower. Every right or remedy granted by this Agreement may be exercised as often as shall be deemed expedient by Borrower or Senior Lender and may be enforced through proceedings for injunctive relief or for orders of specific performance or other orders in equity or at law.

8.2 Assignability and Binding Effect. Junior Lender may not transfer or assign its rights, duties or obligations under this Agreement without the prior written consent of Senior Lender, which consent shall not be withheld unreasonably. This Agreement and the duties set forth herein shall bind Junior Lender and its respective heirs, successors and assigns. All rights and powers established in this Agreement shall benefit Senior Lender and its participants, successors and assigns, such parties being intended third party beneficiaries of this Agreement. This Agreement may be enforced by the Senior Lender, its participants, successors and assigns.

8.3 Governing Law and Venue. This Agreement will be construed and the rights, duties, and obligations of the parties will be determined in accordance with the laws of the State of Idaho, including the Idaho Uniform Commercial Code, and the federal laws of the United States of America. If any action or other proceeding shall be brought in connection with this Agreement, the venue of such action shall be in Kootenai County, Idaho. Junior Lender hereby consents to the exclusive personal jurisdiction of the First Judicial District Court of the State of Idaho, in and for Kootenai County and the United States District Court for the District of Idaho, Coeur d'Alene Division.

8.4 Headings. Headings used in this Agreement have been included for convenience and ease of reference only, and will not influence the construction or interpretation of any provision of this Agreement.

8.5 Waiver. No right or obligation under this Agreement will be deemed to have been waived unless evidenced by a writing signed by the party against whom the waiver is asserted, or by the party's duly authorized representative. Any waiver will be effective only with respect to the specific instance involved, and will not impair or limit the right of the waiving party to insist upon strict performance or the right or obligation in any other instance, in any other respect, or at any other time. No failure on the part of Senior Lender to exercise, and no delay in exercising any right or obligation under this Agreement shall operate as a waiver thereof.

8.6 Severability. The parties intend that this Agreement be enforced to the greatest extent permitted by applicable law. Therefore, if any provision of this Agreement, on its face or as applied to any person or circumstance, is or becomes unenforceable to any extent, the remainder of this Agreement and the application of that provision to other persons, circumstances, or extent, will not be impaired.

8.7 References. Except as otherwise specifically indicated, all references to numbered or lettered sections or subsections refer to sections or subsections of this Agreement, and all references to this Security Agreement include any subsequent amendments to this Agreement.

8.8 Attorneys' Fees. If any litigation or other dispute resolution proceeding is commenced between parties to this Agreement to enforce or determine the rights or responsibilities of the parties, the prevailing party or parties in the proceeding will be entitled to receive, in addition to any other relief granted, its reasonable attorneys' fees, expenses and costs. Such fees, expenses and costs shall include all statutory costs and disbursements, all costs associated with discovery depositions and expert witness fees, and all out-of-pocket costs incurred by the prevailing party in the prosecution or defense of the action. For purposes of this section, the phrase "litigation or other dispute resolution" shall be deemed to include any proceeding commenced in any court of general or limited jurisdiction, any arbitration or mediation, any proceeding commenced in the bankruptcy courts of the United States, and any appeal from any of the foregoing.

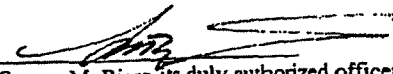
8.9 Notice. Any notice or other communication required or permitted under this Agreement shall be in writing and shall be deemed sufficiently given and served for all purposes if hand delivered, if sent by overnight express mail or if sent by certified United States mail return receipt requested. If sent to Senior Lender, notice shall be addressed to American Bank, 1612 West Main Street, Bozeman, Montana 59715; and if sent to Junior Lender, notice shall be addressed to Junior Lender at its address set forth below.

Executed and delivered as of the date first above written.

JUNIOR LENDER:

Lake View AG,
a Liechtenstein company

By


Gunnar M. Bjorg, its duly authorized officer

Address of Junior Lender:

Lake View AG
c/o Interadvice Anstalt
Landstrasse 25
FL - 9490 Vaduz
Liechtenstein

BRN DEVELOPMENT, INC.

By



its president

Exhibit E to Joint Venture Agreement
(Schedule of Disclosure Information)

An executive summary (the "Executive Summary") containing certain information concerning BRN Development, the Black Rock North Project, the BRN Development Notes (and the shares of Common Stock to be issued upon the partial conversion of the BRN Development Notes), and the Offering accompanies this Joint Venture Agreement. The following additional information, which is referred to in this Joint Venture Agreement as the "Disclosure Information" is available for inspection and copying by Lake View or its authorized representative at BRN Development's offices during normal business hours.

1. Order of Decision of the Kootenai County, Idaho Board of Commissioners dated October 25, 2007
2. Site plan dated September 26, 2007
3. Proforma balance sheet of BRN Development dated as at March 31, 2008
4. Title report of the property comprising the Black Rock North Project
5. Appraisal report of Daniels-Emmerling Real Estate Services dated July 17, 2006

F:\users\40356\Documents-Agreements\BRN-LakeViewJointVentureAgreement(04.18.08)(Clean)

1 IN THE DISTRICT COURT OF THE FIRST JUDICIAL DISTRICT OF
2 THE STATE OF IDAHO, IN AND FOR THE COUNTY OF KOOTENAI

3 AMERICAN BANK, a Montana banking)
4 corporation,)
5 Plaintiff,)

) Case No. CV 09-2619

6 vs.)

