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Idaho First Bank v. Bridges Clerk's Record Dckt. 44532

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IN THE DISTRICT COURT OF THE 4TH JUDICIAL DISTRICT OF THE STATE OF IDAHO,
IN AND FOR VALLEY COUNTY (IN THE (PUBLIC UTILITIES COMMISSION)
(INDUSTRIAL COMMISSION) OF THE STATE OF IDAHO)

Idaho First Bank,)
) SUPREME COURT NO. 44532
 Plaintiff/ Appellant,)
) Dist. Court No. CV-2015-145-C
-vs-)
)
Maj-Le Tate Bridges, Etal.,)
)
 Defendant/Appellant.)
)

CLERK'S RECORD ON APPEAL

Appeal from the District Court of the Fourth Judicial District of the
State of Idaho, in and for the County of Valley.

Honorable Jason Scott, District Judge
Presiding

William Thomas
PO Box 1776
121 n 9th St, Ste. 300
Boise, ID 83701

Fredric Shoemaker
950 W Bannock, Suite 950
Boise, ID 83702

ATTORNEY FOR APPELLANT

ATTORNEY FOR RESPONDENT

Other Claims

| Date | | Judge |
|-----------|--|-------------|
| 6/19/2015 | New Case Filed - Other Claims | Jason Scott |
| | Plaintiff: Idaho First Bank Appearance William H Thomas | Jason Scott |
| | Filing: AA- All initial civil case filings in District Court of any type not listed in categories E, F and H(1) Paid by: Thomas, William H (attorney for Idaho First Bank) Receipt number: 0002883 Dated: 6/19/2015 Amount: \$221.00 (Check) For: Idaho First Bank (plaintiff) | Jason Scott |
| | Complaint Filed | Jason Scott |
| | Summons Issued - Maj-Le Bridges | Jason Scott |
| | Summons Issued - Harold Bridges | Jason Scott |
| | Summons: Document Service Issued: on 6/19/2015 on Maj-Le Tate Bridges; Assigned to Private Server. Service Fee of \$0.00. | Jason Scott |
| | Summons: Document Service Issued: on 6/19/2015 for Harold Bridges; Assigned to Private Server. Service Fee of \$0.00 | Jason Scott |
| 7/10/2015 | First Amended Complaint | Jason Scott |
| 7/15/2015 | Acceptance Of Service On Behalf Of Harold A Bridges | Jason Scott |
| | Summons: Document Returned Served on 7/10/2015 to Harold A Bridges; Assigned to Private Server. Service Fee of \$0.00. | Jason Scott |
| | Acceptance Of Service On Behalf Of Maj-Le Tate Bridges | Jason Scott |
| | Summons: Document Returned Served on 7/10/2015 to Maj-Le Tate Bridges; Assigned to Private Server. Service Fee of \$0.00. | Jason Scott |
| 7/21/2015 | Declaration Of Harold "Drew" Bridges In Support Of Defendants' Motion To Dismiss Pursuant To Idaho Code 45-1503 | Jason Scott |
| | Memorandum In Support Of Defendants' Motion To Dismiss Pursuant To Idaho Code 45-1503 | Jason Scott |
| | Defendants' Motion To Dismiss Pursuant To Idaho Code 45-1503 | Jason Scott |
| 7/30/2015 | Notice Of Hearing | Jason Scott |
| | Motion To Strike | Jason Scott |
| | Memorandum In Support Of Motion To Strike | Jason Scott |
| | Notice Of Hearing | Jason Scott |
| | Hearing Scheduled (Motion to Dismiss 08/17/2015 02:30 AM) | Jason Scott |
| 8/3/2015 | Idaho First Bank's Memorandum In Opposition To Defendants' Motion To Dismiss | Jason Scott |
| | Declaration Of Counsel In Support Of Plaintiff's Opposition To Defendants' Motion To Dismiss | Jason Scott |
| | Declaration Of Kathleen Lewis In Support Of Idaho First Bank's Opposition To Defendants' Motion To Dismiss | Jason Scott |
| 8/4/2015 | Notice Of Service | Jason Scott |
| | Amended Notice of Hearing | Jason Scott |
| 8/5/2015 | Hearing result for Motion to Dismiss scheduled on 08/17/2015 02:30 AM: Hearing Vacated | Jason Scott |
| | Hearing Scheduled (Motion to Dismiss 10/19/2015 02:00 PM) | Jason Scott |
| | Defendant: Bridges, Maj-Le Tate Appearance Fredric V. Shoemaker | Jason Scott |

Other Claims

| Date | | Judge |
|------------|--|-------------|
| 8/5/2015 | Defendant: Bridges, Harold A Appearance Fredric V. Shoemaker | Jason Scott |
| | Motion To Shorten Time | Jason Scott |
| | Application For Hearing On Defendants' Motion To Dismiss | Jason Scott |
| | Declaration Of Daniel E. Williams Re: Application For Hearing | Jason Scott |
| 8/6/2015 | Hearing result for Motion to Dismiss scheduled on 10/19/2015 02:00 PM: Hearing Vacated | Jason Scott |
| | Hearing result for Motion scheduled on 08/17/2015 02:30 PM: Hearing Vacated Motion to Strike | Jason Scott |
| | Hearing Scheduled (Motion 09/14/2015 02:00 PM) Motion to strike, Motion to Dismiss | Jason Scott |
| | Notice Resetting All Pending Motions | Jason Scott |
| 8/7/2015 | Response To Plaintiff's Motion To Shorten Time And Plaintiff's Application For Hearing On Defendants' Motion To Dismiss | Jason Scott |
| | Affidavit Of Counsel In Support Of Response To Plaintiff's Motion To Shorten Time And Plaintiff's Application For Hearing On Defendants' Motion To Dismiss | Jason Scott |
| 8/21/2015 | Notice Of Service | Jason Scott |
| 8/28/2015 | Motion To Vacate Pending Hearing Set September 14, 2015 At 2:00 PM | Jason Scott |
| | Declaration Of Counsel In Support Of Plaintiff's Motion To Vacate Hearing | Jason Scott |
| 8/31/2015 | Defendant's Motion To Compel | Jason Scott |
| | Memorandum In Support Of Defendant's Motion To Compel | Jason Scott |
| | Affidavit Of Loren K Messerly In Support Of Defendants; Motion To Compel | Jason Scott |
| | Notice Of Hearing Re: Motion To Compel | Jason Scott |
| | Defendants' Memorandum In Opposition To Idaho First Bank's Motion To Vacate Pending Hearing Set For September 14, 2015 At 2:00 P.M. | Jason Scott |
| 9/1/2015 | Order | Jason Scott |
| 9/8/2015 | Idaho First Bank's Response To Defedant's Motion To Compel | Jason Scott |
| 9/10/2015 | Defendants' Reply Memorandum In Support Of Their Motion To Compel | Jason Scott |
| 9/14/2015 | Hearing result for Motion scheduled on 09/14/2015 02:00 PM: Motion Hearing Held Motion to strike, Motion to Dismiss, Motion To Compel | Jason Scott |
| 9/18/2015 | Supplemental Declaration Of Harold "Drew" Bridges In Support Of Defendants' Motion To Compel | Jason Scott |
| 9/24/2015 | Memorandum Decision And Order | Jason Scott |
| 10/23/2015 | Notice Of Service | Jason Scott |
| 11/5/2015 | Hearing Scheduled (Status 12/21/2015 03:30 PM) | Jason Scott |
| | Notice Of Hearing | Jason Scott |
| 11/12/2015 | Joint Motion To Appear Telephonically | Jason Scott |
| 11/13/2015 | Notice Of Service | Jason Scott |
| 11/16/2015 | Order Granting Joint Motion To Appear Telephonically | Jason Scott |
| 12/14/2015 | Notice Of Service | Jason Scott |
| 12/18/2015 | Second Amended Complaint | Jason Scott |

Other Claims

| Date | | Judge |
|------------|---|-------------|
| 12/21/2015 | Hearing result for Status scheduled on 12/21/2015 03:30 PM: Hearing Held Telephonic 968706 (Power Outage, Audio done via Dianne Cromwell) | Jason Scott |
| 12/24/2015 | Hearing Scheduled (Pretrial Conference 10/03/2016 02:00 PM) | Jason Scott |
| | Hearing Scheduled (Court Trial 10/18/2016 09:00 AM) | Jason Scott |
| | Scheduling Order | Jason Scott |
| 1/8/2016 | Defendants' Answer To Second Amended Complaint | Jason Scott |
| 1/21/2016 | Motion For Summary Judgment | Jason Scott |
| | Memorandum In Support Of Motion For Summary Judgment | Jason Scott |
| | Declaration Of Maj-Le Bridges In Support Of Motion For Summary Judgment | Jason Scott |
| | Declaration Of Harold A Drew Bridges In Support of Motion For Summary Judgment | Jason Scott |
| | Affidavit Of Counsel In Support Of Motion For Summary Judgment | Jason Scott |
| 1/25/2016 | Hearing Scheduled (Motion for Summary Judgment 04/04/2016 02:00 PM) | Jason Scott |
| | Notice Of Hearing | Jason Scott |
| 2/2/2016 | AMENDED Notice of Hearing | Jason Scott |
| 2/4/2016 | Notice Of Service Plaintiff's First Set Of Interrogatories, Requests For Production Of Documents And Requests For Admissions | Jason Scott |
| 2/23/2016 | Notice Of Service | Jason Scott |
| 2/24/2016 | Plaintiff's Expert Witness Disclosure | Jason Scott |
| 3/15/2016 | Stipulation To Extend Mediation Deadline | Jason Scott |
| 3/21/2016 | Order Granting Stipulation To Extend Mediation Deadline | Jason Scott |
| | Idaho First Bank's Memorandum In Response To Defendants' Motion For Summary Judgment | Jason Scott |
| 3/29/2016 | Defendants' Reply In Support Of Motion For Summary Judgment | Jason Scott |
| | Certificate Of Service Of Defendants' Reply In Support Of Motion For Summary Judgment | Jason Scott |
| 4/4/2016 | Hearing result for Motion for Summary Judgment scheduled on 04/04/2016 02:00 PM: Hearing Held | Jason Scott |
| 4/18/2016 | Idaho First Bank's Supplemental Memorandum In Response To Defendants' Motion For Summary Judgment | Jason Scott |
| 4/20/2016 | Declaration Of Counsel In Support Of Idaho First Bank's Supplemental Memorandum In Response To Defendant's Motion For Summary Judgment | Jason Scott |
| 4/25/2016 | Supplemental Briefing In Support Of Defendants' Motion For Summary Judgment | Jason Scott |
| 4/27/2016 | Judgment | Jason Scott |
| | Memorandum Decision And Order On Summary Judgment | Jason Scott |
| | STATUS CHANGED: closed | Jason Scott |
| 5/5/2016 | Hearing result for Court Trial scheduled on 10/18/2016 09:00 AM: Hearing Vacated | Jason Scott |

Other Claims

| Date | | Judge |
|-----------|---|---|
| 5/5/2016 | Hearing result for Pretrial Conference scheduled on 10/03/2016 02:00 PM: Hearing Vacated | Jason Scott |
| 5/11/2016 | Plaintiff's Motion For Reconsideration Plaintiff's Memorandum In Support Of Motion For Reconsideration Affidavit Of Stacey Alexander Affidavit Of Kathleen C Lewis Motion For Award Of Attorney's Fees And Costs Memorandum In Support Of Motion For Attorney's Fees And Costs Affidavit Of Counsel In Support Of Motion For Attorney's Fees And Costs | Jason Scott Jason Scott Jason Scott Jason Scott Jason Scott Jason Scott Jason Scott |
| 5/19/2016 | Hearing Scheduled Motion For Reconsideration 06/20/2016 01:00 PM) STATUS CHANGED: Closed pending clerk action Notice Of Hearing | Jason Scott Jason Scott Jason Scott |
| 5/23/2016 | Hearing Scheduled (Tentatively Scheduled 08/01/2016 02:30 PM) Amended Notice of Hearing Hearing result for Motion scheduled on 06/20/2016 01:00 PM: Hearing Vacated Motion For Reconsideration | Jason Scott Jason Scott Jason Scott |
| 5/24/2016 | Notice Of Hearing | Jason Scott |
| 5/25/2016 | Idaho First Bank's motion To Disallow Award Of Defendants' Attorney's Fees And Costs Declaration Of Counsel In Support Of Idaho First Bank's Motion To Disallow Award Of Defendants' Attorney's Fees And Costs | Jason Scott Jason Scott |
| 7/21/2016 | Amended Notice Of Hearing | Jason Scott |
| 7/22/2016 | Opposition Memorandum To Plaintiff's Motion For Reconsideration Reply In Support Of Motion For Fees And Costs And Supplemental Fee Request Supplemental Affidavit Of Counsel In Support Of Motion For Attorney's Fees And Costs | Jason Scott Jason Scott Jason Scott |
| 7/29/2016 | Plaintiff's Reply Brief In Support Of Motion For Reconsideration | Jason Scott |
| 8/1/2016 | Hearing result for Motion scheduled on 08/01/2016 11:00 AM: Hearing Held Declaration Of Daniel E Williams In Support Of Motion For Reconsideration Order Denying Plaintiff's Motion To Reconsider And Defendants' Motion For Costs And Attorney Fees | Jason Scott Jason Scott Jason Scott |
| 9/7/2016 | Miscellaneous Payment: For Making Copy Of Any File Or Record By The Clerk, Per Page Paid by: William H Thomas Receipt number: 0004463 Dated: 9/7/2016 Amount: \$244.00 (Credit card) Miscellaneous Payment: Copy Tape/CD Paid by: William H Thomas Receipt number: 0004463 Dated: 9/7/2016 Amount: \$20.00 (Credit card) Miscellaneous Payment: Technology Cost - CC Paid by: William H Thomas Receipt number: 0004463 Dated: 9/7/2016 Amount: \$3.00 (Credit card) | Jason Scott Jason Scott Jason Scott |
| 9/8/2016 | NOTICE OF APPEAL | Jason Scott |

Other Claims

| Date | | Judge |
|------------|---|-------------|
| 9/8/2016 | Filing: L4 - Appeal, Civil appeal or cross-appeal to Supreme Court Paid by: Thomas, William Harold (attorney for Idaho First Bank) Receipt number: 0004493 Dated: 9/8/2016 Amount: \$129.00 (Check) For: Idaho First Bank (plaintiff) | Jason Scott |
| | Appealed To The Supreme Court | Jason Scott |
| | Appeal Filed In District Court | Jason Scott |
| 9/27/2016 | Clerk's Certificate Of Appeal | Jason Scott |
| 10/21/2016 | Motion For Order To Prevent IFB's Untimely Arbitration Demand And To Confirm Debt On Cabin Note Is Extinguished And Not Recoverable From Any Assets | Jason Scott |
| | Memorandum In Support Of Motion For Order To prevent IFB's Untimely Arbitration Demand And To Confirm Debt On Cabin Note Is Extinguished And Not Recoverable From Any Assets | Jason Scott |
| | Declaration Of Harold A. (Drew) Bridges In Support Of Motion For Order To Prevent IFB's Untimely Arbitration Demand And To Confirm Debt On Cabin Note Is Extinguished And Not Recoverable From Any Assets | Jason Scott |
| | Affidavit Of Counsel In Support Of Motion For Order To Prevent IFB's Untimely Arbitration Demand And To Confirm Debt On Cabin Note Is Extinguished And Not Recoverable From Any Assets | Jason Scott |
| 10/31/2016 | Notice Of Hearing On Defendant's Motion For Order To Prevent IFB'S Untimely Arbitration Demand And To Confirm Debt On Cabin Note Is Extinguished And not Recoverable From Any Assets | Jason Scott |
| 11/1/2016 | Hearing Scheduled (Motion 12/05/2016 01:30 PM) | Jason Scott |
| 11/25/2016 | Notice Of Lodging Transcript On Appeal | Jason Scott |
| 11/28/2016 | IFB's Response to Defendants' Motion For Order To Prevent IFB's Untimely Arbitration Demand And To Confirm Debt On Cabin Note Is Extinguished And Not Recoverable From Any Assets | Jason Scott |
| | Declaration Of Daniel E Willims In Support Of IFB's Response To Defendants' Motion For Order To Prevent IFB's Untimely Arbitration Demand And To Confirm Debt On Cabin Note Is Extinguished And Not Recoverable From Any Assets | Jason Scott |
| | Notice Of Lodging Transcript On Appeal | Jason Scott |

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danw@thomaswilliamslaw.com

Attorneys for Plaintiff Idaho First Bank

DOUGLAS A. MILLER, CLERK
By _____ Deputy
JUN 19 2015
Case No. _____ Inst. No. _____
Filed _____ A.M. 324 P.M.

IN THE DISTRICT COURT OF THE FOURTH JUDICIAL DISTRICT OF THE
STATE OF IDAHO, IN AND FOR THE COUNTY OF VALLEY

IDAHO FIRST BANK,

Plaintiff,

vs.

**MAJ-LE TATE BRIDGES and
HAROLD A. BRIDGES, individuals,**

Defendants.

Case No. **CN 2015-145C**

COMPLAINT

Plaintiff, by its attorneys, Thomas, Williams & Park, LLP, as and for its Complaint
against Defendants alleges as follows:

PARTIES

1. The Plaintiff, Idaho First Bank, is an Idaho corporation with principal offices at
McCall, Idaho.

2. The Defendants, Maj-le Tate Bridges and Harold A. Bridges (collectively referred to herein as “Defendants”), are natural persons who, on information and belief, reside at 9391 Riverside Drive, Boise, Idaho 83714.

JURISDICTION AND VENUE

3. This Court has jurisdiction over the Defendants by virtue of Idaho Code §5-414 and the amount in controversy meets the jurisdictional requirements of this court.

4. Venue in Valley County Idaho is proper because of the parties agreed to venue in Valley County.

5. This is an action to recover from the Defendants, the balance due Plaintiff on a promissory note, together with applicable interest, costs and attorneys’ fees.

FOR ITS FIRST CAUSE OF ACTION

6. On or about the 9th day of September 2006, for valuable consideration, Defendants executed and delivered to the Plaintiff a Promissory Note (“Note”); a copy is attached hereto and made part hereof as Exhibit “A.”

7. Pursuant to the terms of the Note, Defendants promised to pay Idaho First Bank the principal amount of One Million Five Hundred Thousand Dollars (\$1,500,000.00) together with specified interest at the time set forth therein.

8. Defendants thereafter defaulted in the performance of their contractual obligations and in the payment of the installments due on and after the 29th day of May 2015.

9. In accordance with the terms of the Note, Idaho First Bank has elected and does hereby elect to, and demands due the total unpaid principal as of June 15, 2015 in the amount of \$1,364,955.58, together with applicable interest thereon from the 29th day of May, 2015.

10. By reason of the foregoing, there is due the Plaintiff from the Defendants on the First Cause of Action the sum of One Million Three Hundred Eighty Three Thousand Eight Hundred and Eighty Four Dollars and Seventy Cents (\$1,383,884.70) with interest thereon which accrues at the per diem rate of Two Hundred Twenty Four Dollars and Thirty Eight Cents (\$224.38) from the 15th day of June 2015.

FOR ITS SECOND CAUSE OF ACTION

11. The Plaintiff repeats each and every allegation set forth above.

12. Pursuant to the terms of the Note, Defendants also agreed to pay Plaintiff's reasonable costs of collection including attorneys' fees.

13. In addition to the principal amount owing to Plaintiff, Defendants owe Plaintiff costs as of June 15, 2015, in the additional amount of Eighteen Thousand Nine Hundred and Ninety Two Dollars and Twelve Cents (\$18,992.12).

14. Reasonable attorneys' fees in the event this matter if uncontested are Fifteen Thousand Dollars (\$15,000.00)

WHEREFORE, Plaintiff demands judgment against the Defendants:

(a) on the First Cause of Action and Second Causes of Action for the combined principal sum of One Million Three Hundred Eighty Three Thousand Eight Hundred and Eighty Four Dollars and Seventy Cents (\$1,383,884.70) with interest thereon which accrues at the per diem rate of Two Hundred Twenty Four Dollars and Thirty Eight Cents (\$224.38) from the 15th day of June, 2015;

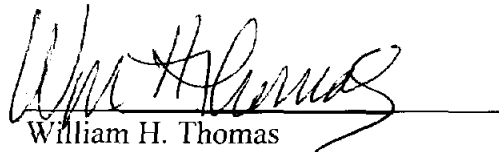
(b) on the Second Cause of Action for reasonable attorneys' fees as determined by the Court;

(c) the costs and disbursements of this action; and

(d) such other and further relief as the Court may deem just.

DATED this 18th day of June, 2015.

THOMAS, WILLIAMS & PARK, LLP


William H. Thomas
Attorneys for Plaintiff

PROMISSORY NOTE

| Principal | Loan Date | Maturity | Loan No | Call / Coll 1A / 130 | Account | Officer | Initials |
|----------------|------------|------------|---------|-------------------------|----------|---------|----------|
| \$1,500,000.00 | 09-21-2006 | 10-01-2007 | 11346 | | 80000820 | JLM | |

References in the shaded area are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "****" has been omitted due to text length limitations.

Borrower: MAJ-LE TATE BRIDGES
 HAROLD A. BRIDGES
 3905 CHAPMAN CT
 ALTADENA, CA 91001

Lender: Idaho First Bank
 P.O. Box 2950
 101 E Lake St
 McCall, ID 83638
 (208) 634-3900

Principal Amount: \$1,500,000.00 **Initial Rate:** 8.750% **Date of Note:** September 21, 2006

PROMISE TO PAY. I ("Borrower") jointly and severally promise to pay to Idaho First Bank ("Lender"), or order, in lawful money of the United States of America, the principal amount of One Million Five Hundred Thousand & 00/100 Dollars (\$1,500,000.00) or so much as may be outstanding, together with interest on the unpaid outstanding principal balance of each advance. Interest shall be calculated from the date of each advance until repayment of each advance. The interest rate will not increase above 21.000%.

PAYMENT. I will pay this loan in one payment of all outstanding principal plus all accrued unpaid interest on October 1, 2007. In addition, I will pay regular monthly payments of all accrued unpaid interest due as of each payment date, beginning November 1, 2006, with all subsequent interest payments to be due on the same day of each month after that. Unless otherwise agreed or required by applicable law, payments will be applied first to any accrued unpaid interest; then to principal; then to any late charges; and then to any unpaid collection costs. The annual interest rate for this Note is computed on a 365/360 basis; that is, by applying the ratio of the annual interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. I will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing.

VARIABLE INTEREST RATE. The interest rate on this Note is subject to change from time to time based on changes in an independent index which is the Wall Street Journal Prime Rate as Published in the Wall Street Journal (the "Index"). The Index is not necessarily the lowest rate charged by Lender on its loans. If the Index becomes unavailable during the term of this loan, Lender may designate a substitute index after notice to me. Lender will tell me the current Index rate upon my request. The interest rate change will not occur more often than each daily. I understand that Lender may make loans based on other rates as well. The Index currently is 8.250% per annum. The interest rate to be applied to the unpaid principal balance of this Note will be at a rate of 0.500 percentage points over the Index, rounded down to the nearest 0.125 percent, resulting in an initial rate of 8.750% per annum. Notwithstanding the foregoing, the variable interest rate or rates provided for in this Note will be subject to the following minimum and maximum rates. NOTICE: Under no circumstances will the interest rate on this Note be less than 6.000% per annum or more than the lesser of 21.000% per annum or the maximum rate allowed by applicable law. Unless waived by Lender, any increase in the interest rate will increase the amounts of my interest payments.

PREPAYMENT. I agree that all loan fees and other prepaid finance charges are earned fully as of the date of the loan and will not be refunded to me upon early payment (whether voluntary or as a result of default), except as otherwise required by law. Except for the foregoing, I may pay without penalty all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lender in writing, relieve me of my obligation to continue to make payments of accrued unpaid interest. Rather, early payments will reduce the principal balance due. I agree not to send Lender payments marked "paid in full", "without recourse", or similar language. If I send such a payment, Lender may accept it without losing any of Lender's rights under this Note, and I will remain obligated to pay any further amount owed to Lender. All written communications concerning disputed amounts, including any check or other payment instrument that indicates that the payment constitutes "payment in full" of the amount owed or that is tendered with other conditions or limitations or as full satisfaction of a disputed amount must be mailed or delivered to: Idaho First Bank, P.O. Box 2950 McCall, ID 83638.

LATE CHARGE. If a payment is 16 days or more late, I will be charged 5.000% of the unpaid portion of the regularly scheduled payment or \$5.00, whichever is greater.

INTEREST AFTER DEFAULT. Upon default, including failure to pay upon final maturity, the total sum due under this Note will bear interest from the date of acceleration or maturity at the variable interest rate on this Note. The interest rate will not exceed the maximum rate permitted by applicable law.

DEFAULT. I will be in default under this Note if any of the following happen:

Payment Default. I fail to make any payment when due under this Note.

Break Other Promises. I break any promise made to Lender or fail to perform promptly at the time and strictly in the manner provided in this Note or in any agreement related to this Note, or in any other agreement or loan I have with Lender.

Default in Favor of Third Parties. I or any Grantor defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of my property or my ability to repay this Note or perform my obligations under this Note or any of the related documents.

False Statements. Any representation or statement made or furnished to Lender by me or on my behalf under this Note or the related documents is false or misleading in any material respect, either now or at the time made or furnished.

Death or Insolvency. Any Borrower dies or becomes insolvent; a receiver is appointed for any part of my property; I make an assignment for the benefit of creditors; or any proceeding is commenced either by me or against me under any bankruptcy or insolvency laws.

Taking of the Property. Any creditor or governmental agency tries to take any of the property or any other of my property in which Lender has a lien. This includes taking of, garnishing of or levying on my accounts with Lender. However, if I dispute in good faith whether the claim on which the taking of the property is based is valid or reasonable, and if I give Lender written notice of the claim and furnish Lender with monies or a surety bond satisfactory to Lender to satisfy the claim, then this default provision will not apply.

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

Collateral Damage or Loss. Any collateral securing this Note is lost, stolen, substantially damaged or destroyed and the loss, theft, substantial damage or destruction is not covered by insurance.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any guarantor, endorser, surety, or accommodation party of any of the indebtedness or any guarantor, endorser, surety, or accommodation party dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any guaranty of the indebtedness evidenced by this Note. In the event of a death, Lender, at its option, may, but shall not be required to, permit the guarantor's estate to assume unconditionally the obligations arising under the guaranty

EXHIBIT
A

in a manner satisfactory to Lender, and, in doing so, cure any Event of Default.

LENDER'S RIGHTS. Upon default, Lender may declare the entire unpaid principal balance on this Note and all accrued unpaid interest immediately due, and then I will pay that amount.

ATTORNEYS' FEES; EXPENSES. Lender may hire or pay someone else to help collect this Note if I do not pay. I will pay Lender that amount. This includes, subject to any limits under applicable law, Lender's reasonable attorneys' fees and legal expenses, whether or not there is a lawsuit, including without limitation all reasonable attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), and appeals. If not prohibited by applicable law, I also will pay any court costs, in addition to all other sums provided by law.

GOVERNING LAW. This Note will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Idaho without regard to its conflicts of law provisions. This Note has been accepted by Lender in the State of Idaho.

CHOICE OF VENUE. If there is a lawsuit, I agree upon Lender's request to submit to the jurisdiction of the courts of Valley County, State of Idaho.

DISHONORED ITEM FEE. I will pay a fee to Lender of \$20.00 if I make a payment on my loan and the check or preauthorized charge with which I pay is later dishonored.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all my accounts with Lender (whether checking, savings, or some other account). This includes all accounts I hold jointly with someone else and all accounts I may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. I authorize Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the indebtedness against any and all such accounts.

COLLATERAL. I acknowledge this Note is secured by the following collateral described in the security instrument listed herein: a Construction Deed of Trust dated September 21, 2006, to a trustee in favor of Lender on real property located in VALLEY County, State of Idaho.

LINE OF CREDIT. This Note evidences a straight line of credit. Once the total amount of principal has been advanced, I am not entitled to further loan advances. I agree to be liable for all sums either: (A) advanced in accordance with the instructions of an authorized person or (B) credited to any of my accounts with Lender. The unpaid principal balance owing on this Note at any time may be evidenced by endorsements on this Note or by Lender's internal records, including daily computer print-outs.

SUCCESSOR INTERESTS. The terms of this Note shall be binding upon me, and upon my heirs, personal representatives, successors and assigns, and shall inure to the benefit of Lender and its successors and assigns.

NOTIFY US OF INACCURATE INFORMATION WE REPORT TO CONSUMER REPORTING AGENCIES. Please notify us if we report any inaccurate information about your account(s) to a consumer reporting agency. Your written notice describing the specific inaccuracy(ies) should be sent to us at the following address: Idaho First Bank P.O. Box 2950 McCall, ID 83638.

GENERAL PROVISIONS. If any part of this Note cannot be enforced, this fact will not affect the rest of the Note. Lender may delay or forgo enforcing any of its rights or remedies under this Note without losing them. I and any other person who signs, guarantees or endorses this Note, to the extent allowed by law, waive presentment, demand for payment, and notice of dishonor. Upon any change in the terms of this Note, and unless otherwise expressly stated in writing, no party who signs this Note, whether as maker, guarantor, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend (repeatedly and for any length of time) this loan or release any party or guarantor or collateral; or impair, fail to realize upon or perfect Lender's security interest in the collateral. All such parties also agree that Lender may modify this loan without the consent of or notice to anyone other than the party with whom the modification is made. The obligations under this Note are joint and several. This means that the words "I", "me", and "my" mean each and all of the persons signing below.

PRIOR TO SIGNING THIS NOTE, I, AND EACH OF US, READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE, INCLUDING THE VARIABLE INTEREST RATE PROVISIONS AND THE NOTICE TO COSIGNER SET FORTH BELOW. I, AND EACH OF US, AGREE TO THE TERMS OF THE NOTE.

I ACKNOWLEDGE RECEIPT OF A COMPLETED COPY OF THIS PROMISSORY NOTE.

BORROWER:

x Maile L. Bridges
MAILE L. BRIDGES

x Harold A. Bridges
HAROLD A. BRIDGES

NOTICE TO COSIGNER

You are being asked to guarantee this debt. Think carefully before you do. If the borrower doesn't pay the debt, you will have to. Be sure you can afford to pay if you have to, and that you want to accept this responsibility.

You may have to pay up to the full amount of the debt if the borrower does not pay. You may also have to pay late fees or collection costs, which increase this amount.

The Lender can collect this debt from you without first trying to collect from the borrower. The Lender can use the same collection methods against you that can be used against the borrower, such as suing you, garnishing your wages, etc. If this debt is ever in default, that fact may become a part of YOUR credit record.

This notice is not the contract that makes you liable for the debt.

WILLIAM H. THOMAS (ISB 3154)
DANIEL E. WILLIAMS (ISB 3920)
THOMAS, WILLIAMS & PARK, LLP
225 N. 9th St., Ste. 810
P.O. Box 1776
Boise, ID 83701-1776
Telephone: (208) 345-7800
Fax: (208) 345-7894
wthomas@thomaswilliamsllp.com
danw@thomaswilliamsllp.com

DOUGLAS A. MILLER, CLERK
By *[Signature]* Deputy

JUL 10 2015

Case No. _____ Inst. No. _____
Filed _____ A.M. 5:00 P.M.

Attorneys for Plaintiff Idaho First Bank

IN THE DISTRICT COURT OF THE FOURTH JUDICIAL DISTRICT OF THE
STATE OF IDAHO, IN AND FOR THE COUNTY OF VALLEY

IDAHO FIRST BANK,

Plaintiff,

vs.

**MAJ-LE TATE BRIDGES and
HAROLD A. BRIDGES, individuals,**

Defendants.

Case No. CV2015-145C

FIRST AMENDED COMPLAINT

Plaintiff, by its attorneys, Thomas, Williams & Park, LLP, as and for its First Amended
Complaint against Defendants alleges as follows:

PARTIES

1. The Plaintiff, Idaho First Bank, is an Idaho corporation with principal offices at
McCall, Idaho.

2. The Defendants, Maj-le Tate Bridges and Harold A. Bridges (collectively referred to herein as "Defendants"), are natural persons who, on information and belief, reside at 9391 Riverside Drive, Boise, Idaho 83714.

JURISDICTION AND VENUE

3. This Court has jurisdiction over the Defendants by virtue of Idaho Code §5-414 and the amount in controversy meets the jurisdictional requirements of this court.

4. Venue in Valley County Idaho is proper because, *inter alia*, the parties agreed to venue in Valley County.

FIRST CLAIM

5. In 2006 Plaintiff agreed to lend Defendants One Million Five Hundred Thousand Dollars (\$1,500,000.00) to construct a structure on land owned by the Idaho Department of Lands ("Leased Premises").

6. The Leased Premises is located in McCall, Idaho.

7. On or about the 9th day of September 2006, for valuable consideration, Defendants executed and delivered to the Plaintiff a Promissory Note ("Note") a copy of which is attached hereto and made part hereof as Exhibit "A."

8. Pursuant to the terms of the Note, Defendants promised to pay Idaho First Bank the principal amount of One Million Five Hundred Thousand Dollars (\$1,500,000.00), together with specified interest at the time set forth therein.

9. On or about January 12, 2008, after construction of the structure was completed, the City of McCall issued a certificate of occupancy to Defendants.

10. Defendants occupied the Leased Premises pursuant to Lease No. R-5040-8, Cottage Site Lease Assignment ("Assigned Lease") with the State of Idaho, State Board of Land Commissioners ("Land Board" or "Lessor").

11. The Assigned Lease expired by its terms on December 31, 2011.

12. Defendants entered into a two-year 2012-2013 lease with the Land Board.

13. In October 2013 Defendants entered into another Residential Cottage Site Lease with the Land Board which commenced on January 1, 2014 and expires on December 31, 2022 ("2014 Lease").

14. Under the terms of the 2014 Lease, the structure Defendants constructed on the Leased Premises is defined as Personal Property. Section A.1.1.1. of the 2014 Lease, in pertinent part defines "Personal Property as "all buildings, structures, additions or developments belonging to LESSEE that have been erected upon, affixed or attached to, the Leased Premises"

15. Notwithstanding the Personal Property definition of the Defendants' structure as personal property, the structure is, as a matter of law, personal property.

16. On or about May 29, 2015, Defendants informed Plaintiff that they were "unable to fully perform and make payments under the loan."

17. Defendants thereafter defaulted in the performance of their contractual obligations and in the payment of the installments due on and after the 29th day of May 2015.

18. In accordance with the terms of the Note, Idaho First Bank has elected and does hereby elect to, and has demanded and hereby demands due the total unpaid principal as of June 15, 2015 in the amount of \$1,364,955.58, together with applicable interest thereon from the 29th day of May, 2015.

19. By reason of the foregoing, there is due the Plaintiff from the Defendants the sum of One Million Three Hundred Eighty Three Thousand Eight Hundred and Eighty Four Dollars and Seventy Cents (\$1,383,884.70) with interest thereon which accrues at the per diem rate of Two Hundred Twenty Four Dollars and Thirty Eight Cents (\$224.38) from the 15th day of June 2015.

SECOND CLAIM

20. The Plaintiff repeats each and every allegation set forth above.

21. Pursuant to the terms of the Note, Defendants also agreed to pay Plaintiff's reasonable costs of collection including attorneys' fees.

22. In addition to the principal amount owing to Plaintiff, Defendants owe Plaintiff costs as of June 15, 2015, in the additional amount of Eighteen Thousand Nine Hundred and Ninety Two Dollars and Twelve Cents (\$18,992.12).

23. Reasonable attorneys' fees in the event this matter is uncontested are Fifteen Thousand Dollars (\$15,000.00)

WHEREFORE, Plaintiff demands judgment against the Defendants:

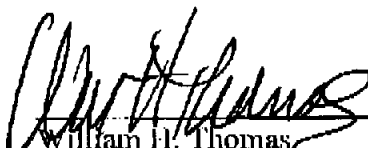
(a) on the First Cause of Action and Second Causes of Action for the combined principal sum of One Million Three Hundred Eighty Three Thousand Eight Hundred and Eighty Four Dollars and Seventy Cents (\$1,383,884.70) with interest thereon which accrues at the per diem rate of Two Hundred Twenty Four Dollars and Thirty Eight Cents (\$224.38) from the 15th day of June, 2015;

(b) on the Second Cause of Action for reasonable attorneys' fees as determined by the Court pursuant to the Note, Idaho Code § 12-120 and Idaho Code § 12-121;

- (c) the costs and disbursements of this action; and
- (d) such other and further relief as the Court may deem just.

DATED this 10th day of July, 2015.

THOMAS, WILLIAMS & PARK, LLP



William H. Thomas
Attorneys for Plaintiff

PROMISSORY NOTE

| Principal | Loan Date | Maturity | Loan No. | Card No. | Account | Office | Initials |
|----------------|------------|-----------|----------|----------|---------|--------|----------|
| \$1,500,000.00 | 09/27/2006 | 10/1/2007 | 17346 | 26-150 | 8000820 | JLM | |

References in the shaded area are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "XXX" has been omitted due to text length limitations.

Borrower: MAJLE TATE BRIDGES
 HAROLD A. BRIDGES
 3905 CHAPMAN CT
 ALTAONA, CA 91001

Lender: Idaho First Bank
 P.O. Box 2950
 101 E Lake St
 McCall, ID 83638
 (208) 634-3900

Principal Amount: \$1,500,000.00

Initial Rate: 8.750%

Date of Note: September 27, 2006

PROMISE TO PAY. I ("Borrower") jointly and severally promise to pay to Idaho First Bank ("Lender"), or order, in lawful money of the United States of America, the principal amount of One Million Five Hundred Thousand & 00/100 Dollars (\$1,500,000.00) or so much as may be outstanding, together with interest on the unpaid outstanding principal balance of each advance. Interest shall be calculated from the date of each advance until repayment of each advance. The interest rate will not increase above 21.000%.

PAYMENT. I will pay this loan in one payment of all outstanding principal plus all accrued unpaid interest on October 1, 2007. In addition, I will pay regular monthly payments of all accrued unpaid interest due as of each payment date, beginning November 1, 2006, with all subsequent interest payments to be due on the same day of each month after that. Unless otherwise agreed or required by applicable law, payments will be applied first to any accrued unpaid interest, then to principal, then to any late charges, and then to any unpaid collection costs. The initial interest rate for this Note is computed on a 365/360 basis, that is, by applying the rate of the annual interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. I will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing.

VARIABLE INTEREST RATE. The interest rate on this Note is subject to change from time to time based on changes in an independent index which is the Wall Street Journal Prime Rate as published in the Wall Street Journal (the "Index"). The Index is not necessarily the lowest rate charged by Lender on its loans. If the Index becomes unavailable during the term of this loan, Lender may designate a substitute index after notice to me. Lender will tell me the current index rate upon my request. The interest rate change will not occur more often than each day. I understand that Lender may make loans based on other rates as well. The Index currently is 6.250% per annum. The interest rate to be applied to the unpaid principal balance of this Note will be at a rate of 0.500 percentage points over the Index, rounded down to the nearest 0.125 percent, resulting in an initial rate of 6.750% per annum. Notwithstanding the foregoing, the variable interest rate of rates provided for in this Note will be subject to the following minimum and maximum rates. **NOTICE:** Under no circumstances will the interest rate on this Note be less than 5.000% per annum or more than the lesser of 21.000% per annum or the maximum rate allowed by applicable law. Unless waived by Lender, any increase in the interest rate will increase the amount of my interest payments.

PREPAYMENT. I agree that all loan fees and other prepaid finance charges are earned fully as of the date of the loan and will not be refunded to me upon early payment, whether voluntary or as a result of default, except as otherwise required by law. Except for the foregoing, I may pay without penalty all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lender in writing, relieve me of my obligation to continue to make payments of all accrued unpaid interest. Rather, early payments will reduce the principal balance due. I agree not to send Lender payments marked "paid in full", "without recourse", or similar language. If I send such a payment, Lender may accept it without losing any of Lender's rights under this Note, and I will remain obligated to pay any further amount owed to Lender. All written communications concerning disputed amounts, including any check or other payment instrument that indicated that the payment constituted "payment in full" of the amount owed or that is tendered with other conditions or limitations or as full satisfaction of a disputed amount must be mailed or delivered to: Idaho First Bank, P.O. Box 2950, McCall, ID 83638.

LATE CHARGE. If a payment is 16 days or more late, I will be charged 5.000% of the unpaid portion of the regularly scheduled payment or \$5.00, whichever is greater.

INTEREST AFTER DEFAULT. Upon default, including failure to pay upon final maturity, the total sum due under this Note will bear interest from the date of acceleration or maturity at the variable interest rate on this Note. The interest rate will not exceed the maximum rate permitted by applicable law.

DEFAULT. I will be in default under this Note if any of the following happen:

- Payment Default.** I fail to make any payment when due under this Note.
- Break Other Promises.** I break any promise made to Lender or fail to perform promptly at the time and strictly in the manner provided in this Note or in any agreement related to this Note, or in any other agreement or loan I have with Lender.
- Default in Favor of Third Parties.** I or any Grantor defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of my property or my ability to repay this Note or perform my obligations under this Note or any of the related documents.
- False Statements.** Any representation or statement made or furnished to Lender by me or on my behalf under this Note or the related documents is false or misleading in any material respect, either now or at the time made or furnished.
- Death or Insolvency.** Any Borrower dies or becomes insolvent; a receiver is appointed for any part of my property; I make an assignment for the benefit of creditors; or any proceeding is commenced either by me or against me under any bankruptcy or insolvency laws.
- Taking of the Property.** Any creditor or governmental agency tries to take any of the property or any other of my property in which Lender has a lien. This includes taking of, garnishing of or levying on my accounts with Lender. However, if I dispute in good faith whether the claim on which the taking of the property is based is valid or reasonable, and if I give Lender written notice of the claim and furnish Lender with monies or a surety bond satisfactory to Lender to satisfy the claim, then this default provision will not apply.
- Defective Collateralization.** This Note or any of the related documents ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien) at any time and for any reason.
- Collateral Damage or Loss.** Any collateral securing this Note is lost, stolen, substantially damaged or destroyed and the loss, theft, substantial damage or destruction is not covered by insurance.
- Events Affecting Guarantor.** Any of the preceding events occurs with respect to any guarantor, endorser, surety, or accommodation party of any of the indebtedness or any guarantor, endorser, surety, or accommodation party dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any guaranty of the indebtedness evidenced by this Note. In the event of a death, Lender, at its option, may, but shall not be required to, permit the guarantor's estate to assume unconditionally the obligations arising under this guaranty.

EXHIBIT

A

18

PROMISSORY NOTE (Continued)

Loan No: 11346

in a manner satisfactory to Lender and, in doing so, cure any Event of Default.

LENDER'S RIGHTS. Upon default, Lender may declare the entire unpaid principal balance on this Note and all accrued unpaid interest immediately due, and then I will pay that amount.

ATTORNEYS' FEES; EXPENSES. Lender may hire or pay someone else to help collect this Note if I do not pay. I will pay Lender that amount. This includes, subject to any limits under applicable law, Lender's reasonable attorneys' fees and legal expenses, whether or not there is a lawsuit, including without limitation all reasonable attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay of injunction), and appeals. If not prohibited by applicable law, I also will pay any court costs, in addition to all other sums provided by law.

GOVERNING LAW. This Note will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Idaho without regard to its conflicts of law provisions. This Note has been accepted by Lender in the State of Idaho.

CHOICE OF VENUE. If there is a lawsuit, I agree upon Lender's request to submit to the jurisdiction of the courts of Valley County, State of Idaho.

DISHONORED ITEM FEE. I will pay a fee to Lender of \$20.00 if I make a payment on my loan and the check or preauthorized charge with which I pay is later dishonored.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all my accounts with Lender (whether checking, savings, or some other account). This includes all accounts I hold jointly with someone else and all accounts I may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. I authorize Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the indebtedness against any and all such accounts.

COLLATERAL. I acknowledge this Note is secured by the following collateral described in the security instrument listed herein: a Construction Deed of Trust dated September 21, 2008, to a trustee in favor of Lender on real property located in VALLEY County, State of Idaho.

LINE OF CREDIT. This Note evidences a straight line of credit. Once the total amount of principal has been advanced, I am not entitled to further loan advances. I agree to be liable for all sums either: (A) advanced in accordance with the instructions of an authorized person or (B) credited to any of my accounts with Lender. The unpaid principal balance owing on this Note at any time may be evidenced by endorsements on this Note or by Lender's internal records, including daily computer print-outs.

SUCCESSOR INTERESTS. The terms of this Note shall be binding upon me, and upon my heirs, personal representatives, successors and assigns, and shall inure to the benefit of Lender and its successors and assigns.

NOTIFY US OF INACCURATE INFORMATION WE REPORT TO CONSUMER REPORTING AGENCIES. Please notify us if we report any inaccurate information about your account(s) to a consumer reporting agency. Your written notice describing the specific inaccuracies should be sent to us at the following address: Idaho First Bank P.O. Box 2950 McCall, ID 83838.

GENERAL PROVISIONS. If any part of this Note cannot be enforced, this fact will not effect the rest of the Note. Lender may delay or forego enforcing any of its rights or remedies under this Note without losing them. I and any other person who signs, guarantees or endorses this Note, to the extent allowed by law, waive presentment, demand for payment, and notice of dishonor. Upon any change in the terms of this Note, and unless otherwise expressly stated in writing, no party who signs this Note, whether as maker, guarantor, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend (repeatedly and for any length of time) this loan or release any party or guarantor or collateral or impair, fail to realize upon or perfect Lender's security interest in the collateral. All such parties also agree that Lender may modify this loan without the consent of or notice to anyone other than the party with whom the modification is made. The obligations under this Note are joint and several. This means that the words "I", "me", and "my" mean each and all of the persons signing below.

PRIOR TO SIGNING THIS NOTE, I, AND EACH OF US, READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE, INCLUDING THE VARIABLE INTEREST RATE PROVISIONS AND THE NOTICE TO COSIGNER SET FORTH BELOW. I, AND EACH OF US, AGREE TO THE TERMS OF THE NOTE.

I ACKNOWLEDGE RECEIPT OF A COMPLETED COPY OF THIS PROMISSORY NOTE.

BORROWER:

x Margate Bridges
MARGATE BRIDGES

x Harold K. Bridges
HAROLD K. BRIDGES

NOTICE TO COSIGNER

You are being asked to guarantee this debt. Think carefully before you do. If the borrower doesn't pay the debt, you will have to. Be sure you can afford to pay if you have to, and that you want to accept this responsibility.

You may have to pay up to the full amount of the debt if the borrower does not pay. You may also have to pay late fees or collection costs, which increase this amount.

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This notice is not the contract that makes you liable for the debt.

WILLIAM H. THOMAS (ISB 3154)
DANIEL E. WILLIAMS (ISB 3920)
THOMAS. WILLIAMS & PARK, LLP
225 N. 9th St., Ste. 810
P.O. Box 1776
Boise, ID 83701-1776
Telephone: (208) 345-7800
Fax: (208) 345-7894
wmthomas@thomaswilliamslaw.com
danw@thomaswilliamslaw.com

Attorneys for Plaintiff Idaho First Bank

DOUGLAS A. MILLER, CLERK

By *G. Knapp* Deputy

AUG 03 2015

Case No. _____ Inst. No. _____
Filed _____ A.M. _____ P.M.

IN THE DISTRICT COURT OF THE FOURTH JUDICIAL DISTRICT OF THE
STATE OF IDAHO, IN AND FOR THE COUNTY OF VALLEY

IDAHO FIRST BANK,

Plaintiff,

vs.

**MAJ-LE TATE BRIDGES and
HAROLD A. BRIDGES, individuals,**

Defendants.

Case No. CV2015-145C

**DECLARATION OF COUNSEL IN
SUPPORT OF PLAINTIFF'S
OPPOSITION TO DEFENDANTS'
MOTION TO DISMISS**

I, William H. Thomas, make this declaration, pursuant to Idaho Code §9-1406 and I declare under penalty of perjury pursuant to the law of the State of Idaho the following is true and correct:

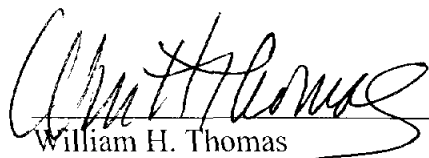
1. I am one of the attorneys of record for Plaintiff Idaho First Bank in this action and make this declaration based on my own personal knowledge.

2. On or about Friday, May 29, 2015, counsel for Defendants Maj-Le Tate Bridges and Harold A. Bridges, Mr. Fredric v. Shoemaker, hand-delivered a letter to me regarding his clients' intent to no longer make payments on their loan from Idaho First Bank. A true and correct copy of the letter Mr. Shoemaker delivered to me is attached hereto as Exhibit "X."

3. On or about June 1, 2015, I received a package from Mr. Shoemaker's office which contained two keys and two garage door remotes to Defendants' Cabin in McCall, Idaho. A true and correct copy of the cover letter to me is attached hereto as Exhibit "Y."

4. On or about June 2, 2015, I responded to Mr. Shoemaker's tender of the Defendants' property in McCall and advised him that the Bank was not willing to accept the tender. A true and correct copy of my letter to Mr. Shoemaker is attached hereto as Exhibit "Z."

I declare under penalty of perjury under the laws of the State of Idaho and the United States that the foregoing is true and correct, and that this declaration was executed on July 30, 2015, in Boise, Idaho.

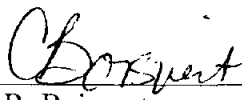

William H. Thomas

CERTIFICATE OF SERVICE

I hereby certify that on this 20th day of July, 2015, a true and correct copy of the foregoing instrument was served on opposing counsel as indicated below:

Fredric V. Shoemaker
Greener, Burke, Shoemaker, Oberrecht PA
950 W. Bannock Street, Suite 950
Boise, Idaho 83702

Via Hand Delivery
 Via Facsimile: 319-2601
 Via U.S. Mail



Christina R. Boisvert

Fredric V. Shoemaker
fshoemaker@greenerlaw.com
(208) 319-2600

ALFA® INTERNATIONAL
The Global Legal Network

May 29, 2015

Via Hand Delivery

RECEIVED

William Thomas
Thomas, Williams & Park, LLP
225 N. 9th Street, Suite 810
Boise, ID 83702

MAY 29 2015

THOMAS, WILLIAMS & PARK

Re: *Harold A. Bridges and May-le Tate Bridges Loan No. 11346
Property Located at 2087 John Alden Road, McCall, ID Secured by that Deed of Trust
Recorded September 22, 2006 as Instrument Number 313619, and Re-Recorded on February
29, 2008 as Instrument Number 329582, and Re-Recorded on March 29, 2011 as Instrument
Number 369388, and Re-Recorded on April 6, 2012 as Instrument Number 387914 all in the
Recorder's Office of Valley County, Idaho Encumbering the Real Property Associated with
the Foregoing Address and Legally Platted at the Time of Recording the Aforesaid Deeds of
Trust as Lot 30, Block 1 Amended Plat Pilgrim Cove Subdivision, and Currently Platted as
Lot 4, Block 4 State Subdivision – Cove Replat, Records of Valley County, Idaho
IDOL Lease No. R500040*

GBS File No. 19525-001

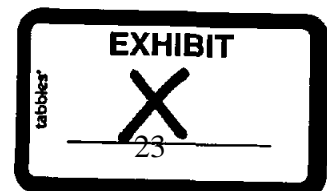
Dear Mr. Thomas:

As you know, I represent and write on behalf of Harold A. Bridges and May-le Tate Bridges, the borrowers under the subject loan and the owners and lessees of the cabin and cabin site above referenced on Payette Lake. This letter was initially addressed to and the delivery scheduled for Greg Lovell, but at his request, I am delivering it to you. I am sure you will promptly provide the enclosed material to him.

The Bridges regret that they are unable to continue to service the loan as presently structured and in order to mitigate any adverse consequences to Idaho First Bank (the "Bank") and any potential for a claim for deficiency by the Bank against them, they have assembled and are providing the information, documents and property identified below to assist the Bank in its efforts to protect its security.

Accompanying this letter is a two-page document entitled Bridges McCall Property / Important Information and Property Status which details the status of the dock, encroachment permit, service providers, utilities, status regarding homeowners association dues, insurance, the location of important manuals and instructions, and the garage door code so the Bank can readily access, secure and maintain the premises.

Although the Bridges are unable to fully perform and make the payments due under the loan they want to otherwise do everything reasonable and necessary to assist the Bank in marketing the property or taking other actions as may be necessary or appropriate to preserve the value of their cabin under the circumstances.



May 29, 2015
Page 2

To that end, and perhaps most importantly, they are prepared to immediately assign all their respective rights and interest and two important elements associated with the cabin, namely the lease with the Idaho Department of Lands ("IDOL"), and the encroachment permit, and associated dock that they constructed that adjoins the cabin site and the exclusive use of the cabin site owner.

Formally assigning the rights to the Bank will require an assignment of the encroachment permit and an assignment of the IDOL lease for the cabin site. We will prepare the appropriate assignment documents for the encroachment permit and the cabin lease, at the Bridges' expense, and pay the associated assignment fees (but not the lease payments) as soon as the Bank advises me of the name of the entity the Bank wants to use for the assignment. The name of the assignee has been left open because it's been my experience that many banks do not want to take an assignment of a lease, encroachment or similar rights, or even foreclose on a property, in the name of the bank that's the actual creditor. Regardless, whatever the Bank's preference is as to the name of the assignee, the Bridges will accommodate that and immediately begin preparing and processing the paperwork with the IDOL.

The Bridges believe these steps are very important because the value of the cabin, improvements and contents are substantially enhanced, and in fact can only practically be preserved, with a cabin site lease and encroachment permits in hand and available for any transferee of the Bank's interest. Therefore, please advise me of the Bank's direction at your earliest convenience.

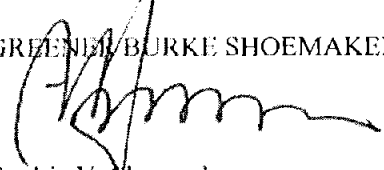
Please be further advised that the Bridges are prepared to execute and deliver to the Bank the appropriate and suitable form of deed in lieu of foreclosure and waiver of deficiency, in a form reasonably acceptable to the Bank.

Additionally, as to personal property, also enclosed is an inventory of personal property and photographs of the personal property that the Bridges have left on the property, with the photos documenting the existence and condition of the personal property and the condition of the interior of the cabin, as well as some exterior photographs, as of May 24, 2015. Although the personal property left in the cabin is not actually part of the Bank's security, it is being surrendered to the Bank with the expectation that it will enhance the value of the cabin for the Bank and any potential assignee.

If you, Mr. Lovell, or other Bank personnel have any questions regarding the subject or the condition of the property, please contact me. Thank you.

Very truly yours,

GREENER | BURKE | SHOEMAKER OBERRECHT P.A.



Fredric V. Shoemaker

FVS/lp
cc: Clients (w/enc.)
Enclosures
(770300)

Lela Pena
lpena@greenerlaw.com
(208) 319-2600

May 29, 2015

RECEIVED

JUN 01 2015

THOMAS, WILLIAMS & PARK

Via U.S. Mail, Certified Receipt Requested

William H. Thomas
Thomas, Williams & Park, LLP
121 N. 9th Street, Suite 300
P. O. Box 1776
Boise, ID 83701-2188

Re: *Harold A. Bridges and May-le Tate Bridges Loan No. 11346
Property Located at 2087 John Alden Road, McCall, ID Secured by that Deed of Trust
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IDOL Lease No. R500040*

GBS File No. 19525-001

Dear Mr. Thomas:

Enclosed are two (2) keys and two (2) garage door remotes to the Bridges' cabin in McCall, Idaho.

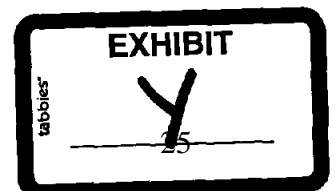
Very truly yours,

GREENER BURKE SHOEMAKER OBERRECHT P.A.



Lela Peña
Legal Assistant to Fredric V. Shoemaker

/lp
Enclosures
(770500)





THOMAS, WILLIAMS
& PARK ^{LLP}

June 2, 2015

Via Facsimile 319-2601

Fred Shoemaker
Greener, Burke, Shoemaker, Oberrecht, PA
950 w. Bannock St., Suite 950
Boise, Idaho 83702

Re: *Bridges' Loan*

Dear Fred:

This will acknowledge receipt of your letter with attachments dated May 29, 2015. I have provided this information to Idaho First Bank personnel. They view your clients' actions as an abandonment of the McCall property and a material default on their \$1.5 million loan. They are reviewing the situation and considering all options open to them. In addition, they are studying the implications of the cross-collateralization clause in your clients' deed of trust securing the \$150,000 HELOC on the Boise property.

This will also, acknowledge receipt of the package containing the garage door openers and keys to the McCall property. As you recall, on May 29, 2015, when you and I discussed your tender of these items to IFB and to me, the Bank refused to accept them. By receiving this material, the Bank is in no practical or legal sense accepting any offer compromise any rights it may have under its loan documents or Idaho law. Nor does Idaho First Bank agree that it assumes any of your clients' obligations under the Idaho Land Board lease or to maintain the property. Those obligations are and will remain your clients' unless and until the Bank decides otherwise.

Once Idaho First has completed its due diligence and made a decision regarding this default, I will convey the Bank's position.

Sincerely,

William H. Thomas

WHT\crb

Plaza One Twenty One
121 N. 9th Street, Suite 300
P.O. Box 1776
Boise, ID 83701-1776

TEL 208 345-7800
FAX 208 345-7894
EMAIL info@thomaswilliamsllaw.com
www.thomaswilliamsllaw.com



WILLIAM H. THOMAS (ISB 3154)
DANIEL E. WILLIAMS (ISB 3920)
THOMAS, WILLIAMS & PARK, LLP
225 N. 9th St., Ste. 810
P.O. Box 1776
Boise, ID 83701-1776
Telephone: (208) 345-7800
Fax: (208) 345-7894
wmthomas@thomaswilliamslaw.com
danw@thomaswilliamslaw.com

Attorneys for Plaintiff Idaho First Bank

DOUGLAS A. MILLER, CLERK
By *G. Kna?* Deputy

AUG 03 2015

Case No. _____ Inst. No. _____
Filed _____ A.M. _____ P.M.

IN THE DISTRICT COURT OF THE FOURTH JUDICIAL DISTRICT OF THE
STATE OF IDAHO, IN AND FOR THE COUNTY OF VALLEY

IDAHO FIRST BANK,

Plaintiff,

vs.

**MAJ-LE TATE BRIDGES and
HAROLD A. BRIDGES, individuals,**

Defendants.

Case No. CV2015-145C

**DECLARATION OF KATHLEEN LEWIS
IN SUPPORT OF IDAHO FIRST BANK'S
OPPOSITION TO DEFENDANTS'
MOTION TO DISMISS**

I, Kathleen Lewis, make this declaration, pursuant to Idaho Code §9-1406 and I declare under penalty of perjury pursuant to the law of the State of Idaho the following is true and correct:

DECLARATION OF KATHLEEN LEWIS IN SUPPORT OF IDAHO FIRST BANK'S
OPPOSITION TO DEFENDANTS' MOTION TO DISMISS, Page 1

1. I am employed by Plaintiff, Idaho First Bank (the “Bank”), as its Executive Vice President and Chief Credit Officer. I have reviewed Idaho First Bank’s files and records for the loan transactions with Defendants, Maj-Lie Tate Bridges and Harold A. Bridges (the “Bridges”). In particular, I have reviewed the loan documents for Loan Number 11346 and am familiar with the Bank’s course of conduct in its dealings with Defendants.

2. On or about September 6, 2006, the Bank loaned Defendants \$1,500,000.00 to construct a 4977 square foot custom home on a Payette Lake waterfront lot that is State of Idaho leased land.

3. During the course of constructing the custom home, the Bank advanced funds to cover the costs of materials and construction. According to Bank records, Defendants received a Certificate of Occupancy from the City of McCall on or about January 12, 2008.

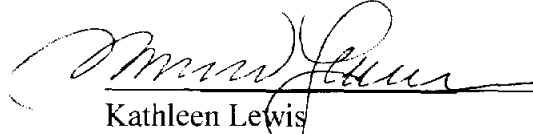
4. On or about May 29, 2015, Defendants notified the Bank that they would not make any additional payments on their loan to the Bank.

5. Defendants have made no payments on their loan after May 29, 2015, and are in default on the loan.

6. Defendants did not make their June rent payment to the Idaho Department of Lands.

7. On June 16, 2015, Idaho First Bank made Defendants’ \$17,505.98 rent payment to the Idaho Department of Lands in order to protect the Bank’s interest in its collateral.

I declare under penalty of perjury under the laws of the State of Idaho and the United States that the foregoing is true and correct, and that this declaration was executed on July 30, 2015, in Boise, Idaho.



Kathleen Lewis
Executive Vice President and Chief Credit Officer
Idaho First Bank

CERTIFICATE OF SERVICE

I hereby certify that on this 30th day of July, 2015, a true and correct copy of the foregoing instrument was served on opposing counsel as indicated below:

Fredric V. Shoemaker
Greener, Burke, Shoemaker, Oberrecht PA
950 W. Bannock Street, Suite 950
Boise, Idaho 83702

Via Hand Delivery
 Via Facsimile: 319-2601
 Via U.S. Mail



Christina R. Boisvert

DOUGLAS A. MILLER, CLERK
By _____ Deputy

SEP 24 2015

Case No. _____ Inst. No. _____
Filed _____ A.M. 130 P.M.

IN THE DISTRICT COURT OF THE FOURTH JUDICIAL DISTRICT OF
THE STATE OF IDAHO, IN AND FOR THE COUNTY OF VALLEY

IDAHO FIRST BANK,

Plaintiff,

vs.

MAJ-LE TATE BRIDGES and HAROLD
A. BRIDGES, individuals,

Defendants.

Case No. CV-2015-00145-C

MEMORANDUM DECISION AND
ORDER

Plaintiff Idaho First Bank makes a claim to collect on a loan it made in 2006 to Defendants Maj-Le Tate Bridges and Harold Bridges. Since its inception, the loan has been secured by the collateral described in a Construction Deed of Trust, principally (i) the Bridges' leasehold interest in a cottage site in McCall, Idaho, that is owned by the State of Idaho, and (ii) the cottage the Bridges were to construct on the cottage site using the loan proceeds. The record reflects that the cottage—a home of nearly 5,000 square feet—was completed in 2008 at a cost well in excess of a million dollars.

Earlier this year, the Bridges informed Idaho First Bank that they no longer were able to make their loan payments, and they tendered the collateral to Idaho First Bank to facilitate the collateral's sale and the concomitant application of the sale proceeds to the loan balance. Before selling the collateral, though, Idaho First Bank filed this lawsuit to collect the loan balance.

The Bridges have moved to dismiss, arguing that I.C. § 45-1503(1) bars Idaho First Bank from filing a collection suit before realizing on the deed-of-trust collateral. Idaho First Bank opposes dismissal, arguing that section 45-1503(1)'s bar to filing suit before realizing on the collateral does not apply here. In that regard, Idaho First Bank correctly contends the bar applies only if the deed-of-trust collateral is not "substantially valueless" as defined in I.C. § 45-1503(2). Idaho First Bank contends the only true deed-of-trust collateral is the Bridges' leasehold interest in the cottage site, which supposedly is substantially valueless. Relatedly, Idaho First Bank contends the cottage's value is disregarded for this purpose because the cottage, in its view, constitutes personal property rather than real property, and the statutory scheme pertaining to deeds of trust applies only insofar as the collateral granted in a deed of trust constitutes real property (while Article 9 of the Uniform Commercial Code, I.C. §§ 28-9-101 *et seq.*, applies insofar as the collateral constitutes personal property).

The Bridges served a set of discovery requests, consisting of five interrogatories and eight requests for production, designed to develop evidence relating to Idaho First Bank's contentions. The principal aim of the Bridges' discovery requests is to help the Bridges show that Idaho First Bank understood and intended from the loan's inception that the cottage would constitute real property rather than personal property. Idaho First Bank objected to each of the discovery requests and largely refused to otherwise respond to them. Only Interrogatory No. 4 was answered without objection. The basic objection to the balance of the discovery requests is the notion that the cottage constitutes personal property as a matter of law because the current lease between the Bridges and the State of Idaho (entered into in 2013) characterizes it that way, thus rendering irrelevant evidence of any contrary characterization intended by, or agreed between, the Bridges and Idaho First Bank as of the loan's inception.

The Bridges moved to compel Idaho First Bank to respond to the discovery requests. The motion was argued on September 14, 2015. The Court did not render a ruling during the hearing. Instead, the Court permitted post-hearing submissions of two types.

First, a sale of the collateral was scheduled to occur the day after the hearing, and the Court permitted the parties to report whether the sale closed as scheduled. The Clerk of Court received an informal report from Idaho First Bank's counsel on September 15 that the sale indeed closed. The Court understands from the discussion during the hearing that, as a result of the sale's closing, Idaho First Bank will amend its complaint to specify the new, lower amount it is seeking to collect from the Bridges after applying the sale proceeds to the loan balance.¹ This will render moot the Bridges' motion to dismiss the original complaint, as well as Idaho First Bank's motion to strike a portion the declaration filed in support of the Bridges' motion to dismiss. The Bridges nevertheless contend that the discovery they are seeking remains pertinent, principally on the theory that which side is right about whether the cottage's characterization (either as real property or as personal property) could impact the Court's decision-making with respect to awarding court costs and attorney fees at this lawsuit's conclusion.

Second, the Court permitted the Bridges to submit, without accompaniment by any related argument, an affidavit or declaration introducing into the record the lease between the Bridges and the State of Idaho that was in effect at the loan's inception. (Before the hearing, only the lease signed in 2013 was in the record.) To that end, the Bridges filed a supplemental declaration of Harold Bridges on September 18, 2015. As of then, the motion to compel was officially taken under advisement. It is now ready for decision.

¹ Idaho First Bank may unilaterally amend its complaint because the Bridges have not filed a responsive pleading. *See* I.R.C.P. 15(a). Their motion to dismiss is not a responsive pleading. *See Rhino Metals, Inc. v. Craft*, 146 Idaho 319, 321, 193 P.3d 866, 868 (2008).

Generally speaking, a party may “obtain discovery regarding any matter, not privileged, which is relevant to the subject matter involved in the pending action.” I.R.C.P. 26(b)(1). This standard is notably “broad.” *Kirk v. Ford Motor Co.*, 141 Idaho 697, 703, 116 P.3d 27, 33 (2005). Whether the Bridges’ discovery requests fall within the broad scope of discovery I.R.C.P. 26(b)(1) allows depends largely on how the correct characterization of the cottage—either as either real property or as personal property—is determined.

As already noted, Idaho First Bank contends the current lease between the Bridges and the State of Idaho is dispositive, as it plainly treats the cottage as personal property. But it is unclear to the Court why the cottage’s characterization for purposes of the current lease should be controlling, given that the current lease originated several years after the loan’s inception and the cottage’s construction, and given that the lease in effect at the time of the loan’s inception and the cottage’s construction does not discernably treat any to-be-constructed cottage as personal property. Furthermore, the Court knows of no reason the cottage could not be characterized as personal property for purposes of the lease relationship between the Bridges and the State of Idaho yet constitute real property for purposes of the loan relationship between the Bridges and Idaho First Bank.

Under Idaho law, “real property” includes not only land itself and possessory rights to land (such as a lease), but also “[t]hat which is affixed to land” and “[t]hat which is appurtenant to land.” I.C. § 55-101. Accordingly, “real property” for purposes of Idaho’s deeds-of-trust statutes includes that which is affixed to land. *Spencer v. Jameson*, 147 Idaho 497, 502, 211 P.3d 106, 111 (2009). An article is affixed to land if it is (i) actually and constructively annexed to the land, (ii) appropriated to the use of that part of the land to which it is annexed, and (iii) the party annexing it to the land intended to make the article a permanent accession to the land. *Id.*

Whether the cottage is “affixed to land” under this three-pronged test may well be susceptible to determination as a matter of law, but not on the present record. If the Bridges wishes to fully litigate this issue, further development of the factual record would be necessary. To that end, some discovery may be appropriate (though perhaps unnecessary, as the Bridges seemingly are well-positioned to litigate the issue of their own intent without conducting discovery).

The Court presumes a full evidentiary record would establish that the test’s first two prongs are satisfied. The third prong appears to be the key one, most likely to be subject to dispute. It is concerned with the Bridges’ intent, not the intent of either Idaho First Bank or the State of Idaho. The terms of the loan documents between the Bridges and Idaho First Bank, and of the lease between the Bridges and the State of Idaho, plainly bear on the matter of the Bridges’ intent, but they probably are not dispositive of the Bridges’ intent in and of themselves. For example, the Bridges could agree to call the cottage “personal property” for purposes of their lease with the State of Idaho and contractually commit themselves to remove it from the property at the end of a lease term if the State of Idaho so demands, without intending that circumstances leading to such a demand would ever occur. In that regard, it bears keeping in mind that the cottage is nearly 5,000 square feet in size and cost well in excess of a million dollars to build. The record does not establish whether the cottage could be removed without destroying it or otherwise wasting its substantial value. If removing the cottage would have either consequence, that fact may tend to suggest the Bridges never intended for it to be removed.

Moreover, Idaho First Bank’s argument during the hearing that the deed of trust itself establishes a mutual intention that the cottage would constitute personal property appears to be wholly unsupported by the deed of trust’s language. The deed of trust includes “buildings” in its definitions of the terms “Real Property” and “Improvements” without including “buildings” in

the definition of the term “Personal Property.” The cottage surely amounts to a “building” under that term’s ordinary meaning. Thus, the deed of trust itself suggests the parties—especially Idaho First Bank as the presumptive drafter of the deed of trust—regarded the to-be-constructed cottage as real property rather than personal property.

Nevertheless, as already stated, the Court does not believe the issue of the Bridges’ intent can be resolved as a matter of law based on the present record, suggesting that some discovery might be in order if resolving that issue is necessary. Resolving it may not be necessary in a strict sense unless there is a need to discern whether the debtor protections in I.C. § 45-1512 have been triggered, though the issue may have some tendency to bear on the matter of awarding costs and attorney fees. That said, without making any rulings, the Court perceives it as unlikely either party will be awarded the costs and attorney fees incurred in litigating whether the cottage constitutes real property, or instead personal property, because (i) the cottage seems highly likely to constitute real property, suggesting that under section 45-1503(1) Idaho First Bank lacked the right to file suit when it did, but (ii) the Bridges’ approach to addressing the suit’s seemingly premature filing appears to have been needlessly aggressive, exacerbating rather than minimizing the resulting expenditure of attorney fees. Consequently, there appears to be blame to go around.

In any event, while the Court is unsure the game is worth the candle, if the Bridges wish to proceed with litigating whether the cottage is real property or, instead, personal property, the Court agrees that most of the discovery they seek is within the broad bounds of the discovery the rules permit, in that it has at least some potential to bear on whether Idaho First Bank had the right under section 45-1503(2) to file suit at the time it filed suit. Thus, the Bridges’ motion to compel is, for the most part, granted. Unless the parties agree otherwise, Idaho First Bank is ordered to respond within 30 days from the date of this order to Interrogatory Nos. 2, 3, and 5, as

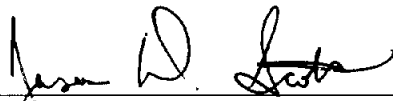
well as to Request for Production Nos. 1 through 8. The Bridges' motion to compel is denied to the extent the motion seeks to compel answers to Interrogatory Nos. 1 and 4.²

The Bridges seek an award of costs and attorney fees. The party that loses a discovery battle like this one must be ordered to pay the winner's reasonable expenses, unless either the losing party's position was substantially justified or other circumstances make an award of expenses unjust. I.R.C.P. 37(a)(4). The Court declines to make an award of expenses to the Bridges. Idaho First Bank's argument regarding the effect of the current lease, while ultimately not persuasive, is just strong enough to amount to substantial justification for its position that it should not be required to respond to the Bridges' discovery requests.

Accordingly,

IT IS ORDERED that the Bridges' motion to compel is granted in part and denied in part, as described more fully above.

Dated this 24th day of September, 2015.



Jason D. Scott
DISTRICT JUDGE

² Idaho First Bank's response to Interrogatory No. 1 appears to be complete in that it denies making the claim the interrogatory presumes it makes, and the Bridges' moving papers do not seem to argue that Idaho First Bank's answer to Interrogatory No. 4 is deficient.

CERTIFICATE OF MAILING

I hereby certify that on this 24th day of September, 2015, I mailed (served) a true and correct copy of the within instrument to:

William H. Thomas
Daniel E. Williams
Thomas, Williams & Park, LLP
225 N. 9th Street, Suite 810
P.O. Box 1776
Boise, Idaho 83701-1776

U.S. Mail, Postage Prepaid
 Hand Delivered
 Electronic Mail
 Facsimile

Fredric V. Shoemaker
Loren K. Messerly
Greener Burke Shoemaker Oberrecht PA
950 W. Bannock Street, Suite 950
Boise, Idaho 83702

U.S. Mail, Postage Prepaid
 Hand Delivered
 Electronic Mail
 Facsimile

DOUGLAS A. MILLER
Clerk of the District Court

By: 
Deputy Court Clerk

2. The Defendants, Maj-le Tate Bridges and Harold A. Bridges (collectively referred to herein as “Defendants”), are natural persons who, on information and belief, reside at 9391 Riverside Drive, Boise, Idaho 83714.

JURISDICTION AND VENUE

3. This Court has jurisdiction over the Defendants by virtue of Idaho Code §5-414 and the amount in controversy meets the jurisdictional requirements of this court.

4. Venue in Valley County Idaho is proper because, *inter alia*, the parties agreed to venue in Valley County.

FACTS

5. In 2006 Plaintiff agreed to lend Defendants One Million Five Hundred Thousand Dollars (\$1,500,000.00) to construct a structure on land owned by the Idaho Department of Lands (“Leased Premises”).

6. The Leased Premises is located in McCall, Idaho.

7. On or about the 9th day of September 2006, for valuable consideration, Defendants executed and delivered to the Plaintiff a Promissory Note (“Note”) a copy of which is attached hereto and made part hereof as Exhibit “A.”

8. Pursuant to the terms of the Note, Defendants promised to pay Idaho First Bank the principal amount of One Million Five Hundred Thousand Dollars (\$1,500,000.00), together with specified interest at the time set forth therein.

9. On or about September 22, 2006, the Bank recorded a Construction Deed of Trust (DOT) in Valley County, Idaho. The DOT secured payment of the Note from Defendants to Idaho First Bank (together the Note and DOT and related documents and instruments are referred to as the “Loan Transaction”).

10. Defendants, as grantors under the DOT, granted Idaho First Bank, as Beneficiary of the DOT “all of Grantor’s right, title, and interest in, to and under the Lease described below of the following described real property. . . .” A true and correct copy of the Construction Deed of Trust is attached hereto and made a part hereof as Exhibit “B”.

11. Under the DOT, Defendants as Grantor

presently assigns to Lender (also known as Beneficiary in this Deed of Trust) all of Grantor’s right, title, and interest in and to all present and future leases of the Property and all Rents from the Property. In addition, Grantor grants to Lender a Uniform Commercial Code security interest in Personal Property and Rents.

THIS DEED OF TRUST, INCLUDING THE ASSIGNMENT OF RENTS AND THE SECURITY INTEREST IN THE RENTS AND PERSONAL PROPERTY, IS GIVEN TO SECURE (A) PAYMENT OF THE INDEBTEDNESS AND (B) PERFORMANCE OF ANY AND ALL OBLIGATIONS UNDER THE NOTE, RELATED DOCUMENTS, AND THIS DEED OF TRUST. . . . (Emphasis in original).

12. On or about January 12, 2008, after construction of the structure was completed, the City of McCall issued a certificate of occupancy to Defendants.

13. Defendants occupied the Leased Premises pursuant to Lease No. R-5040-8, Cottage Site Lease Assignment (“Assigned Lease”) with the State of Idaho, State Board of Land Commissioners (“Land Board” or “Lessor”).

14. The Assigned Lease expired by its terms on December 31, 2011.

15. Defendants entered into a two-year 2012-2013 lease with the Land Board.

16. In October 2013 Defendants entered into another Residential Cottage Site Lease with the Land Board which commenced on January 1, 2014 and expired on December 31, 2022 (“2014 Lease”).

17. Under the terms of the 2014 Lease, the structure Defendants constructed on the Leased Premises is defined as Personal Property. Section A.1.1.I. of the 2014 Lease, in pertinent

part defines “Personal Property as “all buildings, structures, additions or developments belonging to LESSEE that have been erected upon, affixed or attached to, the Leased Premises”

18. Notwithstanding the Personal Property definition of the Defendants’ structure as personal property, the structure is, as a matter of law, personal property.

19. On or about May 29, 2015, Defendants informed Plaintiff that they were “unable to fully perform and make payments under the loan.”

20. Defendants thereafter defaulted in the performance of their contractual obligations and in the payment of the installments due on and after the 29th day of May 2015.

21. On or about Friday, May 29, 2015, counsel for Defendants Maj-Le Tate Bridges and Harold A. Bridges hand-delivered a letter to the Banks’ counsel regarding his clients’ intent to no longer make payments on their loan from Idaho First Bank. A true and correct copy of the letter is attached hereto as Exhibit “C.”

22. On or about June 1, 2015, Defendants, through their counsel, delivered a package to Bank’s counsel which contained two keys and two garage door remotes to Defendants’ Cabin in McCall, Idaho. A true and correct copy of the cover letter is attached hereto as Exhibit “D.”

23. On or about June 2, 2015, the Bank’s counsel responded to Defendant’s tender of the Defendants’ property in McCall and advised then the Bank was not willing to accept the tender under the terms demanded by Defendants. A true and correct copy of the letter is attached hereto as Exhibit “E.”

24. Under the 2014 Lease, Defendants were obligated to make the second installment of the annual lease payment in the amount of \$17,505.98. Defendants failed to make this payment.

25. On June 16, 2015, Idaho First Bank paid \$17,505.98 to the Idaho Department of Lands in order to protect the Bank's interest in its collateral.

26. The Bank had its collateral appraised in July 2015. On or about July 18, 2015, the Bank received an appraisal of the personal property minus the land in the amount of \$1,092,000.00. In the appraiser's opinion, "The value of the subject home with the leasehold interests would be the same as the home alone as it is felt that the leasehold has no positive value due to the high lease rate and to the low remaining terms of the lease."

27. The Bank, on or about August 14, 2015, listed its collateral for sale at a sales price of \$1,095,000.00.

28. By August 19, 2015, the Bank had received two offers to purchase the Bank's collateral. One offer was for \$1,200,088.00 and the other offer was for \$1,200,000.00. The Bank accepted the highest offer.

29. On or about August 25, 2015, Defendants signed an "instrument assignment" which assigned Defendants' rights in the Lease, State of Idaho Instrument No R500040/L-65-323D, to the purchasers of the Bank's collateral.

30. The sale of the Bank's collateral closed on September 15, 2015.

31. As of October 16, 2015, the total unpaid deficiency including unpaid principal, interest and reasonable costs incurred for retaking, holding, processing and disposing of its collateral, including reasonable attorney fees was \$ 344,377.25.

32. On October 21, 2015, the Bank notified Defendants through their counsel of the deficiency amount.

33. The remaining balance will continue accrue interest and the Bank will continue to incur attorney fees in its effort to collect the deficiency. Such amounts will be proved at the trial of this matter.

**FIRST CLAIM FOR DEFICIENCY
UNDER IDAHO CODE § 28-9-615**

34. Plaintiff repeats each and every allegation set forth above.

35. Pursuant to the terms of the DOT as stated above, Defendants granted the Bank a security interest, under the Uniform Commercial Code, in Defendants' personal property.

36. Under I.C. § 28-9-102(a)(73)(A) Idaho First Bank is Secured Party in the Loan Transaction.

37. Under I.C. § 28-9-102(a)(28)(A) Defendants, Defendants Maj-Le Tate Bridges and Harold A. Bridges, are Debtors in the Loan Transaction.

38. At all times during the Loan transaction, the Bank proceeded in good faith as defined in I. C. § 28-9-102(a)(43).

39. When Defendants abandoned their personal property and gave the Bank the keys to the collateral, failed to make the Lease payment and failed to pay the Bank, Defendants were in default of the Loan Transaction.

40. Following Defendants' abandonment of the collateral and defaulting on the Loan, the Bank, rightfully took possession of the collateral under I.C. § 28-9-609(a).

41. The Bank sold the collateral for \$1,200,088.00.

42. Pursuant to the terms of the Note, Defendants also agreed to pay Plaintiff's reasonable costs of collection including attorneys' fees.

**SECOND CLAIM FOR DEFICIENCY
UNDER IDAHO CODE § 45-1512**

43. Plaintiff repeats each and every allegation set forth above.

44. Under the DOT, the Defendants granted the Bank, as Beneficiary, a security interest in their Lease with IDOL.

45. After Defendants abandoned the Bank's collateral, Defendants assigned their Leasehold Estate to the purchasers of the property.

46. The Bank received no proceeds from the assignment of Defendants' interest in the Leasehold Estate.

47. As of September 15, 2015, the fair market value of the property was \$1,200,088.00.

48. The proceeds from the sale of the collateral, when applied to the outstanding indebtedness owed by Defendants to the Bank results in a deficiency Including costs and expenses in holding, retaining, and marketing of the property in the amount of \$344,377.24 as of October 16, 2015.

49. Interest on the deficiency balance continues to accrue and the Bank continues to incur attorney fees in prosecuting this deficiency judgment.

WHEREFORE, Plaintiff demands judgment against the Defendants:

(a) on the First Cause of Action and Second Causes of Action for the combined deficiency sum of Three Hundred Forty Four Thousand, Three Hundred Seventy Seven Dollars and Twenty Four Cents (\$344,377.24) with interest thereon;

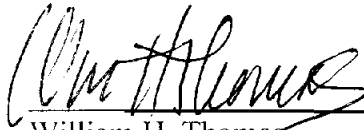
(b) for the Bank's reasonable attorney fees incurred in this action;

(c) the costs and disbursements of this action; and

(d) such other and further relief as the Court may deem just.

DATED this 17th day of December, 2015.

THOMAS, WILLIAMS & PARK, LLP



William H. Thomas
Attorneys for Plaintiff

CERTIFICATE OF SERVICE

I hereby certify that on this 17th day of December, 2015, a true and correct copy of the foregoing instrument was served on opposing counsel as indicated below:

Fredric V. Shoemaker
Loren K. Messerly
Greener, Burke, Shoemaker, Oberrecht PA
950 W. Bannock Street, Suite 950
Boise, Idaho 83702

Via Hand Delivery
 Via Facsimile: 319-2601
 Via U.S. Mail



Christina R. Boisvert

PROMISSORY NOTE

| Principal | Loan Date | Maturity | Loan No | Call/ Coll | Account | Officer | Initials |
|----------------|------------|------------|---------|------------|----------|---------|----------|
| \$1,500,000.00 | 09-21-2006 | 10-01-2007 | 11346 | 1A; 130 | 80000820 | JLM | |

References in the shaded area are for Lender's use only and do not limit the applicability of this document to any particular loan or item.
Any item above containing "****" has been omitted due to text length limitations.

Borrower: MAJ-LATE BRIDGES
HAROLD A. BRIDGES
3905 CHAPMAN CT
ALTADENA, CA 91001

Lender: Idaho First Bank
P.O. Box 2950
101 E Lake St
McCall, ID 83638
(208) 634-3900

Principal Amount: \$1,500,000.00

Initial Rate: 8.750%

Date of Note: September 21, 2006

PROMISE TO PAY. I ("Borrower") jointly and severally promise to pay to Idaho First Bank ("Lender"), or order, in lawful money of the United States of America, the principal amount of One Million Five Hundred Thousand & 00/100 Dollars (\$1,500,000.00) or so much as may be outstanding, together with interest on the unpaid outstanding principal balance of each advance. Interest shall be calculated from the date of each advance until repayment of each advance. The interest rate will not increase above 21.000%.