) DEPOSITION OF
) MARSHALL CHESROWN

7 BRN DEVELOPMENT, INC., an Idaho)
8 corporation, BRN INVESTMENTS,)
9 LLC, an Idaho limited liability)
10 company, LAKE VIEW AG, a)

) TAKEN ON BEHALF OF
) THE PLAINTIFF

11 Liechtenstein company, BRN-LAKE)
12 VIEW JOINT VENTURE, an Idaho)
13 general partnership, ROBERT)
14 LEVIN, Trustee for the ROLAND M.)

) AT
) SPOKANE, WASHINGTON

15 CASATI FAMILY TRUST, dated)
16 June 5, 2008, RYKER YOUNG,)
17 Trustee for the RYKER YOUNG)
18 REVOCABLE TRUST, MARSHALL)

) JUNE 23, 2010
) 3:22 P.M.

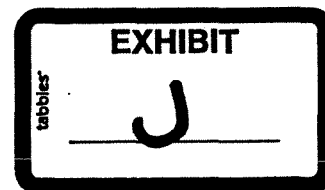
19 CHESROWN, a single man, IDAHO)
20 ROOFING SPECIALIST, LLC, an)
21 Idaho limited liability company,)
22 THORCO, INC., an Idaho)

23 corporation, CONSOLIDATED SUPPLY)
24 COMPANY, an Oregon corporation,)
25 INTERSTATE CONCRETE & ASPHALT)
COMPANY, an Idaho corporation,)

CONCRETE FINISHING, INC., an)
Arizona corporation, THE TURF)
CORPORATION, an Idaho)

REPORTED BY:

PATRICIA L. PULLO, CSR
Notary Public



1 is being taken today?

2 A. Yes.

3 Q. You have appeared previous to this as a
4 30(b)(6) deponent for various other defendants. We've
5 had that testimony already taken. And this is your
6 individual deposition. Are you familiar with that?

7 A. Yes.

8 (Whereupon, Deposition Exhibit No. 215 was
9 marked for identification.)

10 BY MS. TELLESSEN:

11 Q. You have been handed Exhibit 215 with Bates
12 No. AB002433. Do you recognize this document?

13 A. Yes.

14 Q. And what is it?

15 A. A personal guarantee between myself and
16 American Bank.

17 Q. And on page 5 of this agreement, is that your
18 signature that appears under Guarantor?

19 A. Yes, it is.

20 Q. What's your understanding of this document?

21 A. That I was personally guaranteeing the
22 indebtedness of a \$15 million loan with American Bank.

23 Q. What's your understanding of the scope of
24 that guarantee?

25 A. I'm not sure what you mean by "the scope of."

1 Q. If you look at paragraph 2.0 --

2 A. Okay.

3 Q. -- it reads, "The Guarantor hereby
4 irrevocably, absolutely and unconditionally guarantees
5 to and for the benefit of Lender, and its successors
6 and assigns, the timely payment and performance of the
7 Guaranteed Obligations (as defined below.)" Do you
8 understand what that statement means?

9 A. Yes.

10 Q. And what's your understanding?

11 A. That it's irrevocable, it's absolute and it's
12 unconditional guarantee.

13 Q. And would part of your understanding include
14 that if, for whatever reason, BRN Development failed to
15 repay American Bank, American Bank could look to you
16 for repayment?

17 A. Yes.

18 Q. And if you would look at Exhibit 164.

19 On the fourth page of that agreement, "Loan
20 Documents" is defined at the top.

21 A. Yes.

22 Q. And in the definition of Loan Documents there
23 is included a listing for the guarantee.

24 A. Yes.

25 Q. Is it your understanding that the guarantee

1 And when you signed this agreement on
2 February 2nd, 2007, did you intend to be bound by its
3 terms?

4 A. Yes.

5 Q. And did you intend for American Bank to rely
6 on your signature as your agreement to be bound by its
7 terms?

8 A. Yes.

9 Q. Prior to signing this guarantee, had you
10 reviewed it with an attorney?

11 A. I don't believe so.

12 Q. Did you personally read it before signing it?

13 A. I don't know for a fact.

14 Q. Were you given the opportunity to review it?

15 A. I'm sure I was.

16 (Whereupon, Deposition Exhibit No. 216 was
17 marked for identification.)

18 BY MS. TELLESSEN:

19 Q. You have been handed what's been marked as
20 Exhibit 216. Do you recognize this document?

21 A. Yes.

22 Q. And what is it?

23 A. It is an Answer of Marshall Chesrown to
24 American Bank's First Amended Complaint and Demand for
25 Jury Trial -- or Trial by Jury.

GUARANTY

This GUARANTY ("Guaranty"), dated as of February 2, 2007 is made by Marshall R. Chesrown (the "Guarantor"), in favor of and for the benefit of American Bank.