PAYMENT. I will pay this loan in one payment of all outstanding principal plus all accrued unpaid interest on October 1, 2007. In addition, I will pay regular monthly payments of all accrued unpaid interest due as of each payment date, beginning November 1, 2006, with all subsequent interest payments to be due on the same day of each month after that. Unless otherwise agreed or required by applicable law, payments will be applied first to any accrued unpaid interest; then to principal; then to any late charges; and then to any unpaid collection costs. The annual interest rate for this Note is computed on a 365/360 basis; that is, by applying the ratio of the annual interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. I will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing.

VARIABLE INTEREST RATE. The interest rate on this Note is subject to change from time to time based on changes in an independent index which is the Wall Street Journal Prime Rate as Published in the Wall Street Journal (the "Index"). The Index is not necessarily the lowest rate charged by Lender on its loans. If the Index becomes unavailable during the term of this loan, Lender may designate a substitute index after notice to me. Lender will tell me the current Index rate upon my request. The interest rate change will not occur more often than each day. I understand that Lender may make loans based on other rates as well. The Index currently is 0.250% per annum. The interest rate to be applied to the unpaid principal balance of this Note will be at a rate of 0.500 percentage points over the Index, rounded down to the nearest 0.125 percent, resulting in an initial rate of 8.750% per annum. Notwithstanding the foregoing, the variable interest rate or rates provided for in this Note will be subject to the following minimum and maximum rates. **NOTICE:** Under no circumstances will the interest rate on this Note be less than 6.000% per annum or more than the lesser of 21.000% per annum or the maximum rate allowed by applicable law. Unless waived by Lender, any increase in the interest rate will increase the amounts of my interest payments.

PREPAYMENT. I agree that all loan fees and other prepaid finance charges are earned fully as of the date of the loan and will not be refunded to me upon early payment (whether voluntary or as a result of default), except as otherwise required by law. Except for the foregoing, I may pay without penalty all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lender in writing, relieve me of my obligation to continue to make payments of accrued unpaid interest. Rather, early payments will reduce the principal balance due. I agree not to send Lender payments marked "paid in full", "without recourse", or similar language. If I send such a payment, Lender may accept it without losing any of Lender's rights under this Note, and I will remain obligated to pay any further amount owed to Lender. All written communications concerning disputed amounts, including any check or other payment instrument that indicates that the payment constitutes "payment in full" of the amount owed or that is tendered with other conditions or limitations or as full satisfaction of a disputed amount must be mailed or delivered to: Idaho First Bank, P.O. Box 2950 McCall, ID 83638.

LATE CHARGE. If a payment is 16 days or more late, I will be charged 5.000% of the unpaid portion of the regularly scheduled payment or \$5.00, whichever is greater.

INTEREST AFTER DEFAULT. Upon default, including failure to pay upon final maturity, the total sum due under this Note will bear interest from the date of acceleration or maturity at the variable interest rate on this Note. The interest rate will not exceed the maximum rate permitted by applicable law.

DEFAULT. I will be in default under this Note if any of the following happen:

Payment Default. I fail to make any payment when due under this Note.

Break Other Promises. I break any promise made to Lender or fail to perform promptly at the time and strictly in the manner provided in this Note or in any agreement related to this Note, or in any other agreement or loan I have with Lender.

Default in Favor of Third Parties. I or any Grantor defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of my property or my ability to repay this Note or perform my obligations under this Note or any of the related documents.

False Statements. Any representation or statement made or furnished to Lender by me or on my behalf under this Note or the related documents is false or misleading in any material respect, either now or at the time made or furnished.

Death or Insolvency. Any Borrower dies or becomes insolvent; a receiver is appointed for any part of my property; I make an assignment for the benefit of creditors; or any proceeding is commenced either by me or against me under any bankruptcy or insolvency laws.

Taking of the Property. Any creditor or governmental agency tries to take any of the property or any other of my property in which Lender has a lien. This includes taking of, garnishing of, or levying on my accounts with Lender. However, if I dispute in good faith whether the claim on which the taking of the property is based is valid or reasonable, and if I give Lender written notice of the claim and furnish Lender with monies or a surety bond satisfactory to Lender to satisfy the claim, then this default provision will not apply.

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

Collateral Damage or Loss. Any collateral securing this Note is lost, stolen, substantially damaged or destroyed and the loss, theft, substantial damage or destruction is not covered by insurance.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any guarantor, endorser, surety, or accommodation party of any of the indebtedness or any guarantor, endorser, surety, or accommodation party dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any guaranty of the indebtedness evidenced by this Note. In the event of a death, Lender, at its option, may, but shall not be required to, permit the guarantor's estate to assume unconditionally the obligations arising under the guaranty

EXHIBIT

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A

PROMISSORY NOTE
(Continued)

Loan No: 11346

in a manner satisfactory to Lender, and, in doing so, cure any Event of Default.

LENDER'S RIGHTS. Upon default, Lender may declare the entire unpaid principal balance on this Note and all accrued unpaid interest immediately due, and then I will pay that amount.

ATTORNEYS' FEES; EXPENSES. Lender may hire or pay someone else to help collect this Note if I do not pay. I will pay Lender that amount. This includes, subject to any limits under applicable law, Lender's reasonable attorneys' fees and legal expenses, whether or not there is a lawsuit, including without limitation all reasonable attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), and appeals. If not prohibited by applicable law, I also will pay any court costs, in addition to all other sums provided by law.

GOVERNING LAW. This Note will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Idaho without regard to its conflicts of law provisions. This Note has been accepted by Lender in the State of Idaho.

CHOICE OF VENUE. If there is a lawsuit, I agree upon Lender's request to submit to the jurisdiction of the courts of Valley County, State of Idaho.

DISHONORED ITEM FEE. I will pay a fee to Lender of \$20.00 if I make a payment on my loan and the check or preauthorized charge with which I pay is later dishonored.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all my accounts with Lender (whether checking, savings, or some other account). This includes all accounts I hold jointly with someone else and all accounts I may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. I authorize Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the indebtedness against any and all such accounts.

COLLATERAL. I acknowledge this Note is secured by the following collateral described in the security instrument listed herein: a Construction Deed of Trust dated September 21, 2006, to a trustee in favor of Lender on real property located in VALLEY County, State of Idaho.

LINE OF CREDIT. This Note evidences a straight line of credit. Once the total amount of principal has been advanced, I am not entitled to further loan advances. I agree to be liable for all sums either: (A) advanced in accordance with the instructions of an authorized person or (B) credited to any of my accounts with Lender. The unpaid principal balance owing on this Note at any time may be evidenced by endorsements on this Note or by Lender's internal records, including daily computer print-outs.

SUCCESSOR INTERESTS. The terms of this Note shall be binding upon me, and upon my heirs, personal representatives, successors and assigns, and shall inure to the benefit of Lender and its successors and assigns.

NOTIFY US OF INACCURATE INFORMATION WE REPORT TO CONSUMER REPORTING AGENCIES. Please notify us if we report any inaccurate information about your account(s) to a consumer reporting agency. Your written notice describing the specific inaccuracies should be sent to us at the following address: Idaho First Bank P.O. Box 2950 McColl, ID 83638.

GENERAL PROVISIONS. If any part of this Note cannot be enforced, this fact will not affect the rest of the Note. Lender may delay or forgo enforcing any of its rights or remedies under this Note without losing them. I and any other person who signs, guarantees or endorses this Note, to the extent allowed by law, waive presentment, demand for payment, and notice of dishonor. Upon any change in the terms of this Note, and unless otherwise expressly stated in writing, no party who signs this Note, whether as maker, guarantor, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend (repeatedly and for any length of time) this loan or release any party or guarantor or collateral; or impair, fail to realize upon or perfect Lender's security interest in the collateral. All such parties also agree that Lender may modify this loan without the consent of or notice to anyone other than the party with whom the modification is made. The obligations under this Note are joint and several. This means that the words "I", "me", and "my" mean each and all of the persons signing below.

PRIOR TO SIGNING THIS NOTE, I, AND EACH OF US, READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE, INCLUDING THE VARIABLE INTEREST RATE PROVISIONS AND THE NOTICE TO COSIGNER SET FORTH BELOW. I, AND EACH OF US, AGREE TO THE TERMS OF THE NOTE.

I ACKNOWLEDGE RECEIPT OF A COMPLETED COPY OF THIS PROMISSORY NOTE.

BORROWER:

x Majle L. Bridges
MAJLE L. BRIDGES

x Harold A. Bridges
HAROLD A. BRIDGES

NOTICE TO COSIGNER

You are being asked to guarantee this debt. Think carefully before you do. If the borrower doesn't pay the debt, you will have to. Be sure you can afford to pay if you have to, and that you want to accept this responsibility.

You may have to pay up to the full amount of the debt if the borrower does not pay. You may also have to pay late fees or collection costs, which increase this amount.

The Lender can collect this debt from you without first trying to collect from the borrower. The Lender can use the same collection methods against you that can be used against the borrower, such as suing you, garnishing your wages, etc. If this debt is ever in default, that fact may become a part of YOUR credit record.

This notice is not the contract that makes you liable for the debt.

RECORDATION REQUESTED BY:

Idaho First Bank
P.O. Box 2950
101 E Lake St
McCall, ID 83638

WHEN RECORDED MAIL TO:

Idaho First Bank
P.O. Box 2950
101 E Lake St
McCall, ID 83638

SEND TAX NOTICES TO:

Idaho First Bank
P.O. Box 2950
101 E Lake St
McCall, ID 83638

Instrument # 313619

VALLEY COUNTY, CASCADE, IDAHO
2006-09-22 04:00:02 No. of Pages: 10

Recorded for : AMERITITLE

LELAND G. HEINRICH

EX-Officio Recorder Deputy

Index to: DEED OF TRUST

Fee: 30.00

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE ONLY

IC09745

CONSTRUCTION DEED OF TRUST

THIS DEED OF TRUST is dated September 21, 2006, among MAJ-LE TATE BRIDGES and HAROLD A. BRIDGES; Wife and Husband ("Grantor"); Idaho First Bank, whose address is P.O. Box 2950, 101 E Lake St, McCall, ID 83638 (referred to below sometimes as "Lender" and sometimes as "Beneficiary"); and AmeriTitle, whose address is 120 N. Main, Cascade, ID 83611 (referred to below as "Trustee").

CONVEYANCE AND GRANT. For valuable consideration, Grantor does hereby irrevocably grant, bargain, sell and convey in trust, with power of sale, to Trustee for the benefit of Lender as Beneficiary, all of Grantor's right, title, and interest in, to and under the Lease described below of the following described real property, together with all existing or subsequently erected or affixed buildings, improvements and fixtures; all easements, rights of way, and appurtenances; all water, water rights and ditch rights (including stock in utilities with ditch or irrigation rights); and all other rights, royalties, and profits relating to the real property, including without limitation any rights Grantor later acquires in the fee simple title to the land, subject to the Lease, and all minerals, oil, gas, geothermal and similar matters. (the "Real Property") located in VALLEY County, State of Idaho:

See EXHIBIT A, which is attached to this Deed of Trust and made a part of this Deed of Trust as if fully set forth herein.

The Real Property or its address is commonly known as 2087 JOHN ALDEN ROAD, MCCALL, ID 83638.

Grantor presently assigns to Lender (also known as Beneficiary in this Deed of Trust) all of Grantor's right, title, and interest in and to all present and future leases of the Property and all Rents from the Property. In addition, Grantor grants to Lender a Uniform Commercial Code security interest in the Personal Property and Rents.

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

PAYMENT AND PERFORMANCE. Except as otherwise provided in this Deed of Trust, Grantor shall pay to Lender all amounts secured by this Deed of Trust as they become due, and shall strictly and in a timely manner perform all of Grantor's obligations under the Note, this Deed of Trust, and the Related Documents.

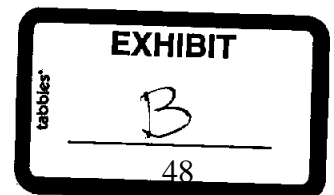
CONSTRUCTION MORTGAGE. This Deed of Trust is a "construction mortgage" for the purposes of Sections 9-334 and 2A-309 of the Uniform Commercial Code, as those sections have been adopted by the State of Idaho.

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

Possession and Use. Until the occurrence of an Event of Default, Grantor may (1) remain in possession and control of the Property; (2) use, operate or manage the Property; and (3) collect the Rents from the Property. The following provisions relate to the use of the Property or to other limitations on the Property. THE REAL PROPERTY EITHER IS NOT MORE THAN FORTY (40) ACRES IN AREA OR IS LOCATED WITHIN AN INCORPORATED CITY OR VILLAGE.

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

Compliance With Environmental Laws. Grantor represents and warrants to Lender that: (1) During the period of Grantor's leasehold interest in the Property, there has been no use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance by any person on, under, about or from the Property; (2) Grantor has no knowledge of, or reason to believe that there has been, except as previously disclosed to and acknowledged by Lender in writing, (a) any breach or violation of any Environmental Laws, (b) any use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance on, under, about or from the Property by any prior owners or occupants of the Property, or (c) any actual or threatened litigation or claims of, under, about or from the Property; and (3) Except as previously disclosed to and acknowledged by Lender in writing, (a) any kind by any person relating to such matters; and (b) any such activity shall be conducted in compliance with all applicable federal, state, and local laws, regulations and ordinances, including without limitation all Environmental Laws. Grantor authorizes Lender and its agents to enter upon the Property to make such inspections and tests, at Grantor's expense, as Lender may deem appropriate to determine compliance of the Property with this section of the Deed of Trust. Any inspections or tests made by



**DEED OF TRUST
(Continued)**

Loan No: 11346

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Lender shall be for Lender's purposes only and shall not be construed to create any responsibility or liability on the part of Lender to Grantor or to any other person. The representations and warranties contained herein are based on Grantor's due diligence in investigating the Property for Hazardous Substances. Grantor hereby (1) releases and waives any future claims against Lender for indemnity or contribution in the event Grantor becomes liable for cleanup or other costs under any such laws; and (2) agrees to indemnify and hold harmless Lender against any and all claims, losses, liabilities, damages, penalties, and expenses which Lender may directly or indirectly sustain or suffer resulting from a breach of this section of the Deed of Trust or as a consequence of any use, generation, manufacture, storage, disposal, release or threatened release occurring prior to Grantor's ownership or interest in the Property, whether or not the same was or should have been known to Grantor. The provisions of this section of the Deed of Trust, including the obligation to indemnify, shall survive the payment of the indebtedness and the satisfaction and reconveyance of the lien of this Deed of Trust and shall not be affected by Lender's acquisition of any interest in the Property, whether by foreclosure or otherwise.

Nuisance, Waste. Grantor shall not cause, conduct or permit any nuisance nor commit, permit, or suffer any stripping of or waste on or to the Property or any portion of the Property. Without limiting the generality of the foregoing, Grantor will not remove, or grant to any other party the right to remove, any timber, minerals (including oil and gas), coal, clay, scoria, soil, gravel or rock products without Lender's prior written consent.

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

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

Compliance with Governmental Requirements. Grantor shall promptly comply with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities applicable to the use or occupancy of the Property. Grantor may contest in good faith any such law, ordinance, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Grantor has notified Lender in writing prior to doing so and so long as, in Lender's sole opinion, Lender's interests in the Property are not jeopardized. Lender may require Grantor to post adequate security or a surety bond, reasonably satisfactory to Lender, to protect Lender's interest.

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

Compliance with Lease. Grantor will pay all rents and will strictly observe and perform on a timely basis all other terms, covenants, and conditions of the Lease. Grantor will indemnify and hold Lender harmless against all losses, liabilities, actions, suits, proceedings, costs including reasonable attorneys' fees claims, demands, and damages whatsoever which may be incurred by reason of Grantor's failure to pay rents or strictly observe or perform under the Lease.

Other Agreements Relating to the Lease. Grantor further agrees (1) not to surrender, terminate, or cancel the Lease, and (2) not to modify, change, supplement, alter, or amend the Lease, either orally or in writing, without Lender's prior written consent. Any attempt by Grantor to do any of the foregoing without Lender's prior written consent will be void and of no force and effect. At Lender's option, Grantor will deposit with Lender as further security all original documents relating to the Lease and the leasehold interest in the Property. Unless Grantor is in breach or default of any of the terms contained in this Deed of Trust, Lender will have no right to cancel, modify, change, supplement, alter or amend the leasehold interest. No estate in the Property, whether fee title to the leasehold premises, the leasehold estate, or any subleasehold estate, will merge without Lender's express written consent; rather these estates will remain separate and distinct, even if there is a union of these estates in the landlord, Grantor, or a third party who purchases or otherwise acquires the estates. Grantor further agrees that if Grantor acquires all or a portion of the fee simple title, or any other leasehold or subleasehold title to the Property, that title will, at Lender's option, immediately become subject to the terms of this Deed of Trust, and Grantor will execute, deliver and record all documents necessary or appropriate to assure that such title is secured by this Deed of Trust.

Notices Relating to the Lease. Grantor will promptly notify Lender in writing:

- (1) if Grantor is in default in the performance or observance of any of the terms, covenants, or conditions which Grantor is to perform or observe under the Lease;
- (2) if any event occurs which would constitute a default under the Lease;
- (3) if any notice of default is given to Grantor by the landlord under the Lease;
- (4) if, pursuant to the Lease, any proceeds received for the Property are deposited with someone other than Lender, whether received from any insurance on the Property or from the taking of any or all of the Property by eminent domain; and
- (5) if any arbitration or appraisal proceedings are requested or instituted pursuant to the Lease.

Grantor agrees to provide Lender promptly with a copy of all written materials relating to any of the above and to provide Lender with such other information as Lender may reasonably request. Grantor agrees that promptly after the execution and delivery of this Deed of Trust, Grantor will notify the landlord under the Lease in writing of the execution and delivery of this Deed of Trust and of the name and address of Lender and will deliver a copy of this Deed of Trust to the landlord.

Option to Cure Lease Default. Upon Lender's receipt of any written notice of Grantor's default under the Lease, Lender may, at Lender's option, cure such default, even though Grantor, or any party on behalf of Grantor, questions or denies the existence of such default or the nature of the default. Grantor expressly grants to Lender the absolute and immediate right to enter upon the Property to such extent and as often as Lender in its sole discretion deems necessary or desirable in order to prevent or cure any such default by Grantor.

Construction Loan. If some or all of the proceeds of the loan creating the indebtedness are to be used to construct or complete construction of any improvements on the Property, the improvements shall be completed no later than the maturity date of the Note (or such earlier date as Lender may reasonably establish) and Grantor shall pay in full all costs and expenses in connection with the work. Lender will disburse loan proceeds under such terms and conditions as Lender may deem reasonably necessary to insure that the interest created by this Deed of Trust shall have priority over all possible liens, including those of material suppliers and workmen. Lender may require, among other things, that disbursement requests be supported by receipted bills, expense affidavits, waivers of liens, construction progress reports, and such other documentation as Lender may reasonably request.

**DEED OF TRUST
(Continued)**

Loan No: 11346

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

Payment. Grantor shall pay when due (and in all events prior to delinquency) all taxes, special taxes, assessments, charges (including water and sewer), fines and impositions levied against or on account of the Property, and shall pay when due all claims for work done on or for services rendered or material furnished to the Property. Grantor shall maintain the Property free of all liens having priority over or equal to the interest of Lender under this Deed of Trust, except for the lien of taxes and assessments not due and except as otherwise provided in this Deed of Trust.

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

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

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

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

Maintenance of Insurance. Grantor shall procure and maintain policies of fire insurance with standard extended coverage endorsements on a fair value basis for the full insurable value covering all improvements on the Real Property in an amount sufficient to avoid application of any coinsurance clause, and with a standard mortgagee clause in favor of Lender, together with such other hazard and liability insurance as Lender may reasonably require. Policies shall be written in form, amounts, coverages and basis reasonably acceptable to Lender and issued by a company or companies reasonably acceptable to Lender. Grantor, upon request of Lender, will deliver to Lender from time to time the policies or certificates of insurance in form satisfactory to Lender, including stipulations that coverages will not be cancelled or diminished without at least thirty (30) days prior written notice to Lender. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Grantor or any other person. Should the Real Property be located in an area designated by the Director of the Federal Emergency Management Agency as a special flood hazard area, Grantor agrees to obtain and maintain Federal Flood Insurance, if available, within 45 days after notice is given by Lender that the Property is located in a special flood hazard area, for the full unpaid principal balance of the loan and any prior liens on the property securing the loan, up to the maximum policy limits set under the National Flood Insurance Program, or as otherwise required by Lender, and to maintain such insurance for the term of the loan.

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

LENDER'S EXPENDITURES. If Grantor fails (A) to keep the Property free of all taxes, liens, security interests, encumbrances, and other claims, (B) to provide any required insurance on the Property, or (C) to make repairs to the Property than Lender may do so. If any action or proceeding is commenced that would materially affect Lender's interests in the Property, then Lender on Grantor's behalf may, but is not required to, take any action that Lender believes to be appropriate to protect Lender's interests. All expenses incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Grantor. All such expenses will become a part of the indebtedness and, at Lender's option, will (A) be payable on demand; (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Note; or (C) be treated as a balloon payment which will be due and payable at the Note's maturity. The Deed of Trust also will secure payment of these amounts. The rights provided for in this paragraph shall be in addition to any other rights or any remedies to which Lender may be entitled on account of any default. Any such action by Lender shall not be construed as curing the default so as to bar Lender from any remedy that it otherwise would have had.

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

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

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

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

**DEED OF TRUST
(Continued)**

Loan No: 11346

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ordinances, and regulations of governmental authorities.

Survival of Promises. All promises, agreements, and statements Grantor has made in this Deed of Trust shall survive the execution and delivery of this Deed of Trust, shall be continuing in nature and shall remain in full force and effect until such time as Grantor's indebtedness is paid in full.

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

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

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

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

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

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

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

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

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

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

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

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

Further Assurances. At any time, and from time to time, upon request of Lender, Grantor will make, execute and deliver, or will cause to be made, executed or delivered, to Lender or to Lender's designee, and when requested by Lender, cause to be filed, recorded, refiled, or rerecorded, as the case may be, at such times and in such offices and places as Lender may deem appropriate, any and all such mortgages, deeds of trust, security deeds, security agreements, financing statements, continuation statements, instruments of further assurances, certificates, and other documents as may, in the sole opinion of Lender, be necessary or desirable in order to effectuate, complete, perfect, continue, or preserve (1) Grantor's obligations under the Note, this Deed of Trust, and the Related Documents, and (2) the liens and security interests created by this Deed of Trust as first and prior liens on the Property, whether now owned or hereafter acquired by Grantor. Unless prohibited by law or Lender agrees to the contrary in writing, Grantor shall reimburse Lender for all costs and expenses incurred in connection with the matters referred to in this paragraph.

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

FULL PERFORMANCE. If Grantor pays all the indebtedness when due, and otherwise performs all the obligations imposed upon Grantor under this Deed of Trust, Lender shall execute and deliver to Trustee a request for full reconveyance and shall execute and deliver to Grantor suitable statements of termination of any financing statement on file evidencing Lender's security interest in the Rents and the Personal Property. Any reconveyance fee required by law shall be paid by Grantor, if permitted by applicable law.

EVENTS OF DEFAULT. At Lender's option, Grantor will be in default under this Deed of Trust if any of the following happen:

Payment Default. Grantor fails to make any payment when due under the indebtedness.

Break Other Promises. Grantor breaks any promise made to Lender or fails to perform promptly at the time and strictly in the manner

**DEED OF TRUST
(Continued)**

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provided in this Deed of Trust or in any agreement related to this Deed of Trust.

Compliance Default. Failure to comply with any other term, obligation, covenant or condition contained in this Deed of Trust, the Note or in any of the Related Documents.

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

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

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

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

Death or Insolvency. The death of Grantor, the insolvency of Grantor, the appointment of a receiver for any part of Grantor's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Grantor.

Taking of the Property. Any creditor or governmental agency tries to take any of the Property or any other of Grantor's property in which Lender has a lien. This includes taking of, garnishing of or levying on Grantor's accounts with Lender. However, if Grantor disputes in good faith whether the claim on which the taking of the Property is based is valid or reasonable, and if Grantor gives Lender written notice of the claim and furnishes Lender with monies or a surety bond satisfactory to Lender to satisfy the claim, then this default provision will not apply.

Lease Default. Grantor defaults under the terms of the Lease, or any other event (whether or not Grantor's fault) results in the termination or cancellation of Grantor's leasehold rights.

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

Events Affecting Guarantor. Any of the preceding events occur with respect to any guarantor, endorser, surety, or accommodation party of any of the indebtedness or any guarantor, endorser, surety, or accommodation party dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any Guaranty of the indebtedness. In the event of a death, Lender, at its option, may, but shall not be required to, permit the guarantor's estate to assume unconditionally the obligations arising under the guaranty in a manner satisfactory to Lender, and, in doing so, cure any Event of Default.

Insecurity. Lender in good faith believes itself insecure.

RIGHTS AND REMEDIES ON DEFAULT. If an Event of Default occurs under this Deed of Trust, at any time thereafter, Trustee or Lender may exercise any one or more of the following rights and remedies:

Notice of Default. In the Event of Default Lender shall execute or cause the Trustee to execute a written notice of such default and of Lender's election to cause the Property to be sold to satisfy the indebtedness, and shall cause such notice to be recorded in the office of the recorder of each county wherein the Real Property, or any part thereof, is situated.

Election of Remedies. All of Lender's rights and remedies will be cumulative and may be exercised alone or together. An election by Lender to choose any one remedy will not bar Lender from using any other remedy. If Lender decides to spend money or to perform any of Grantor's obligations under this Deed of Trust, after Grantor's failure to do so, that decision by Lender will not affect Lender's right to declare Grantor in default and to exercise Lender's remedies.

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

Foreclosure. With respect to all or any part of the Real Property, the Trustee shall have the right to foreclose by notice and sale, and Lender shall have the right to foreclose by judicial foreclosure, in either case in accordance with and to the full extent provided by applicable law.

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

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

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

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

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(Continued)**

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Property immediately upon the demand of Lender.

Other Remedies. Trustee or Lender shall have any other right or remedy provided in this Deed of Trust or the Note or by law.

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

Sale of the Property. To the extent permitted by applicable law, Grantor hereby waives any and all rights to have the Property marshalled. In exercising its rights and remedies, the Trustee or Lender shall be free to sell all or any part of the Property together or separately, in one sale or by separate sales. Lender shall be entitled to bid at any public sale on all or any portion of the Property. Notice of sale having been given as then required by law, and not less than the time required by law having elapsed, Trustee, without demand on Grantor, shall sell the property at the time and place fixed by it in the notice of sale at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee shall deliver to the purchaser his or her deed conveying the Property so sold, but without any covenant or warranty express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness of such matters or facts. After deducting all costs, fees and expenses of Trustee and of this Trust, including cost of evidence of title and reasonable attorneys' fees, including those in connection with the sale, Trustee shall apply proceeds of sale to payment of (a) all sums expended under this Deed of Trust, not then repaid with interest thereon as provided in this Deed of Trust; (b) all indebtedness secured hereby; and (c) the remainder, if any, to the person or persons legally entitled thereto.

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

Rights of Trustee. Trustee shall have all of the rights and duties of Lender as set forth in this section.

POWERS AND OBLIGATIONS OF TRUSTEE. The following provisions relating to the powers and obligations of Trustee are part of this Deed of Trust:

Powers of Trustee. In addition to all powers of Trustee arising as a matter of law, Trustee shall have the power to take the following actions with respect to the Property upon the written request of Lender and Grantor: (a) join in preparing and filing a map or plat of the Real Property, including the dedication of streets or other rights to the public; (b) join in granting any easement or creating any restriction on the Real Property; and (c) join in any subordination or other agreement affecting this Deed of Trust or the interest of Lender under this Deed of Trust.

Obligations to Notify. Trustee shall not be obligated to notify any other party of a pending sale under any other trust deed or lien, or of any action or proceeding in which Grantor, Lender, or Trustee shall be a party, unless the action or proceeding is brought by Trustee.

Trustee. Trustee shall meet all qualifications required for Trustee under applicable law. In addition to the rights and remedies set forth above, with respect to all or any part of the Property, the Trustee shall have the right to foreclose by notice and sale, and Lender will have the right to foreclose by judicial foreclosure, in either case in accordance with and to the full extent provided by applicable law.

Successor Trustee. Lender, at Lender's option, may from time to time appoint a successor Trustee to any Trustee appointed under this Deed of Trust by an instrument executed and acknowledged by Lender and recorded in the office of the recorder of VALLEY County, State of Idaho. The instrument shall contain, in addition to all other matters required by state law, the names of the original Lender, Trustee, and Grantor, the book and page where this Deed of Trust is recorded, and the name and address of the successor trustee, and the instrument shall be executed and acknowledged by Lender or its successors in interest. The successor trustee, without conveyance of the Property, shall succeed to all the title, power, and duties conferred upon the Trustee in this Deed of Trust and by applicable law. This procedure for substitution of Trustee shall govern to the exclusion of all other provisions for substitution.

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

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

Amendments. What is written in this Deed of Trust and in the Related Documents is Grantor's entire agreement with Lender concerning the matters covered by this Deed of Trust. To be effective, any change or amendment to this Deed of Trust must be in writing and must be signed by whoever will be bound or obligated by the change or amendment.

Arbitration. Grantor and Lender agree that all disputes, claims and controversies between us whether individual, joint, or class in nature, arising from this Deed of Trust or otherwise, including without limitation contract and tort disputes, shall be arbitrated pursuant to the Rules of the American Arbitration Association in effect at the time the claim is filed, upon request of either party. No act to take or dispose of any Property shall constitute a waiver of this arbitration agreement or be prohibited by this arbitration agreement. This includes, without limitation, obtaining injunctive relief or a temporary restraining order; invoking a power of sale under any deed of trust or mortgage; obtaining a writ of attachment or imposition of a receiver; or exercising any rights relating to personal property, including taking or

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(Continued)**

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disposing of such property with or without judicial process pursuant to Article 9 of the Uniform Commercial Code. Any disputes, claims, or controversies concerning the lawfulness or reasonableness of any act, or exercise of any right, concerning any Property, including any claim to rescind, reform, or otherwise modify any agreement relating to the Property, shall also be arbitrated, provided however that no arbitrator shall have the right or the power to enjoin or restrain any act of any party. Judgment upon any award rendered by any arbitrator may be entered in any court having jurisdiction. Nothing in this Deed of Trust shall preclude any party from seeking equitable relief from a court of competent jurisdiction. The statute of limitations, estoppel, waiver, laches, and similar doctrines which would otherwise be applicable in an action brought by a party shall be applicable in any arbitration proceeding, and the commencement of an arbitration proceeding shall be deemed the commencement of an action for these purposes. The Federal Arbitration Act shall apply to the construction, interpretation, and enforcement of this arbitration provision.

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

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

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

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


Joint and Several Liability. All obligations of Grantor under this Deed of Trust shall be joint and several, and all references to Grantor shall mean each and every Grantor. This means that each Grantor signing below is responsible for all obligations in this Deed of Trust.

No Waiver by Lender. Grantor understands Lender will not give up any of Lender's rights under this Deed of Trust unless Lender does so in writing. The fact that Lender delays or omits to exercise any right will not mean that Lender has given up that right. If Lender does agree in writing to give up one of Lender's rights, that does not mean Grantor will not have to comply with the other provisions of this Deed of Trust. Grantor also understands that if Lender does consent to a request, that does not mean that Grantor will not have to get Lender's consent again if the situation happens again. Grantor further understands that just because Lender consents to one or more of Grantor's requests, that does not mean Lender will be required to consent to any of Grantor's future requests. Grantor waives presentment, demand for payment, protest, and notice of dishonor. Grantor waives all rights of exemption from execution or similar law in the Property, and Grantor agrees that the rights of Lender in the Property under this Deed of Trust are prior to Grantor's rights while this Deed of Trust remains in effect.

Severability. If a court finds that any provision of this Deed of Trust is not valid or should not be enforced, that fact by itself will not mean that the rest of this Deed of Trust will not be valid or enforced. Therefore, a court will enforce the rest of the provisions of this Deed of Trust even if a provision of this Deed of Trust may be found to be invalid or unenforceable.

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

Time is of the Essence. Time is of the essence in the performance of this Deed of Trust.

Waive Jury. All parties to this Deed of Trust hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by any party against any other party. (Initial Here )

Waiver of Homestead Exemption. Grantor hereby releases and waives all rights and benefits of the homestead exemption laws of the State of Idaho as to all indebtedness secured by this Deed of Trust.

DEFINITIONS. The following words shall have the following meanings when used in this Deed of Trust:

Beneficiary. The word "Beneficiary" means Idaho First Bank, and its successors and assigns.

Borrower. The word "Borrower" means MAJ-LE TATE BRIDGES and HAROLD A. BRIDGES and includes all co-signers and co-makers signing the Note and all their successors and assigns.

Deed of Trust. The words "Deed of Trust" mean this Deed of Trust among Grantor, Lender, and Trustee, and includes without limitation all assignment and security interest provisions relating to the Personal Property and Rents.

Environmental Laws. The words "Environmental Laws" mean any and all state, federal and local statutes, regulations and ordinances relating to the protection of human health or the environment, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 8901, et seq., or other applicable state or federal laws, rules, or regulations adopted pursuant thereto.

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

Grantor. The word "Grantor" means MAJ-LE TATE BRIDGES and HAROLD A. BRIDGES.

Guaranty. The word "Guaranty" means the guaranty from guarantor, endorser, surety, or accommodation party to Lender, including without limitation a guaranty of all or part of the Note.

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

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and petroleum by-products or any fraction thereof and asbestos.

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

Indebtedness. The word "Indebtedness" means all principal, interest, and other amounts, costs and expenses payable under the Note or Related Documents, together with all renewals of, extensions of, modifications of, consolidations of and substitutions for the Note or Related Documents and any amounts expended or advanced by Lender to discharge Grantor's obligations or expenses incurred by Trustee or Lender to enforce Grantor's obligations under this Deed of Trust, together with interest on such amounts as provided in this Deed of Trust.

Lease. The word "Lease" means the lease of the Property dated October 31, 2005, between STATE OF IDAHO, ACTING BY AND THROUGH THE STATE BOARD OF LAND COMMISSIONERS, Landlord and Grantor, which was recorded as follows: RECORDED IN ADA COUNTY, BOISE, IDAHO; INSTRUMENT #302253.

Lender. The word "Lender" means Idaho First Bank, its successors and assigns. The words "successors or assigns" mean any person or company that acquires any interest in the Note.

Note. The word "Note" means the promissory note dated September 21, 2006, in the original principal amount of \$1,500,000.00 from Grantor to Lender, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the promissory note or agreement. NOTICE TO GRANTOR: THE NOTE CONTAINS A VARIABLE INTEREST RATE.

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

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

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

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

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

Trustee. The word "Trustee" means AmeriTitle, whose address is 120 N. Main, Cascade, ID 83611 and any substitute or successor trustees.

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

GRANTOR:

x [Signature] MAJ-LE TATE BRIDGES

x [Signature] HAROLD A. BRIDGES

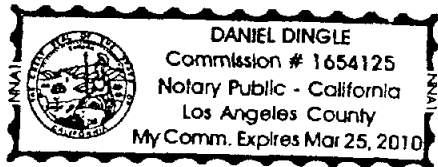
INDIVIDUAL ACKNOWLEDGMENT

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES)

On this 21st day of September, in the year 2006, before me BRIDGES, Wife and Husband, known or identified to me (or proved to me on the oath of ...), to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same

[Signature] California
My commission expires March 25, 2010

Residing at La Canada, California



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REQUEST FOR FULL RECONVEYANCE

(To be used only when obligations have been paid in full)

To: _____, Trustee

The undersigned is the legal owner and holder of all indebtedness secured by this Deed of Trust. All sums secured by this Deed of Trust have been fully paid and satisfied. You are hereby directed, upon payment to you of any sums owing to you under the terms of this Deed of Trust or pursuant to any applicable statute, to cancel the Note secured by this Deed of Trust (which is delivered to you together with this Deed of Trust), and to reconvey, without warranty, to the parties designated by the terms of this Deed of Trust, the estate now held by you under this Deed of Trust. Please mail the reconveyance and Related Documents to:

Date: _____

Beneficiary: _____

By: _____

Its: _____

EXHIBIT A

ALL THAT CERTAIN LOT, PIECE OR PARCEL OF LAND, SITUATE IN VALLEY COUNTY, IDAHO, AND SHOWN AS LOT 30, BLOCK 1 AMENDED PLAT PILGRIM COVE SUBDIVISION, A PLAT WHICH IS RECORDED IN THE OFFICE OF THE RECORDER OF VALLEY COUNTY, IDAHO, AND ADJACENT TAX #145 IN GL1 SECTION 3 TOWNSHIP 18 NORTH, RANGE 3 EAST BOISE MERIDIAN, VALLEY COUNTY, IDAHO. STATE LEASE NO. R-5040-8.

A PARCEL OF LAND SITUATED IN GOVERNMENT LOT 1 OF SECTION 3, T. 18 N. R. 3 E., B.M. VALLEY COUNTY, IDAHO MORE PARTICULARY DESCRIBED AS FOLLOWS;

COMMENCING AT A 3" BRASS CAP MARKING THE MEANDER CORNER OF PAYETTE LAKE COMMON TO SECTIONS 2 AND 3, T. 18 N., R 3 E., B.M., VALLEY COUNTY, IDAHO, ALSO MARKING THE NORTHEAST CORNER OF LOT 1-2-3, BLOCK 1 OF AMENDED PLAT FOR PILGRIM COVE SUBDIVISION, AS SHOWN ON THAT OFFICIAL PLAT THEREOF, ON FILE IN BOOK 8, PAGE 12 OF PLATS, IN THE OFFICE OF THE RECORDER OF VALLEY COUNTY, IDAHO; THENCE NORTH 40°56'57" WEST 1, 697.92 FEET TO A 2" ALUMINUM CAP MARKING THE EAST CORNER COMMON TO LOTS 29 AND 30, BLOCK 1 OF SAID SUBDIVISION, THE REAL POINT OF BEGINNING; THENCE NORTH 06°30'47" WEST 70.00 FEET TO A 2" ALUMINUM CAP MARKING THE EAST CORNER COMMON TO LOTS 30 AND 31, OF SAID SUBDIVISION; THENCE NORTH 89°20'40" EAST 47.18 FEET ALONG THE EXTENSION OF THE BOUNDARY COMMON TO SAID LOTS 30 AND 31, TO A 2" ALUMINUM CAP; THENCE CONTINUING NORTH 89°20'40" EAST 2.00 FEET, MORE OF LESS TO THE ORDINARY HIGH WATER MARK OF PAYETTE LAKE; THENCE SOUTH 05°27'59" WEST 71.65 FEET TO THE INTERSECTION OF THE ORDINARY HIGH WATER MARK OF PAYETTE LAKE WITH THE EXTENSION OF THE BOUNDARY COMMON TO SAID LOTS 29 AND 30; THENCE NORTH 87°58'39" WEST 2.00 FEET, MORE OR LESS ALONG SAID EXTENSION TO A 2" ALUMINUM CAP; THENCE CONTINUING NORTH 87°58'39" WEST 32.43 FEET ALONG SAID EXTENSION TO THE POINT OF BEGINNING.

BEARING BASED ON THE AMENDED PLAT OF PILGRIMS COVE SUBDIVISION.

Fredric V. Shoemaker
fshoemaker@greenerlaw.com
(208) 319-2600

ALFA® INTERNATIONAL
The Global Legal Network

May 29, 2015

Via Hand Delivery

RECEIVED

William Thomas
Thomas, Williams & Park, LLP
225 N. 9th Street, Suite 810
Boise, ID 83702

MAY 29 2015

THOMAS, WILLIAMS & PARK

Re: *Harold A. Bridges and May-le Tate Bridges Loan No. 11346
Property Located at 2087 John Alden Road, McCall, ID Secured by that Deed of Trust
Recorded September 22, 2006 as Instrument Number 313619, and Re-Recorded on February
29, 2008 as Instrument Number 329582, and Re-Recorded on March 29, 2011 as Instrument
Number 369388, and Re-Recorded on April 6, 2012 as Instrument Number 387914 all in the
Recorder's Office of Valley County, Idaho Encumbering the Real Property Associated with
the Foregoing Address and Legally Platted at the Time of Recording the Aforesaid Deeds of
Trust as Lot 30, Block 1 Amended Plat Pilgrim Cove Subdivision, and Currently Platted as
Lot 4, Block 4 State Subdivision – Cove Replat, Records of Valley County, Idaho
IDOL Lease No. R500040*

GBS File No. 19525-001

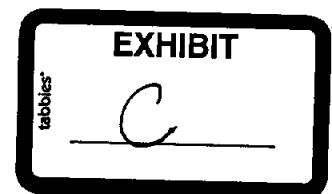
Dear Mr. Thomas:

As you know, I represent and write on behalf of Harold A. Bridges and May-le Tate Bridges, the borrowers under the subject loan and the owners and lessees of the cabin and cabin site above referenced on Payette Lake. This letter was initially addressed to and the delivery scheduled for Greg Lovell, but at his request, I am delivering it to you. I am sure you will promptly provide the enclosed material to him.

The Bridges regret that they are unable to continue to service the loan as presently structured and in order to mitigate any adverse consequences to Idaho First Bank (the "Bank") and any potential for a claim for deficiency by the Bank against them, they have assembled and are providing the information, documents and property identified below to assist the Bank in its efforts to protect its security.

Accompanying this letter is a two-page document entitled Bridges McCall Property / Important Information and Property Status which details the status of the dock, encroachment permit, service providers, utilities, status regarding homeowners association dues, insurance, the location of important manuals and instructions, and the garage door code so the Bank can readily access, secure and maintain the premises.

Although the Bridges are unable to fully perform and make the payments due under the loan they want to otherwise do everything reasonable and necessary to assist the Bank in marketing the property or taking other actions as may be necessary or appropriate to preserve the value of their cabin under the circumstances.



May 29, 2015

Page 2

To that end, and perhaps most importantly, they are prepared to immediately assign all their respective rights and interest and two important elements associated with the cabin, namely the lease with the Idaho Department of Lands ("IDOL"), and the encroachment permit, and associated dock that they constructed that adjoins the cabin site and the exclusive use of the cabin site owner.

Formally assigning the rights to the Bank will require an assignment of the encroachment permit and an assignment of the IDOL lease for the cabin site. We will prepare the appropriate assignment documents for the encroachment permit and the cabin lease, at the Bridges' expense, and pay the associated assignment fees (but not the lease payments) as soon as the Bank advises me of the name of the entity the Bank wants to use for the assignment. The name of the assignee has been left open because it's been my experience that many banks do not want to take an assignment of a lease, encroachment or similar rights, or even foreclose on a property, in the name of the bank that's the actual creditor. Regardless, whatever the Bank's preference is as to the name of the assignee, the Bridges will accommodate that and immediately begin preparing and processing the paperwork with the IDOL.

The Bridges believe these steps are very important because the value of the cabin, improvements and contents are substantially enhanced, and in fact can only practically be preserved, with a cabin site lease and encroachment permits in hand and available for any transferee of the Bank's interest. Therefore, please advise me of the Bank's direction at your earliest convenience.

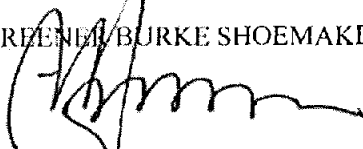
Please be further advised that the Bridges are prepared to execute and deliver to the Bank the appropriate and suitable form of deed in lieu of foreclosure and waiver of deficiency, in a form reasonably acceptable to the Bank.

Additionally, as to personal property, also enclosed is an inventory of personal property and photographs of the personal property that the Bridges have left on the property, with the photos documenting the existence and condition of the personal property and the condition of the interior of the cabin, as well as some exterior photographs, as of May 24, 2015. Although the personal property left in the cabin is not actually part of the Bank's security, it is being surrendered to the Bank with the expectation that it will enhance the value of the cabin for the Bank and any potential assignee.

If you, Mr. Lovell, or other Bank personnel have any questions regarding the subject or the condition of the property, please contact me. Thank you.

Very truly yours,

GREENER BURKE SHOEMAKER OBERRECHT P.A.



Fredric V. Shoemaker

FVS/lp

cc: Clients (w/enc.)

Enclosures

(770300)

Lela Pena

lpna@greenerlaw.com
(208) 319-2600

May 29, 2015

RECEIVED

JUN 01 2015

THOMAS, WILLIAMS & PARK

Via U.S. Mail, Certified Receipt Requested

William H. Thomas
Thomas, Williams & Park, LLP
121 N. 9th Street, Suite 300
P. O. Box 1776
Boise, ID 83701-2188

Re: *Harold A. Bridges and May-le Tate Bridges Loan No. 11346
Property Located at 2087 John Alden Road, McCall, ID Secured by that Deed of Trust
Recorded September 22, 2006 as Instrument Number 313619, and Re-Recorded on February
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Trust as Lot 30, Block 1 Amended Plat Pilgrim Cove Subdivision, and Currently Platted as
Lot 4, Block 4 State Subdivision – Cove Replat, Records of Valley County, Idaho
IDOL Lease No. R500040*

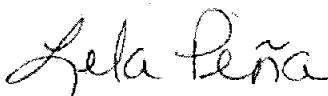
GBS File No. 19525-001

Dear Mr. Thomas:

Enclosed are two (2) keys and two (2) garage door remotes to the Bridges' cabin in McCall, Idaho.

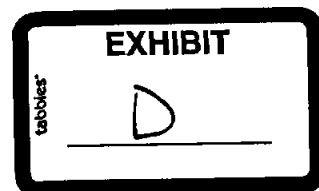
Very truly yours,

GREENER BURKE SHOEMAKER OBERRECHT P.A.



Lela Peña
Legal Assistant to Fredric V. Shoemaker

/lp
Enclosures
(770500)



Fredric V. Shoemaker
fshoemaker@greenerlaw.com
(208) 319-2600

ALFA® INTERNATIONAL
The Global Legal Network

June 2, 2015

RECEIVED

JUN 02 2015

THOMAS, WILLIAMS & PARK

Via Hand Delivery

William H. Thomas
Thomas, Williams & Park, LLP
121 N. 9th Street, Suite 300
P. O. Box 1776
Boise, ID 83701-2188

Re: *Harold A. Bridges and May-le Tate Bridges Loan No. 11346
Property Located at 2087 John Aiden Road, McCall, ID Secured by that Deed of Trust
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Trust as Lot 30, Block 1 Amended Plat Pilgrim Cove Subdivision, and Currently Platted as
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Lease No. R500040*

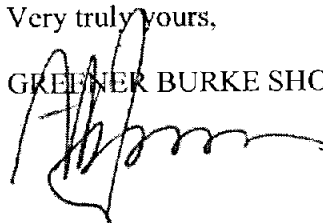
GBS File No. 19525-001

Dear Mr. Thomas:

Enclosed please find two encroachment permits from the State of Idaho which were inadvertently omitted from the documents delivered to you last Friday. The Bridges stand ready to assign these permits, with the assignments at their expense, upon the bank's selection of the appropriate assignee.

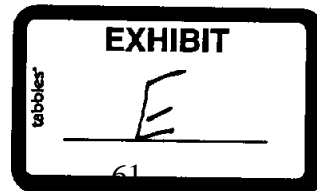
Very truly yours,

GREENER BURKE SHOEMAKER P.A.



Fredric V. Shoemaker

FVS/kg
Enclosures
(771058)



Fredric V. Shoemaker, ISB #1687
Loren K. Messerly, ISB #7434
GREENER BURKE SHOEMAKER OBERRECHT PA
950 W. Bannock Street, Suite 950
Boise, Idaho 83702
Tel: (208) 319-2600
Fax: (208) 319-2601
Email: fshoemaker@greenerlaw.com
lmesserly@greenerlaw.com

DOUGLAS A. MILLER, CLERK
By _____ Deputy

JAN 08 2016

Case No. _____ Inst. No. _____
Filed _____ A.M. _____ P.M.

Attorneys for Defendants

IN THE DISTRICT COURT OF THE FOURTH JUDICIAL DISTRICT OF THE
STATE OF IDAHO, IN AND FOR THE COUNTY OF VALLEY

IDAHO FIRST BANK,
Plaintiff,
vs.
MAJ-LE TATE BRIDGES and
HAROLD A. BRIDGES, individuals
Defendants.

Case No.: CV 2015-145C

**DEFENDANTS' ANSWER TO
SECOND AMENDED COMPLAINT**

COME NOW Defendants MAJ-LE TATE BRIDGES and HAROLD A. BRIDGES ("Bridges"), by and through their counsel of record, Greener Burke Shoemaker Oberrecht P.A., and responds to Plaintiff's (hereafter, "Plaintiff's" or "Bank's") Second Amended Complaint at follows:

GENERAL DENIAL

Defendants deny each and every allegation set forth in Plaintiff's Amended Complaint unless expressly and specifically admitted herein. All of the answers, admissions, denials, statements and objections herein are made jointly by Defendants, unless specifically indicated as being made separately and individually by Defendants. Further, each and every paragraph and

allegation contained in the Second Amended Complaint fails to state a claim upon which relief can be granted.

ANSWER

1. Defendants deny each and every allegation contained in Plaintiff's Second Amended Complaint not specifically admitted herein.

2. Defendants are without sufficient information to form a belief as to the truth of the allegations contained in paragraph 48, and therefore deny them.

3. Defendants admit the allegations of paragraphs 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 12, 13, 14, 15, 16, 19, 20, 21, 22, 25, 30, 32, 41, and 44 of Plaintiff's Second Amended Complaint.

4. With respect to paragraph 11, the Bank's Construction Deed of Trust ("Deed of Trust") referred to therein speaks for itself, but the Deed of Trust is inaccurately and only incompletely quoted in said paragraph 11 and is therefore misleading; the complete paragraph to which paragraph 11 refers is entitled CONVEYANCE AND GRANT and in fact states:

CONVEYANCE AND GRANT. For valuable consideration, Grantor does hereby irrevocably grant, bargain, sell and convey in trust, with power of sale, to Trustee for the benefit of Lender as Beneficiary, all of Grantor's right, title, and interest in, to and under the Lease described below of the following described real property, together with all existing or subsequently erected or affixed buildings, improvements and fixtures; all easements, rights of way and appurtenances; all water, water rights and ditch rights (including stock in utilities with ditch or irrigation rights); and all other rights, royalties, and profits relating to the real property, including without limitation any rights Grantor later acquires in the fee simple title t the land, subject to the Lease, and all minerals, oil, gas, geothermal and similar matters, (the "Real Property") located in VALLEY County, State of Idaho:

See EXHIBIT A, which is attached to this Deed of Trust and made a part of this Deed of Trust as if fully set forth herein.

The Real Property or its address is commonly known as 2087 John Alden Road, McCall, ID 83838.

Grantor presently assigns to Lender (also known as Beneficiary in this Deed of Trust) all of Grantor's right, title and interest in and to all present and future leases of the Property and all Rents from the Property. In addition, Grantor grants to Lender a Uniform Commercial Code security interest in the Personal Property and Rents.

References herein to Real Property are intended to have the same meaning and definition as the term "Real Property" has in the Bank's Deed of Trust.

5. With respect to paragraph 17, the Defendants admit that Personal Property is defined under the state lease signed in 2014 solely for the purposes of the Agreement between the Defendants and State Board of Land Commissioners. The balance of the state lease speaks for itself and on that basis, the Defendants neither admit nor deny the rest of the allegations contained in paragraph 17.

6. With respect to paragraph 18, Defendants deny same.

7. With respect to paragraph 23, the Defendants admit that Bank's counsel sent a letter on or about June 2, 2015; the letter speaks for itself and on that basis, the Defendants neither admit nor deny the rest of the allegations contained in paragraph 23.

8. With respect to paragraph 24, the Defendants admit that they were delivering the collateral to the Bank and allowed the Bank to market the Real Property and to pay for certain costs of the collateral to mitigate any damages the Bank might claim, including one lease payment of \$17,505.98. The amount actually paid by the Bank did not fully pay the lease obligation so on July 13, 2015, the Defendants paid the remaining balance of \$175.00 so that the lease did not go into default or be forfeited. The Defendants deny the rest of the allegations contained in paragraph 24.

9. With respect to paragraph 26, the Defendants state that the Appraisal speaks for itself and Defendants currently lack sufficient information to either confirm or deny the information contained within that document or the statements made in paragraph 26 of the Second Amended Complaint and on that basis deny the allegations contained in the remainder of paragraph 26.

10. With respect to paragraph 27, Defendants currently lack sufficient information to either confirm or deny the allegations contained therein, and therefore deny same.

11. With respect to paragraph 28, the Defendants admit that the terms of the two offers were as alleged in paragraph 28 at the time the Bank decided to suspend the bidding process, but affirmatively allege that the Bank failed to adopt a procedure that complied with the requirements of I.C. Section 45-1506, or otherwise follow a procedure that would assure that the Real Property was sold to the highest bidder, or at the highest price reasonably allowable, to include, without limitation, allowing the second bidder to respond or continue "bidding up" the price of the Property and therefore the Bank could not have accepted the highest bid possible. Therefore, the Defendants, on that basis, deny that the Bank accepted the highest offer.

12. With respect to paragraph 29, Defendants admit that they signed an "instrument assignment" for the state lease on the form provided by the state of Idaho at the Bank's request, but the assignment form was "open" and the assignee not designated. Defendants further affirmatively allege that at the request of the Bank and its title company, on or about September 15, 2015, they also signed and delivered to the title company a quit claim deed conveying "the leasehold estate" to the Bank.

13. With respect to paragraph 31 and 33, the Defendants deny that the deficiency, if any, is correctly calculated. Additionally, Defendants affirmatively allege that the attorneys fee request is not reasonable.

14. With respect to paragraph 34, Defendants hereby incorporate each and every statement set forth above.

15. With respect to paragraphs 35, 36, 37, 38, 39, and 40, the Defendants deny that the collateral sold was personal property and that Idaho Code §28-9-102 et seq. was applicable to the collateral or the sale of the collateral.

16. With respect to paragraph 42, the Defendants state that the Note speaks for itself. Defendants further deny the assertion that the attorneys' fees are reasonable.

17. With respect to paragraph 43, Defendants incorporate each and every statement set forth above.

18. With respect to paragraph 45, the Defendants incorporate their statements and responses set forth hereinabove in response to paragraph 29.

19. With respect to paragraph 46, the Defendants deny same and affirmatively allege the Bank received substantial benefits from the assignment of the Defendants' interest in the Real Property as demanded by the Bank.

20. With respect to paragraph 47, Defendants deny same and affirmatively allege that the fair market value of the Real Property exceeded the indebtedness claimed by the Bank as due it and further affirmatively allege that such fair market value exceeded all indebtedness on which the Bank has or may seek recovery.

21. With respect to paragraph 49, the Defendants deny that the attorneys fees are reasonable.

AFFIRMATIVE DEFENSES

FIRST AFFIRMATIVE DEFENSE

Property's Fair Market Value Equaled or Exceeded Debt

The fair market value of the Real Property at the date of sale was equal to or greater than any and all amounts due, or allegedly due the Bank, and therefore no deficiency is owed pursuant to I.C. §45-1512.

SECOND AFFIRMATIVE DEFENSE

Unconscionable Conduct

It would be unconscionable to permit the Bank to recover a deficiency judgment against Defendants, given its conduct.

THIRD AFFIRMATIVE DEFENSE

Implied Covenant of Good Faith and Fair Dealing

The Bank is barred from recovering any deficiency against Defendants because it violated the covenant of good faith and fair dealing implied in the contractual relationship between the Bank and the Defendants.

FOURTH AFFIRMATIVE DEFENSE

The Bank is barred from recovering any deficiency against Defendants because it failed to comply with the timing requirements set forth in I.C. Section 45-1512, requiring that any deficiency money judgment sought for any obligation for which a deed of trust is given as security be filed within three (3) months of the date of sale.

FIFTH AFFIRMATIVE DEFENSE

The Bank is barred from enforcing any and all obligations due, or allegedly due the Bank, for which the Bank has or may seek recovery, being obligations secured by the Deed of Trust, because the Bank's marketing and bidding procedures did not assure that the sale price of the Real Property was the highest possible.

RULE 11 STATEMENT

Defendants have considered and believe that they may have additional defenses, but do not have enough information at this time to assert such additional defenses under Rule 11 of the Idaho Rules of Civil Procedure. Defendants do not intend to waive any such defenses and specifically assert their intention to amend this Answer if, pending research and after discovery, facts come to light giving rise to such additional defenses.

ATTORNEYS' FEES

Defendants have been forced to retain attorneys, and have incurred and will continue to incur, attorneys' fees and costs in defending this action. Defendants are potentially entitled to recover from Plaintiff their costs and reasonable attorneys' fees pursuant to Idaho Code §§ 12-120(3), as the Plaintiff seeks recovery under a "note", 12-121, I.R.C.P. Rule 54, and/or other applicable Idaho statute.

PRAYER

WHEREFORE, Defendants pray that:


1. Plaintiff take nothing by way of their Complaint against Defendants;
2. The Court award judgment in favor of Defendants;

3. The Court dismiss Plaintiff's Complaint with prejudice and award Defendants their costs and attorney's fees; and

4. For such other and further relief as may be deemed just and proper.

DATED this 8th day of January, 2016.

GREENER BURKE SHOEMAKER OBERRECHT PA

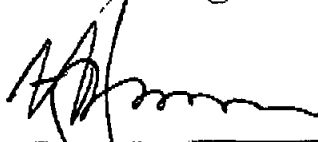
By: 
Fredric V. Shoemaker
Loren K. Messerly
Attorneys for Defendants

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 8th day of January, 2016, a true and correct copy of the within and foregoing instrument was served upon:

William H. Thomas
Daniel E. Williams
THOMAS, WILLIAMS & PARK, LLP
121 N. 9th Street, Suite 300
P.O. Box 1776
Boise, ID 83701-1776

- U.S. Mail
- Facsimile: 345-7891
- Hand Delivery
- Overnight Delivery
- Email: danw@thomaswilliamsllp.com
wmthomas@thomaswilliamsllp.com


Fredric V. Shoemaker
Loren K. Messerly

ORIGINAL

DOUGLAS A. MILLER, CLERK
By John Deputy
JAN 21 2016

Fredric V. Shoemaker, ISB #1687
Loren K. Messerly, ISB #7434
GREENER BURKE SHOEMAKER OBERRECHT PA
950 W. Bannock Street, Suite 950
Boise, Idaho 83702
Tel: (208) 319-2600
Fax: (208) 319-2601
Email: fshoemaker@greenerlaw.com
lmesserly@greenerlaw.com

Case No. _____ Inst. No. _____
Filed _____ A.M. 5:00 P.M.

Attorneys for Defendants

IN THE DISTRICT COURT OF THE FOURTH JUDICIAL DISTRICT OF THE
STATE OF IDAHO, IN AND FOR THE COUNTY OF VALLEY

IDAHO FIRST BANK,
Plaintiff,

vs.

MAJ-LE TATE BRIDGES and
HAROLD A. BRIDGES, individuals
Defendants.

Case No.: CV 2015-145C

**DECLARATION OF MAJ-LE
BRIDGES IN SUPPORT OF MOTION
FOR SUMMARY JUDGMENT**

I, Maj-le Bridges, in compliance with I.C. § 9-1406, declare under penalty of perjury pursuant to the laws of the State of Idaho that the following is true and correct:

1. I am one of the Defendants in this action and make this declaration based on my own personal knowledge.
2. My spouse and I, the Defendants in this action, are both practicing attorneys. I have been a practicing attorney since 1995. I have long understood legal terms like real property, leasehold, collateral, personal property, deed of trust or mortgage, foreclosure, Idaho's security first rule and deficiency statutes, and real property improvements.

ORIGINAL

3. From October 3, 2005 through September 15, 2015, my spouse and I were the owners of a leasehold interest in property located at 2087 John Alden Road, McCall, Idaho (the “Property”). The Property is located adjacent to Payette Lake. The Lease is with the Idaho Department of Lands, as agent for the State of Idaho, the owner of the Property.

4. We initially took assignment of the Lease from David and Deborah Edson on October 3, 2005. *See* Exhibit A attached to the Declaration of Harold A. “Drew” Bridges filed concurrently herewith.

5. We acquired the leasehold interest with the intent to build our dream lake-side vacation home/cabin.

6. The 2001-10 Lease uses the defined terms “improvement(s)” or “residence” to refer to permanent or mostly permanent structures built on the Property. The 2001-10 Lease does not use the term “personal property” to refer to any structures, buildings, homes, or other permanent or mostly permanent structures on the Property. Instead, the 2001-10 Lease repeatedly and consistently refers to these permanent or mostly permanent structures or buildings as “improvements” to the real property. The definitions in the 2001-10 Lease were not negotiated. The 2001-10 Lease that we signed is a document that was drafted by the State of Idaho Department of Lands and provided to us as non-negotiable.

7. It has always been my understanding that a home or building constructed on the real property becomes a part of the real property and is treated legally as real property. The language of the 2001-10 Lease appeared to be consistent with that understanding.

8. Nothing was ever discussed with the State of Idaho Department of Lands regarding how the leasehold or our planned cabin improvements would be characterized for

purposes of any future loan or collateral. However, the 2001-10 Lease certainly referred exclusively to Mortgage/Deeds of Trust interests. I certainly understood that we were obtaining a real property ownership in the leasehold and in any cabin or other improvements that we constructed on the Property.

9. On or about September 21, 2006, my spouse and I obtained a \$1.5 million construction loan from Idaho First Bank ("IFB"). In return for the loan, we signed the Promissory Note attached to the Complaint filed by Plaintiff in this matter. In addition, we signed a Construction Deed of Trust that placed a lien on the leasehold interest we had in the Property and on any buildings or improvements that we put on the real property, including the cabin that we were building with the construction loan. Again, the language of the Construction Deed of Trust was consistent with my understanding that we were giving a real property security interest in the leasehold and cabin improvements.

10. The Construction Deed of Trust was recorded in the real property records of Valley County on September 22, 2006, Instrument No. 313619. In compliance with the 2001-10 Lease, we were authorized by the State of Idaho Department of Lands in placing the Construction Deed of Trust on our interests in the Property. The State of Idaho Department of Lands specifically agreed to have the 5,000 square foot cabin affixed to their real property. *See* Exhibit B attached to the Declaration of Harold A. "Drew" Bridges filed concurrently herewith.

11. It was always my understanding, both from the plain language of the Construction Deed of Trust and from my legal background, that the Construction Deed of Trust created a real property lien interest in the leasehold and subsequent cabin improvements. I cannot recall any conversation with IFB about granting a security interest in the cabin improvements as personal

property collateral, nor do I recall any discussion of any UCC being filed to perfect any security interest in personal property.

12. I was aware that I had certain protections as the borrower under a deed of trust. I was aware of Idaho's security-first statute that required IFB to sell the collateral first to pay off any remaining debt obligation. I was also aware of Idaho's deficiency statute that ensured our debt secured by a deed of trust would be reduced by the fair market value of the collateral and any deficiency claim would have to be raised within a limited, short period.

13. We used the construction loan to build a new cabin on the real property. We chose the specifications of the cabin: its size, dimensions, materials, location, design, colors, and shape. The cabin is on a cement foundation that is embedded in the ground. The cabin was designed, built, and shaped to match the slope, topography, size, and orientation of the Property. The cabin is approximately 5,000 square feet and its size and location was purposeful to match the lot where it was built. The materials, colors and design used for the cabin were specifically chosen to match with the surrounding environment and surrounding cabins on the shores of Payette Lake. The cabin was built to be permanent and affixed to the land and to be a vacation residence for us and our family and friends. The construction of the cabin did not include any contingency planning for the future removal or transport of the cabin to a different property. See Exhibit C attached to the Declaration of Harold A. "Drew" Bridges filed concurrently herewith.

14. I never contemplated that our approximately 5,000 square foot cabin that my spouse and I spent almost \$2 million to build would ever be removed from the Property. I have never investigated how or if moving the cabin could be accomplished or what the cost would be

because it was never even considered. From what I know of its construction, how it was designed to match the slope and specifics of the Property, I cannot imagine that the cabin could be moved to a different property without destroying or significantly compromising it and/or without exorbitant cost.

15. I understood that all of our leases indicated that the State of Idaho had the right to remove the cabin if we broke our lease but I never believed that the State of Idaho would ever want or try to do that. Rather, I understood that language was boilerplate in their standard lease, and if anything, it just gave the State of Idaho the leverage to keep us paying our lease payments. My understanding was that the State of Idaho had every financial incentive to want that cabin improvement to be permanently affixed to their real property. The recent sale of the cabin has confirmed that it has at least \$1.2 million in value separate and apart from the underlying real property and all of that value would be wasted if the cabin were removed.

16. There were no other liens on the leasehold and cabin with priority over the Construction Deed of Trust.

17. Our 2001-10 Lease was renewed several times and each time we signed the form of the new lease drafted and provided by the State of Idaho Department of Lands. It appears that the most recent lease that we signed, for the period of January 1, 2014 through December 31, 2022, contained new terminology regarding buildings or structures on the Property. This most recent lease now referred to those structures as “personal property”. This change in terminology was not discussed with the State of Idaho Department of Lands and it was not clear to me why they made the change in their terminology. The change in terminology

was also never discussed with IFB and I am not sure when IFB first became aware of the change.

18. I never discussed, contemplated, or intended that this change in terminology in a non-negotiable lease with the State of Idaho signed in 2014 would somehow change or impact the meaning of the Construction Deed of Trust that we had signed with IFB back in 2006. I never discussed, contemplated, or intended that this change in terminology in a lease between my spouse and I and the State of Idaho would somehow impact a separate debt and collateral agreement that we had with IFB. I never discussed, contemplated, or intended that the change in terminology required by the State of Idaho in its lease would somehow turn our cabin improvement from real property collateral into personal property collateral or remove the cabin collateral from the protections of Idaho's security first or deficiency statutes.

19. Ultimately, in May of 2015, we defaulted on the Note. We then worked to assist IFB in taking possession of the cabin and leasehold so that those assets could be sold as quickly, efficiently, and successfully as possible and hopefully fully eliminate the debt owed to IFB under the Note.

20. On June 19, 2015, I was surprised when IFB filed its initial Complaint seeking a money judgment against us rather than first selling the leasehold and cabin. I still had never heard anything from IFB suggesting that IFB believed it could treat our cabin as personal property collateral rather than real property collateral.

21. I subsequently learned that IFB was claiming that the document we signed in 2014 with the State of Idaho had allowed IFB to characterize its Construction Deed of Trust as creating only a personal property lien in our cabin and not a real property lien, such that IFB

could ignore the security-first rule. I could not believe that IFB was making this argument, something it had never once mentioned to us in the nine years of our lender-borrower relationship under the Construction Deed of Trust.

22. My spouse and I expended thousands in attorneys' fees litigating this after-the-fact, invented argument that was raised by IFB for the first time in June of 2015. These were attorneys' fees we should never have had to expend because Idaho's security-first rule was supposed to protect us from any such litigation until after the collateral had been sold.

23. Fortunately, our efforts and IFB's efforts to sell the leasehold and cabin were successful. In August (just 3 months after our default), I learned that two separate offers had been made to purchase the leasehold and cabin, including an offer from a prospective buyer that we had referred to IFB.

24. Ultimately, IFB informed us that it had accepted an offer to purchase the cabin for \$1,200,088.00. I believed this offer was below the fair market value for the cabin that we had built with a construction loan of \$1.5 million. However, we moved forward with the sale and made sure that IFB was on notice that this sale was only agreeable because we would be seeking protections against any deficiency balance pursuant to I.C. § 45-1512. We had our counsel send IFB's counsel a letter dated August 24, 2015 stating:

As we have stated in our pleadings with the Court, this lease and cabin can only be sold pursuant to the Deed of Trust that granted the bank its security interest in the real property leasehold interest and its improvements. By agreement, we have allowed you to pursue a sale of those real property rights without following the strict procedure to foreclose the Deed of Trust through a judicial or nonjudicial foreclosure. Such agreement has minimized the costs for all parties. However, as previously indicated, by agreeing to this voluntary sale of the real property collateral, the Bridges have not agreed to waive their protections under Idaho's deed of trust

statutes, particularly the protections under I.C. § 45-1512 regarding any claimed deficiency. This is a “sale under a deed of trust” pursuant to § 45-1512 and the Bridges have not agreed to any other type of sale of their real property interests.

25. We cooperated with IFB in signing all documents necessary for the transfer of our leasehold interest and our ownership in the cabin. IFB informed us that the closing and transfer of the real property collateral occurred on September 15, 2015. See Exhibits E, F, and G attached to the Declaration of Harold A. “Drew” Bridges filed concurrently herewith.

DATED this 20th day of January, 2016.



Maj-le Bridges

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 20th day of January, 2016, a true and correct copy of the within and foregoing instrument was served upon:

William H. Thomas
Daniel E. Williams
THOMAS, WILLIAMS & PARK, LLP
225 N. 9th Street, Suite 810
P.O. Box 1776
Boise, ID 83701-1776

- U.S. Mail
- Facsimile: 345-7894
- Hand Delivery
- Overnight Delivery
- Email: danw@thomaswilliamslaw.com
wmthomas@thomaswilliamslaw.com



Fredric V. Shoemaker
Loren K. Messerly

ORIGINAL

Fredric V. Shoemaker, ISB #1687
Loren K. Messerly, ISB #7434
GREENER BURKE SHOEMAKER OBERRECHT PA
950 W. Bannock Street, Suite 950
Boise, Idaho 83702
Tel: (208) 319-2600
Fax: (208) 319-2601
Email: fshoemaker@greenerlaw.com
lmesserly@greenerlaw.com

DOUGLAS A. MILLER, CLERK
By John Deputy
JAN 21 2016
Case No. _____ Inst. No. _____
Filed _____ A.M. 5:00 PM

Attorneys for Defendants

IN THE DISTRICT COURT OF THE FOURTH JUDICIAL DISTRICT OF THE
STATE OF IDAHO, IN AND FOR THE COUNTY OF VALLEY

IDAHO FIRST BANK,

Plaintiff,

vs.

MAJ-LE TATE BRIDGES and
HAROLD A. BRIDGES, individuals

Defendants.

Case No.: CV 2015-145C

**DECLARATION OF HAROLD A.
“DREW” BRIDGES IN SUPPORT OF
MOTION FOR SUMMARY
JUDGMENT**

I, Harold A. “Drew” Bridges, in compliance with I.C. § 9-1406, declare under penalty of perjury pursuant to the laws of the State of Idaho that the following is true and correct:

1. I am one of the Defendants in this action and make this declaration based on my own personal knowledge.
2. My spouse and I, the Defendants in this action, are both practicing attorneys. I have been a practicing attorney since December 1980. I have long understood legal terms like real property, leasehold, collateral, personal property, deed of trust or mortgage, foreclosure, Idaho’s security first rule and deficiency statutes, and real property improvements.

**DECLARATION OF HAROLD A. “DREW” BRIDGES IN SUPPORT OF MOTION FOR SUMMARY
JUDGMENT - 1**

3. From October 3, 2005 through September 15, 2015, my spouse and I were the owners of a leasehold interest in property located at 2087 John Alden Road, McCall, Idaho (the “Property”). The Property adjoins and has 72 feet of frontage on Payette Lake. The Lease is with the Idaho Department of Lands, as agent for the State of Idaho, the owner of the Property.

4. We initially took assignment of the Lease from David and Deborah Edson on October 3, 2005. Attached as **Exhibit A** are the assignment documents which include a complete copy of the Lease that was in force from January 1, 2001 through December 31, 2010 (the “2001-10 Lease”).

5. We acquired the leasehold interest with the intent to build our dream, lake-side, vacation home/cabin.

6. The 2001-10 Lease uses the defined terms “improvement(s)” or “residence” to refer to permanent or mostly permanent structures built on the Property. The 2001-10 Lease does not use the term “personal property” to refer to any structures, buildings, homes, or other permanent or mostly permanent structures on the Property. Instead, the 2001-10 Lease repeatedly and consistently refers to these permanent or mostly permanent structures or buildings as “improvements” to the real property. The definitions in the 2001-10 Lease were not negotiated. The 2001-10 Lease that we signed is a document that was drafted by the State of Idaho Department of Lands and provided to us as non-negotiable.

7. It has always been my understanding that a home or building constructed on the real property becomes a part of the real property and is treated legally as real property. The language of the 2001-10 Lease appeared to be consistent with that understanding.

8. Nothing was ever discussed with the State of Idaho Department of Lands regarding how the leasehold or our planned cabin improvements would be characterized for purposes of any future loan or collateral. However, the 2001-10 Lease referred exclusively to Mortgage/Deeds of Trust interests. I certainly understood that we were obtaining a real property ownership in the leasehold and in any cabin or other improvements that we constructed on the Property.

9. On or about September 21, 2006, my spouse and I obtained a \$1.5 million construction loan from Idaho First Bank ("IFB"). In return for the loan, we signed the Promissory Note "Note" attached to the Complaint filed by Plaintiff in this matter. In addition, we signed a Construction Deed of Trust that placed a lien on the leasehold interest we had in Property and on any buildings or improvements that we put on the real property, including the cabin that we were building with the construction loan. Again, the language of the Construction Deed of Trust was consistent with my understanding that we were giving a real property security interest in the leasehold and cabin improvements.

10. The Construction Deed of Trust was recorded in the real property records of Valley County on September 22, 2006, Instrument No. 313619. Attached as **Exhibit B** is a true and correct copy of the Construction Deed of Trust. In compliance with the 2001-10 Lease, we were authorized by the State of Idaho Department of Lands in placing the Construction Deed of Trust on our interests in the Property. The State of Idaho Department of Lands specifically agreed to have the approximate 5,000 square foot cabin affixed to their real property.

11. It was always my understanding, both from the plain language of the Construction Deed of Trust and from my legal background, that the Construction Deed of Trust created a real

property lien interest in the leasehold and subsequent cabin improvements. We never had any conversation with IFB about granting a security interest in the cabin improvements as personal property collateral, nor was there any discussion of any UCC financing statement being requested or filed to perfect any security interest in personal property. Further, my wife and I never signed any UCC financing statement in connection with obtaining the construction loan.

12. I was aware that I had certain protections as the borrower under a deed of trust. I was aware of Idaho's security-first statute that required IFB to sell the collateral first to pay off any remaining debt obligation. I was also aware of Idaho's deficiency statute that ensured our debt secured by a deed of trust would be reduced by the fair market value of the collateral and any deficiency claim would have to be raised within a specific, short period.

13. We used the construction loan to build a cabin on the real property. We, along with our architect, designed the cabin, chose the specifications of the cabin: its size, dimensions, materials, location, design, colors, and shape. The cabin is constructed on a cement foundation that is embedded into the slope of the ground. The cabin was designed, built, and shaped to match the slope, topography, size, and orientation of the Property. The cabin is approximately 5,000 square feet and its size and location was purposeful to match the lot where it was built. The materials, colors and design used for the cabin were specifically chosen to match with the surrounding environment and surrounding cabins on the shores of Payette Lake. The cabin was built to be permanent and affixed to the land and to be a vacation residence for us and our family and friends. The construction of the cabin did not include any contingency planning for the future removal or transport of the cabin to a different property. Attached as **Exhibit C** is a recent appraisal of the cabin that details its specifics.

14. I never contemplated that our 5,079 square foot, \$1.9 million cabin would ever be removed from the Property. I have never investigated how or if moving the cabin could be accomplished or what the cost would be because it was never even considered. It's built into the hillside that exists lake-side at this location and I don't believe that the cabin could be moved to a different property without destroying or significantly compromising it and/or without exorbitant cost.

15. I understood that all of our leases indicated that the State of Idaho had the right to remove the cabin if we broke our lease but I never believed that the State of Idaho would ever want or try to do that. Our cabin was featured on the cover and within McCall Magazine. Rather, I understood that language was boilerplate in their standard lease and, if anything, it just gave the State of Idaho the leverage to keep us paying our lease payments. My understanding was that the State of Idaho had every financial incentive to want that cabin improvement to be permanently affixed to their real property. The recent sale of the cabin has confirmed that it has a bare minimum of \$1.2 million in value separate and apart from the underlying real property and all of that value would be wasted if the cabin were removed.

16. There were no other liens on the leasehold and cabin over the Construction Deed of Trust.

17. Our 2001-10 Lease was renewed several times and each time we had no choice but to sign the form of the new lease drafted and provided by the State of Idaho Department of Lands. Accordingly, we did so. It appears that the most recent lease that we signed, for the period of January 1, 2014 through December 31, 2022, contained new terminology regarding buildings or structures on the Property. This most recent lease now referred to those structures

as “personal property”. This change in terminology was not discussed with the State of Idaho Department of Lands and it was not clear to me why they made the change in their terminology. The change in terminology was also never discussed with IFB and I am not sure when IFB first became aware of the change.

18. I never discussed, contemplated, or intended that this change in terminology in a non-negotiable lease with the State of Idaho signed in 2014 would somehow change or impact the meaning of the Construction Deed of Trust that we had signed with IFB back in 2006. I never discussed, contemplated, or intended that this change in terminology in a lease between my spouse and I and the State of Idaho would somehow impact a separate debt and collateral agreement that we had with IFB. I never discussed, contemplated, or intended that the change in terminology required by the State of Idaho in its lease would somehow turn our cabin improvement from real property collateral into personal property collateral or remove the cabin collateral from the protections of Idaho’s security first or deficiency statutes.

19. Ultimately, in May of 2015, we defaulted on the Note. We then worked to assist IFB in taking possession of the cabin and leasehold so that those assets could be sold as quickly, efficiently, and successfully as possible and hopefully fully eliminate the debt owed to IFB under the Note. We sent IFB a letter indicating as much. *See Exhibit D*, a true and correct copy of the letter dated May 29, 2015.

20. On June 19, 2015, I was surprised when IFB filed its initial Complaint seeking a money judgment against us rather than first selling the leasehold and cabin. I still had never heard anything from IFB suggesting that IFB believed it could treat our cabin as personal property collateral rather than real property collateral.

21. I subsequently learned that IFB was claiming that the document we signed in 2014 with the State of Idaho had allowed IFB to re-characterize its 2006 Construction Deed of Trust as creating only a personal property lien in our cabin and not a real property lien, such that IFB could ignore the security-first rule. I could not believe that IFB was making this contention, something it had never once mentioned to us in the nine years of our lender-borrower relationship under the Construction Deed of Trust.

22. My spouse and I expended thousands in attorneys' fees litigating this after-the-fact, invented contention that was raised by IFB for the first time in June of 2015. These were attorneys' fees we should never have had to expend because Idaho's security-first rule was supposed to protect us from any such litigation until after the collateral had been sold.

23. Fortunately, our efforts and IFB's efforts to sell the leasehold and cabin were successful. In August 2015 (just 3 months after our default), I learned that two separate offers had been made to purchase the leasehold and cabin, including an offer from a prospective buyer that we had referred to IFB months prior to our default.

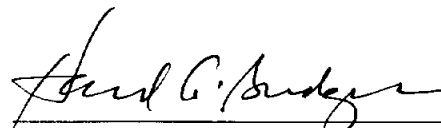
24. Ultimately, IFB informed us that it had accepted an offer to purchase the cabin for \$1,200,088.00. Attached as **Exhibit E** is a true and correct copy of the purchase and sale agreement as provided to my counsel by IFB. I believed then, and currently believe, this offer was below the fair market value for the cabin that we had built with our own personal funds and a construction loan of \$1.5 million. However, we moved forward with the sale and made sure that IFB was on notice that this sale was only agreeable because we would be seeking protections against any deficiency balance pursuant to I.C. § 45-1512. We had our counsel send IFB's counsel a letter dated August 24, 2015 stating:

As we have stated in our pleadings with the Court, this lease and cabin can only be sold pursuant to the Deed of Trust that granted the bank its security interest in the real property leasehold interest and its improvements. By agreement, we have allowed you to pursue a sale of those real property rights without following the strict procedure to foreclose the Deed of Trust through a judicial or nonjudicial foreclosure. Such agreement has minimized the costs for all parties. However, as previously indicated, by agreeing to this voluntary sale of the real property collateral, the Bridges have not agreed to waive their protections under Idaho's deed of trust statutes, particularly the protections under I.C. § 45-1512 regarding any claimed deficiency. This is a "sale under a deed of trust" pursuant to § 45-1512 and the Bridges have not agreed to any other type of sale of their real property interests.

Attached as **Exhibit F** is a true and correct copy of this letter.

25. We cooperated with IFB in signing all documents necessary for the transfer of our leasehold interest and our ownership in the cabin. IFB informed us that the closing and transfer of the real property collateral occurred on September 15, 2015. Attached as **Exhibit G** is a true and correct copy of the closing statement that IFB provided to us. Attached as **Exhibit H** are true and correct copies of the Quitclaim Deed and Assignment.

DATED this 20th day of January, 2016.



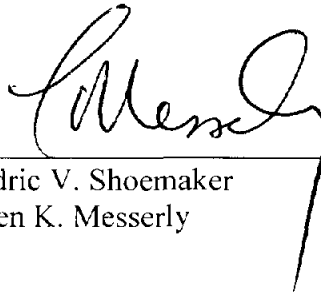
Harold "Drew" A. Bridges

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 20th day of January, 2016, a true and correct copy of the within and foregoing instrument was served upon:

William H. Thomas
Daniel E. Williams
THOMAS, WILLIAMS & PARK, LLP
225 N. 9th Street, Suite 810
P.O. Box 1776
Boise, ID 83701-1776

- U.S. Mail
- Facsimile: 345-7894
- Hand Delivery
- Overnight Delivery
- Email: danw@thomaswilliamslaw.com
wmthomas@thomaswilliamslaw.com



Fredric V. Shoemaker
Loren K. Messerly

IDAHO DEPARTMENT OF LANDS
APPLICATION FOR ASSIGNMENT OF COTTAGE SITE LEASE

ASSIGNMENT BY LESSEE/ASSIGNOR:

For and in consideration of 840,030.00 (dollars) paid for the lease, and 32,470.00 (dollars) paid for improvements, the receipt of which is hereby acknowledged, I, do hereby sell, assign and transfer unto (insert name of person(s) who will be receiving title to the lease):

MAJ-LE TATE BRIDGES AND HAROLD A. BRIDGES
whose address is 3905 Chapman Ct. Altadena, CA 91001
STREET CITY STATE ZIP CODE

all of my right, title and interest in and to State of Idaho Lease No. R-5040-8 and any renewals thereof, so far as the same relates to the following land (insert "legal" description of the property; township, range, lot #, etc):
Lot 30, Block 1, Amended Plat Pilgrim Cove Subdivision and adjacent Tax #145 Gov't Lt 1

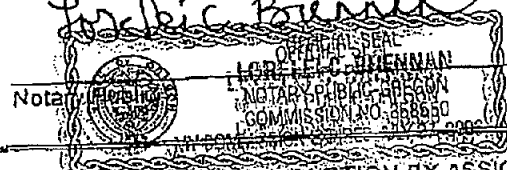
A description and location of any improvements included in this transaction is attached hereto. I hereby swear and affirm that the consideration stated herein is the full and complete amount of consideration paid by the assignees to the assignors, and that no additional payment has been or will be made.

WITNESS my hand this 12th day of October, 2005

David M. Edson
(SIGNATURE OF ASSIGNOR)
David M. Edson
STATE OF Oregon

Deborah J. Edson
(SIGNATURE OF ASSIGNOR)
Deborah J. Edson
COUNTY OF Multnomah

On this 12 day of October of the year 2005, before me, a Notary Public in and for said state, personally appeared David E. & Deborah J. Edson known to me to be the lessee(s) that executed the within instrument, and acknowledged to me that they executed the same.



Oregon
Residence

July 27, 2006
Commission expires

ACCEPTANCE AND ASSUMPTION BY ASSIGNEE:

The undersigned, as ASSIGNEE above named, assumes and accepts the obligations and conditions of the above-described State of Idaho Lease and separately covenants with the State of Idaho that they will abide thereby during tenure. Further I do hereby swear and affirm that the sum of \$ 872,500.00 is the full and complete amount of consideration paid by us to the assignors herein, and that no additional payment has been or will be made.

WITNESS my hand this 3rd day of OCTOBER, 2005

Majle Tate Bridges
(SIGNATURE OF ASSIGNEE)
MAJ-LE TATE BRIDGES
STATE OF CALIFORNIA

Harold A. Bridges
(SIGNATURE OF ASSIGNEE)
HAROLD A. BRIDGES
COUNTY OF LOS ANGELES

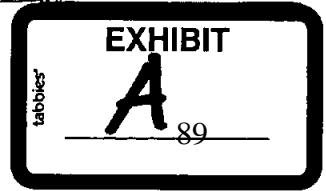
On this 3rd day of OCTOBER in the year 2005 before me, a Notary Public in and for said State, personally appeared MAJLE TATE BRIDGES AND HAROLD A. BRIDGES known to me to be the new lessee(s) that executed the within instrument, and acknowledged to me that they executed the same.