RECITALS:

- A. American Bank (the "Lender"), on even date with this Guaranty, has extended certain loans or extensions of credit to BRN Development, Inc., an Idaho corporation (the "Borrower") pursuant to a Revolving Credit Agreement dated as of February 2, 2007 (the "Credit Agreement").
- B. Guarantor desires to execute and deliver this Guaranty and to induce Lender to make the loan pursuant to the Credit Agreement and to guaranty the payment and performance by the Borrower of its obligations under the Credit Agreement.

IN CONSIDERATION OF THE ABOVE, the parties agree as follows:

AGREEMENT

1.0 Definitions. Capitalized terms used in this Guaranty are accorded the meaning given such terms in the Credit Agreement.

2.0 Guaranty. The Guarantor hereby irrevocably, absolutely and unconditionally guarantees to and for the benefit of Lender, and its successors and assigns, the timely payment and performance of the Guaranteed Obligations (as defined below), in full, when and as the same shall become due, whether by maturity, acceleration or otherwise. Guarantor payments shall be made directly to the Lender or as the Lender may direct. This Guaranty is a guarantee of due and punctual payment and is not merely a guarantee of collection. The obligations of the Guarantor hereunder are absolute and unconditional, irrespective of the value, genuineness, validity, regularity or enforceability of the Guaranteed Obligations or any other agreement or instrument referred to herein or therein. The obligations of the Guarantor shall be automatically reinstated if and to the extent that, for any reason, any Guarantor payment made to Lender is rescinded or must be otherwise restored by any holder of any of the Guaranteed Obligations, whether as a result of any proceedings in bankruptcy or reorganization or otherwise.

3.0 Guaranteed Obligations. As used in this Guaranty, the term "Guaranteed Obligations" shall mean all of Borrower's obligations of payment and performance under, arising out of or related to the Credit Agreement, the Note and each of the other Loan Documents.

4.0 Lender Actions. The Guarantor agrees that the Lender may from time to time, without notice or demand and without affecting the validity or enforceability of this Guaranty or giving rise to any limitation, impairment or discharge of the Guarantor's

liability hereunder, (i) renew, extend, or otherwise change the time, place, manner, amount or other terms of the Guaranteed Obligations or accelerate the payment of the Guaranteed Obligations following the occurrence of an event of default, (ii) settle, compromise, release or discharge, or accept or refuse substitutions for the Guaranteed Obligations or any agreement relating thereto, (iii) request and accept other guaranties of the Guaranteed Obligations and take and hold security for the payment of this Guaranty or the Guaranteed Obligations, (iv) release, exchange, compromise, subordinate or modify, with or without consideration, any security for payment of the Guaranteed Obligations or any other guaranties of the Guaranteed Obligations, (v) following an Event of Default by Borrower under the Guaranteed Obligations, enforce and apply any security now or hereafter held by or for the benefit of the Lender in respect of this Guaranty or the Guaranteed Obligations and direct the order or manner of sale thereof, or exercise any other right or remedy that the Lender may have against any such security, as the Lender in its discretion, may determine pursuant to any applicable security agreement, including foreclosure on any such security pursuant to one or more judicial or nonjudicial sales, and (vi) exercise any other rights available to the Lender at law or in equity.

5.0 Waivers by Guarantor. The Guarantor hereby waives, to the fullest extent permitted by law, for the benefit of Lender (a) any right to require the Lender as a condition of payment or performance by the Guarantor, to (i) proceed against the Borrower any other guarantor of the Guaranteed Obligations or any other person, (ii) proceed against or exhaust any security held as collateral for the Guaranteed Obligations (iii) pursue or exhaust any other remedy or power against any maker or person whatsoever; (b) any defense arising by reason of the incapacity, lack of authority or any disability or other defense of the Borrower or other guarantor of the Guaranteed Obligations; (c) except for notices or demands for payment or performance by Guarantor under the Guaranty, notices, demands, presentations, protests, notices of protest, notices of dishonor and notices of any action or inaction, including acceptance of this Guaranty, notices of default, notices of any extension of credit to Borrower, notices of any of the matters referred to in the preceding paragraph and any right to consent to any thereof; and (d) any defenses or benefits that may be derived from or afforded by law (whether now in effect or hereafter adopted) that limit the liability of or exonerate guarantors or sureties, in conflict with the terms of this Guaranty. Without limiting the generality of the foregoing, it is agreed that the occurrence of any one or more of the following shall not affect the liability of the Guarantor hereunder: (x) any requirement imposed on or condition applicable to the Borrower shall be waived by the Lender; and (y) any lien or security interest granted to, or in favor of, the Lender shall fail to be perfected.

6.0 Guarantor Actions. Until the Guaranteed Obligations shall have been indefeasibly paid in full, the Guarantor shall withhold exercise of (a) any right of subrogation, (b) any right of contribution the Guarantor may have against Borrower or any other guarantor of the Guaranteed Obligations, (c) any right to enforce any remedy which the Guarantor may have now or may hereafter have against the Borrower, or (d) any benefit of, and any right to participate in, any security now or hereafter held by the Lender. The Guarantor further agrees that, to the extent the waiver of its rights of

subrogation and contribution as set forth herein is found by a court of competent jurisdiction to be void or voidable for any reason, any rights of subrogation the Guarantor may have against the Borrower, any collateral or security, and any rights of contribution the Guarantor may have against any such other guarantor, shall be junior and subordinate to any rights of the Lender.

7.0 Lender Disclosures. The Guarantor hereby waives and relinquishes any duty on the part of the Lender to disclose any matter, fact or thing relating to the financial or other condition of Borrower or any other guarantor now known or hereafter known by the Lender.

8.0 Notices. All notices, requests and demands hereunder will be in writing and (i) made to the address set forth below, or to such other address as either party may designate by written notice to the other in accordance with this provision, and (ii) deemed to have been given or made: if delivered in person, immediately upon delivery; if by telex, or telegram, immediately upon sending and upon confirmation of receipt; if by nationally recognized overnight courier service with instructions to deliver the next Business Day, one (1) Business Day after sending; and if by certified mail, return receipt requested, five (5) days after mailing.

If to Borrower: BRN Development, Inc.
Attn: Marshall R. Chesrown
912 Northwest Blvd.
Coeur d'Alene, ID 83814

If to Lender: American Bank
1612 W. Main Street
Bozeman, MT 59715
Attn: Mark Hendrickson

9.0 Lender Rights. The rights, powers and remedies given to the Lender by this Guaranty are cumulative and shall be in addition to and independent of all rights, powers and remedies given to it by virtue of any statute or rule of law. Any forbearance or failure to exercise, and any delay by the Lender in exercising, any right, power or remedy hereunder shall not impair any such right, power or remedy or be construed to be a waiver thereof, nor shall it preclude the further exercise of any such right, power or remedy.

10.0 Insolvency. The Guarantor acknowledges and agrees that its obligations hereunder shall continue in full force and effect after the commencement of any proceeding, voluntary or involuntary, involving the bankruptcy, insolvency, or receivership of Borrower or Guarantor.

11.0 Severability. If any provision in or obligation under this Guaranty shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or

obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

12.0 Governing Law. This Guaranty shall be governed by and construed in accordance with the laws of the state of Montana.

13.0 Continuing Guaranty. This Guaranty is a continuing guaranty and shall be binding upon the Guarantor and Guarantor's heirs, successors and assigns and shall survive the death or disability of Guarantor. This Guaranty shall inure to the benefit of the Lender and its respective successors and assigns.

14.0 Amendment or Waiver. The terms of this Guaranty may be waived, altered or amended only by an instrument in writing duly executed by the Guarantor and the Lender.

15.0 Counterparts. This Guaranty may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one agreement.

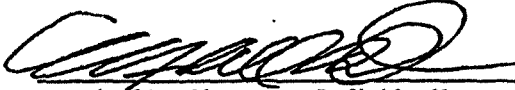
16.0 Attorneys' Fees. The prevailing party in any suit or other proceeding brought for the enforcement or interpretation of this Guaranty shall be entitled to recover its reasonable costs and expenses, including reasonable attorneys' fees, incurred in such suit or proceeding.

17.0 Time. Time is of the essence of this Guaranty.

IN WITNESS WHEREOF, the Guarantor has executed this Guaranty as of the date first set forth above.

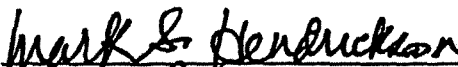
[Remainder of page blank. Signature page follows.]

GUARANTOR:


Marshall R. Chesrown, Individually

ACCEPTED:

AMERICAN BANK

By: 
Its: COO

1 NANCY L. ISSERLIS, ISB #7331
2 ELIZABETH A. TELLESSEN, ISB #7393
3 WINSTON & CASHATT
4 250 Northwest Boulevard, Suite 107A
5 Coeur d'Alene, Idaho 83814
6 Telephone: (208) 667-2103
7 Facsimile: (208) 765-2121
8 nli@winstoncashatt.com & eat@winstoncashatt.com

9 RANDALL A. PETERMAN, ISB #1944
10 C. CLAYTON GILL, ISB No. 4973
11 MOFFATT, THOMAS, BARRETT, ROCK
12 & FIELDS, CHARTERED
13 101 South Capital Blvd., 10th Floor
14 P.O. Box 829
15 Boise, Idaho 83701
16 Telephone: (208) 345-2000
17 Facsimile: (208) 385-5384
18 rap@moffatt.com & ccg@moffatt.com

Attorneys for Plaintiff

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**IN THE DISTRICT COURT OF THE FIRST JUDICIAL DISTRICT OF THE STATE
OF IDAHO, IN AND FOR THE COUNTY OF KOOTENAI**

AMERICAN BANK, a Montana banking
corporation,

Plaintiff,

vs.