[Signature]
Notary Public

1756 LAWRENCE STREET
Residence MULTNOMAH

APRIL 21, 2007
Commission Expires

Recorded at Department of Lands this 31 day of October, 2005





COTTAGE / RESIDENCE SITE LEASE

This DAVID M & DEBORAH J EDSON copy of this document of which is on file with the Idaho Department of Lands (IDL).

Renée S. Hale 23 Nov 2005 IDL Representative Date

ASSIGNED: MAJ-LE TATE BRIDGES & HAROLD A. BRIDGES ADDRESS: 3905 Chapman Court Altadena, CA 91001

RECORDED: October 31, 2005

This lease agreement is made and entered into by and between the State of Idaho, acting by and through the State Board of Land Commissioners (LESSOR) and DAVID M & DEBORAH J EDSON, 649 N MORNINGSIDE WAY, BOISE, ID 83712 (LESSEE), collectively referred to herein as the "Parties." In consideration of the mutual covenants and conditions contained herein, the Parties agree as follows:

This lease shall commence JANUARY 1, 2001, and terminate DECEMBER 31, 2010, unless terminated earlier as provided in this lease.

The LESSOR does hereby lease and demise unto the LESSEE, at the rate and for the use specified herein, the lands described as follows (hereinafter referred to as the "leased premises"): T18N, R3E, Section 3, Lot 30, Block 1, Pilgrim Cove AP, Valley County.

In consideration of the foregoing, the covenants, restrictions and conditions in the attached, herein incorporated by reference as Attachment A, are hereby agreed to by LESSEE and LESSOR.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be duly executed the day and year first above written.

IDAHO STATE BOARD OF LAND COMMISSIONERS

Pete T. Cenarrusa, Secretary of State

Winston A. Wiggins, Acting Director, Idaho Department of Lands



Instrument # 322058

VALLEY COUNTY, CASCADE, IDAHO 2007-06-05 02:39:19 No. of Pages: 19 Recorded for: AMERITITLE ARCHIE N. BANBURY Ex-Officio Recorder Deputy Fee: 57.00

STATE OF IDAHO, COUNTY OF ADA

On this 27 day of April in the year 2007, before me, a Notary Public in and for said State, personally appeared Dirk Kempthorne, known to me to be the President of the Idaho State Board of Land Commissioners and the Governor of the State of Idaho; and Pete T. Cenarrusa, known to me to be the Secretary of the State of Idaho and Winston A. Wiggins, known to me to be the Acting Director, Department of Lands, that executed the within instrument, and acknowledged to me that the State Board of Land Commissioners of the State of Idaho and the State of Idaho executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year last above written.

Jesse Moore, Notary Public

Boise, Residence

Commission Expires 4-2001

LESSEE AND NOTARY SIGNATURES

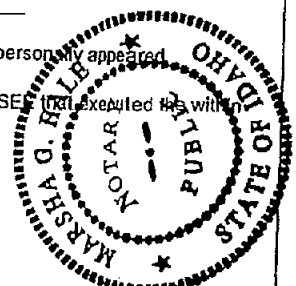
David M Edson (LESSEE) Deborah Edson (LESSEE) STATE OF Idaho COUNTY OF Ada

On this 17 day of April in the year 2001, before me, a Notary Public in and for said State, personally appeared David M & Deborah Edson, known to me to be the LESSEE that executed the within instrument, and acknowledged to me that they executed same.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day and year last above written.

Marsha G. Hale Boise, ID Notary Public Residence

1/2/07 Commission Expires



STATE OF IDAHO
Department Of Lands
RESIDENCE SITE LEASE
ATTACHMENT A

A. DEFINITIONS

- 1.1 **Definitions.** For purposes of this lease, the following definitions shall apply:
- 1.1.a. The word "abandonment" shall mean the relinquishing of all interests in property including, but not limited to, real property, improvements, fixtures, or personal property with no intention to reclaim or reuse.
 - 1.1.b. The phrase "approved improvements" shall mean those improvements that have been erected with the consent of the State Board of Land Commissioners and such other agencies or departments of the State of Idaho as are required to give consent hereunder. Non-approved improvements in existence at the time of execution of this lease that otherwise would be permitted by LESSOR, shall be treated as approved improvements under this Lease.
 - 1.1.c. The phrase "assessed value" shall mean the value of a property according to the tax roles in ad valorem taxation.
 - 1.1.d. The word "commercial" shall mean any use of the premises for profit including, but not limited to, rental of the premises to third parties for more than fourteen (14) days a year, and any rental through a management company or service.
 - 1.1.e. The word "improvement(s)" shall mean buildings or other relatively permanent structures, additions, or developments located on, or attached to, the leased premises including, but not limited to, buildings, garages, fences, sheds, homes, driveways and decks.
 - 1.1.f. The phrase "leased premises" or "residence site" shall mean: A particularly described parcel of state endowment land owned by the State of Idaho in fee simple and which has been made available to private individuals through a lease for the purpose of constructing and maintaining a residence.
 - 1.1.g. The word "Lessor" shall mean the State Board of Land Commissioners and Idaho Department of Lands.
 - 1.1.h. The phrase "non-approved improvements" shall mean such improvements as have been erected without the consent of the State Board of Land Commissioners and the consent of such other agencies or departments of the State of Idaho. All non-approved improvements shall be subject to removal upon notice by LESSOR.
 - 1.1.i. The word "residence" shall mean permanent improvements owned by a LESSEE which are placed on a residential site with the consent of LESSOR including, but not limited to, any improvement used as a dwelling for owner occupancy only and not for commercial property. Mobile homes, motor homes, and trailers shall not be considered a residence for purposes of this lease. Provided, however, mobile homes that conform to state building codes and that are mounted on a permanent foundation with wheels removed are acceptable.
 - 1.1.j. The word "valuation" shall mean the process of estimating the market value of a specific parcel of endowment land as of a given date. Valuation is a term used interchangeably with appraisal. A valuation may be done by a qualified employee of LESSOR, a county assessor's office, an MAI appraiser or SRI appraiser, at the sole discretion of the lessor.

B. USE OF PREMISES

- 1.1 **Residential Use Only.** The leased premises and any improvements thereon shall be used by LESSEE solely for residential purposes. Provided, however, short term seasonal rental for no more than fourteen (14) days each calendar year shall be allowed, and may occur without prior consent of the LESSOR.
- 1.2 **All Other Uses Prohibited.** No other uses shall be made of the leased premises or improvements by the LESSEE without prior written approval of the LESSOR. In no event, shall the leased premises be devoted to any business or commercial use, nor shall any enterprise of a commercial nature be permitted to exist thereon. The use of a management company or other entity to market and manage the property as a rental is prohibited.

C. LEASE TERM/RENEWAL

- 1.1 **Provided by Statute.** The term of this lease shall be for no more than ten (10) years pursuant to Idaho Code (I.C.) § 58-307(1), and for the period of years as set forth in the attached cover lease. Renewals of this lease may be granted by the LESSOR as determined by the LESSOR at the LESSOR'S discretion pursuant to I.C. § 58-310A.

D. RENTAL RATE

- 1.1 **Rental Rate.** Rent shall be two and one half (2.5%) of current fee simple value of the leased premises, as determined by valuation administered by the LESSOR or by valuation as determined by the assessor. The value of the leased premises shall be determined as though the leased premises is vacant and unimproved, subject to any outstanding rights and reservations of record, and without any deduction or credit for LESSEE-owned site improvements. This rental rate was adopted and approved by the Idaho State Board of Land Commissioners on December 15, 1998.
- 1.2 **Rental Payment.** The rent shall be payable on or before January 1 of each successive year or, in the alternative, LESSEE may pay rent in two installments with one-half (½) rent due on or before January 1 and one-half (½) rent due on or before June 1. LESSEE shall pay the annual rental to LESSOR without abatement, offset, or deduction of any kind.
- 1.3 **Rent Paid In Advance.** LESSEE agrees to pay to the LESSOR, in lawful money of the United States, each year's rent in advance, such rent to be calculated pursuant to LESSOR'S most current formulas at the time the rental is calculated or recalculated.
- 1.4 **Rent Subject to Change.** LESSOR reserves the right to increase or decrease the rent to be paid by the LESSEE effective on January 1 of any calendar year, in accordance with the rental rate formula set forth herein. LESSEE will be notified in writing one hundred and eighty (180) calendar days in advance of any increase in rental.
- 1.5 **Valuation.**
- 1.5.a. **Valuation Process.** The property shall be valued each five (5) years, and updated annually by indexing based on market data, after the first readjustment, which shall occur between 2003 and 2006. The valuation may be done by a qualified employee of LESSOR, a county assessor's office, or by an independent licensed appraiser hired by LESSOR. If an assessment is used, it may be done by a county assessor's office for taxing purposes or under contract with LESSOR. All valuations shall be administered and controlled by LESSOR, and all appraisers shall use appraisal instructions provided by the LESSOR. The LESSOR reserves the right to accept or reject any valuation at its discretion.

1.5.a.i. **Priest Lake.** The land value base shall be the 1999 Bonner County value of lease lots less twenty percent (20%), or as adjusted by the Board. The land value will be adjusted annually based on an index, as determined by market data collected by the Department until the readjustment period between 2003 and 2006. The

annual adjustment will not exceed five percent (5%) during the first period, and it is not appealable.

At the time of the land value readjustment, the annual index will be revised based on the previous five (5) year history of market data increases in lot value. If the index is five percent (5%) or less, it is not appealable. If the index exceeds five percent (5%) it can be appealed to the State Board of Land Commissioners.

The LESSOR or Lessees can request a readjustment of land value and the index any time during the years 2003-2006. A readjustment will occur no later than 2006. Readjustment of lot values will be based on valuation of current market value of the lots. Lot value readjustments will be done every five (5) years from the date of the first readjustment and updated annually by indexing based on market data, after the first readjustment.

1.5.a.ii. Payette Lake. LESSOR will rely on lot values as established by the Valley County Assessor.

1.5.b. Appeal of Lot Valuation. Upon valuation or assessment of the leased premises, the LESSEE shall have the right to appeal to the Idaho Department of Lands the valuation or assessed lot value that forms the basis of the rent calculation. The procedures for appealing lot valuation are set forth in a policy approved by the State Board of Land Commissioners ("Land Board") on February 13, 2001. Said policy is attached hereto as Attachment C and is incorporated herein by reference. If LESSEE is aggrieved by any final decision regarding the leased premises valuation made by the LESSOR, LESSEE may, after exhausting the administrative appeal procedures, file a petition for judicial review pursuant to the Idaho Administrative Procedures Act. LESSEE must timely pay the full rent amount, along with any late fees and interest, if any, while any appeal is pending including, but not limited to, administrative or judicial appeal proceedings.

1.6 Late Payment Charge. If annual rental is not paid in full by the date it is due, the LESSOR may declare a default and terminate the lease upon thirty (30) days written notice to LESSEE. In addition, in the event any rent due hereunder is not paid in full when due, LESSEE shall pay, in addition to such rent, a late charge in the first calendar month of such delinquency the amount of TWENTY-FIVE DOLLARS (\$25.00) or ONE PERCENT (1%) of the unpaid rent, whichever is greater. For each subsequent calendar month of such delinquency, LESSEE shall pay an additional late charge equal to ONE PERCENT (1%) of the then unpaid rent, plus interest. The parties acknowledge and agree that the late charge described herein is a reasonable attempt to estimate and to compensate LESSOR for higher administration costs associated with administering such late payments and is not intended as a penalty. By assessing this late charge, LESSOR does not waive any right to declare a breach and to pursue any right or remedy available to LESSOR by reason of such breach, after expiration of any applicable notice or cure period.

1.6.a. Extensions of Time to Pay. LESSEE may make application to extend the time for paying rent in accordance with the then existing statutes, rules and policy applicable to state endowment lands. If an extension is requested and approved by LESSOR before the deadline for paying rent, then the LESSEE shall not be required to pay a late payment fee, but shall be required to pay interest, in addition to such rent, at the then existing rate established by the LESSOR.

1.7 Hardship Claim. The Land Board has adopted a Hardship Claim Policy that allows a LESSEE with a demonstrated undue financial hardship an opportunity to defer rental increases for a period of up to two (2) years to allow sufficient time to arrange for sale or assignment of the lease. Any amounts deferred under this policy, plus interest, shall be paid to the LESSOR upon sale or assignment of the lease, or upon expiration for the deferment period. The Hardship Claim Policy was adopted and approved by the Land Board on December 15, 1998. Said policy is attached as Attachment B and is incorporated by reference herein.

- 1.8 **Lien.** The amount of the unpaid rent, late charge, and interest shall be a lien on the LESSEE'S improvements and other property on the leased premises.

E. SUBLEASING OR ASSIGNMENT

1.1 Subleasing And Assignment Generally.

- 1.1.a. **No Sublease Without Consent.** LESSEE shall neither sublease all or any part of the leased premises of LESSEE'S interest under this lease, nor assign this lease, nor take out a mortgage or deed of trust without first having obtained the written consent of LESSOR or its authorized agent, which consent shall not be unreasonably withheld.
- 1.1.b. **Necessary Forms.** Any request for approval of a sublease, assignment, mortgage, or deed of trust must be in writing on forms provided by the LESSOR and accompanied by a FIFTY DOLLAR (\$50.00) processing fee. Any attempt by LESSEE to sublease LESSEE'S interest in the land or any part of the land or to assign this Lease or to take out a mortgage or deed of trust, shall be void and shall constitute a breach of this lease, unless LESSOR has given such prior written consent, which consent shall not be unreasonably withheld.
- 1.1.c. **Good Standing Required.** No request for LESSOR'S approval of any assignment or sublease will be considered unless all rent due, late payment fees, and interest has been paid in full, and LESSEE is in good standing under the terms of the lease.
- 1.1.d. **Lessee Owned Improvements.** Upon approved sublease or assignment, ownership of any existing LESSEE owned improvements under this lease must be separately negotiated between LESSEE and such SUBLESSEE or Assignee, provided however, ownership of any such improvements which remain on the lease premises after assignment of this Lease shall be treated by LESSOR as being owned by such assignee for purposes of any payments for improvements to be made under this lease, including payments under Paragraph K.1.4.c. below.
- 1.1.e. **Sublease Subject To Terms.** Any sublease or assignment will be subject to the terms and provisions of this Lease. Sublease agreements shall include provisions that the SUBLESSEE will abide by all terms of this lease. The LESSOR may impose additional requirements as a condition of approving the sublease request.
- 1.1.f. **Specific Transaction Only.** Any consent by LESSOR herein contained or hereafter given to any act or assignment, mortgage, pledge, or encumbrance shall be held to apply only to the specific transaction hereby or thereby approved.

1.2 Subleasing.

- 1.2.a. **No Release.** No sublease will act as a release of LESSEE'S obligations hereunder unless LESSOR executes a separate written release of LESSEE. LESSOR has no obligation to so release LESSEE, and LESSOR can withhold such release at LESSOR'S sole discretion.

1.3 Assignment.

- 1.3.a. Assignments of lease must be done on forms provided by LESSOR.
- 1.3.b. **Ten Percent (10%) Premium Rent.** Upon sale of the lease by LESSEE, the LESSEE shall pay to the LESSOR ten percent (10%) of the leasehold value. The leasehold value shall be determined by subtracting the value of approved lessee-owned improvements sold from the total sale price. LESSEE shall have the option to determine the value of improvements by using the county assessed valuation of improvements or by paying for a LESSOR administered appraisal of improvement value.

1.3.c. **Proof of Assignment.** In cases of assignment due to sale of the LESSEE'S interest, LESSEE must provide to LESSOR one copy of the purchase agreement or contract of sale signed and acknowledged by the buyer (assignee) and seller (assignor). In the case of assignment without a sale, appropriate documentation must be provided to the LESSOR establishing that the lease should be assigned. This may include, but not be limited to, a letter from LESSEE indicating the transfer of the lease as a gift; a divorce decree; a copy of will or probate order. LESSOR may require additional proof as necessary.

1.4 **Mortgage/Deeds of Trust.**

1.4.a. **No Mortgage Without Consent.** LESSEE shall not mortgage, pledge or otherwise dispose of any interest in the lease or the improvements without first obtaining the written consent of LESSOR, on forms provided by LESSOR. Copies of any such mortgage, deed of trust, or other document reflecting such a transaction must be filed with LESSOR.

1.4.b. **Mortgage Subject To Terms.** Any mortgage, deeds of trust or other such transactions approved under this section shall be subject to each and all of the covenants, conditions, and restrictions stated in this Lease and in addition subject to all rights and interests of LESSOR.

F. **ENVIRONMENTAL, SAFETY AND SANITARY REQUIREMENTS**

1.1 **No Hazardous Materials.** LESSEE shall neither commit nor permit the use, placement, transport or disposal of any hazardous waste, including petroleum products, such as oil, gasoline, or any other substance that is or is suspected to be a hazardous substance or material, not including the following materials kept for the LESSEE'S own residential use and only in small quantities: gasoline for uses such as lawnmowers, kerosene, heating oil, propane tanks or other commercial sources of heating. LESSEE shall be responsible and shall pay all costs for the removal or taking other appropriate remedial action regarding any hazardous waste, substances, or materials which LESSEE may have caused to be introduced on the land. Any such remediation or removal or storage must be conducted in accordance with applicable federal, state, or local law, regulation, rule or ordinance and LESSEE shall immediately, upon the introduction of any hazardous waste, substances or materials onto the leased premises, contact the Idaho Department of Environmental Quality (DEQ), provided however, LESSEE shall not forestall commencing any necessary remediation while negotiating the terms of any consent order with DEQ, unless LESSEE is so authorized in writing by LESSOR. LESSEE shall indemnify, defend and hold LESSOR harmless from all costs, expenses, damages or fines relating to pollution and hazardous materials including, without limiting the generality of the foregoing, attorney fees and costs of defense or of enforcement of LESSOR'S rights hereunder.

1.2 **Fire and Safety Regulations.** LESSEE shall comply with all applicable federal, state and local laws, rules, regulations and ordinances including, but not limited to, those of the Idaho Department of Lands for fire protection and prevention, and shall at all times observe reasonable precautions to prevent fire on the leased premises. LESSEE agrees to keep the land free from fire hazards. Firewood storage shall be confined to one location, away from the recreational residence. Roofs shall be kept clear of all debris and needles on a regular basis to minimize fire hazard. LESSEE is prohibited from burning garbage or household trash. Any burning on the leased premises, including the burning of wood, weeds or other debris, but excepting simple campfires necessary for the use under this Lease, requires the prior written permission of LESSOR. Any burning must comply with applicable federal, state or local law, regulation, rule or ordinance. Barbecue devices, designed for use out of doors are permitted.

1.3 **Sanitary Requirements.** LESSEE shall at all times keep the land in a clean and sanitary condition, free of trash, garbage and litter so the land is maintained in the same or better condition as when this lease was issued. LESSEE shall not dispose of sewage except in conformity with applicable federal, state, and local law, rules and regulations pertinent to LESSEE'S use and shall dispose of sewage on the leased land only if specifically authorized by the LESSOR and the local governmental entity having jurisdiction over such matters. The LESSEE shall not store, dispose of, or otherwise maintain trash, garbage, litter, unused or

discarded household items, or unlicensed or abandoned vehicles, boats or trailers on the leased land and shall dispose of all such trash, garbage or other items in conformity with all legal requirements, and at a place designated by LESSOR or its authorized agent. LESSEE is responsible for all costs associated with sewage, garbage and litter disposal. LESSOR may require LESSEE to furnish a certificate or other satisfactory proof of compliance with such laws and regulations.

G. NO WARRANTY OF SUITABILITY; QUIET ENJOYMENT

- 1.1 **No Warranty.** LESSEE acknowledges that neither the LESSOR, nor any agent of the LESSOR has made any representation or warranty with respect to the land or concerning the suitability of the land for the uses intended by the LESSEE. LESSEE acknowledges that it has accepted the land in an AS IS CONDITION, accepting any and all known or unknown faults therein.
- 1.2 **Quiet Enjoyment.** LESSOR agrees that the LESSEE, upon payment of the rent and performing the terms of this Lease, may quietly have, hold and enjoy the land, for the purposes and uses allowed hereunder, during the term hereof. LESSEE acknowledges that the lease is non-exclusive, and the LESSOR retains the right to use of the land, or to grant rights to others for use of the land, or to authorize the public to use the land, to the extent any such use is not incompatible with LESSEE'S purpose and uses allowed hereunder.
- 1.3 **Use Limited To Site.** LESSEE shall confine all personal property, vehicles, and pets to the recreational residence site. No encroachment onto adjacent property, whether state land or another residence site, will be permitted.

H. WATER DEVELOPMENT

- 1.1 **Water Development.** LESSEE shall be entitled to water for domestic purposes only insofar as natural springs, streams, lakes, existing wells or water systems serving the land are capable of supplying the same and are not subject to a prior right or claim. LESSEE shall neither drill and use a water well nor develop and use any source of water without the prior written consent of LESSOR or its authorized agent, plus the prior written consent of any department or agency of the State of Idaho having jurisdiction to regulate water rights in this state. All water rights with respect to the land shall be taken in the name of the State of Idaho. The LESSEE shall not cause any water to be conveyed off the land without prior written approval of the LESSOR.
- 1.2 **Water Systems.** If water is supplied to the land by a water system operated by the State of Idaho, the use of such system and the supply of water provided thereby may be abandoned or terminated upon thirty (30) calendar days written notice to LESSEE from LESSOR or its authorized agent. Neither the LESSOR nor its agents and employees nor any entity of the State of Idaho shall be liable in any manner for damage or inconvenience to the LESSEE by reason of failure of, damage to, or termination or abandonment of the operation of any water system or source supplying water to the leased premises.

I. LANDSCAPING AND REMOVAL OF VEGETATION

- 1.1 **LESSOR Consent Required.** LESSEE shall neither landscape the leased premises nor remove any vegetation, including trees, therefrom without prior written consent of the LESSOR or its authorized agent. Provided, however, existing grass and vegetated areas may be mowed, trimmed, weeded, and irrigated to produce a managed appearance. Expansion of lawn areas is discouraged, as is formal suburban landscaping. The use of native species of plants and trees is encouraged, and existing native vegetation should be retained wherever possible. The residences and sites shall be maintained to reduce fire hazards and to provide a natural, but managed appearance. Felling of hazard trees on the residence site is the responsibility of the LESSEE. At LESSEE'S request, LESSOR will identify, mark and authorize removal of hazard trees. However, LESSEE shall take immediate action to remove any hazardous tree that poses immediate danger to life or property without contacting LESSOR.

J. NOXIOUS WEEDS

- 1.1 **Lessee Obligations.** LESSEE shall cooperate with LESSOR or any other agency authorized to undertake programs for control or eradication of noxious weeds. LESSEE shall take measures to control noxious weeds on the leased land in accordance with Title 22, Chapter 24, Idaho Code.

K. CONSTRUCTION OF IMPROVEMENTS

1.1 **Construction of Improvements/Prior Consent of LESSOR Required.**

1.1.a. **Generally.** Without having secured the prior written consent of the LESSOR, plus the prior written consent of any other department or agency of the State of Idaho having jurisdiction under the circumstances, LESSEE or his agents, shall not erect any structure or improvement including roads on the lease premises; shall not place or build any dock, piling, quay, mooring device or boathouse in or on the water frontage, if any, adjacent to the leased premises; shall not place any houseboat in the water, if any, adjacent to the leased premises; and, shall not make any excavations in, fills upon or alterations of any lake or stream bed, if any, adjacent to the leased premises.

1.1.b. **Procedures To Obtain LESSOR'S Consent.** LESSEE may construct improvements upon the leased site under limited circumstances, and only when consent has been granted by LESSOR in accordance with this lease. LESSEE must first obtain the prior written consent of LESSOR or LESSOR'S designee. LESSEE must furnish a complete set of construction plans and an accurate plot plan of all proposed improvements contemplated by LESSEE and submit those plans and drawings to LESSOR or LESSOR'S designee. Once the construction plans are approved and permitted by LESSOR, then LESSEE shall construct the improvements in full compliance with the approved plans and all applicable building codes, rules and laws. Consent is not required for ordinary maintenance and repairs to existing approved improvements as needed from time to time. Provided, however, the replacement of an improvement shall require consent and compliance with the procedures set forth herein.

1.1.c. **Non-approved Improvements.** Any structures, buildings, or improvements of any kind whatsoever constructed, placed, erected or caused to come into existence without such prior written consent shall be subject to immediate removal by LESSOR or its authorized agent, the cost of such removal or abatement to be charged to LESSEE and to remain a debt of LESSEE to LESSOR until the same is paid; provided, that the failure of LESSOR to remove or abate or to cause removal or abatement of the same shall in no way be deemed a waiver of the LESSOR'S right to remove or abate the same. LESSOR, at LESSOR'S sole discretion, may require LESSEE to remove any improvement or structure placed on the land in violation of this lease.

1.1.d. **Improvements Below The Ordinary High Water Mark.** Any docks, pilings, quays, mooring devices, boathouses, houseboats, fills, alterations or encroachments of any kind below the ordinary high water mark of the lake shall require a lake encroachment permit from the Idaho Department of Lands, pursuant to the Idaho Lake Protection Act, I.C. §§ 58-1301, *et seq.*, and the common law Idaho Public Trust Doctrine. See, I.C. §§ 58-1201, *et seq.* It shall be the responsibility of the LESSEE to secure any lake encroachment permit through the normal administrative process of the Department of Lands. This lease shall not in any way be construed as consent or entitlement to any such permit or encroachment.

1.2 **Cost of Improvements.** Any improvement constructed by or at the request of LESSEE, shall be constructed at LESSEE'S own expense unless LESSOR and LESSEE shall have entered into a prior written cost sharing agreement for construction of such improvement.

1.3 **Other Requirements.**

1.3.a. **Setbacks.** Construction standards and setbacks shall be in accordance with adopted policy of the Idaho Department of Lands.

- 1.3.b. **Fences.** Fences or gates on the leased premises will not be permitted except by special permission from the Director of the Idaho Department of Lands and then only to prevent encroachment from private lands.

1.4 Treatment of Improvements Upon Lease Expiration, Termination, Cancellation, or Abandonment

- 1.4.a. **Upon Default By Lessee.** Upon the default of LESSEE of any of the terms of the Lease, LESSOR may remove such approved or non-permitted improvements and charge the cost of removal and restoration to the LESSEE, the same to remain a debt of LESSEE to LESSOR until paid. LESSEE shall be responsible for all costs associated with the removal of the improvements including, but not limited to, the cost of removal and restoration of the land. LESSEE shall also be responsible for all collection costs including legal fees and interest. In the alternative to removal of the improvements upon default by LESSEE, LESSOR may require LESSEE to remove any approved or non-approved improvements at LESSEE'S sole cost and expense.
- 1.4.b. **Upon Non-Renewal By Lessor.** Should LESSEE apply to renew this lease in the manner provided by law and such application be denied, then LESSOR shall purchase the approved improvements placed or caused to be placed on the leased premises by LESSEE, at the fair market value of such improvements as of the effective date of expiration. Fair market value of LESSEE improvements shall be established by appraisal. A request for renewal by the LESSEE shall not be unreasonably withheld.
- 1.4.c. **Upon Leasing To New Lessee.** Upon expiration or termination of this Lease for any reason, other than a default by LESSEE, in the event LESSOR leases the land to a new LESSEE, LESSOR shall require the new LESSEE to pay the LESSOR the value of the improvements determined through an appraisal conducted by LESSOR that determines the current value of the improvements. Improvement payments shall be first applied towards any rent or other monies due LESSOR before being disbursed to LESSEE. LESSOR does not hereby agree or become obligated to pay any such value to LESSEE, such obligation shall be solely on the subsequent LESSEE, if any. The new LESSEE shall make the payment described above on or before the time of execution of the lease.
- 1.4.d. **Non-permitted Improvements.** Non-permitted improvements that are constructed on the land shall be considered a breach of this Lease. Any improvements that are not permitted by LESSOR shall be removed by LESSEE at LESSEE'S sole cost and expense. Upon the expiration of the lease term if non-approved improvements remain on the leased site, then LESSOR may remove such non-approved improvements and charge the cost of removal and restoration to the LESSEE, the same to remain a debt of LESSEE to LESSOR until paid. LESSEE shall be responsible for all costs associated with the removal of the non-permitted improvement including, but not limited to the cost of removal and restoration of the land. LESSEE shall also be responsible for all collection costs including legal fees and interest.
- 1.4.e. **Upon natural expiration with no application to renew.** In the event this lease expires without LESSEE having made application to renew, LESSOR shall have the right to require LESSEE to remove all approved improvements placed or caused to be placed upon the leased premises by the LESSEE, and to require LESSEE to restore the leased premises to as nearly as is reasonably practical to its natural condition, all at LESSEE'S sole cost and expense, or, at LESSOR'S option, to purchase such approved improvements from LESSEE at the fair market value of the same as of the date of expiration.
- 1.4.f. **Abandonment and Forfeiture of Improvements.** Should any improvement covered by this Lease be abandoned, such abandoned improvements placed upon the land by the LESSEE shall be removed by the LESSOR at LESSEE'S cost and expense, such to be a debt of LESSEE to LESSOR until paid.

- 1.5 LESSOR'S Right of Sale or Exchange and Disposition of Improvements.** In the event of a sale or exchange of all or any portion of the leased premises during the term of this Lease hereof under the rights reserved by LESSOR under Section N.1.1.h hereof, LESSEE hereby covenants to deliver immediate possession of the land so sold or exchanged unto the LESSOR, or to the person or party as may be specified in writing by the LESSOR or LESSOR'S designee. In the event of such sale or exchange, the LESSEE shall have the rights provided by I.C. §58-313, with respect to permitted improvements placed upon the land by the LESSEE; provided that LESSEE shall not be entitled to compensation with respect to any non-permitted improvements made or erected upon the land.

L. NO LIENS

- 1.1 Liens Prohibited.** LESSEE shall ensure that full payment is made for any and all materials joined or affixed to the land pursuant to this Lease and for any and all persons who perform labor on the land. LESSEE will not permit or suffer any liens, including any mechanics' liens or material suppliers' liens, of any kind or nature to be effected on or enforced against the land for any work done or materials furnished on the land at LESSEE'S instance or request.

M. INSURANCE

- 1.1 Lessee's Insurance.** LESSEE shall obtain insurance of the types and in the amounts described below.

- 1.1.a. Homeowner's 3 (HO3) it's equivalent or better and Umbrella Liability Insurance.** LESSEE shall maintain a Homeowner's 3, it's equivalent or better and, if necessary, umbrella liability insurance with a combined limit of not less than five hundred thousand dollars (\$500,000).

1.1.a.i. The Homeowner's insurance and umbrella liability insurance shall be in a form and from an insurance company satisfactory to LESSOR and shall cover liability for bodily injury, property damage and personal injury, arising from LESSEE'S use and /or occupation of the premises.

1.1.a.ii. The Homeowner's insurance shall include coverage for the replacement cost of the real property and all improvements located on the premises. The LESSOR is entitled to acquire the improvements constructed on the real property, upon termination or expiration of the lease, and the LESSOR shall be included as a loss payee to the extent of its interest in the improvements.

- 1.1.b. Other Insurance.** LESSEE shall purchase insurance to cover LESSEE'S personal property.

- 1.2 Lessee's Insurance Policy Requirements.**

1.2.a. Evidence of Insurance. All insurance required under this Article shall be with companies licensed and admitted in Idaho and approved for this Lease by Lessor. LESSOR'S general requirements for such approval includes a Best's rating of A- or better. Prior to taking occupancy or commencing construction and at least annually thereafter, LESSEE shall furnish LESSOR with a certificate of insurance executed by a duly authorized representative of each insurer, and a copy of any applicable policy or policy endorsement showing compliance with the insurance requirements set forth above. All policies required under this Article shall be written as primary policies and not contributing to nor in excess of any coverage LESSOR may choose to maintain.

1.2.a.i. All certificates shall provide for ninety (90) days written notice to LESSOR prior to cancellation or material change of any insurance referred to therein.

1.2.a.ii. Failure of LESSOR to demand such certificate or other evidence of full compliance with these insurance requirements or failure of Lessor to identify a

deficiency from evidence that is provided shall not be construed as a waiver of LESSEE's obligation to maintain such insurance.

1.2.a.iii. Failure to maintain the required insurance may result in termination of this Lease at LESSOR'S option.

1.2.a.iv. If LESSEE fails to maintain the insurance as set forth herein, LESSOR shall have the right, but not the obligation, to purchase said insurance at LESSEE's expense.

1.2.a.v. LESSEE shall provide certified copies of all insurance policies required above within ten (10) days of LESSOR'S written request for said copies.

1.2.b. **No Representation of Coverage Adequacy.** By requiring insurance herein, LESSOR does not represent that coverage and limits will necessarily be adequate to protect LESSEE, and such coverage and limits shall not be deemed as a limitation on LESSEE's liability under the indemnities granted to LESSOR in this Lease.

1.2.c. **Payment of Premiums.** The LESSEE shall pay all policy premiums annually in advance, for each of the insurance policies required under the terms of this Lease. LESSEE shall deliver to the LESSOR evidence of such payment in conjunction with each annual payment of this lease, before the payment of any insurance premiums become in default. The LESSEE shall also cause renewals of expiring policies to be written and the policies or copies thereof, as required by this Lease, to be delivered to the LESSOR at least ten (10) days before the policies expiration dates.

N. RESERVATIONS BY LESSOR

1.1 **Reservations.** The LESSOR expressly reserves and excepts the following rights from the Lease:

1.1.a. To enter upon land, or any portion thereof, during the term of this Lease for any purpose including the purpose of inspecting the property. LESSEE shall permit inspection of the leased premises by an authorized agent of the LESSOR at any reasonable time.

1.1.b. All rights for timber, oil and gas, geothermal rights, mineral rights, easements and rights-of-way, fee title to the land and title to all appurtenances and improvements placed thereon by the LESSOR.

1.1.c. To grant easements, rights-of-way, and leases over the land, providing said easements, rights-of-way, and leases do not conflict with the use of the LESSEE or with the permitted improvements installed and maintained or operated by the LESSEE upon the land. LESSOR shall coordinate with the LESSEE before processing any easement, right-of-way or lease applications on the leased land. This Lease is subject to any lease, right-of-way or easement previously granted over the lands embraced by this Lease.

1.1.d. To require that changes be made in the use under this lease, and/or to the improvements on the leased premises, including to the sanitation or other facilities, for the protection of public health, safety, preservation of property or water quality.

1.1.e. To issue other leases for exploration and development of oil, gas, geothermal and mineral resources or any other lease of the subject land, so long as such other lease is for a higher and better use as determined by LESSOR, or such other lease does not materially interfere with the authorized use under this Lease. In the event any such lease is granted by LESSOR, and such lease materially impairs LESSEE'S use of any improvements constructed on the land by LESSEE with prior written permit from LESSOR, this Lease shall be deemed terminated with respect to such improvement or improvements, and the provisions of § 7.3 (Treatment of Permitted Improvements upon Lease Expiration) shall apply with respect to such improvement or improvements.

- 1.1.f. To reserve as LESSOR'S sole property any and all water from any source arising on state land and to hold water rights for any beneficial use that may develop as a result of this Lease.
- 1.1.g. Rights of access, ingress and egress across the leased premises for LESSOR and its authorized agents and assigns over and across the leased premises including, but not limited to, on existing roads. Said rights of access, ingress and egress shall be for purposes of administration, for providing access to neighboring lots and for any other purpose of the LESSOR.
- 1.1.h. LESSOR reserves the right to sell or exchange all or any portion of the leased premises. LESSEE shall be notified of a scheduled sale at least ninety (90) calendar days prior to sale date. LESSEE shall be notified of a scheduled land exchange at least ninety (90) calendar days prior to the exchange. The execution of this lease by LESSEE constitutes the LESSEE'S written agreement to land exchange as provided in I.C. § 58-138(3). In the event of such sale or exchange, the LESSEE shall have the rights provided by I.C. § 58-313, with respect to approved improvements placed upon the leased premises by the LESSEE; provided, that LESSEE shall not be entitled to compensation with respect to any non-approved improvements made or erected upon the leased premises. In the case of sale or exchange during the continuance hereof, LESSEE hereby covenants to deliver immediate possession of the lands so sold or exchanged unto the LESSOR, or to the person or party as may be specified in writing by the LESSOR or its authorized agent.
- 1.1.i. LESSOR reserves the right to close roads or change access route(s) to the leased premises for road protection, water quality protection, wildlife and fish protection, administrative purposes or any other reason deemed necessary by LESSOR. Planned road closures will be reviewed with LESSEE prior to action by LESSOR. If an access road is closed permanently other access will be provided to the leased premises. Temporary road closures may prevent, limit, or restrict access for a period of time.

O. INDEMNIFICATION

- 1.1 **Lessee Indemnification of Lessor.** During the entire term of this lease, the LESSEE will indemnify, defend and save harmless the LESSOR, the State of Idaho, its officers, agents, respective affiliates, and employees from and against any liability, claims, damages, debts, demands, losses, costs, expenses, actions, obligations, judgements for damages, or injury to persons or property including, but not limited to, reasonable attorney's fees and costs caused by or arising out of, or in connection with any performance, act or omission of LESSEE, or LESSEE'S agents, officers, employees or any person claiming under, by, or through the LESSEE under this lease and/or arising out of the use or occupation of the leased premises by LESSEE, or LESSEE'S agents, officers or employees or any person occupying the same with the LESSEE'S permission; or arising from the LESSEE or LESSEE'S agents, officers or employees failure to comply with any applicable state, federal, local, law, statute, rule, regulation or act. This duty to indemnify, defend and save harmless shall encompass any claims which include or allege negligence of LESSOR, its agents, officers or employees other than claims which arise solely out of negligence on the part of LESSOR, and this duty shall survive the termination or expiration of this Lease.
- 1.2 **Tort Claims Limits.** Provided that such indemnification right shall not be construed as absolving the State from responsibility for liability in damages arising under the Idaho Tort Claims Act, I.C. § 6-901, *et seq.*, for the conduct of its agents, officers or employees as set forth therein.
- 1.3 **Notice.** In the event of any such claims made or suit filed, LESSOR shall give LESSEE prompt written notice of such claims or suits, and LESSEE shall have the right to defend or settle to the extent of LESSEE'S interest under this lease agreement.

P. PAYMENT OF TAXES, ASSESSMENTS OR FEES

- 1.1 **Lessee Obligation.** Unless otherwise provided, LESSEE shall pay all water charges, fees, assessments or taxes of whatsoever nature that may be legally levied or assessed against the leased premises herein described, or any portion thereof or on any improvements thereto. If the same is not paid it shall constitute a lien in favor of the State of Idaho against all improvements on the leased land.

Q. LESSEE'S DEFAULT

- 1.1 **Upon Default.** LESSEE'S failure to comply with any of the terms of this Lease shall be a breach-giving rise to a basis for termination of the Lease. LESSEE'S violation of any Land Board or Department of Lands rules, regulations or state laws currently or hereafter adopted and applicable to this lease or the leased land, shall be a breach, giving rise to a further basis for termination of this Lease. LESSOR shall provide LESSEE thirty (30) calendar days written notice of any such breach or violation and, if applicable, the corrective action required of LESSEE. The notice shall specify a reasonable time to make a correction or cure the violation or breach, if such breach is subject to correction or cure.
- 1.2 **Failure to Cure.** If the corrective action or cure is not taken within the specified time or does not occur, then the LESSOR may, at LESSOR'S option, cancel the Lease effective on the date specified in the written cancellation notice. LESSEE shall not, while in default, remove any of the improvements. LESSEE agrees to relinquish possession of the leased land upon breach of any of the conditions herein set forth, with all permanent improvements thereon in good order and condition when such breach results in cancellation or forfeiture of this Lease. In addition to the rights and remedies specifically granted to LESSOR under this Lease, LESSOR shall have such other rights and remedies as against LESSEE as may be available at law or in equity, and LESSOR'S pursuit of any particular remedy for breach or default shall not, in and of itself, constitute a waiver or relinquishment of any other available claim of LESSOR against LESSEE.

R. SURRENDER OF LAND

- 1.1 **Lessee Surrender.** LESSEE shall, at the termination or expiration of this Lease, vacate the leased land, leaving it in the same or better condition than it was in at the time of LESSEE'S entry on such premises under this agreement, except for reasonable use and wear, acts of God, or damage by causes beyond the control of LESSEE, and upon vacating shall leave the demised land free and clear of all rubbish and debris. Where applicable, LESSOR shall require that approved improvements constructed upon the Land shall be acquired by any new LESSEE pursuant to this lease and the then existing applicable state law and rules.

S. RELATIONS OF THE PARTIES.

- 1.1 **Parties Relationship.** LESSEE is not an officer, employee, or agent of the LESSOR. LESSEE covenants that it will satisfy and hold LESSOR harmless against any lien, judgment, or encumbrance filed or made against the leased site at the LESSEE'S sole and separate cost or expense.

T. NOTICES

- 1.1 **Time of Notice.** Any notice of breach given under the terms of this Lease shall be deemed given and delivered on the date when personally delivered or if mailed, the date same is deposited in the United States Mail, and mailed by registered or certified mail, return receipt requested, postage prepaid and properly addressed to the appropriate party.
- 1.2 **Notice.** Any other notice or any demand given under the terms of this Lease shall be deemed given and delivered on the date when personally delivered or if mailed, the date same is deposited in the United States Mail, postage prepaid and properly addressed to the appropriate party.

- 1.3 **Addresses For Notice.** Until changed by notice in writing, notice, demands, and communications shall be addressed to LESSOR at: Idaho Department of Lands 954 West Jefferson Street, Boise, ID 83702, and to LESSEE at the address set forth at the beginning of this Lease. It is Lessee's responsibility to notify Lessor of any change of address.

U. WAIVER

- 1.1 **No-Waiver.** The waiver by the LESSOR of any breach of any term, covenant or condition of this Lease shall not be deemed to be a waiver of any past, present or future breach of the same or any other term, covenant or condition of this Lease. The acceptance of rent by the LESSOR hereunder shall not be construed to be a waiver of any violation of the term(s) of this Lease. No payment by the LESSEE of a lesser amount than shall be due according to the terms of this Lease shall be deemed or construed to be other than a part payment on account of the most recent rent due, nor shall any endorsement or statement of any check or letter accompanying any payment be deemed to create an accord and satisfaction.

V. ATTORNEYS' FEES AND COSTS

- 1.1 **Obligation to Pay.** In the event that either party to this agreement shall find it necessary to retain counsel (including the LESSOR using the Office of the Attorney General of the State of Idaho), or to incur costs to interpret or enforce any of the provisions hereof including, but not limited to, any action at law or in equity, the prevailing party (as defined and interpreted under Idaho Rule of Civil Procedure 54) shall be entitled to recover from the opposing party all costs and expenses, including reasonable attorneys' fees (including, in the case of the LESSOR, fees from the Office of the Attorney General of the State of Idaho), accountants' fees and fees of appraisers or other experts, incurred therein by the prevailing party, including all such costs and expenses incurred with respect to any appeal and such may be included in any judgment entered in any action. No attorney's fees or costs shall be paid by either party for administrative appeal proceedings brought under this lease and in accordance with Land Board procedures.
- 1.2 **Additional Obligation.** In addition, in the event LESSEE fails to perform any act or do anything which LESSEE is required to do under the terms of this Lease, LESSOR shall have the right, but not the obligation, to perform on behalf of LESSEE, any such action and LESSEE shall immediately reimburse LESSOR for all costs and expenses, including attorney fees, (including fees from the Office of the Attorney General of the State of Idaho), incurred by LESSOR in performing such act or thing. LESSEE'S obligation hereunder shall be deemed to be additional rent fully due and payable on demand from LESSOR.

W. LESSEE'S COMPLIANCE WITH APPLICABLE LAWS AND RULES

- 1.1 **Full Compliance.** LESSEE'S use of the Premises shall fully comply with all applicable statutes, ordinances, rules, regulations and laws of federal, state and local governmental authorities. LESSEE shall comply with all applicable rules and regulations and standards promulgated by the State Land Board or the Idaho Department of Lands including, but not limited to, the Department's rules governing the installation of docks and other lake encroachments below the ordinary high water mark of any navigable lake.
- 1.2 **No Waste or Nuisance.** LESSEE shall not use the land in any manner that would constitute loss or waste, nor shall the LESSEE allow the same to be committed thereon. The LESSEE shall not do anything which will create a nuisance or a danger to persons or property.

X. MISCELLANEOUS

- 1.1 **Modification.** This Lease may be modified only by a fully executed lease adjustment on a form as provided by the LESSOR.
- 1.2 **Parties Non-Discrimination.** The parties shall not discriminate against any person because of race, creed, religion, color, sex, national origin or disability.

- 1.3 **Paragraph Headings.** The paragraph headings, titles and captions used in this Lease are for convenience only and are not part of the Lease.
- 1.4 **Entire Agreement.** This Lease, including all exhibits attached hereto, contains the entire agreement between the parties concerning the subject matter hereof and supersedes any and all prior agreements. The execution of this Lease has not been induced by either party, or any agent of either party, by representations, promises or undertakings not expressed herein and, further, there are no collateral agreements, stipulations, covenants, promises, inducements or undertakings whatsoever between the respective parties concerning this Lease except those which are expressly contained herein. No other understanding, whether oral or written, whether made prior to or contemporaneously with this lease, shall be deemed to enlarge, limit, or otherwise effect the operation of this lease. Provided, however, that the parties recognize that the Land Board decisions dated December 15, 1998, July 13, 1999, and September 14, 1999 have been specifically referenced and incorporated into this lease.
- 1.5 **Governing Law and Forum.** This Lease shall be construed in accordance with and governed by the laws of the State of Idaho. In addition, the parties consent to the venue and jurisdiction of Idaho State courts located in Ada County, Valley County, Kootenai County, or Bonner County in the event of any dispute with respect to this Lease.
- 1.6 **Applicable Law.** This lease is subject to all current and subsequently enacted statutes, rules, regulations and laws applicable to state endowment lands or this lease. In addition, LESSEE shall comply with all applicable rules, regulations and laws of the State of Idaho or other governmental entities.
- 1.7 **Binding on Heirs and Successors.** It is understood and agreed that all terms, covenants and conditions hereof shall be binding upon sublessees, assignees and LESSEE'S heirs, executors or successors in interest.
- 1.8 **Severability.** In the event any provision of this Lease shall be held invalid or unenforceable according to law, for any reason whatsoever, then the validity, legality or enforceability of the remaining provisions shall not in any way be affected or impaired.
- 1.9 **Counterparts.** This agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute but one and the same instrument.
- 1.10 **Conflict Applications.** This lease is not subject to conflict application as provided in I.C. § 58-310A.

STATE OF IDAHO
DEPARTMENT OF LANDS
Cottage / Residence Site Lease

HARDSHIP CLAIMS

A. Objective:

To grant a lessee with an undue financial hardship an opportunity to defer rental increases to allow sufficient time to arrange for sale and assignment of the lease.

B. Eligibility:

Any lessee forced to sell due to escalating rental could ask for deferment of any increase in rental for a period of up to two years. Payment of deferred rent shall be due upon sale and assignment of the leasehold interest or at the expiration of the authorized deferment. The deferred rent will be subject to interest at the board rate.

C. Application:

1. The lessee must submit a letter of request including a sworn financial statement. The department may request additional information as needed.
2. Hardship claims must be submitted no later than October 1 of each year.

D. Deferment of Rent:

1. The Department of Lands (Department) is hereby authorized to extend the time of payment of such moneys for said leases annually not to exceed two (2) successive years: provided, that the applicant enters into an agreement with the Department to pay the interest on said amount of rent money from January first of the year which the same is otherwise due, to the date of payment, at the rate per annum set by the State Board of Land Commissioners (Idaho Code §58-305).
2. Authorization of the hardship claim will be agreed to in writing by means of an adjustment to the lease using the Department lease adjustment form.
3. Interest on the deferred amount will be charged at the rate as established by the State Board of Land Commissioners. The current rate is the average monthly rate for conventional mortgages as quoted in the federal review statistical releases. The rate is rounded down to the nearest one-quarter percent on the tenth of the month following the statistical releases.
4. Deferment would be on any increase in excess of the current year's rental.
5. Full payment of the deferred rent is required at the time of a lease assignment or at the expiration of the granted deferred time frame.

E. Additional extensions may be considered by the Department on a case by case basis.



STATE OF IDAHO
DEPARTMENT OF LANDS
Cottage / Residence Site Lease

LOT VALUATION APPEAL PROCEDURE

This procedure involves three steps:

- 1.) The Department will do a lot valuation at Priest Lake
- 2.) If the valuation is not acceptable to the Lessee, the Lessee and the Department will meet to review the circumstances and try to resolve the differences in lot valuation.
- 3.) If the differences in lot valuation cannot be resolved, then the Director will appoint a three (3) person panel to make recommendations directly to the State Land Board. The Director will appoint one (1) person to the panel from a list of three (3) names provided by the Lessee.

The three (3) person panel will conduct hearings and give the parties opportunities to make appropriate records in case further appeals are made.

The Department will rely on Valley County assessed values at Payette Lake. The procedure noted in one through three above will be used to resolve differences in valuations.

RECORDATION REQUESTED BY:

Idaho First Bank
P.O. Box 2950
101 E Lake St
McCall, ID 83638

WHEN RECORDED MAIL TO:

Idaho First Bank
P.O. Box 2950
101 E Lake St
McCall, ID 83638

SEND TAX NOTICES TO:

Idaho First Bank
P.O. Box 2950
101 E Lake St
McCall, ID 83638

Instrument # 313619

VALLEY COUNTY, CASCADE, IDAHO
2006-09-22 04:00:02 No. of Pages: 10

Recorded for: AMERITITLE

LELAND G. HEINRICH

Fee: 30.00

Ex-Officio Recorder Deputy

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IC09745

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE ONLY

CONSTRUCTION DEED OF TRUST

THIS DEED OF TRUST is dated September 21, 2006, among MAJ-LE TATE BRIDGES and HAROLD A. BRIDGES; Wife and Husband ("Grantor"); Idaho First Bank, whose address is P.O. Box 2950, 101 E Lake St, McCall, ID 83638 (referred to below sometimes as "Lender" and sometimes as "Beneficiary"); and AmeriTitle, whose address is 120 N. Main, Cascade, ID 83611 (referred to below as "Trustee").

CONVEYANCE AND GRANT. For valuable consideration, Grantor does hereby irrevocably grant, bargain, sell and convey in trust, with power of sale, to Trustee for the benefit of Lender as Beneficiary, all of Grantor's right, title, and interest in, to and under the Lease described below of the following described real property, together with all existing or subsequently erected or affixed buildings, improvements and fixtures; all easements, rights of way, and appurtenances; all water, water rights and ditch rights (including stock in utilities with ditch or irrigation rights); and all other rights, royalties, and profits relating to the real property, including without limitation any rights Grantor later acquires in the fee simple title to the land, subject to the Lease, and all minerals, oil, gas, geothermal and similar matters, (the "Real Property") located in VALLEY County, State of Idaho:

See EXHIBIT A, which is attached to this Deed of Trust and made a part of this Deed of Trust as if fully set forth herein.

The Real Property or its address is commonly known as 2087 JOHN ALDEN ROAD, MCCALL, ID 83638.

Grantor presently assigns to Lender (also known as Beneficiary in this Deed of Trust) all of Grantor's right, title, and interest in and to all present and future leases of the Property and all Rents from the Property. In addition, Grantor grants to Lender a Uniform Commercial Code security interest in the Personal Property and Rents.

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

PAYMENT AND PERFORMANCE. Except as otherwise provided in this Deed of Trust, Grantor shall pay to Lender all amounts secured by this Deed of Trust as they become due, and shall strictly and in a timely manner perform all of Grantor's obligations under the Note, this Deed of Trust, and the Related Documents.

CONSTRUCTION MORTGAGE. This Deed of Trust is a "construction mortgage" for the purposes of Sections 9-334 and 2A-308 of the Uniform Commercial Code, as those sections have been adopted by the State of Idaho.

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

Possession and Use. Until the occurrence of an Event of Default, Grantor may (1) remain in possession and control of the Property; (2) use, operate or manage the Property; and (3) collect the Rents from the Property. The following provisions relate to the use of the Property or to other limitations on the Property. THE REAL PROPERTY EITHER IS NOT MORE THAN FORTY (40) ACRES IN AREA OR IS LOCATED WITHIN AN INCORPORATED CITY OR VILLAGE.

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

Compliance With Environmental Laws. Grantor represents and warrants to Lender that: (1) During the period of Grantor's leasehold interest in the Property, there has been no use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance by any person on, under, about or from the Property; (2) Grantor has no knowledge of, or reason to believe that there has been, except as previously disclosed to and acknowledged by Lender in writing, (a) any breach or violation of any Environmental Laws, (b) any use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance on, under, about or from the Property by any prior owners or occupants of the Property, or (c) any actual or threatened litigation or claims of any kind by any person relating to such matters; and (3) Except as previously disclosed to and acknowledged by Lender in writing, (a) neither Grantor nor any tenant, contractor, agent or other authorized user of the Property shall use, generate, manufacture, store, treat, dispose of or release any Hazardous Substance on, under, about or from the Property; and (b) any such activity shall be conducted in compliance with all applicable federal, state, and local laws, regulations and ordinances, including without limitation all Environmental Laws. Grantor authorizes Lender and its agents to enter upon the Property to make such inspections and tests, at Grantor's expense, as Lender may deem appropriate to determine compliance of the Property with this section of the Deed of Trust. Any inspections or tests made by



**DEED OF TRUST
(Continued)**

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Lender shall be for Lender's purposes only and shall not be construed to create any responsibility or liability on the part of Lender to Grantor or to any other person. The representations and warranties contained herein are based on Grantor's due diligence in investigating the Property for Hazardous Substances. Grantor hereby (1) releases and waives any future claims against Lender for indemnity or contribution in the event Grantor becomes liable for cleanup or other costs under any such laws; and (2) agrees to indemnify and hold harmless Lender against any and all claims, losses, liabilities, damages, penalties, and expenses which Lender may directly or indirectly sustain or suffer resulting from a breach of this section of the Deed of Trust or as a consequence of any use, generation, manufacture, storage, disposal, release or threatened release occurring prior to Grantor's ownership or interest in the Property, whether or not the same was or should have been known to Grantor. The provisions of this section of the Deed of Trust, including the obligation to indemnify, shall survive the payment of the indebtedness and the satisfaction and reconveyance of the lien of this Deed of Trust and shall not be affected by Lender's acquisition of any interest in the Property, whether by foreclosure or otherwise.

Nuisance, Waste. Grantor shall not cause, conduct or permit any nuisance nor commit, permit, or suffer any stripping of or waste on or to the Property or any portion of the Property. Without limiting the generality of the foregoing, Grantor will not remove, or grant to any other party the right to remove, any timber, minerals (including oil and gas), coal, clay, scoria, soil, gravel or rock products without Lender's prior written consent.

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

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

Compliance with Governmental Requirements. Grantor shall promptly comply with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities applicable to the use or occupancy of the Property. Grantor may contest in good faith any such law, ordinance, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Grantor has notified Lender in writing prior to doing so and so long as, in Lender's sole opinion, Lender's interests in the Property are not jeopardized. Lender may require Grantor to post adequate security or a surety bond, reasonably satisfactory to Lender, to protect Lender's interest.

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

Compliance with Lease. Grantor will pay all rents and will strictly observe and perform on a timely basis all other terms, covenants, and conditions of the Lease. Grantor will indemnify and hold Lender harmless against all losses, liabilities, actions, suits, proceedings, costs including reasonable attorneys' fees claims, demands, and damages whatsoever which may be incurred by reason of Grantor's failure to pay rents or strictly observe or perform under the Lease.

Other Agreements Relating to the Lease. Grantor further agrees (1) not to surrender, terminate, or cancel the Lease, and (2) not to modify, change, supplement, alter, or amend the Lease, either orally or in writing, without Lender's prior written consent. Any attempt by Grantor to do any of the foregoing without Lender's prior written consent will be void and of no force and effect. At Lender's option, Grantor will deposit with Lender as further security all original documents relating to the Lease and the leasehold interest in the Property. Unless Grantor is in breach or default of any of the terms contained in this Deed of Trust, Lender will have no right to cancel, modify, change, supplement, alter or amend the leasehold interest. No estate in the Property, whether fee title to the leasehold premises, the leasehold estate, or any subleasehold estate, will merge without Lender express written consent; rather these estates will remain separate and distinct, even if there is a union of these estates in the landlord, Grantor, or a third party who purchases or otherwise acquires the estates. Grantor further agrees that if Grantor acquires all or a portion of the fee simple title, or any other leasehold or subleasehold title to the Property, that title will, at Lender's option, immediately become subject to the terms of this Deed of Trust, and Grantor will execute, deliver and record all documents necessary or appropriate to assure that such title is secured by this Deed of Trust.

Notices Relating to the Lease. Grantor will promptly notify Lender in writing:

- (1) if Grantor is in default in the performance or observance of any of the terms, covenants, or conditions which Grantor is to perform or observe under the Lease;
- (2) if any event occurs which would constitute a default under the Lease;
- (3) if any notice of default is given to Grantor by the landlord under the Lease;
- (4) if, pursuant to the Lease, any proceeds received for the Property are deposited with someone other than Lender, whether received from any insurance on the Property or from the taking of any or all of the Property by eminent domain; and
- (5) if any arbitration or appraisal proceedings are requested or instituted pursuant to the Lease.

Grantor agrees to provide Lender promptly with a copy of all written materials relating to any of the above and to provide Lender with such other information as Lender may reasonably request. Grantor agrees that promptly after the execution and delivery of this Deed of Trust, Grantor will notify the landlord under the Lease in writing of the execution and delivery of this Deed of Trust and of the name and address of Lender and will deliver a copy of this Deed of Trust to the landlord.

Option to Cure Lease Default. Upon Lender's receipt of any written notice of Grantor's default under the Lease, Lender may, at Lender's option, cure such default, even though Grantor, or any party on behalf of Grantor, questions or denies the existence of such default or the nature of the default. Grantor expressly grants to Lender the absolute and immediate right to enter upon the Property to such extent and as often as Lender in its sole discretion deems necessary or desirable in order to prevent or cure any such default by Grantor.

Construction Loan. If some or all of the proceeds of the loan creating the indebtedness are to be used to construct or complete construction of any improvements on the Property, the improvements shall be completed no later than the maturity date of the Note (or such earlier date as Lender may reasonably establish) and Grantor shall pay in full all costs and expenses in connection with the work. Lender will disburse loan proceeds under such terms and conditions as Lender may deem reasonably necessary to insure that the interest created by this Deed of Trust shall have priority over all possible liens, including those of material suppliers and workmen. Lender may require, among other things, that disbursement requests be supported by receipted bills, expense affidavits, waivers of liens, construction progress reports, and such other documentation as Lender may reasonably request.

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(Continued)**

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

Payment. Grantor shall pay when due (and in all events prior to delinquency) all taxes, special taxes, assessments, charges (including water and sewer), fines and impositions levied against or on account of the Property, and shall pay when due all claims for work done on or for services rendered or material furnished to the Property. Grantor shall maintain the Property free of all liens having priority over or equal to the interest of Lender under this Deed of Trust, except for the lien of taxes and assessments not due and except as otherwise provided in this Deed of Trust.

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

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

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

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

Maintenance of Insurance. Grantor shall procure and maintain policies of fire insurance with standard extended coverage endorsements on a fair value basis for the full insurable value covering all improvements on the Real Property in an amount sufficient to avoid application of any coinsurance clause, and with a standard mortgagee clause in favor of Lender, together with such other hazard and liability insurance as Lender may reasonably require. Policies shall be written in form, amounts, coverages and basis reasonably acceptable to Lender and issued by a company or companies reasonably acceptable to Lender. Grantor, upon request of Lender, will deliver to Lender from time to time the policies or certificates of insurance in form satisfactory to Lender, including stipulations that coverages will not be cancelled or diminished without at least thirty (30) days prior written notice to Lender. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Grantor or any other person. Should the Real Property be located in an area designated by the Director of the Federal Emergency Management Agency as a special flood hazard area, Grantor agrees to obtain and maintain Federal Flood Insurance, if available, within 45 days after notice is given by Lender that the Property is located in a special flood hazard area, for the full unpaid principal balance of the loan and any prior liens on the property securing the loan, up to the maximum policy limits set under the National Flood Insurance Program, or as otherwise required by Lender, and to maintain such insurance for the term of the loan.

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

LENDER'S EXPENDITURES. If Grantor fails (A) to keep the Property free of all taxes, liens, security interests, encumbrances, and other claims, (B) to provide any required insurance on the Property, or (C) to make repairs to the Property then Lender may do so. If any action or proceeding is commenced that would materially affect Lender's interests in the Property, then Lender on Grantor's behalf may, but is not required to, take any action that Lender believes to be appropriate to protect Lender's interests. All expenses incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Grantor. All such expenses will become a part of the indebtedness and, at Lender's option, will (A) be payable on demand; (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Note; or (C) be treated as a balloon payment which will be due and payable at the Note's maturity. The Deed of Trust also will secure payment of these amounts. The rights provided for in this paragraph shall be in addition to any other rights or any remedies to which Lender may be entitled on account of any default. Any such action by Lender shall not be construed as curing the default so as to bar Lender from any remedy that it otherwise would have had.

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

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

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

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

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ordinances, and regulations of governmental authorities.

Survival of Promises. All promises, agreements, and statements Grantor has made in this Deed of Trust shall survive the execution and delivery of this Deed of Trust, shall be continuing in nature and shall remain in full force and effect until such time as Grantor's indebtedness is paid in full.

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

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

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

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

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

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

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

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

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

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

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

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

Further Assurances. At any time, and from time to time, upon request of Lender, Grantor will make, execute and deliver, or will cause to be made, executed or delivered, to Lender or to Lender's designee, and when requested by Lender, cause to be filed, recorded, refiled, or rerecorded, as the case may be, at such times and in such offices and places as Lender may deem appropriate, any and all such mortgages, deeds of trust, security deeds, security agreements, financing statements, continuation statements, instruments of further assurances, certificates, and other documents as may, in the sole opinion of Lender, be necessary or desirable in order to effectuate, complete, perfect, continue, or preserve (1) Grantor's obligations under the Note, this Deed of Trust, and the Related Documents, and (2) the liens and security interests created by this Deed of Trust as first and prior liens on the Property, whether now owned or hereafter acquired by Grantor. Unless prohibited by law or Lender agrees to the contrary in writing, Grantor shall reimburse Lender for all costs and expenses incurred in connection with the matters referred to in this paragraph.

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

FULL PERFORMANCE. If Grantor pays all the indebtedness when due, and otherwise performs all the obligations imposed upon Grantor under this Deed of Trust, Lender shall execute and deliver to Trustee a request for full reconveyance and shall execute and deliver to Grantor suitable statements of termination of any financing statement on file evidencing Lender's security interest in the Rents and the Personal Property. Any reconveyance fee required by law shall be paid by Grantor, if permitted by applicable law.

EVENTS OF DEFAULT. At Lender's option, Grantor will be in default under this Deed of Trust if any of the following happen:

Payment Default. Grantor fails to make any payment when due under the indebtedness.

Break Other Promises. Grantor breaks any promise made to Lender or fails to perform promptly at the time and strictly in the manner

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provided in this Deed of Trust or in any agreement related to this Deed of Trust.

Compliance Default. Failure to comply with any other term, obligation, covenant or condition contained in this Deed of Trust, the Note or in any of the Related Documents.

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

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

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

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

Death or Insolvency. The death of Grantor, the insolvency of Grantor, the appointment of a receiver for any part of Grantor's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Grantor.

Taking of the Property. Any creditor or governmental agency tries to take any of the Property or any other of Grantor's property in which Lender has a lien. This includes taking of, garnishing of or levying on Grantor's accounts with Lender. However, if Grantor disputes in good faith whether the claim on which the taking of the Property is based is valid or reasonable, and if Grantor gives Lender written notice of the claim and furnishes Lender with monies or a surety bond satisfactory to Lender to satisfy the claim, then this default provision will not apply.

Lease Default. Grantor defaults under the terms of the Lease, or any other event (whether or not Grantor's fault) results in the termination or cancellation of Grantor's leasehold rights.

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

Events Affecting Guarantor. Any of the preceding events occurs with respect to any guarantor, endorser, surety, or accommodation party of any of the indebtedness or any guarantor, endorser, surety, or accommodation party dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any Guaranty of the indebtedness. In the event of a death, Lender, at its option, may, but shall not be required to, permit the guarantor's estate to assume unconditionally the obligations arising under the guaranty in a manner satisfactory to Lender, and, in doing so, cure any Event of Default.

Insecurity. Lender in good faith believes itself insecure.

RIGHTS AND REMEDIES ON DEFAULT. If an Event of Default occurs under this Deed of Trust, at any time thereafter, Trustee or Lender may exercise any one or more of the following rights and remedies:

Notice of Default. In the Event of Default Lender shall execute or cause the Trustee to execute a written notice of such default and of Lender's election to cause the Property to be sold to satisfy the indebtedness, and shall cause such notice to be recorded in the office of the recorder of each county wherein the Real Property, or any part thereof, is situated.

Election of Remedies. All of Lender's rights and remedies will be cumulative and may be exercised alone or together. An election by Lender to choose any one remedy will not bar Lender from using any other remedy. If Lender decides to spend money or to perform any of Grantor's obligations under this Deed of Trust, after Grantor's failure to do so, that decision by Lender will not affect Lender's right to declare Grantor in default and to exercise Lender's remedies.

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

Foreclosure. With respect to all or any part of the Real Property, the Trustee shall have the right to foreclose by notice and sale, and Lender shall have the right to foreclose by judicial foreclosure, in either case in accordance with and to the full extent provided by applicable law.

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

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

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

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

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Property immediately upon the demand of Lender.

Other Remedies. Trustee or Lender shall have any other right or remedy provided in this Deed of Trust or the Note or by law.

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

Sale of the Property. To the extent permitted by applicable law, Grantor hereby waives any and all rights to have the Property marshalled. In exercising its rights and remedies, the Trustee or Lender shall be free to sell all or any part of the Property together or separately, in one sale or by separate sales. Lender shall be entitled to bid at any public sale on all or any portion of the Property. Notice of sale having been given as then required by law, and not less than the time required by law having elapsed, Trustee, without demand on Grantor, shall sell the property at the time and place fixed by it in the notice of sale at public auction to the highest bidder for cash in lawful money of the United States, payable at time of sale. Trustee shall deliver to the purchaser his or her deed conveying the Property so sold, but without any covenant or warranty express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness of such matters or facts. After deducting all costs, fees and expenses of Trustee and of this Trust, including cost of evidence of title and reasonable attorneys' fees, including those in connection with the sale, Trustee shall apply proceeds of sale to payment of (a) all sums expended under this Deed of Trust, not then repaid with interest thereon as provided in this Deed of Trust; (b) all indebtedness secured hereby; and (c) the remainder, if any, to the person or persons legally entitled thereto.

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

Rights of Trustee. Trustee shall have all of the rights and duties of Lender as set forth in this section.

POWERS AND OBLIGATIONS OF TRUSTEE. The following provisions relating to the powers and obligations of Trustee are part of this Deed of Trust:

Powers of Trustee. In addition to all powers of Trustee arising as a matter of law, Trustee shall have the power to take the following actions with respect to the Property upon the written request of Lender and Grantor: (a) join in preparing and filing a map or plat of the Real Property, including the dedication of streets or other rights to the public; (b) join in granting any easement or creating any restriction on the Real Property; and (c) join in any subordination or other agreement affecting this Deed of Trust or the interest of Lender under this Deed of Trust.

Obligations to Notify. Trustee shall not be obligated to notify any other party of a pending sale under any other trust deed or lien, or of any action or proceeding in which Grantor, Lender, or Trustee shall be a party, unless the action or proceeding is brought by Trustee.

Trustee. Trustee shall meet all qualifications required for Trustee under applicable law. In addition to the rights and remedies set forth above, with respect to all or any part of the Property, the Trustee shall have the right to foreclose by notice and sale, and Lender will have the right to foreclose by judicial foreclosure, in either case in accordance with and to the full extent provided by applicable law.

Successor Trustee. Lender, at Lender's option, may from time to time appoint a successor Trustee to any Trustee appointed under this Deed of Trust by an instrument executed and acknowledged by Lender and recorded in the office of the recorder of VALLEY County, State of Idaho. The instrument shall contain, in addition to all other matters required by state law, the names of the original Lender, Trustee, and Grantor, the book and page where this Deed of Trust is recorded, and the name and address of the successor trustee, and the instrument shall be executed and acknowledged by Lender or its successor in interest. The successor trustee, without conveyance of the Property, shall succeed to all the title, power, and duties conferred upon the Trustee in this Deed of Trust and by applicable law. This procedure for substitution of Trustee shall govern to the exclusion of all other provisions for substitution.

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

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

Amendments. What is written in this Deed of Trust and in the Related Documents is Grantor's entire agreement with Lender concerning the matters covered by this Deed of Trust. To be effective, any change or amendment to this Deed of Trust must be in writing and must be signed by whoever will be bound or obligated by the change or amendment.

Arbitration. Grantor and Lender agree that all disputes, claims and controversies between us whether individual, joint, or class in nature, arising from this Deed of Trust or otherwise, including without limitation contract and tort disputes, shall be arbitrated pursuant to the Rules of the American Arbitration Association in effect at the time the claim is filed, upon request of either party. No act to take or dispose of any Property shall constitute a waiver of this arbitration agreement or be prohibited by this arbitration agreement. This includes, without limitation, obtaining injunctive relief or a temporary restraining order; invoking a power of sale under any deed of trust or mortgage; obtaining a writ of attachment or imposition of a receiver; or exercising any rights relating to personal property, including taking or

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disposing of such property with or without judicial process pursuant to Article 8 of the Uniform Commercial Code. Any disputes, claims, or controversies concerning the lawfulness or reasonableness of any act, or exercise of any right, concerning any Property, including any claim to rescind, reform, or otherwise modify any agreement relating to the Property, shall also be arbitrated, provided however that no arbitrator shall have the right or the power to enjoin or restrain any act of any party. Judgment upon any award rendered by any arbitrator may be entered in any court having jurisdiction. Nothing in this Deed of Trust shall preclude any party from seeking equitable relief from a court of competent jurisdiction. The statute of limitations, estoppel, waiver, laches, and similar doctrines which would otherwise be applicable in an action brought by a party shall be applicable in any arbitration proceeding, and the commencement of an arbitration proceeding shall be deemed the commencement of an action for those purposes. The Federal Arbitration Act shall apply to the construction, interpretation, and enforcement of this arbitration provision.

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

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

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

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


Joint and Several Liability. All obligations of Grantor under this Deed of Trust shall be joint and several, and all references to Grantor shall mean each and every Grantor. This means that each Grantor signing below is responsible for all obligations in this Deed of Trust.

No Waiver by Lender. Grantor understands Lender will not give up any of Lender's rights under this Deed of Trust unless Lender does so in writing. The fact that Lender delays or omits to exercise any right will not mean that Lender has given up that right. If Lender does agree in writing to give up one of Lender's rights, that does not mean Grantor will not have to comply with the other provisions of this Deed of Trust. Grantor also understands that if Lender does consent to a request, that does not mean that Grantor will not have to get Lender's consent again if the situation happens again. Grantor further understands that just because Lender consents to one or more of Grantor's requests, that does not mean Lender will be required to consent to any of Grantor's future requests. Grantor waives presentment, demand for payment, protest, and notice of dishonor. Grantor waives all rights of exemption from execution or similar law in the Property, and Grantor agrees that the rights of Lender in the Property under this Deed of Trust are prior to Grantor's rights while this Deed of Trust remains in effect.

Severability. If a court finds that any provision of this Deed of Trust is not valid or should not be enforced, that fact by itself will not mean that the rest of this Deed of Trust will not be valid or enforced. Therefore, a court will enforce the rest of the provisions of this Deed of Trust even if a provision of this Deed of Trust may be found to be invalid or unenforceable.

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

Time is of the Essence. Time is of the essence in the performance of this Deed of Trust.

Waive Jury. All parties to this Deed of Trust hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by any party against any other party. (Initial Here )

Waiver of Homestead Exemption. Grantor hereby releases and waives all rights and benefits of the homestead exemption laws of the State of Idaho as to all indebtedness secured by this Deed of Trust.

DEFINITIONS. The following words shall have the following meanings when used in this Deed of Trust:

Beneficiary. The word "Beneficiary" means Idaho First Bank, and its successors and assigns.

Borrower. The word "Borrower" means MAJ-LE BRIDGES and HAROLD A. BRIDGES and includes all co-signers and co-makers signing the Note and all their successors and assigns.

Deed of Trust. The words "Deed of Trust" mean this Deed of Trust among Grantor, Lender, and Trustee, and includes without limitation all assignment and security interest provisions relating to the Personal Property and Rents.

Environmental Laws. The words "Environmental Laws" mean any and all state, federal and local statutes, regulations and ordinances relating to the protection of human health or the environment, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 8901, et seq., or other applicable state or federal laws, rules, or regulations adopted pursuant thereto.

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

Grantor. The word "Grantor" means MAJ-LE TATE BRIDGES and HAROLD A. BRIDGES.

Guaranty. The word "Guaranty" means the guaranty from guarantor, endorser, surety, or accommodation party to Lender, including without limitation a guaranty of all or part of the Note.

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

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and petroleum by-products or any fraction thereof and asbestos.

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

Indebtedness. The word "Indebtedness" means all principal, interest, and other amounts, costs and expenses payable under the Note or Related Documents, together with all renewals of, extensions of, modifications of, consolidations of and substitutions for the Note or Related Documents and any amounts expended or advanced by Lender to discharge Grantor's obligations or expenses incurred by Trustee or Lender to enforce Grantor's obligations under this Deed of Trust, together with interest on such amounts as provided in this Deed of Trust.

Lease. The word "Lease" means the lease of the Property dated October 31, 2006, between STATE OF IDAHO, ACTING BY AND THROUGH THE STATE BOARD OF LAND COMMISSIONERS, Lender and Grantor, which was recorded as follows: RECORDED IN ADA COUNTY, BOISE, IDAHO: INSTRUMENT #302253.

Lender. The word "Lender" means Idaho First Bank, its successors and assigns. The words "successors or assigns" mean any person or company that acquires any interest in the Note.

Note. The word "Note" means the promissory note dated September 21, 2006, in the original principal amount of \$1,500,000.00 from Grantor to Lender, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the promissory note or agreement. NOTICE TO GRANTOR: THE NOTE CONTAINS A VARIABLE INTEREST RATE.

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

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

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

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

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

Trustee. The word "Trustee" means AmeriTitle, whose address is 120 N. Main, Cascade, ID 83611 and any substitute or successor trustee.

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

GRANTOR:

x [Signature] MAJ-LE TATE BRIDGES

x [Signature] HAROLD A. BRIDGES

INDIVIDUAL ACKNOWLEDGMENT

STATE OF CALIFORNIA

1 198

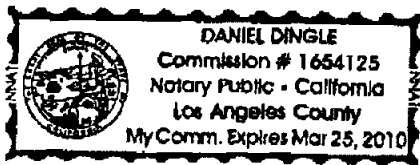
COUNTY OF LOS ANGELES

On this 21st day of September, in the year 2006, before me

[Signature], a notary public in and for the State of Idaho, personally appeared MAJ-LE TATE BRIDGES and HAROLD A. BRIDGES, Wife and Husband, known or identified to me (or proved to me on the oath of [Signature]), to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same.

Notary Public for State of California My commission expires March 25, 2010

Residing at La Canada, California



**DEED OF TRUST
(Continued)**

Loan No: 11346

Page 9

REQUEST FOR FULL RECONVEYANCE

(To be used only when obligations have been paid in full)

To: _____, Trustee

The undersigned is the legal owner and holder of all indebtedness secured by this Deed of Trust. All sums secured by this Deed of Trust have been fully paid and satisfied. You are hereby directed, upon payment to you of any sums owing to you under the terms of this Deed of Trust or pursuant to any applicable statute, to cancel the Note secured by this Deed of Trust (which is delivered to you together with this Deed of Trust), and to reconvey, without warranty, to the parties designated by the terms of this Deed of Trust, the estate now held by you under this Deed of Trust. Please mail the reconveyance and Related Documents to:

Date: _____

Beneficiary: _____

By: _____

Its: _____

EXHIBIT A

ALL THAT CERTAIN LOT, PIECE OR PARCEL OF LAND, SITUATE IN VALLEY COUNTY, IDAHO, AND SHOWN AS LOT 30, BLOCK 1 AMENDED PLAT PILGRIM COVE SUBDIVISION, A PLAT WHICH IS RECORDED IN THE OFFICE OF THE RECORDER OF VALLEY COUNTY, IDAHO, AND ADJACENT TAX #145 IN GL1 SECTION 3 TOWNSHIP 18 NORTH, RANGE 3 EAST BOISE MERIDIAN, VALLEY COUNTY, IDAHO. STATE LEASE NO. R-5040-8.

A PARCEL OF LAND SITUATED IN GOVERNMENT LOT 1 OF SECTION 3, T. 18 N. R. 3 E., B.M. VALLEY COUNTY, IDAHO MORE PARTICULARY DESCRIBED AS FOLLOWS;

COMMENCING AT A 3" BRASS CAP MARKING THE MEANDER CORNER OF PAYETTE LAKE COMMON TO SECTIONS 2 AND 3, T. 18 N., R 3 E., B.M., VALLEY COUNTY, IDAHO, ALSO MARKING THE NORTHEAST CORNER OF LOT 1-2-3, BLOCK 1 OF AMENDED PLAT FOR PILGRIM COVE SUBDIVISION, AS SHOWN ON THAT OFFICIAL PLAT THEREOF, ON FILE IN BOOK 8, PAGE 12 OF PLATS, IN THE OFFICE OF THE RECORDER OF VALLEY COUNTY, IDAHO; THENCE NORTH 40°56'57" WEST 1, 697.92 FEET TO A 2" ALUMINUM CAP MARKING THE EAST CORNER COMMON TO LOTS 29 AND 30, BLOCK 1 OF SAID SUBDIVISION, THE REAL POINT OF BEGINNING; THENCE NORTH 06°30'47" WEST 70.00 FEET TO A 2" ALUMINUM CAP MARKING THE EAST CORNER COMMON TO LOTS 30 AND 31, OF SAID SUBDIVISION; THENCE NORTH 89°20'40" EAST 47.18 FEET ALONG THE EXTENSION OF THE BOUNDARY COMMON TO SAID LOTS 30 AND 31, TO A 2" ALUMINUM CAP; THENCE CONTINUING NORTH 89°20'40" EAST 2.00 FEET, MORE OF LESS TO THE ORDINARY HIGH WATER MARK OF PAYETTE LAKE; THENCE SOUTH 05°27'59" WEST 71.65 FEET TO THE INTERSECTION OF THE ORDINARY HIGH WATER MARK OF PAYETTE LAKE WITH THE EXTENSION OF THE BOUNDARY COMMON TO SAID LOTS 29 AND 30; THENCE NORTH 87°58'39" WEST 2.00 FEET, MORE OR LESS ALONG SAID EXTENSION TO A 2" ALUMINUM CAP; THENCE CONTINUING NORTH 87°58'39" WEST 32.43 FEET ALONG SAID EXTENSION TO THE POINT OF BEGINNING.

BEARING BASED ON THE AMENDED PLAT OF PILGRIMS COVE SUBDIVISION.

APPRAISAL REPORT

CLIENT

LENDER

ADDRESS

CITY

COUNTY OF

DATE

APPRAISER

COMPANY

PREPARED FOR:

LENDER/CLIENT:

Idaho Department of Lands

SUBJECT PROPERTY

2087 John Alden Rd

McCall, ID 83638

Valley

APPRAISAL AS OF:

10/15/2012

PREPARED BY:

Ron Harper

HARPER APPRAISAL SERVICE



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LAND APPRAISAL REPORT

File No. 10150812

Case No.

Borrower N/A Census Tract 9702.00 Map Reference McCall
 Property Address 2087 John Alden Rd
 City McCall County Valley State ID Zip Code 83638
 Legal Description Amended Plat for Pilgrim Cove Subdivision Lot 30 Block 1 and Tax No. 145 in Govt. Lot 1 S3 T18N R3E State Lease #R-5040-8
 Sale Price \$ N/A Date of Sale N/A Loan Term N/A yrs. Property Rights Appraised Fee Leasehold De Minimis PUD
 Actual Real Estate Taxes \$ N/A (yr) Loan Charges to be paid by seller \$ N/A Other Sales Concessions N/A
 Lender/Client Idaho Department of Lands Address 300 North 6th Street, Suite 103 Boise, ID 83720-0053
 Occupant Vacant Appraiser Ron Harper Instructions to Appraiser Market value of site as if vacant

NEIGHBORHOOD

Location Urban Suburban Rural
 Built Up Over 75% 25% to 75% Under 25%
 Growth Rate Fully Dev. Rapid Steady Slow
 Property Values Increasing Stable Declining
 Demand/Supply Shortage In Balance Oversupply
 Marketing Time Under 3 Mos. 3-6 Mos. Over 6 Mos.
 Present Land Use 80 %1 Family 2 %2-4 Family 10 % Apts 5 % Condo 1 % Commercial
 %Industrial 5 % Vacant 0 %
 Change in Present Land Use Not Likely Likely(*) Taking Place (*)
 (*) From _____ To _____
 Predominate Occupancy Owner Tenant _____ % Vacant
 Single Family Price Range \$ 499,500 to \$ 2,100,000 Predominant Value \$ 800,000
 Single Family Age 10 yrs to 60 yrs. Predominant Age 15 yrs

Employment Stability Good Avg. Fair Poor
 Convenience to Employment
 Convenience to Shopping
 Convenience to Schools
 Adequacy of Public Transportation
 Recreational Facilities
 Adequacy of Utilities
 Property of Compatibility
 Protection from Detrimental Conditions
 Police and Fire Protection
 General Appearance of Properties
 Appeal to Market

Comments including those factors, favorable or unfavorable, affecting marketability (e.g. public parks, schools, view, noise): See comments - Neighborhood Description

SITE

Dimensions See Attached Plat = 71.65 FF Corner Lot
 Zoning Classification R4-Low density residential Present Improvements do do not conform to zoning regulations
 Highest and best use Present use Other (specify) _____
 Elec. Public Other (Describe) _____
 Gas _____
 Water Well/Typical
 San. Sewer _____
 Underground Elect. & Tel _____
 OFF SITE IMPROVEMENTS
 Street Access Public Private
 Surface Gravel _____
 Maintenance Public Private
 Storm Sewer Curb/Gutter
 Sidewalk Street Lights
 Topo 2%-6% slope front to rear
 Size Typical
 Shape Rectangular
 View Lake
 Drainage Adequate
 Is the property located in a HUD identified Special Flood Hazard Area? No Yes
 Comments (favorable or unfavorable including any apparent adverse easements, encroachments or other adverse conditions): See comments - SITE COMMENTS

The undersigned has recited three recent sales of properties most similar and proximate to subject and has considered these in the market analysis. The description includes a dollar adjustment reflecting market reaction to those items of significant variation between the subject and comparable properties. If a significant item in the comparable property is superior to or more favorable than the subject property, a minus (-) adjustment is made thus reducing the indicated value of subject; if a significant item in the comparable is inferior to or less favorable than the subject property, a plus (+) adjustment is made thus increasing the indicated value of the subject.

| | SUBJECT PROPERTY | COMPARABLE NO.1 | COMPARABLE NO.2 | COMPARABLE NO.3 |
|----------------------------------|--|---|---------------------------------------|---------------------------------------|
| Address | 2087 John Alden Rd McCall, ID 83638 | 1325 Forest Cove Rd McCall, ID 83638 | 2071 Lakeview Ave McCall, ID 83638 | 1624 East Lake St McCall, ID 83638 |
| Proximity to Subject | | 0.55 miles SE | 0.83 miles E | 1.56 miles SW |
| Sales Price | \$ N/A | \$ 550,000 | \$ 1,400,000 | \$ 1,350,000 |
| Price / Per FF | \$ | \$ 15,832 | \$ 14,000 | \$ 21,094 |
| Data Source | | MLS516929, Assessor | MLS515248, Assessor | MLS515657, Agent, Assessor |
| Date of Sale and Time Adjustment | DESCRIPTION N/A | DESCRIPTION 06/29/2012 | DESCRIPTION 05/14/2012 | DESCRIPTION 04/09/2012 |
| Location | Good | Good | Good | Good+ -1,266 |
| Site/View | 71.65 FF | 34.74 FF/Lake | 100 FF/Lake | 64 FF/Lake |
| House | | 640 sq. ft. cabin -921 | 2010 sq. ft. -2,010 | 2300 sq. ft. -3,894 |
| Common area | Ramp/dock/beach | Dock Equal | Dock Equal | Dock Equal |
| Other Items | Well | -144 | 4 Car Garages -450 | -78 |
| Beach | Lower water | Sandy -1,583 | Sandy -1,400 | Lower water |
| Sales or Financing Concessions | | Owner Carry None DOM1 | Cash None DOM320 | Conv. None DOM182 |
| Net Adj. (Total) | | Plus X Minus \$ -2,648 | Plus X Minus \$ -3,860 | Plus X Minus \$ -5,238 |
| Indicated Value of Subject | | Net=-17% Gross=17% \$ 13,184 | Net=-28% Gross=28% \$ 10,140 | Net=-25% Gross=25% \$ 15,856 |

Comments on Market Data See Comment Addendum-Summary of sales

Comments and Conditions of Appraisal: The use of this complete appraisal report in summary format is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives. This report is intended for use by the client only for personal business reasons and is not intended for use for any other purpose or by any other party.

Final Reconciliation: Comparables #1 & #2 are weighted in the final opinion as the most similar to the subject and in the same local area. Comparable #3 is in one of the most desired locations on the lake and comparable #4 is in a local area of higher density than the subject with less quiet and seclusion.

I ESTIMATE THE MARKET VALUE, AS DEFINED, OF SUBJECT PROPERTY AS OF 10/15/2012 to be \$ 11,662/FF or \$835,600

RECONCILIATION

Appraiser(s) Ron Harper Review Appraiser (if applicable) Did Did Not Physically
 Date Report Signed 10/26/2012 Inspect Property _____
 State Certification # CRA38 State ID Date Report Signed _____ State _____
 Or State License # _____ State _____ Or State License # _____ State _____
 Expiration Date of License or Certification 04/18/2013 Expiration Date of License or Certification _____

HARPER APPRAISAL SERVICE
EXTRA COMPARABLES 4-5-6

File No. 10150812
Case No.

Borrower N/A
Property Address 2087 John Alden Rd
City McCall County Valley State ID Zip Code 83638
Lender/Client Idaho Department of Lands Address 300 North 6th Street, Suite 103 Boise, ID 83720-0053

The undersigned has recited three recent sales of properties most similar and proximate to subject and has considered these in the market analysis. The description includes a dollar adjustment reflecting market reaction to those items of significant variation between the subject and comparable properties. If a significant item in the comparable property is superior to or more favorable than the subject property, a minus (-) adjustment is made thus reducing the indicated value of subject, if a significant item in the comparable is inferior to or less favorable than the subject property, a plus (+) adjustment is made thus increasing the indicated value of the subject.

| SUBJECT PROPERTY | | COMPARABLE NO. 4 | | COMPARABLE NO. 5 | | COMPARABLE NO. 6 | |
|--|-----------------|---------------------------------------|------------|-------------------------|------------|-------------------------|------------|
| Address 2087 John Alden Rd McCall, ID 83638 | | 915 Cottonwood St McCall, ID 83638 | | | | | |
| Proximity to Subject | | 2.80 miles W | | | | | |
| Sales Price \$ N/A | | \$ 2,100,000 | | \$ | | \$ | |
| Price Per FF \$ | | \$ 20,690 | | \$ | | \$ | |
| Data Source | | MLS516764, Assessor | | | | | |
| Date of Sale and Time Adjustment | DESCRIPTION | DESCRIPTION | Adjustment | DESCRIPTION | Adjustment | DESCRIPTION | Adjustment |
| | N/A | 08/16/2012 | | | | | |
| Location | Good | Good | | | | | |
| Site/View | 71.65 FF | 101.5 FF/Lake | | | | | |
| House | | 4440 sq. ft. | -8,749 | | | | |
| Common area | Ramp/dock/beach | Shared dock, 2 slips | Equal | | | | |
| Other Items | Well | 4 Car Garages | -443 | | | | |
| Beach | Lower water | Sandy | -2,069 | | | | |
| Sales or Financing Concessions | | Cash None DOM61 | | | | | |
| Net Adj (Total) | | Plus X Minus \$ -11,261 | | X Plus Minus \$ 0 | | X Plus Minus \$ 0 | |
| Indicated Value of Subject | | Net=-54% Gross=54% \$ 9,429 | | Net=0% Gross=0% \$ 0 | | Net=0% Gross=0% \$ 0 | |

Comments on Market Data

MARKET DATA ANALYSIS

COMMENTS

This appraisal report is subject to the scope of work, intended use, intended user, definition of market value, statement of assumptions and limiting conditions, and certifications. The appraiser may expand the scope of work to include any additional research or analysis necessary based on the complexity of this appraisal assignment.

SCOPE OF WORK: The scope of work for this appraisal is defined by the complexity of this appraisal assignment and the reporting requirements of this appraisal, including the following definition of market value, statement of assumptions and limiting conditions, and certifications. The appraiser must, at a minimum: (1) perform a complete visual inspection of the subject property, (2) inspect the neighborhood, (3) inspect each of the comparable sales from at least the street, (4) research, verify, and analyze data from reliable public and/or private sources, and (5) report his or her analysis, opinions, and conclusions in this appraisal report.

INTENDED USE: The intended use of this appraisal report is for the lender/client to evaluate the property that is the subject of this appraisal for Idaho Department of Lands business purposes.

INTENDED USER: The intended user of this appraisal report is the lender/client.

DEFINITION OF MARKET VALUE: The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby: (1) buyer and seller are typically motivated; (2) both parties are well informed or well advised, and each acting in what he or she considers his or her own best interest; (3) a reasonable time is allowed for exposure in the open market; (4) payment is made in terms of cash in U. S. dollars or in terms of financial arrangements comparable thereto; and (5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions* granted by anyone associated with the sale.

*Adjustments to the comparables must be made for special or creative financing or sales concessions. No adjustments are necessary for those costs which are normally paid by sellers as a result of tradition or law in a market area; these costs are readily identifiable since the seller pays these costs in virtually all sales transactions. Special or creative financing adjustments can be made to the comparable property by comparisons to financing terms offered by a third party institutional lender that is not already involved in the property or transaction. Any adjustment should not be calculated on a mechanical dollar for dollar cost of the financing or concession but the dollar amount of any adjustment should approximate the market's reaction to the financing or concessions based on the appraiser's judgment.

STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS: The appraiser's certification in this report is subject to the following assumptions and limiting conditions:

1. The appraiser will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it, except for information that he or she became aware of during the research involved in performing this appraisal. The appraiser assumes that the title is good and marketable and will not render any opinions about the title.
2. The appraiser has examined the available flood maps that are provided by the Federal Emergency Management Agency (or other data sources) and has noted in this appraisal report whether any portion of the subject site is located in an identified Special Flood Hazard Area. Because the appraiser is not a surveyor, he or she makes no guarantees, express or implied, regarding this determination.
3. The appraiser will not give testimony or appear in court because he or she made an appraisal of the property in question, unless specific arrangements to do so have been made beforehand, or as otherwise required by law.
4. The appraiser has noted in this appraisal report any adverse conditions (such as the presence of hazardous wastes, toxic substances, etc.) observed during the inspection of the subject property or that he or she became aware of during the research involved in performing this appraisal. Unless otherwise stated in this appraisal report, the appraiser has no knowledge of any hidden or unapparent deficiencies or adverse conditions of the property (such as, but not limited to, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) that would make the property less valuable, and has assumed that there are no such conditions and makes no guarantees or warranties, express or implied. The appraiser will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because the appraiser is not an expert in the field of environmental hazards, this appraisal report must not be considered as an environmental assessment of the property.
5. If the appraiser has based his or her appraisal report and valuation conclusion for an appraisal subject to certain conditions, it is assumed that the conditions will be met in a satisfactory manner.

APPRAISER'S CERTIFICATION: The Appraiser certifies and agrees that:

1. I have, at a minimum, developed and reported this appraisal in accordance with the scope of work requirements stated in this appraisal report.
2. I performed a complete visual inspection of the subject property. I reported the site characteristics in factual, specific terms.
3. I performed this appraisal in accordance with the requirements of the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place at the time this appraisal report was prepared.
4. I developed my opinion of the market value of the real property that is the subject of this report based on the sales comparison approach to value. I have adequate comparable market data to develop a reliable sales comparison approach for this appraisal assignment.
5. I researched, verified, analyzed, and reported on any current agreement for sale for the subject property, any offering for sale of the subject property in the twelve months prior to the effective date of this appraisal, and the prior sales of the subject property for a minimum of three years prior to the effective date of this appraisal, unless otherwise indicated in this report.
6. I researched, verified, analyzed, and reported on the prior sales of the comparable sales for a minimum of one year prior to the date of sale of the comparable sale, unless otherwise indicated in this report.
7. I selected and used comparable sales that are locationally, physically, and functionally the most similar to the subject property.
8. I have reported adjustments to the comparable sales that reflect the market's reaction to the differences between the subject property and the comparable sales.
9. I verified, from a disinterested source, all information in this report that was provided by parties who have a financial interest in the sale or financing of the subject property.
10. I have knowledge and experience in appraising this type of property in this market area.
11. I am aware of, and have access to, the necessary and appropriate public and private data sources, such as multiple listing services, tax assessment records, public land records and other such data sources for the area in which the property is located.
12. I obtained the information, estimates, and opinions furnished by other parties and expressed in this appraisal report from reliable sources that I believe to be true and correct.
13. I have taken into consideration the factors that have an impact on value with respect to the subject neighborhood, subject property, and the proximity of the subject property to adverse influences in the development of my opinion of market value. I have noted in this appraisal report any adverse conditions (such as, but not limited to, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) observed during the inspection of the subject property or that I became aware of during the research involved in performing this appraisal. I have considered these adverse conditions in my analysis of the property value, and have reported on the effect of the conditions on the value and marketability of the subject property.
14. I have not knowingly withheld any significant information from this appraisal report and, to the best of my knowledge, all statements and information in this appraisal report are true and correct.
15. I stated in this appraisal report my own personal, unbiased, and professional analysis, opinions, and conclusions, which are subject only to the assumptions and limiting conditions in this appraisal report.
16. I have no present or prospective interest in the property that is the subject of this report, and I have no present or prospective personal interest or bias with respect to the participants in the transaction. I did not base, either partially or completely, my analysis and/or opinion of market value in this appraisal report on the race, color, religion, sex, age, marital status, handicap, familial status, or national origin of either the prospective owners or occupants of the subject property or of the present owners or occupants of the properties in the vicinity of the subject property or on any other basis prohibited by law.
17. My employment and/or compensation for performing this appraisal or any future or anticipated appraisals was not conditioned on any agreement or understanding, written or otherwise, that I would report (or present analysis supporting) a predetermined specific value, a predetermined minimum value, a range or direction in value, a value that favors the cause of any party, or the attainment of a specific result or occurrence of a specific subsequent event (such as approval of a pending mortgage loan application).
18. I personally prepared all conclusions and opinions about the real estate that were set forth in this appraisal report. If I relied on significant real property appraisal assistance from any individual or individuals in the performance of this appraisal or the preparation of this appraisal report, I have named such individual(s) and disclosed the specific tasks performed in this appraisal report. I certify that any individual so named is qualified to perform the tasks. I have not authorized anyone to make a change to any item in this appraisal report; therefore, any change made to this appraisal is unauthorized and I will take no responsibility for it.
19. I identified the lender/client in this appraisal report who is the individual, organization, or agent for the organization that ordered and will receive this appraisal report.
20. The lender/client may disclose or distribute this appraisal report to: the borrower; another lender at the request of the borrower; the mortgagee or its successors and assigns; mortgage insurers; government sponsored enterprises; other secondary market participants; data collection or reporting services; professional appraisal organizations; any department agency, or instrumentality of the United States; and any state, the District of Columbia, or other jurisdictions; without having to obtain the appraiser's or supervisory appraiser's (if applicable) consent. Such consent must be obtained before this appraisal report may be disclosed or distributed to any other party (including, but not limited to, the public through advertising, public relations, news, sales, or other media).

21. I am aware that any disclosure or distribution of this appraisal report by me or the lender/client may be subject to certain laws and regulations. Further, I am also subject to the provisions of the Uniform Standards of Professional Appraisal Practice that pertain to disclosure or distribution by me.

22. If this appraisal report was transmitted as an "electronic record" containing my "electronic signature," as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or a facsimile transmission of this appraisal report containing a copy or representation of my signature, the appraisal report shall be as effective, enforceable and valid as if a paper version of this appraisal report were delivered containing my original hand written signature.

SUPERVISORY APPRAISER'S CERTIFICATION: The Supervisory Appraiser certifies and agrees that:

1. I directly supervised the appraiser for this appraisal assignment, have read the appraisal report, and agree with the appraiser's analysis, opinions, statements, conclusions, and the appraiser's certification.
2. I accept full responsibility for the contents of this appraisal report including, but not limited to, the appraiser's analysis, opinions, statements, conclusions, and the appraiser's certification.
3. The appraiser identified in this appraisal report is either a sub-contractor or an employee of the supervisory appraiser (or the appraisal firm), is qualified to perform this appraisal, and is acceptable to perform this appraisal under the applicable state law.
4. This appraisal report complies with the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place at the time this appraisal report was prepared.
5. If this appraisal report was transmitted as an "electronic record" containing my "electronic signature," as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or a facsimile transmission of this appraisal report containing a copy or representation of my signature, the appraisal report shall be as effective, enforceable and valid as if a paper version of this appraisal report were delivered containing my original hand written signature.

APPRAISER

Signature Ron Harper
 Name Ron Harper
 Company Name HARPER APPRAISAL SERVICE
 Company Address PO Box 274
Cascade, ID 83611
 Telephone Number 208-382-4629
 Email Address swag@frontier.com
 Date of Signature and Report 10/26/2012
 Effective Date of Appraisal 10/15/2012
 State Certification # CRA38
 or State License # _____
 or Other (describe) _____ State # _____
 State ID
 Expiration Date of Certification or License 04/18/2013

ADDRESS OF PROPERTY APPRAISED
2087 John Aiden Rd
McCall, ID 83638

APPRAISED VALUE OF SUBJECT PROPERTY \$ 11,662,000 or \$835,600
 LENDER/CLIENT
 Name _____
 Company Name Idaho Department of Lands
 Company Address 300 North 6th Street
Suite 103 Boise, ID 83720-0053
 Email Address RTitmus@idl.idaho.gov

SUPERVISORY APPRAISER (ONLY IF REQUIRED)

Signature _____
 Name _____
 Company Name _____
 Company Address _____
 Telephone Number _____
 Email Address _____
 Date of Signature _____
 State Certification # _____
 or State License # _____
 State _____
 Expiration Date of Certification or License _____

SUBJECT PROPERTY

- Did not inspect subject property
 Did inspect exterior of subject property from street
 Date of Inspection _____
 Did inspect interior and exterior of subject property
 Date of Inspection _____

COMPARABLE SALES

- Did not inspect exterior of comparable sales from street
 Did inspect exterior of comparable sales from street
 Date of Inspection _____

HARPER APPRAISAL SERVICE
CERTIFICATION OF APPRAISER

File No. 10150812
Case No.

Borrower N/A
Property Address 2087 John Alden Rd
City McCall County Valley State ID Zip Code 83638
Lender/Client Idaho Department of Lands Address 300 North 6th Street, Suite 103 Boise, ID 83720-0053

In accordance with USPAP Standards Rule 3, effective January 1, 2012, I certify that to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, unbiased professional analyses, opinions and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest with respect to the parties involved.
4. I have performed no other services, as an appraiser or in any other capacity, regarding the property that is the subject of the work under review within the three-year period immediately preceding the acceptance of this assignment.
5. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal review.
8. My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
9. The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
10. I have made a personal inspection of the property that is the subject of this report.
11. No one provided significant real estate appraisal assistance to the person signing this certification.
12. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
13. As of the date of this report, I have completed the Standards and Ethics Education Requirement of The Appraisal Institute for associate members.

APPRAISER:

Signature: Ron Harper
Name: Ron Harper
Date Signed: 10/26/2012
State Certification #: CRA38
or State License #: _____
State: ID
Expiration Date of Certification or License: 04/18/2013

SUPERVISORY:

Signature: _____
Name: _____
Date Signed: _____
State Certification #: _____
or State License #: _____
State: _____
Expiration Date of Certification or License: _____

HARPER APPRAISAL SERVICE
COMMENT ADDENDUM

File No. 10150812
Case No.

| | | | | | | | |
|------------------|---------------------------|--------|--|-------|----|----------|-------|
| Borrower | N/A | | | | | | |
| Property Address | 2087 John Alden Rd | | | | | | |
| City | McCall | County | Valley | State | ID | Zip Code | 83638 |
| Lender/Client | Idaho Department of Lands | | Address 300 North 6th Street, Suite 103 Boise, ID 83720-0053 | | | | |

PRIOR SALES

There have been no sales of the subject site in the prior three years.

EXPOSURE TIME

The estimated exposure time of the subject property is six months plus due to the start of winter and an average days on the market for water front properties over the past year during the prime sales season.

HIGHEST AND BEST USE

The subject property is zoned single family low density residential. It is in a local area of lake front single family residential improvements. The lake front properties are the highest demand and value properties in McCall. Building on the subject site does not incur any costs beyond the average for the market area. Single family residential is the highest and best use of the subject property as it is a permitted use, financially feasible and provides the highest value.

PURPOSE OF APPRAISAL/INTENDED USE AND INTENDED USER

To provide an opinion of the Fee Simple market value estimate for state cottage site lots being considered for sale, auction or exchange. The Idaho Department of Lands (IDL) will be identified as the "intended user" of the appraisal report.

RIGHTS TO BE APPRAISED

The Fee Simple market value for the land as though vacant and unimproved, based on the highest and best use, and subject to any outstanding rights and reservations of record. The Idaho Department of Lands definition of a vacant and unimproved lot is:

A vacant and unimproved lot is land that has been surveyed and platted with some off-site improvements, such as road access and/or access to one or more utilities, but excludes any on-site lessee-owned improvements. The lot or land value shall be subject to any outstanding rights and reservations of record, and shall not be impacted by lessee-owned on-site improvements, i.e. no deductions or credits for approved improvement values. For example, if a land sale comparable had a well and the Endowment lot does not, then a deduction from the value of the comparable for the well (not the cost of the well) would be made to determine the fee simple market value of the Endowment land.

HYPOTHETICAL CONDITIONS

The subject property is appraised under the hypothetical condition of being vacant and unimproved although there is a single family improvement on the property.

INTENDED USER

The Intended User of this appraisal report is the Lender/Client. The Intended Use is to evaluate the property that is the subject of this appraisal for non lending business reasons, subject to the stated Scope of Work, purpose of the appraisal, reporting requirements of this appraisal report form, and Definition of Market Value. No additional Intended Users are identified by the appraiser.

ADDITIONAL CERTIFICATIONS

The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.

The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

I have met the conditions of the continuing education requirements of the State of Idaho and the Appraisal Institute.

SCOPE OF WORK

This report does not involve any improvements and the appraiser only performed a visual inspection of accessible areas. The appraisal cannot be relied upon to disclose conditions and/or defects in the property. Idaho is a non disclosure state and the sales prices reported are assumed to be correct. Sales prices obtained from sales outside of MLS are assumed to be correct from the sources providing the information. Due to being a non disclosure state, not all sales prices can be verified through public records. The subject site is valued based on the current plat and current methods of road maintenance being utilized by subdivision residents. Wells observed on subject sites or indicated to be present are assumed to be on the site and not shared wells. The appraiser reserves the right to readdress wells in the report if additional information proves the wells to be shared, not on the subject site or incorrect in the assessor records. Not all wells can be observed as occasionally they are in a well house. An additional value for 2013 based on a preliminary Plat Pilgrim Cove A was also requested.

NEIGHBORHOOD DESCRIPTION

The water front properties around Payette Lake are the neighborhood. These are the highest quality, largest size and highest value properties in McCall. Houses are diverse in sizes, ages, styles and values with some basic summer cabins. The majority of houses are second homes used primarily during the non snow months. The local

HARPER APPRAISAL SERVICE
COMMENT ADDENDUM

File No. 10150812
Case No.

| | | | | | | |
|------------------|--|--------|--------|-------|----|----------------|
| Borrower | N/A | | | | | |
| Property Address | 2087 John Alden Rd | | | | | |
| City | McCall | County | Valley | State | ID | Zip Code 83638 |
| Lender/Client | Idaho Department of Lands Address 300 North 6th Street, Suite 103 Boise, ID 83720-0053 | | | | | |

area is Pilgrim Cove which is a subdivision in the southeastern part of Payette Lake that is primarily second homes that are diverse in sizes, ages, styles and values. The Pilgrim Cove community has a common area with a boat ramp, dock and beach. This is a desirable amenity and positive marketing and value factor.

Market conditions: There have been eight improved waterfront property sales the past year and no sales of vacant waterfront sites. Current listing of vacant waterfront sites on Payette Lake are three that vary in front footage from 107 to 155 with listing prices per front foot \$12,581 to \$16,666. The days on the market range are 168 to 257. Current deeded improved waterfront listings found in the Mountain Central MLS are 14 with the listing prices range \$993,000 to \$2,990,000 and average days on the market 369. Financing is available at current national rates and terms with concessions uncommon. Buyers are still looking for bargains and most sales have been for properties with prime sandy beaches. Marketing times are likely to remain extended until there is a recovery in the national economy and market. There is a current over supply of waterfront properties with eight sales the past year and 14 listings. The current vacant waterfront site listings have larger front footage than the average. The market for vacant waterfront sites is difficult to trend due to the lack of market data and activity. Values are considered to be declining as buyers are still looking for bargains and the some recent sales have some lower extracted front foot values for the sites compared to previous years. The values are difficult to trend due to a lack of sales and significantly different improvements and front footage of sites between current sales.

SITE COMMENTS

Parcel Number is XR00196001030A. The subject property is state owned and tax exempt. FEMA map is 1602200325A, 09/05/1990. There is a boulder retaining wall at the water frontage of the subject site with a lawn area and no sandy beach. The beach is available for use at lower water levels, but not private. A survey stake with the orange flag in the photo indicates the boulder retaining wall encroaches into the lake. It appears the wall has been in place for some time and it is assumed this does not create a problem or adverse marketing factor. It is beyond the expertise of the appraiser to address this factor without information from other sources. The access is from John Alden Road. The rear of the subject is well timbered, relatively level for the first 1/3 and without any lake view. The middle of the site has about a 4-8% slope and then a 4-6% slope to the lake front. The local property owners/users maintain the roads. The subject is a water front property on Payette Lake which is valued in the local market, and by the assessor, on the front footage of the site and not the site size. For example, a sale at 2492 Sharlie Lane sold at \$499,500 with 64 FF and 0.15 acre size site. The value per acre was \$3,300,000 and the value per FF was \$7804. A sale at 1325 Forest Place was \$550,000 with 34.74 FF and 0.18 acre. The value per acre was \$3,005,555 and the value per FF was \$15,832. The significant value difference is in the front footage and not size. A sale at 2071 Lakeview Avenue sold for \$1,400,000 with 0.89 acre and 100 FF. This is \$1,573,033 per acre and \$14,000 per FF. The Lakeview Avenue sale is in the same local area as the Forest Place sale with a very similar beach area. The correlation between the two sales is much closer for the front footage value than for size. Therefore, site sizes are not considered or adjusted in the grid as they are not relevant to value for water front sites. The subject and comparables are not adjusted for front footage differences as the values per front foot for the vacant site is having to be derived. Front footage differences for vacant sites can be adjusted when there are vacant site sales and the values per front foot for the sales are known.

SUMMARY OF SALES COMPARISON APPROACH

There are no vacant site sales around Payette Lake and the most recent sales with residential improvements were used. Indicated site values were derived by extraction. Some MLS photos were used for views of comparables beach fronts.

Comparable #1 is in the subject's local area and is a smaller site that has a superior sandy beach. The small size of the site limits its buildable area which is inferior to the subject. There is a small and lower quality summer cabin on the site that is adjusted at an estimated \$50/sq. ft. for contributory value. A small shed included in the sale was considered to no contribute significant value to the sale and not included in the adjustment grid. The comparable has a private dock which is considered equal in value to the common area amenities of the subject subdivision.

Comparable #2 is also in the local area and is a larger and superior site with a superior sandy beach. The house is of custom log construction and adjusted at \$100/sq. ft. It has attached and detached two car garages with four car spaces.

Comparable #3 is a similar size front footage and in a superior location that is near downtown, convenient to the marina, public parks and in an immediate area of well kept houses that have more appeal than the average. The location adjustment was derived from comparing sales at 1299 Warren Wagon Road that is near downtown like comparable #3 and 1338 Ridgeway Lane which is located farther from downtown like the subject. The improvements were extracted from the sales and the 1299 Warren Wagon Road sale was 6% (rded) higher in value for the front footage price with location considered the greatest difference. Therefore, the location of comparable #3 is adjusted @6%. The improvements are adjusted @\$100/sq. ft. The comparable has a private dock that is considered equal to the subject common amenities.

Comparable #4 is a high quality house on a larger site with a superior sandy beach. The comparable has a shared dock with two boat slips which are considered equal to the subject subdivision common amenities. The comparable is in a subdivision that has a private club which has the common amenities of a beach, picnic area and boat slips. The comparable was not a club member and without those amenities. The comparable is adjusted @\$200/sf for the improvements and has two attached garages for a total of four spaces.

HARPER APPRAISAL SERVICE
COMMENT ADDENDUM

File No. 10150812
Case No.

| | | | | | | |
|---|--------|--|--------|-------|----|----------------|
| Borrower N/A | | | | | | |
| Property Address 2087 John Alden Rd | | | | | | |
| City | McCall | County | Valley | State | ID | Zip Code 83638 |
| Lender/Client Idaho Department of Lands | | Address 300 North 6th Street, Suite 103 Boise, ID 83720-0053 | | | | |

Adjustments: The adjustments are done on the unit basis of value per front foot as the water front properties are valued on a front foot basis in the market area. There are no vacant site sales and the comparables indicated site value is estimated by extraction with improvements being adjusted out to arrive at an estimated value per front foot for the sites only of the comparables. The improvements are estimated at a value per square foot from viewing the comparables, when possible, interviews with agents involved and/or data in the assessor records for the comparables. This is not as reliable a method as having vacant site sales, but there is no choice without vacant site sales. Garages are adjusted at \$10,000 each car space. The superior sandy beaches are adjusted at an estimated 10%. The adjustment is estimated because there were no reliable market data found over the past few years from which to extract an adjustment. In the general market area, a desirable marketing factor has been an average value increase of 10%. An analysis of two older sales where a significant difference was a sandy beach indicated a 6% higher value for the beach factor. However, there were large age and size differences with the older and smaller house with the sandy beach selling at a higher price per front foot than the newer and larger house without a prime sandy beach. These factors were considered to have made the indication for value due to location only less reliable than desired. It is difficult to accurately adjust for more than one significant difference in a paired sales analysis. Sandy beaches are a positive marketing factor on Payette Lake and a 10% adjustment is assumed.

There are no adjustments for front footage differences because the estimated value being derived is the value per front foot. The opinion of value is the indicated price per front foot times the front footage of the subject site. The site front footages for the individual comparables are taken from the recorded plat and/or the data in the assessor property files. The listings in the MLS do not show the same front footages as what are recorded and the plat and assessor records are assumed to be correct.

Subject sites with wells are adjusted \$5,000 for the market value of the well. They are a credit to a subject. Sites with wells observed or indicated as having such in the assessor records are assumed to have wells. Some wells may be in well houses and cannot be observed. Lot lines are not well marked and wells as observed are assumed to be on the subject sites and not shared.

2013 VALUE

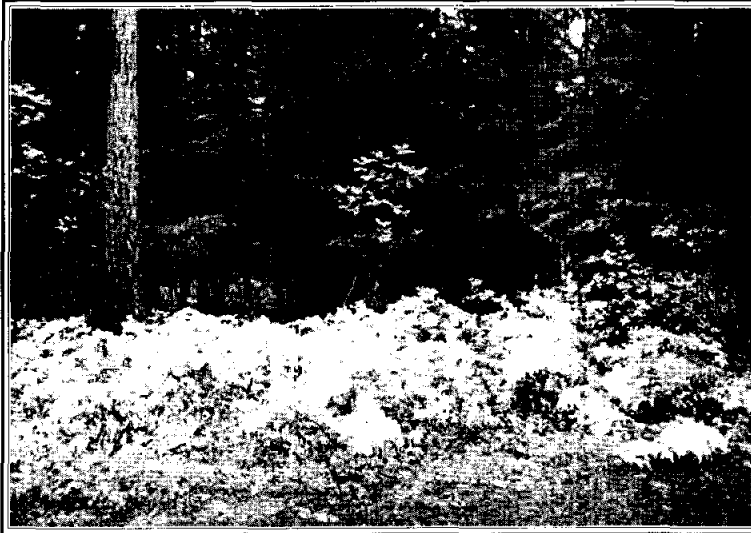
A value based on a preliminary plat, Pilgrim Cove A, was also requested for the subject. That plat shows the subject as Pilgrim Cove A Block 4 Lot 4. This plat shows the front footage of the subject site at 72.44 feet. On the assumption the preliminary plat is correct, the value of the subject site would be $72.44 \times \$11,622 = \$844,800$. This is \$9,200 more than the value based on the current plat. The excess land of the current site has been split off into a new vacant site in the preliminary plat. This does not affect the value of the subject site as the split did not affect the lake front footage directly.

HARPER APPRAISAL SERVICE
SUBJECT PHOTO ADDENDUM

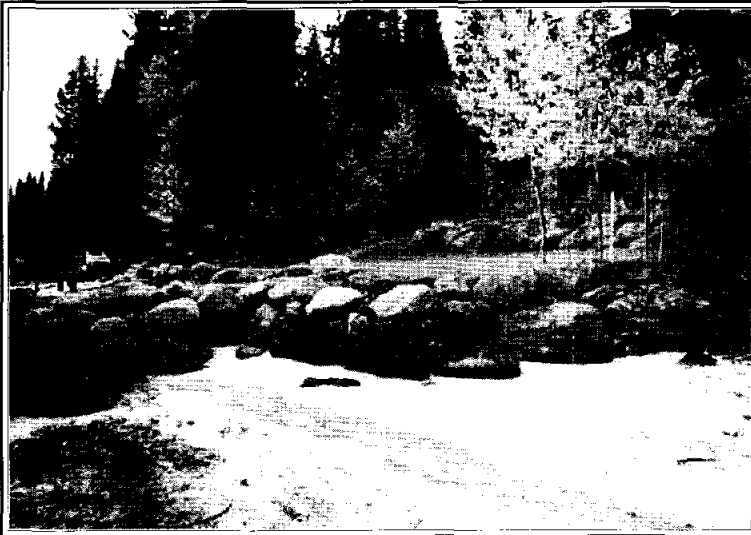
File No. 10150812
Case No.

Borrower N/A

| | | | | | | | | |
|------------------|---------------------------|--------|---------|-------|----|----------|--|--|
| Property Address | 2087 John Alden Rd | | | | | | | |
| City | McCall | County | Valley | State | ID | Zip Code | 83638 | |
| Lender/Client | Idaho Department of Lands | | Address | | | | 300 North 6th Street, Suite 103 Boise, ID 83720-0053 | |



**FRONT OF
SUBJECT PROPERTY**
2087 John Alden Rd
McCall, ID 83638



**REAR OF
SUBJECT PROPERTY**



STREET SCENE

Borrower N/A

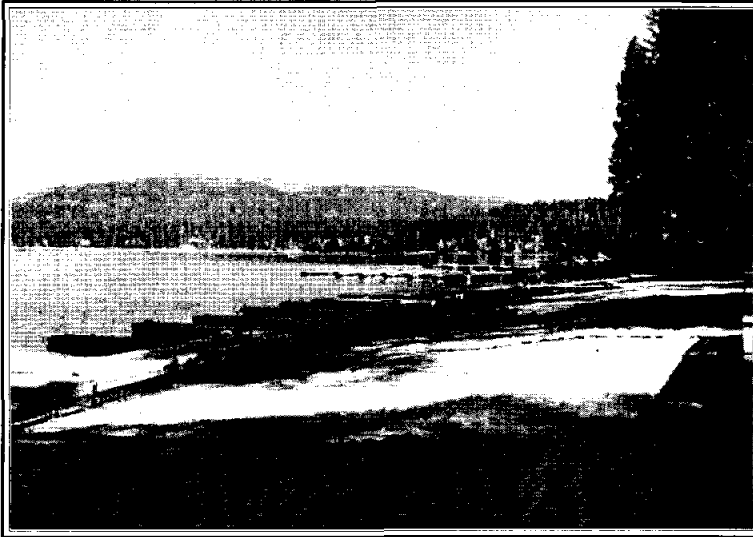
Property Address 2087 John Alden Rd

City McCall County Valley State ID Zip Code 83638

Lender/Client Idaho Department of Lands Address 300 North 6th Street, Suite 103 Boise, ID 83720-0053



Boat Ramp



Beach and dock



Dock at boat ramp
Beached for winter

HARPER APPRAISAL SERVICE
COMPARABLES 1-2-3

File No. 10150812
Case No.

Borrower N/A

| | | | | | | | |
|------------------|---------------------------|--------|--------|--|----|----------|-------|
| Property Address | 2087 John Alden Rd | | | | | | |
| City | McCall | County | Valley | State | ID | Zip Code | 83638 |
| Lender/Client | Idaho Department of Lands | | | Address 300 North 6th Street, Suite 103 Boise, ID 83720-0053 | | | |



COMPARABLE SALE # 1
915 Cottonwood St
McCall, ID 83638



COMPARABLE SALE # 2



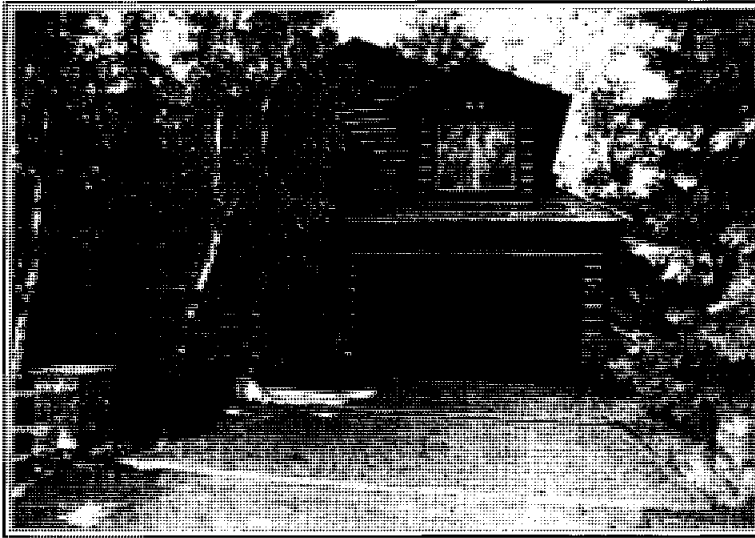
COMPARABLE SALE # 3

HARPER APPRAISAL SERVICE
COMPARABLES 4-5-6

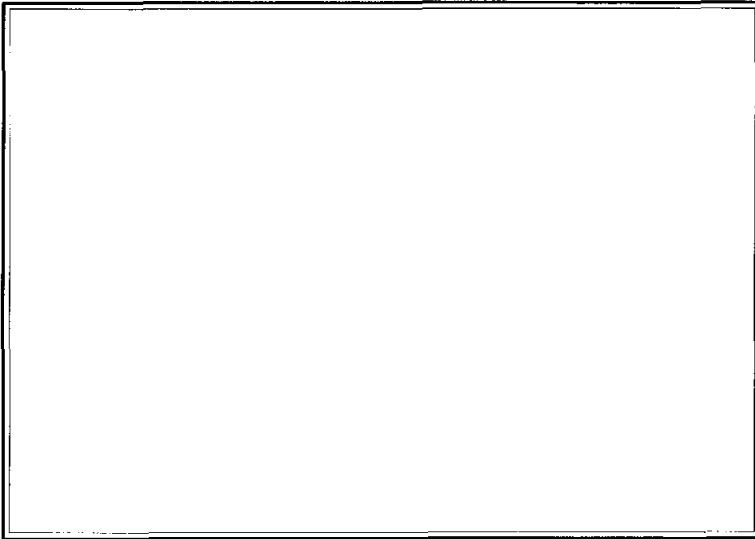
File No. 10150812
Case No.

Borrower N/A

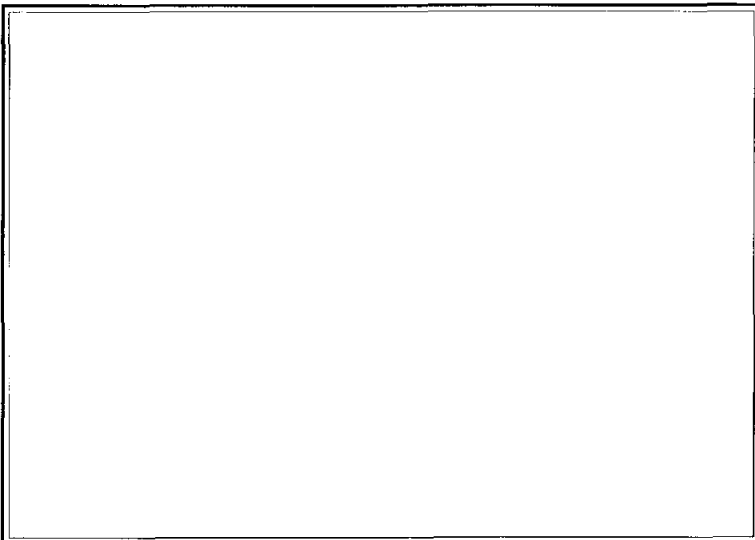
| | | | | | | |
|------------------|---------------------------|--------|--------|--|----|----------------|
| Property Address | 2087 John Aiden Rd | | | | | |
| City | McCall | County | Valley | State | ID | Zip Code 83638 |
| Lender/Client | Idaho Department of Lands | | | Address 300 North 6th Street, Suite 103 Boise, ID 83720-0053 | | |



COMPARABLE SALE # 4
1325 Forest Cove Rd
McCall, ID 83638



COMPARABLE SALE # 5
2071 Lakeview Ave
McCall, ID 83638

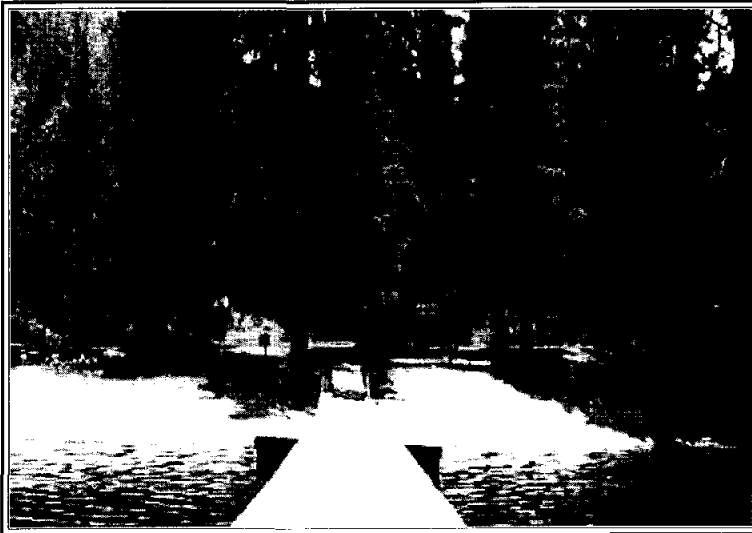


COMPARABLE SALE # 6
1624 East Lake St
McCall, ID 83638

| | | | | | | | |
|------------------|---------------------------|--------|--------|--|----|----------|-------|
| Borrower | N/A | | | | | | |
| Property Address | 2087 John Alden Rd | | | | | | |
| City | McCall | County | Valley | State | ID | Zip Code | 83638 |
| Lender/Client | Idaho Department of Lands | | | Address 300 North 6th Street, Suite 103 Boise, ID 83720-0053 | | | |



MLS photo of comparable #1 beach



MLS photo of comparable #2 beach



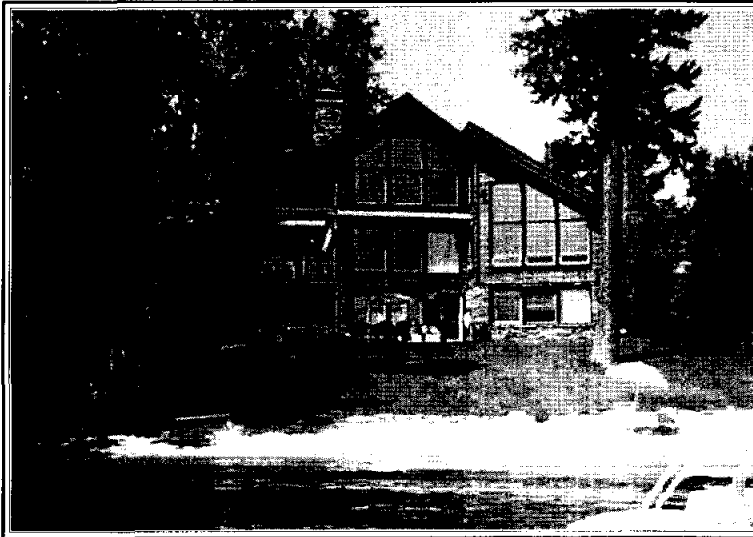
MLS photo of comparable #3 beach

Borrower N/A

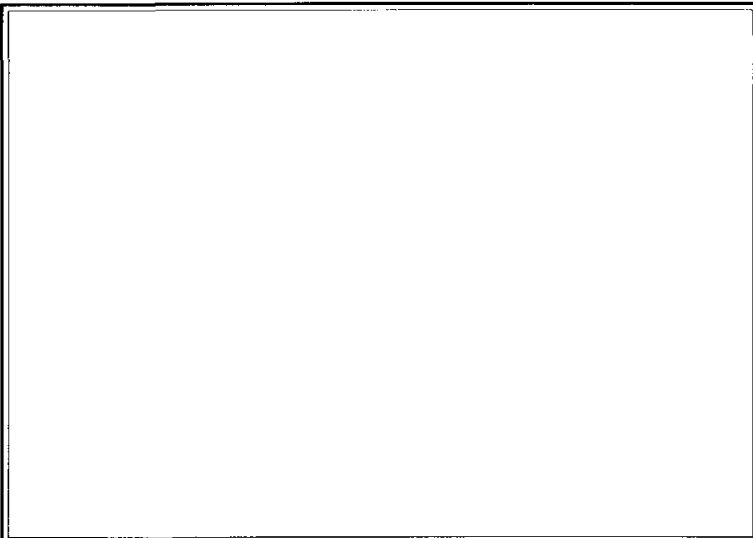
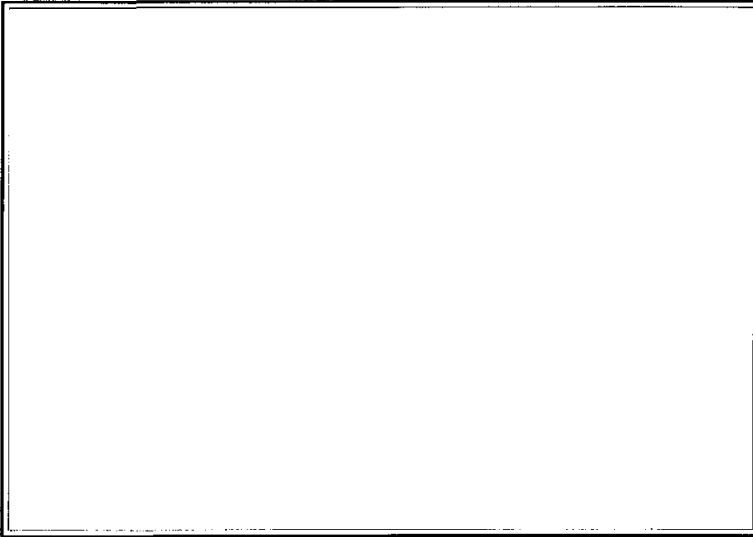
Property Address 2087 John Aiden Rd

City McCall County Valley State ID Zip Code 83638

Lender/Client Idaho Department of Lands Address 300 North 6th Street, Suite 103 Boise, ID 83720-0053



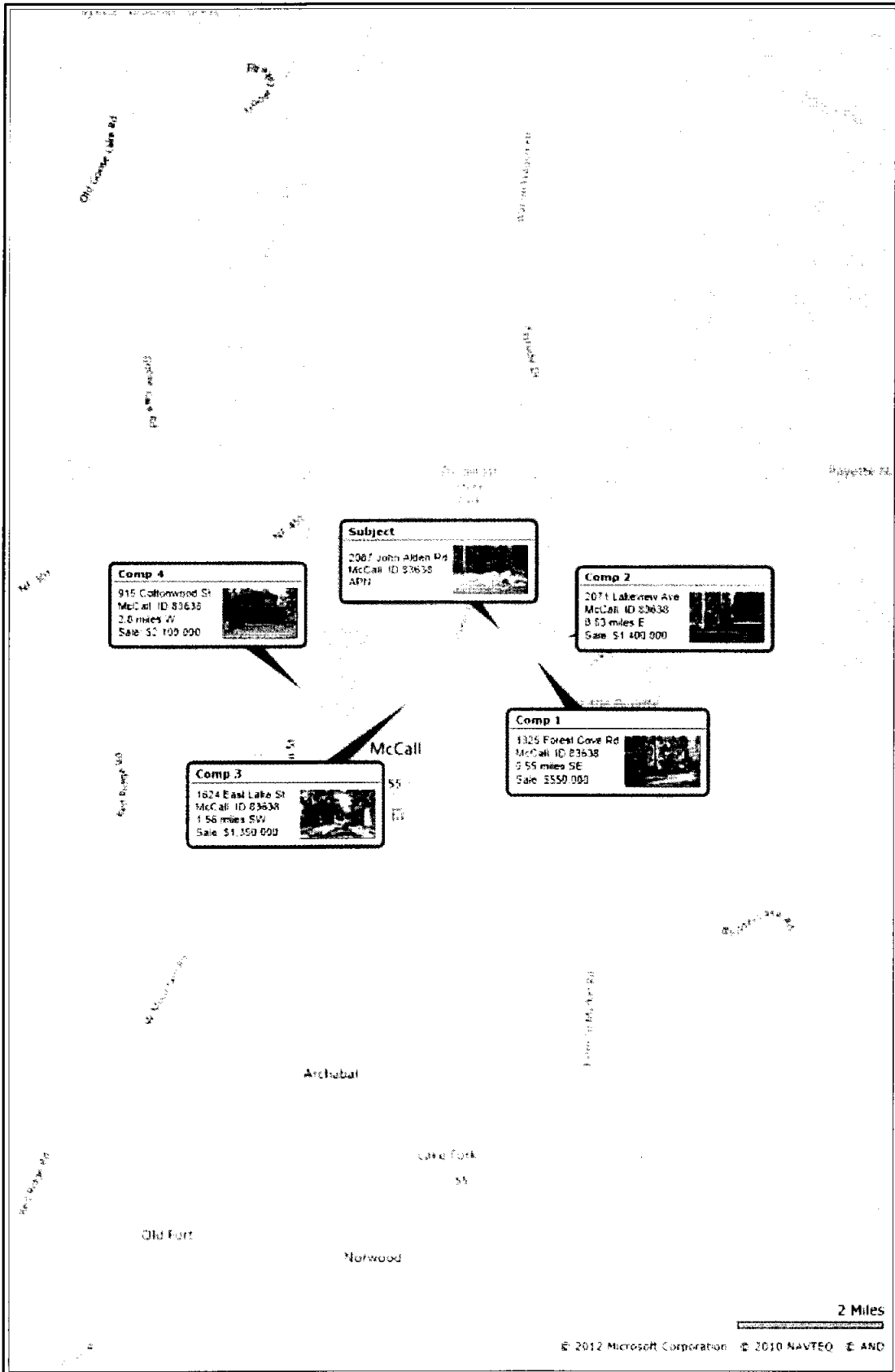
MLS photo of comparable #4 beach



HARPER APPRAISAL SERVICE
LOCATION MAP ADDENDUM

File No. 10150812
 Case No.

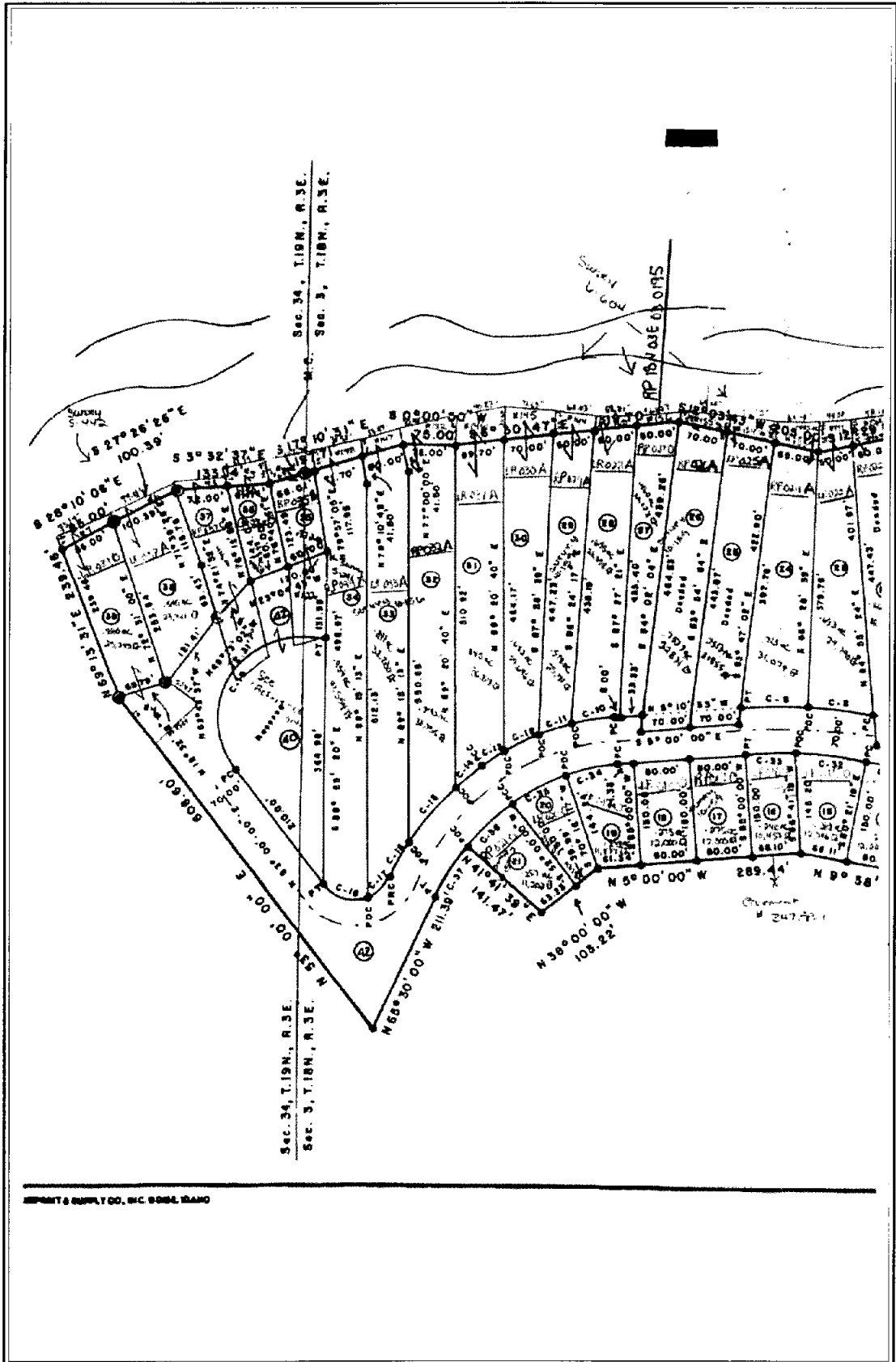
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|------------------|---------------------------|--------|--|-------|----|----------|-------|
| Borrower | N/A | | | | | | |
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| Lender/Client | Idaho Department of Lands | | Address 300 North 6th Street, Suite 103 Boise, ID 83720-0053 | | | | |



HARPER APPRAISAL SERVICE
PLAT MAP

File No. 10150812
 Case No.

Borrower N/A
 Property Address 2087 John Alden Rd
 City McCall County Valley State ID Zip Code 83638
 Lender/Client Idaho Department of Lands Address 300 North 6th Street, Suite 103 Boise, ID 83720-0053



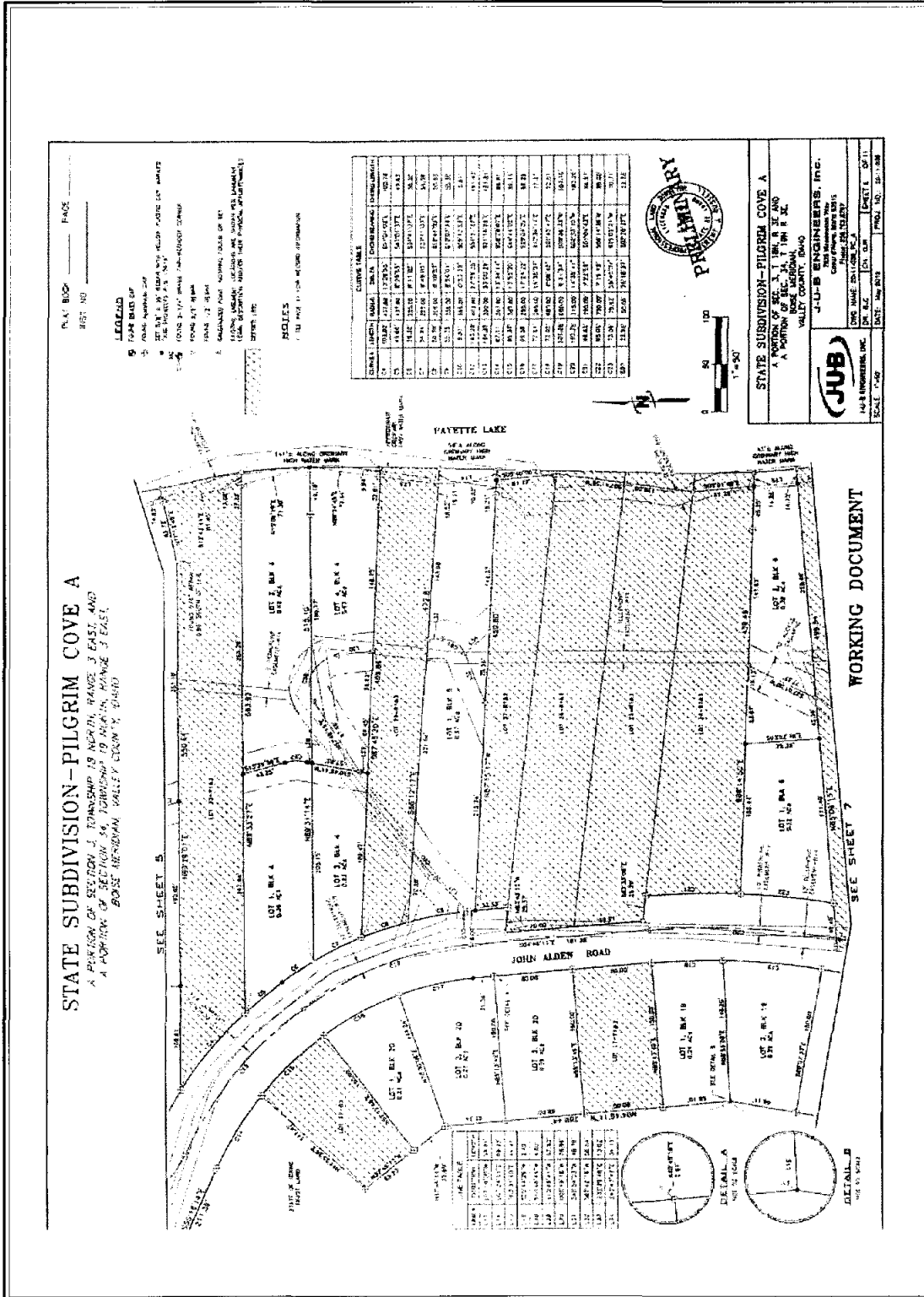
HARPER APPRAISAL SERVICE
PLAT MAP

File No. 10150812
Case No.

Borrower N/A

Property Address 2087 John Alden Rd
City McCall County Valley State ID Zip Code 83638
Lender/Client Idaho Department of Lands Address 300 North 6th Street, Suite 103 Boise, ID 83720-0053

Preliminary plat-Pilgrim Cove A



Borrower N/A

Property Address 2087 John Alden Rd

City McCall

County

Valley

State

ID

Zip Code

83638

Lender/Client Idaho Department of Lands

Address 300 North 6th Street, Suite 103 Boise, ID 83720-0053

**Bureau of Occupational Licenses
Department of Self Governing Agencies**

The person named has met the requirements for licensure and is entitled
under the laws and rules of the State of Idaho to operate as a(n)

CERTIFIED RESIDENTIAL APPRAISER

**GEORGE R HARPER
PO BOX 274
CASCADE ID 83611**

Tana Cory

**Tana Cory
Chief, B.O.L.**

**CRA-38
Number**

**04/18/2013
Expires**

Fredric V. Shoemaker
fshoemaker@greenerlaw.com
(208) 319-2600

ALFA® INTERNATIONAL
The Global Legal Network

May 29, 2015

Via Hand Delivery

William Thomas
Thomas, Williams & Park, LLP
225 N. 9th Street, Suite 810
Boise, ID 83702

Re: *Harold A. Bridges and May-le Tate Bridges Loan No. 11346
Property Located at 2087 John Alden Road, McCall, ID Secured by that Deed of Trust
Recorded September 22, 2006 as Instrument Number 313619, and Re-Recorded on February
29, 2008 as Instrument Number 329582, and Re-Recorded on March 29, 2011 as Instrument
Number 369388, and Re-Recorded on April 6, 2012 as Instrument Number 387914 all in the
Recorder's Office of Valley County, Idaho Encumbering the Real Property Associated with
the Foregoing Address and Legally Platted at the Time of Recording the Aforesaid Deeds of
Trust as Lot 30, Block 1 Amended Plat Pilgrim Cove Subdivision, and Currently Platted as
Lot 4, Block 4 State Subdivision – Cove Replat, Records of Valley County, Idaho
IDOL Lease No. R500040*

GBS File No. 19525-001

Dear Mr. Thomas:

As you know, I represent and write on behalf of Harold A. Bridges and May-le Tate Bridges, the borrowers under the subject loan and the owners and lessees of the cabin and cabin site above referenced on Payette Lake. This letter was initially addressed to and the delivery scheduled for Greg Lovell, but at his request, I am delivering it to you. I am sure you will promptly provide the enclosed material to him.

The Bridges regret that they are unable to continue to service the loan as presently structured and in order to mitigate any adverse consequences to Idaho First Bank (the "Bank") and any potential for a claim for deficiency by the Bank against them, they have assembled and are providing the information, documents and property identified below to assist the Bank in its efforts to protect its security.

Accompanying this letter is a two-page document entitled Bridges McCall Property / Important Information and Property Status which details the status of the dock, encroachment permit, service providers, utilities, status regarding homeowners association dues, insurance, the location of important manuals and instructions, and the garage door code so the Bank can readily access, secure and maintain the premises.

Although the Bridges are unable to fully perform and make the payments due under the loan they want to otherwise do everything reasonable and necessary to assist the Bank in marketing the property or taking other actions as may be necessary or appropriate to preserve the value of their cabin under the circumstances.



May 29, 2015

Page 2

To that end, and perhaps most importantly, they are prepared to immediately assign all their respective rights and interest and two important elements associated with the cabin, namely the lease with the Idaho Department of Lands ("IDOL"), and the encroachment permit, and associated dock that they constructed that adjoins the cabin site and the exclusive use of the cabin site owner.

Formally assigning the rights to the Bank will require an assignment of the encroachment permit and an assignment of the IDOL lease for the cabin site. We will prepare the appropriate assignment documents for the encroachment permit and the cabin lease, at the Bridges' expense, and pay the associated assignment fees (but not the lease payments) as soon as the Bank advises me of the name of the entity the Bank wants to use for the assignment. The name of the assignee has been left open because it's been my experience that many banks do not want to take an assignment of a lease, encroachment or similar rights, or even foreclose on a property, in the name of the bank that's the actual creditor. Regardless, whatever the Bank's preference is as to the name of the assignee, the Bridges will accommodate that and immediately begin preparing and processing the paperwork with the IDOL.

The Bridges believe these steps are very important because the value of the cabin, improvements and contents are substantially enhanced, and in fact can only practically be preserved, with a cabin site lease and encroachment permits in hand and available for any transferee of the Bank's interest. Therefore, please advise me of the Bank's direction at your earliest convenience.

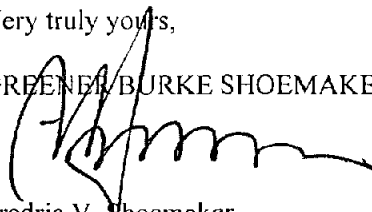
Please be further advised that the Bridges are prepared to execute and deliver to the Bank the appropriate and suitable form of deed in lieu of foreclosure and waiver of deficiency, in a form reasonably acceptable to the Bank.

Additionally, as to personal property, also enclosed is an inventory of personal property and photographs of the personal property that the Bridges have left on the property, with the photos documenting the existence and condition of the personal property and the condition of the interior of the cabin, as well as some exterior photographs, as of May 24, 2015. Although the personal property left in the cabin is not actually part of the Bank's security, it is being surrendered to the Bank with the expectation that it will enhance the value of the cabin for the Bank and any potential assignee.

If you, Mr. Lovell, or other Bank personnel have any questions regarding the subject or the condition of the property, please contact me. Thank you.

Very truly yours,

GREENER BURKE SHOEMAKER OBERRECHT P.A.



Fredric V. Shoemaker

FVS/lp

cc: Clients (w/enc.)

Enclosures

(770300)

Bridges McCall Property
Important Information and Property Status

Dock

The dock has been put in the water by Inland Marine; Chad Jewell; (208) 949-4077. The dock was placed there pursuant to an encroachment permit from the IDL and a building permit for the dock. The relevant documents are enclosed.

Garage

The code to open the garage from the affixed keypad is 1860. Two garage door remotes have been mailed under separate cover.

Gardener

Mark Gustavel of Alpine Lakes Landscaping, P.O. Box 2092, McCall, ID 83638; (208) 630-3900 handles the sprinklers. He has turned on the sprinklers and the Bridges have paid him for this work (\$134.80) This year Mark has subcontracted the lawn maintenance to Kathy De Luna, De Luna Tooth and Turf Lawn Care, P.O. Box 81, McCall, ID 83638; (208) 634-3267. She has performed the spring clean-up of the yard and the Bridges have paid her for this work (\$450.00).

Homeowners Association

On March 18, 2015, the Bridges paid HOA dues to the Pilgrim Cove HOA (\$395.00) and are current. The bill is enclosed.

Idaho Dept. of Lands (“IDOL”)

Attached are the current lease (commencing January 1, 2014, expiring December 31, 2022) and the rental bill from the IDOL in the amount of \$17,505.98. Payment is due June 1, 2015. This payment has not been made.

Insurance

The homeowners insurance is with Hugh Somerton at United Heritage Property and Casualty. The Bridges will pay the premium monthly and it is and will remain current until IFB is owner of record.

Inventory

Sunday, May 24, 2015 the Bridges will be making their last trip to the house in McCall to inventory the personal property they are leaving with the house. And to take pictures documenting what was left and the state of the house. They will then forward the inventory list and pictures to you.

Keys

Two keys have been mailed to you, as opposed to delivered. The one marked “mc” is to the front door. The other is to the back door.

Manuals

Manuals and instructions for all of the household appliances and personal property electronics have been left in the kitchen drawer to the right of the kitchen sink. Additional manuals are in the outside storage area, laundry room and garage.

Property Taxes

Property taxes to Valley County are due June 20, 2015. The Bridges timely paid the first installment for 2014 in December 2014. The second installment in the amount of \$3,041.03 is due June 22, 2015. The tax bills are enclosed.

Sewer

The Bridges have paid Payette Lakes Recreational Water & Sewer District through June 30, 2015 (\$384.00). On July 1, 2015, PLRWSD will mail out bills for July 1 – December 31, 2015. The amount due will be \$384.00.

Utilities

Idaho Power – Account No. 221346810: The Bridges have paid the most recent Idaho Power bill due May 28, 2015 in the amount of \$643.18 – \$95.05 in current charges and \$542.70 for the previous billing cycle. This bill is enclosed. The next bill will be due around June 28, 2015.

Amerigas – This month, the Bridges paid to have the propane tank filled (\$923.58). The bill and payment confirmation are enclosed. The Bridges have also paid the yearly propane tank rental fee of \$83.74. This bill is also enclosed.

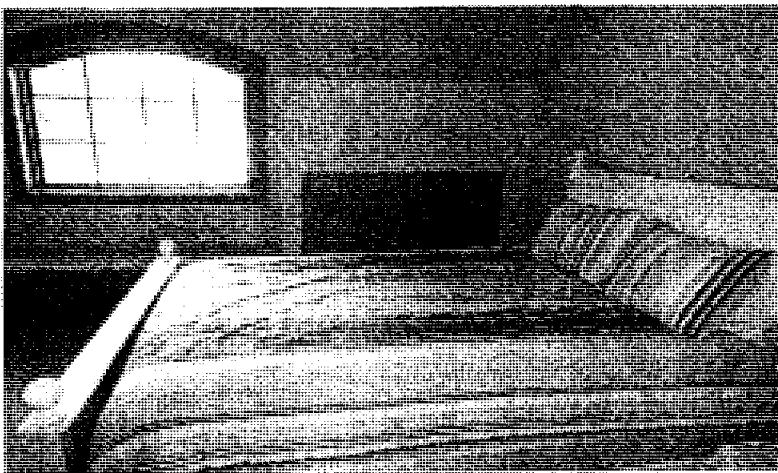
Water

The Bridges have a permit to extract water from Payette Lake. So, there is no separate water bill. A water treatment system is installed (and a brand new replacement treatment light, worth approximately \$130.00) has been left in the mechanical room. In the outside utility room, there is a switch marked “Water Line Heater”. When the ground freezes (during the winter months), that switch must be turned on so that the water line heater is turned on and the pipe carrying water from the lake does not freeze and break.

2087 Rainbow Ln. (John Alden Rd.) McCall, ID
Bridges Home Inventory Of Personal Property Remaining With Home
May 24, 2015
(Photos taken by Maj-le Bridges)

Upstairs Purple Bedroom

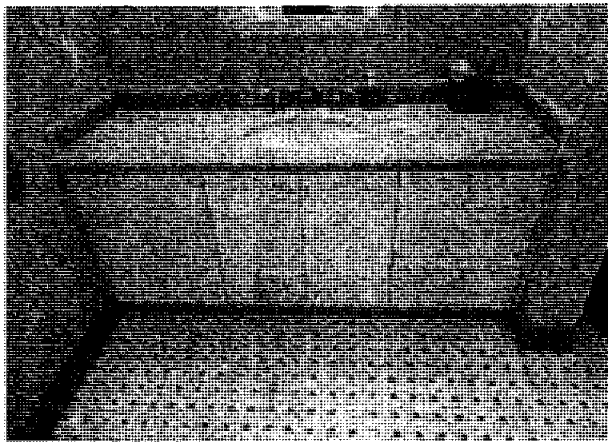
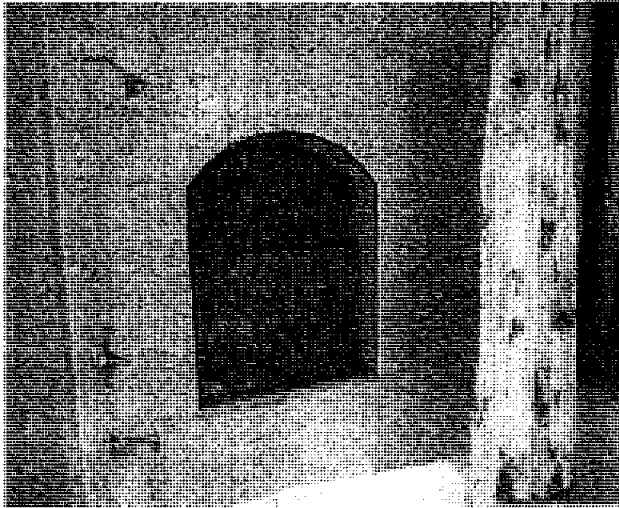
Queen Bed, mattress, box spring
Bedding – comforter, pillow shams (2) and pillows (4)
Side Table
Window Seat Pad
Plastic clothes hangers
Night light
Tea pot, cup and saucer



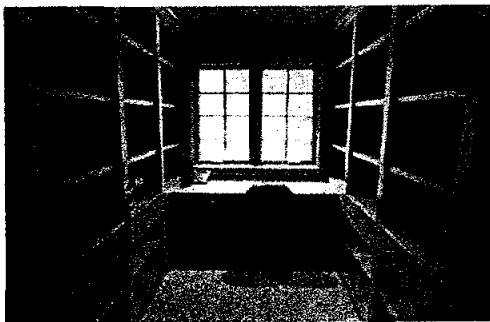
Upstairs Purple Bathroom

Shower curtain and rod
Bath mat
Trash can

Tissue holder
Cup

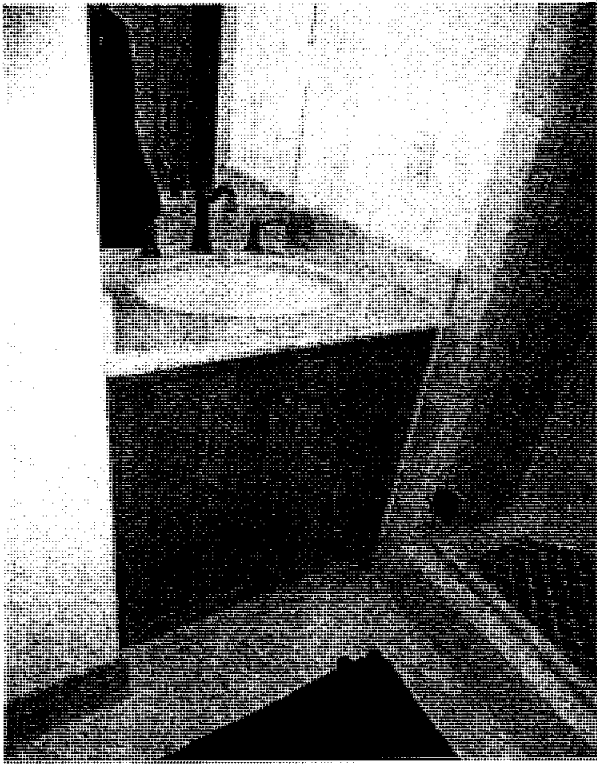


Upstairs Office
Office Chair



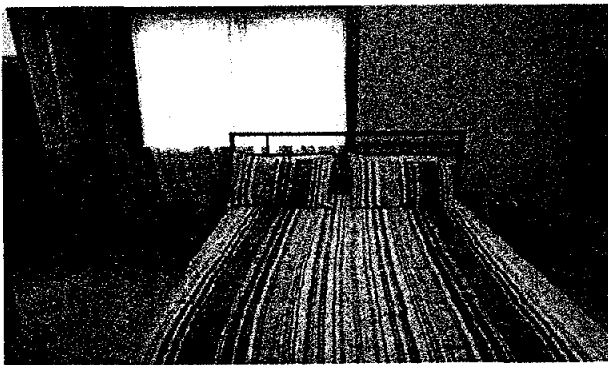
Upstairs Guest Bathroom

Bath mat
Trash can
Towels
Tissue holder



Guest Bedroom (Tan)

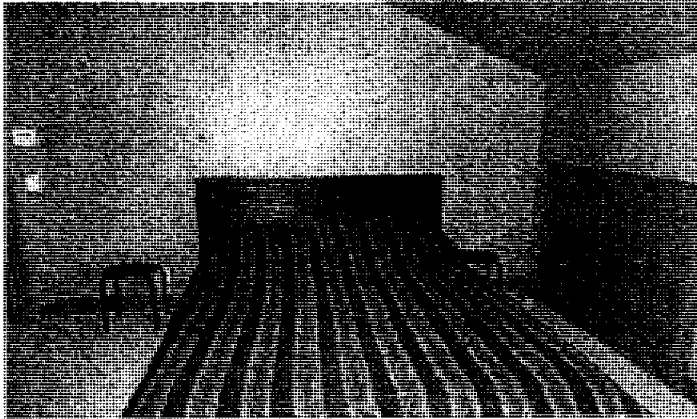
Queen Bed, mattress
Bedding – comforter, sheets, pillow shams (2), pillows (4)
Wicker trash can
2 side tables
Extra comforter sets (2) and pillow shams (4)
Curtains (2 sets)
Clock
Hangers



Guest Bedroom (Blue)

Queen Bed, mattress
Bedding – comforter and pillows (4)
2 side tables
2 accent pillows
Curtains (1 set)

Extra comforter
Hangers



Garage

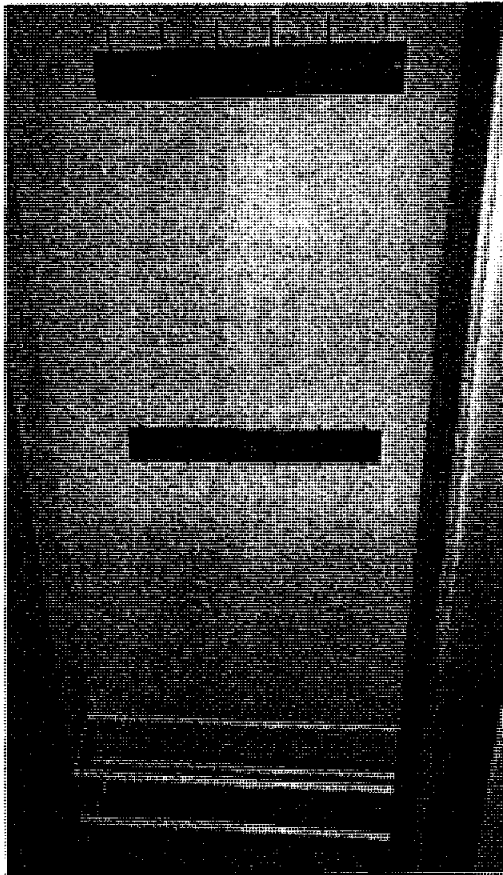
Metal 4 shelf Shelving unit with wheels
Tool peg board



Garage Entry Closet

Shoe stand

Coat hook racks (4)



Garage Entry Bathroom

Towels/hand towels

Trash can

Rug

Curtain

Tissue holder



Laundry Room

Washing machine (LG Tromm supercapacity Model WM2016CW)

Dryer (LG Tromm Model DLE2516W)

Doormat

Rug by side entry door



Master Bedroom

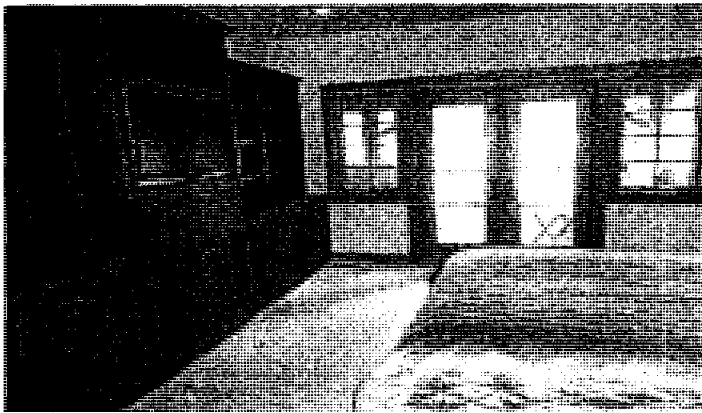
Queen bed, mattress

Bedding – sheets, comforter, pillow shams (2), blanket, pillows (4)

2 side tables

Sharp Aquos TV & remote control

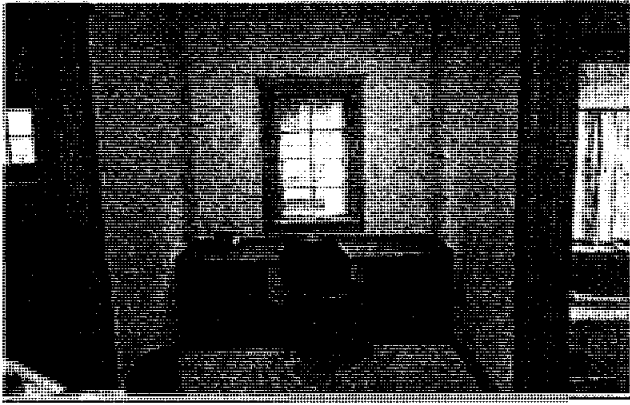
DirecTV satellite receiver and remote



Downstairs Office

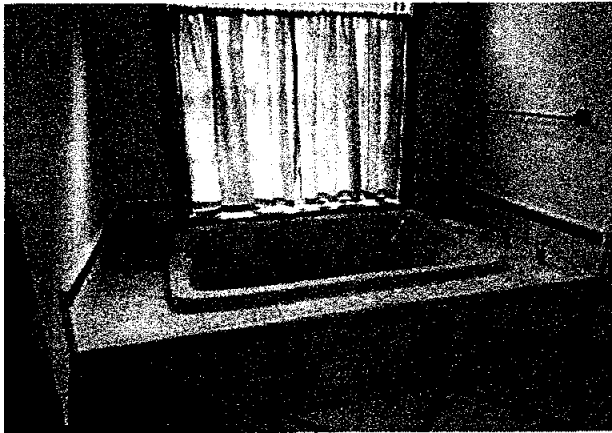
Chair

Trashcan



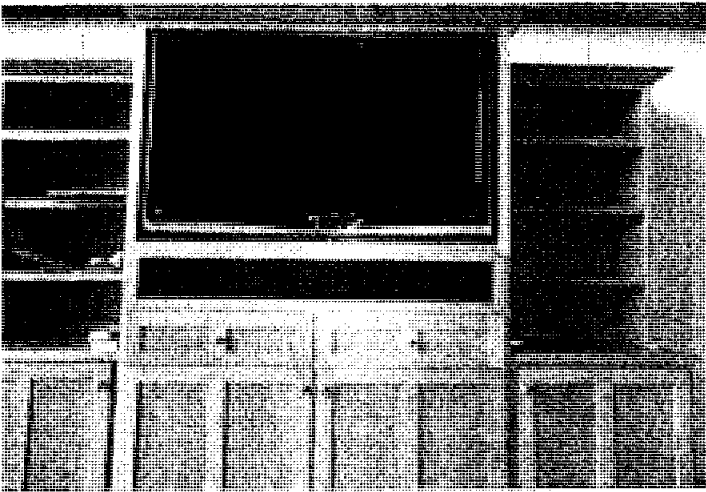
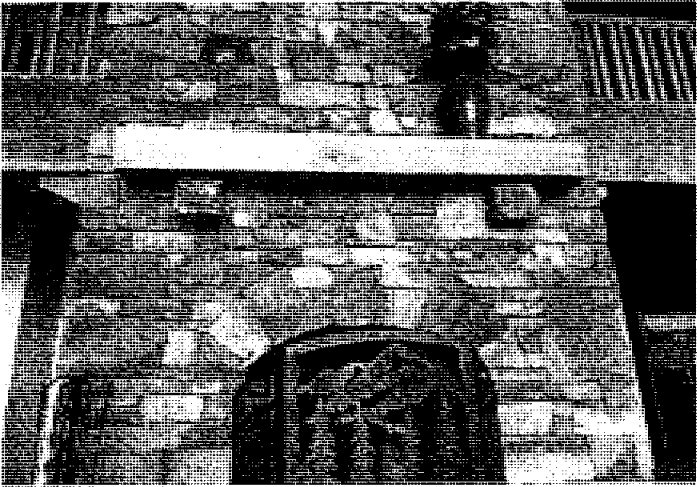
Master Bathroom

Silk curtains (3)
Wooden trash can
Towels
Bath mat



Great Room

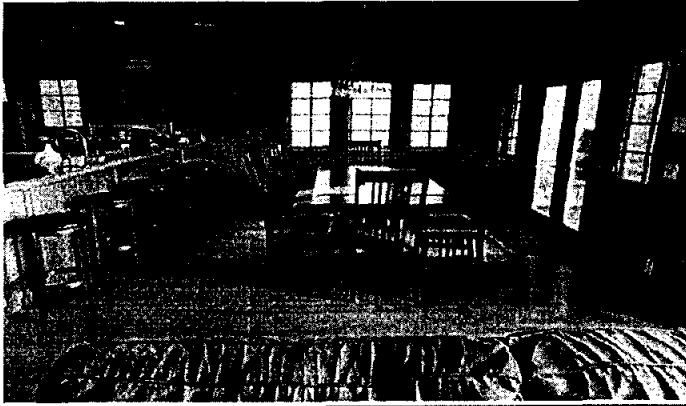
Sharp Aquos TV and remote
DirecTV satellite receiver
Fireplace screen
Fireplace tool set
Sofa
Loveseat
Side table
Leather ottoman/coffee table



Dining Room

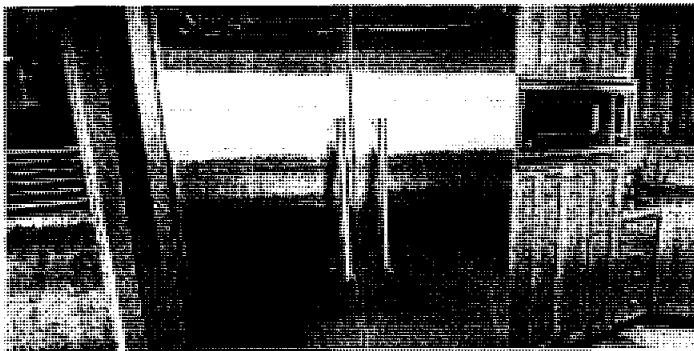
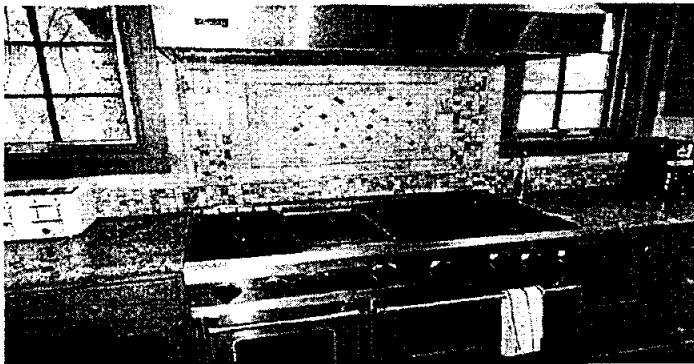
Dining Room Table, 6 side chairs and 2 arm chairs

Bar stools (5)



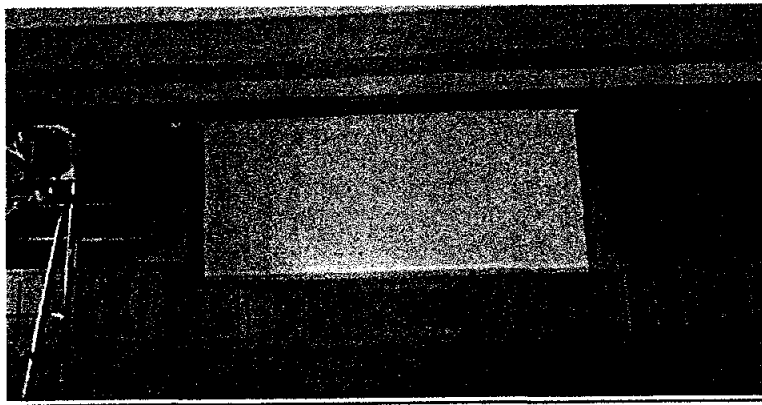
Kitchen

Coffee maker, Crockpot, silverware, kitchen tools/utensils, pots, pans & lids, Pottery barn plates, soup bowls and cereal bowls, water pitcher, glass bowls, cups, glasses, 4 slice toaster, plastic cutting boards (4), blender, can opener, cookie sheets, ice cream maker, fire extinguisher, Viking stainless steel refrigerator, Viking microwave, Viking Dishwasher, Viking stove with griddle, Viking griddle cleaner/cleaning tools.