Case No. CV 09-2619

BRN DEVELOPMENT, INC., an Idaho
corporation, BRN INVESTMENTS, LLC, an
Idaho limited liability company, LAKE VIEW
AG, a Liechtenstein company, BRN-LAKE
VIEW JOINT VENTURE, an Idaho general
partnership, ROBERT LEVIN, Trustee for the
ROLAND M. CASATI FAMILY TRUST, dated
June 5, 2008, RYKER YOUNG, Trustee for the
RYKER YOUNG REVOCABLE TRUST,
MARSHALL CHESROWN a single man,
IDAHO ROOFING SPECIALIST, LLC, an Idaho

PLAINTIFF AMERICAN BANK'S FIRST SET
OF REQUESTS FOR ADMISSION TO
DEFENDANTS BRN DEVELOPMENT, INC.,
BRN INVESTMENTS, LLC, LAKE VIEW AG
AND BRN-LAKE VIEW JOINT VENTURE,

PLAINTIFF AMERICAN BANK'S FIRST SET OF
REQUESTS FOR ADMISSION TO
DEFENDANTS BRN ... 1



1 limited liability company, THORCO, INC., an
2 Idaho corporation, CONSOLIDATED SUPPLY
3 COMPANY, an Oregon corporation,
4 INTERSTATE CONCRETE & ASPHALT
5 COMPANY, an Idaho corporation, CONCRETE
6 FINISHING, INC., an Arizona corporation, THE
7 TURF CORPORATION, an Idaho corporation,
8 WADSWORTH GOLF CONSTRUCTION
9 COMPANY OF THE SOUTHWEST, a Delaware
10 corporation, POLIN & YOUNG
11 CONSTRUCTION, INC., an Idaho corporation,
12 TAYLOR ENGINEERING, INC., a
13 Washington corporation, PRECISION
14 IRRIGATION, INC., an Arizona corporation and
15 SPOKANE WILBERT VAULT CO., a
16 Washington corporation, d/b/a WILBERT
17 PRECAST,

Defendants.

12 You have been served with Requests for Admission pursuant to IRCP 36(a). These Requests for
13 Admission must be admitted, denied, or objected to in accordance with IRCP 36(a). Be advised that
14 pursuant to IRCP 36(a), the matters contained herein shall be deemed admitted unless we are served a
15 written answer or objection in accordance with IRCP 36(a) addressed to the matter signed by you, or by
16 your attorney, within thirty (30) days after the date of service of this Request upon you or within such
17 shorter or longer time as the Court may allow. Your answer should be served upon the offices of
18 Winston & Cashatt, 1900 Bank of America Financial Center, 601 W. Riverside Ave., Spokane,
19 Washington 99201.

20 Be further advised that if any matter herein denied by defendants be true, the court may require
21 that you pay reasonable expenses, including attorneys' fees incurred by our client in making that proof as
22 provided by IRCP 37(a)(4).

23 DATED this _____ day of November, 2009.

24 _____
25 NANCY L. ISSERLIS, ISB No. 7331
26 ELIZABETH A. TELLESSEN, ISB No. 7393
WINSTON & CASHATT
Attorneys for Plaintiff American Bank

1 **REQUEST FOR ADMISSION NO. 1:** Admit or deny that BRN Development, Inc. is in
2 default on the loan made to American Bank, secured by the American Bank mortgage dated February 2,
3 2007 and recorded February 6, 2007 with the Kootenai County Assessor under instrument
4 No. 2081648000.

4 **RESPONSE:**

5 Admit.

6 **REQUEST FOR ADMISSION NO. 2:** Admit or deny that BRN Development requested and
7 received from Wadsworth Golf Construction Company of the Southwest a Conditional Lien Waiver,
8 Release, And Subordination Agreement in consideration for the payment amount of \$242,430.86 for
9 work conducted on Black Rock North through March 19, 2008.

9 **RESPONSE:**

10 Admit.

11 **REQUEST FOR ADMISSION NO. 3:** Admit or deny that a true and correct copy of the
12 Conditional Lien Waiver, Release, And Subordination Agreement set forth in Request for Admission
13 No. 2 is attached hereto as Exhibit A.

14 **RESPONSE:**

15 Admit.

16 **REQUEST FOR ADMISSION NO. 4:** Admit or deny that a BRN Development received
17 either the original version or a true and correct copy of Exhibit A from Wadsworth.

18 **RESPONSE:**

19 Admit.

20 **REQUEST FOR ADMISSION NO. 5:** Admit or deny that BRN Development requested and
21 received from Wadsworth Golf Construction Company of the Southwest a Conditional Lien Waiver,
22 Release, And Subordination Agreement in consideration for the payment amount of \$719,304.62 for
23 work conducted on Black Rock North through June 30, 2007.

23 **RESPONSE:**

24 Admit.

1 **REQUEST FOR ADMISSION NO. 6:** Admit or deny that a true and correct copy of the
2 Conditional Lien Waiver, Release, And Subordination Agreement set forth in Request for Admission
3 No. 5 is attached hereto as Exhibit B.

4 **RESPONSE:**

5 Admit.

6 **REQUEST FOR ADMISSION NO. 7:** Admit or deny that a BRN Development received
7 either the original version or a true and correct copy of Exhibit B from Wadsworth.

8 **RESPONSE:**

9 Admit.

10 **REQUEST FOR ADMISSION NO. 8:** Admit or deny that BRN Development requested and
11 received from Wadsworth Golf Construction Company of the Southwest a Conditional Lien Waiver,
12 Release, And Subordination Agreement in consideration for the payment amount of \$1,000,000.00 for
13 work conducted on Black Rock North through October 31, 2007.

14 **RESPONSE:**

15 Admit.

16 **REQUEST FOR ADMISSION NO. 9:** Admit or deny that a true and correct copy of the
17 Conditional Lien Waiver, Release, And Subordination Agreement set forth in Request for Admission
18 No. 8 is attached hereto as Exhibit C.