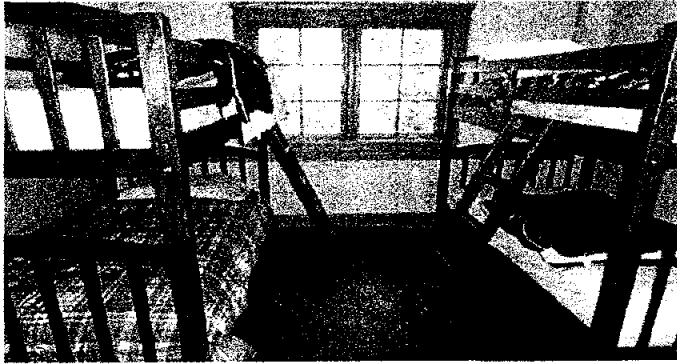
Downstairs

Poker/bumper pool table with reversible top, Chairs (5), Barstools (4), Movie seating sofa with recliners, end tables (2), projection movie system with automatic retractable screen, coffee table, accent pillows (2), Basketball game, ice maker, wine refrigerator, dishwasher, bar refrigerator, rug at door.



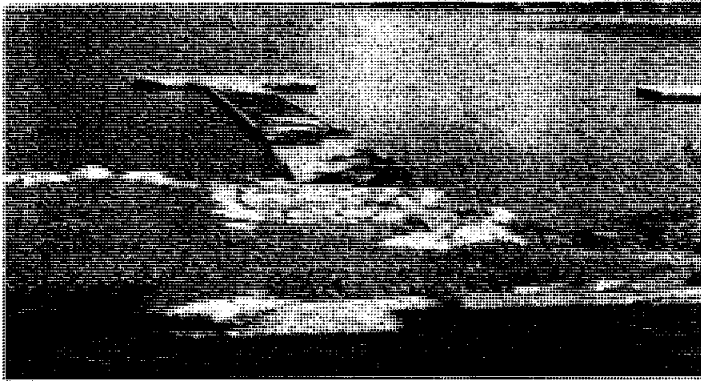
Bunk Room

2 sets of bunk beds, 2 ladders, 4 mattresses, 4 “bunky boards,” bedding – 4 comforters, 4 sets of sheets, 4 pillows, trash can.



Outside/Storage Room

Dock, docks swim ladder, glass topped metal table with two chairs and chair pads, wooden patio table with chairs, patio umbrella, Cabela’s smoker, Viking outdoor gas barbeque and rotisserie, 4 chaise lounges, 2 wooden folding side tables, replacement UV light filter for water purifying system.

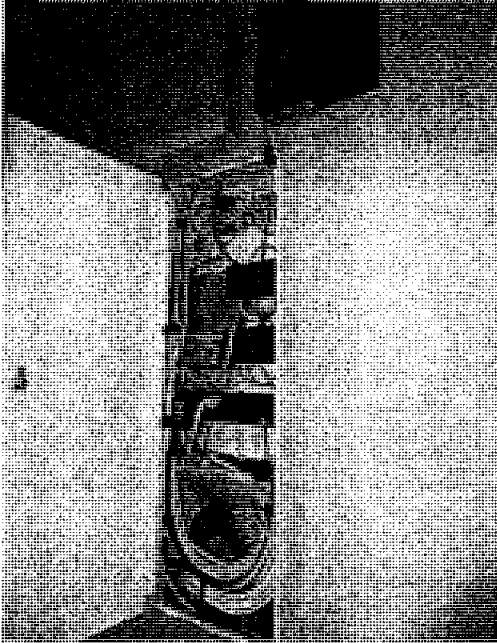


Miscellaneous

Telephones and telephone system (3 corded and 2 cordless phones)

Distributed audio system and ipod dock (in great room cabinet)

Security system





PAYETTE LAKES AREA
555 DEINHARD LANE
MC CALL ID 83638

REQUEST FOR TRANSFER OF ENCROACHMENT PERMIT

I/We, Maj-Ie Tate Bridges and Harold A. Bridges

am the successor of interest to all Idaho Department of Lands encroachment permits issued to David M. Edson and Deborah J. Edson

I/We request that all permits be transferred. I/we accept and agree to comply with the terms and conditions of the permit(s) as issued.

Please list the IDL Encroachment Permit number(s) (i.e. L-65-5-000):
L-65-9-323-A-B

LEGAL DESCRIPTION OF PROPERTY

Body of Water Payette Lakes

Township 18N Range 3E Section 3 County Valley

Name of Bay/Subdivision/Tract:
Pilgrim Cove

Lot # 30 Block 1 Tax # _____

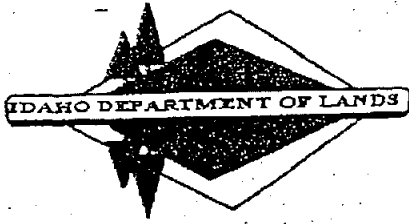
LOCATION ADDRESS: (Subdivision, Street Name and House Number)
2870 John Alden Road

MAILING ADDRESS:
3905 Chapman Ct. Altadena, CA 91001

SIGNATURE OF SUCCESSOR (New Owner): Maj-Ie Tate Bridges Harold A. Bridges

SIGNATURE OF PREVIOUS OWNER*: _____

*You may substitute a photocopy of the Deed portion that indicates the names of both parties aforementioned as proof of real property transfer.



PAYETTE LAKES AREA
555 DEINHARD LANE
MC CALL ID 83638

REQUEST FOR TRANSFER OF ENCROACHMENT PERMIT

I/We, Maj-Ie Tate Bridges and Harold A. Bridges
am the successor of interest to all Idaho Department of Lands encroachment permits
issued to David M. Edson and Deborah J. Edson

I/We request that all permits be transferred. I/we accept and agree to comply with the
terms and conditions of the permit(s) as issued.

Please list the IDL Encroachment Permit number(s) (i.e. L-65-S-000):
L-65-S-323-A-B

LEGAL DESCRIPTION OF PROPERTY

Body of Water Payette Lakes

Township 18^N Range 3^E Section 3 County Valley

Name of Bay/Subdivision/Tract:
Pilgrim Cove

Lot # 30 Block 1 Tax # _____

LOCATION ADDRESS: (Subdivision, Street Name and House Number)
2870 John Alden Road

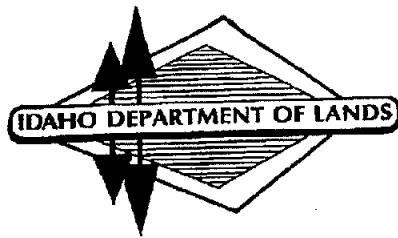
MAILING ADDRESS:
3905 Chapman Ct. Altadena CA 91001

SIGNATURE OF SUCCESSOR (New Owner): _____

SIGNATURE OF PREVIOUS OWNER*: David M. Edson Deborah J. Edson
X X

*You may substitute a photocopy of the Deed portion that indicates the names of both parties aforementioned as proof of real property transfer.

PAYETTE LAKES
SUPERVISORY AREA
555 Deinhard Lane
McCall ID 83638
Phone (208) 634-7125
Fax (208) 634-5117



WINSTON A WIGGINS, DIRECTOR
EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF LAND COMMISSIONERS
Dirk Kempthorne, Governor
Ben Ysursa, Secretary of State
Lawrence G. Wasden, Attorney General
Keith L. Johnson, State Controller
Marilyn Howard, Sup't of Public Instruction

December 8, 2005

Maj-le Tate Bridges
Harold A. Bridges
3905 Chapman Ct.
Altadena, CA 91001

RE: Transfer of Encroachment Permit L-65-S-323-A-B

Dear Maj-le & Harold:

Enclosed is the completed transfer of subject permit in accordance with your request. Please comply with all special terms and conditions.

You are required to record the original notarized transfer document with Valley County. Also, the assigned encroachment permit number must be displayed upon the most water-ward area of your encroachment with metal, plastic or vinyl numerals at least three inches in size.

Upon future sale or transfer of this real property, you are required to inform this office of the subsequent name change (form enclosed). Thank you for your cooperation.

Sincerely,


SCOTT B. CORKILL
Resource Supervisor, Lands

SBC/sk

Enclosures: Transfer Document
Copy of Original Permit (w Terms and Drawings)
Future Transfer Request



STATE OF IDAHO

DEPARTMENT OF LANDS
PAYETTE LAKES AREA OFFICE
P.O. Box AS, McCall, Idaho 83638
(208) 634-7125

FILE COPY

ENCROACHMENT PERMIT NO. 1-65-S-323-B

Permission is hereby granted to ROBERT R. ANGELL
of 35 Horizon Dr., Boise, ID 83702
to construct and maintain a replacement dock
to be located as follows: Lot ³⁰ 3, Block 1, Pilgrim Cove
Section 3, Township 18 North, Range 3 East

1. All applicable provisions of the Rules for Regulation of Beds, Waters and Airspace over Navigable Lakes and Streams in the State of Idaho, are incorporated herein by reference and made a part hereof.
2. All Health and Welfare and Water Resources laws must be complied with.
3. Construction will follow details and specifications shown on the approved drawings, and made a part hereof, together with any special conditions, procedures or endorsements required by the Department appearing on attached pages 1 through 2.
4. This permit does not convey the State's title to or jurisdiction or management of lands lying below the natural or ordinary high water mark.
5. Acceptance of this permit constitutes permission by the permittee for representatives of the Department of Lands to come upon permittee's lands at all reasonable times to inspect the encroachment authorized by this permit.
6. The permittee assumes all liability for damages which may result from the exercise of this permit.
7. The construction of the above-listed encroachment is authorized for a period of three (3) years. From the 15th day of July, 1987, to the 15th day of July, 1990. Applicant may apply for an extension if the project is not completed in the specified time period.

FOR THE DIRECTOR

BY: William [Signature]

DATE: July 15, 1987

TITLE: AREA SUPERVISOR



STATE OF IDAHO

DEPARTMENT OF LANDS
PAYETTE LAKES AREA OFFICE
P.O. Box AS, McCall, Idaho 83638
(208) 634-7125

ENCROACHMENT PERMIT NO. L-65-S-323-B

8. This permit does not relieve the permittee from obtaining additional local or Federal permits as required.
9. This permit is not valid until the number assigned is displayed in figures not less than three inches (3") in size on the mooring.
10. The Director of the Department of Lands may cancel this permit for cause upon notice and hearing as provided for in the adopted rules.
11. This permit is contingent upon removing any abandoned portion of the existing dock from Payette Lake.
12. On all foam floatation devises, the foam must be entirely enclosed in wood. The wood must be two inches (2") thick or larger.
13. All construction waste (i.e. wood chips) must be removed from lake the same day they are put there. No wood may be treated over the lakebed.
14. Only Coast Guard approved buoys will be allowed. The buoy must be spherical in shape and made of plastic or foam.
15. As a condition of the permit, the Director may require a lease or easement for use of any part of the State owned bed of the lake.

Identification No. L-105-S-323-B
Area Payette Lake

STATE OF IDAHO
DEPARTMENT OF LANDS

APPLICATION FOR A PERMIT TO MAKE AN ENCROACHMENT
ON A NAVIGABLE LAKE OR RESERVOIR

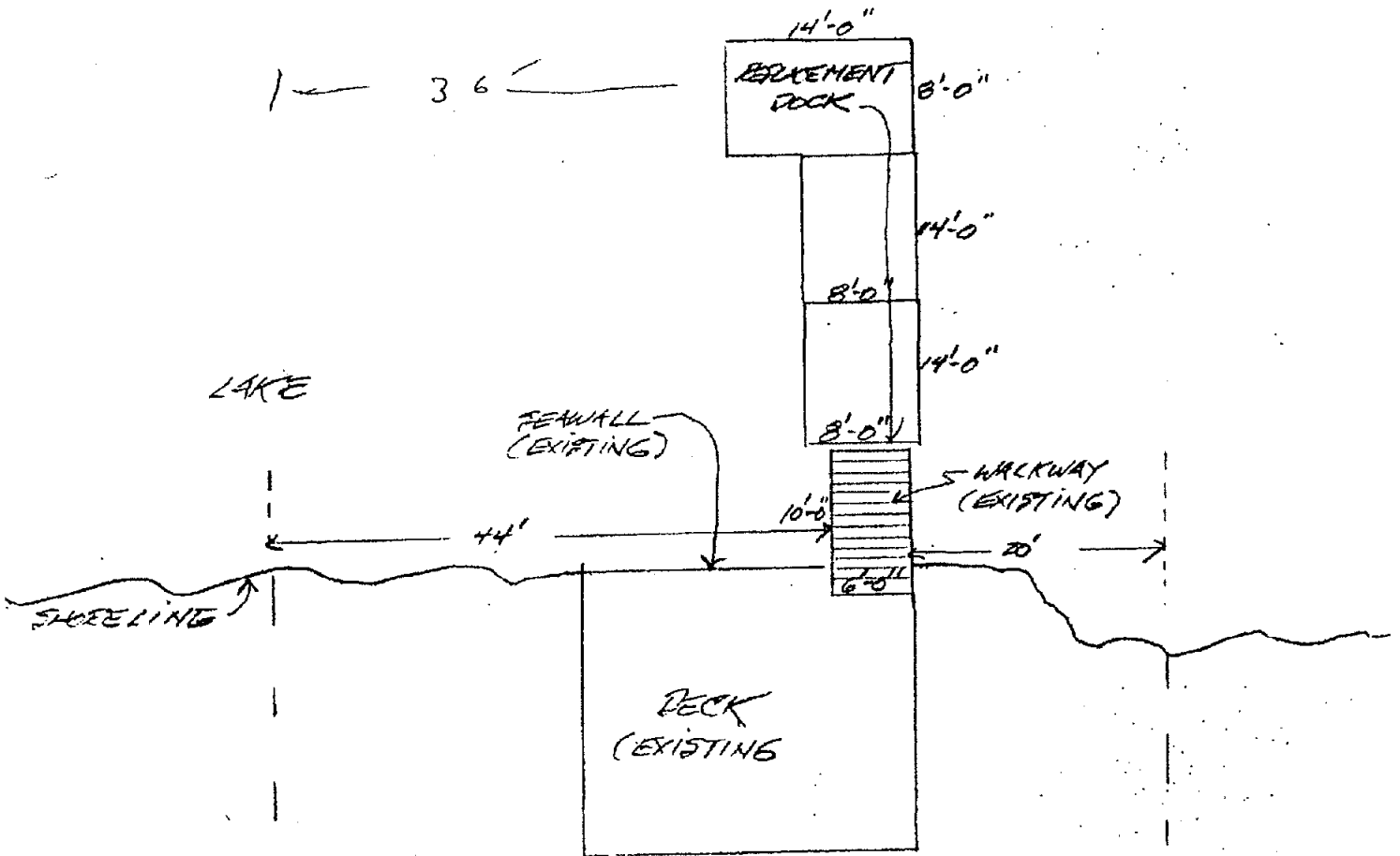
Pursuant to Adopted Rules
And Applicable Statutes
(TYPE OR PRINT IN INK)

1. Name of applicant: ROBERT R. ANGELL
Post office address: 35 HORIZON DR. BOISE ID 83702
Telephone Number: 245-9000
2. Name of lake or stream: PAYETTE LAKE
3. Name and address of contractor: SELF OR CORRECTIONAL
INDUSTRIES
4. Proposed starting date of construction and installation: 7-10-87
5. Property description: LOT 3, BLOCK 1, PILGRIM COVE
90430

in _____ (1/16 or Lot No.) of Section 3, Township 18N, Range 3E, B.M.

6. Type of structure proposed: (Please check and attach a descriptive drawing.)
INITIAL CONSTRUCTION YES NO
 Breakwater Dock Bulkhead
 Piling Boathouse Fill
 Excavation Other (Please specify)

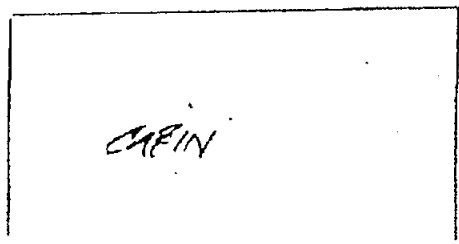
7. Length of encroachment waterward from the ordinary highwater mark: 36' Apr 49
Including work



"STODARD"
PROPERTY

ANGELL
PROPERTY
LOT 30, BLOCK 1
PIGMEIN CREEK

"ATCHELEY"
PROPERTY



ENCROACHMENT CHECK LIST

- APPLICATION
- FEE (mailed to Boise with misc. cash receipt input form)
- NOTICE TO ADJACENT PROPERTY OWNERS
- PERMIT (with copy of application)
- PERMIT LETTER
- COMPLETION REPORT (yellow – make copy for Savilla's Suspense Folder)
- REQUEST FOR TRANSFER FORM (blue)

Copies mailed to:

- PERMITTEE - Original Permit (with copy of application) and supporting documents (see above)
- Boise (Original application with copy of permit)
- Corps of Engineers (copy of permit and application with drawings)
- Contractor (if any)
- Valley County Assessor's office
- Payette Lakes Area office

STANLEY F. HAMILTON - DIRECTOR
ENCROACHMENT PERMIT APPLICATION

Thank you for your inquiry concerning placement of an encroachment in, on or over navigable waters of the state. **Please note:** You must first obtain an encroachment permit from the Idaho Department of Lands prior to placement of any new structures or changes to existing structures in navigable waters. A processing fee (made payable to Treasurer, State of Idaho) is required and must accompany each application. A fee schedule is attached. A single \$50 fee covers an application fee for one or more of the single family aids to navigation shown on the attached fee schedule. A waterline encroachment requires a \$250 processing fee. All other encroachment processing fees are on the fee schedule. Please note that a new permit, if issued, will replace any existing permit you may now have. Please include all existing structures so they can be included on your permit.

Please complete all elements on the attached application. The legal description, names and addresses of adjacent property owners, and encroachment dimensions must be accurate and complete. These permits are site specific. **Please note:** The signature of the adjacent property owner or lessee (neighbor) is required if any part of your proposed encroachment will be located closer than 10 feet from the common riparian/property line of the adjacent property.

An accurate drawing similar to the sample provided is required. Include all dimensions as shown on the sample (i.e., distance to riparian/property line, dock length and width, water depth and high and low water marks) and names of both adjacent property owners/lessees.

Idaho State Single Family Dock Specifications:

1. Encroachments shall be installed to protrude as near as possible perpendicular to the general shoreline.
2. Encroachments shall not extend beyond a water depth necessary for customary navigation or beyond the established line of navigation.
3. Dock encroachments, excluding slip cutout, shall not exceed 700 square feet in size or 10 feet in width; two-family docks shall not exceed 1,100 square feet in size.
4. Ramp encroachments shall not exceed 6 feet in width.
5. Single- and two-family encroachments shall not exceed four (4) piling, excluding stationary piers.
6. Encroachments shall not be located closer than 10 feet to adjacent property riparian right lines. Riparian right lines extend waterward of ordinary/artificial high water mark perpendicular from the general shoreline.
7. All mooring covers used on encroachments must be removable.
8. For protection of the public trust rights of navigation, structure dimensions will be limited to size actually needed in aid to navigation. Encroachments proposed in rivers shall be held as close as possible to shore to avoid interfering with navigation.

Upon receipt of your complete encroachment application, a permit should be issued within 30 days.

If you have questions or need additional information, please call the Lake Protection Act program office at (208)769-1535 or the local area offices of Priest Lake at (208)443-2516, Payette Lake at (208)634-7125, or Eastern Idaho at (208)525-7167.

Thank you for your cooperation.

IDAHO LAKE PROTECTION ACT ADMINISTRATION

Fees for type of encroachment vary as follows:

| | |
|--------------------------|--------------------------------------|
| Dock | \$50 Fee |
| Community Use Dock | \$250 Fee plus \$50 Advertising Cost |
| Commercial Dock | \$250 Fee plus \$50 Advertising Cost |
| Buoy | \$50 |
| Boat Lift(Shore Station) | \$50 |
| Rail System | \$50 |
| Riprap Placement | \$50 |
| Water Intake Line | \$250 (Agency Review Period) |

∴ Combined Application Dock & Waterline \$50 plus \$250 = \$300

JOINT APPLICATION FOR PERMITS
 U.S. ARMY CORPS OF ENGINEERS
 IDAHO DEPARTMENT OF WATER RESOURCES
 IDAHO DEPARTMENT OF LANDS

**DO NOT START WORK UNTIL YOU
 RECEIVE PERMITS FROM BOTH
 THE
 CORPS AND THE STATE**

This application may be used to apply for both a Department of the Army permit from the U.S. Army Corps of Engineers (Corps) and for State of Idaho permits. Department of the Army permits are required by Section 10 of the Rivers and Harbors Act of 1899 for any structures or work in or affecting navigable waters of the United States and by Section 404 of the Clean Water Act for discharges of dredged or fill material into waters of the United States, including their adjacent wetlands. State permits are required under the State of Idaho, Stream Channel Protection Act (Title 42, Chapter 38, Idaho Code) and the Idaho Lake Protection Act, Section 58-142 et. seq., Idaho Code. **Route Uses:** Information provided on this form will be used in evaluating the application. Disclosure of requested information is voluntary. If information is not provided, however, the permit application cannot be processed nor can permits be issued. Applicants should send this completed application, along with one set of good reproducible drawings showing the location and character of the proposed project, to both the Corps of Engineers and the State of Idaho. NOTE: DRAWINGS NO LARGER THAN 8-1/2 X 11 INCHES IN SIZE. The Applicant information pamphlet provides instructions and a checklist for completing the drawings.

| | | |
|--|---|---|
| 1. Corps of Engineers # _____ Date Received _____ | 2a. Department of Water Resources # _____ Date Received _____ Fee Rec'd By: _____ Receipt # _____ | 2b. Department of Lands # _____ Date Received _____ Fee Rec'd By: _____ Receipt # _____ |
|--|---|---|

PLEASE TYPE OR PRINT

| | |
|---|--|
| 3. a. Applicant <u>Harold A. (Drew) + Maj-Le Bridges</u> | 4. a. Authorized Agent _____ |
| b. Mailing Address <u>35 South Raymond Ave Pasadena, CA 91105</u> | b. Mailing Address _____ |
| c. Work Phone <u>(626) 304-2836</u> (Home <u>(626) 791-9158</u>) | c. Work Phone () _____ Home () _____ |
| d. Fax Number <u>(626) 744-9376</u> | d. Fax Number _____ |
| e. Email Address <u>drew@bridges-law.com</u> | e. Email Address _____ |

| | |
|---|--|
| 5. Location where proposed activity exists or will occur. | 5. e. Tax Assessor's Description <u>Lot 30 Block 1 Tax # 145</u> |
| a. Waterway <u>Payette Lake, Pilgrim Cove</u> | Distance/Direction from nearest city/town _____ |
| Tributary of _____ | County/State <u>Valley Co., ID</u> |
| b. Distance/Direction from nearest city or town <u>83638 McCall, ID</u> | f. 1/4 1/4 <u>S3 T18N R3E</u> |
| c. Zip Code _____ Local jurisdiction (city or county) _____ | g. UTM Coordinate Grid _____ |
| d. Directions to the site _____ | Zone _____ Northing _____ Easting _____ |

6. a. Describe Project (Work below the ordinary high water mark or in wetlands).
Removal of existing concrete retaining wall, located at the high water mark, to be replaced with boulders + maintain high water mark. Removal of existing dock + wooden dock adjacent to retaining wall. See plans for dock design. See plans for retaining wall.

b. Construction methods and equipment _____

c. Length of project along the stream or extension into lake or reservoir: _____

d. Size and flow capacity of proposed bridge or culvert and area of drainage served (sq. miles): (Idaho Department of Water Resources requirement.) _____

COMPLETE THE FOLLOWING FOR DISCHARGES OF DREDGED OR FILL MATERIAL

7. a. Volume dredged or fill material to be placed waterward of the ordinary high water mark (BOTH TEMPORARY AND PERMANENT)? _____ (cubic yards)

b. Will fill be placed in wetlands? _____ If yes, area: _____ (acres) Type of fill material: _____ (i.e. sand, rock, clay, concrete, etc.)

c. Will dredging be required waterward of the ordinary high water mark or in wetlands? _____ If yes, volume _____ (cubic yards)

d. Type of dredged material _____

e. Disposal site for dredged material: _____ Method of dredging: _____

f. Method to control turbidity and sedimentation: _____

g. Is project located in a mapped floodway? _____ If yes, complete the Engineering "No-Rise" certification form.

8.a. Purpose and intended use: Commercial _____ Public _____ Private Other _____ Describe _____
b. Reason for project Construction of new house, new retaining wall & dock

9. Proposed Starting Date _____ Estimated Duration _____

10. List portions of the project that are complete with month and year of completion
Label this work on your drawings.

11. Names, addresses, and telephone numbers of all adjoining property owners, leasees, etc.

Lot 29 Hugh & Sylvia Atchley 2900 Leisure Dr. Boise, ID 83704
(208) 376-2022
Lot 31 Bruce Stoddard 4821 Mtn. View Dr. Boise, ID 83704
(208) 375-4629

Check here if the alteration is located on endowment lands administered by the Idaho Department of Lands

12. LEGAL OWNER IF OTHER THAN APPLICANT

a. Name _____ d. Phone Work () _____
b. Mailing Address _____ Home () _____
c. City, State, Zip Code _____

13. List applications, approvals, or certifications from other Federal, state, or local agencies for work described in this application.

| Issuing Agency | Type of Approval | Identification No. | Date of Application | Date of Approval |
|----------------|------------------|--------------------|---------------------|------------------|
| | | | | |
| | | | | |

14. Has any agency denied approval for the proposed activity? Yes _____ No (If "Yes" explain)

15. Other comments/information:

PHYSICAL ADDRESS (Required by Idaho Dept of Lands)

2089 John Alden Rd., McCall, ID 83638

16. Application is hereby made for a permit or permits to authorize the activities described herein. I certify that I am familiar with the information contained in this application, and that to the best of my knowledge and belief, such information is true, complete, and accurate. I further certify that I possess the authority to undertake the proposed activities. I hereby grant to the agencies to which this application is made, the right to come upon the above-described location to inspect the proposed and completed work.

Harold A. (Drew) Bridges 10-17-05
Majle Tate Bridges 10-17-05
Signature of Applicant (ORIGINAL SIGNATURE REQUIRED) Printed Name Date

17. If you wish to designate an authorized agent, complete item 4, item 16 and the following information.

I hereby designate _____ to act as my agent in matters related to this permit application. I understand that if a Federal permit is issued, I must sign the permit.

Original Signature of Authorized Agent _____ Date _____ Original Signature of Applicant _____ Date _____

18 U.S.C. Section 1001 provides that: Whoever, in any manner within the jurisdiction of any department or agency of the United States knowingly falsifies, conceals, or covers up by any trick, scheme, or device a material fact or makes any false, fictitious, or fraudulent statements or representations or makes or uses any false writing or document knowing same to contain any false, fictitious, or fraudulent statement or entry, shall be fined not more than \$10,000 or imprisoned not more than 5 years or both.

DO NOT SEND CORPS PROCESSING FEE WITH APPLICATION

SEND IDAHO DEPARTMENT OF WATER RESOURCES OR IDAHO DEPARTMENT OF LANDS FILING FEE WITH APPLICATION

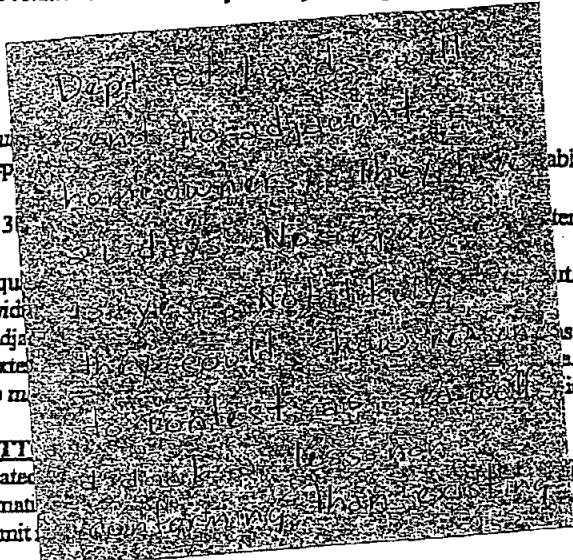
STATE OF IDAHO
DEPARTMENT OF LANDS
ATTACHMENT FOR ENCROACHMENT

Required When Applying for an Idaho Department of Lands Lake Encroachment Permit

"Joint COE-IDL Applications" for encroachment must be signed by the riparian or littoral property owner or his lessee. A riparian or littoral owner is the person whose upland property interfaces the ordinary or artificial high water mark of a given waterway. A complete application must include the legal description of the upland property; a vicinity map showing the location of the proposal; design plans showing the adjacent boundary lines, encroachment dimensions, water depth, and a lakebed profile, all relative to the ordinary or artificial high water mark; and name and address of the adjacent property owner(s).

General specifications are as follows:

- 1) Encroachment must be installed perpendicular to the established line of navigation.
- 2) Encroachment is not to extend beyond a depth of 30 feet from the established line of navigation.
- 3) Mooring buoy encroachment must be kept 30 feet further waterward than the line of navigation.
- 4) Dock encroachment is not to exceed 700 square feet.
- 5) Approach ramp is not to exceed 6 feet in width.
- 6) Structure cannot be closer than 10 feet to adjacent property owner, as riparian lines extend to the adjacent property owner's line.
- 7) Commercial encroachments are required to maintain a minimum of 100 feet from the adjacent property owner's line.



CONSENT OF ADJACENT RIPARIAN OR LITTORAL

Navigation and nonnavigation encroachments located adjacent to the property owner. Signature of the owner(s) will automatically complete the permit. Initials per applicant's drawing will complete the permit.

I, _____, am the owner of riparian or littoral property adjacent to the riparian or littoral area listed in this application. I am familiar with the scope and location of the proposed encroachment as evidenced by accompanying plans which I have initialed. I offer no objection to the encroachment.

Date

Name

Address

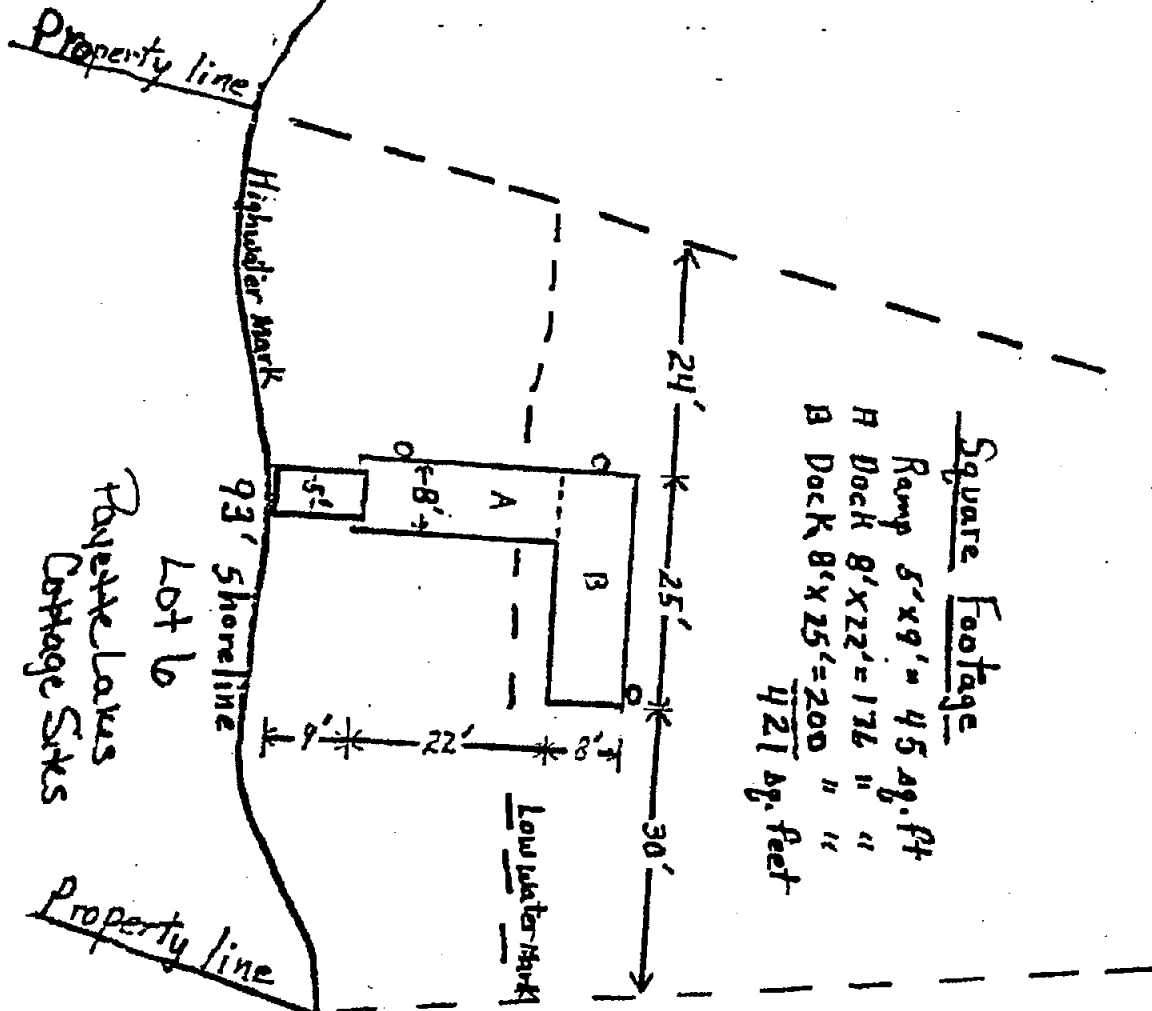
I, _____, am the owner of riparian or littoral property adjacent to the riparian or littoral area listed in this application. I am familiar with the scope and location of the proposed encroachment as evidenced by accompanying plans which I have initialed. I offer no objection to the encroachment.

Date

Name

Address

Adjacent property
 Owner: A
 Name:
 Dock Location:

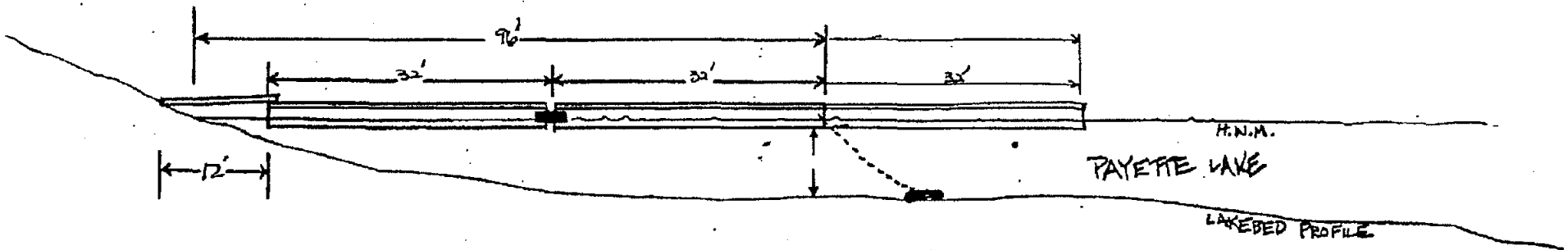


Square Footage
 Ramp 5' x 9' = 45 sq. ft
 A Dock 8' x 22' = 176 " "
 B Dock 8' x 25' = 200 " "
421 sq. feet

Lot 6
 Fayette Lakes
 Cottage Sites

Adjacent property Owner: B
 Name:
 Dock Location:

DOCK PROPOSAL
PROFILE VIEW



PROPERTY OWNER
LOT# SUB
SEC TWP RGE

SCALE: 3/16" = 2'

SAMPLE



VICINITY MAP

From

HOW TO COMPLETE THE JOINT APPLICATION FOR PERMIT

The following item numbers correspond to the Joint Application for Permit (please print or type on the application).

Items 1 and 2. For agency use, please leave blank.

Item 3. Provide applicant's complete name, mailing address, phone number, and fax number if available.

Item 4. If the applicant wishes to designate an agent to represent him during the permit process, provide agent's name and complete mailing address. **The agent must sign the application in the Authorized Agent Signature block on page 2.**

Item 5. Indicate the location of the activity by the official name of the waterway and the name of the next stream into which this stream flows. Provide the name of the nearest city or town, and the county, state, and zip code. Show the local jurisdiction (either city or county). Include the tract or government lot, $\frac{1}{4}$ $\frac{1}{4}$ (sixteenth section), Section, Township, and Range, UTM Coordinate Grid, or Tax Assessor's Description.

Item 6. Provide a detailed description of the proposed activity. Include the type of structure(s) and material such as a wooden dock supported by steel piles or concrete ramp. Soils information is available from your county Soil Conservation Service.

Item 7. The Idaho Department of Water Resources requires all applications for bridges or culverts to include the drainage area above the crossing and design flow capacity of the structure (with required allowance for debris and ice passage).

Item 8. Preparation of drawings. Application drawings must be prepared and submitted in accordance with the checklist and the sample drawings beginning on page 5.

Item 9. Check the appropriate block and provide a brief description, the necessity, and justification for the project.

Item 10. Provide the proposed starting date for your activity and the estimated time required for completion, if required permits are issued.

Item 11. It is important that the completion date be provided for any existing portion of the activity to determine if the Corps of Engineers' or Idaho Department of Lands' authorization under the "Grandfather" provision is appropriate. Show any existing work on the drawings.

Item 12. Provide the name, address, and phone number of adjacent property owners. The list of property owners should include ownerships located on the near bank on both sides of the activity and other ownerships on the waterway that may be affected.

Item 13. If ownership of the land on which the activity is proposed is held by someone other than the applicant, provide the name and address of the owner.

Item 14. Provide a list of other local, State, or Federal authorizations for the activity described in this application for which application has been made or approvals received.

Item 15. Indicate any agency denials of required authorizations directly related to the activity described in the application.

Item 16. Indicate any additional pertinent remarks, continue project description, provide specific directions to the site.

Item 17. Each applicant must have an original signature of the applicant and date. If an agent has been designated to act for the applicant during permit processing, Item 4. must be completed and the application must also be dated and signed by the designated agent.

DRAWING CHECK LIST

Vicinity Map

- Section, Township, and Range of the activity.
- Name of waterway.
- Name of and distance to local town, community, or other identifying location.
- Names of all roads in the vicinity of the site.
- North arrow.

Plan View. This drawing is a view of the proposed activity as it would appear if seen from the air. Top view of the proposed activity should show the following.

- Existing shoreline/banks.
- Direction of water flow.
- North arrow.
- Ordinary high water mark and ordinary low water if the proposed activity is on a lake; or ordinary high water if on a stream.
- Dimensions of the structure or work in relation to the ordinary high water mark.
- Waterward dimension from an existing, permanent fixed structure, or object.
- Distance to riparian or littoral right lines.
- Location of spoil disposal area if applicable. If spoil material is to be placed in approved dumping grounds, a separate map showing the location of the dumping grounds should be attached.
- Distance between proposed activity and navigational channel, where applicable.
- Location of structures, if any, in navigable waters immediately adjacent to the proposed activity, including permit numbers, if known. Identify purpose of all structures.
- Location of any wetlands, swamps, marshes, etc. Identify.
- Placement of cofferdams (location and type).

Elevation and /or Section View. The elevation and/or section view of the proposed project should show the following.

- Same ordinary high water mark as the plan view.
- Water depth as waterward end of proposed work, or if dredging is proposed, show dredging grade.
- Dimensions from the high water mark for proposed fill, structure or work.
- Cross-section of excavation or fill, including approximate side slopes, and horizontal and vertical dimensions.
- Elevation of spoil areas.

INVOICE

Your COVE dues for the year July 1, 2014 thru June 30, 2015 are currently payable, in the amount of \$395.00.

This assessment covers all main Cove road repairs, maintenance, dust suppression, and snow removal, security patrol, porta-potty fees, common area beach, ramp ,and gate, signage, insurance, and any other maintenance and costs of the Cove that may be deemed necessary.

Security Patrol is October 1, thru Memorial Day.

Please remit to: Paula Coulter, Treas.
1009 N. Balsam St.
Boise, ID 83706

PAID

TOTAL DUE: \$395.00 Payable to: COVE ASSN. (checks made out any other way are not cashable by Assn.)

Dock dues are payable to your dock manager: #3 Mike Mooney, #4 David Penny, #5 Skip Pierce.

We would appreciate your prompt payment. Please fill out the lower portion of this billing and send with your remittance.

THANK YOU

NAME _____

COVE ADDRESS _____

HOME ADDRESS _____

HOME PHONE _____

McCALL PHONE OR CELL PHONE _____

E-MAIL _____

STATEMENT OF ACCOUNT



Idaho Department of Lands
 300 North 6th Street, Suite 103
 PO Box 83720
 Boise, ID 83720-0050
 Main No.: 208-334-0200
 For Billing Inquires: 208-334-0212

You may pay online at: <http://www.idl.idaho.gov>

MAJ-LE TATE BRIDGES
 9391 RIVERSIDE DR
 GARDEN CITY ID 83714

Statement Date: 04/09/15
 Account Number: C0006004
 Number: R500040

| No. | Description | Amount |
|---------|--------------------------------|-----------|
| R500040 | 2015 R500040 DEFERRED RENT CHG | 509.88 |
| R500040 | 2015 R500040 RES-RENTAL | 16,996.10 |

Total: 17,505.98

Payments not received by the due date may result in additional fees and/or interest charges, according to the lease terms.

Your lease may be terminated if payment is not received by the due date.

Payments of \$100,000.00 or more must be made using ACH Debit or Credit or Electronic check as required by Idaho Code §67-2026.

Return this payment stub with your payment. Provide address and contact information changes on the back of this payment stub and indicate:

- This address/contact change is for this lease only.
- This address/contact change is for all leases for this customer.

IDAHO DEPARTMENT OF LANDS
 PO BOX 83720
 BOISE ID 83720-0050

MAJ-LE TATE BRIDGES

No. R500040
 Account Number: C0006004
 Due Date 06/01/15
 Amount Due 17,505.98
 Amount Remitted

RETURN THIS PORTION OF STATEMENT WITH YOUR PAYMENT.

VALLEY COUNTY TAX STATEMENT

GLENNA YOUNG
VALLEY COUNTY TAX COLLECTOR
P.O. Box 1350
Cascadia, ID 83611
208-382-7110

Tax Year: 2014 Bill Number: 145155
AIN: Billing Date: 11/01/2014
PIN: LR006540040040 Balance good until: 12/20/2014
Code-Area: 015-0000 Last Payment:

Legal Desc: COVE REPLAT, STATE SUBDIVISION, LOT 4, BLOCK 4, STATE LEASE #R-5040-8

AUTO

BRIDGES MAJ-LE TATE
9391 RIVERSIDE DR
BOISE ID 83714

Location: 2087 RAINBOW LN
Acres: 0.0000
Mortgage:
*******IMPORTANT*******
PLEASE READ BOTH BACK AND FRONT
PAYMENTS RECEIVED WITH A DELINQUENCY WILL BE APPLIED TO THE OLDEST DELINQUENT TAX YEAR. TO AVOID LATE CHARGES, PAYMENTS MUST BE RECEIVED OR POSTMARKED BY THE DUE DATE.

| Values | Amount | Values Continued | Amount | Exemptions and Credits | Amount |
|----------------------|---------|------------------|--------|------------------------|----------------|
| Improvement Value | 807,870 | | | | |
| Total Taxable | | | | | 807,870 |

| Taxing District | Phone | Rate | Total | Spec Assessments | Phone | Rate | Total | |
|----------------------------|--------------|----------------|----------------------|------------------|-----------------|----------------|-------------|------------------|
| Valley County | 208-382-7100 | 0.0019150980 | \$1,547.14 | Solid Waste | | 0 | 60.00 | |
| School #421 | 208-634-2161 | 0.0021333700 | \$1,723.49 | | | | | |
| School #421 Bond | 208-634-2161 | 0.0008935900 | \$721.91 | | | | | |
| School #421 Tort | 208-634-2161 | 0.0000083820 | \$6.77 | | | | | |
| McCall Cemetery | 208-634-6471 | 0.0000175480 | \$14.18 | | | | | |
| McCall Rural Fire District | 208-634-7070 | 0.0012057640 | \$974.10 | | | | | |
| Payette Lake Water/Sewer | 208-634-4111 | 0.0002029560 | \$163.98 | | | | | |
| McCall Memorial Hospital | 208-381-1251 | 0.0006387430 | \$518.02 | Urban Renewal | | | | |
| Valley County EMS District | 208-382-7100 | 0.0002496330 | \$201.67 | | | | | |
| | | Current | Prior Year(s) | Interest | Late Fee | Penalty | Paid | Total Due |
| Bill Summary | | \$5,929.24 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$5,929.24 |

The mortgage companies have received a copy of the Valley County Tax File. If your mortgage company pays your taxes please use this notice for your records. Credit and debit card payments are accepted through our website www.co.valley.id.us. All card transactions require your tax bill PIN, and are subject to a 2.75% convenience fee.

Make Check Payable to: VALLEY COUNTY TAX COLLECTOR **Keep top portion for your records**

FOR PROPER CREDIT RETURN FILE WITH PAYMENT
PERSONAL CHECKS ARE SUBJECT TO BANK CLEARANCE

BRIDGES MAJ-LE TATE
9391 RIVERSIDE DR
BOISE ID 83714

Bill Number: 2014 - 145155
PIN: LR006540040040
AIN: VALLEY COUNTY

2ND HALF

\$2,964.62

MONTHLY PAYMENTS ARE ACCEPTED
DELINQUENT IF NOT PAID BY

June 22, 2015



VALLEY COUNTY TAX STATEMENT

GLENNA YOUNG
VALLEY COUNTY TAX COLLECTOR
 P.O. Box 1350
 Cascade, ID 83611
 208-382-7110

Tax Year: 2014 Bill Number: 145152
 AIN: XR00654004004 Billing Date: 11/01/2014
 PIN: XR00654004004 Balance good until: 12/20/2014
 Code Area: 070-0000 Last Payment:

Legal Desc: COVE REPLAT, STATE SUBDIVISION, LOT 4, BLOCK 4, STATE LEASE
 #R-5040-8

Location: 2087 RAINBOW LN
 Acres: 0.4489
 Mortgage:
IMPORTANT
PLEASE READ BOTH BACK AND FRONT
 PAYMENTS RECEIVED WITH A DELINQUENCY WILL BE APPLIED TO THE OLDEST DELINQUENT TAX YEAR TO AVOID LATE CHARGES, PAYMENTS MUST BE RECEIVED OR POSTMARKED BY THE DUE DATE

AUTO
BRIDGES MAJ-LE TATE
 9391 RIVERSIDE DR
 BOISE ID 83714

| Values | Amount | Values Continued | Amount | Exemptions and Credits | Amount |
|------------|---------|------------------|--------|------------------------|---------|
| Land Value | 752,938 | | | | |
| | | | | Total Taxable | 752,938 |

| Taxing District | Phone | Rate | Total | Spec. Assessments | Phone | Rate | Total |
|---------------------|----------|--------|--------|-------------------------------|--------|--------|------------|
| | | | 152.81 | XR Payette Lake S/W | | 0 | 152.81 |
| | | | | XR Payette Lake S/W Info Only | | 0 | 0.01 |
| | | | | Urban Renewal | | | |
| Bill Summary | | | | | | | |
| | \$152.82 | \$0.00 | \$0.00 | Late Fee: | \$0.00 | Fees: | \$0.00 |
| | | | | Paid: | | \$0.00 | Total Due: |
| | | | | | | | \$152.82 |

The mortgage companies have received a copy of the Valley County Tax File. If your mortgage company pays your taxes please use this notice for your records. Credit and debit card payments are accepted through our website www.co.valley.id.us. All card transactions require your tax bill PIN, and are subject to a 2.75% convenience fee.

Make Check Payable to: VALLEY COUNTY TAX COLLECTOR

Keep top portion for your records

FOR PROPER CREDIT RETURN PLEASE RETURN WITH PAYMENT
PERSONAL CHECKS ARE SUBJECT TO BANK CLEARANCE
 BRIDGES MAJ-LE TATE
 9391 RIVERSIDE DR
 BOISE ID 83714

Bill Number: 2014 - 145152
 PIN: XR00654004004
 AIN:
 VALLEY COUNTY

2ND RATE
 \$76.41

MONTHLY PAYMENTS ARE ACCEPTED
 DELINQUENT IF NOT PAID BY

June 22, 2015





www.idahopower.com

Questions? Contact us at:
 PO BOX 70, Boise, ID 83707.
 Or call (208) 388-2323 (Treasure Valley).
 Se habla español.
 For faster service please call
 Tuesday - Friday, 7:30 a.m. to 6:30 p.m.

Customer Name: HAROLD A & MAJ-LE T BRIDGES
 Account Number: 2201346810
 Billing Date: 05/13/2015
 Print Date: 05/13/2015

Service Agreement No: 0030063378

Next Read Date: 06/10/2015

Service Location: 2087 RAINBOW LN / MCCALL, ID

| Meter Number | Service Period | | Number of Days | Reading Type | Meter Readings | | Meter Constant | kWh Used |
|--------------|----------------|----------|----------------|--------------|----------------|---------|----------------|----------|
| | From | To | | | Previous | Current | | |
| 34434527 | 04/11/15 | 05/11/15 | 31 | Regular | 20406 | 20455 | 20 | 980 |

| Billing kW | BLC |
|------------|-----|
| 32 | 0 |

Residential
 Standard Plan
 Schedule 01

| | |
|---|----------------|
| Service Charge | \$5.00 |
| Non-Summer Energy Charge 800 kWh @ \$0.079675 per kWh | \$63.74 |
| Non-Summer Energy Charge 180 kWh @ \$0.087839 per kWh | \$15.81 |
| Annual Adjustment Mechanism | \$7.60 |
| Energy Efficiency Services | \$3.38 |
| Federal Columbia River Benefits Supplied by BPA | \$0.48 CR |
| Current Charges - Electric Service | \$95.05 |

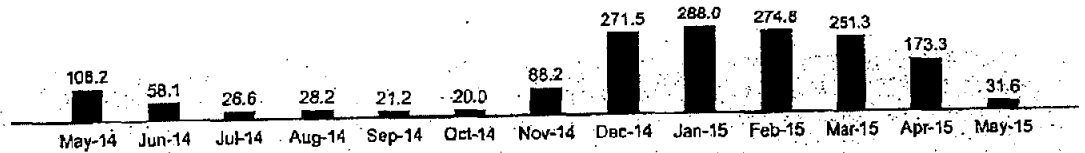
Adjustments

| | |
|----------------------------|---------------|
| Late Payment Charge | \$5.43 |
| Current Adjustments | \$5.43 |

CR = Credit kWh = Kilowatt-hour PCA = Power Cost Adjustment kW = Kilowatt BLC = Basic Load Capacity G = Generator

Your Electric
 Use Pattern

Avg kWh
 Per Day





www.idahopower.com

Questions? Contact us at:
PO BOX 70, Boise, ID 83707.
Or call (208) 388-2323 (Treasure Valley).
Se habla español.
For faster service please call
Tuesday - Friday, 7:30 a.m. to 6:30 p.m.

Customer Name: HAROLD A & MAJ-LE T BRIDGES
Account Number: 2201346810
Billing Date: 05/13/2015
Print Date: 05/13/2015

PAID

| | |
|-------------------------------|-------------------------------|
| Due Date 05/28/2015 | Please Pay \$643.18 |
|-------------------------------|-------------------------------|



Account Activity

| | |
|----------------------------|-----------------|
| Previous Balance | \$542.70 |
| Payments - Thank You | \$0.00 |
| Balance Forward | \$542.70 |
| Total Adjustments | \$5.43 |
| Current Charges | \$95.05 |
| Account Balance | \$643.18 |

Please Note: Any unpaid balances may be assessed a monthly charge of 1 percent. Any credit on the account will be applied to future bills or can be refunded upon customer request. Returned payments may be resubmitted electronically. Items remaining unpaid will be charged a \$20 fee.

Summer Rates Reminder

Please note that higher summer rates are in effect each year during the months of June, July, and August. These rates reflect the increased costs of meeting summer energy demands. For more information on your electricity rates please visit idahopower.com/rates/.

**** IMPORTANT NOTICE ****

The amount due includes a past due balance. If you have already remitted payment, thank you. If not, please remit payment promptly to ensure continued service. Thank you.

▼ Please detach and return the portion below with your payment. Please bring entire bill when paying at a pay station. ▼

AmeriGas
 1611 Davis Ave
 McCall ID 83638
 208-634-8181
 www.amerigas.com

Invoice

AmeriGas®

ACCOUNT NUMBER: 200889884
INVOICE AMT DUE: \$923.58
DUE DATE: 05/08/2015

INVOICE NO: 3039712149
INVOICE DATE: 04/08/2015
NAME: MAJ-LE BRIDGES
SERVICE ADDRESS: 2087 RAINBOW
 MCCALL ID 83638

| Previous Balance | Payments | Adjustments/Credits | New Charges | Account Balance Due | Invoice Amount Due |
|------------------|----------|---------------------|-------------|---------------------|--------------------|
| \$71.02 | -\$71.02 | \$0.00 | \$923.58 | \$923.58 | \$923.58 |

Account Activity

| Date | Ref No. | Description | Quantity | Price | Amount |
|--------------------------|----------|---------------------|----------|-------------|-----------------|
| 04/06/15 | 67664356 | Propane | 198.6 | \$4.569/GAL | \$907.40 |
| | | SITE:250 AG | | | \$10.59 |
| | | HazMat Fee - T | | | \$5.59 |
| | | Fuel Recovery Fee-T | | | |
| TOTAL NEW CHARGES | | | | | \$923.58 |

Account Balance Due includes all outstanding charges for which we have not received payment and may not reflect payments sent.

Continues on next page.

PAID

MESSAGES

Pay your invoices, sign up for AutoPay, Go Paperless and much more by managing your account online using our free, quick, easy and secure service. Visit our company website and click on "My Account" to enroll. Your safety is our priority! For convenient tips for a worry-free winter, visit the Consumer Safety Information section of our company website. We periodically review and revise our standard Terms & Conditions. Visit our company website to read the T&C that apply. Tired of calling for propane? Enroll in automatic delivery and get our no run-out promise. Call your local office for details.

Contact Us: Billing, Service & Delivery: 208-634-8181
 Pay Online or Enroll in our Automatic Payment program: www.amerigas.com

THANK YOU FOR YOUR BUSINESS!

AMERIGAS
 1611 DAVIS AVE
 MCCALL ID 83638

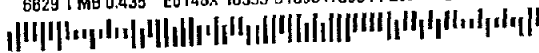
| Account No. | Invoice No. | Invoice Date | Due Date | Amount Due |
|-------------|-------------|--------------|------------|------------|
| 200889884 | 3039712149 | 04/08/2015 | 05/08/2015 | \$923.58 |

TOTAL AMOUNT ENCLOSED \$

AutoPay is enabled on your account. Your amount due will be paid automatically on the due date.

Account or user address change?
 If yes, please check box and complete reverse side.

6629 1 MB 0.435 ED148X I0399 01300475884 P2526620 0001:0004 H1



MAJ-LE & DREW BRIDGES
 9391 RIVERSIDE DR
 BOISE ID 83714-1799



REMIT TO
 PO BOX 371473
 PITTSBURGH PA 15250-7473

020088988400030397121490000000923582

Maj-le Bridges

From: AmeriGasPropane@billtrust.com
Sent: Friday, May 08, 2015 8:33 PM
To: majle@bridges-law.com
Subject: Payment confirmed

Your payment(s) in the amount of 923.58 have been confirmed.

Payment(s) confirmed

Payment Information

Account Number: 200889884

Payment Date: 05/08/2015

Payment Amount: 923.58

Please visit [AmeriGas Online Billing](#) to review your bill and payment history.



AmeriGas
 1611 Davis Ave
 McCall ID 83638
 208-634-8181
 www.amerigas.com

Invoice



ACCOUNT NUMBER: 200889884
 INVOICE AMT DUE: \$83.74
 DUE DATE: 05/30/2015

INVOICE NO: 3040299828 INVOICE DATE: 04/30/2015
 NAME: MAJ-LE BRIDGES
 SERVICE ADDRESS: 2087 RAINBOW
 MCCALL ID 83638

| Previous Balance | Payments | Adjustments/Credits | New Charges | Account Balance Due | Invoice Amount Due |
|------------------|----------|---------------------|-------------|---------------------|--------------------|
| \$923.58 | \$0.00 | \$0.00 | \$83.74 | \$1,007.32 | \$83.74 |

Account Activity

| Date | Ref No. | Description | Quantity | Price | Amount |
|----------|----------|--|----------|-------|---------|
| 04/30/15 | 68396927 | Tank Rent-250 GALLON TANK 01/02/2008 - 01/01/2009 SITE:250 AG State Sales Tax | | | \$79.00 |
| | | TOTAL NEW CHARGES | | | \$83.74 |

PAID

Account Balance Due includes all outstanding charges for which we have not received payment and may not reflect payments sent.

MESSAGES

Pay your invoices, sign up for AutoPay, Go Paperless and much more by managing your account online using our free, quick, easy and secure service. Visit our company website and click on "My Account" to enroll.
 Your safety is our priority! For convenient tips for a worry-free winter, visit the Consumer Safety Information section of our company website.
 We periodically review and revise our standard Terms & Conditions. Visit our company website to read the T&C that apply.

- Contact Us: Billing, Service & Delivery: 208-634-8181
- Pay Online or Enroll in our Automatic Payment program: www.amerigas.com

THANK YOU FOR YOUR BUSINESS!

AMERIGAS
 1611 DAVIS AVE
 MCCALL ID 83638

| Account No. | Invoice No. | Invoice Date | Due Date | Amount Due |
|-------------|-------------|--------------|------------|------------|
| 200889884 | 3040299828 | 04/30/2015 | 05/30/2015 | \$83.74 |

TOTAL AMOUNT ENCLOSED \$

AutoPay is enabled on your account. Your amount due will be paid automatically on the due date.

Account or user address change?
 If yes, please check box and complete reverse side.

MAJ-LE & DREW BRIDGES
 9391 RIVERSIDE DR
 BOISE ID 83714-1799

REMIT TO
 PO BOX 371473
 PITTSBURGH PA 15250-7473

0200889884000304029982800000000083745



RE-21 REAL ESTATE PURCHASE AND SALE AGREEMENT

JULY 2015 EDITION



THIS IS A LEGALLY BINDING CONTRACT, READ THE ENTIRE DOCUMENT, INCLUDING ANY ATTACHMENTS. IF YOU HAVE ANY QUESTIONS, CONSULT YOUR ATTORNEY AND/OR ACCOUNTANT BEFORE SIGNING

NO WARRANTIES, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OF HABITABILITY, AGREEMENTS OR REPRESENTATIONS NOT EXPRESSLY SET FORTH HEREIN SHALL BE BINDING UPON EITHER PARTY.

Page 1 of 7

ID# 208708182015 DATE 08/18/2015
LISTING AGENCY McCall Real Estate Company Office Phone # 208-634-2100 Fax # 208-634-3719
Listing Agent Jean Odmark E-Mail jean@jeanodmark.com Phone # 208-634-8280
SELLING AGENCY McCall Real Estate Company Office Phone # 208-634-2100 Fax # 208-634-3719
Selling Agent Jean Odmark E-Mail jean@jeanodmark.com Phone # 208-634-8280

1. BUYER: Charles H. Williams Sandra L. Williams
(Hereinafter called "BUYER") agrees to purchase, and the undersigned SELLER agrees to sell the following described real estate hereinafter referred to as "PROPERTY" COMMONLY KNOWN AS 2087 Rainbow Lane
McCall City Valley County, ID, Zip 83636 legally described as: Lot 4, Block 4, State Subdivision Cove Replat, Valley County Idaho
OR Legal Description Attached as exhibit (Exhibit must accompany original offer and be signed or initialed by BUYER and SELLER.)

2. \$ 1,200,088.00 PURCHASE PRICE: One Million Two Hundred Thousand Eighty-Eight DOLLARS, payable upon the following TERMS AND CONDITIONS (not including closing costs):

This offer is contingent upon the sale, refinance, and/or closing of any other property [] Yes [X] No

3. FINANCIAL TERMS: Note: A+C+D+E must add up to total purchase price.
(A) \$ 10,000.00 EARNEST MONEY: BUYER hereby deposits Ten Thousand DOLLARS as Earnest Money evidenced by: [] cash [X] personal check [] cashier's check [] note (due date):
[] other and a receipt is hereby acknowledged.
Earnest Money to be deposited in trust account [] upon receipt or [] upon acceptance by BUYER and SELLER or [X] other Check to be mailed within three business days of final acceptance by all parties.
and shall be held by: [] Listing Broker [X] Selling Broker [] other for the benefit of the parties hereto.
THE RESPONSIBLE BROKER SHALL BE: Michael Anderson

(B). ALL CASH OFFER: [] NO [X] YES If this is an all cash offer do not complete Sections 3C and 3D, fill blanks with "0" (ZERO). IF CASH OFFER, BUYER'S OBLIGATION TO CLOSE SHALL NOT BE SUBJECT TO ANY FINANCIAL CONTINGENCY. BUYER agrees to provide SELLER within 5 business days (five [5] if left blank) from the date of acceptance of this agreement by all parties, evidence of sufficient funds and/or proceeds necessary to close transaction. Acceptable documentation includes, but is not limited to, a copy of a recent bank or financial statement.

Cash proceeds from another sale: [] Yes [X] No
(C). \$ 0.00 NEW LOAN PROCEEDS: This Agreement is contingent upon BUYER obtaining the following financing:
FIRST LOAN of \$ 0.00 not including mortgage insurance, through [] FHA, [] VA, [] CONVENTIONAL, [] HFA, [] DRURAL DEVELOPMENT, [] OTHER n/a with interest not to exceed n/a % for a period of n/a year(s) at: [] Fixed Rate [] Other n/a
In the event BUYER is unable, after exercising good faith efforts, to obtain the indicated financing, BUYER'S Earnest Money shall be returned to BUYER.
SECOND LOAN of \$ n/a with interest not to exceed n/a % for a period of n/a year(s) at: [] Fixed Rate [] Other n/a
LOAN APPLICATION: BUYER [] has applied OR [] shall apply for such loan(s) within n/a business days (five [5] if left blank) of SELLER'S acceptance.
Within n/a business days (ten [10] if left blank) of final acceptance of all parties, BUYER agrees to furnish SELLER with a written confirmation showing lender approval of credit report, income verification, debt ratios, and evidence of sufficient funds and/or proceeds necessary to close transaction in a manner acceptable to the SELLER(S) and subject only to satisfactory appraisal and final lender underwriting. If such written confirmation is not received by SELLER(S) within the strict time allotted, SELLER(S) may at their option cancel this agreement by notifying BUYER(S) in writing of such cancellation within n/a business days (three [3] if left blank) after written confirmation was required. If SELLER does not cancel within the strict time period specified as set forth herein, SELLER shall be deemed to have accepted such written confirmation of lender approval and shall be deemed to have elected to proceed with the transaction. SELLER'S approval shall not be unreasonably withheld. If an appraisal is required by lender, the PROPERTY must appraise at not less than purchase price or BUYER'S Earnest Money shall be returned at BUYER'S request. BUYER may also apply for a loan with different conditions and costs and close transaction provided all other terms and conditions of this Agreement are fulfilled, and the new loan does not increase the costs or requirements to the SELLER.
FHA / VA: If applicable, it is expressly agreed that notwithstanding any other provisions of this contract, BUYER shall not be obligated to complete the purchase of the PROPERTY described herein or to incur any penalty or forfeiture of Earnest Money deposits or otherwise unless BUYER has been given in accordance with HUD/FHA or VA requirements a written statement by the Federal Housing Commissioner, Veterans Administration or a Direct Endorsement lender setting forth the appraised value of the PROPERTY of not less than the sales price as stated in the contract.

(D). \$ n/a ADDITIONAL FINANCIAL TERMS:
[] Additional financial terms are specified under the heading "OTHER TERMS AND/OR CONDITIONS" (Section 4).
[] Additional financial terms are contained in a FINANCING ADDENDUM of same date, attached hereto, signed by both parties.

(E). \$ 1190088.00 APPROXIMATE FUNDS DUE FROM BUYERS AT CLOSING (Not including closing costs): Cash at closing to be paid by BUYER at closing in GOOD FUNDS, includes: cash, electronic transfer funds, certified check or cashier's check.

BUYER'S Initials [Signature] Date 8-18-15 SELLER'S Initials [Signature] Date 8-18-15

PROPERTY ADDRESS: 2087 Rainbow Lane McCall ID 83638 ID#: 208708182015

4. OTHER TERMS AND/OR CONDITIONS: This Agreement is made subject to the following special terms, considerations and/or contingencies which must be satisfied prior to closing

This offer contingent upon the transfer of State of Idaho Department of Lands Lease #R-5040-8 to the buyer.

5. ITEMS INCLUDED & EXCLUDED IN THIS SALE: All existing fixtures and fittings that are attached to the PROPERTY are INCLUDED IN THE PURCHASE PRICE (unless excluded below), and shall be transferred free of liens. These include, but are not limited to, all seller-owned attached floor coverings, attached television antennae, satellite dish, attached plumbing, bathroom and lighting fixtures, window screens, screen doors, storm doors, storm windows, window coverings, garage door opener(s) and transmitter(s), exterior trees, plants or shrubbery, water heating apparatus and fixtures, attached fireplace equipment, awnings, ventilating, cooling and heating systems, all ranges, ovens, built-in dishwashers, fuel tanks and irrigation fixtures and equipment, that are now on or used in connection with the PROPERTY and shall be included in the sale unless otherwise provided herein. BUYER should satisfy himself/herself that the condition of the included items is acceptable. It is agreed that any item included in this section is of nominal value less than \$100.

(A). ADDITIONAL ITEMS SPECIFICALLY INCLUDED IN THIS SALE:

Dock and dock permit, appliances, outdoor BBQ grill, and any furniture if it becomes available after August 31, 2015.

(B). ITEMS SPECIFICALLY EXCLUDED IN THIS SALE:

n/a

6. MINERAL RIGHTS: Any and all mineral rights appurtenant to the PROPERTY are included in and are part of the sale of this PROPERTY unless otherwise agreed to by the parties in writing.

7. WATER RIGHTS: Any and all water rights including but not limited to water systems, wells, springs, lakes, streams, ponds, rivers, ditches, ditch rights, and the like, if any, appurtenant to the PROPERTY are included in and are a part of the sale of this PROPERTY unless otherwise agreed to by the parties in writing.

8. TITLE CONVEYANCE: Title of SELLER is to be conveyed by warranty deed, unless otherwise provided, and is to be marketable and insurable except for rights reserved in federal patents, state or railroad deeds, building or use restrictions, building and zoning regulations and ordinances of any governmental unit, and rights of way and easements established or of record. Liens, encumbrances or defects to be discharged by SELLER may be paid out of purchase money at date of closing. No liens, encumbrances or defects which are to be discharged or assumed by BUYER or to which title is taken subject to, exist unless otherwise specified in this Agreement.

9. TITLE INSURANCE: There may be types of title insurance coverages available other than those listed below and parties to this agreement are advised to talk to a title company about any other coverages available that will give the BUYER additional coverage.

(A). PRELIMINARY TITLE COMMITMENT: Within 12 business days (six [6] if left blank) of final acceptance of all parties, SELLER or BUYER shall furnish to BUYER a preliminary commitment of a title insurance policy showing the condition of the title to said PROPERTY. BUYER shall have 3 business days (two [2] if left blank) after receipt of the preliminary commitment, within which to object in writing to the condition of the title as set forth in the preliminary commitment. If BUYER does not so object, BUYER shall be deemed to have accepted the conditions of the title. It is agreed that if the title of said PROPERTY is not marketable, and cannot be made so within 3 business days (two [2] if left blank) after SELLER'S receipt of a written objection and statement of defect from BUYER, then BUYER'S Earnest Money deposit shall be returned to BUYER and SELLER shall pay for the cost of title insurance cancellation fee, escrow and legal fees, if any.

(B). TITLE COMPANY: The parties agree that Stephanie Wright/Amerititle Title Company located at 507 E Pine Street McCall ID 83638 shall provide the title policy and preliminary report of commitment.

(C). STANDARD COVERAGE OWNER'S POLICY: SELLER shall within a reasonable time after closing furnish to BUYER a title insurance policy in the amount of the purchase price of the PROPERTY showing marketable and insurable title subject to the liens, encumbrances and defects elsewhere set out in this Agreement to be discharged or assumed by BUYER unless otherwise provided herein. The risk assumed by the title company in the standard coverage policy is limited to matters of public record. BUYER shall receive a ILTA/ALTA Owner's Policy of Title Insurance. A title company, at BUYER'S request, can provide information about the availability, desirability, coverage and cost of various title insurance coverages and endorsements. If BUYER desires title coverage other than that required by this paragraph, BUYER shall instruct Closing Agency in writing and pay any increase in cost unless otherwise provided herein.

(D). EXTENDED COVERAGE LENDER'S POLICY (Mortgagee policy): The lender may require that BUYER (Borrower) furnish an Extended Coverage Lender's Policy. This extended coverage lender's policy considers matters of public record and additionally insures against certain matters not shown in the public record. This extended coverage lender's policy is solely for the benefit of the lender and only protects the lender.

BUYER'S Initials [Signature] Date 8-18-15

SELLER'S Initials [Signature] Date 8-18-15

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PROPERTY ADDRESS: 2087 Rainbow Lane McCall ID 83638 ID#: 208708182015

10. INSPECTION:

(A) BUYER chooses to have inspection [] not to have inspection. If BUYER chooses not to have inspection, skip Section 10B. BUYER shall have the right to conduct inspections, investigations, tests, surveys and other studies at BUYER'S expense. BUYER shall, within 12 business days (five [5] if left blank) of acceptance, complete these inspections and give to SELLER written notice of disapproved items or written notice of termination of this Agreement based on an unsatisfactory inspection. BUYER is strongly advised to exercise these rights and to make BUYER'S own selection of professionals with appropriate qualifications to conduct inspections of the entire PROPERTY. BUYER shall keep the PROPERTY free and clear of liens; indemnify and hold SELLER harmless from all liability, claims, demands, damages and costs; and repair any damages arising from the inspections. SELLER shall make PROPERTY available for inspection and agrees to accept the responsibility and expense for making sure all the utilities are turned on for the inspection except for phone and cable. Some inspections, investigations, tests, surveys and other studies may require additional days to complete. The parties agree that unless specifically set forth below, the above timeframe for investigations, tests, surveys and other studies shall govern. No inspections may be made by any governmental building or zoning inspector or government employee without the prior consent of SELLER unless required by local law.

[] In the event this offer is subject to a short sale approval by a mortgage company, the time frame for completing inspections shall begin upon written approval of the short sale by the mortgage company and/or all lien holders

Additional inspections/timeframes:

n/a

(B) SATISFACTION/REMOVAL OF INSPECTION CONTINGENCIES:

1). If BUYER does not within the strict time period specified give to SELLER written notice of disapproved items or written notice of termination of this Agreement, BUYER shall conclusively be deemed to have: (a) completed all inspections, investigations, review of applicable documents and disclosures, (b) elected to proceed with the transaction and (c) assumed all liability, responsibility and expense for repairs or corrections other than for items which SELLER has otherwise agreed in writing to repair or correct

2). If BUYER does within the strict time period specified give to SELLER written notice of termination of this Agreement based on an unsatisfactory inspection, the parties will have no obligation to continue with the transaction and the Earnest Money shall be returned to BUYER.

3). If BUYER does within the strict time period specified give to SELLER written notice of disapproved items, BUYER shall provide to SELLER pertinent section(s) of written inspection reports upon request, if applicable. Upon receipt of written notice SELLER shall have 3 business days (three [3] if left blank) in which to respond in writing. SELLER, at SELLER'S option, may correct the items as specified by BUYER in their letter or may elect not to do so. If SELLER agrees in writing to correct items requested by BUYER, then both parties agree that they will continue with the transaction and proceed to closing. Immediately upon a written response from SELLER that rejects BUYER'S requests, in whole or in part, BUYER may proceed under 10(B)(4) below.

4). If SELLER does not agree to correct BUYER'S items within the strict time period specified, or SELLER does not respond in writing within the strict time period specified, then the BUYER has the option of either continuing the transaction without the SELLER being responsible for correcting these deficiencies or giving the SELLER written notice within 3 business days (three [3] if left blank) that they will not continue with the transaction and will receive their Earnest Money back.

5). If BUYER does not give such written notice of cancellation within the strict time periods specified, BUYER shall conclusively be deemed to have elected to proceed with the transaction without repairs or corrections other than for items which SELLER has otherwise agreed in writing to repair or correct.

(C). Home Warranty Programs are available for purchase through a number of Home Warranty Companies.

11. LEAD PAINT DISCLOSURE: The subject PROPERTY [] is not defined as "Target Housing" regarding lead-based paint or lead-based paint hazards. The term lead-based paint hazards is intended to identify lead-based paint and all residual lead-containing dusts and soils regardless of the source of the lead. If yes, BUYER hereby acknowledges the following: (a) BUYER has been provided an EPA approved lead-based paint hazard information pamphlet, "Protect Your Family From Lead in Your Home", (b) receipt of SELLER'S Disclosure of Information and Acknowledgment Form and have been provided with all records, test reports or other information, if any, related to the presence of lead-based paint hazards on said PROPERTY, (c) that this contract is contingent upon BUYER'S right to have the PROPERTY tested for lead-based paint hazards to be completed no later than n/a or the contingency will terminate, (d) that BUYER hereby [] waives [] does not waive this right, (e) that if test results show unacceptable amounts of lead-based paint on the PROPERTY, BUYER has the right to cancel the contract subject to the option of the SELLER (to be given in writing) to elect to remove the lead-based paint and correct the problem which must be accomplished before closing. (f) that if the contract is canceled under this clause, BUYER'S earnest money deposit shall be returned to BUYER. Additionally, if any structure was built before 1978 and is a residential home, apartment or child-occupied facility such as a school or day-care center, federal law requires contractors that disturb lead-based paint in that structure to provide the owner with a "Renovate Right" pamphlet. The contractor shall be certified and follow specific work practices to prevent lead contamination.

BUYER'S Initials [Signature] Date 8-18-10

SELLER'S Initials [Signature] Date 8-18-15

PROPERTY ADDRESS: 2087 Rainbow Lane McCall ID 83838 ID#: 208708182016

200 12. MOLD DISCLAIMER: BUYER is hereby advised that mold and/or other microorganisms may exist at the Property. Upon closing BUYER
 201 acknowledges and agrees to accept full responsibility and risk for any matters that may result from mold and/or other microorganisms and to
 202 hold SELLER and any Broker or agent representing SELLER or BUYER harmless from any liability or damages (financial or otherwise) relating to
 203 such matters.
 204

205 13. SQUARE FOOTAGE VERIFICATION: BUYER IS AWARE THAT ANY REFERENCE TO THE SQUARE FOOTAGE OF THE REAL PROPERTY
 206 OR IMPROVEMENTS IS APPROXIMATE. IF SQUARE FOOTAGE IS MATERIAL TO THE BUYER, IT MUST BE VERIFIED DURING THE INSPECTION
 207 PERIOD.
 208

209 14. SELLER'S PROPERTY CONDITION DISCLOSURE FORM: If required by Title 55, Chapter 25 Idaho Code SELLER shall within ten (10)
 210 calendar days after execution of this Agreement provide to BUYER or BUYER'S agent, "Seller's Property Condition Disclosure Form" or other acceptable
 211 form. BUYER has received the "Seller's Property Condition Disclosure Form" or other acceptable form prior to signing this Agreement: Yes No N/A
 212

213 15. COVENANTS, CONDITIONS AND RESTRICTIONS (CC&Rs): As part of the BUYER'S inspection of the PROPERTY as set forth in Section 10,
 214 BUYER is responsible for obtaining and reviewing a copy of any CC&Rs which may affect the PROPERTY. BUYER shall have 12 business days (five
 215 [5] if left blank) but in no event shall such time period exceed that time period set forth for inspections in Section 10, to review any CC&Rs that may affect the
 216 PROPERTY. Unless BUYER delivers to SELLER a written and signed objection to the terms of any applicable CC&Rs with particularity describing BUYER'S
 217 reasonable objections within such time period as set forth above, BUYER shall be deemed to have conclusively waived any objection to the terms of any
 218 CC&Rs affecting the PROPERTY, nothing contained herein shall constitute a waiver of BUYER to challenge CC&Rs directly with a homeowners association
 219 after closing. If BUYER timely and reasonably objects to a term of the CC&Rs, this Agreement shall terminate and the Earnest Money shall be returned to
 220 BUYER.
 221

222 16. SUBDIVISION HOMEOWNER'S ASSOCIATION: BUYER is aware that membership in a Home Owner's Association may be required and
 223 BUYER agrees to abide by the Articles of Incorporation, Bylaws and rules and regulations of the Association. BUYER is further aware that the PROPERTY
 224 may be subject to assessments levied by the Association described in full in the Declaration of Covenants, Conditions and Restrictions. BUYER has
 225 reviewed Homeowner's Association Documents: Yes No N/A. Association fees/dues are \$ 375.00 per year
 226 BUYER SELLER N/A to pay Homeowner's Association SET UP FEE of \$ n/a and/or PROPERTY TRANSFER FEES of
 227 \$ n/a at closing.
 228

229 17. COSTS PAID BY: The parties agree to pay the following costs as indicated below. None of the costs to be paid by the parties in this section creates
 230 an inspection or performance obligation other than strictly for the payment of costs. There may be other costs incurred in addition to those set forth below.
 231 Such costs may be required by the lender, by law, or by other such circumstances.
 232

233 SELLER agrees to pay up to \$ n/a (\$0 if left blank) of lender required repair costs only.
 234 BUYER or SELLER has the option to pay any lender required repair costs in excess of this amount.
 235

236 Upon closing SELLER agrees to pay EITHER n/a % (N/A if left blank) of the purchase price OR \$ n/a (N/A if left blank) of
 237 lender-approved BUYER'S closing costs, lender fees, prepaid costs and any fees associated with completing the transaction which includes but
 238 is not limited to those items in BUYER columns marked below.
 239

| | BUYER | SELLER | Shared Equality | N/A | | BUYER | SELLER | Shared Equality | N/A |
|---|-------|--------|--------------------|-----|---|-------|--------|--------------------|-----|
| Appraisal Fee | | | | X | Title Ins. Standard Coverage Owner's Policy | | X | | |
| Appraisal Re-Inspection Fee | | | | X | Title Ins. Extended Coverage Lender's Policy - Mortgage Policy | | | | X |
| Closing Escrow Fee | | | X | | Additional Title Coverage | | | | X |
| Lender Document Preparation Fee | | | | X | Domestic Well Water Potability Test | | | | X |
| Tax Service Fee | | | | X | Domestic Well Water Productivity Test | | | | X |
| Flood Certification/Tracking Fee | | | | X | Septic Inspections | | | | X |
| Lender Required Inspections | | | | X | Septic Pumping | | | | X |
| Attorney Contract Preparation or Review Fee | | | | X | Survey | | | | X |
| | | | | | Seller to have property corners marked | | X | | |

240 18. OCCUPANCY: BUYER does does not intend to occupy PROPERTY as BUYER'S primary residence.
 241

242 BUYER'S Initials [Signature] Date 07-10-15 SELLER'S Initials [Signature] Date 8-18-15

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PROPERTY ADDRESS: 2087 Rainbow Lane McCall ID 83638 ID#: 208708182015

19. RISK OF LOSS OR NEGLECT: Prior to closing of this sale, all risk of loss shall remain with SELLER. In addition, should the PROPERTY be materially damaged by fire, neglect, or other destructive cause prior to closing, this agreement shall be voidable at the option of the BUYER.

20. FINAL WALK THROUGH: The SELLER grants BUYER and any representative of BUYER reasonable access to conduct a final walk through inspection of the PROPERTY approximately 3 calendar days (three [3] if left blank) prior to close of escrow, NOT AS A CONTINGENCY OF THE SALE, but for purposes of satisfying BUYER that any repairs agreed to in writing by BUYER and SELLER have been completed and PROPERTY are in substantially the same condition as on the date this offer is made. SELLER shall make PROPERTY available for the final walk through and agrees to accept the responsibility and expense for making sure all the utilities are turned on for the walk through except for phone and cable. If BUYER does not conduct a final walk through, BUYER specifically releases the SELLER and Broker(s) of any liability.

21. SINGULAR AND PLURAL terms each include the other, when appropriate.

22. FORECLOSURE NOTICE: If the PROPERTY described above is currently involved in a foreclosure proceeding (pursuant to Idaho Code §45-1506) any contract or agreement with the owner or owners of record that involves the transfer of any interest in residential real property, as defined in §45-525(b), Idaho Code, subject to foreclosure must be in writing and must be accompanied by and affixed to RE-42 Property Foreclosure Disclosure Form.

23. MECHANIC'S LIENS - GENERAL CONTRACTOR DISCLOSURE STATEMENT NOTICE: BUYER and SELLER are hereby notified that, subject to Idaho Code §45-525 et seq., a "General Contractor" must provide a Disclosure Statement to a homeowner that describes certain rights afforded to the homeowner (e.g. lien waivers, general liability insurance, extended policies of title insurance, surety bonds, and sub-contractor information). The Disclosure Statement must be given to a homeowner prior to the General Contractor entering into any contract in an amount exceeding \$2,000 with a homeowner for construction, alteration, repair, or other improvements to real property, or with a residential real property purchaser for the purchase and sale of newly constructed property. Such disclosure is the responsibility of the General Contractor and it is not the duty of your agent to obtain this information on your behalf. You are advised to consult with any General Contractor subject to Idaho Code §45-525 et seq. regarding the General Contractor Disclosure Statement.

24. SALES PRICE INFORMATION: Pursuant to Idaho Code §54-2083(6)(d), a "sold" price of real property is not confidential client information.

25. TRANSMISSION OF DOCUMENTS: Facsimile or electronic transmission of any signed original document, and retransmission of any signed facsimile or electronic transmission shall be the same as delivery of an original. At the request of either the BUYER or SELLER, or the LENDER, or the Closing Agency, the BUYER and SELLER will confirm facsimile or electronic transmitted signatures by signing an original document.

26. BUSINESS DAYS: A business day is herein defined as Monday through Friday, 8:00 A.M. to 5:00 P.M. in the local time zone where the subject real PROPERTY is physically located. A business day shall not include any Saturday or Sunday, nor shall a business day include any legal holiday recognized by the state of Idaho as found in Idaho Code §73-108. The time in which any act required under this agreement is to be performed shall be computed by excluding the date of execution and including the last day. The first day shall be the day after the date of execution. If the last day is a legal holiday, then the time for performance shall be the next subsequent business day.

27. CALENDAR DAYS: A calendar day is herein defined as Monday through Sunday, midnight to midnight, in the local time zone where the subject real PROPERTY is physically located. A calendar day shall include any legal holiday. The time in which any act required under this agreement is to be performed shall be computed by excluding the date of execution and including the last day, thus the first day shall be the day after the date of execution. Any reference to "day" or "days" in this agreement means the same as calendar day, unless specifically enumerated as a "business day."

28. ATTORNEY'S FEES: If either party initiates or defends any arbitration or legal action or proceedings which are in any way connected with this Agreement, the prevailing party shall be entitled to recover from the non-prevailing party reasonable costs and attorney's fees, including such costs and fees on appeal.