19 **RESPONSE:**

20 Admit.

21 **REQUEST FOR ADMISSION NO. 10:** Admit or deny that a BRN Development received
22 either the original version or a true and correct copy of Exhibit C from Wadsworth.

23 **RESPONSE:**

24 Admit.

1 STATE OF Idaho)

2 County of Kootenai)



3 Marshall R Chesrown being President sworn on oath, deposes and says: That I am the
4 President of BRN Development, Inc. a Defendant in the above-entitled
5 matter, and make this verification for and on its behalf; that I have read the above and foregoing
6 responses to American Bank's First Set of Requests for Admission, know the contents thereof, and
7 believe the same to be true.

7 By: [Signature]
8 Its: President

9 SUBSCRIBED AND SWORN TO before me this 13 day of January, ~~2009~~ 2010

10 [Signature]
11 Print Name: Danette Harrington
12 Notary Public in and for the state of Idaho
13 Residing at Coeur d'Alene
14 My commission expires: 9-2-2011

14 STATE OF Idaho)

15 County of Kootenai)



16 Marshall R Chesrown, Manager sworn on oath, deposes and says: That I am the
17 Manager of BRN Development, LLC, a Defendant in the above-entitled
18 matter, and make this verification for and on its behalf; that I have read the above and foregoing
19 responses to American Bank's First Set of Requests for Admission, know the contents thereof, and
20 believe the same to be true.

20 By: [Signature]
21 Its: Manager

22 SUBSCRIBED AND SWORN TO before me this 13 day of January, ~~2009~~ 2010

23 [Signature]
24 Print Name: Danette Harrington
25 Notary Public in and for the state of Idaho
26 Residing at Coeur d'Alene
My commission expires: 9-2-2011

1 STATE OF _____)
2 County of _____) ss

3 _____, being first duly sworn on oath, deposes and says: That I am the
4 _____ of Lake View AG, a Defendant in the above-entitled matter, and
5 make this verification for and on its behalf; that I have read the above and foregoing responses to
6 American Bank's First Set of Requests for Admission, know the contents thereof, and believe the same
7 to be true.

8 By: _____

9 Its: _____

10 SUBSCRIBED AND SWORN TO before me this _____ day of _____, ~~2009~~
11 2010

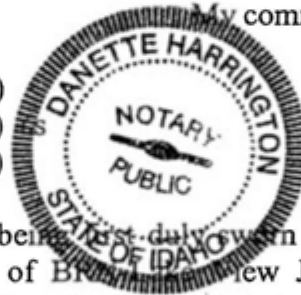
12 Print Name: _____

13 Notary Public in and for the state of _____

14 Residing at _____

15 My commission expires: _____

16 STATE OF Idaho)
17 County of Kootenai)



18 Marshall Chesrown, being first duly sworn on oath, deposes and says: That I am the
19 President BRN Dev, Manager of BRN Development, a Defendant in the above-
20 entitled matter, and make this verification for and on its behalf; that I have read the above and foregoing
21 responses to American Bank's First Set of Requests for Admission, know the contents thereof, and
22 believe the same to be true.

23 By: [Signature]

24 Its: President BRN Development, Manager

25 SUBSCRIBED AND SWORN TO before me this 13 day of January, ~~2009~~
26 2010

27 Danette Harrington

28 Print Name: Danette Harrington

29 Notary Public in and for the state of Idaho

30 Residing at Coeur d'Alene

31 My commission expires: 9-2-2011

LAKE VIEW AG'S ROLE IN THE BRN PROJECT IS THAT OF A MINORITY INVESTOR AND, AS SUCH, HAS NO ACTIVE INVOLVEMENT IN THE MANAGEMENT OF THE PROJECT. ACCORDINGLY, IN MAKING THE STATEMENT BELOW, WE RELY ON THE REPRESENTATIONS OF THE OTHER PARTIES TO THIS ADMISSION.

1 STATE OF _____)
 2 COUNTRY LIECHTENSTEIN) ss
 2 County of _____)

3 GEORG KIEBER, being first duly sworn on oath, deposes and says: That I am the
 4 DIRECTOR of Lake View AG, a Defendant in the above-entitled matter, and
 5 make this verification for and on its behalf; that I have read the above and foregoing responses to
 5 American Bank's First Set of Requests for Admission, know the contents thereof, and believe the same
 6 to be true.

→ SUBJECT TO THE QUALIFICATION ABOVE

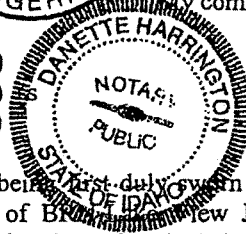
7 By: [Signature]
 7 Georg Kieber
 8 Its: Director

9 SUBSCRIBED AND SWORN TO before me this _____ day of _____, 2009-
 10 _____ 2010



11 Print Name: _____
 11 Notary Public in and for the state of _____
 12 Residing at Herrn Georg KIEBER,
 12 Lechstrasse 25, FL-9499 Vaduz,
 13 wird amtlich besätigt.
 13 Fürstl. Liechtensteinische Urkundsperson
 14 Vaduz, den

14 STATE OF Idaho)
 15 County of Kootenai)



16 Marshall Chesrown, being first duly sworn on oath, deposes and says: That I am the
 17 President BRN Dev, manager of BRN Development Joint Venture, a Defendant in the above-
 18 entitled matter, and make this verification for and on its behalf; that I have read the above and foregoing
 18 responses to American Bank's First Set of Requests for Admission, know the contents thereof, and
 19 believe the same to be true.

20 By: [Signature]
 20 Its: President BRN Development, Manager

22 SUBSCRIBED AND SWORN TO before me this 19 day of January, 2009-
 23 _____ 2010

23 Print Name: Danette Harrington
 24 Notary Public in and for the state of Idaho
 25 Residing at Coeur d'Alene
 25 My commission expires: 9-2-2011

APOSTILLE

(Convention de la Haye du 5 octobre 1961)

1. Land: Fürstentum Liechtenstein
Diese öffentliche Urkunde
2. ist unterschrieben von Herrn Julius Nägele
3. in seiner Eigenschaft als Beglaubigungsperson beim
Fürstl. Liecht. Landgericht
4. sie ist versehen mit dem Siegel/Stempel des (der)
Fürstl. Liecht. Landgerichtskanzlei

Bestätigt

5. in 9490 Vaduz

6. am **19. Jan. 2010**

7. durch Regierungskanzlei Vaduz

8. unter Nr. 10.000

9. Siegel/Stempel

10. Unterschrift

Sylvia Ritter

Verwaltungs-Angestellte




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VERIFICATION

THE UNDERSIGNED ATTORNEY for BRN Development, Inc., BRN Investments, LLC, Lake View AG and BRN-Lake View, Joint Venture, has read the foregoing Responses to American Bank's First Set of Requests for Admission pursuant to IRCP 26(f) certifies that these responses are consistent with Court Rules.

DATED this 11 day of Jan., 2009

LAYMAN, LAYMAN & ROBINSON, PLLP



JOHN B. LAYMAN, ISB: 6825
Attorney for BRN Development, Inc., BRN Investments, LLC, Lake View AG and BRN-Lake View Joint Venture



CONDITIONAL LIEN WAIVER, RELEASE AND SUBORDINATION

Payment Amount: \$242,430.86
For Work Through: March 18, 2008

TO: BRN DEVELOPMENT, INC., OWNER
P.O. Box 3070
Coeur d'Alene, ID 83818
- and -
ALL OTHER PARTIES IN INTEREST

RE: PROJECT - BLACK ROCK NORTH and BLACK ROCK NORTH GOLF COURSE
COEUR D'ALENE, IDAHO

Upon receipt of payment of the sum of \$242,430.86, the undersigned waives any and all right to any lien whatever and releases all rights to lien or claim any lien against the real property associated with the above Project by the undersigned in connection with any and all work or labor performed, materials, equipment, goods, or things supplied or furnished, or any other claims or obligations owed through the date shown above, on the above-named Project.

This waiver and release does not cover rights or obligations that might accrue after the above date for additional work that may be performed; in addition, upon receipt of the payment stated above, the undersigned agrees that any lien that may be filed for work performed after said date will only have lien priority from and after the date stated above and will be subordinate to any liens or encumbrances attaching to the subject property prior to said date.

As an inducement to the above-named Owner to make the payment first described above, the undersigned further covenants and represents that it has performed the work and/or furnished the materials pursuant to and in accordance with the plans and specifications or work order in effect up through March 18, 2008. The undersigned further covenants and represents that either all obligations related to labor, equipment, supplies, materials, lower tier subcontractors at all levels and consultants through the date first stated above have been fully paid, or all such obligations will be paid first out of the funds to be received before any of said funds will be applied to any other purpose and the payment first described above will be sufficient to fully satisfy all such obligations.

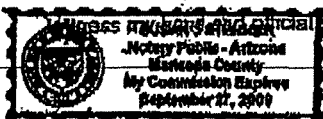
If signed on behalf of a company, the undersigned certifies under penalty of perjury under the laws of the State of Idaho that he or she is authorized to execute the same on behalf of the company to be bound.

WADSWORTH GOLF CONSTRUCTION CO.

By: Mark E. Stugocki
Its: Vice-President

STATE of Arizona }
 Maricopa } sa.
County of }

On this 15th day of April, 2008, before me, the undersigned, a Notary Public in and for the State of Arizona, personally appeared Mark E. Stugocki, known or identified to me to be the Vice-President of Wadsworth Golf Construction Co., the corporation that executed the foregoing instrument and acknowledged the said instrument to be a free and voluntary act and deed of the corporation, for the uses and purposes set forth therein, and on oath stated that he is authorized to execute said instrument on behalf of said corporation.