29. DEFAULT: If BUYER defaults in the performance of this Agreement, SELLER has the option of: (1) accepting the Earnest Money as liquidated damages or (2) pursuing any other lawful right and/or remedy to which SELLER may be entitled. If SELLER elects to proceed under (1), SELLER shall make demand upon the holder of the Earnest Money, upon which demand said holder shall pay from the Earnest Money the costs incurred by SELLER'S Broker on behalf of SELLER and BUYER related to the transaction, including, without limitation, the costs of title insurance, escrow fees, appraisal, credit report fees, inspection fees and attorney's fees; and said holder shall pay any balance of the Earnest Money, one-half to SELLER and one-half to SELLER'S Broker, provided that the amount to be paid to SELLER'S Broker shall not exceed the Broker's agreed-to commission. SELLER and BUYER specifically acknowledge and agree that if SELLER elects to accept the Earnest Money as liquidated damages, such shall be SELLER'S sole and exclusive remedy, and such shall not be considered a penalty or forfeiture. If SELLER elects to proceed under (2), the holder of the Earnest Money shall be entitled to pay the costs incurred by SELLER'S Broker on behalf of SELLER and BUYER related to the transaction, including, without limitation, the costs of brokerage fee, title insurance, escrow fees, appraisal, credit report fees, inspection fees and attorney's fees, with any balance of the Earnest Money to be held pending resolution of the matter. If SELLER defaults, having approved said sale and fails to consummate the same as herein agreed, BUYER'S Earnest Money deposit shall be returned to him/her and SELLER shall pay for the costs of title insurance, escrow fees, appraisals, credit report fees, inspection fees, brokerage fees and attorney's fees, if any. This shall not be considered as a waiver by BUYER of any other lawful right or remedy to which BUYER may be entitled.

30. EARNEST MONEY DISPUTE / INTERPLEADER: Notwithstanding any termination or breach of this Agreement, BUYER and SELLER agree that in the event of any controversy regarding the Earnest Money and things of value held by Broker or closing agency, Broker may reasonably rely on the terms of this Agreement or other written documents signed by both parties to determine how to disburse the disputed money. However, Broker or closing agency shall not be required to take any action but may await any proceeding, or at Broker's or closing agency's option and sole discretion, may interplead all parties and deposit any moneys or things of value into a court of competent jurisdiction and shall recover all costs which were incurred as a result of the dispute including, but not limited to, reasonable attorney's fees. If either parties' Broker incurs attorney's fees as a result of any Earnest Money dispute, whether or not formal legal action is taken, said Broker is entitled to recover actual fees incurred from either BUYER or SELLER.

BUYER'S Initials [Signature] Date 8-18-15 SELLER'S Initials [Signature] Date 8-18-15

PROPERTY ADDRESS: 2087 Rainbow Lane McCall ID 83638 ID#: 208708182015

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31. COUNTERPARTS: This Agreement may be executed in counterparts. Executing an agreement in counterparts shall mean the signature of two identical copies of the same agreement. Each identical copy of an agreement signed in counterparts is deemed to be an original, and all identical copies shall together constitute one and the same instrument.

32. "NOT APPLICABLE" DEFINED: The letters "n/a," "N/A," "n.a.," and "N.A." as used herein are abbreviations of the term "not applicable." Where this agreement uses the term "not applicable" or an abbreviation thereof, it shall be evidence that the parties have contemplated certain facts or conditions and have determined that such facts or conditions do not apply to the agreement or transaction herein.

33. SEVERABILITY: In the case that any one or more of the provisions contained in this Agreement, or any application thereof, shall be invalid, illegal or unenforceable in any respect, the validity, legality or enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

34. REPRESENTATION CONFIRMATION: Check one (1) box in Section 1 and one (1) box in Section 2 below to confirm that in this transaction, the brokerage(s) involved had the following relationship(s) with the BUYER(S) and SELLER(S).

Section 1:

- A. The brokerage working with the BUYER(S) is acting as an AGENT for the BUYER(S).
- B. The brokerage working with the BUYER(S) is acting as a LIMITED DUAL AGENT for the BUYER(S), without an ASSIGNED AGENT.
- C. The brokerage working with the BUYER(S) is acting as a LIMITED DUAL AGENT for the BUYER(S) and has an ASSIGNED AGENT acting solely on behalf of the BUYER(S).
- D. The brokerage working with the BUYER(S) is acting as a NONAGENT for the BUYER(S).

Section 2:

- A. The brokerage working with the SELLER(S) is acting as an AGENT for the SELLER(S).
- B. The brokerage working with the SELLER(S) is acting as a LIMITED DUAL AGENT for the SELLER(S), without an ASSIGNED AGENT.
- C. The brokerage working with the SELLER(S) is acting as a LIMITED DUAL AGENT for the SELLER(S) and has an ASSIGNED AGENT acting solely on behalf of the SELLER(S).
- D. The brokerage working with the SELLER(S) is acting as a NONAGENT for the SELLER(S).

Each party signing this document confirms that he has received, read and understood the Agency Disclosure Brochure adopted or approved by the Idaho real estate commission and has consented to the relationship confirmed above. In addition, each party confirms that the brokerage's agency office policy was made available for inspection and review. EACH PARTY UNDERSTANDS THAT HE IS A "CUSTOMER" AND IS NOT REPRESENTED BY A BROKERAGE UNLESS THERE IS A SIGNED WRITTEN AGREEMENT FOR AGENCY REPRESENTATION.

35. CLOSING: On or before the closing date, BUYER and SELLER shall deposit with the closing agency all funds and instruments necessary to complete this transaction. Closing means the date on which all documents are either recorded or accepted by an escrow agent and the sale proceeds are available to SELLER. The closing shall be no later than (Date) 08/16/2015

The parties agree that the CLOSING AGENCY for this transaction shall be Amerititle

located at 507 E Pine Street McCall ID 83638

If a long-term escrow / collection is involved, then the long-term escrow holder shall be n/a

36. POSSESSION: BUYER shall be entitled to possession upon closing or date time O.A.M. O.P.M.

37. PRORATIONS: Property taxes and water assessments (using the last available assessment as a basis), rents, interest and reserves, liens, encumbrances or obligations assumed, and utilities shall be prorated as of date of close

BUYER to reimburse SELLER for fuel in tank Yes No (Not Applicable if left blank). Dollar amount may be determined by SELLER's supplier.

38. ASSIGNMENT: This Agreement and any rights or interests created herein may may not be sold, transferred, or otherwise assigned.

39. ENTIRE AGREEMENT: This Agreement contains the entire Agreement of the parties respecting the matters herein set forth and supersedes all prior Agreements between the parties respecting such matters.

40. TIME IS OF THE ESSENCE IN THIS AGREEMENT.

41. AUTHORITY OF SIGNATORY: If BUYER or SELLER is a corporation, partnership, trust, estate, or other entity, the person executing this agreement on its behalf warrants his or her authority to do so and to bind BUYER or SELLER.

42. ACCEPTANCE: This offer is made subject to the acceptance of SELLER and BUYER on or before (Date) 08/19/2015 at (Local Time in which PROPERTY is located) 6:00 O.A.M. O.P.M.

BUYER'S Initials [Signature] Date 8-18-15

SELLER'S Initials [Signature] Date 8-18-15

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PROPERTY ADDRESS: 2087 Rainbow Lane McCall ID 83638 ID#: 208708182015

43. BUYER'S SIGNATURES:

SEE ATTACHED BUYER'S ADDENDUM(S): n/a (Specify number of BUYER addendum(s) attached.)
SEE ATTACHED BUYER'S EXHIBIT(S): n/a (Specify number of BUYER exhibit(s) attached.)

BUYER Signature [Signature] BUYER (Print Name) Charles H. Williams
Date 9/9/15 Time 12:03 P.M. Phone # 602-359-8018 Cell #
Address 9290 E Thompson Peak Pkwy Lot 462 E-Mail charlie.williams@berkadia.com
City Scottsdale State AZ Zip 85255 Fax #

BUYER Signature [Signature] BUYER (Print Name) Sandra L. Williams
Date 8/18/2015 Time 12:2 P.M. Phone # Cell #
Address 9290 E Thompson Peak Pkwy Lot 462 E-Mail chwsgr2@msn.com
City Scottsdale State AZ Zip 85255 Fax #

44. SELLER'S SIGNATURES: On this date, I/We hereby approve and accept the transaction set forth in the above Agreement and agree to carry out all the terms thereof on the part of the SELLER.

SIGNATURE(S) SUBJECT TO ATTACHED COUNTER OFFER
SIGNATURE(S) SUBJECT TO ATTACHED ADDENDUM(S) # 1
SIGNATURE(S) SUBJECT TO ATTACHED EXHIBIT(S) #

SELLER Signature [Signature] SELLER (Print Name) Greg Lovell, President/CEO ID 1st Bank
Date 5/18/2015 Time 5:01 P.M. Phone # 208-493-5650 Cell # 208-315-1635
Address 209 N 12th Street E-Mail glovell@idahofirstbank.com
City Boise State ID Zip 83702 Fax # 208-830-2002

CONTRACTOR REGISTRATION # (if applicable)
SELLER Signature
SELLER (Print Name)
Date Time O.A.M. O.P.M. Phone # Cell #
Address E-Mail
City State Zip Fax #
CONTRACTOR REGISTRATION # (if applicable)

LATE ACCEPTANCE

If acceptance of this offer is received after the time specified, it shall not be binding on the BUYER unless BUYER approves of said acceptance within 3 calendar days (three [3] if left blank) by BUYER initiating HERE. If BUYER timely approves of SELLER's late acceptance, an initialed copy of this page shall be immediately delivered to SELLER.



Loren K. Messerly
lmesserly@greenerlaw.com
(208) 319-2600



ALFA® INTERNATIONAL
The Global Legal Network

August 24, 2015

Via Email: wnthomas@thomaswilliamslaw.com

William H. Thomas
Thomas, Williams & Park, LLP
225 N. 9th Street, Suite 810
P.O Box 1776
Boise, ID 83701-1776

Re: *McCall Real Estate Issues*
GBS File No. 19525-001

Dear Bill:

As a follow up, and as we progress in working through the sale and assignment of the lease and cabin, we want to make sure there is no confusion. As we have stated in our pleadings with the Court, this lease and cabin can only be sold pursuant to the Deed of Trust that granted the bank its security interest in the real property leasehold interest and its improvements.

By agreement, we have allowed you to pursue a sale of those real property rights without following the strict procedure to foreclose the Deed of Trust through a judicial or nonjudicial foreclosure. Such agreement has minimized the costs for all parties. However, as previously indicated, by agreeing to this voluntary sale of the real property collateral, the Bridges have not agreed to waive their protections under Idaho's deed of trust statutes, particularly the protections under I.C. § 45-1512 regarding any claimed deficiency.

This is a "sale under a deed of trust" pursuant to § 45-1512 and the Bridges have not agreed to any other type of sale of their real property interests.

Very truly yours,

GREENER BURKE SHOEMAKER OBERRECHT P.A.

A handwritten signature in black ink, appearing to read 'Loren K. Messerly', written in a cursive style.

Loren K. Messerly

LKM/kg (791986)



American Land Title Association

ALTA Settlement Statement - Seller
Adopted 05-01-2015

File No./Escrow No.: 66860AM
Officer/Escrow Officer:

AmeriTitle, Inc.
507 E Pine St.
McCall, ID 83638
(208) 634-6363



Property Address: 2087 RAINBOW LANE
MCCALL, ID 83638 (VALLEY)
(LR006540040040, XR006540040040)

Seller: IDAHO FIRST BANK

Settlement Date: 9/15/2015

| Description | Seller | |
|--|----------------|----------------|
| | Debit | Credit |
| Deposits, Credits, Debits | | |
| Contract sales price | | \$1,200,088.00 |
| Earnest money held by McCall Real Estate | \$10,000.00 | |
| Prorations | | |
| County taxes 1/1/2015 to 9/15/2015 @ \$6,082.06/Year | \$4,282.44 | |
| Payette Lakes 7/1/2015 to 9/15/2015 @ \$384.00/Six Months | \$158.61 | |
| HOA 7/1/2015 to 9/15/2015 @ \$415.00/Year | \$86.41 | |
| Commissions | | |
| Commission paid at Settlement \$48,003.52 to McCall Real Estate | \$38,003.52 | |
| Title Charges | | |
| Owner's coverage \$1,200,088.00 Premium \$3,182.00 to AmeriTitle, Inc. | \$3,182.00 | |
| Settlement or closing fee to AmeriTitle, Inc. \$1,250.00 | \$1,250.00 | |
| Counter/Delivery/Postage Fee to AmeriTitle, Inc. \$0.00 | \$14.00 | |
| eRecording Fees Paid to Simplifile - Seller to AmeriTitle, Inc. \$9.00 | \$9.00 | |
| Release Tracking Fee to AmeriTitle, Inc. \$70.00 | \$70.00 | |
| Government Recording and Transfer Charges | | |
| Recording fees: Deed \$20.00 | \$10.00 | |
| Release Fee to AmeriTitle, Inc. \$13.00 | \$13.00 | |
| Additional Settlement Charges | | |
| Survey to Skifton Land Surveying, Inc. \$142.00 | \$142.00 | |
| | Debit | Credit |
| Subtotals | \$57,220.98 | \$1,200,088.00 |
| Due To Seller | \$1,142,867.02 | |
| Totals | \$1,200,088.00 | \$1,200,088.00 |

Acknowledgement

We/I have carefully reviewed the ALTA Settlement Statement and find it to be a true and accurate statement of all receipts and disbursements made on my account or by me in this transaction and further certify that I have received a copy of the ALTA Settlement Statement. We/I authorize AmeriTitle, Inc. to cause the funds to be disbursed in accordance with this statement.

SELLER(S)

Idaho First Bank

By: Greg Lovell, President and CEO



BILL OF SALE AND ASSIGNMENT OF PERSONAL PROPERTY

DATE: September 10, 2015

ASSIGNOR: IDAHO FIRST BANK, an Idaho banking corporation

ASSIGNEE: CHARLES H. WILLIAMS AND SANDRA L. WILLIAMS

A. Assignor and Assignee entered into that certain RE-21 Real Estate Purchase and Sale Agreement, dated August 18, 2015 (the "Purchase Agreement"). Pursuant to the terms of the Purchase Agreement, Assignor agreed to sell and Assignee agreed to buy that certain leasehold interest in real property described therein (the "Land"), together with: (i) all buildings, structures, fixtures and improvements located thereon; (ii) all appurtenances, hereditaments, easements, rights-of-way, reversions, remainders, development rights, water rights, and air rights; (iii) all strips and gores and any land lying in the bed of any street, road or alley, open or proposed, adjoining such real property, (iv) all unreserved oil, gas, and mineral rights appurtenant thereto; and (v) any other rights or privileges appurtenant to such real property or used in connection therewith. All of the foregoing property, together with the leasehold interest in the Land shall collectively be referred to herein as the "Property".

B. Assignor has agreed to transfer to Assignee by way of quit claim deed all of Seller's right, title and interest in and to the Property.

C. Assignor has further agreed to assign and convey to Assignee all tangible and intangible personal property now or hereafter located on and used in the ownership, operation or maintenance of the Property, including without limitation the personal residence constructed on the Land, and all rights, guarantees, approvals (governmental and otherwise), encroachments and warranties (to the extent owned by Seller and assignable) (collectively, the "Personal Property").

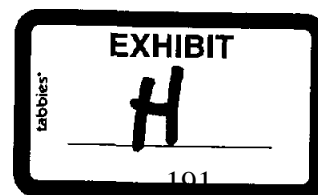
NOW, THEREFORE, for valuable consideration, the receipt and adequacy of which are hereby acknowledged, Assignor agrees as follows:

1. Assignment. Assignor assigns, transfers, sets over and conveys to Assignee, all of Assignor's right, title and interest, if any, in and to the Personal Property. Assignor warrants and represents that it is the owner of the Personal Property, free and clear of all liens, encumbrances and charges.

2. Binding Effect. This Assignment shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

3. Governing Law. This Assignment shall be construed according to Idaho law.

4. Counterparts. This Agreement may be executed in counterparts, which taken together shall constitute one original instrument.



5. Further Assurances. Seller agrees to execute such further documents and take such further actions as the Buyer may reasonably require to evidence and effectuate the purposes of this Assignment, including but not limited to executing deeds, title certificates, agreements and other instruments.

Executed this 15 day of September, 2015.

ASSIGNOR:

IDAHO FIRST BANK,
an Idaho Banking corporation

By: _____

Name: Greg Loyell

Its: Chief Executive Officer

QUITCLAIM DEED

ORDER NO.: 66860AM

FOR VALUE RECEIVED,

Maj-Le Tate Bridges and Harold A. Bridges, Wife and Husband

do(es) hereby convey, release, remise and forever quitclaim unto

Idaho First Bank

whose current address is 476 Deborah Ln. McCall, ID 83638

the following described premises:

The leasehold estate created by the lease executed by the State of Idaho as Lessor to David M. and Deborah J. Edson as Lessee dated January 1, 2001 and assigned to Maj-Le Tate Bridges and Harold A. Bridges by assignment dated October 12, 2005. Said Lease is designated as State of Idaho Lease No. R-5040-8 and is for a term of 10 years commencing January 1, 2001 and ending December 31, 2010, (per the Idaho Department of Lands) the new is lease renewed through December 31, 2022), the following described premises to wit:

Lot 4, Block 4 of State Subdivision-Cove Replat, according to the official plat thereof, filed in Official Records of Valley County, Idaho

TO HAVE AND TO HOLD the said premises, unto the said grantees, heirs and assigns forever.

Dated: September 10, 2015

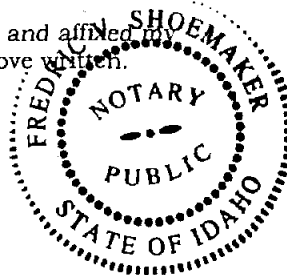
Maj-Le Tate Bridges Harold A. Bridges
Maj-Le Tate Bridges Harold A. Bridges

State of Idaho } ss
County of Ada }

On this 10th day of September, 2015, before me, Fredrick Shoemaker a Notary Public in and for said state, personally appeared Maj-Le Tate Bridges and Harold A. Bridges, known or identified to me to be the person(s) whose name(s) is/are subscribed to the within Instrument and acknowledged to me that he/she/they executed same.

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

Fredrick Shoemaker
Notary Public for the State of Idaho
Residing at: 1021 SE
Commission Expires: 4/26/2016





INSTRUMENT ASSIGNMENT

Note: Incomplete forms will not be processed. All Assignment fees are Non-refundable.

For and in consideration of the full sale price of \$ 1,200,088.00 dollars paid for the instrument, improvements and/or personal property, with the amount of \$ 1,200,088.00 dollars, paid for the improvements and/or personal property, receipt of which is hereby acknowledged. We hereby sell, assign and transfer, all of my/our rights, title and interest in State of Idaho Instrument No. R500040/L-65-S-3230 unto the following:

Individual or Family Trust Name:
Last _____
First _____
Middle _____
DBA: _____

Business or Entity Name: _____
Business or Entity Registration No. (or proof of pending application) _____

ADDRESS OF RECORD (FOR ALL CORRESPONDENCE) AND CONTACT INFORMATION

Street: _____
PO Box: _____
City: _____
State: _____
Zip +4: _____
Country: _____
Attention: _____
Title: _____

Business: _____
Contact Name: _____
Fax: _____
Contact Name: _____
Home: _____
Contact Name: _____
Cell Area Code/Phone#: _____
Contact Name: _____
Email Address(es): _____

- Assign Encroachment (Attachment A not required).
 - Assign an interest in **all lands** within Instrument. Attachment A - Property Description is not required.
 - Assign an interest in **only part of the lands** in the Instrument. Attachment A - Property Description is required.
- Specify lands assigned and lands remaining.

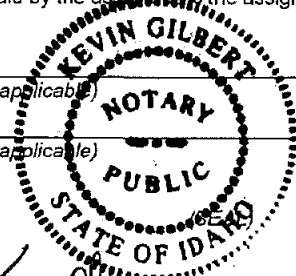
ACCEPTANCE AND ASSUMPTION BY ASSIGNOR

I / We hereby swear and affirm that the consideration stated herein is the full and complete amount paid by the assignor to the assignors for the above-described State of Idaho Instrument, and no additional payment has been or will be made.

Date 8/25/15 _____
Current Instrument Holder/Designated Agent
Date 8/25/15 _____
Current Instrument Holder/Designated Agent

Company Name (if applicable) _____
Company Name (if applicable) _____

STATE OF Idaho)
County of Ada) ss.



Subscribed and sworn to before me this 25th day of August, 2015.
Notary Public
My Commission Expires: July 10, 2020

ACCEPTANCE AND ASSUMPTION BY ASSIGNEE

The undersigned, as Assignee(s) above-named, assumes and accepts the obligations and conditions of the above-described State of Idaho Instrument and separately covenants with the State of Idaho that they will abide thereby during the term of said Instrument. Assignee(s) does hereby swear and affirm that the sum of \$ _____ is the full and complete amount of consideration paid by Assignee(s) to the Assignor(s) herein, and that no additional payment has been or will be made.

Date _____ New Instrument Holder/Designated Agent _____ Company Name (if applicable) _____
Date _____ New Instrument Holder/Designated Agent _____ Company Name (if applicable) _____

STATE OF _____)
County of _____) ss.

Subscribed and sworn to before me this _____ day of _____, 20____.

Notary Public
My Commission Expires: _____

Area Office Use Only

Instrument No. _____ Fee \$ _____ Area Manager Signature _____ Date _____

ORIGINAL

DOUGLAS A. MILLER, CLERK
By *DM* Deputy
JAN 21 2016

Fredric V. Shoemaker, ISB #1687
Loren K. Messerly, ISB #7434
GREENER BURKE SHOEMAKER OBERRECHT PA
950 W. Bannock Street, Suite 950
Boise, Idaho 83702
Tel: (208) 319-2600
Fax: (208) 319-2601
Email: fshoemaker@greenerlaw.com
lmesserly@greenerlaw.com

Case No. _____ Inst. No. _____
Filed _____ A.M. 5:00 P.M.

Attorneys for Defendants

IN THE DISTRICT COURT OF THE FOURTH JUDICIAL DISTRICT OF THE
STATE OF IDAHO, IN AND FOR THE COUNTY OF VALLEY

IDAHO FIRST BANK,
Plaintiff,
vs.
MAJ-LE TATE BRIDGES and
HAROLD A. BRIDGES, individuals
Defendants.

Case No.: CV 2015-145C

**AFFIDAVIT OF COUNSEL IN
SUPPORT OF MOTION FOR
SUMMARY JUDGMENT**

STATE OF IDAHO)
)ss.
County of Ada)

Loren K. Messerly, being first duly sworn upon oath, deposes and says:

1. I am a resident of Ada County, Idaho, over the age of 18, and make this affidavit based upon my personal knowledge of the facts set forth herein.

2. I am one of the attorneys for the Defendants in this matter.

3. After the Court issued its Memorandum Decision and Order dated September 24, 2015, I sent opposing counsel a letter dated September 30, 2015. The letter stated:

AFFIDAVIT OF COUNSEL IN SUPPORT OF MOTION FOR SUMMARY JUDGMENT- 1

Therefore, our clients are willing to resolve this discovery dispute by (1) waiving all claims to recover their attorney fees and costs incurred to date in this litigation and (2) dropping their requests for discovery related to the issue of whether the cabin was real property collateral or personal property collateral (i.e. the current requests and anything similar) and in exchange the Bank will (1) concede that the cabin is real property collateral (such that the protections of §§ 45-1503 and 45-1512 are applicable) and (2) waive all claims to recover its attorney fees and costs incurred to date in this litigation. This agreement has no applicability to future attorney's fees and costs related to the coming action for deficiency that you have indicated will be filed shortly.

We spoke today about this compromise that we proposed to you. You indicated that you believed the Bank was disinclined to agree and that the Bank is instead poised to seek all its fees and will appeal the issue to the Supreme Court if necessary to vindicate its position that the cabin was personal property collateral. We believe this response from the Bank is further evidence of what party is truly the litigious party who has been solely responsible for driving the unnecessary litigation in this case. We would ask that the Bank strongly consider our offer so that the parties can move forward and just focus on resolving any disagreements about the Bank's calculation of any deficiency claim under § 45-1512.

Attached as **Exhibit A** is a true and correct copy of the letter dated September 30, 2015.

4. Idaho First Bank ("IFB") refused to resolve the discovery dispute. Instead, on October 23, 2015, IFB provided its Supplemental Answers and produced approximately 2300 pages of documents. Attached as **Exhibit B** are IFB's supplemental answers. These supplemental answers to the Bridges' five interrogatories made clear that IFB would not drop its continued argument that the Cabin is personal property collateral, despite the many admissions to the contrary in IFB's internal documentation of the loan and collateral.

5. Counsel has reviewed the 2300 pages. Counsel understands that the Court is dubious of the relevance of these internal documents. However, counsel believes that these internal admissions, at a minimum, show that IFB is making arguments that contradict its own internal documents and IFB should be required to pay Defendants' fees and costs in having to oppose these frivolous arguments. In addition, IFB has made it clear that it intends to appeal this

matter and therefore these internal documents could be potentially relevant on appeal. These internal documents contain numerous admissions by IFB that its collateral for this loan was solely real property collateral. These internal documents do not contain any reference to personal property collateral for this loan to the Bridges.

6. Attached as **Exhibit C** are samples of documents that were obtained from Idaho First Bank through its Supplemental Answers and document production and that contain admissions by Idaho First Bank regarding its treatment of the Cabin as real property collateral. Only a few samples are being submitted, in order to avoid burdening the Court. To summarize a few of those samples attached as Exhibit C are the following, with reference to Bates numbers: 1) Agreement to Provide Insurance describing the property as: “Real Estate at 2087 John Alden Road, McCall, ID 83638”—Bates No. IFB000001; 2) Aspen Country Mortgage, Inc.’s Assignment of Appraisal of Real Property to IFB describing the appraisal as an: “Appraisal of Real Property”—Bates No. IFB00004; 3) Appraisal prepared by Steve Boren updated and assigned to IFB by Aspen Country Mortgage, the coversheet of which describes the document as an: “Appraisal of Real Property”—Bates IFB000013; 4) IFB Boarding Data Sheet dated 9/21/2006 including the following information under the heading Transaction Summary:

| TRANSACTION SUMMARY | |
|--------------------------------------|--|
| Transaction No.: 256 | Product Description: Res RE Construction Loan - Portfolio |
| Product Category: 7 | Purpose: Loan is for Personal, Family, Household Purposes or Personal Investment Purposes. |
| Loan Policy: Residential Real Estate | Specific Loan Purpose: BUILD NEW 2ND HOME |

Bates No. IFB000071; 5) Idaho First Bank Credit Memorandum dated 1-15-2011 describing the collateral as: “1st D/T on residential single family residence located at 2087 John Alden Road, McCall, ID 83638 / LTV= 50% based on an appraisal dated 02/20/08, of \$3,000,000.”—Bates

No. IFB000182. 6) Idaho First Bank Credit Memorandum dated 1-15-2011 p. 2 under the heading Collateral Evaluation are the following two entries:

Collateral Evaluation

- Collateral is a 1st D/T on a 3,588 sqft single family residential home built in 2007. The home contains 4 bedrooms, 4.5 baths, and 1,389 sqft of finished basement space. The property sits on 0.66 acres with 71.65 ft of Payette Lake frontage, and includes a private dock. Given the size, age, lake frontage, and location, this property is very desirable and risks to the long-term value of the property.
- On 8/17/06, prior to construction, Steve Boren, CRA, with Marketwise, Inc., appraised the property and determined a market value of \$3,000,000. Upon completion of construction in 2008, Steve Boren, provide IFB with an appraisal update and determining no change to the \$3,000,000 market value.

Bates No. IFB000183; 7) Mortgage Agreement for Cottage Site Land Leased from the State of Idaho dated 9-21-2006 signed by Maj-le Tate Bridges and Harold A. Bridges as Mortgagor to Idaho First Bank as Mortgagee and co-signed by IFB as Mortgagee 9-25-2006 assigning: “Any and all interest in the described lands”—Bates No. IFB001037; 8) IFB Loan Checklist form dated 9/21/2006 which includes the following entry: “Collateral: This transaction is secured by Real Estate Collateral.”—Bates No. IFB001212; 9) Modification of Deed of Trust dated 3/8/2011 extending a maturity date and including the following entry:

REAL PROPERTY DESCRIPTION. The Deed of Trust covers the following described real property located in VALLEY County, State of Idaho:
See EXHIBIT A, which is attached to this Modification and made a part of this Modification as it fully set forth herein.
The Real Property or its address is commonly known as 2087 JOHN ALDEN ROAD, MCCALL, ID 83638.

Bates No. IFB001255; 10) Change in Terms Agreement dated 3/27/2012 with the following entry: “**DESCRIPTION OF COLLATERAL.** Construction Deed of Trust on 2087 John Alden Road, McCall, ID.”—Bates No. IFB001622; 11) IFB letter to Tom Schultz, Director IDL dated 1/24/2014 including the following entry: “Since 2006, IFB has held a first deed of trust on property and residence located on Payette Lake in McCall, and owned by Harold and Maj-Le Bridges.”—Bates No. IFB001624; 12) IFB letter to Patrick Hodges Division Administrator IDL dated 4/17/2004 including the following entry: “Frankly, we liken this to a purchase of a home.”-
-Bates No. IFB001624.

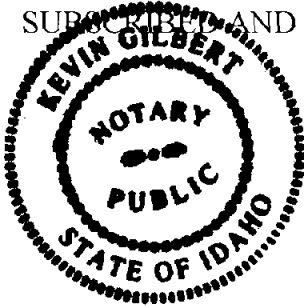
AFFIDAVIT OF COUNSEL IN SUPPORT OF MOTION FOR SUMMARY JUDGMENT- 4

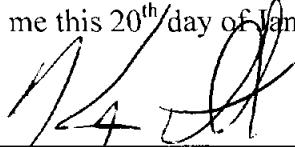
FURTHER YOUR AFFIANT SAITH NAUGHT.



Loren K. Messerly

SUBSCRIBED AND SWORN to before me this 20th day of January, 2016.





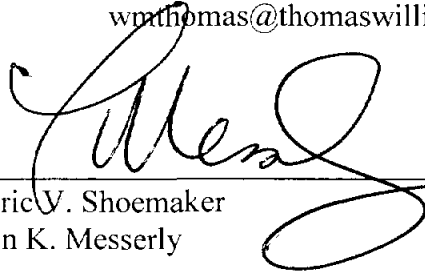
NOTARY PUBLIC FOR IDAHO
Commission Expires July 10, 2020

CERTIFICATE OF SERVICE

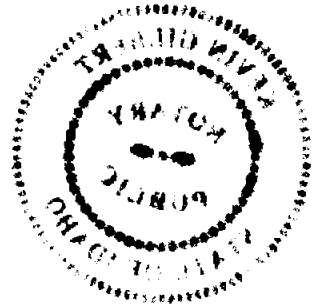
I HEREBY CERTIFY that on the 20th day of January, 2016, a true and correct copy of the within and foregoing instrument was served upon:

William H. Thomas
Daniel E. Williams
THOMAS, WILLIAMS & PARK, LLP
225 N. 9th Street, Suite 810
P.O. Box 1776
Boise, ID 83701-1776

- U.S. Mail
- Facsimile: 345-7894
- Hand Delivery
- Overnight Delivery
- Email: danw@thomaswilliamsllaw.com
wmthomas@thomaswilliamsllaw.com



Fredric V. Shoemaker
Loren K. Messerly



Loren K. Messerly
lmesserly@greenerlaw.com
(208) 319-2600



ALFA® INTERNATIONAL
The Global Legal Network

September 30, 2015

Via Email: wnthomas@thomaswilliamslaw.com

William H. Thomas
Thomas, Williams & Park, LLP
9th & Idaho Center
225 N. 9th Street, Suite 810
P. O. Box 1776
Boise, Idaho 83702

Re: *McCall Real Estate Issues*
GBS File No. 19525-001

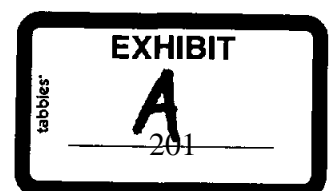
Dear Bill:

I am writing this letter as a quick follow up to our discussion today and as an attempt to minimize the litigation between the parties. Our clients took to heart the Court's statements about the parties not over litigating this case.

The Court's recent decision indicated that our clients were entitled to our discovery request and granted our motion. The Court also pointed out that it disagreed with the Bank's position in trying to claim that that the cabin was personal property. The Court pointed out several reasons why the Bank's position was not supported by the facts or by the law. All of the Court's reasons were the same reasons that we pointed out long ago in our letter that listed fourteen different reasons why the Bank's position was incorrect.

The Court also indicated that it did not expect to award fees to either party regarding the litigation to date because the Bank was wrong in its position and because the Court feels like our clients have been too litigious. We do not agree with the Court's view of things, and believe we have the evidence to show that we have repeatedly attempted to resolve this dispute with letters and phone calls rather than litigation; however we are committed to trying to follow the clear direction that the Court gave in his opinion. Candidly, this letter is an attempt to once again avoid litigation and to show the Court that our clients are committed to finding a reasonable compromise.

Therefore, our clients are willing to resolve this discovery dispute by (1) waiving all claims to recover their attorney fees and costs incurred to date in this litigation and (2) dropping their requests for discovery related to the issue of whether the cabin was real property collateral or personal property collateral (i.e. the current requests and anything similar) and in exchange the Bank



September 30, 2015

Page 2


will (1) concede that the cabin is real property collateral (such that the protections of §§ 45-1503 and 45-1512 are applicable) and (2) waive all claims to recover its attorney fees and costs incurred to date in this litigation. This agreement has no applicability to future attorney's fees and costs related to the coming action for deficiency that you have indicated will be filed shortly.

We spoke today about this compromise that we proposed to you. You indicated that you believed the Bank was disinclined to agree and that the Bank is instead poised to seek all its fees and will appeal the issue to the Supreme Court if necessary to vindicate its position that the cabin was personal property collateral. We believe this response from the Bank is further evidence of what party is truly the litigious party who has been solely responsible for driving the unnecessary litigation in this case. We would ask that the Bank strongly consider our offer so that the parties can move forward and just focus on resolving any disagreements about the Bank's calculation of any deficiency claim under § 45-1512.

If the Bank refuses to agree to this compromise, then we would ask that the Bank comply with the Court's order regarding responding to discovery within 30 days from the Court's order (which should be easily accomplished considering the discovery is very focused in scope). Such discovery will be necessary considering the Bank intends to continue pushing the "personal property collateral" issue and even appeal the issue if necessary, and the Bridges need to put all possibly relevant evidence into the record to prepare for any such appeal. Again, the Bridges would prefer to moot the discovery completely (as they had previously stated in their reply brief in support of the motion to compel) but they cannot drop the issue if the Bank is unwilling to drop the "personal property" issue. The Court has clearly told the Bank that the issue should be dropped because it has no support in fact or law.

Very truly yours,

GREENER BURKE SHOEMAKER OBERRECHT P.A.



Loren K. Messerly

LKM/kg
(801796)

WILLIAM H. THOMAS (ISB 3154)
DANIEL E. WILLIAMS (ISB 3920)
THOMAS, WILLIAMS & PARK, LLP
121 N. 9th St., Ste. 300
P.O. Box 1776
Boise, ID 83701-1776
Telephone: (208) 345-7800
Fax: (208) 345-7894
wmthomas@thomaswilliamsllaw.com
danw@thomaswilliamsllaw.com

Attorneys for Plaintiff Idaho First Bank

IN THE DISTRICT COURT OF THE FOURTH JUDICIAL DISTRICT OF THE
STATE OF IDAHO, IN AND FOR THE COUNTY OF VALLEY

IDAHO FIRST BANK,

Plaintiff,

vs.

**MAJ-LE TATE BRIDGES and
HAROLD A. BRIDGES, individuals,**

Defendants.

Case No. CV 2015-145C

**PLAINTIFF'S SUPPLEMENTAL
ANSWERS AND RESPONSES TO
DEFENDANTS' FIRST SET OF
INTERROGATORIES AND REQUESTS
FOR PRODUCTION OF DOCUMENTS**

Plaintiff, by and through its attorney of record, hereby supplements their responses to
Defendants' First Set of Interrogatories and Requests for Production of Documents as follows:



PLAINTIFF'S SUPPLEMENTAL ANSWERS AND RESPONSES TO DEFENDANTS' FIRST
SET OF INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS.

Page 1

General Objections and Responses

1. Plaintiff, Idaho First Bank, answers the interrogatories submitted by Defendants. In providing such answers, the responding party hereby specifically objects to all questions that either directly or indirectly call for the disclosure or production of privileged material and material subject to work product protection. None of the answers or information contained herein or provided to the requesting party shall be deemed to be a waiver to such objection.

2. Plaintiff objects to each Interrogatory to the extent seeks information protected from discovery by the attorney-client privilege, the work product doctrine, or any other applicable privilege or protection.

3. Plaintiff objects to each Interrogatory to the extent that it invades the Plaintiff's confidential and proprietary information protected by state and federal law.

4. Plaintiff objects to (and any further objections or responses to these discovery requests to their subject matter) are made without waiver of, and with preservation of:

a. All questions as to competency, relevance, materiality, privilege and admissibility of each response and the subject matter thereof as evidence for any purpose in any further proceeding in this matter (including the trial of this lawsuit), and in any other lawsuit or proceedings:

b. The right to object to the use of any response, or subject matter thereof, on any ground in any further proceedings in this matter (including the trial of this lawsuit) and in any other lawsuit or proceeding; and

c. The right to object on any ground at any time to a demand or request for the further response to these or any other discovery requests or other discovery proceedings involving or relating to the subject matter of these requests.

5. Plaintiff objects to Defendants' definitions and instructions to the extent that they seek to impose obligations on Plaintiff beyond those imposed by Rule 33 of the Idaho Rules of Civil Procedure.

6. These answers and objections represent Plaintiff's best effort at this early stage of the litigation and are expressly made without prejudice to Plaintiff's right to amend, supplement, correct or clarify the answers as further information comes to light during the course of further investigation and discovery, and as based on expert discovery.

INTERROGATORIES

INTERROGATORY NO. 1: Please identify all facts or Documents that support your claim that you reached an agreement with the Bridges that the Cabin and/or Lease would be considered personal property collateral (and not real property collateral) for purposes of securing the Loan.

SUPPLEMENTAL ANSWER TO INTERROGATORY NO. 1: Plaintiff objects to Interrogatory No. 1 on the grounds that it misstates any claim made by Plaintiff. Plaintiff reached an agreement with Defendants to loan them \$1,500,000.00 secured by collateral. The collateral consisted of improvements to the state leased land. In 2010 the State Land Board issued new forms of leases for Cottage Lease sites on Payette Lake in McCall, which clearly characterized Defendants' improvements as "personal property." The Bridges executed this new form of lease thereby agreeing to the characterization.

INTERROGATORY NO. 2: Please identify all facts or Defendants that support your claim that You intended, either in 2006 or thereafter, that the Cabin and/or Lease would be considered personal property collateral for purposes of securing the Loan.

SUPPLEMENTAL ANSWER TO INTERROGATORY NO. 2: Plaintiff intended that its loan would be secured by collateral however characterized in the law. The Construction Deed of Trust executed by Defendants granted Plaintiff all of Defendants' interest in and under the state lease in any improvements. The state has made it clear that those improvements are personal property.

INTERROGATORY NO. 3: Please identify all facts or Documents that support your claim that You advised the Bridges that their Lease and Cabin rights were not real property interests and/or that those property rights would not have to be foreclosed upon per I.C. § 45-1503 prior to pursuing a personal judgment against the Bridges.

SUPPLEMENTAL ANSWER TO INTERROGATORY NO. 3: Plaintiff objects to Interrogatory No. 3 on the grounds that it misstates any claim made by Plaintiff. Plaintiff had no obligation to advise Defendants of the legal status of the collateral and did not do so.

INTERROGATORY NO. 5: Please describe how IFB characterized and described the collateral for the Loan in IFB's own financials, to its Board of Directors, to its shareholders, and to its regulators.

SUPPLEMENTAL ANSWER TO INTERROGATORY NO. 5: Plaintiff did not specifically characterize the collateral in its own financials, to its Board of Directors, to its shareholders, and to its regulators. The transaction with Defendants was described as a construction loan to build a Cabin on state lease land in McCall, Idaho.

REQUESTS FOR PRODUCTION OF DOCUMENTS

REQUEST FOR PRODUCTION 1: Please produce your entire loan file and underwriting file regarding the Loan.

RESPONSE TO REQUEST FOR PRODUCTION NO. 1: Plaintiff objects to this Request for Production on the grounds that it seeks information that is irrelevant and not likely to lead to the discovery of admissible evidence. See Answer to Interrogatory No. 1.

Without waiving said objection, see documents Bates Numbered IFB000001-IFB002030 on the CD enclosed herewith.

REQUEST FOR PRODUCTION NO. 2: Please produce all Documents that in any way reference the collateral for the Loan.

RESPONSE TO REQUEST FOR PRODUCTION NO. 2: Plaintiff objects to this Request for Production on the grounds that it seeks information that is irrelevant and not likely to lead to the discovery of admissible evidence. See Answer to Interrogatory No. 1.

Without waiving said objection, see documents Bates Numbered IFB000001-IFB002030 on the CD enclosed herewith.

REQUEST FOR PRODUCTION NO. 3: Please produce all Documents that indicate, discuss, or reference whether the Loan is secured by real property or personal property.

RESPONSE TO REQUEST FOR PRODUCTION NO. 3: Plaintiff objects to this Request for Production on the grounds that it seeks information that is irrelevant and not likely to lead to the discovery of admissible evidence. See Answer to Interrogatory No. 1.

Without waiving said objection, see documents Bates Numbered IFB000001-IFB002030 on the CD enclosed herewith.

REQUEST FOR PRODUCTION NO. 4: Please produce all Documents used to secure and/or perfect the bank's lien or rights in any collateral for the Loan.

RESPONSE TO REQUEST FOR PRODUCTION NO. 4: Plaintiff objects to this Request for Production on the grounds that it seeks information that is irrelevant and not likely to lead to the discovery of admissible evidence. See Answer to Interrogatory No. 1.

Without waiving said objection, see documents Bates Numbered IFB000001-IFB002030 on the CD enclosed herewith.

REQUEST FOR PRODUCTION NO. 5: Please produce all Documents, including all emails, regarding the Bridges' application for the Loan, the origination process, the granting of security interests in collateral, and the funding of the Loan.

RESPONSE TO REQUEST FOR PRODUCTION NO. 5: Plaintiff objects to this Request for Production on the grounds that it seeks information that is irrelevant and not likely to lead to the discovery of admissible evidence. See Answer to Interrogatory No. 1.

Without waiving said objection, see documents Bates Numbered IFB000001-IFB002030 on the CD enclosed herewith.

REQUEST FOR PRODUCTION NO. 6: Please produce all Documents regarding communications with the Idaho Department of Lands regarding the Loan, security for the Loan, the Lawsuit, the Cabin, or the Lease.

RESPONSE TO REQUEST FOR PRODUCTION NO. 6: Plaintiff objects to this Request for Production on the grounds that it seeks information that is irrelevant and not likely to lead to the discovery of admissible evidence. See Answer to Interrogatory No. 1.

Without waiving said objection, see documents Bates Numbered IFB000001-IFB002030 on the CD enclosed herewith.

REQUEST FOR PRODUCTION NO. 7: Please produce all Documents regarding the value of any collateral securing the Loan, including all appraisals.

RESPONSE TO REQUEST FOR PRODUCTION NO. 7: Plaintiff objects to this Request for Production on the grounds that it seeks information that is irrelevant and not likely to lead to the discovery of admissible evidence. See Answer to Interrogatory No. 1. Notwithstanding Plaintiff's objection, Plaintiff has produced the two RE-21 Real Estate Purchase and Sale Agreements it received in response to listing the improvements for sale. Idaho First Bank accepted the offer of \$1,200,088.00.

Without waiving said objection, see documents Bates Numbered IFB000001-IFB002030 on the CD enclosed herewith.

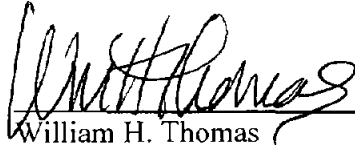
REQUEST FOR PRODUCTION NO. 8: Please produce all Documents that indicate or state how IFB characterized and described the collateral for the Loan on IFB's financials, to its Board of Directors, to its shareholders, and/or to its regulators.

RESPONSE TO REQUEST FOR PRODUCTION NO. 8: Plaintiff objects to this Request for Production on the grounds that it seeks information that is irrelevant and not likely to lead to the discovery of admissible evidence. See Answer to Interrogatory No. 1.

Without waiving said objection, see documents Bates Numbered IFB000001-IFB002030 on the CD enclosed herewith.

DATED this 23^d day of October, 2015.

THOMAS, WILLIAMS & PARK, LLP



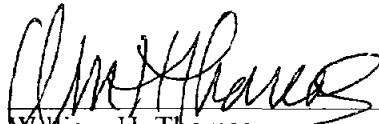
William H. Thomas
Attorneys for Plaintiff

CERTIFICATE OF SERVICE

I hereby certify that on this 23^d day of October, 2015, a true and correct copy of the foregoing instrument was served on opposing counsel as indicated below:

Fredric V. Shoemaker
Loren K. Messerly
Greener, Burke, Shoemaker, Oberrecht PA
950 W. Bannock Street, Suite 950
Boise, Idaho 83702

Via Hand Delivery
 Via Facsimile: 319-2601
 Via U.S. Mail



William H. Thomas

AGREEMENT TO PROVIDE INSURANCE

| Principal | Loan Date | Maturity | Loan No | Call / Coll | Account | Officer | Initials |
|----------------|------------|------------|---------|-------------|----------|---------|----------|
| \$1,500,000.00 | 09-21-2006 | 10-01-2007 | 11346 | 1A / 130 | 80000820 | JLM | |

References in the shaded area are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "****" has been omitted due to text length limitations.

Grantor: MAJ-LE TATE BRIDGES
 HAROLD A. BRIDGES
 3905 CHAPMAN CT
 ALTADENA, CA 91001

Lender: Idaho First Bank
 P.O. Box 2960
 101 E Lake St
 McCall, ID 83638
 (208) 634-3900

INSURANCE REQUIREMENTS. We, MAJ-LE TATE BRIDGES and HAROLD A. BRIDGES ("Grantor"), understand that insurance coverage is required in connection with the extending of a loan or the providing of other financial accommodations to us by Lender. These requirements are set forth in the security documents for the loan. The following minimum insurance coverages must be provided on the following described collateral (the "Collateral"):

Collateral: 2087 JOHN ALDEN ROAD, MCCALL, ID 83638.

Type: Fire and extended coverage.

Amount: Full Insurable Value.

Basis: Replacement value.

Endorsements: Standard mortgagee's clause with stipulation that coverage will not be cancelled or diminished without a minimum of 30 days prior written notice to Lender, and without disclaimer of the insurer's liability for failure to give such notice.

Latest Delivery Date: By the loan closing date.

INSURANCE COMPANY. We may obtain insurance from any insurance company we may choose that is reasonably acceptable to Lender. We understand that credit may not be denied solely because insurance was not purchased through Lender.

FLOOD INSURANCE. Flood Insurance for the Collateral securing this loan is described as follows:

Real Estate at 2087 JOHN ALDEN ROAD, MCCALL, ID 83638.

The Collateral securing this loan is not currently located in an area identified as having special flood hazards. Therefore, no special flood hazard insurance is necessary at this time. Should the Collateral at any time be deemed to be located in an area designated by the Director of the Federal Emergency Management Agency as a special flood hazard area, we agree to obtain and maintain Federal Flood Insurance, if available, within 45 days after notice is given by Lender that the Collateral is located in a special flood hazard area, for the full unpaid principal balance of the loan and any prior liens on the property securing the loan, up to the maximum policy limits set under the National Flood Insurance Program, or as otherwise required by Lender, and to maintain such insurance for the term of the loan. Flood insurance may be purchased under the National Flood Insurance Program or from private insurers.

FAILURE TO PROVIDE INSURANCE. We agree to deliver to Lender, on the latest delivery date stated above, evidence of the required insurance as provided above, with an effective date of September 21, 2006, or earlier. We acknowledge and agree that if we fail to provide any required insurance or fail to continue such insurance in force, Lender may do so at our expense as provided in the applicable security document. The cost of any such insurance, at the option of Lender, shall be added to the indebtedness as provided in the security document. **WE ACKNOWLEDGE THAT IF LENDER SO PURCHASES ANY SUCH INSURANCE, THE INSURANCE WILL PROVIDE LIMITED PROTECTION AGAINST PHYSICAL DAMAGE TO THE COLLATERAL, UP TO AN AMOUNT EQUAL TO THE LESSER OF (1) THE UNPAID BALANCE OF THE DEBT, EXCLUDING ANY UNEARNED FINANCE CHARGES, OR (2) THE VALUE OF THE COLLATERAL; HOWEVER, OUR EQUITY IN THE COLLATERAL MAY NOT BE INSURED. IN ADDITION, THE INSURANCE MAY NOT PROVIDE ANY PUBLIC LIABILITY OR PROPERTY DAMAGE INDEMNIFICATION AND MAY NOT MEET THE REQUIREMENTS OF ANY FINANCIAL RESPONSIBILITY LAWS.**

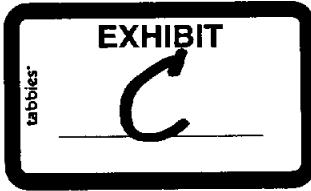
AUTHORIZATION. For purposes of insurance coverage on the Collateral, we authorize Lender to provide to any person (including any insurance agent or company) all information Lender deems appropriate, whether regarding the Collateral, the loan or other financial accommodations, or both.

WE ACKNOWLEDGE HAVING READ ALL THE PROVISIONS OF THIS AGREEMENT TO PROVIDE INSURANCE AND AGREE TO ITS TERMS. THIS AGREEMENT IS DATED SEPTEMBER 21, 2006.

GRANTOR:

X MAJ-LE TATE BRIDGES

X HAROLD A. BRIDGES



| | |
|--|-------------|
| FOR LENDER USE ONLY | |
| INSURANCE VERIFICATION | |
| DATE: _____ | PHONE _____ |
| AGENT'S NAME: HUGH W SOMERTON | |
| AGENCY: UNITED HERITAGE PROPERTY & CASULTY CO | |
| ADDRESS: 2087 JOHN ALDEN RD, MCCALL, ID 83638 | |
| INSURANCE COMPANY: _____ | |
| POLICY NUMBER: _____ | |
| EFFECTIVE DATES: _____ | |
| COMMENTS: _____ | |
| _____ | |
| _____ | |

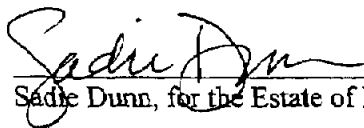
LASER PRO Lending, Ver. 6.30.00.004 Corp. Harland Financial Solutions, Inc. 1997, 2008. All Rights Reserved. ID 1:1CFINPL110.FC TR 258 PR-27

ASSIGNMENT OF APPRAISAL OF REAL PROPERTY

ASPEN COUNTRY MORTGAGE, INC., assigns, releases and conveys to, IDAHO FIRST BANK, all rights, title and interest to APPRAISAL OF REAL PROPERTY prepared by Boren Appraisals (Steve Boren) August 15, 2006. The property address for said "Appraisal" is 2087 John Alden Road, McCall, Idaho 83638, and was prepared for Borrowers, Harold A. and Maj-le T. Bridges.

Signed by Sadie Dunn, appointed to represent the Estate of Daniel C. Riley (or Aspen County Mortgage, Inc.) official documents providing appointment attached.

SIGNED this 26th day of February, 2008.



Sadie Dunn, for the Estate of Daniel C. Riley

Appraisal Update and/or Completion Report File # SB08-0220

The purpose of this report form is to provide the lender/client with an accurate update of an appraisal and/or to report a certification of completion. The appraiser must identify the service(s) provided by selecting the appropriate report type.

Property Address 2067 JOHN ALDEN ROAD Unit #
 City MCCALL State ID Zip Code 83638
 Legal Description SEE ADDENDUM County VALLEY
 Borrower HAROLD A. AND MAJ-LE T Contract Price \$ Date of Sale Effective Date of Original Appraisal 8/17/2006
 Property Rights Appraised Fee Simple Leasehold Other (describe) Original Appraised Value \$ 3,000,000
 Original Appraiser STEVE BOREN Company Name MARKETWISE, INC.
 Original Lender/Client IDAHO BANKING COMPANY Address 2965 E TARPON DR. STE. 150, MERIDIAN, ID 83642

SUMMARY APPRAISAL UPDATE REPORT

INTENDED USE: The intended use of this appraisal update is for the lender/client to evaluate the property that is the subject of this report to determine if the property has declined in value since the date of the original appraisal for a mortgage finance transaction.
INTENDED USER: The intended user of this appraisal update is the lender/client.
SCOPE OF WORK: The appraiser must, at a minimum: (1) concur with the original appraisal, (2) perform an exterior inspection of the subject property from at least the street, and (3) research, verify, and analyze current market data in order to determine if the property has declined in value since the effective date of the original appraisal.
HAS THE MARKET VALUE OF THE SUBJECT PROPERTY DECLINED SINCE THE EFFECTIVE DATE OF THE PRIOR APPRAISAL? Yes No
 THE MARKET VALUE FOR THE SUBJECT PROPERTY HAS REMAINED STABLE.

APPRAISER'S CERTIFICATION: The appraiser certifies and agrees that:
 1. I have, at a minimum, developed and reported this appraisal update in accordance with the scope of work requirements stated in this appraisal update report and concur with the analysis and conclusions in the original appraisal.
 2. I performed this appraisal update in accordance with the requirements of the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place at the time this appraisal update was prepared.
 3. I have updated the appraisal by incorporating the original appraisal report.
 4. I have summarized my analysis and conclusions in this appraisal update and retained all supporting data in my work file.

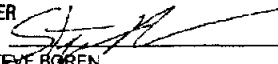
SUPERVISORY APPRAISER'S CERTIFICATION: The Supervisory Appraiser certifies and agrees that:
 1. I directly supervised the appraiser for this appraisal update assignment, have read the appraisal update report, and agree with the appraiser's analysis, opinions, statements, conclusions, and the appraiser's certification.
 2. I accept full responsibility for the contents of this appraisal update report including, but not limited to, the appraiser's analysis, opinions, statements, conclusions, and the appraiser's certification.

CERTIFICATION OF COMPLETION

INTENDED USE: The intended use of this certification of completion is for the lender/client to confirm that the requirements or conditions stated in the appraisal report referenced above have been met.
INTENDED USER: The intended user of this certification of completion is the lender/client.
HAVE THE IMPROVEMENTS BEEN COMPLETED IN ACCORDANCE WITH THE REQUIREMENTS AND CONDITIONS STATED IN THE ORIGINAL APPRAISAL REPORT? Yes No If No, describe any impact on the opinion of market value.
APPRAISER'S CERTIFICATION: I certify that I have performed a visual inspection of the subject property to determine if the conditions or requirements stated in the original appraisal have been satisfied.
SUPERVISORY APPRAISER'S CERTIFICATION: I accept full responsibility for this certification of completion.

SIGNATURES

ADDITIONAL CERTIFICATION: I/we certify that if this report was transmitted as an "electronic record" containing my "electronic signature," as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or a facsimile transmission of this report containing a copy or representation of my signature, the report shall be as effective, enforceable and valid as if a paper version of this appraisal report were delivered containing my original hand written signature.

| | |
|---|--|
| <p>APPRAISER Signature  Name STEVE BOREN Company Name BOREN APPRAISALS Company Address PO BOX 568, CASCADE, ID 83611 Telephone Number (208) 469-0399 Date of Signature and Report 2/20/2008 Effective Date of Appraisal Update 2/20/2008 Date of Inspection _____ State Certification # CRA-1785 or State License # _____ or Other (describe) _____ State # _____ State ID _____ Expiration Date of Certification or License 2/27/2009</p> | <p>SUPERVISORY APPRAISER (ONLY IF REQUIRED) Signature _____ Name _____ Company Name _____ Company Address _____ Telephone Number _____ Date of Signature _____ State Certification # _____ or State License # _____ or Other _____ State _____ Expiration Date of Certification or License _____</p> |
| <p>CURRENT LENDER/CLIENT Name _____ Company Name IDAHO FIRST BANK Company Address 475 E. DEINHARD LANE, MCCALL, ID 83638</p> | <p>SUPERVISORY APPRAISER <input type="checkbox"/> Did not inspect subject property <input type="checkbox"/> Did inspect exterior of subject property from street Date of Inspection _____ <input type="checkbox"/> Did inspect interior and exterior of subject property Date of Inspection _____</p> |



APPRAISAL OF REAL PROPERTY

LOCATED AT:

2087 JOHN ALDEN ROAD
SEE ADDENDUM
MCCALL, ID 83638

FOR:

ASPEN COUNTRY MORTGAGE
212 N MAIN ST
MCCALL, ID 83638

AS OF:

8/17/2006

BY:

STEVE BOREN

BORROWER:

HAROLD A AND MAJ-LE T BRIDGES

ASPEN COUNTRY MORTGAGE
212 N MAIN ST
MCCALL, ID 83638

Re: Property: 2087 JOHN ALDEN ROAD
MCCALL, ID 83638
Borrower: HAROLD A. AND MAJ-LE T. BRIDGES
File No.:

In accordance with your request, we have appraised the above referenced property. The report of that appraisal is attached.

The purpose of this appraisal is to estimate the market value of the property described in this appraisal report, as improved, in unencumbered fee simple title of ownership.

This report is based on a physical analysis of the site and improvements, a locational analysis of the neighborhood and city, and an economic analysis of the market for properties such as the subject. The appraisal was developed and the report was prepared in accordance with the Uniform Standards of Professional Appraisal Practice.

The value conclusions reported are as of the effective date stated in the body of the report and contingent upon the certification and limiting conditions attached.

It has been a pleasure to assist you. Please do not hesitate to contact me or any of my staff if we can be of additional service to you.

Sincerely,


STEVE BOREN

Uniform Residential Appraisal Report

File # SB06-0817

The purpose of this summary appraisal report is to provide the lender/client with an accurate, and adequately supported, opinion of the market value of the subject property.

Property Address **2087 JOHN ALDEN ROAD** City **MCCALL** State ID Zip Code **83638**
 Borrower **HAROLD A. AND MAJ-LE T. BRIDGES** Owner of Public Record **HAROLD A. & MAJ-LE T. BRIDGES** County **VALLEY**
 Legal Description **SEE ADDENDUM**
 Assessor's Parcel # **LR00196001030AA** Tax Year **2005** R.E. Taxes \$ **254.36**
 Neighborhood Name **NA** Map Reference **SEE MAP** Census Tract **9702.00**
 Occupant Owner Tenant Vacant Special Assessments \$ **0.00** PUD HOA \$ **NONE** per year per month
 Property Rights Appraised Fee Simple Leasehold Other (describe)
 Assignment Type Purchase Transaction Refinance Transaction Other (describe)
 Lender/Client **ASPEN COUNTRY MORTGAGE** Address **212 N MAIN ST, SUITE A, MCCALL, ID 83638**
 Is the subject property currently offered for sale or has it been offered for sale in the twelve months prior to the effective date of this appraisal? Yes No
 Report data source(s) used, offering price(s), and date(s). **MLS**

I did did not analyze the contract for sale for the subject purchase transaction. Explain the results of the analysis of the contract for sale or why the analysis was not performed.

Contract Price \$ _____ Date of Contract _____ Is the property seller the owner of public record? Yes No Data Source(s) _____
 Is there any financial assistance (loan charges, sale concessions, gift or downpayment assistance, etc.) to be paid by any party on behalf of the borrower? Yes No
 If Yes, report the total dollar amount and describe the items to be paid.

Note: Race and the racial composition of the neighborhood are not appraisal factors.

| Neighborhood Characteristics | | One-Unit Housing Trends | | One-Unit Housing | | Present Land Use % | |
|---|--|-------------------------|-------|------------------|-------|--------------------|--|
| Location <input type="checkbox"/> Urban <input checked="" type="checkbox"/> Suburban <input type="checkbox"/> Rural | Property Values <input checked="" type="checkbox"/> Increasing <input type="checkbox"/> Stable <input type="checkbox"/> Declining | PRICE | AGE | One-Unit | 75 % | | |
| Built-Up <input type="checkbox"/> Over 75% <input checked="" type="checkbox"/> 25-75% <input type="checkbox"/> Under 25% | Demand/Supply <input type="checkbox"/> Shortage <input checked="" type="checkbox"/> In Balance <input type="checkbox"/> Over Supply | \$ (000) | (yrs) | 2-4 Unit | 3 % | | |
| Growth <input type="checkbox"/> Rapid <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Slow | Marketing Time <input type="checkbox"/> Under 3 mths <input checked="" type="checkbox"/> 3-6 mths <input type="checkbox"/> Over 6 mths | 200K | Low | Multi-Family | 2 % | | |
| Neighborhood Boundaries THE SUBJECT IS LOCATED NORTH OF DONNELLY, SOUTH OF SECESH SUMMIT, EAST OF WEST MOUNTAIN AND WEST OF JUGHANDLE MOUNTAIN, VALLEY COUNTY | | 1 MIL | High | Commercial | % | | |
| Neighborhood Description THE SUBJECT HAS RELATIVELY EASY ACCESS TO EMPLOYMENT AND SERVICES, AND IS COMPETITIVE WITH OTHER NEIGHBORHOODS IN THE GENERAL AREA. MOST HAVE SIMILAR AMENITIES. THIS IS A MOUNTAIN TOWN THAT IS A POPULAR RECREATION DESTINATION FOR MANY PEOPLE FROM THE BOISE AREA. THE LOCAL ECONOMY REVOLVES AROUND THE TOURISM MARKET CONDITIONS (INCLUDING SUPPORT FOR THE ABOVE CONCLUSIONS) SEE ATTACHED ADDENDA | | 400K | Prod. | 10-20 | Other | 20 % | |

Dimensions **SEE PLAT MAP** Area **0.68 AC** Shape **SEE PLAT MAP** View **LAKE**
 Specific Zoning Classification **RESIDENTIAL** Zoning Description **RESIDENTIAL**
 Zoning Compliance Legal Legal Nonconforming (Grandfathered Use) No Zoning Illegal (describe)
 Is the highest and best use of subject property as improved (or as proposed per plans and specifications) the present use? Yes No If No, describe _____

Utilities Public Other (describe) Public Other (describe) Off-site Improvements - Type Public Private
 Electricity Water Street **GRAVEL**
 Gas **PROPANE** Sanitary Sewer Alley **NONE**
 FEMA Special Flood Hazard Area Yes No FEMA Flood Zone **X** FEMA Map # **1602200325A** FEMA Map Date **9/5/1990**
 Are the utilities and off-site improvements typical for the market area? Yes No If No, describe _____
 Are there any adverse site conditions or external factors (easements, encroachments, environmental conditions, land uses, etc.)? Yes No If Yes, describe _____
THE SUBJECT SITE HAS AVERAGE SITE IMPROVEMENTS AND LANDSCAPING. NO ADVERSE SITE CONDITIONS WERE APPARENT AT THE TIME OF INSPECTION. SEE LIMITING CONDITIONS.

| General Description | | Foundation | | Exterior Description | | Interior | |
|--|--|---|---|--|-----------------------|----------|--|
| Units <input checked="" type="checkbox"/> One <input type="checkbox"/> One with Accessory Unit | <input type="checkbox"/> Concrete Slab <input type="checkbox"/> Crawl Space | Foundation Walls | CONCRETE/ NEW | Floors | WD/CPT/TILE/NW | | |
| # of Stories 1.5 W/BSMNT | <input checked="" type="checkbox"/> Full Basement <input type="checkbox"/> Partial Basement | Exterior Walls | CDR SHK/STNE/NW | Walls | SHEETROCK/ NEW | | |
| Type <input checked="" type="checkbox"/> Det. <input type="checkbox"/> Att. <input type="checkbox"/> S-Det./End Unit | Basement Area 1,389 sq.ft | Roof Surface | COMP SHINGL/NW | Trim/Finish | STAIN/ NEW | | |
| <input type="checkbox"/> Existing <input checked="" type="checkbox"/> Proposed <input type="checkbox"/> Under Const | Basement Finish 100 % | Gutters & Downspouts | NONE | Bath Floor | TILE/ NEW | | |
| Design (Style) CUSTOM | <input checked="" type="checkbox"/> Outside Entry/Exit <input type="checkbox"/> Sump Pump | Window Type | WOOD/ NEW | Bath Wainscot | TILE/ NEW | | |
| Year Built 2007 | Evidence of <input type="checkbox"/> Infestation | Storm Sash/Insulated | YES/ NEW | Car Storage | None | | |
| Effective Age (Yrs) 0 | <input type="checkbox"/> Dampness <input type="checkbox"/> Settlement | Screens | YES/ NEW | Driveway # of Cars | 4 | | |
| Attic <input type="checkbox"/> None | Heating <input checked="" type="checkbox"/> FWA <input type="checkbox"/> HWBB <input type="checkbox"/> Radiant | Amenities | <input type="checkbox"/> Woodstove(s) # | Driveway Surface | GRAVEL | | |
| <input type="checkbox"/> Drop Stair <input type="checkbox"/> Stairs | <input type="checkbox"/> Other Fuel ELECTRIC | Fireplace(s) # 2 | <input type="checkbox"/> Fence | Garage # of Cars | 2 | | |
| <input type="checkbox"/> Floor <input checked="" type="checkbox"/> Scuttle | Cooling <input checked="" type="checkbox"/> Central Air Conditioning | <input checked="" type="checkbox"/> Patio/Deck | <input checked="" type="checkbox"/> Porch | Carport # of Cars | | | |
| <input type="checkbox"/> Finished <input type="checkbox"/> Heated | <input type="checkbox"/> Individual <input type="checkbox"/> Other | <input checked="" type="checkbox"/> Pool HOT TUB | <input type="checkbox"/> Other | Att. <input type="checkbox"/> Det. <input type="checkbox"/> Built-in | | | |

Appliances Refrigerator Range/Oven Dishwasher Disposal Microwave Washer/Dryer Other (describe) _____

Finished area above grade contains: **10** Rooms **4** Bedrooms **4.5** Bath(s) **3,588** Square Feet of Gross Living Area Above Grade
 Additional features (special energy efficient items, etc.) **THE SUBJECT HAS 71.65 FT. OF PAYETTE LAKE FRONTAGE AND A PRIVATE DOCK**

Describe the condition of the property (including needed repairs, deterioration, renovations, remodeling, etc.) **NO FUNCTIONAL OR PHYSICAL INADEQUACIES, REPAIRS, MODERNIZATION OR FACTORS THAT WOULD NEGATIVELY AFFECT VALUE WERE APPARENT AT THE TIME OF INSPECTION. NO EXTERNAL OR PHYSICAL OBSOLESCENCE NOTED.**

Are there any physical deficiencies or adverse conditions that affect the livability, soundness, or structural integrity of the property? Yes No If Yes, describe _____

Does the property generally conform to the neighborhood (functional utility, style, condition, use, construction, etc.)? Yes No If No, describe _____

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| | | | | | | | |
|--|--|--|----------------------|--|--------------------|--|--------------------|
| There are 7 comparable properties currently offered for sale in the subject neighborhood ranging in price from \$ 1,000,000 to \$ 10,000,000 | | | | | | | |
| There are 5 comparable sales in the subject neighborhood within the past twelve months ranging in sale price from \$ 1,000,000 to \$ 10,000,000 | | | | | | | |
| FEATURE | SUBJECT | COMPARABLE SALE # 1 | | COMPARABLE SALE # 2 | | COMPARABLE SALE # 3 | |
| Address | 2087 JOHN ALDEN ROAD MCCALL, ID 83638 | 2104 PAYETTE DRIVE MCCALL | | 1381 E LICK CREEK RD MCCALL | | 215 & 217 W LAKE STREET MCCALL | |
| Proximity to Subject | | 1.91 miles NW | | 0.8 miles SE | | 2.54 miles SW | |
| Sale Price | \$ | \$ 1,000,000 | | \$ 7,000,000 | | \$ 2,900,000 | |
| Sale Price/Gross Liv. Area | \$ <u>470</u> sq.ft. | \$ 1096.49 sq.ft. | | \$ 1666.67 sq.ft. | | \$ 1162.79 sq.ft. | |
| Data Source(s) | | VISUAL/MLS/COUNTY | | VISUAL/MLS/COUNTY | | VISUAL/MLS/COUNTY | |
| Verification Source(s) | | MLS # 417600 | | MLS # 413771 | | MLS # 419936 | |
| VALUE ADJUSTMENTS | DESCRIPTION | DESCRIPTION | +(-) \$ Adjustment | DESCRIPTION | +(-) \$ Adjustment | DESCRIPTION | +(-) \$ Adjustment |
| Sales or Financing Concessions | | CONVNTIONAL | | CONVNTIONAL | | CONVNTIONAL | |
| Date of Sale/Time | | 12-8-05/130 DM | | 10-14-05/554D | | 8-1-06/68 DM | |
| Location | SUBURBAN | SIMILAR | | SIMILAR | | SIMILAR | |
| Leasehold/Fee Simple | LEASEHOLD | LEASEHOLD | | FEE SIMPLE | | FEE SIMPLE | |
| Site | 0.68 AC/71.6 FT | 0.46 AC/100 FT | -350,000 | 2.80AC/ 291 FT | -3,500,000 | 0.38 AC/82 FT. | -330,000 |
| View | LAKE | LAKE | | LAKE | | LAKE | |
| Design (Style) | CUSTOM | INFERIOR | +1,000,000 | SIMILAR | | CUSTOM | |
| Quality of Construction | VERY GOOD | AVERAGE | +1,000,000 | SIMILAR | | GOOD | +500,000 |
| Actual Age | NEW | 88 YR REMDL | | 12 YEARS | | 8 YEARS | |
| Condition | NEW | AVERAGE | +250,000 | VERY GOOD | | VERY GOOD | |
| Above Grade | Total Bdrms. Baths | Total Bdrms. Baths | +5,000 | Total Bdrms. Baths | -9,000 | Total Bdrms. Baths | +3,000 |
| Room Count | 10 4 4.5 | 5 2 1 | +7,000 | 12 7 5 | -1,000 | 6 3 2.5 | +4,000 |
| Gross Living Area | 3,568 sq.ft. | 912 sq.ft. | +267,600 | 4,200 sq.ft. | -61,200 | 2,494 sq.ft. | +109,400 |
| Basement & Finished | 1,389 Sq Ft. | NONE | | 1,200SQ FT.FIN | | NONE | |
| Rooms Below Grade | 100% | NA | | UNKNOWN | | NA | |
| Functional Utility | TYPICAL | TYPICAL | | TYPICAL | | TYPICAL | |
| Heating/Cooling | FA ELEC/CNTR | ELEC BSBRD | | ELEC FA | | RADIANT | |
| Energy Efficient Items | NONE | NONE | | NONE | | NONE | |
| Garage/Carport | 2/0 | 1/0 | +4,000 | 3/0 | -4,000 | 2/0 | |
| Porch/Patio/Deck | PRCH/DK/PTO | PRCH/DK/PTO | | PORCH/DECK | | PORCH/DECK | |
| DOCK | PRVT DOCK | PRVT DOCK | | PRVT DOCK | | PRVT DOCK | |
| GUEST HOUSE | NONE | GUEST HOUSE | -25,000 | GUEST HOUSE | -25,000 | EXTRA HOUSE | -200,000 |
| Net Adjustment (Total) | | <input checked="" type="checkbox"/> + <input type="checkbox"/> - | \$ 2,159,600 | <input type="checkbox"/> + <input checked="" type="checkbox"/> - | \$ -3,600,200 | <input checked="" type="checkbox"/> + <input type="checkbox"/> - | \$ 86,400 |
| Adjusted Sale Price of Comparables | | Net Adj. 216.0 % | | Net Adj. 51.4 % | | Net Adj. 3.0 % | |
| | | Gross Adj. 291.0 % | \$ 3,159,600 | Gross Adj. 51.4 % | \$ 3,399,800 | Gross Adj. 39.5 % | \$ 2,986,400 |
| <input checked="" type="checkbox"/> did <input type="checkbox"/> did not research the sale or transfer history of the subject property and comparable sales. If not, explain | | | | | | | |
| My research <input type="checkbox"/> did <input checked="" type="checkbox"/> did not reveal any prior sales or transfers of the subject property for the three years prior to the effective date of this appraisal. | | | | | | | |
| Data Source(s) MLS | | | | | | | |
| My research <input type="checkbox"/> did <input checked="" type="checkbox"/> did not reveal any prior sales or transfers of the comparable sales for the year prior to the date of sale of the comparable sale. | | | | | | | |
| Data Source(s) MLS | | | | | | | |
| Report the results of the research and analysis of the prior sale or transfer history of the subject property and comparable sales (report additional prior sales on page 3) | | | | | | | |
| ITEM | SUBJECT | COMPARABLE SALE #1 | COMPARABLE SALE #2 | COMPARABLE SALE #3 | | | |
| Date of Prior Sale/Transfer | NONE IN PAST | SOLD AS LISTED ABOVE | SOLD AS LISTED ABOVE | SOLD AS LISTED ABOVE | | | |
| Price of Prior Sale/Transfer | THREE YEARS | | | | | | |
| Data Source(s) | | | | | | | |
| Effective Date of Data Source(s) | | | | | | | |
| Analysis of prior sale or transfer history of the subject property and comparable sales | | | | | | | |
| Summary of Sales Comparison Approach See attached addenda | | | | | | | |
| Indicated Value by Sales Comparison Approach \$ 3,000,000 | | | | | | | |
| Indicated Value by: Sales Comparison Approach \$ 3,000,000 Cost Approach (if developed) \$ Income Approach (if developed) \$ | | | | | | | |
| SEE ATTACHED ADDENDA | | | | | | | |
| This appraisal is made <input type="checkbox"/> "as is", <input checked="" type="checkbox"/> subject to completion per plans and specifications on the basis of a hypothetical condition that the improvements have been completed, <input type="checkbox"/> subject to the following repairs or alterations on the basis of a hypothetical condition that the repairs or alterations have been completed, or <input type="checkbox"/> subject to the following required inspection based on the extraordinary assumption that the condition or deficiency does not require alteration or repair. THIS REPORT IS INTENDED FOR USE BY THE LENDER/CLIENT NAMED AND FOR NO OTHER PARTIES WITHOUT WRITTEN CONSENT FROM THE CLIENT. | | | | | | | |
| Based on a complete visual inspection of the interior and exterior areas of the subject property, defined scope of work, statement of assumptions and limiting conditions, and appraiser's certification, my (our) opinion of the market value, as defined, of the real property that is the subject of this report is \$ 3,000,000 as of 8/17/2006, which is the date of inspection and the effective date of this appraisal. | | | | | | | |

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This report form is designed to report an appraisal of a one-unit property or a one-unit property with an accessory unit; including a unit in a planned unit development (PUD). This report form is not designed to report an appraisal of a manufactured home or a unit in a condominium or cooperative project.

This appraisal report is subject to the following scope of work, intended use, intended user, definition of market value, statement of assumptions and limiting conditions, and certifications. Modifications, additions, or deletions to the intended use, intended user, definition of market value, or assumptions and limiting conditions are not permitted. The appraiser may expand the scope of work to include any additional research or analysis necessary based on the complexity of this appraisal assignment. Modifications or deletions to the certifications are also not permitted. However, additional certifications that do not constitute material alterations to this appraisal report, such as those required by law or those related to the appraiser's continuing education or membership in an appraisal organization, are permitted.

SCOPE OF WORK: The scope of work for this appraisal is defined by the complexity of this appraisal assignment and the reporting requirements of this appraisal report form, including the following definition of market value, statement of assumptions and limiting conditions, and certifications. The appraiser must, at a minimum: (1) perform a complete visual inspection of the interior and exterior areas of the subject property, (2) inspect the neighborhood, (3) inspect each of the comparable sales from at least the street, (4) research, verify, and analyze data from reliable public and/or private sources, and (5) report his or her analysis, opinions, and conclusions in this appraisal report.

INTENDED USE: The intended use of this appraisal report is for the lender/client to evaluate the property that is the subject of this appraisal for a mortgage finance transaction.

INTENDED USER: The intended user of this appraisal report is the lender/client.

DEFINITION OF MARKET VALUE: The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby: (1) buyer and seller are typically motivated; (2) both parties are well informed or well advised, and each acting in what he or she considers his or her own best interest; (3) a reasonable time is allowed for exposure in the open market; (4) payment is made in terms of cash in U. S. dollars or in terms of financial arrangements comparable thereto; and (5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions* granted by anyone associated with the sale.

*Adjustments to the comparables must be made for special or creative financing or sales concessions. No adjustments are necessary for those costs which are normally paid by sellers as a result of tradition or law in a market area; these costs are readily identifiable since the seller pays these costs in virtually all sales transactions. Special or creative financing adjustments can be made to the comparable property by comparisons to financing terms offered by a third party institutional lender that is not already involved in the property or transaction. Any adjustment should not be calculated on a mechanical dollar for dollar cost of the financing or concession but the dollar amount of any adjustment should approximate the market's reaction to the financing or concessions based on the appraiser's judgment.

STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS: The appraiser's certification in this report is subject to the following assumptions and limiting conditions:

1. The appraiser will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it, except for information that he or she became aware of during the research involved in performing this appraisal. The appraiser assumes that the title is good and marketable and will not render any opinions about the title.
2. The appraiser has provided a sketch in this appraisal report to show the approximate dimensions of the improvements. The sketch is included only to assist the reader in visualizing the property and understanding the appraiser's determination of its size.
3. The appraiser has examined the available flood maps that are provided by the Federal Emergency Management Agency (or other data sources) and has noted in this appraisal report whether any portion of the subject site is located in an identified Special Flood Hazard Area. Because the appraiser is not a surveyor, he or she makes no guarantees, express or implied, regarding this determination.
4. The appraiser will not give testimony or appear in court because he or she made an appraisal of the property in question, unless specific arrangements to do so have been made beforehand, or as otherwise required by law.
5. The appraiser has noted in this appraisal report any adverse conditions (such as needed repairs, deterioration, the presence of hazardous wastes, toxic substances, etc.) observed during the inspection of the subject property or that he or she became aware of during the research involved in performing the appraisal. Unless otherwise stated in this appraisal report, the appraiser has no knowledge of any hidden or unapparent physical deficiencies or adverse conditions of the property (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) that would make the property less valuable, and has assumed that there are no such conditions and makes no guarantees or warranties, express or implied. The appraiser will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because the appraiser is not an expert in the field of environmental hazards, this appraisal report must not be considered as an environmental assessment of the property.
6. The appraiser has based his or her appraisal report and valuation conclusion for an appraisal that is subject to satisfactory completion, repairs, or alterations on the assumption that the completion, repairs, or alterations of the subject property will be performed in a professional manner.

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APPRAISER'S CERTIFICATION: The Appraiser certifies and agrees that:

1. I have, at a minimum, developed and reported this appraisal in accordance with the scope of work requirements stated in this appraisal report.
2. I performed a complete visual inspection of the interior and exterior areas of the subject property. I reported the condition of the improvements in factual, specific terms. I identified and reported the physical deficiencies that could affect the livability, soundness, or structural integrity of the property.
3. I performed this appraisal in accordance with the requirements of the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place at the time this appraisal report was prepared.
4. I developed my opinion of the market value of the real property that is the subject of this report based on the sales comparison approach to value. I have adequate comparable market data to develop a reliable sales comparison approach for this appraisal assignment. I further certify that I considered the cost and income approaches to value but did not develop them, unless otherwise indicated in this report.
5. I researched, verified, analyzed, and reported on any current agreement for sale for the subject property, any offering for sale of the subject property in the twelve months prior to the effective date of this appraisal, and the prior sales of the subject property for a minimum of three years prior to the effective date of this appraisal, unless otherwise indicated in this report.
6. I researched, verified, analyzed, and reported on the prior sales of the comparable sales for a minimum of one year prior to the date of sale of the comparable sale, unless otherwise indicated in this report.
7. I selected and used comparable sales that are locationally, physically, and functionally the most similar to the subject property.
8. I have not used comparable sales that were the result of combining a land sale with the contract purchase price of a home that has been built or will be built on the land.
9. I have reported adjustments to the comparable sales that reflect the market's reaction to the differences between the subject property and the comparable sales.
10. I verified, from a disinterested source, all information in this report that was provided by parties who have a financial interest in the sale or financing of the subject property.
11. I have knowledge and experience in appraising this type of property in this market area.
12. I am aware of, and have access to, the necessary and appropriate public and private data sources, such as multiple listing services, tax assessment records, public land records and other such data sources for the area in which the property is located.
13. I obtained the information, estimates, and opinions furnished by other parties and expressed in this appraisal report from reliable sources that I believe to be true and correct.
14. I have taken into consideration the factors that have an impact on value with respect to the subject neighborhood, subject property, and the proximity of the subject property to adverse influences in the development of my opinion of market value. I have noted in this appraisal report any adverse conditions (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) observed during the inspection of the subject property or that I became aware of during the research involved in performing this appraisal. I have considered these adverse conditions in my analysis of the property value, and have reported on the effect of the conditions on the value and marketability of the subject property.
15. I have not knowingly withheld any significant information from this appraisal report and, to the best of my knowledge, all statements and information in this appraisal report are true and correct.
16. I stated in this appraisal report my own personal, unbiased, and professional analysis, opinions, and conclusions, which are subject only to the assumptions and limiting conditions in this appraisal report.
17. I have no present or prospective interest in the property that is the subject of this report, and I have no present or prospective personal interest or bias with respect to the participants in the transaction. I did not base, either partially or completely, my analysis and/or opinion of market value in this appraisal report on the race, color, religion, sex, age, marital status, handicap, familial status, or national origin of either the prospective owners or occupants of the subject property or of the present owners or occupants of the properties in the vicinity of the subject property or on any other basis prohibited by law.
18. My employment and/or compensation for performing this appraisal or any future or anticipated appraisals was not conditioned on any agreement or understanding, written or otherwise, that I would report (or present analysis supporting) a predetermined specific value, a predetermined minimum value, a range or direction in value, a value that favors the cause of any party, or the attainment of a specific result or occurrence of a specific subsequent event (such as approval of a pending mortgage loan application).
19. I personally prepared all conclusions and opinions about the real estate that were set forth in this appraisal report. If I relied on significant real property appraisal assistance from any individual or individuals in the performance of this appraisal or the preparation of this appraisal report, I have named such individual(s) and disclosed the specific tasks performed in this appraisal report. I certify that any individual so named is qualified to perform the tasks. I have not authorized anyone to make a change to any item in this appraisal report; therefore, any change made to this appraisal is unauthorized and I will take no responsibility for it.
20. I identified the lender/client in this appraisal report who is the individual, organization, or agent for the organization that ordered and will receive this appraisal report.

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21. The lender/client may disclose or distribute this appraisal report to: the borrower; another lender at the request of the borrower; the mortgagee or its successors and assigns; mortgage insurers; government sponsored enterprises; other secondary market participants; data collection or reporting services; professional appraisal organizations; any department, agency, or instrumentality of the United States; and any state, the District of Columbia, or other jurisdictions; without having to obtain the appraiser's or supervisory appraiser's (if applicable) consent. Such consent must be obtained before this appraisal report may be disclosed or distributed to any other party (including, but not limited to, the public through advertising, public relations, news, sales, or other media).

22. I am aware that any disclosure or distribution of this appraisal report by me or the lender/client may be subject to certain laws and regulations. Further, I am also subject to the provisions of the Uniform Standards of Professional Appraisal Practice that pertain to disclosure or distribution by me.

23. The borrower, another lender at the request of the borrower, the mortgagee or its successors and assigns, mortgage insurers, government sponsored enterprises, and other secondary market participants may rely on this appraisal report as part of any mortgage finance transaction that involves any one or more of these parties.

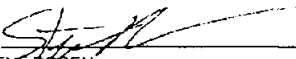
24. If this appraisal report was transmitted as an "electronic record" containing my "electronic signature," as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or a facsimile transmission of this appraisal report containing a copy or representation of my signature, the appraisal report shall be as effective, enforceable and valid as if a paper version of this appraisal report were delivered containing my original hand written signature.