Joseph A. [Signature]
Notary Public in and for the State of ARIZONA
Residing at: 2525 S. 195th Ave. Buckeye AZ 85326
My Commission Expires: Sept. 27, 2009



CONDITIONAL LIEN WAIVER, RELEASE AND SUBORDINATION



Payment Amount: \$719,304.62
For Work Through: June 30, 2007
217-06

TO: BRN DEVELOPMENT, INC., OWNER
P.O. Box 3070
Coeur d'Alene, ID 83816
- and -
ALL OTHER PARTIES IN INTEREST

RE: PROJECT - BLACK ROCK NORTH and BLACK ROCK NORTH GOLF COURSE
COEUR D'ALENE, IDAHO

Upon receipt of payment of the sum of \$719,304.62, the undersigned waives any and all right to any lien whatever and releases all rights to lien or claim any lien against the real property associated with the above Project by the undersigned in connection with any and all work or labor performed, materials, equipment, goods, or things supplied or furnished, or any other claims or obligations owed through the date shown above, on the above-named Project.

This waiver and release does not cover rights or obligations that might accrue after the above date for additional work that may be performed. In addition, upon receipt of the payment stated above, the undersigned agrees that any lien that may be filed for work performed after said date will only have lien priority from and after the date stated above and will be subordinate to any liens or encumbrances attaching to the subject property prior to said date.

As an inducement to the above-named Owner to make the payment first described above, the undersigned further covenants and represents that it has performed the work and/or furnished the materials pursuant to and in accordance with the plans and specifications or work order in effect up through June 30, 2007. The undersigned further covenants and represents that all obligations related to labor, equipment, supplies, materials, lower tier subcontractors at all levels and consultants on the date first stated above have been fully paid, or all such obligations will be paid first out of the funds to be received. Any of said funds will be applied to any other purpose and the payment first described above will be sufficient to fully satisfy all such obligations.

If signed on behalf of a company, the undersigned certifies under penalty of perjury under the laws of the State of Idaho that he or she is authorized to execute the same on behalf of the company to be bound.

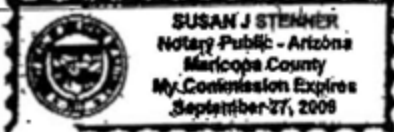
WADSWORTH GOLF CONSTRUCTION CO.

By: Stephen Farrell
Its: President

STATE of AZ)
County of Maricopa) ss.

In this 2nd day of August, 2007, before me, the undersigned, a Notary Public in and for the State of AZ, personally appeared Stephen Farrell, known or identified to me to be the President of Wadsworth Golf Construction Co., the corporation that executed the foregoing instrument and acknowledged the said instrument to be a free and voluntary act and deed of the corporation, for the uses and purposes set forth therein, and on oath stated that he is authorized to execute said instrument on behalf of said corporation.

Witness my hand and official seal hereto affixed the day and year first above written.



Susan J Steiner
Notary Public in and for the State of Arizona
Residing at: 2525 S 195th Dr, Buckeye, AZ
My Commission Expires: 9-27-2009





CONDITIONAL LIEN WAIVER, RELEASE AND SUBORDINATION

Payment Amount: \$1,000,000.00
For Work Through: October 31, 2007

TO: BRN DEVELOPMENT, INC., OWNER
P.O. Box 3070
Coeur d'Alene, ID 83816
- and -
ALL OTHER PARTIES IN INTEREST

RE: PROJECT - BLACK ROCK NORTH and BLACK ROCK NORTH GOLF COURSE
COEUR D'ALENE, IDAHO

Upon receipt of payment of the sum of \$1,000,000.00, the undersigned waives any and all right to any lien whatever and releases all rights to lien or claim any lien against the real property associated with the above Project by the undersigned in connection with any and all work or labor performed, materials, equipment, goods, or things supplied or furnished, or any other claims or obligations owed through the date shown above, on the above-named Project.

This waiver and release does not cover rights or obligations that might accrue after the above date for additional work that may be performed. In addition, upon receipt of the payment stated above, the undersigned agrees that any lien that may be filed for work performed after said date will only have lien priority from and after the date stated above and will be subordinate to any liens or encumbrances attaching to the subject property prior to said date.

As an inducement to the above-named Owner to make the payment first described above, the undersigned further covenants and represents that it has performed the work and/or furnished the materials pursuant to and in accordance with the plans and specifications or work order in effect up through September 30, 2007. The undersigned further covenants and represents that either all obligations related to labor, equipment, supplies, materials, lower tier subcontractors at all levels and vendors through the date first stated above have been fully paid, or all such obligations will be paid first out of the funds to be received before any of said funds will be applied to any other purpose and the payment first described above will be sufficient to fully satisfy all such obligations.

If signed on behalf of a company, the undersigned certifies under penalty of perjury under the laws of the State of Idaho that he or she is authorized to execute the same on behalf of the company to be bound.



WADSWORTH GOLF CONSTRUCTION CO.

By: Stephen J. Harrell
Its: President

STATE of Arizona)
County of Maricopa) SS.

On this 27 day of December 2007, before me, the undersigned, a Notary Public in and for the State of Arizona personally appeared Stephen J. Harrell, known or identified to me to be the President of Wadsworth Golf Construction Co., the corporation that executed the foregoing instrument and acknowledged the said instrument to be a free and voluntary act and deed of the corporation, for the uses and purposes set forth therein, and on oath stated that he is authorized to execute said instrument on behalf of said corporation.

Witness my hand and official seal hereto affixed this day and year first above written.

Susan J. Stenner
Notary Public in and for the State of Arizona
Residing at: 2525 S. 195th Avenue, AZ 85326
My Commission Expires: 9-27-2009