25. Any intentional or negligent misrepresentation(s) contained in this appraisal report may result in civil liability and/or criminal penalties including, but not limited to, fine or imprisonment or both under the provisions of Title 18, United States Code, Section 1001, et seq., or similar state laws.

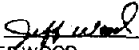
SUPERVISORY APPRAISER'S CERTIFICATION: The Supervisory Appraiser certifies and agrees that:

1. I directly supervised the appraiser for this appraisal assignment, have read the appraisal report, and agree with the appraiser's analysis, opinions, statements, conclusions, and the appraiser's certification.
2. I accept full responsibility for the contents of this appraisal report including, but not limited to, the appraiser's analysis, opinions, statements, conclusions, and the appraiser's certification.
3. The appraiser identified in this appraisal report is either a sub-contractor or an employee of the supervisory appraiser (or the appraisal firm), is qualified to perform this appraisal, and is acceptable to perform this appraisal under the applicable state law.
4. This appraisal report complies with the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place at the time this appraisal report was prepared.
5. If this appraisal report was transmitted as an "electronic record" containing my "electronic signature," as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or a facsimile transmission of this appraisal report containing a copy or representation of my signature, the appraisal report shall be as effective, enforceable and valid as if a paper version of this appraisal report were delivered containing my original hand written signature.

APPRAISER

Signature 
 Name STEVE BOREN
 Company Name MARKETWISE, INC.
 Company Address P.O. BOX 568, CASCADE, ID 83611
 Telephone Number (208) 382-5573
 Email Address stephenboren@frontiernet.net
 Date of Signature and Report August 27, 2006
 Effective Date of Appraisal 8/17/2006
 State Certification # _____
 or State License # LRA-1404
 or Other (describe) _____ State # _____
 State ID _____
 Expiration Date of Certification or License 2/27/2007

SUPERVISORY APPRAISER (ONLY IF REQUIRED)

Signature 
 Name JEFF WOOD
 Company Name _____
 Company Address 2399 S ORCHARD, #103A, BOISE, ID 83705
 Telephone Number (208) 424-8668
 Email Address JEFF@FASTCOMPS.COM
 Date of Signature August 27, 2006
 State Certification # CRA-1746
 or State License # _____
 State ID _____
 Expiration Date of Certification or License 11/13/2006

ADDRESS OF PROPERTY APPRAISED

2087 JOHN ALDEN ROAD
MCCALL, ID 83638
 APPRAISED VALUE OF SUBJECT PROPERTY \$ 3,000,000

LENDER/CLIENT

Name DAN RILEY
 Company Name ASPEN COUNTRY MORTGAGE
 Company Address 212 N MAIN ST, SUITE A, MCCALL, ID 83638
 Email Address danr@aspencountrymortgage.com

SUBJECT PROPERTY

- Did not inspect subject property
 Did inspect exterior of subject property from street
 Date of Inspection _____
 Did inspect interior and exterior of subject property
 Date of Inspection 8/17/2006

COMPARABLE SALES

- Did not inspect exterior of comparable sales from street
 Did inspect exterior of comparable sales from street
 Date of Inspection 8/17/2006

Supplemental Addendum

File No. SB06-0817

| | | | | | |
|------------------|---------------------------------|--------|--------|----------|----------------|
| Borrower/Client | HAROLD A. AND MAJ-LE T. BRIDGES | | | | |
| Property Address | 2087 JOHN ALDEN ROAD | | | | |
| City | MCCALL | County | VALLEY | State ID | Zip Code 83638 |
| Lender | ASPEN COUNTRY MORTGAGE | | | | |

• **URAR: Subject Legal Description**

THE SUBJECT LEGAL DESCRIPTION IS AS FOLLOWS: LEASEHOLD IMPROVEMENT LOCATED ON AMENDED PLAT FOR PILGRIM COVE SUBDIVISION LOT 30 BLOCK 1 & TAX #145 IN GOV'T LOT 1 S3 T18N R3

• **URAR: Neighborhood Market Conditions**

THE SUBJECT MARKET AREA INCLUDES SURROUNDING AREAS THAT A TYPICAL BUYER WOULD CONSIDER WHEN PURCHASING A HOME SUCH AS THE SUBJECT PROPERTY. VALUE TRENDS IN THE SUBJECT AREA REPRESENT A HETEROGENEOUS MIXTURE OF PROPERTIES CONSIDERED TYPICAL AND ACCEPTED AS THE NORM FOR THIS AREA. SUPPLY AND DEMAND APPEAR TO BE IN BALANCE AND MARKETING TIME VARIES ACCORDING TO BUYER AND SELLER MOTIVATION. RECENTLY THIS MARKET HAS SEEN SIGNIFICANT GROWTH IN VALUE DUE TO THE OFFERING OF LOTS AT TWO NEW DEVELOPMENTS.

THE FIRST OF THESE IS THE NEW FOUR SEASON TAMARACK RESORT. THIS RESORT HAS BUILT A SKI RESORT AND GOLF COURSE AND HAS THE PERMITS FOR A PROPOSED MARINA ALONG CASCADE LAKE. THE FIRST OFFERING OF LOTS WAS IN FEBRUARY OF 2004. 60 LOTS WERE OFFERED AT PRICES RANGING FROM \$325,000 TO \$575,000. THE WAITING LIST FOR THESE LOTS WAS MORE THAN TWICE AS LONG AS THE NUMBER OF LOTS AVAILABLE. OBVIOUSLY THE LOTS SOLD OUT IMMEDIATELY. ALL OF THE FOLLOWING OFFERINGS OF LOTS AT TAMARACK HAVE HAD SIMILAR RESULTS TO THE FIRST. THE ONLY DIFFERENCE BEING THAT THE PRICES HAVE INCREASED TO MORE THAN DOUBLE THE FIRST OFFERING PRICES.

THE SECOND SUCH DEVELOPMENT IS THE JUG MOUNTAIN RANCH. THIS IS A PUD BUILT AROUND A GOLF COURSE THAT HAS ALREADY BEEN CONSTRUCTED AND IS OPEN FOR PLAY NOW. THESE LOTS RANGE IN PRICES FROM \$150,000 TO \$375,000. LIKE THE TAMARACK LOTS THE FIRST OFFERING HAD A WAITING LIST OF MORE THAN TWICE THE NUMBER OF AVAILABLE LOTS AND SOLD OUT IMMEDIATELY.

IN EITHER CASE THE MARKETING FOR THESE TWO DEVELOPMENTS WHICH HAS BEEN GLOBAL IN NATURE HAS SIGNIFICANTLY AFFECTED THE LOCAL REAL ESTATE MARKET. THE DEMAND FOR PROPERTY IN THESE TWO DEVELOPMENTS HAS CAUSED THE DEMAND IN THE ENTIRE MARKET TO INCREASE AND ALMOST SURPASS SUPPLY. MARKETING TIMES HAVE GONE TO AN AVERAGE OF LESS THAN THREE MONTHS FOR REASONABLY PRICED PROPERTY. BOTH OF THESE DEVELOPMENTS ALONG WITH NUMEROUS OTHERS HAVE CAUSED AN IMMEDIATE NEED FOR HOUSING FOR THE WORK FORCE TO BUILD THEM AND HAS THEREFORE MADE A VERY STRONG RENTAL MARKET AND CAUSED MORE POTENTIAL RENTERS TO LOOK FOR PROPERTY TO PURCHASE. THERE HAS BEEN AN INFLUX OF NEW RESIDENTS IN THIS MARKET WHO ARE HERE TO SERVICE THE VARIOUS INDUSTRIES NECESSARY TO ACCOMODATE THE CONSTRUCTION AND ADDITIONAL POPULATION.

THIS RECENT RISE IN OVERALL REAL ESTATE VALUES IS A DIRECT RESULT OF THE MARKETING EFFORTS OF THESE TWO AND OTHER SMALLER PROJECTS. THE CURRENT MARKET CONDITIONS ARE DEPENDENT ON THE SUCCESS OF THESE DEVELOPMENTS.

• **URAR: Sales Comparison Analysis - Summary of Sales Comparison Approach**

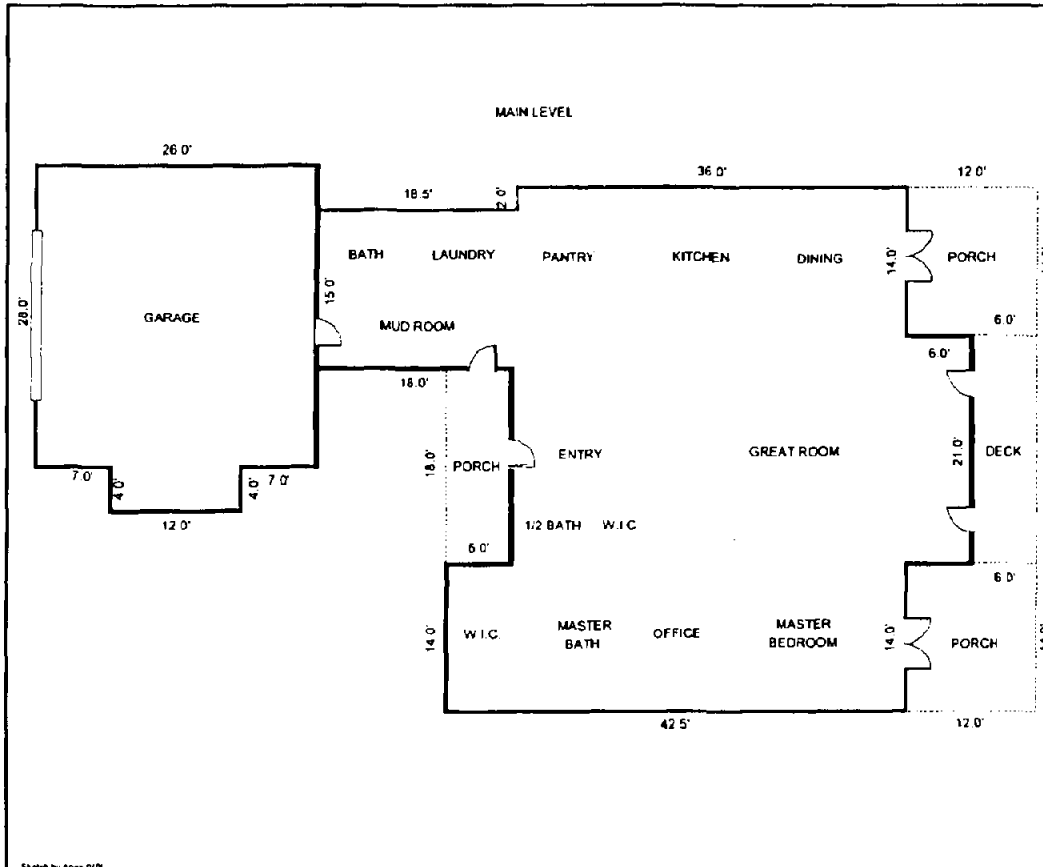
THE SALES USED IN THIS ANALYSIS ARE THE BEST AVAILABLE SALES AND REPRESENT THE MOST COMPARABLE HOMES IN THE AREA WITH AVAILABLE SALES INFORMATION. THE PROPOSED SUBJECT IS TO BE OF THE HIGHEST QUALITY AVAILABLE IN THIS MARKET. THE SUBJECT PROPERTY IS A LAKEFRONT LOT ON PAYETTE LAKE. THE SUBJECT PARCEL IS A STATE LEASE AND NOT DEEDED LAND. THESE 3 FACTS DRASTICALLY REDUCE THE NUMBER OF COMPARABLE SALES. COMPARABLE # 1 IS THE ONLY OTHER STATE LEASE THAT WE ARE AWARE OF AT THIS TIME. COMPARABLE # 1 IS TOTALLY INFERIOR TO THE SUBJECT IN SIZE, DESIGN, QUALITY AND CONDITION. COMPARABLES # 2, 3, 4 & 5 ARE FEE SIMPLE OWNERSHIP BUT ARE THE MOST SIMILAR IN IMPROVEMENTS TO THE SUBJECT. COMPARABLE # 2 IS THE MOST SIMILAR TO THE SUBJECT IN IMPROVEMENTS BUT HAS A SIGNIFICANTLY MORE VALUABLE SITE. SITE VALUES ON PAYETTE LAKE ARE DETERMINED BY LINEAR FEET OF LAKE FRONTAGE. FEE SIMPLE SITES ARE VALUED AT \$15,000 PER LINEAR FOOT OF FRONTAGE. STATE LEASE SITES ARE VALUED AT \$12,500 PER LINEAR FOOT. THIS RATIO APPEARS TO BE SIMILAR IN LEASEHOLD SALES VERSUS FEE SIMPLE SALES FOR PROPERTIES OFF OF THE LAKE IN THIS MARKET AS WELL. FOR EXAMPLE, A 900 SF HOME ON .46 ACRE LEASEHOLD, SOLD FOR \$215,000. A 100 SF HOME ON .46 ACRE FEE SIMPLE, SOLD FOR \$250,000. BOTH OF THESE HOMES WERE SIMILAR IN QUALITY AND CONDITION. ADJUSTMENTS FOR SITE DIFFERENCES WERE DETERMINED BY CALCULATING THE ESTIMATED VALUE OF THE SUBJECT SITE AND COMPARING IT TO THE ESTIMATED VALUE OF EACH COMPARABLE ON AN INDIVIDUAL BASIS. ADJUSTMENTS WERE MADE ACCORDINGLY. COMPARABLES # 3, 4 & 5 ARE ADJUSTED FOR INFERIOR QUALITY. NO ADJUSTMENT WAS MADE FOR CONDITION. ALL THREE OF THESE HOMES ARE SECOND HOMES THAT ARE RARELY OCCUPIED AND HAVE BEEN WELL MAINTAINED. COMPARABLE # 4 IS ADJUSTED UPWARD FOR INFERIOR DESIGN AND APPEAL. COMPARABLE # 3 HAD A SEPERATE HOUSE ON A SEPERATE PARCEL THAT WAS PART OF THE SALE. THIS PARCEL WAS NOT LAKEFRONT. A DOWNWARD ADJUSTMENT WAS MADE FOR THE ESTIMATED MARKET VALUE OF THIS HOME AND LOT. NONE OF THESE COMPARABLES ARE SIMILAR TO THE SUBJECT IN ALL ASPECTS BUT THESE FIVE SALES, ADJUSTED APPROPRIATELY, GIVE A REASONABLE RANGE OF VALUE WITHIN WHICH LIES THE MOST LIKELY MARKET VALUE OF THE SUBJECT.

• **URAR: Reconciliation - Reconciliation and Final Value Conclusion**

FINANCING TERMS WILL HAVE NO AFFECT ON OUR OPINION OF VALUE. NO PERSONAL PROPERTY IS INCLUDED IN THIS REPORT. THE VALUE RENDERED IS WITHIN 5% TO 10% OF THE MOST PROBABLE MARKET VALUE. THE OPINION OF VALUE WAS RENDERED BY THE DIRECT SALES COMPARISON DISPLAYED IN THE GRID SECTION OF THIS REPORT. THE COST APPROACH WAS NOT INCLUDED AS IT IS UNRELIABLE IN THIS MARKET. THE INCOME APPROACH IS NOT RELEVANT TO THIS REPORT AS THE SUBJECT IS OWNER OCCUPIED LIKE MOST SINGLE FAMILY RESIDENCES IN THIS MARKET.

Building Sketch

| | | | |
|------------------|---------------------------------|----------|--------|
| Borrower/Client | HAROLD A. AND MAJ-LE T. BRIDGES | | |
| Property Address | 2087 JOHN ALDEN ROAD | | |
| City | MCCALL | County | VALLEY |
| State | ID | Zip Code | 83638 |
| Lender | ASPEN COUNTRY MORTGAGE | | |



Sketch by Apex IV™

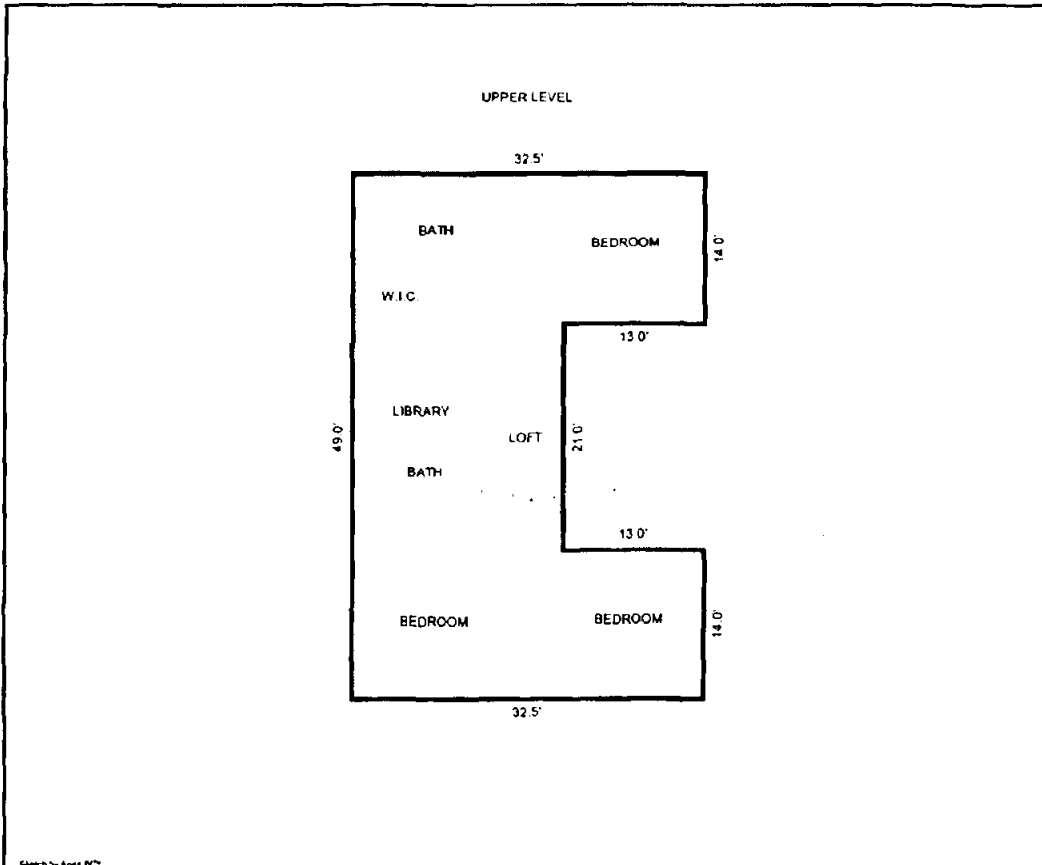
Comments:

| AREA CALCULATIONS SUMMARY | | | |
|---------------------------|-------------|---------|------------|
| Code | Description | Size | Net Totals |
| GLA1 | First Floor | 2267.50 | 2267.50 |
| P/P | Porch | 108.00 | |
| | DECK | 168.00 | |
| | Porch | 168.00 | |
| | DECK | 126.00 | 570.00 |
| GAR | Garage | 776.00 | 776.00 |
| TOTAL LIVABLE (rounded) | | | 2268 |

| LIVING AREA BREAKDOWN | | |
|--------------------------------|-------------|-----------|
| | Breakdown | Subtotals |
| First Floor | | |
| | 6.0 x 21.0 | 126.00 |
| | 15.0 x 54.5 | 817.50 |
| | 32.0 x 36.5 | 1168.00 |
| | 2.0 x 36.0 | 72.00 |
| | 6.0 x 14.0 | 84.00 |
| 5 Calculations Total (rounded) | | 2268 |

Building Sketch

| | | | | | |
|------------------|---------------------------------|--------|--------|----------|----------------|
| Borrower/Client | HAROLD A. AND MAJ-LE T. BRIDGES | | | | |
| Property Address | 2087 JOHN ALDEN ROAD | | | | |
| City | MCCALL | County | VALLEY | State ID | Zip Code 83638 |
| Lender | ASPEN COUNTRY MORTGAGE | | | | |



Sketch by Agent R**

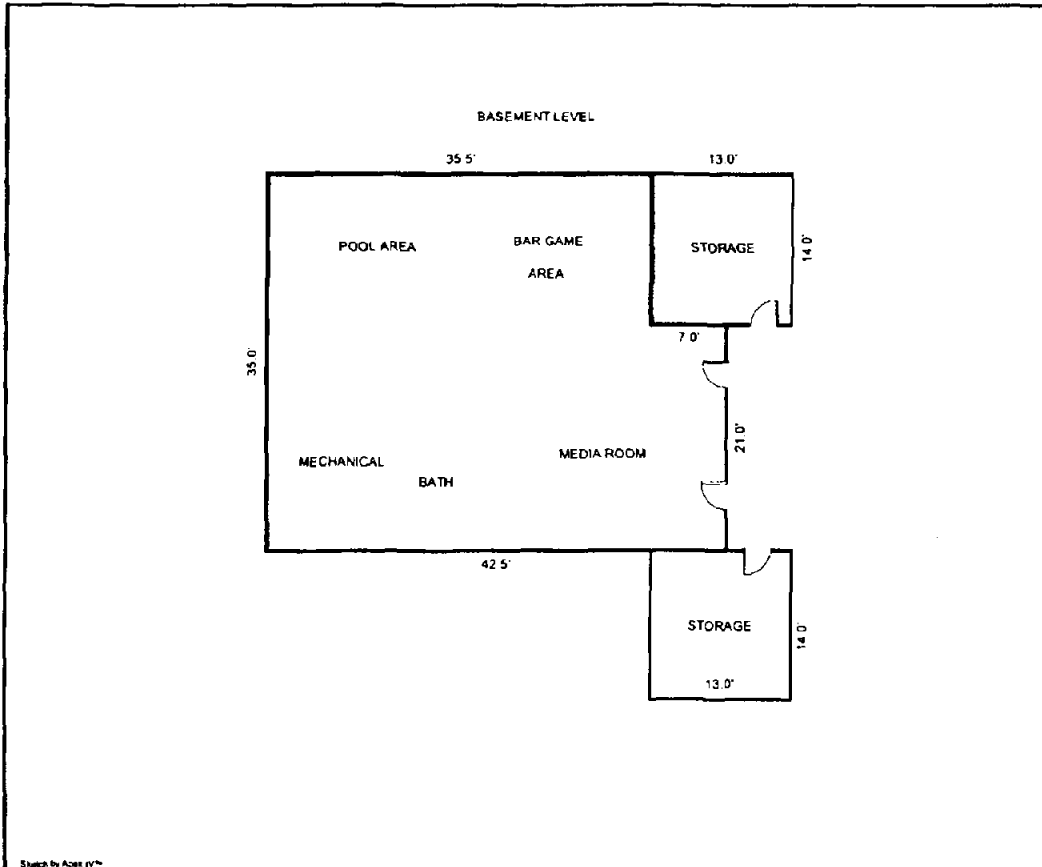
Comments:

| AREA CALCULATIONS SUMMARY | | | |
|---------------------------|--------------|-----------|------------|
| Code | Description | Size | Net Totals |
| GLA2 | Second Floor | 1319.50 | 1319.50 |
| TOTAL LIVABLE | | (rounded) | 1320 |

| LIVING AREA BREAKDOWN | | |
|---------------------------------------|------|-----------|
| Breakdown | | Subtotals |
| Second Floor | | |
| 19.5 x | 49.0 | 955.50 |
| 13.0 x | 14.0 | 182.00 |
| 13.0 x | 14.0 | 182.00 |
| 3 Calculations Total (rounded) | | 1320 |

Building Sketch

| | | | | | |
|------------------|---------------------------------|--------|--------|----------|----------------|
| Borrower/Client | HAROLD A. AND MAJ-LE T. BRIDGES | | | | |
| Property Address | 2087 JOHN ALDEN ROAD | | | | |
| City | MCCALL | County | VALLEY | State ID | Zip Code 83639 |
| Lender | ASPEN COUNTRY MORTGAGE | | | | |



Sketch by Aspen iv™

Comments:

| AREA CALCULATIONS SUMMARY | | | |
|---------------------------|-------------|---------|------------|
| Code | Description | Size | Net Totals |
| BSMT | Basement | 1389.50 | 1389.50 |
| OTH | Storage | 182.00 | |
| | Storage | 182.00 | 364.00 |

| AREA BREAKDOWN | |
|----------------|-----------|
| Breakdown | Subtotals |
| | |

FIRREA / USPAP ADDENDUM

Borrower/Client HAROLD A. AND MAJ-LE T. BRIDGES
 Property Address 2087 JOHN ALDEN ROAD
 City MCCALL County VALLEY State ID Zip Code 83638
 Lender ASPEN COUNTRY MORTGAGE

Purpose
 THE PURPOSE OF THIS ASSIGNMENT IS TO DETERMINE A REASONABLE MARKET VALUE FOR THE SUBJECT AS DEFINED IN THE LIMITING CONDITIONS OF THIS REPORT. THIS MARKET VALUE IS TO BE THE MOST PROBABLE PRICE FOR THE SUBJECT IN TERMS OF CASH OR FINANCIAL ARRANGEMENTS EQUIVALENT TO CASH.

Scope
 THE SCOPE OF WORK NECESSARY TO COMPLETE THIS ASSIGNMENT INCLUDES ALL NECESSARY EFFORTS THAT ARE CONSIDERED TYPICAL IN DETERMINING THE VALUE OF THE SUBJECT AS DESCRIBED ABOVE. SPECIFICALLY THIS INCLUDES COMPLIANCE WITH USPAP REQUIREMENTS FOR A SUMMARY REPORT BUT IS NOT LIMITED TO THOSE REQUIREMENTS. ALL EFFORTS WILL BE MADE TO DISCLOSE ANY INFORMATION WHICH IS RELEVANT TO THE CLIENT OR INTENDED USERS.

Intended Use / Intended User
 THE INTENDED USER IS NAMED AS THE LENDER CLIENT ABOVE AND ANY OTHER PARTY TO WHICH THIS USER GRANTS PERMISSION. THE INTENDED USE OF THIS REPORT AS DESCRIBED IN THE APPRAISAL ORDER IS FOR THE REFINANCE OF THE SUBJECT DESCRIBED ABOVE.

History of Property
 Current listing information: NO CURRENT LISTING. THIS IS NEW CONSTRUCTION
 Prior sale: NO PRIOR SALES IN PAST 3 YEARS.

Exposure Time / Marketing Time
 A REASONABLE EXPOSURE TIME FOR THE SUBJECT PROPERTY IS ESTIMATED TO BE LESS THAN 6 MONTHS. OVERALL MARKETING TIME IS DEPENDENT ON BUYER AND SELLER MOTIVATION.

Personal (non-realty) Transfers
 NONE

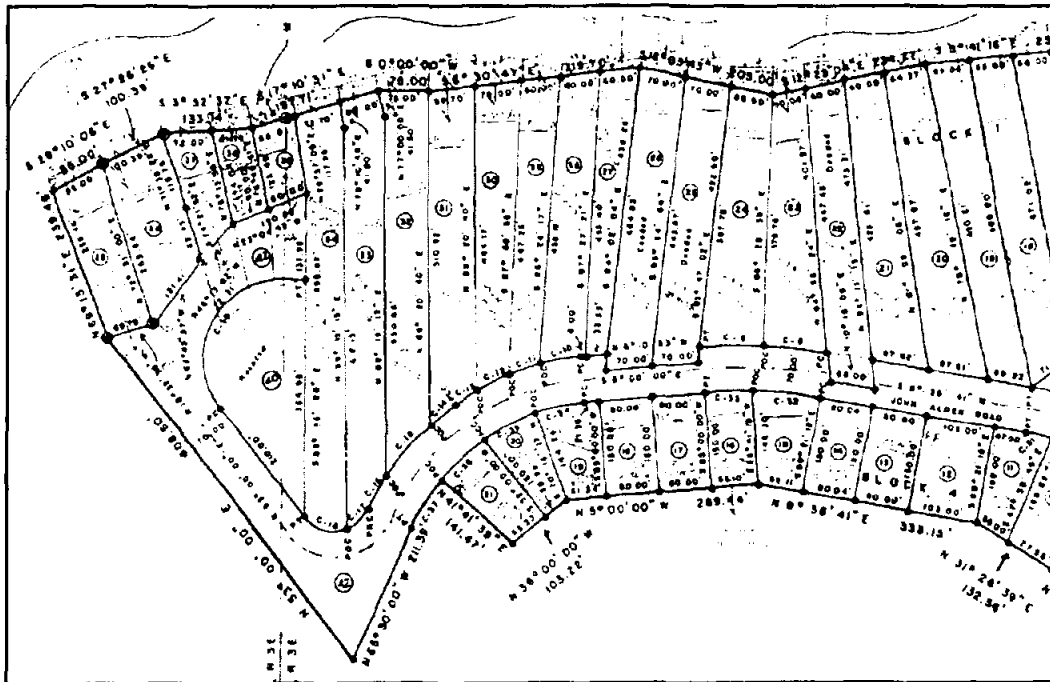
Additional Comments
 ALL CONCLUSIONS AND ESTIMATES IN THIS REPORT ARE THE SOLE OPINION OF THIS APPRAISER AND ARE BASED ON FACTS GATHERED AS WELL AS EXPERIENCE RELATED TO THIS AND OTHER MARKETS.

Certification Supplement
 1. This appraisal assignment was not based on a requested minimum valuation, a specific valuation, or an approval of a loan.
 2. My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result or the occurrence of a subsequent event.

Appraiser(s): Steve Boren Supervisory Appraiser(s): Jeff Wood
 Effective date / Report date: 8/17/2006 Effective date / Report date: August 27, 2006

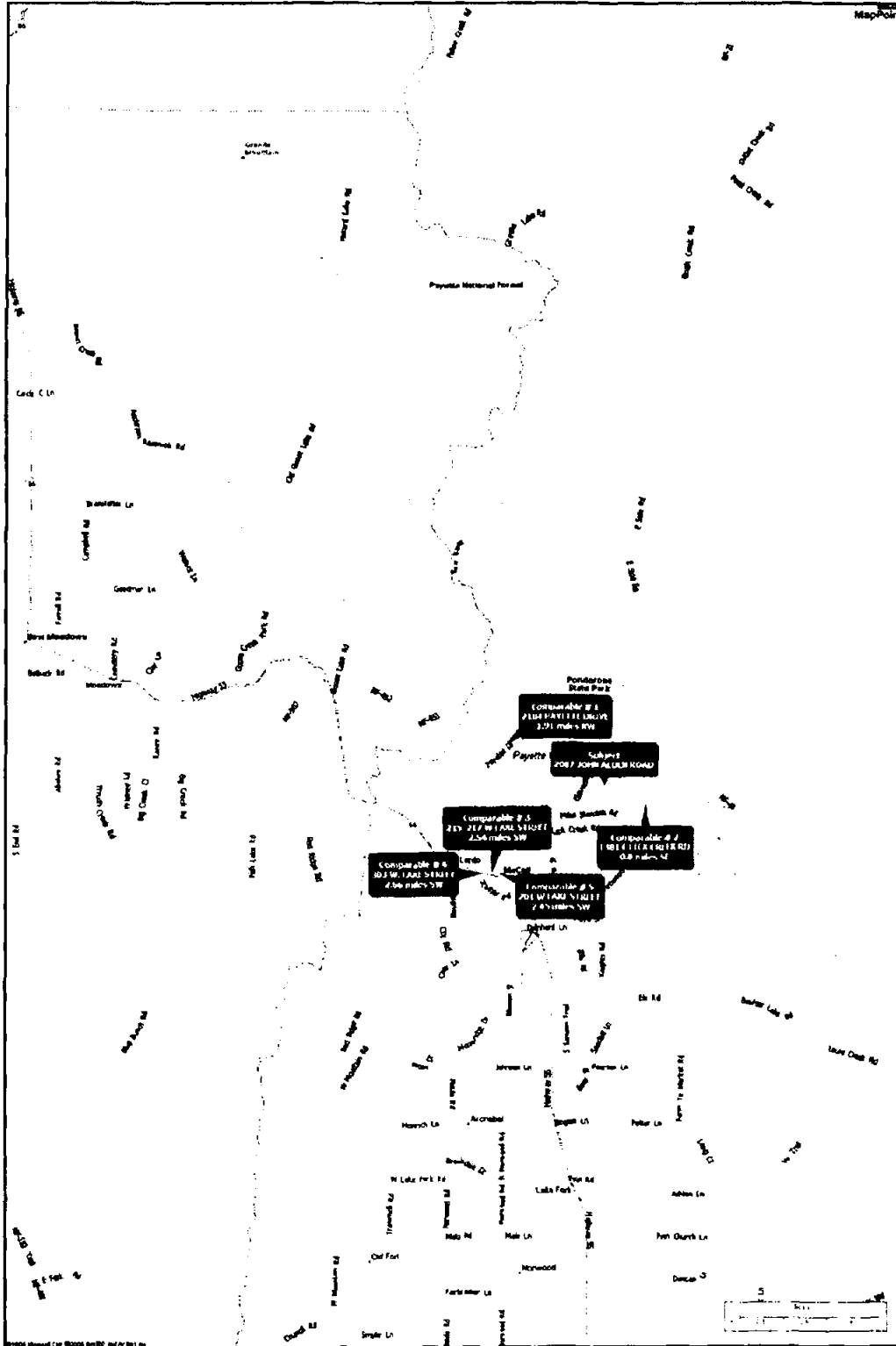
Plat Map

| | | | | | | |
|------------------|---------------------------------|--------|--------|----------|----------|-------|
| Borrower/Client | HAROLD A. AND MAJ-LE T. BRIDGES | | | | | |
| Property Address | 2087 JOHN ALDEN ROAD | | | | | |
| City | MCCALL | County | VALLEY | State ID | Zip Code | 83638 |
| Lender | ASPEN COUNTRY MORTGAGE | | | | | |



Location Map

| | | | | | |
|------------------|---------------------------------|--------|--------|----------|----------------|
| Borrower/Client | HAROLD A. AND MAJ-LE T. BRIDGES | | | | |
| Property Address | 2087 JOHN ALDEN ROAD | | | | |
| City | MCCALL | County | VALLEY | State ID | Zip Code 83638 |
| Lender | ASPEN COUNTRY MORTGAGE | | | | |



Subject Photo Page

| | | | | | | | |
|------------------|---------------------------------|--------|--------|-------|----|----------|-------|
| Borrower/Client | HAROLD A. AND MAJ-LE T. BRIDGES | | | | | | |
| Property Address | 2087 JOHN ALDEN ROAD | | | | | | |
| City | MCCALL | County | VALLEY | State | ID | Zip Code | 83638 |
| Lender | ASPEN COUNTRY MORTGAGE | | | | | | |



Subject Front

2087 JOHN ALDEN ROAD
Sales Price
GLA 3,588
Total Rooms 10
Total Bedrms 4
Total Bathrms 4.5
Location SUBURBAN
View LAKE
Site 0.68 AC/71.6 FT
Quality VERY GOOD
Age NEW



Subject Rear



Subject Street

Comparable Photo Page

| | | | | | | |
|------------------|---------------------------------|--------|--------|----------|----------|-------|
| Borrower/Client | HAROLD A. AND MAJ-LE T. BRIDGES | | | | | |
| Property Address | 2087 JOHN ALDEN ROAD | | | | | |
| City | MCCALL | County | VALLEY | State ID | Zip Code | 83638 |
| Lender | ASPEN COUNTRY MORTGAGE | | | | | |



Comparable 1

2104 PAYETTE DRIVE
 Proximity 1.91 miles NW
 Sale Price 1,000,000
 GLA 912
 Total Rooms 5
 Total Bedrms 2
 Total Bathrms 1
 Location SIMILAR
 View LAKE
 Site 0.46 AC/100 FT.
 Quality AVERAGE
 Age 88 YR REMDL



Comparable 2

1381 E LICK CREEK RD
 Proximity 0.8 miles SE
 Sale Price 7,000,000
 GLA 4,200
 Total Rooms 12
 Total Bedrms 7
 Total Bathrms 5
 Location SIMILAR
 View LAKE
 Site 2.80AC/ 291 FT
 Quality SIMILAR
 Age 12 YEARS



Comparable 3

215 & 217 W LAKE STREET
 Proximity 2.54 miles SW
 Sale Price 2,900,000
 GLA 2,494
 Total Rooms 6
 Total Bedrms 3
 Total Bathrms 2.5
 Location SIMILAR
 View LAKE
 Site 0.38 AC/82 FT
 Quality GOOD
 Age 8 YEARS

Comparable Photo Page

| | | | | | | |
|------------------|------------------------------|--------|--------|----------|----------|-------|
| Borrower/Client | HAROLD A AND MAJLE T BRIDGES | | | | | |
| Property Address | 2087 JOHN ALDEN ROAD | | | | | |
| City | MCCALL | County | VALLEY | State ID | Zip Code | 83638 |
| Lender | ASPEN COUNTRY MORTGAGE | | | | | |



Comparable 4

303 W. LAKE STREET
 Proximity 2.66 miles SW
 Sale Price 1,650,000
 GLA 1,950
 Total Rooms 7
 Total Bedrms 3
 Total Bathrms 3.5
 Location SIMILAR
 View LAKE
 Site .24 AC/59 FT
 Quality GOOD
 Age 21 YR REMODL



Comparable 5

201 W LAKE STREET
 Proximity 2.45 miles SW
 Sale Price 2,795,000
 GLA 3,875
 Total Rooms 8
 Total Bedrms 4
 Total Bathrms 4.5
 Location SIMILAR
 View LAKE
 Site .59 AC/101 FT
 Quality GOOD
 Age 34 YR REMDL

Comparable 6

Proximity
 Sale Price
 GLA
 Total Rooms
 Total Bedrms
 Total Bathrms
 Location
 View
 Site
 Quality
 Age

Supplemental Addendum

File No. SB06-0817

| | | | | | |
|------------------|---------------------------------|--------|--------|-------|-------------------|
| Borrower/Client | HAROLD A. AND MAJ-LE T. BRIDGES | | | | |
| Property Address | 2087 JOHN ALDEN ROAD | | | | |
| City | MCCALL | County | VALLEY | State | ID Zip Code 83638 |
| Lender | ASPEN COUNTRY MORTGAGE | | | | |

Appraiser Information

Steve Boren
 Boren Appraisals
 PO Box 568
 CASCADE, ID 83611
 208-382-5573
 208-866-5573
 stephenboren@frontiernet.net

Education:

- Lincoln Graduate Center
1. Principles Of Real Estate Appraisal 15 Hours 2003
 2. Appraisal of Residential Property 30 Hours 2003
 3. Writing The Narrative Appraisal Report 15 Hours 2003
 4. Practice Of Real Estate Appraisal 15 Hours 2004
 5. National USPAP Course 15 Hours 2006
- Mckissock Real Estate and Appraisal School
1. Residential Income Approach 15 Hours 2006

Experience:

- Marketwise, Inc. May 2005-Present (residential)
- Apprenticeship December 2002-May 2005

References:

- Dan Riley Phone: 208-634-2441
 Debbie Grems Phone: 208-634-3210
 Dave O'Brien Phone: 208-382-4921

Errors and Omission Insurance:

Policy #24302 Lexington Insurance Company Limit \$500,000.00

Federal Tax ID #:

518-78-9690

Bureau of Occupational Licenses
Department of Self-Governing Agencies
These persons, licenses, fees, and other requirements are for reference only. Licenses are issued and regulated under the laws and rules of the State of Idaho to operate as such.

LICENSED RESIDENTIAL APPRAISER

STEPHEN R BOREN
PO BOX 568
CASCADE ID 83611

| | | |
|--------------|----------|------------|
| | LRA-1404 | 02/27/2007 |
| Chet. & O.L. | Number | Expires |

ROE 33.90%
Commercial Loan Pricing Worksheet

| Loan Input Section | |
|---|-------------------------|
| General Information | |
| Customer Name | Drew & Maj-Le Bridges |
| Loan Officer | JLM |
| Loan Amount | \$1,500,000 |
| Loan Type | Real Estate |
| Loan Grade | FIBR - 4 |
| Amortization and Repayment | |
| Payment Frequency | Monthly |
| Time to Maturity (in months) | 36 |
| Calendar System | Actual / 360 |
| Amortization | Fixed, Constant Payment |
| If "Revolving Line" Estimated Usage of Line | |
| If "Fixed, Constant Payment" Amortization Period (in months) | |
| If "Fixed, Constant Principal" Principal Payment Per Period | |
| First Payment Date | 9/15/2007 |
| Pricing | |
| Loan Pricing System | Standard |
| Rate Index | FHLB 3 yr |
| Current FHLB 3 yr Rate | 3.330% |
| Spread Over Current FHLB 3 yr Rate | 4.670% |
| | 8.000% |
| Cost of Funds (transfer pricing - FHLB) | |
| | 3.330% |
| | 4.670% |
| Fees | |
| Up-Front Fee (% Loan Amount) | \$ 15,000 1.000% |
| Annual Fee (% Loan Amount) | \$0 0.000% |
| Commitment Fee (% Unused Portion) | \$0 0.000% |
| Maintenance Costs | |
| Set-Up Costs | Average |
| \$2,500 | |
| +/- Differential | \$0 |
| Annual Operating Expenses | Average |
| \$240 | |
| +/- Differential | \$0 |

| Results | |
|--|--------------|
| Payments | |
| Payments Per Year | 12 |
| Monthly Payment Amount | \$10,000.00 |
| Loan Asset Characteristics | |
| Duration (in Years) | 2.68 |
| Average Outstanding Balance | \$1,329,659 |
| Equity Allocation | |
| Equity Allocation (% Outstandings) | 8.00% |
| Equity Allocation (% Unused) | 4.00% |
| Total Allocation (% Outstandings) | 8.00% |
| Profitability | |
| Target Return on Equity | 21.00% |
| Return on Equity | 33.90% |

| Income Statement | | |
|---|------------------|---------------|
| | PV (\$) | % |
| Note Rate | \$319,118 | 8.00% |
| Cost of Funds | (\$132,833) | -3.33% |
| Net Interest Income | \$186,285 | 4.67% |
| Value of Fees | \$15,000 | 0.38% |
| Payment Frequency Adjustment | \$2,104 | 0.05% |
| Calendar System Adjustment | \$0 | 0.00% |
| Adjusted Net Income | \$203,389 | 5.10% |
| Provision for Loan Losses | (\$19,945) | -0.50% |
| Operating Expenses | (\$3,138) | -0.08% |
| Pretax Income | \$180,306 | 4.52% |
| Taxes (40%) | (\$72,122) | -1.81% |
| After Tax Income | \$108,184 | 2.71% |
| Cost of Capital (Target ROE x Equity Alloc) | (\$67,015) | -1.68% |
| Economic Value Added (EVA) | \$41,169 | 1.03% |
| Return on Equity | | 33.90% |

ROE 33.90%
Commercial Loan Pricing Worksheet

| Loan Input Section | | |
|---|-------------------------|--------|
| General Information | | |
| Customer Name | Drew & Maj-Le Bridges | |
| Loan Officer | JLM | |
| Loan Amount | \$1,500,000 | |
| Loan Type | Real Estate | |
| Loan Grade | FIBR - 4 | |
| Amortization and Repayment | | |
| Payment Frequency | Monthly | |
| Time to Maturity (in months) | 36 | |
| Calendar System | Actual / 360 | |
| Amortization | Fixed, Constant Payment | |
| If "Revolving Line" Estimated Usage of Line | | |
| If "Fixed, Constant Payment" Amortization Period (in months) | | |
| If "Fixed, Constant Principal" Principal Payment Per Period | | |
| First Payment Date | 9/15/2007 | |
| Pricing | | |
| Loan Pricing System | Standard | |
| Rate Index | FHLB 3 yr | |
| Current FHLB 3 yr Rate | 3.330% | |
| Spread Over Current FHLB 3 yr Rate | 4.670% | |
| | 8.000% | |
| Cost of Funds | 3.330% | |
| (transfer pricing - FHLB) | 4.670% | |
| Fees | | |
| | \$ | % |
| Up-Front Fee (% Loan Amount) | \$15,000 | 1.000% |
| Annual Fee (% Loan Amount) | \$0 | 0.000% |
| Commitment Fee (% Unused Portion) | \$0 | 0.000% |
| Maintenance Costs | | |
| Set-Up Costs | Average | |
| \$2,500 | | |
| +/- Differential | \$0 | |
| Annual Operating Expenses | Average | |
| \$240 | | |
| +/- Differential | \$0 | |

| Results | |
|--|--------------|
| Payments | |
| Payments Per Year | 12 |
| Monthly Payment Amount | \$10,000.00 |
| Loan Asset Characteristics | |
| Duration (in Years) | 2.68 |
| Average Outstanding Balance | \$1,329,559 |
| Equity Allocation | |
| Equity Allocation (% Outstandings) | 8.00% |
| Equity Allocation (% Unused) | 4.00% |
| Total Allocation (% Outstandings) | 8.00% |
| Profitability | |
| Target Return on Equity | 21.00% |
| Return on Equity | 33.90% |

| Income Statement | | |
|---|------------------|---------------|
| | PV (\$) | % |
| Note Rate | \$319,118 | 8.00% |
| Cost of Funds | (\$132,833) | -3.33% |
| Net Interest Income | \$186,285 | 4.67% |
| Value of Fees | \$15,000 | 0.38% |
| Payment Frequency Adjustment | \$2,104 | 0.05% |
| Calendar System Adjustment | \$0 | 0.00% |
| Adjusted Net Income | \$203,389 | 5.10% |
| Provision for Loan Losses | (\$19,945) | -0.50% |
| Operating Expenses | (\$3,138) | -0.08% |
| Pretax Income | \$180,306 | 4.52% |
| Taxes (40%) | (\$72,122) | -1.81% |
| After Tax Income | \$108,184 | 2.71% |
| Cost of Capital (Target ROE x Equity Alloc) | (\$67,015) | -1.68% |
| Economic Value Added (EVA) | \$41,169 | 1.03% |
| Return on Equity | | 33.90% |

ROE 26.05%
Commercial Loan Pricing Worksheet

| Loan Input Section | |
|---|---|
| General Information | |
| Customer Name | Harold & Maj-le Bridges |
| Loan Officer | Mansidon |
| Loan Amount | \$1,500,000 |
| Loan Type | Real Estate |
| Loan Grade | FIBR - 4 |
| Amortization and Repayment | |
| Payment Frequency | Monthly |
| Time to Maturity (in months) | 12 |
| Calendar System | Actual / Actual |
| Amortization | Revolving Line |
| If "Revolving Line" Estimated Usage of Line | 60% |
| If "Fixed, Constant Payment" Amortization Period (in months) | 0 |
| If "Fixed, Constant Principal" Principal Payment Per Period | \$0 |
| First Payment Date | 10/1/2006 |
| Pricing | |
| Loan Pricing System | Standard |
| Rate Index | Prime |
| Current Prime Rate | 8.250% |
| Spread Over Current Prime Rate | 0.500% 8.750% |
| Cost of Funds | 5.450% |
| (transfer pricing - FHLB) | 3.300% |
| Fees | |
| | \$ % |
| Up-Front Fee (% Loan Amount) | \$9,000 0.600% |
| Annual Fee (% Loan Amount) | \$0 0.000% |
| Commitment Fee (% Unused Portion) | \$0 0.000% |
| Maintenance Costs | |
| Set-Up Costs | Average |
| \$2,500 | |
| +/- Differential | \$0 |
| Annual Operating Expenses | Average |
| \$240 | |
| +/- Differential | \$0 |

| Results | |
|------------------------------------|------------|
| Payments | |
| Payments Per Year | 12 |
| Monthly Payment Amount | \$8,582.50 |
| Loan Asset Characteristics | |
| Duration (in Years) | 0.98 |
| Average Outstanding Balance | \$858,758 |
| Equity Allocation | |
| Equity Allocation (% Outstandings) | 8.00% |
| Equity Allocation (% Unused) | 0.00% |
| Total Allocation (% Outstandings) | 8.00% |
| Profitability | |
| Target Return on Equity | 19.00% |
| Return on Equity | 26.05% |

| Income Statement | | |
|---|-----------------|---------------|
| | PV (\$) | % |
| Note Rate | \$78,141 | 8.76% |
| Cost of Funds | (\$46,802) | -5.45% |
| Net Interest Income | \$28,339 | 3.30% |
| Value of Fees | \$9,000 | 1.05% |
| Payment Frequency Adjustment | \$541 | 0.06% |
| Calendar System Adjustment | (\$1,029) | -0.12% |
| Adjusted Net Income | \$36,851 | 4.29% |
| Provision for Loan Losses | (\$4,294) | -0.50% |
| Operating Expenses | (\$2,729) | -0.32% |
| Pretax Income | \$29,828 | 3.47% |
| Taxes (40%) | (\$11,931) | -1.39% |
| After Tax Income | \$17,897 | 2.08% |
| Cost of Capital (Target ROE x Equity Alloc) | (\$13,053) | -1.52% |
| Economic Value Added (EVA) | \$4,844 | 0.58% |
| Return on Equity | | 26.05% |

ROE 26.05%
Commercial Loan Pricing Worksheet

| Loan Input Section | |
|---|-------------------------------|
| General Information | |
| Customer Name | Harold & Maj-le Bridges |
| Loan Officer | Mansidor |
| Loan Amount | \$1,500,000 |
| Loan Type | Real Estate |
| Loan Grade | FIBR - 4 |
| Amortization and Repayment | |
| Payment Frequency | Monthly |
| Time to Maturity (in months) | 12 |
| Calendar System | Actual / Actual |
| Amortization | Revolving Line |
| If "Revolving Line" Estimated Usage of Line | 50% |
| If "Fixed, Constant Payment" Amortization Period (in months) | 0 |
| If "Fixed, Constant Principal" Principal Payment Per Period | \$0 |
| First Payment Date | 10/1/2006 |
| Pricing | |
| Loan Pricing System | Standard |
| Rate Index | Prime |
| Current Prime Rate | 8.250% |
| Spread Over Current Prime Rate | 0.500% 8.750% |
| Cost of Funds | 5.450% |
| (transfer pricing - FHLB) | 3.300% |
| Fees | |
| | \$ % |
| Up-Front Fee (% Loan Amount) | \$9,000 0.600% |
| Annual Fee (% Loan Amount) | \$0 0.000% |
| Commitment Fee (% Unused Portion) | \$0 0.000% |
| Maintenance Costs | |
| Set-Up Costs | Average |
| \$2,500 | |
| +/- Differential | \$0 |
| Annual Operating Expenses | Average |
| \$240 | |
| +/- Differential | \$0 |

| Results | |
|------------------------------------|------------|
| Payments | |
| Payments Per Year | 12 |
| Monthly Payment Amount | \$6,562.50 |
| Loan Asset Characteristics | |
| Duration (in Years) | 0.96 |
| Average Outstanding Balance | \$858,756 |
| Equity Allocation | |
| Equity Allocation (% Outstandings) | 8.00% |
| Equity Allocation (% Unused) | 0.00% |
| Total Allocation (% Outstandings) | 8.00% |
| Profitability | |
| Target Return on Equity | 19.00% |
| Return on Equity | 26.05% |

| Income Statement | | |
|---|-----------------|---------------|
| | PV (\$) | % |
| Note Rate | \$76,141 | 8.75% |
| Cost of Funds | (\$48,802) | -5.45% |
| Net Interest Income | \$28,339 | 3.30% |
| Value of Fees | \$9,000 | 1.05% |
| Payment Frequency Adjustment | \$541 | 0.06% |
| Calendar System Adjustment | (\$1,029) | -0.12% |
| Adjusted Net Income | \$36,851 | 4.29% |
| Provision for Loan Losses | (\$4,294) | -0.50% |
| Operating Expenses | (\$2,729) | -0.32% |
| Pretax Income | \$29,828 | 3.47% |
| Taxes (40%) | (\$11,931) | -1.39% |
| After Tax Income | \$17,897 | 2.08% |
| Cost of Capital (Target ROE x Equity Alloc) | (\$13,053) | -1.52% |
| Economic Value Added (EVA) | \$4,844 | 0.56% |
| Return on Equity | | 26.05% |

CHANGE IN TERMS AGREEMENT

| Principal | Loan Date | Maturity | Loan No | Call / Coll | Account | Officer | Initials |
|----------------|------------|------------|---------|-------------|----------|---------|----------|
| \$1,500,000.00 | 02-26-2008 | 01-01-2008 | 11346 | 1A / 130 | 80000820 | J.M | |

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item.
Any item above containing "*" has been omitted due to text length limitations.

Borrower: MAJ-LE TATE BRIDGES
HAROLD A. BRIDGES
9391 Riverside Dr
Boise, ID 93714

Lender: Idaho First Bank
P.O. Box 2950
475 E Deinhard Lane
McCall, ID 83638
(208) 634-1000

Principal Amount: \$1,500,000.00

Initial Rate: 8.750%

Date of Agreement: February 26, 2008

DESCRIPTION OF EXISTING INDEBTEDNESS. Note with a Credit Limit of \$1,500,000.

DESCRIPTION OF COLLATERAL. Construction Deed of Trust on 2087 John Alden Road, McCall, ID.

DESCRIPTION OF CHANGE IN TERMS. Loan Maturity has been extended to December 31, 2010.

Loan Interest Rate has been fixed at 8.00%

The following fees have been assessed:

Certification of Value \$150.00

Certification of Completion \$100.00

Origination Fee \$15,000.00


Recording of Modification of DOT \$9.00.

CONTINUING VALIDITY. Except as expressly changed by this Agreement, the terms of the original obligation or obligations, including all agreements evidenced or securing the obligation(s), remain unchanged and in full force and effect. Consent by Lender to this Agreement does not waive Lender's right to strict performance of the obligation(s) as changed, nor obligate Lender to make any future change in terms. Nothing in this Agreement will constitute a satisfaction of the obligation(s). It is the intention of Lender to retain as liable parties all makers and endorsers of the original obligation(s), including accommodation parties, unless a party is expressly released by Lender in writing. Any maker or endorser, including accommodation makers, will not be released by virtue of this Agreement. If any person who signed the original obligation does not sign this Agreement below, then all persons signing below acknowledge that this Agreement is given conditionally, based on the representation to Lender that the non-signing party consents to the changes and provisions of this Agreement 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.

PRIOR TO SIGNING THIS AGREEMENT, I, AND EACH OF US, READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS AGREEMENT AND THE NOTICE TO COSIGNER SET FORTH BELOW. I, AND EACH OF US, AGREE TO THE TERMS OF THE AGREEMENT.

BORROWER:

x 
MAJ-LE TATE BRIDGES

x 
HAROLD A. BRIDGES

NOTICE TO COSIGNER

You are being asked to guarantee this debt. Think carefully before you do. If the borrower doesn't pay the debt, you will have to. Be sure you can afford to pay if you have to, and that you want to accept this responsibility.

You may have to pay up to the full amount of the debt if the borrower does not pay. You may also have to pay late fees or collection costs, which increase this amount.

The Lender can collect this debt from you without first trying to collect from the borrower. The Lender can use the same collection methods against you that can be used against the borrower, such as suing you, garnishing your wages, etc. If this debt is ever in default, that fact may become a part of YOUR credit record.

This notice is not the contract that makes you liable for the debt.

LASER PRO Lending, Ver. 5.38.00.D09 Copy: Perfect Financial Solutions, Inc. 1997, 2008. All Rights Reserved. ID: L:\CP\PL\LD300C.FC TR-256 PH-77

IFB000077

CHANGE IN TERMS AGREEMENT

| Principal | Loan Date | Maturity | Loan No | Call / Coll | Account | Officer | Initials |
|----------------|------------|------------|---------|-------------|----------|---------|----------|
| \$1,500,000.00 | 10-17-2007 | 01-01-2008 | 11345 | 1A / 130 | B0000820 | JLM | |

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "****" has been omitted due to text length limitations.

Borrower: MAJ-LE TATE BRIDGES
 HAROLD A. BRIDGES
 3905 CHAPMAN CT
 ALTADENA, CA 91001

Lender: Idaho First Bank
 P.O. Box 2960
 475 E Deinhard Lane
 McCall, ID 83638
 (208) 634-1000

Principal Amount: \$1,500,000.00 **Initial Rate:** 8.750% **Date of Agreement:** October 17, 2007

DESCRIPTION OF EXISTING INDEBTEDNESS. Note with a Credit Limit of \$1,500,000.

DESCRIPTION OF COLLATERAL. Construction Deed of Trust on 2087 John Alden Road, McCall, ID.

DESCRIPTION OF CHANGE IN TERMS. Loan Maturity has been extended to 01/01/08.

CONTINUING VALIDITY. Except as expressly changed by this Agreement, the terms of the original obligation or obligations, including all agreements evidenced or securing the obligation(s), remain unchanged and in full force and effect. Consent by Lender to this Agreement does not waive Lender's right to strict performance of the obligation(s) as changed, nor obligate Lender to make any future change in terms. Nothing in this Agreement will constitute a satisfaction of the obligation(s). It is the intention of Lender to retain as liable parties all makers and endorsers of the original obligation(s), including accommodation parties, unless a party is expressly released by Lender in writing. Any maker or endorser, including accommodation makers, will not be released by virtue of this Agreement. If any person who signed the original obligation does not sign this Agreement below, then all persons signing below acknowledge that this Agreement is given conditionally, based on the representation to Lender that the non-signing party consents to the changes and provisions of this Agreement 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.

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BORROWER:

x Maj-le Tate Bridges
 MAJ-LE TATE BRIDGES

x Harold A. Bridges
 HAROLD A. BRIDGES

NOTICE TO COSIGNER

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The Lender can collect this debt from you without first trying to collect from the borrower. The Lender can use the same collection methods against you that can be used against the borrower, such as suing you, garnishing your wages, etc. If this debt is ever in default, that fact may become a part of YOUR credit record.

This notice is not the contract that makes you liable for the debt.

CHANGE IN TERMS AGREEMENT

| Principal | Loan Date | Maturity | Loan No. | Cat / Code | Account | Officer | Initials |
|----------------|------------|------------|----------|------------|----------|---------|----------|
| \$1,490,808.50 | 02-26-2009 | 12-31-2011 | 11348 | TA / 130 | 80000820 | SMZ | |

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Borrower: MAJLE TATE BRIDGES
 HAROLD A. BRIDGES
 9391 Riverside Dr
 Boise, ID 83714

Lender: Idaho First Bank
 P.O. Box 2950
 475 E Deinhard Lane
 McCall, ID 83638
 (208) 634-1000

Principal Amount: \$1,490,808.50

Date of Agreement: March 8, 2011

DESCRIPTION OF EXISTING INDEBTEDNESS. Note with a Credit Limit of \$1,500,000.

DESCRIPTION OF COLLATERAL. Construction Deed of Trust on 2087 John Alden Road, McCall, ID.

DESCRIPTION OF CHANGE IN TERMS. Loan Maturity has been extended to December 31, 2011.

Loan Interest Rate has been fixed at 8.95%

Payment type has changed to Principal and Interest payments (see new Amortization Schedule).

CONTINUING VALIDITY. Except as expressly changed by this Agreement, the terms of the original obligation or obligations, including all agreements evidenced or securing the obligation(s), remain unchanged and in full force and effect. Consent by Lender to this Agreement does not waive Lender's right to strict performance of the obligation(s) as changed, nor obligate Lender to make any future change in terms. Nothing in this Agreement will constitute a satisfaction of the obligation(s). It is the intention of Lender to retain as liable parties all makers and endorsers of the original obligation(s), including accommodation parties, unless a party is expressly released by Lender in writing. Any maker or endorser, including accommodation makers, will not be released by virtue of this Agreement. If any person who signed the original obligation does not sign this Agreement below, then all persons signing below acknowledge that this Agreement is given conditionally, based on the representation to Lender that the non-signing party consents to the changes and provisions of this Agreement 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.

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BORROWER:

x Majle Tate Bridges
 MAJLE TATE BRIDGES

x Harold A. Bridges
 HAROLD A. BRIDGES

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BOARDING DATA SHEET

| Principal | Loan Date | Maturity | Loan No | Call / Coll | Account | Officer | Initials |
|----------------|------------|------------|---------|-------------|----------|---------|----------|
| \$1,500,000.00 | 09-21-2006 | 10-01-2007 | 11346 | 1A / 130 | B0000820 | JLM | |

References in the shaded area are for Lender's use only and do not limit the applicability of this document to any particular loan or item.
Any item above containing "****" has been omitted due to text length limitations.

Borrower: MAJ-LE TATE BRIDGES
 HAROLD A. BRIDGES
 3905 CHAPMAN CT
 ALTADENA, CA 91001

Lender: Idaho First Bank
 P.O. Box 2950
 101 E Lake St
 McCall, ID 83638
 (208) 634-3900

CUSTOMER DATA SUMMARY

MAJ-LE TATE BRIDGES
 Street Address: 3905 CHAPMAN CT
 Mailing Address: 3905 CHAPMAN CT
 Primary Phone: (626) 791-9158

563-89-0800 Individual
 ALTADENA CA 91001
 ALTADENA CA 91001
 Ext: Instructions:

Borrower Cust #: B0000820
 County: Phone: (626) 791-9158
 County: Birthday: 09-13-1970

HAROLD A. BRIDGES
 Street Address: 3905 CHAPMAN CT
 Mailing Address: 3905 CHAPMAN CT
 Primary Phone: (626) 791-9158

558-02-9708 Individual
 ALTADENA CA 91001
 ALTADENA CA 91001
 Ext: Instructions:

Borrower Cust #: B0000830
 County: Phone: (626) 791-9158
 County: Birthday: 07-16-1955

TRANSACTION SUMMARY

Transaction No.: 256
 Product Category: 7
 Loan Policy: Residential Real Estate

Product Description: Res RE Construction Loan - Portfolio
 Purpose: Loan is for Personal, Family, Household Purposes or Personal Investment Purposes.
 Specific Loan Purpose: BUILD NEW 2ND HOME

CLASSIFICATION DATA

Application No:
 Application Date:
 Loan No: 11346
 Loan Date: 09-21-2006
 Officer: JLM Mansidor, John
 Processor No: JFOLSOM Folsom, Jessica
 Collateral Code: 130
 Charge Code:
 Call Code: 1A
 User Code 3:
 User Code 6:
 Automatic Payments Account:

Branch:
 Dept: Lending
 Division:
 Region:
 Loan Type: Construction 1-4 Fam
 Loan Class: New Loan
 Purpose Code: 03
 Class Code: 06
 User Code 1:
 User Code 4:
 User Code 7:

Employee Loan: No
 Restricted Access: No
 Reg O Loan:
 Comments:
 Portfolio Code:
 Host System:
 User Code 2:
 User Code 5:
 User Code 8:

COLLATERAL SUMMARY

| Type | SubType | Description | State | Value | Purchase Money | Collateral Code |
|--|------------|--|--|----------------|---|-----------------|
| Real Estate | 1-4 Family | 2087 JOHN ALDEN ROAD, MCCALL, ID 83638 | ID | \$3,000,000.00 | N | 130 |
| Flood Insurance for above Real Estate: Community: VALLEY COUNTY | | | Real Estate Flood Section Not In Hazard Area Map Date: 09-05-1990 | | Map No: 1602200350A Flood Notice Date: | |

Owner(s):

MAJ-LE TATE BRIDGES
 Street Address: 3905 CHAPMAN CT
 Mailing Address: 3905 CHAPMAN CT
 Primary Phone: (626) 791-9158

563-89-0800 Individual
 ALTADENA CA 91001
 ALTADENA CA 91001
 Ext: Instructions:

Borrower Cust #: B0000820
 County: Phone: (626) 791-9158
 County: Birthday: 09-13-1970

HAROLD A. BRIDGES
 Street Address: 3905 CHAPMAN CT
 Mailing Address: 3905 CHAPMAN CT
 Primary Phone: (626) 791-9158

558-02-9708 Individual
 ALTADENA CA 91001
 ALTADENA CA 91001
 Ext: Instructions:

Borrower Cust #: B0000830
 County: Phone: (626) 791-9158
 County: Birthday: 07-16-1955

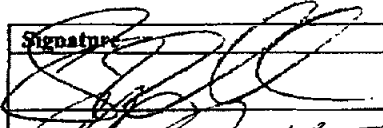
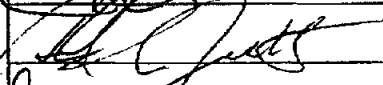
Idaho First Bank

Credit Memorandum

Loan #: 11346

| | | | |
|----------------------------|--|-------------------------|----------|
| Borrower: | Harold A. Bridges Maj-le T. Bridges | Date: | 01/15/11 |
| Loan Risk Rating: | #4 | Borrower Since: | 9/21/06 |
| IFB / Participation | \$1,045,036 / \$445,773 | Average Deposits | n/a |

| | |
|--------------------------|--|
| Action Requested: | Approval to extend an existing \$1,490,808.50 secured residential term loan |
| Purpose: | Extend maturity to match land lease extension |
| Interest Rate: | Fixed at 6.95% for 1 year. |
| Origination Fee: | |
| Repayment Terms: | 11 months interest and principal payment based on 20 yr amortization, 1 balloon payment of interest and principal due at maturity. |
| Maturity: | 12 months |
| Collateral: | 1st D/T on residential single family residence located at 2087 John Alden Road, McCall, ID. 83638 / LTV = 50% based on an appraisal dated 02/20/08, of \$3,000,000 |
| Other Info: | Purchase Price = \$2,522,500 |

| Signature | Name & Title | Date | Authority |
|---|----------------------------|---------|-----------|
|  | Steve Zabel - Loan Officer | 2/28/11 | Recommend |
|  | Jerry Jutting - SVP & CCO | 2/28/11 | Recommend |
| See credit policy minutes | Credit Policy Committee | 3/8/11 | Approve |

Policy Exceptions: None

Guideline Exceptions: None

Reporting Requirements: None

Financial Covenants: None

Description of Transaction:

- Loan matured on 12/31/10 and borrowers have requested a loan extension.
- The underlying collateral is a vacation home on state leased land on Payette Lake. On 12/31/10, the lease expired and was renewed until 12/31/11.
- The loan will be extended until 12/31/11 to match the lease expiration. The interest rate will be lowered to 8.00% to 6.95%. In exchange for the extension and rate change, the borrowers have offered to convert their payments from interest-only to principal and interest.

Secured Guidelines : Borrowers passed all of the secured guidelines.

| Guidelines | Test / Pass or Fail |
|--|--|
| Loan-to-value not to exceed 80% | Loan-to-value is 50% PASS |
| Debt-to-income not to exceed 45% | Debt-to-income ratio is 35% PASS |
| Borrower(s) credit score to be 660 or higher | Median credit score is 789 & 681 PASS & PASS |

Customer History:

- Both borrowers are general partners in their law firm of Bridges & Bridges, LLC.
- Harold (Drew) Bridges has practiced law for more than 30 years. He specializes in higher education, employment, business, and securities litigation and counsel. Mr. Bridges is also General Counsel for Loyola Marymount University in Los Angeles, CA.
- Maj-le Bridges has practiced law for more than 15 years. She specializes in business, employment, and securities litigation and counsel.

Primary Source of Repayment:

- Owner distributions from Bridges & Bridges STRONG

- From 2004 -- 2009 cash distributions ranged \$429M to \$1,039M. The five year average annual distribution is \$675M.
- Projected distributions are \$675M to service \$257M in annual debt payments **STRONG**

Risks / Mitigating Factors

- **Risks:**
 - Loss of income from Bridges & Bridges **LOW PROBABILITY / MODERATE RISK**
 - Death of client **LOW PROBABILITY / HIGH RISK**
 - Lease dispute is not resolved and property values fall **MODERATE PROBABILITY / HIGH RISK**
 - Lease dispute is resolved in a manner that hurts property values **MODERATE PROBABILITY / MODERATE RISK**
- **Mitigating Factors:**
 - Bridges & Bridges have historically generated sufficient income to support debt
 - Borrowers have marketable legal expertise and experience.
 - Borrowers have invested over \$850M of their own cash into the home and therefore, despite fluctuations on property values, they have a considerable incentive to hold the property long-term.
 - Despite fluctuations in property values the borrowers intend to use the property as their retirement home and have the desire to hold the property for the long-term.
 - Borrowers believe the state will resolve the lease dispute by allowing property owners to purchase the land. This is a considerable incentive to hold the property because owning the land will add long-term value to the property.

Secondary Source of Repayment:

- **Leverage / Liquidation of Other Assets**
 - Borrower's adjusted net worth is \$1,162M based on a stressed market value of the underlying collateral of \$2,250M.

Collateral Evaluation

- Collateral is a 1st D/T on a 3,588 sqft single family residential home built in 2007. The home contains 4 bedrooms, 4.5 baths, and 1,389 sqft of finished basement space. The property sits on 0.66 acres with 71.65 ft of Payette Lake frontage, and includes a private dock. Given the size, age, lake frontage, and location, this property is very desirable and risks to the long-term value of the property.
- On 8/17/06, prior to construction, Steve Boren, CRA, with Marketwise, Inc., appraised the property and determined a market value of \$3,000,000. Upon completion of construction in 2008, Steve Boren, provide IFB with an appraisal update and determining no change to the \$3,000,000 market value.
- In the course of underwriting this extension, IFB contacted the appraiser and broker community to perform an appraisal or broker's price opinion on the collateral. However, the appraisers and brokers told IFB they would not be able to provide the bank with a market value of the property until the state land lease dispute was resolved. This represents a risk to the bank because we are not able to accurately a present market value. However, this risk would be mitigated by the adoption of the Cottage Site Plan by the Land Board.
- On March 16, 2010, the Land Board, by majority vote, passed a ten-year lease extension at a 4% lease rate (10-yr rolling average) for the lessees whose leases expired on 12/31/10. Attorney General Lawrence Wasden (member of the Land Board) responded by filing a motion for preliminary injunction complaining the Land Board's approved lease extension violated section 8, article IX, of the Idaho Constitution providing that the board manage state endowment land in such a manner as will secure the maximum long-term financial return to the institution to which granted or to the state if not specifically granted.
- On December 17, 2010, District Court Judge Deborah Bail, concluded that the AG Wasden was entitled to the relief demand as required under I.R.C.P. 65 and as a result the Land Board was prevented from issuing the new 10-yr leases. The judge stated her findings did not constitute a final judgment or ruling on the constitutionality of Idaho Code Section 58-310A. Additionally, she noted that her order maintained the status quo pending further proceedings. It was not intended to affect any contract rights of any of the lessees who will be given an opportunity to address the court hereafter.
- On December 21, 2010, a motion was made by AG Wasden to approve (which passed) the Department of Lands' Cottage Site Plan Process to Unify the Estate. On February 16, 2010, the State Board of Land Commissioners directed the Department of Lands to develop a plan to sell the leased land at both Payette and Priest Lakes. The Cottage Site Plan details recommended processes for unification of the split cottage site estates. These processes can be implemented under current constitutional and statutory authorizations. The plan reiterates the need for additional authorizations to provide more flexibility to offer transactions in a manner that is consistent with modern real estate practices. Finally, the plan discusses the potential for substantially increasing the return to the beneficiaries through reinvestment of the disposition proceeds into institutional grade real estate assets aligned with the Strategic Vision adopted by the Land Board in October 2010.
- We anticipate the state will resolve the land lease matter by adopting the Cottage Site Plan and provide our borrowers with the opportunity to purchase the land on a fee simple basis; such an action is anticipated to greatly increase the long-term value of the collateral.

Pricing: 43.26% ROE and attached worksheet

MORTGAGE AGREEMENT
for
COTTAGE SITE LAND LEASED FROM THE STATE OF IDAHO

This indenture, made this 21 day of September in the year 2006 between
Maj-Le Tate Bridges and Harold A Bridges of Altadena, CA, hereinafter
described as MORTGAGOR; and IDAHO FIRST BANK,

hereinafter described as MORTGAGEE;
WHEREAS, the MORTGAGOR is the lessee of certain lands from the State of Idaho, described in
Schedule A; AND

WHEREAS, the MORTGAGEE is lending the sum of \$1,500,000.00 to the MORTGAGOR.

NOW WITNESSETH, that in consideration of and for said loan, said MORTGAGOR does hereby assign
and mortgage to said MORTGAGEE any and all interest in the described lands which said
MORTGAGOR now has under lease from the State of Idaho described in Schedule A.

Please see schedule B for additional terms which, if any, are hereby incorporated into this agreement
and made a part hereof, provided that such additional terms are not inconsistent with other provisions
of this lease in which case the other provisions shall prevail.

This grant is intended as a mortgage to secure payment of the above described loan and these presents
shall be void if such payment is made; but in case any part thereof, or if interest not be paid, then from
and henceforth it shall be optional with the MORTGAGEE, his heirs, executor, administrators or assigns
to proceed as provided in Schedule B.

PROVIDED, not withstanding any other provision:

That any sale or other disposition of the leasehold interest herein mortgaged shall be made expressly
subject to any and all interest in the State of Idaho under the lease(s) listed in Schedule A, including but
not limited to the right of the State to cancel such lease(s) as provided in said lease agreement (s), and
said MORTGAGEE hereby acquires no greater interest than the MORTGAGOR has under said lease(s)
and subsequent renewals.

That the MORTGAGOR hereby agrees and covenants that it will not further mortgage nor assign its
respective interest in the described lands without first obtaining permission to do so from the State Land
Director.


That in the event the MORTGAGEE or any successor in interest to the MORTGAGEE succeeds to the
entire leasehold interest now held by the lessee, then the MORTGAGEE hereby agrees and covenants to
assume all obligations of the lessee under said lease(s).

This is to certify that this is a true and correct
copy of this document, the original of which is on
file with the Idaho Department of Lands (IDL).

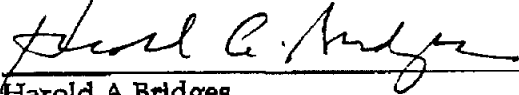
[Signature] 4/19/07
IDL Representative Date

That the parties to this agreement may cause this instrument to be recorded and any satisfaction or discharge of this agreement at no expense to the State of Idaho.

 COPY


John Mansisidor

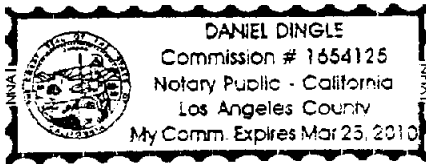

Maj-Le Tate Bridges

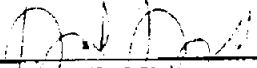

Harold A Bridges

STATE OF IDAHO) California
 : ss
County of Valley) Los Angeles

On this 21 day of September 21 in the year 2006 before me a Notary Public, in and for the State of Idaho personally appeared Maj-Le Tate Bridges and Harold A Bridges and acknowledged to me that they executed the foregoing instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

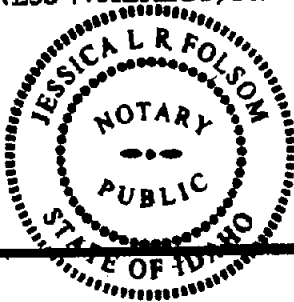


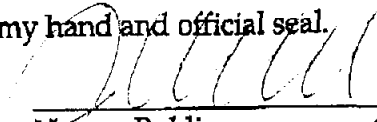

Notary Public
Residing at Los Angeles, California
Commission expires: March 23, 2010

STATE OF IDAHO)
 :
County of Valley)

On this 25 day of September in the year 2006 before me, a Notary Public, in and for the State of Idaho, personally appeared John Mansisidor (Mortgagee) and acknowledged to me that he executed the foregoing instrument.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.




Notary Public
Residing at McCall
Commission expires: 7/10/12

SCHEDULE A

| <u>LEASE NUMBER</u> | <u>DESCRIPTION</u> | <u>EXPIRATION</u> |
|---------------------|----------------------------------|-------------------|
| R-5040-8 | Lot 30, Pilgrim Cove Subdivision | December 31, 2010 |

LOAN CHECKLIST

| Principal | Loan Date | Maturity | Loan No | Call / Coll | Account | Officer | Initials |
|--|------------|------------|---------|-------------|----------|---------|----------|
| \$ 1,500,000.00 | 09-21-2006 | 10-01-2007 | 11346 | 1A / 130 | 80000830 | JLM | JLM |
| References in the shaded area are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "****" has been omitted due to text length limitations. | | | | | | | |

Borrower: MAJ-LE TATE BRIDGES
 HAROLD A. BRIDGES
 3905 CHAPMAN CT
 ALTADENA, CA 91001

Lender: Idaho First Bank
 P.O. Box 2950
 101 E Lake St
 McCall, ID 83638
 (208) 634-3900

DESCRIPTION

Loan Type: This is a Variable Rate Disclosable Draw Down Line of Credit Loan to two Individuals for \$1,500,000.00 due on October 1, 2007. The reference rate (Wall Street Journal Prime Rate as Published in the Wall Street Journal, with an interest rate floor of 6.000%, and with an interest rate ceiling of 21.000%, currently 8.250%) is added to the margin of 0.500%, then rounded down to the nearest 0.125 percent, resulting in an initial rate of 8.750.

Transaction Number: 256.

Collateral: This transaction is secured by Real Estate Collateral.

Officer: JLM Mansisor, John

Processor: JFOLSOM Folsom, Jessica

Standard Product: Res RE Construction Loan - Portfolio.

Standard Policy: Res Real Estate Portfolio.

General lending Policy for this transaction is governed by Idaho law. Collateral documents printed through LASER PRO for this transaction will be governed by the collateral law state as specified on the Collateral Summary Screen for each piece of collateral.

LOAN DOCUMENTS

- | | |
|--|---|
| <ul style="list-style-type: none"> <input type="checkbox"/> Loan Checklist <input type="checkbox"/> Disclosure Statement: MAJ-LE TATE BRIDGES <input type="checkbox"/> Disclosure of Right to Receive a Copy of an Appraisal <input type="checkbox"/> Customer Information Profile: HAROLD A. BRIDGES <input type="checkbox"/> ID Deed of Trust for Real Property located at 2087 JOHN ALDEN ROAD, MCCALL, ID 83638 <input type="checkbox"/> Agreement to Provide Insurance: Real Property located at 2087 JOHN ALDEN ROAD, MCCALL, ID 83638; owned by BRIDGES and BRIDGES <input type="checkbox"/> Error and Omissions Agreement: Real Property located at 2087 JOHN ALDEN ROAD, MCCALL, ID 83638 <input type="checkbox"/> W-9 Request for Taxpayer ID Number and Certification | <ul style="list-style-type: none"> <input type="checkbox"/> Loan Request Summary <input type="checkbox"/> Disclosure Statement: HAROLD A. BRIDGES <input type="checkbox"/> Customer Information Profile: MAJ-LE TATE BRIDGES <input type="checkbox"/> Promissory Note <input type="checkbox"/> ID Landlord's Estoppel Certificate <input type="checkbox"/> HUD-1A Settlement Statement <input type="checkbox"/> Notice of Insurance Requirements: Real Property located at 2087 JOHN ALDEN ROAD, MCCALL, ID 83638 <input type="checkbox"/> Disbursement Request and Authorization <input type="checkbox"/> Boarding Data Sheet: Transaction 256 <input type="checkbox"/> IDAHO FIRST BANK PRIVACY NOTICE: MAJ-LE TATE BRIDGES and HAROLD A. BRIDGES |
|--|---|

This list of documents may not include all the documents needed for this transaction. Applications, verifications, and other specialized documents may be needed.

ENTRY OMISSION WARNINGS TO LENDER

In processing this loan, any omission warnings in this "Entry Omissions" section should be reviewed as provided below.

ADVISORY WARNINGS TO LENDER

40+ ACRES OF RE. If the real property securing this loan consists of more than 40 acres, you should select a Mortgage instead of a Deed of Trust on the Real Estate Documents Screen. 3CREID0006S

SETTLEMENT. You have selected a Settlement Statement for this loan. Screens and fields for completing this form usually appear in the normal flow of the screens. If this is not the case for your transaction, you may access the Settlement screens from the Payment section of the Go To Menu. Once the desired Settlement Statement fields have been completed, you may print the form on the Document Selection (Form Printer) Screen. Prior to giving the Settlement Statement to the Borrower, you should verify that all applicable sections of the form have been completed correctly. 3CLEAS0210S

INITIAL SPACES. You have selected the "Initials for Special Clauses" prompt in your Document Options. At the time of execution of the loan documents, you should check that all spaces are initialed by the Borrower(s) or Grantor(s) where indicated on the loan documents or security instruments. 3CLEAS0410S

In processing this loan, any warnings in this "Advisory Warnings" section should be reviewed as provided below.

CRITICAL WARNINGS TO LENDER

In processing this loan, any warnings in this "Critical Warnings" section should be reviewed as provided below.

CHECKLIST WARNINGS

**LOAN CHECKLIST
(Continued)**

Loan No: 11346

Page 2

In processing this loan, all warnings appearing above should be reviewed. All closing documents should be reviewed by your compliance officer or legal counsel as specified in the LASER PRO Loan Administrators Guide. If you have questions about why LASER PRO has generated any warning, call HFS. If you have legal questions about these warnings or this loan or what action to take, you should seek the advice of your compliance officer or legal counsel.

LASER PRO Lending, Ver. 6.30.07.004 Corp. Merland Financial Solutions, Inc. 1997, 2006. All Rights Reserved. ID: L:\CPILP\LA06\FC TR-255 PR-27

Instrument # 359388
VALLEY COUNTY, CASCADE, IDAHO
03-28-2011 14:03:31 No. of Pages: 3
Recorded for: AMERITTILE MCCALL
ARCHIE N. BANBURY Fee: \$16.00
Ex-Officio Recorder Deputy: RK
Electronically Recorded by Simplifile

RECORDATION REQUESTED BY:
Idaho First Bank
P.O. Box 2950
475 E Deinhard Lane
McCall, ID 83638

WHEN RECORDED MAIL TO:
Idaho First Bank
P.O. Box 2950
475 E Deinhard Lane
McCall, ID 83638

SEND TAX NOTICES TO:
Idaho First Bank
P.O. Box 2950
475 E Deinhard Lane
McCall, ID 83638

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE ONLY

MODIFICATION OF DEED OF TRUST

THIS MODIFICATION OF DEED OF TRUST dated March 8, 2011, is made and executed between MAJ-LE TATE BRIDGES and HAROLD A. BRIDGES; Wife and Husband ("Grantor") and Idaho First Bank, whose address is P.O. Box 2950, 475 E Deinhard Lane, McCall, ID 83638 ("Lender").

DEED OF TRUST. Lender and Grantor have entered into a Deed of Trust dated September 21, 2006 (the "Deed of Trust") which has been recorded in VALLEY County, State of Idaho, as follows:

RECORDED 09/22/06 AS INSTRUMENT NO. 313619, AND RE-RECORDED 2/28/08 AS INSTRUMENT NO. 329582 IN THE OFFICE OF THE RECORDER OF VALLEY COUNTY, IDAHO.

REAL PROPERTY DESCRIPTION. The Deed of Trust covers the following described real property located in VALLEY County, State of Idaho:

See EXHIBIT A, which is attached to this Modification and made a part of this Modification as if fully set forth herein.

The Real Property or its address is commonly known as 2087 JOHN ALDEN ROAD, MCCALL, ID 83638.

MODIFICATION. Lender and Grantor hereby modify the Deed of Trust as follows:

LOAN MATURITY HAS BEEN EXTENDED TO DECEMBER 31, 2011.

CONTINUING VALIDITY. Except as expressly modified above, the terms of the original Deed of Trust shall remain unchanged and in full force and effect. Consent by Lender to this Modification does not waive Lender's right to require strict performance of the Deed of Trust as changed above nor obligate Lender to make any future modifications. Nothing in this Modification shall constitute a satisfaction of the promissory note or other credit agreement secured by the Deed of Trust (the "Note"). It is the intention of Lender to retain as liable all parties to the Deed of Trust and all parties, makers and endorsers to the Note, including accommodation parties, unless a party is expressly released by Lender in writing. Any maker or endorser, including accommodation makers, shall not be released by virtue of this Modification. If any person who signed the original Deed of Trust does not sign this Modification, then all persons signing below acknowledge that this Modification is given conditionally, based on the representation to Lender that the non-signing person consents to the changes and provisions of this Modification or otherwise will not be released by it. This waiver applies not only to any initial extension or modification, but also to all such subsequent actions.

GRANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS MODIFICATION OF DEED OF TRUST AND GRANTOR AGREES TO ITS TERMS. THIS MODIFICATION OF DEED OF TRUST IS DATED MARCH 8, 2011.

GRANTOR:

x Maj-Le Tate Bridges
MAJ-LE TATE BRIDGES

x Harold A. Bridges
HAROLD A. BRIDGES

LENDER:

IDAHO FIRST BANK
x Steve Zabel, Loan Officer

CHANGE IN TERMS AGREEMENT

| Principal | Loan Date | Maturity | Loan No | Call / Cos | Account | Officer | Initials |
|----------------|------------|------------|---------|------------|----------|---------|----------|
| \$1,490,808.50 | 02-26-2008 | 12-31-2011 | 11346 | 1A / 130 | 60000820 | SMZ | |

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "****" has been omitted due to text length limitations.

Borrower: MAJ-LE TATE BRIDGES
 HAROLD A. BRIDGES
 9391 Riverdale Dr
 Boise, ID 93714

Lender: Idaho First Bank
 P.O. Box 2950
 475 E Deinhard Lane
 McCall, ID 83638
 (208) 634-1000

Principal Amount: \$1,490,808.50

Date of Agreement: March 27, 2012

DESCRIPTION OF EXISTING INDEBTEDNESS. Residential Loan with an Original Principal Balance of \$1,500,000. Current Principal Balance of \$1,457,159.73.

DESCRIPTION OF COLLATERAL. Construction Deed of Trust on 2087 John Alden Road, McCall, ID.

DESCRIPTION OF CHANGE IN TERMS. Loan Maturity has been extended to December 31, 2013.

CONTINUING VALIDITY. Except as expressly changed by this Agreement, the terms of the original obligation or obligations, including all agreements evidenced or securing the obligation(s), remain unchanged and in full force and effect. Consent by Lender to this Agreement does not waive Lender's right to strict performance of the obligation(s) as changed, nor obligate Lender to make any future change in terms. Nothing in this Agreement will constitute a satisfaction of the obligation(s). It is the intention of Lender to retain as liable parties all makers and endorsers of the original obligation(s), including accommodation parties, unless a party is expressly released by Lender in writing. Any maker or endorser, including accommodation makers, will not be released by virtue of this Agreement. If any person who signed the original obligation does not sign this Agreement below, then all persons signing below acknowledge that this Agreement is given conditionally, based on the representation to Lender that the non-signing party consents to the changes and provisions of this Agreement 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.

PRIOR TO SIGNING THIS AGREEMENT, I, AND EACH OF US, READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS AGREEMENT AND THE NOTICE TO COSIGNER SET FORTH BELOW. I, AND EACH OF US, AGREE TO THE TERMS OF THE AGREEMENT.

BORROWER:

x *Maj-Late Bridges*
 MAJ-LE TATE BRIDGES

x *Harold A. Bridges*
 HAROLD A. BRIDGES

NOTICE TO COSIGNER

You are being asked to guarantee this debt. Think carefully before you do. If the borrower doesn't pay the debt, you will have to. Be sure you can afford to pay if you have to, and that you want to accept this responsibility.

You may have to pay up to the full amount of the debt if the borrower does not pay. You may also have to pay late fees or collection costs, which increase this amount.

The Lender can collect this debt from you without first trying to collect from the borrower. The Lender can use the same collection methods against you that can be used against the borrower, such as suing you, garnishing your wages, etc. If this debt is ever in default, that fact may become a part of YOUR credit record.

This notice is not the contract that makes you liable for the debt.

LASER PRO Lending, Var. 5.8000005, Copy: Harland Financial Services, Inc. 1001, 2012. All Rights Reserved. © L. C. H. P. L. D. N. E. FC. TR 256. PR 21



January 24, 2014

Tom Schultz, Director
Idaho Department of Lands
300 North Sixth Street
Boise, ID 83702

Re: Harold and Maj-Le Bridges Lease #R5040

Dear Mr. Schultz:

We are writing you on behalf of Idaho First Bank ("IFB"), a locally owned lender operating primarily in the Boise and McCall markets. Since 2006, IFB has held a first deed of trust on property and residence located on Payette Lake in McCall, and owned by Harold and Maj-Le Bridges. The subject property is located on land leased from the State of Idaho pursuant to a Cottage Site lease (Pilgrim Cove, Lease No: R5040). The IFB loan has a current balance of approximately \$ 1,539,000.

The IFB loan was underwritten based upon both the then existing market. At the time IFB made its loan, the underlying land comprised of approximately .66 acres. Further, at that time the lease market was orderly and predictable. Properties located on leased parcels were easily bought and sold, and owners were able to improve their properties with confidence that their leases would be renewable for the long term. There are numerous families in McCall who have enjoyed the use of leased parcels for decades, and both permanent and vacations homes situated on or in the vicinity of Payette Lake have long been the lynchpin of the McCall real estate market. The State has also benefited from the stability of the market by receiving a substantial transfer fee upon the sale of leased lot improvements values and the anticipated future stability of the leasehold market.

As Mr. Bridges accurately points out in his recent correspondence to you, the State has long encouraged the construction of high quality improvements on leased lots. While lessees were well aware that lease rates were subject to change, they were certainly within their reasonable expectations to assume that future changes would be predictable and orderly.

Unfortunately, actions taken by the State since at least 2010 have had the effect of removing both order and certainty from the market. The actions of the Idaho Department of Lands ("IDL") have swung from both pursuing longer lease terms to the most recent action of unilaterally removing land from previously platted lots as a condition of renewing the lease.

IFB001624

These actions have both reduced the market value of those lots affected by the proposed re-platting, and have thrown the transfer market into further disarray. These actions have also caused recovery from the 2008 real estate rescission to be delayed.


Other actions of IDL have further damaged the market value and marketability of the property. The re-platting of the subject lot has reduced its size by over one-third in total area. It has also created another lot that will be forced to share ingress with the Bridges lot. Finally, the replatting was apparently done without regard to the adverse impact that additional lots will have on existing roadways and sewer facilities, both of which are already stressed in that area. These unilateral actions hardly seem consistent with maintaining property values and market stability.

Both the Bridges and IFB acted diligently with regard to the construction and financing of improvements on the subject, and did so with reasonable expectations of a long term, undisturbed and uninterrupted use and occupation of the subject leasehold for residential use, including future sale and disposition rights. As Mr. Bridges rightly points out, the State's recent policy shifts and actions have had directly negative impact on the Cottage Site lease sales market, which impact continues to this day. The Cottage Site leasing market at Payette Lake continues to be hobbled by confusion and uncertainty.

The past few years have created unprecedented challenges to both property owners and lenders, and it is reasonable to expect that a governmental authority such as the IDL would pursue policies intended to mitigate, or at least not exacerbate those challenges. There is a substantial difference in what government can do and what it should do. Idaho First Bank concurs with the common sense solutions proposed by Mr. and Mrs. Bridges, and would urge the State to take prompt and effective action to reverse the untenable situation it has created with regard to this and other similarly situated properties. Under the current situation, there are no winners.

Thank you for your consideration in this matter.

Sincerely,


Gerald Jutting

Sr. V.P. and Chief Credit Officer

Cc: Greg Lovell

Cc: Harold and Maj-Le Bridges



April 17, 2014

Patrick Hodges
Division Administrator
Idaho Dept. of Lands
P.O. Box 83720
Boise, ID 83720-0050

RE: Meeting with Drew Bridges on 4-10-14

Mr. Hodges:

Thanks for taking the time last week to meet with myself and Mr. Bridges. Very enlightening meeting for both of us.

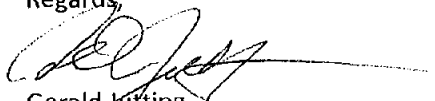
As you recall, we discussed possible bridge type financing in order to make his mortgaged property eligible for a cottage site auction. This is proving to be a difficult challenge and it is involving our bank attorney as you can well imagine.

I have to say and reemphasize we do not agree with your thinking regarding auctioning mortgaged sites. Frankly, we liken this to a purchase of a home. Is the fact or the knowledge of an existing debt impactful to the transaction? Really is not and we see no difference in this situation.

Regardless, I hope to have some ideas from counsel next week and I will then respond accordingly.

Thank you again for your time along with Ms. Pacillo and Director Schultz.

Regards,



Gerald Jutting
President-McCall

IFB001624

YOUNGLAS A. MILLER, CLERK
By [Signature] Deputy

APR 20 2016

Case No. _____ Inst. No. _____
Filed _____ A.M. 3:55 P.M.

WILLIAM H. THOMAS (ISB 3154)
DANIEL E. WILLIAMS (ISB 3920)
THOMAS, WILLIAMS & PARK, LLP
225 N. 9th St., Ste. 810
P.O. Box 1776
Boise, ID 83701-1776
Telephone: (208) 345-7800
Fax: (208) 345-7894
wmthomas@thomaswilliamslaw.com
danw@thomaswilliamslaw.com

Attorneys for Plaintiff Idaho First Bank

IN THE DISTRICT COURT OF THE FOURTH JUDICIAL DISTRICT OF THE
STATE OF IDAHO, IN AND FOR THE COUNTY OF VALLEY

IDAHO FIRST BANK,

Plaintiff,

vs.

**MAJ-LE TATE BRIDGES and
HAROLD A. BRIDGES, individuals,**

Defendants.

Case No. CV2015-145C

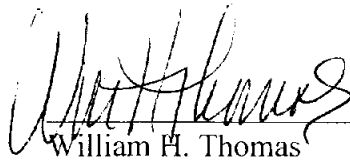
**DECLARATION OF COUNSEL IN
SUPPORT OF IDAHO FIRST BANK'S
SUPPLEMENTAL MEMORANDUM IN
RESPONSE TO DEFENDANTS' MOTION
FOR SUMMARY JUDGMENT**

I, William H. Thomas, make this declaration, pursuant to Idaho Code §9-1406 and I declare under penalty of perjury pursuant to the law of the State of Idaho the following is true and correct:

1. I am one of the counsel of record for Plaintiff Idaho First Bank and have personal knowledge of the matters set forth in this Declaration.

2. Attached hereto as Exhibit A is a true and correct copy of *Wells Fargo Bank, N.A. v. Lynn R. Seagren, et al*, Memorandum Decision and Order Granted in Part and Denying in Part Defendants' Motion to Dismiss (Motion for Summary Judgment) (1st Jud. Dist., Kootenai Co. March 4, 2014).

I declare under penalty of perjury under the laws of the State of Idaho and the United States that the foregoing is true and correct, and that this declaration was executed on April 19, 2016, in Boise, Idaho.


William H. Thomas

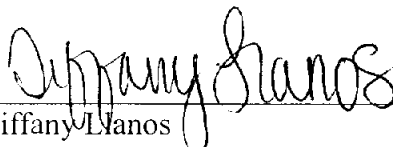
CERTIFICATE OF SERVICE

I hereby certify that on this 19th day of April, 2016, a true and correct copy of the foregoing instrument was served on opposing counsel as indicated below:

Fredric V. Shoemaker
Greener, Burke, Shoemaker, Oberrecht PA

950 W. Bannock Street, Suite 950
Boise, Idaho 83702

Via Hand Delivery
 Via Facsimile: 319-2601
 Via U.S. Mail


Tiffany Llanos

STATE OF IDAHO)
County of KOOTENAI)^{ss}

FILED _____

AT _____ O'Clock _____ M
CLERK OF DISTRICT COURT

Deputy

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

WELLS FARGO BANK, N.A.,)
)
) *Plaintiff,*)
vs.)
)
LYNN R. SEAGREN and WENDY M.)
SEAGREN, individually and as trustees of)
the SEAGREN FAMILY TRUST,)
)
) *Defendants.*)
_____)

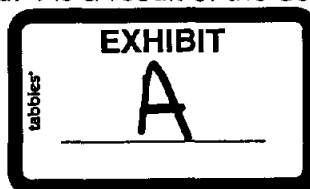
Case No. **CV 2013 5845**

**MEMORANDUM DECISION AND
ORDER GRANTING IN PART AND
DENYING IN PART DEFENDANTS'
MOTION TO DIMSMISS (MOTION
FOR SUMMARY JUDGMENT)**

I. PROCEDURAL HISTORY AND FACTUAL BACKGROUND.

This matter is before the Court on the Motion to Dismiss filed on September 27, 2013, by defendants Lynn R. Seagren, Wendy M. Seagren, individually and as trustees of the Seagren Family Trust. Oral argument on the Motion to Dismiss was held on February 27, 2014.

In March 2008, the defendants Lynn R. Seagren and Wendy M. Seagren (collectively "the Seagrens") executed a note and deed of trust upon certain real property in Kootenai County, Idaho, to secure indebtedness from the plaintiff Wells Fargo Bank, N.A. ("Wells Fargo") in the amount of \$271,500.00 plus interest. Complaint, Exhibit A and B. After the note and deed of trust were executed, Wells Fargo alleges the Seagrens defaulted on the loan by failing to pay the monthly installments due on the note. Complaint, p. 2 ¶ 6. It is unclear from the pleadings *when* the default actually occurred. As a result of the default, Wells Fargo effected a



nonjudicial foreclosure of the deed of trust, and held a trustee's sale on June 27, 2011. *Id.*, p. 2 ¶ 7. At the time of the sale, Wells Fargo alleged \$237,813.00 was due on the note for principal, interest, late fees and foreclosure fees. *Id.*, p. 2 ¶ 8. Wells Fargo alleged at the time of the sale, the fair market value of the property was \$100,000.00. *Id.*, p. 2 ¶ 9. Consequently, Wells Fargo claims the Seagrens still owe \$137,813.00 plus interest. *Id.*, p. 2 ¶ 10.

The Seagrens are residents of Washington. *Id.*, p.1 ¶ 2. On August 12, 2013, Wells Fargo commenced the instant action against the Seagrens individually and in their capacity as trustees of the Seagren Family Trust (collectively "the defendants") when it filed a Complaint against the defendants in the District Court of the First Judicial District of the State of Idaho to recover the balance owing following the nonjudicial foreclosure of the deed of trust. *See* Complaint. Rather than filing an Answer, on September 27, 2013, defendants moved to dismiss this case pursuant to Idaho Rules of Civil Procedure 12(b)(1), (2), and (6). "Defendant Lynn R. Seagren and Wendy M. Seagren Family Trust's Motion to Dismiss", p. 1. This Court notes that while the defendants in their Motion to Dismiss errantly caption the parties "Lynn R. Seagren and Wendy M. Seagren Family Trust" (*Id.*), Wells Fargo's Complaint makes it clear Wells Fargo is not suing the "Seagren Family Trust" as its own entity; rather, the Seagrens are sued individually and in their capacities as trustees of the Seagren Family Trust.

On November 8, 2013, Wells Fargo filed a Memorandum in Opposition to Motion to Dismiss. It was accompanied by the Affidavit of Jeffrey M. Wilson. Attached to the Affidavit of Jeffrey M. Wilson is an order for Clark County Washington Superior Court case number 11-2-03850-9. According to this document, on September 26, 2011, Wells Fargo filed a Complaint to recover the balance owing following the nonjudicial

foreclosure of the deed of trust against Lynn and Wendy Seagren only (not the Seagren Family Trust), and that Complaint was filed in Clark County, Washington, Washington Superior Court case number 11-2-03850-9. Affidavit of Paul W. Daugharty, Exhibit A. That Complaint was filed just within the three-month deadline after the nonjudicial foreclosure on the deed of trust, established by I.C. § 45-1512. *Id.* An Amended Complaint was subsequently filed in that case on November 21, 2011. Affidavit of Paul W. Daugharty, Exhibit B. The Seagren Family Trust was not a named party to that Washington action. *Id.*, Exhibits A and B. The Seagrens moved to dismiss the action in Clark County, Washington on the grounds of Forum Non Conveniens and because they alleged the court lacked subject matter jurisdiction over the action. Affidavit of Jeffrey M. Wilson, Exhibit A, p. 1. On March 8, 2012, following a hearing on the matter, the Washington Superior Court judge dismissed the action without prejudice, making the following findings:

1. The difficulties of litigation in Washington militate for dismissal of the action on the grounds of Forum Non Conveniens[.]
2. Defendants have stipulated to jurisdiction in Idaho.
3. Defendants have authorized Attorney Albert F. Schlotfeldt to accept service on their behalf in Idaho.
4. The Court does not wish to prejudice Plaintiff with regard to a Statute of Limitations defense, and thus conditions the dismissal on Defendants' stipulation not to raise this defense. Defendants have therefore so stipulated.

Id., p. 2. Based on those findings, the Washington Superior Court Ordered:

1. Defendants' motion is granted on the basis of Forum Non Conveniens.
2. The action will be dismissed without prejudice for Forum Non Conveniens upon the filing of an action in Idaho.
3. Defendants waive any State of Limitations defense.

Id. There has been no transcript of that hearing provided to this Court. The Washington Superior Court did not address whether it had subject matter jurisdiction over the case. *Id.*

Hearing on defendants' Motion to Dismiss in the instant case before this Court was initially scheduled for January 7, 2014. Prior to that date, the parties requested a continuance. The Court held a hearing on January 7, 2014, and informed the parties that because Wells Fargo had filed an affidavit, this Court would treat the defendants' Motion to Dismiss as a Motion for Summary Judgment, and rescheduled the hearing on that Motion for Summary Judgment for February 27, 2014. Up to the date of the January 7, 2014, hearing, defendants had failed to file a memorandum in support of their motion to dismiss. On January 30, 2014, the defendants filed a Memorandum in Support of Motion to Dismiss. It was accompanied by the Affidavit of Paul W. Daugharty. Attached to the Affidavit of Paul W. Daugharty are copies of the Complaint and First Amended Complaint filed in Clark County Washington case number 11-2-03850-9, and a copy of the Trustee's Deed dated June 29, 2011, which was recorded in the Kootenai County Recorder's Office on July 6, 2011. Affidavit of Paul W. Daugharty, Exhibits A, B and C. Wells Fargo filed a response brief entitled Plaintiff's Memorandum in Opposition to Defendants' Motion to Dismiss (Summary Judgment) on February 11, 2014. Defendants did not file a reply memorandum.

For the reasons set forth below, the Court grants defendants' motion for summary judgment in part and denies the defendants' motion for summary judgment in part.

II. STANDARD OF REVIEW.

In considering a motion to dismiss under Idaho Rule of Civil Procedure 12(b), the court may examine only those facts that appear in the complaint and any facts that are

appropriate for the court to take judicial notice of. *Hellickson v. Jenkins*, 118 Idaho 273, 276, 796 P.2d 150, 153 (Ct. App. 1990). Where matters outside the pleadings are considered by the court, the court must treat the motion to dismiss as a motion for summary judgment. See *Masi v. Seale*, 106 Idaho 561, 562, 682 P.2d 102, 103 (1984); *Hellickson*, 118 Idaho at 276, 796 P.2d at 153. This is because the nature of a motion to dismiss changes when the Court considers matters that are outside the pleadings:

If, on a motion asserting a defense numbered (6) to dismiss for failure to state a claim upon which relief can be granted, matters outside the pleading are presented to and not excluded by the court, the motion shall be treated as one for summary judgment and disposed of as provided in Rule 56, and all parties shall be given reasonable opportunity to present all material made pertinent to such a motion by Rule 56.

I.R.C.P. 12(b)(6). Affidavits are considered matters outside the pleadings. Similarly, taking judicial notice is considered to be outside the pleadings, as it is a substitute for taking evidence. *Hellickson v. Jenkins*, 118 Idaho 273, 276, 796 P.2d 150, 153 (Ct. App. 1990). In this case, the Court has been asked to consider matters outside the pleadings, and the Court informed the parties it would treat the motion to dismiss as a motion for summary judgment.

Summary judgment is appropriate "if the pleadings, depositions, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to a judgment as a matter of law."

I.R.C.P. 56(c). The burden of proof is on the moving party to demonstrate the absence of a genuine issue of material fact. *Yoakum v. Hartford Fire Ins. Co.*, 129 Idaho 171, 923 P.2d 416 (1996). To withstand a motion for summary judgment, the non-moving party's case must be anchored in something more than speculation; a mere scintilla of evidence is not enough to create a genuine issue. *Zimmerman v. Volkswagen of America, Inc.*, 128 Idaho 851, 854, 920 P.2d 67, 69 (1996).

Liberal construction of the facts in favor of the non-moving party requires the court to draw all reasonable factual inferences in favor of the non-moving party. See *Williams v. Blakley*, 114 Idaho 323, 324, 757 P.2d 186, 187 (1988); *Blake v. Cruz*, 108 Idaho 253, 255, 698 P.2d 315, 317 (1985). An adverse party may not simply rely upon mere allegations in the pleadings, but must set forth in affidavits specific facts showing there is a genuine issue for trial. *Id.*; see *Rhodehouse v. Stutts*, 125 Idaho 208, 211, 868 P.2d 1224, 1227 (1994). If reasonable people can reach different conclusions as to the facts, then the motion must be denied. *Ashby v. Hubbard*, 100 Idaho 67, 593 P.2d 402 (1979).

III. ANALYSIS.

A. This Court has Subject Matter Jurisdiction Over This Action Pursuant to I.R.C.P. 12(b)(1).

Subject matter jurisdiction is “the power to determine cases over a general type or class of dispute.” *Bach v. Miller*, 144 Idaho 142, 145, 158 P.3d 305, 308 (2007). The Idaho Constitution grants Idaho district courts original jurisdiction over all matters at law and in equity. Idaho Const. art. V, § 20. “[S]ubject matter jurisdiction can never be waived or consented to, and a court has a *sua sponte* duty to ensure that it has subject matter jurisdiction over a case.” *State v. Urrabazo*, 150 Idaho 158, 163, 244 P.3d 1244, 1249 (2010) (*overruled on other grounds, Verska v. Saint Alphonsus Regional Medical Center*, 151 Idaho 889, 265 P.3d 502 (2011)). If this Court lacks subject matter jurisdiction, it must dismiss this case. I.R.C.P. 12(g)(4). The Idaho Supreme Court has cautioned the consequences of rendering a decision where a court does not have subject matter jurisdiction: “[J]udgments and orders made without subject matter jurisdiction are void and ‘are subject to collateral attack, and are not entitled to recognition in other states under the full faith and credit clause of the United States

Constitution.” *Urrabazo*, 150 Idaho at 163, 244 P.3d at 1249 (citing *Sierra Life Ins. Co. v. Granata*, 99 Idaho 624, 626-27, 586 P.2d 1068, 1070-71 (1978)). Moreover, whether a district court has subject matter jurisdiction is not dependent upon the merits of the action. *Bagley v. Thomason*, 155 Idaho 193, 307 P.3d 1219, 1222 (2013).

Idaho Code § 5-401 governs causes of action over real property disputes, and it provides:

Actions for the following causes must be tried in the county in which the subject of the action or some part thereof is situated, subject to the power of the court to change the place of trial, as provided in this code:

1. For the recovery of real property, or of an estate or interest therein, or for the determination in any form of such right or interest and for injuries to real property.
2. For the partition of real property.
3. For the foreclosure of a mortgage of real property. Where the real property is situated partly in one county and partly in another, the plaintiff may select either of the counties, and the county so selected is the proper county for the trial of such action.

Similarly, I.C. § 5-514(c) requires that any person who owns, uses or possesses real property situated within this state submit himself “to the jurisdiction of the courts of this state as to any cause of action arising from” said ownership, use or possession.

The defendants’ Motion to Dismiss cites I.R.C.P. 12(b)(1) as a basis for dismissal of this action. Defendant Lynn R. Seagren and Wendy M. Seagren Family Trust’s Motion to Dismiss, p. 1. However, there is simply no dispute that the property that is the underlying basis of this dispute is located in Coeur d’Alene, Idaho.

Complaint, Exhibit A, p. 1. The Trustee’s Deed was recorded in the Kootenai County Recorder’s Office. Memorandum in Support of Motion to Dismiss, p. 2; Affidavit of Paul W. Daugharty, Exhibit C. As stated above, I.C. §§ 5-401 and 5-514 grant district courts of the county where real property is situated the power to adjudicate disputes over said property. Accordingly, this Court has subject matter jurisdiction over this matter.

Since the Court told the parties on January 7, 2014, that it would consider matters outside the pleadings and treat this matter as a motion for summary judgment, it is unnecessary to discuss plaintiff's analysis regarding facial versus factual challenges to an I.R.C.P. 12(b)(1) jurisdictional challenge.

B. This Court Has Personal Jurisdiction Over Defendants Pursuant to I.R.C.P. 12(b)(2).

For this Court to have personal jurisdiction over the defendants, the Court must find that: (1) the defendants' conduct falls within the scope of Idaho's long-arm statute, Idaho Code § 5-514; and (2) the contacts with the State of Idaho were sufficient under the Due Process Clause of the U.S. Constitution to permit the exercise of personal jurisdiction by the Court. See *Blimka v. My Web Wholesaler, LLC*, 143 Idaho 723, 726, 152 P.3d 594, 597 (2007). However, this defense can be waived. See *Gage v. Harris*, 119 Idaho 451, 453, 807 P.2d 1289 (Ct. App. 1991). "[T]here are a 'variety of legal arrangements' by which a litigant may give 'express or implied consent to the personal jurisdiction of the court.'" *Burger King Corp. v. Rudzewicz*, 471 U.S. 462, 473, 105 S. Ct. 2174, 2182, 85 L. Ed. 2d 528 (1985) (citing *Insurance Corp. of Ireland, Ltd. v. Compagnie des Bauxites de Guinee*, 456 U.S. 694, 703, 102 S. Ct. 2099, 2105, 72 L. Ed. 2d 492 (1982)).

"The district court has no personal jurisdiction outside of the state boundaries except as provided by the Idaho long-arm statute." *Brannon v. City of Coeur d'Alene*, 153 Idaho 843, 851, 292 P.3d 234, 242 (2012). Among other things, Idaho's long-arm statute, Idaho Code § 5-514, grants the courts of Idaho jurisdiction over a defendant "as to any cause of action arising from the . . . ownership, use or possession of any real property situate within this state." I.C. § 5-514(c). "The concept of 'arising from' is broad. It is not restricted solely to actions challenging the ownership. Rather, it suffices

if there is a 'substantial connection' between the ownership of land in Idaho and the cause of action." *Tandy & Wood, Inc., v. Munnell*, 97 Idaho 142, 144, 540 P.2d 804, 806 (1975). "The intent of the Legislature when enacting [Idaho Code § 5-514] was to grant state courts all personal jurisdiction available under the Due Process Clause of the United States Constitution." *Donaldson v. Donaldson*, 111 Idaho 951, 955, 729 P.2d 426, 430 (Ct.App. 1986) (citing *Baker v. Baker*, 100 Idaho 635, 603 P.2d 590 (1979); *Doggett v. Electronics Corp. of America*, 93 Idaho 26, 454 P.2d 63 (1969)). As such, personal jurisdiction may be properly exercised over a non-resident defendant when the constitutional standards of the Due Process Clause are also met. The Due Process Clause allows for the exercise of personal jurisdiction over a non-resident defendant when (1) "the defendant has certain minimum contacts with the forum state such that maintenance of the suit does not offend traditional notions of fair play and substantial justice;" and (2) the non-resident defendant "purposefully avails itself of the privilege of conducting activities in the forum State, thus invoking the benefits and protections of its laws." *Schneider v. Sverdsten Logging Co., Inc.*, 104 Idaho 210 212, 657 P.2d 1078, 1080 (1983) (internal quotations omitted). "[T]he defendant's conduct and connection with the forum state are such that he should reasonably anticipate being haled into court there." *World-Wide Volkswagen Corp. v. Woodson*, 444 U.S. 286, 297 (1980).

Despite the fact that the defendants are residents of Washington, this Court has personal jurisdiction over them under both the two-part personal jurisdiction analysis and because they waived their right to contest personal jurisdiction in Idaho. Each is discussed in turn below.

Idaho has jurisdiction over this action pursuant to Idaho Code § 5-514(c). The cause of action, although for the recovery of monetary damages, arises from the Seagrens' ownership of real property located in Kootenai County, Idaho. There is a substantial connection between the ownership of land by the Seagrens here in Idaho and Wells Fargo's request for money damages following the nonjudicial foreclosure of the deed of trust for that same property. If the Seagrens did not execute a note and deed of trust for the property, there would be no cause of action in this case.

Moreover, the Seagrens' contacts with Idaho are sufficient under the Due Process Clause of the United States Constitution to allow for personal jurisdiction in this case. The Seagrens "purposefully avail[ed themselves] of the privilege of conducting activities in the forum State, thus invoking the benefits and protections of its laws". *Schneider*, 104 Idaho at 212, 657 P.2d at 1080. By owning land in Idaho, they have been afforded the benefits and protections of Idaho's real property laws and they should have reasonably anticipated being haled into court here, if a dispute arose surrounding the property. As such, they are required to defend this suit here in Idaho.

Since this Court finds personal jurisdiction is established through the analysis provided above, it is unnecessary to discuss Wells Fargo's argument that the Washington Superior Court judge found that the Seagrens had stipulated to jurisdiction in Idaho, and thus, Seagrens have waived their right to challenge personal jurisdiction in Idaho when they moved to dismiss the action in Washington. Apart from Seagrens' stipulation to jurisdiction by this Court, this Court specifically finds it has personal jurisdiction over the Seagrens. The stipulation by the Seagrens in the Washington case, to jurisdiction in this Idaho Court, only makes Seagrens' claims that this Court lacks jurisdiction all the more untenable.

C. The Washington Superior Court Had Subject Matter Jurisdiction Over the Seagrens; Wells Fargo is Entitled to Offer Evidence in this Idaho Case to Support its Claims Against the Seagrens, but not Against the Seagren Family Trust.

The court should make “every reasonable intendment . . . to sustain a complaint against a motion to dismiss for failure to state a claim.” *Idaho Comm’n on Human Rights v. Campbell*, 95 Idaho 215, 217, 506 P.2d 112, 114 (1973) (citing *Wackerli v. Martindale*, 82 Idaho 400, 353 P.2d 782 (1960); *Stewart v. Arrington Constr. Co.*, 92 Idaho 526, 446 P.2d 895 (1968)). “[T]he nonmoving party is entitled to have all inferences from the record and pleadings viewed in its favor, and only then may the question be asked whether a claim for relief has been stated.” *Coghlan v. Beta Theta Pi Fraternity*, 133 Idaho 388, 398, 987 P.2d 300, 310. Dismissal is appropriate only if it “appear[s] beyond doubt that the plaintiff can prove no set of facts in support of his claim that would entitle him to relief.” *Ernst v. Hemenway & Moser, Co., Inc.*, 120 Idaho 941, 946, 821 P.2d 996, 1001 (Ct.App. 1991). “The issue is not whether the plaintiff will ultimately prevail, but whether the party is entitled to offer evidence to support the claims.” *Orthman v. Idaho Power Co.*, 126 Idaho 960, 962, 895 P.2d 561, 563 (1995) (quoting *Greenfield v. Suzuki Motor Co. Ltd.*, 776 F.Supp. 698, 701 (E.D.N.Y.1991)).

Idaho Code § 45-1512 permits the beneficiary of a deed of trust to seek a deficiency judgment following a trustee’s sale under a deed of trust. It provides:

At any time within 3 months after any sale under a deed of trust, as hereinbefore provided, a money judgment may be sought for the balance due upon the obligation for which such deed of trust was given as security, and in such action the plaintiff shall set forth in his complaint the entire amount of indebtedness which was secured by such deed of trust and the amount for which the same was sold and the fair market value at the date of sale, together with interest from such date of sale, costs of sale and attorney's fees. Before rendering judgment the court shall find the fair market value of the real property sold at the time of sale. The court may not render judgment for more than the amount by which the entire amount of indebtedness due at the time of sale exceeds the fair market

value at that time, with interest from date of sale, but in no event may the judgment exceed the difference between the amount for which such property was sold and the entire amount of the indebtedness secured by the deed of trust.

I.C. § 45-1512.

In their Memorandum in Support of Motion to Dismiss, the defendants allege Wells Fargo failed to comply with the three-month statutory requirements set forth above and, as such, is precluded from asserting the right to seek a deficiency judgment under Idaho Code § 45-1512. Memorandum in Support of Motion to Dismiss, p. 3. Wells Fargo concedes the Complaint in this Idaho case was not filed within three months of the sale, as required by Idaho Code § 45-1512. Memorandum in Opposition to Motion to Dismiss, p. 6. However, Wells Fargo maintains the Seagrens are barred from asserting a statute of limitations defense because the Complaint filed in Washington Superior Court case number 11-2-03850-9 was timely filed within the three months of the nonjudicial foreclosure of the deed of trust and the presiding Washington Superior Court judge conditioned the dismissal of the Washington case upon “Defendants waiv[ing] any Statute of Limitations defense.” *Id.*; Affidavit of Jeffrey M. Wilson, p. 2, Exhibit A; Plaintiff’s Memorandum in Opposition to Defendants’ Motion to Dismiss, p. 9. In response, the Seagrens argue that since the Washington Superior Court did not have subject matter jurisdiction, the order issued in Washington Superior Court case number 11-2-03850-9 is void and as such, that court could not have required the defendants to waive their statute of limitations defense. Memorandum In Support of Motion to Dismiss, p. 4. The defendants also note that the Seagren Family Trust was not a party to the Washington action. *Id.* While that is true, the “Seagren Family Trust” is not a party to this Idaho action either. Wells Fargo accurately states the actual situation in this Idaho case:

The Seagren Defendants also raised another issue that Washington action was jurisdictionally defective because the “trust” itself was not made a party in that action. A deficiency action under I.C. § 45-1512 is to be brought upon the underlying obligation, as is clearly stated on the face of the statute itself:

At any time within 3 months after any sale under a deed of trust, as hereinbefore provided, a money judgment may be sought for the balance due **upon the obligation for which such deed of trust was given as security**....

(Emphasis added). Only the Seagren Defendants, individually, were obligated as borrowers on the underlying “Fixed Rate Loan Note” upon which a deficiency action could be brought under I.C. § 45-1512. Consequently, only the Seagrens individually—and not the trust—were the proper parties defendant in the deficiency action. Furthermore, under Idaho law, a trust is not itself a separate legal entity. Instead it is the trustees who are the parties against whom an action involving the trust is brought. Again, this would be the Seagren Defendants individually—not the trust.

Plaintiff’s Memorandum in Opposition to Defendants’ Motion to Dismiss, pp. 7-8. This Court agrees. This Court also notes that in the Washington Superior Court case the Seagrens were not named in their capacity as trustees. This Court also finds that because the Seagrens were not named in their capacity as trustees in that Washington Superior Court case, they cannot be named in that same capacity in this Idaho case.

In its order, the Washington Superior Court failed to address whether it had subject matter jurisdiction over this cause of action. This Idaho Court must now make the determination whether the Washington Superior Court had subject matter jurisdiction. If this Court finds that the Washington Superior Court had subject matter jurisdiction, then the Washington Superior Court order for case number 11-2-03850-9 is binding on the Seagrens and the Seagrens will be barred from now asserting a statute of limitations defense.

The Seagrens’ argument is centered around the fact that “Washington is a non-recourse state and no deficiency is available after the non-judicial foreclosure of the

Deed of Trust.” Memorandum in Support of Motion to Dismiss, p. 3. Counsel for Seagrens continues:

Wells Fargo should have filed for the deficiency in Idaho. It failed to do so and the Washington Court did not have subject matter jurisdiction to hear the matter.

Id. Seagrens’ argument is far too simplistic. The fact that Washington is a “non-recourse” state has nothing to do with whether or not the Washington Superior Court had subject matter jurisdiction over the case. Even if the Washington Superior Court could not grant a deficiency, that fact would not deprive the Washington Superior Court of subject matter jurisdiction. “Subject matter jurisdiction governs the court’s authority to hear a particular type of controversy, not a particular case.” *Ralph v. State Dep’t of Natural Res.*, 171 Wash.App. 262, 267, 286 P.3d 992, 994 (Wash.App.Wash.Div.1 2012) *review granted*, 176 Wash.2d 1024, 301 P.3d 1047 (Wash. 2013). As discussed below, even if Washington law were to have been applied, the Washington Superior Court would still have subject matter jurisdiction over the case, even though it could not have granted a deficiency had it applied Washington law.

However, as Wells Fargo points out, the Washington Superior Court had every ability to apply Idaho law to this dispute, had the Washington case continued on. Plaintiff’s Memorandum in Opposition to Defendants’ Motion to Dismiss, p. 5. Wells Fargo correctly notes: “Washington Courts can apply Idaho law under applicable choice of law rules according to the parties’ contract, and then award the requested deficiency judgment under Idaho law.” *Id.*, citing *Parrott Mechanical, Inc. v. Rude*, 118 Wash.App. 859, 863-64, 78 P.3d 1026, 1029 (Wash.App. 2003). Wells Fargo correctly notes that the “Fixed Rate Loan Note” which the Seagrens entered into, provides the Note and all related documents would be governed by “the laws of the state in which

the Property is located.” *Id.*, citing Affidavit of Paul W. Daugherty, Exhibit A and B, Section 17. There is no dispute the property is in Idaho; thus, I.C. § 45-1512 would have applied in the Washington case.

Thus, Seagrens’ argument that the Washington Superior Court lacked subject matter jurisdiction because “Washington is a non-recourse state and no deficiency is available after the non-judicial foreclosure of the Deed of Trust” (Memorandum in Support of Motion to Dismiss, p. 3) is misplaced for two reasons. First, because the ability or inability to grant a deficiency has nothing to do with an analysis of subject matter jurisdiction. As mentioned above, “Subject matter jurisdiction governs the court’s authority to hear a particular type of controversy, not a particular case.” *Ralph v. State Dep’t of Natural Res.*, 171 Wash.App. 262, 267, 286 P.3d 992, 994 (Wash.App.Wash.Div.1 2012). This Court finds the Washington Superior Court had subject matter jurisdiction to hear this case. Second, Seagrens’ argument is factually misplaced because Washington’s non-deficiency statute would likely not have been applied by the Washington Superior Court. Instead, as discussed above, the Idaho statute allowing for a deficiency would likely have been applied by the Washington Superior Court, given the choice of law language in the note which applied to all related documents. As discussed below, Seagrens’ factual error and the fact that Idaho law would have been applied by the Washington Superior Court is not what convinces this Idaho Court that the Washington Superior Court had subject matter jurisdiction.

Just as in Idaho (I.R.C.P. 12(g)(4)) , a “[l]ack of subject matter jurisdiction renders a [Washington] trial court powerless to decide the merits of the case.” *Angelo Prop. Co., LP v. Hafiz*, 167 Wash.App. 789, 808, 274 P.3d 1075, 1085 (Wash.App.Div.2 2012) *review denied*, 175 Wash. 2d 1012, 287 P.3d 594 (Wash.

2012) (citing *Skagit Surveyors & Eng'rs, LLC v. Friends of Skagit County*, 135 Wash.2d 542, 556, 958 P.2d 962 (Wash. 1998 *en banc*)). A case must be dismissed if a court lacks subject matter jurisdiction. *Ralph*, 171 Wash. App. at 268, 286 P.3d at 994 (citing *Young v. Clark*, 149 Wash.2d 130, 133, 65 P.3d 1192 (Wash. 2003 *en banc*)).

Section 4.12.010(1) of the Revised Code of Washington requires that actions “for the recovery of, for the possession of, for the partition of, for the foreclosure of a mortgage on, or for the determination of all questions affecting the title, or for any injuries to real property” must be commenced in the county where the subject of the action is situated. RCW 4.12.010(1). On the other hand, actions for monetary recovery are governed by Section 4.12.025 of the Revised Code of Washington and “may be brought in any county in which the defendant resides, or, if there be more than one defendant, where some one of the defendants resides at the time of the commencement of the action.” RCW 4.12.025; *see also Washington State Bank v. Medalia Healthcare LLC*, 96 Wash.App. 547, 555, 984 P.2d 1041, 1045 (Wash.App.Div. 1 1999). Such actions are in personam and transitory in nature. *Id.*

If the “basis of the action is transitory and one over which the court has jurisdiction, the court may hear and determine the action even though a question of title to foreign land may be involved, and even though question of title may constitute the essential point on which the case depends.” *Silver Surprise, Inc. v. Sunshine Min. Co.*, 74 Wash.2d 519, 526, 445 P.2d 334, 338 (Wash. 1968 *en banc*). This is consistent with the tendency that “‘courts wherever possible have consistently construed actions concerning real estate to be transitory rather than local’ and that trend is toward making all money damage actions transitory.” *Washington State Bank*, 96 Wash.App. at 558, 984 P.2d at 1047 (citing *Muller v. Brunn*, 105 Wis.2d 171, 185, 313 N.W.2d 790, 796

(Wis. 1982) *abrogated by Vill. of Trempealeau v. Mikrut*, 273 Wis.2d 76, 681 N.W.2d 190 (Wis. 2004)).

In the instant action, Wells Fargo seeks money damages for a balance owing following a nonjudicial foreclosure of a deed of trust. Complaint, p. 3. Thus, it is a transitory action for monetary recovery, not subject to the local requirement of RCW 4.12.010, and within the jurisdiction of the Washington Superior Court. *Washington State Bank v. Medalia Healthcare LLC*, 96 Wash. App. 547, 557, 984 P.2d 1041, 1046 (Wash.App.Div.1 1999). As such, the order issued by the Washington Superior Court judge finding that “Defendants waive any Statute of Limitations defense” is binding on the Seagrens. Exh. A to Affidavit of Jeffrey M. Wilson, p. 2. Accordingly, this Court finds that the Seagrens waived any defenses they had for Wells Fargo failing to comply with the three-month statute of limitations requirement set forth in Idaho Code § 45-1512 when the action in Washington was dismissed.

However, in the Clark County, Washington Superior Court case number 11-2-03850-9, the Seagrens were not named in their capacities as trustees of the Seagren Family Trust. Wells Fargo argues that the trust is not a separate legal entity but appears to concede that the Seagrens were not named in their capacities as trustees of the Seagren Family Trust in that Washington Superior Court case. Plaintiff’s Memorandum in Opposition to Defendant’s Motion to Dismiss, p. 8. The trial court “has no authority to adjudicate the rights of parties not before [it].” *In re Marriage of Estep*, 172 Wash.App. 1003 (Wash.App.Div.1 2012) (citing *In re Marriage of McKean*, 110 Wash.App. 191, 194-95, 38 P.3d 1053, 1054-55 (Wash.App.Div.2 2002)). Accordingly, if an action is not “initiated . . . against the trust by suing a party in his or her

representative capacity as trustee, the trial court lack[s] in personam jurisdiction over the trust” *Id.* (citing *McKean*, 110 Wash.App. 191, 196, 38 P.3d 1053, 1055).

In the Washington Superior Court case, Wells Fargo failed to sue the Seagrens in their capacity as Trustees of the Seagren Family Trust. As such, the Washington Superior Court order is not binding upon the Seagrens in their capacity as Trustees of the Seagren Family Trust. Having raised the statute of limitations affirmative defense in its Memorandum in Support of Motion to Dismiss, and Wells Fargo being unable to establish that the three-month requirement set forth in Idaho Code § 45-1512 was complied with, Wells Fargo’s claims must be dismissed against the Seagrens in their capacity as trustees of the Seagren Family Trust.

The Court must now determine whether the Complaint filed by Wells Fargo complies with the remaining requirements set forth above in I.C. § 45-1512 as they pertain to the Seagrens in their individual capacities. The Complaint contains: provisions for the amount of indebtedness that was secured by the deed of trust, \$237,813.00; the fair market value at the date of sale, \$100,000.00; interest from the date of sale, \$20,313.00; and attorney’s fees, \$2,500.00 if the matter was uncontested and additional fees pursuant to Idaho Code § 12-120 if contested.

While the Complaint does not specifically provide a paragraph that contains the amount for which the property was sold, a reasonable inference can be made in favor of Wells Fargo that the sale price was \$100,000.00 since the Complaint contains the amount of indebtedness prior to the sale, \$237,813.00 and the amount of indebtedness following the sale, \$137.813.00. The Complaint also fails to contain a paragraph regarding the costs of sale. However, the Court could make the inference that the cost to Wells Fargo was \$0.00, since they do not appear to be requesting any amount for the sale.

As stated above, under I.R.C.P. 12(b)(6), the Complaint should not be dismissed unless it appears beyond doubt that the plaintiff Wells Fargo can prove no set of facts supporting its claim that would entitle it to relief. It is not beyond doubt that Wells Fargo can prove no set of facts in support of its claim which would entitle it to relief. Accordingly, defendants' motion to dismiss for failure to state a claim upon which relief can be granted is denied as it relates to the Seagrens, but is granted as it relates to their capacities as trustees for the Seagren Family Trust.

IV. CONCLUSION AND ORDER.

For the reasons set forth above, the Court denies defendants' motion to dismiss (motion for summary judgment) in part as it pertains to defendant Lynn R. Seagren and Wendy M. Seagren, and grants defendants' motion to dismiss (motion for summary judgment) in part as it pertains to the Seagrens in their capacity as trustees of the Seagren Family Trust.

IT IS HEREBY ORDERED defendants' motion to dismiss (motion for summary judgment) as it pertains to defendant Lynn R. Seagren and Wendy M. Seagren in their individual capacity is DENIED.

IT IS FURTHER ORDERED defendants' motion to dismiss (motion for summary judgment) as it pertains to the Seagrens in their capacity as trustees of the Seagren Family Trust is GRANTED.

Entered this 4th day of March, 2014.

John T. Mitchell, District Judge

Certificate of Service

I certify that on the _____ day of March, 2014, a true copy of the foregoing was mailed postage prepaid or was sent by interoffice mail or facsimile to each of the following:

Lawyer
Jeffrey M. Wilson

Fax #
208-384-0442

Lawyer
Paul W. Daugharty

Fax #
666-0550

Jeanne Clausen, Deputy Clerk



THOMAS, WILLIAMS
& PARK

DOUGLAS A. MILLER, CLERK
By _____ Deputy

APR 20 2016

Case No. _____ Inst. No. _____
Filed _____ A.M. _____ P.M.

April 19, 2016

Clerk of the Court
Valley County Courthouse
219 Main
PO Box 1350
Cascade, Idaho 83611

Re: *Idaho First Bank v. Bridges*
Case No. CV 2015-145C

Dear Clerk:

Enclosed please find an original and copy of the first page of the Declaration of Counsel in Support of Idaho First Bank's Supplemental Memorandum in Response to Defendants' Motion for Summary Judgment for filing in the above-referenced matter. Please file the original and return the conformed first page to me in the self-addressed, stamped envelope provided.

If you need anything further, or have any questions, please feel free to contact us. Thank you.

Sincerely,

Tiffany Llanos
Legal Assistant to William H. Thomas

WHT/tdl
Enclosures
cc: Fredric V. Shoemaker (w/enc.)

DOUGLAS A. MILLER CLERK
By _____ Deputy

APR 27 2016

Case No. _____ Inst. No. _____
Filed _____ A.M. 3 - P.M.

IN THE DISTRICT COURT OF THE FOURTH JUDICIAL DISTRICT OF

THE STATE OF IDAHO, IN AND FOR THE COUNTY OF VALLEY

IDAHO FIRST BANK,

Plaintiff,

vs.

MAJ-LE TATE BRIDGES and HAROLD
A. BRIDGES, individuals,

Defendants.

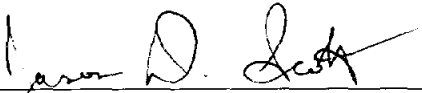
Case No. CV-2015-00145-C

JUDGMENT

JUDGMENT IS ENTERED AS FOLLOWS:

Plaintiff Idaho First Bank's second amended complaint is dismissed with prejudice, with no award of relief to Idaho First Bank.

Dated this 27th day of April, 2016.



Jason D. Scott
DISTRICT JUDGE

CERTIFICATE OF MAILING

I hereby certify that on this 28th day of April, 2016, I mailed (served) a true and correct

copy of the within instrument to:

William H. Thomas
Daniel E. Williams
Thomas, Williams & Park, LLP
225 N. 9th Street, Suite 810
P.O. Box 1776
Boise, Idaho 83701-1776

U.S. Mail, Postage Prepaid
 Hand Delivered
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 Facsimile

Fredric V. Shoemaker
Loren K. Messerly
Greener Burke Shoemaker Oberrecht PA
950 W. Bannock Street, Suite 950
Boise, Idaho 83702

U.S. Mail, Postage Prepaid
 Hand Delivered
 Electronic Mail
 Facsimile

DOUGLAS A. MILLER
Clerk of the District Court

By: 
Deputy Court Clerk

DOUGLAS A. MILLER, CLERK
By _____ Deputy

APR 27 2016

Case No. _____ Inst. No. _____
Filed _____ A.M. 3 - P.M.

IN THE DISTRICT COURT OF THE FOURTH JUDICIAL DISTRICT OF
THE STATE OF IDAHO, IN AND FOR THE COUNTY OF VALLEY

IDAHO FIRST BANK,

Plaintiff,

vs.

MAJ-LE TATE BRIDGES and HAROLD
A. BRIDGES, individuals,

Defendants.

Case No. CV-2015-00145-C

MEMORANDUM DECISION AND
ORDER ON SUMMARY JUDGMENT

In 2006 Plaintiff Idaho First Bank made a construction loan to Defendants Maj-Le Tate Bridges and Harold A. Bridges (“the Bridges”). The loan was secured by the collateral described in a Construction Deed of Trust. Principally, the collateral was (i) the Bridges’ leasehold interest in a state-owned cottage site in McCall, and (ii) a cottage the Bridges would construct on the cottage site using the loan proceeds. The cottage—a home of nearly 5,000 square feet—was completed in 2008 at a cost well in excess of a million dollars.

In 2015, the Bridges defaulted on the loan and tendered the deed-of-trust collateral to Idaho First Bank to facilitate its sale and the concomitant application of the sale proceeds to the loan balance. Idaho First Bank sold the collateral on September 15, 2015. Unfortunately, the sale proceeds were not enough to exhaust the loan balance. Consequently, Idaho First Bank, which had already filed this lawsuit in response to the Bridges’ loan default, amended its complaint to replace its then-existing, garden-variety collection claims with “deficiency” claims seeking the loan balance that remains after application of the sale proceeds.

The Bridges move for summary judgment. Their motion was argued on April 4, 2016. During the hearing, Idaho First Bank's counsel requested an opportunity to file a post-hearing brief. Idaho First Bank was given until April 18, 2016, to do so. The Bridges were given the opportunity to have the last word in a post-hearing brief due by April 25, 2016, at which point their motion for summary judgment would be deemed under advisement. The parties' respective post-hearing briefs were timely filed and have been considered. For the reasons that follow, summary judgment is now granted to the Bridges.

I.

BACKGROUND

In 2005, the Bridges began leasing a cottage site located at 2087 John Alden Road in McCall, Idaho, from the Idaho Department of Lands. (M. Bridges Decl. filed Jan. 21, 2016, ¶ 3; H. Bridges Decl. filed Jan. 21, 2016, ¶ 3 & Ex. A.)¹ They leased it to build their dream vacation home on it. (M. Bridges Decl. ¶ 5; H. Bridges Decl. ¶ 5.) To that end, in 2006 the Bridges obtained a \$1.5 million construction loan from Idaho First Bank. (M. Bridges Decl. ¶ 9; H. Bridges Decl. ¶ 9.) To provide collateral for the loan, the Bridges signed a Construction Deed of Trust. (M. Bridges Decl. ¶ 9; H. Bridges Decl. ¶ 9 & Ex. B.) Through the Construction Deed of Trust, they pledged both their leasehold interest in the cottage site and their interest in any buildings or improvements they constructed on it. (H. Bridges Decl. Ex. B at 1.)

The Bridges used the proceeds of the Idaho First Bank loan as intended: to build a sizeable cottage on the cottage site. (M. Bridges Decl. ¶ 13; H. Bridges Decl. ¶ 13.) The cottage they built is 5,000 square feet in size. (M. Bridges Decl. ¶ 13; H. Bridges Decl. ¶ 13.) It was

¹ All further references in this decision to these two declarations will omit the filing date. When reference is made to a different declaration, the filing date will be noted.

built on a cement foundation embedded in the ground, and its design took into account the cottage site's slope, topography, size, and orientation, as well as the surrounding environment and nearby cabins. (M. Bridges Decl. ¶ 13; H. Bridges Decl. ¶ 13.) From the beginning, the Bridges intended the cottage to be on the cottage site permanently. (M. Bridges Decl. ¶¶ 13-14; H. Bridges Decl. ¶¶ 13-14.) Indeed, it was built without any contingency planning for its future removal from the cottage site. (Id.)

The Bridges most recently renewed their lease of the cottage site for a nine-year term beginning on January 1, 2014. (M. Bridges Decl. ¶ 17; H. Bridges Decl. ¶ 17; H. Bridges Decl. filed July 20, 2015, Ex. B.) In departure from the lease that was in effect when the Bridges obtained the construction loan from Idaho First Bank and built the cottage, the new lease characterized the cottage as "Personal Property." (Compare H. Bridges Decl. Ex. A with H. Bridges Decl. filed July 20, 2015, Ex. B § 1.1.i.)

Unfortunately for all concerned, the Bridges defaulted in May 2015 on their loan from Idaho First Bank. (M. Bridges Decl. ¶ 19; H. Bridges Decl. ¶ 19.) They tendered the collateral to Idaho First Bank, hoping it could be sold for enough money to fully repay the loan. (Id.)

Idaho First Bank filed this lawsuit against the Bridges on June 19, 2015. As originally constituted, this lawsuit was what might be called a garden-variety collection lawsuit. Idaho First Bank alleged it had made a loan to the Bridges, that the Bridges had defaulted on the loan, that the loan had been accelerated, and that the balance was due and owing. (Compl. ¶¶ 6-14.) Unmentioned were the existence or nature of any loan collateral or any efforts to sell loan collateral and apply the sale proceeds to the loan balance. In fact, Idaho First Bank did not sell the deed-of-trust collateral before filing suit. (M. Bridges Decl. ¶ 20; H. Bridges Decl. ¶ 20; Second Am. Compl. ¶ 30.) And it still had not sold the collateral when it filed its first amended

complaint on July 10, 2015. (Id.) The first amended complaint did not change the nature of Idaho First Bank's claims against the Bridges; they remained garden-variety collection claims. (First Am. Compl. ¶¶ 5-22.)

On July 15, 2015, the Bridges moved to dismiss Idaho First Bank's first amended complaint, saying its filing violated I.C. § 45-1503(1), which is part of Idaho's deeds-of-trust act, because the deed-of-trust collateral had yet to be sold. In response, Idaho First Bank contended that section 45-1503(1)'s bar to filing suit before selling the deed-of-trust collateral did not apply because the collateral was "substantially valueless" under I.C. § 45-1503(2). More particularly, Idaho First Bank contended (i) that the only true deed-of-trust collateral was the Bridges' supposedly valueless leasehold interest in the cottage site, and (ii) that the cottage's value could be disregarded on the theory that the cottage was personal property (not real property) and therefore not true deed-of-trust collateral.

The Bridges set out to challenge Idaho First Bank's position in that regard by serving a set of discovery requests designed to help them show that Idaho First Bank understood and intended from the loan's inception that the cottage would constitute real property rather than personal property. Idaho First Bank did not provide full responses to the discovery requests, so the Bridges filed a motion to compel. That motion was heard on September 14, 2015, as was the Bridges' motion to dismiss. One subject of discussion during the hearing was a pending sale of the deed-of-trust collateral at a price of \$1,200,088 that was scheduled to close the day after the hearing. (M. Bridges Decl. ¶¶ 24-25; H. Bridges Decl. ¶¶ 24-25.) Idaho First Bank took the position that, if the sale closed, it no longer would want its existing collection claims adjudicated, and instead would amend its complaint to assert new claims for the "deficiency"—the loan balance remaining after application of the sale proceeds. In that event, the parties agreed that the

Bridges' motion to dismiss would be rendered moot. At the end of the hearing, the Court took the motions under advisement to await, among other things, word on whether the sale of the deed-of-trust collateral closed as scheduled.

The sale did close on September 15, 2015. (M. Bridges Decl. ¶ 25; H. Bridges Decl. ¶ 25; Second Am. Compl. ¶ 30.) Consequently, in the decision issued on September 24, 2015, the Court did not decide the motion to dismiss, except to note that it would be rendered moot once Idaho First Bank amended its complaint to assert deficiency claims. The Court granted the Bridges' motion to compel to the extent the requested discovery was germane to whether the cottage is real or personal property. As the Court noted, litigating that issue could become necessary, despite Idaho First Bank's sale of the deed-of-trust collateral, to determine whether the Bridges are entitled to the debtor protections in I.C. § 45-1512. (Mem. Decision & Order 6.)

Idaho First Bank filed its second amended complaint on December 18, 2015.² It asserts two deficiency claims. The first deficiency claim (Second Am. Compl. ¶¶ 34-42) is made under I.C. § 28-9-615, which is part of Article 9 of the Uniform Commercial Code, as adopted in

² Idaho First Bank did not seek leave of court to file its second amended complaint. Its approach in that regard was to be expected; the Court had stated in the September 24 decision that leave of court would not be required by I.R.C.P. 15(a) because the Bridges had not filed an answer. (Mem. Decision & Order 3 n. 1.) But the Court was mistaken, for two reasons, that leave of court was not required. First, because Idaho First Bank had amended its complaint once already, leave of court to amend a second time was required by I.R.C.P. 15(a) even though the Bridges had not filed an answer. *See* I.R.C.P. 15(a). Second, I.R.C.P. 15(a) was not actually the governing rule. The governing rule instead was I.R.C.P. 15(d) because the second amended complaint was based on an event (the sale of the deed-of-trust collateral) that occurred after the first amended complaint was filed. *See* I.R.C.P. 15(d) (allowing supplemental pleadings "setting forth transactions or occurrences or events which have happened since the date of the pleading sought to be supplemented"). Leave of court is always required by that rule. *Id.* Because the Bridges have never objected to the second amended complaint's filing without leave of court, the absence of leave of court may be a non-issue. Regardless, the Court will remedy any problem with the absence of leave of court by granting it now, under I.R.C.P. 15(d), retroactive to the second amended complaint's filing on December 18.

Idaho. That claim presumes the deed-of-trust collateral is personal property. (Second Am. Compl. ¶ 35.) The second deficiency claim (Second Am. Compl. ¶¶ 43-49) is made under the just-mentioned section 45-1512, which is part of Idaho's deeds-of-trust act. That claim appears to have been asserted in the alternative in the first deficiency claim, in case the deed-of-trust collateral is determined to be real property.

On January 21, 2016, the Bridges moved for summary judgment against Idaho First Bank's deficiency claims. They argue that the section 45-1512 claim is time-barred, as section 45-1512 gave Idaho First Bank three months after the sale to file the claim but Idaho First Bank took three months and three days to do so. Additionally, they argue that section 28-9-615 is inapplicable because the deed-of-trust collateral was not personal property. As already noted, the motion was argued on April 4, 2016, and taken under advisement upon completion of the post-hearing briefing on April 25, 2016. It is now ready for decision.

II.

LEGAL STANDARD

Summary judgment is proper "if the pleadings, depositions, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to a judgment as a matter of law." I.R.C.P. 56(c). The movant's burden, then, is to prove that there is no genuine factual dispute and that, in the absence of a genuine factual dispute, it is entitled to judgment as a matter of law. *E.g., Boise Mode, LLC v. Donahoe Pace & Partners Ltd.*, 154 Idaho 99, 103-04, 294 P.3d 1111, 1115-16 (2013). If the movant is seeking summary judgment against a claim or defense asserted by the nonmovant, the movant carries its burden by showing that the evidence does not support an element of the challenged claim or defense. *E.g., McHugh v. Reid*, 156 Idaho 229, 303, 324 P.3d 998, 1002 (Ct.

App. 2014). The movant's showing can take either (or both) of two forms: (i) affirmative evidence disproving the element at issue; or (ii) a demonstration that the nonmovant is unable to offer evidence proving that element. *Id.*

If the movant carries its burden, the burden shifts to the nonmovant to prove that a genuine factual dispute must be resolved before judgment can be awarded to the movant. *Boise Mode*, 154 Idaho at 104, 294 P.3d at 1116. To carry that ultimate burden, the nonmovant "may not rest upon mere allegations in the pleadings, but must set forth by affidavit specific facts showing there is a genuine issue for trial." *Id.* (quotation marks omitted). In determining whether the nonmovant has carried its burden, the district court must construe the record in the light most favorable to the nonmovant, drawing all reasonable inferences in the nonmovant's favor. *Id.* That said, because no party demanded a jury in this case, the Court will be the trier of fact and, as such, "is entitled to arrive at the most probable inferences based upon the undisputed evidence properly before it and grant the summary judgment despite the possibility of conflicting inferences." *J.R. Simplot Co. v. Bosen*, 144 Idaho 611, 615, 167 P.3d 748, 752 (2006) (quoting *Shawver v. Huckleberry Estates, L.L.C.*, 140 Idaho 354, 360–61, 93 P.3d 685, 691–92 (2004)). In any event, "[a] mere scintilla of evidence or only slight doubt as to the facts is not sufficient" for the nonmovant to avoid summary judgment. *AED, Inc. v. KDC Invs., LLC*, 155 Idaho 159, 163, 307 P.3d 176, 180 (2013).

III.

ANALYSIS

A. Idaho First Bank's deficiency claim under I.C. § 45-1512 is time-barred.

The second count of Idaho First Bank's second amended complaint is, as already noted, a section 45-1512 deficiency claim. That statute provides as follows:

At any time within 3 months after any sale under a deed of trust, . . . a money judgment may be sought for the balance due upon the obligation for which such deed of trust was given as security, and in such action the plaintiff shall set forth in his complaint the entire amount of indebtedness which was secured by such deed of trust and the amount for which the same was sold and the fair market value at the date of sale, together with interest from such date of sale, costs of sale and attorney's fees.

I.C. § 45-1512. The deed-of-trust collateral was sold on September 15, 2015. (M. Bridges Decl. ¶¶ 24-25; H. Bridges Decl. ¶¶ 24-25.) The sale proceeds allegedly were insufficient to exhaust the loan balance. (Second Am. Compl. ¶ 31.) Consequently, under section 45-1512's plain terms, Idaho First Bank had until December 15, 2015, to assert a deficiency claim. But Idaho First Bank missed the deadline. Its second amended complaint, in which it first asserted a deficiency claim, was not filed until December 18, 2015. This much is undisputed.

The dispute between the parties is over the consequences of Idaho First Bank's failure to meet section 45-1512's filing deadline. The Bridges say Idaho First Bank's deficiency claim is time-barred. Idaho First Bank says, however, the time-bar can be avoided by relating that claim back under I.R.C.P. 15(c) to the filing of its original complaint or its first amended complaint. Under that rule, "[w]henver the claim . . . asserted in the amended pleading arose out of the conduct, transaction, or occurrence set forth or attempted to be set forth in the original pleading, the amendment relates back to the date of the original pleading." I.R.C.P. 15(c). Relation-back is not, however, appropriate here. This is so for at least three reasons.³

³ In the interest of judicial economy, the Court will not reach the Bridges' argument that section 45-1512 is a statute of repose and that claims otherwise barred by statutes of repose can never be salvaged by Rule 15(c)'s relation-back doctrine. That argument may well have merit, but, among all of the Bridges' arguments, it necessitates far and away the most complicated legal analysis. The Court's decision rests on its acceptance of simpler arguments advanced by the Bridges that show relation-back to be inappropriate.

First, Idaho First Bank's deficiency claim simply did not arise out of the conduct, transaction, or occurrence set forth or attempted to be set forth in its original and first amended complaints. To be sure, the original and first amended complaints involved attempts to collect on the same loan involved in the section 45-1512 claim. But there ends the relationship between the second amended complaint and the prior complaints. The prior complaints did not mention the deed-of-trust collateral. They neither asserted nor attempted to assert a deficiency claim (under section 45-1512 or otherwise). Presumably that is because a prerequisite to asserting such a claim—the sale of the deed-of-trust collateral—had not yet occurred. The deed-of-trust collateral was not sold until September 15, 2015, which is long after the prior complaints were filed. The section 45-1512 claim arose out of the sale of the deed-of-trust collateral for less than the loan's balance, not out of the Bridges' loan default. Indeed, had everything else been the same but the sale proceeds equaled or exceeded the loan balance, no deficiency claim would have ever arisen, despite the Bridges' loan default. As such, it is incorrect to view the deficiency claim as having arisen out of the conduct, transaction, or occurrence set forth or attempted to be set forth in Idaho First Bank's original and first amended complaints.

Second, and relatedly, relation-back is inappropriate because the deficiency claim under section 45-1512 had not even accrued when the prior complaints were filed. Such a claim does not accrue until the deed-of-trust collateral is sold, as no deficiency either exists or is calculable before the sale. It seems counterintuitive to apply Rule 15(c)'s relation-back doctrine in a way that causes any claim, including a deficiency claim, to relate back to a date earlier than the date on which the claim accrued. Indeed, a claim does not truly exist before it accrues. Had Idaho First Bank asserted a deficiency claim when it filed the prior complaints, that claim would have

been subject to dismissal because it had not yet accrued and, depending on the sale price ultimately obtained for the collateral, might never accrue.

A claim usually should not be related back to a pleading filed before the claim accrued. See 6A Charles A. Wright et al., *Federal Practice and Procedure* § 1508, Westlaw (database updated April 2016); *United States ex rel. Texas Portland Cement Co. v. McCord*, 233 U.S. 157, 164 (1914) (“[I]t is elementary that an amendment dates back to the filing of the petition, and is to supply defects in the cause of action then existing, or at most to bring into the suit grounds of action which existed at the beginning of the case. In this case there was no cause of action to amend. Nor was the amendment of January 9, 1911, the introduction of a new cause of action existing at the beginning of the suit.”); *United States ex rel. Wulff v. CMA, Inc.*, 890 F.2d 1070, 1074 (9th Cir. 1989) (citing *McCord* in refusing to permit relation-back of an amended complaint asserting “a Miller Act claim which the Wulffs did not have when they filed their original complaint”). An exception to this general rule applies “if the original pleading gave notice that the conduct, transaction, or occurrence is of a continuing nature.” 6A Charles A. Wright et al., *Federal Practice and Procedure* § 1508, Westlaw (database updated April 2016). But that is not the case here. Idaho First Bank’s original claims were not continuing in nature. They alleged the existence of one outstanding loan debt. A portion of that same debt remained outstanding after the sale of the deed-of-trust collateral enabled Idaho First Bank to bring a deficiency claim, but, again, that was not inevitable. The collateral could, at least in theory, have sold for a price high enough to leave no deficiency. Consequently, Idaho First Bank’s second amended complaint asserts a section 45-1512 deficiency claim that is a new claim, not a continuation of the original claims. Relation-back therefore is not appropriate.

Third, relation-back is inappropriate because the original and first amended complaints were filed in violation of I.C. § 45-1503(1). Under that statute, the grantor of deed-of-trust collateral is ordinarily not subject to suit before the deed-of-trust collateral has been sold in accordance with Idaho's deeds-of-trust act, at which point a deficiency claim may be asserted under section 45-1512 if the sale proceeds do not exhaust the loan balance. Idaho First Bank filed its original and first amended complaints before selling the deed-of-trust collateral, in reliance on an unsound argument that doing so did not violate section 45-1503(1) because the deed-of-trust collateral supposedly was "substantially valueless" under I.C. § 45-1503(2). As discussed in this decision's section III(B), the cottage was real property, not personal property. Idaho First Bank's "substantially valueless" argument wrongly presumed the opposite. Moreover, it wrongly presumed the leasehold interest had no value. That the deed-of-trust collateral was not "substantially valueless" is proved by the \$1,200,088 sale price it fetched.

In any event, because Idaho First Bank violated section 45-1503(1) by filing its prior complaints before selling the deed-of-trust collateral, it seems entirely inequitable for its belated claim under section 45-1512 to relate back to the prior complaints. Rule 15(c) "'has its roots in the former federal equity practice.'" *Scarborough v. Principi*, 541 U.S. 401, 418 (2004) (quoting 6A Charles A. Wright et al., *Federal Practice and Procedure* § 1496 (2d ed. 1990)). The Court sees no good reason to invoke a rule that is designed to do equity so as to allow Idaho First Bank's premature filing of suit in violation of one provision of Idaho's deeds-of-trust act to excuse its failure to satisfy the filing deadline set in another of the act's provisions.

For these reasons, the Bridges are entitled to summary judgment against Idaho First Bank's section 45-1502 claim.

B. Idaho First Bank has no deficiency claim under I.C. § 28-9-615 because that statute is inapplicable when the collateral is real property.

The first count of Idaho First Bank's second amended complaint is a deficiency claim under I.C. § 28-9-615. That statute is part of Article 9 of the Uniform Commercial Code, as adopted in Idaho. It renders the borrower liable for any deficiency remaining after the collateral is liquidated. I.C. § 28-9-615(d)(2). Subject to some exceptions, though, Article 9 "does not apply to . . . [t]he creation . . . of an interest in or lien on real property, including a lease or rents thereunder." I.C. § 28-9-109(d) & (d)(11) (emphasis added). The Bridges seek summary judgment against Idaho First Bank's section 28-9-615 claim on the theory that its collateral was real property, which would mean that section 28-9-615, along with the rest of Article 9, is entirely inapplicable. Idaho First Bank does not disagree that section 28-9-615 is inapplicable if the collateral was real property; in other words, it does not argue for applying of any of the exceptions to Article 9's inapplicability to interests in or liens on real property. Instead, it argues (rather meekly) that the cottage is personal property.

Once again, Idaho First Bank's collateral was (i) the Bridges' leasehold interest in the cottage site, and (ii) the cottage ultimately constructed there. As the Court will proceed to explain, these items of collateral are both real property.

Beginning with the leasehold interest, the Court notes that, under Idaho law, "real property" includes not only land itself but also "possessory rights to land." I.C. § 55-101(1). The Bridges' leasehold interest in the cottage site is a possessory right to land. *See Wing v. Martin*, 107 Idaho 267, 272, 688 P.2d 1172, 1177 (1984) ("Under a lease of real property, the lessee has the possessory interest . . ."). Thus, the leasehold interest is real property. Idaho First Bank wastes no effort arguing to the contrary.

Turning to the cottage, the Court notes that, under Idaho law, “[t]hat which is affixed to land” also is real property. I.C. § 55-101(2). An article is affixed to land if it is (i) actually and constructively annexed to the land, (ii) appropriated to the use of that part of the land to which it is annexed, and (iii) the party annexing it to the land intended to make the article a permanent accession to the land. *Spencer v. Jameson*, 147 Idaho 497, 502, 211 P.3d 106, 111 (2009). Idaho First Bank suggests that whether the cottage is “affixed to land” under this three-pronged test should not be determined before trial. But it offers no evidence to contest the Bridges’ showing that the cottage is “affixed to land” under that test.

The Bridges’ evidence shows that the cottage cost well in excess of \$1 million to build, is 5,000 square feet in size, is built on a cement foundation that is embedded in the ground, and was designed to match the slope, topography, size, and orientation of the leased property, as well as the surrounding environment and nearby cabins. (M. Bridges Decl. ¶ 13; H. Bridges Decl. ¶ 13.) The Bridges’ evidence also shows that they intended the cottage to be a permanent part of the leased property and that they constructed it without any contingency planning for its future removal from the leased property. (M. Bridges Decl. ¶¶ 13-14; H. Bridges Decl. ¶¶ 13-14.) This is exactly as one would expect of a home so costly and so large; structures of that nature are not generally built with an eye to relocating them to different real property in the future. The Bridges’ evidence, considered by itself, satisfies the three-pronged test.

Idaho First Bank offers nothing to counterbalance it. At most, it renews its argument, made in the context of the Bridges’ motion to dismiss its first amended complaint, that the cottage is personal property because it is defined as “Personal Property” in the Bridges’ most recent lease of the cottage site. (H. Bridges Decl. filed July 20, 2015, Ex. B § 1.1.i.) The cottage’s characterization for purposes of the current lease is insignificant. There is no reason

the cottage could not be characterized as “Personal Property” for purposes of the lease relationship between the Bridges and the Idaho Department of Lands yet constitute real property as a matter of Idaho law for purposes of the loan relationship between the Bridges and Idaho First Bank.

Indeed, the Construction Deed of Trust includes “buildings” in its definitions of the terms “Real Property” and “Improvements” but does not include “buildings” in the definition of the term “Personal Property.” (H. Bridges Decl. Ex. B at 1, 8.) The cottage surely is a “building” under that term’s ordinary meaning, making it “Real Property” for purposes of the Construction Deed of Trust. Thus, the terms of the Construction Deed of Trust are powerful evidence that, at the time it contracted with the Bridges, Idaho First Bank regarded the to-be-constructed cottage as real property rather than personal property.

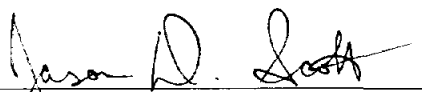
The Bridges’ years-later agreement with the Idaho Department of Lands to a renewed lease that characterizes the cottage as “Personal Property” does not give rise to a reasonable inference that the Bridges intended, at that point or any other, for the cottage to be removed from the cottage site, as might disqualify it from having “real property” status as an article “affixed to land.” That is true even though both the Bridges’ original lease and the one to which they last agreed identify circumstances in which the Idaho Department of Lands could cause the cottage’s removal. (H. Bridges Decl. Ex. A § 1.4; H. Bridges Decl. filed July 20, 2015, Ex. B § 1.4.) The mere theoretical possibility of removal does not cause the cottage to fail the “affixed to land” test, particularly in the absence of any evidence the Bridges ever intended or expected removal to occur, as well as in the absence of any evidence that removal—and the obvious waste associated with it—was anything more than a theoretical or remote possibility.

There is no genuine factual dispute that the cottage is “affixed to land” and therefore is real property, not personal property. Consequently, I.C. § 28-9-615 does not apply to this case. Idaho First Bank’s claim under that statute fails as a matter of law.

Accordingly,

IT IS ORDERED that the Bridges’ motion for summary judgment is granted. They are awarded summary judgment against both counts of Idaho First Bank’s second amended complaint. A final judgment in their favor will be entered in a separate document in accordance with I.R.C.P. 54(a) and 58(a).

Dated this 27th day of April, 2016.



Jason D. Scott
DISTRICT JUDGE

CERTIFICATE OF MAILING

I hereby certify that on this 28th day of April, 2016, I mailed (served) a true and correct copy of the within instrument to:

William H. Thomas
Daniel E. Williams
Thomas, Williams & Park, LLP
225 N. 9th Street, Suite 810
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Boise, Idaho 83702

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DOUGLAS A. MILLER
Clerk of the District Court

By: 
Deputy Court Clerk

2. In May and June, 2015, I was one of the Idaho First personnel assigned to deal with the default of Plaintiffs regarding the \$1.5 million dollar loan provided to them by Idaho First relating to the cabin they built on state lease land in McCall, Idaho ("the state lease land").

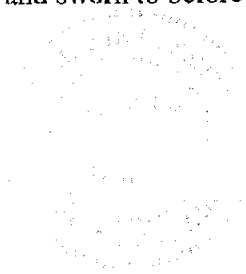
3. On June 2, 2015, I participated in a telephone call with Jasen King, an employee of the Idaho Department of Lands, regarding options available to Idaho First given the Bridge's default. Jasen King indicated that he thought Idaho First could obtain a land use permit from the State of Idaho allowing Idaho First an avenue to foreclose and have an interest in the state lease land. Jasen King indicated, however, that Idaho First could not take an assignment of the Bridge's lease, because Idaho First is a corporation and not a natural person. If a buyer was not found, the State could not lease to a corporation. The State had the ability to force improvements to be removed and they could demolish the structure on state lease land. He also indicated we should speak with the State Department of Lands Residential Leasing Program Manager, Sid Anderson.

4. On June 5, 2015, I participated in a meeting in person with Sid Anderson, Robert Follett, Deputy Attorney General for the Idaho State Department of Lands, and others. Mr. Anderson and Mr. Follett reiterated that Idaho First could not take an assignment of the Bridge's lease. If Idaho First did not bring the lease current on behalf of the Bridges, the State would issue a default notice with a thirty day cure period. After that, they would terminate the lease and demand removal of the structure within three to four months.

DATED this 10 day of May, 2016.

Stacey Alexander
Stacey Alexander

Subscribed and sworn to before me this 10th day of May, 2016.



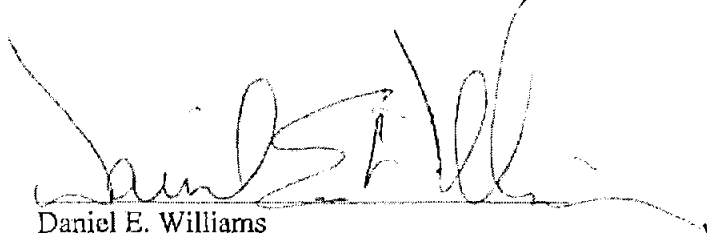
Stephanie D. Smith
Notary Public for Idaho
Residing at Boise, ID
My Commission Expires: 6/9/17

CERTIFICATE OF SERVICE

I hereby certify that on this 11th day of May, 2016, a true and correct copy of the foregoing instrument was served on the following persons as indicated below:

Fredric V. Shoemaker
Loren K. Messerly
Greener, Burke, Shoemaker, Oberrecht PA
950 W. Bannock Street, Suite 950
Boise, Idaho 83702

- via U.S. Mail
- via Facsimile [319-2601]
- via Hand Delivery
- via Overnight Delivery



Daniel E. Williams

DOUGLAS A. MILLER, CLERK
By John Deputy

MAY 11 2016

WILLIAM H. THOMAS (ISB 3154)
DANIEL E. WILLIAMS (ISB 3920)
THOMAS, WILLIAMS & PARK, LLP
225 N. 9th St., Ste. 810
P.O. Box 1776
Boise, ID 83701-1776
Telephone: (208) 345-7800
Fax: (208) 345-7894
wmthomas@thomaswilliamslaw.com
danw@thomaswilliamslaw.com

Case No. _____ Inst. No. _____
Filed _____ A.M. 5:00 P.M.

Attorneys for Plaintiff Idaho First Bank

**IN THE DISTRICT COURT OF THE FOURTH JUDICIAL DISTRICT OF THE
STATE OF IDAHO, IN AND FOR THE COUNTY OF VALLEY**

IDAHO FIRST BANK,

Plaintiff,

Case No. CV2015-145C

vs.

AFFIDAVIT OF KATHLEEN C. LEWIS

MAJ-LE TATE BRIDGES and HAROLD
A. BRIDGES, individuals,

Defendants.

STATE OF IDAHO)
) ss.
COUNTY OF ADA)

Kathleen C. Lewis, being first duly sworn upon oath, deposes and says:

1. I am Executive Vice President and Chief Credit Officer for Plaintiff Idaho First Bank ("Idaho First") and have personal knowledge of the facts and matters set forth in this Affidavit.

2. In late May, 2015, I learned that Defendants had notified Idaho First of their inability to continue making payments on the \$1.5 million dollar loan provided to them by Idaho First relating to the cabin they built on state lease land in McCall, Idaho (“the state lease land”).


3. On June 2, 2015, I participated in a telephone call with Jasen King, a state employee with the Idaho Department of Lands, regarding options available to Idaho First given the Bridges’ default. Originally, Jasen King indicated that he thought Idaho First could obtain a land use permit from the State of Idaho allowing Idaho First an avenue to foreclose and have an interest in the state lease land. Jasen King indicated, however, that Idaho First could not take an assignment of the Bridge’s lease, because Idaho First is a corporation and not a natural person. He indicated we should speak with the State Department of Lands Residential Leasing Program Manager, Sid Anderson.

4. On June 5, 2015, I participated in a meeting in person with Sid Anderson and Robert Follett, Deputy Attorney General for the Idaho State Department of Lands, among others. They reiterated that Idaho First could not take an assignment of the Bridge’s lease, because Idaho First is a corporation and not a natural person. Nor could Idaho First obtain through foreclosure or otherwise any interest in the state lease land itself. Mr. Follett indicated he wrote the latest version of the state lease with the exact situation facing Idaho First in mind. Upon default, and failure to cure lease payments, he said the state would charge \$20,000 to demolish the “personal property” built on the land and restore the site to its original condition for issuance of a new lease. He indicated that the State was not concerned with “waste” as to the structure, that it was cut and dried that their only concern was to fulfill its constitutional obligations as trustee of the state lease land. The value of the structure did not matter - lessees knew they were on lease

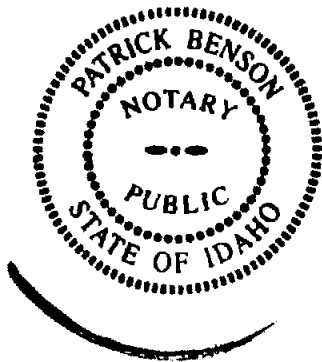
land. Lessees could take their structures and move them, but if someone left a structure and defaulted on the lease, the State was going to scrape it.

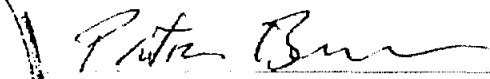
5. In timeframe of approximately July 20-22, 2015, I had a telephone call with Robert Follett for further clarification of the State's position. Robert indicated that the State viewed a residence built on leased land as personal property. He also restated the State's position as to its constitutional mandate to "restore property to previous condition" if a lease is terminated.

DATED this 10th day of May, 2016.


Kathleen C. Lewis

Subscribed and sworn to before me this 10th day of May, 2016.



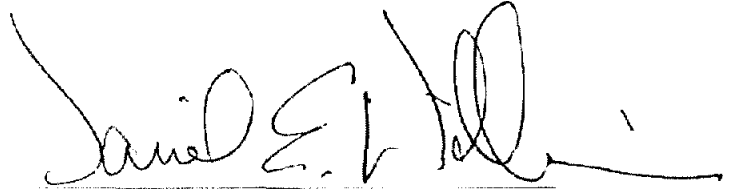

Notary Public for Idaho
Residing at Boise, Idaho
My Commission Expires: 02/10/2022

CERTIFICATE OF SERVICE

I hereby certify that on this 11th day of May, 2016, a true and correct copy of the foregoing instrument was served on the following persons as indicated below:

Fredric V. Shoemaker
Loren K. Messerly
Greener, Burke, Shoemaker, Oberrecht PA
950 W. Bannock Street, Suite 950
Boise, Idaho 83702

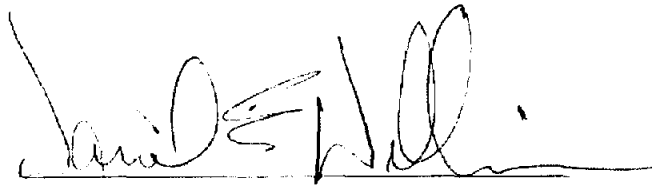
- via U.S. Mail
- via Facsimile [319-2601]
- via Hand Delivery
- via Overnight Delivery



Daniel E. Williams

2. Attached as Exhibit A is a true and correct copy of documents provided by the Idaho Department of Lands and received by Plaintiff's counsel on today's date. The Applicant's name and address have been redacted. Idaho First offers Exhibit A pursuant to Rule 803(24), I.R.E.

I declare under penalty of perjury under the laws of the State of Idaho and the United States that the foregoing is true and correct, and that this declaration was executed on July 29, 2016, in Boise, Idaho.



Daniel E. Williams

CERTIFICATE OF SERVICE

I hereby certify that on this 29th day of July, 2016, a true and correct copy of the foregoing instrument was served on opposing counsel as indicated below:

Fredric V. Shoemaker
Loren K. Messerly
Greener, Burke, Shoemaker, Oberrecht PA
950 W. Bannock Street, Suite 950
Boise, Idaho 83702

Via Hand Delivery
 Via Facsimile: 319-2601
 Via U.S. Mail
 Via Email: lmesserly@GreenerLaw.com
fshoemaker@GreenerLaw.com



Tiffany Llanos



Lessee Auction Administration Agreement Packet Checklist

Please refer to this checklist when completing the Auction Administration Agreement (AAA) Packet.

REMINDER TO MARRIED APPLICANTS: *Signatures of both spouses are needed on all documents and both should initial each page as instructed.*

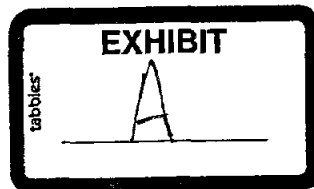
SIGN DOCUMENTS AS FOLLOWS:

- Auction Administration Agreement – INITIAL EACH PAGE OF ENTIRE DOCUMENT, SIGN, AND DATE WHERE INDICATED
- Agreement for Cancellation of State Lease (*reminder – this document will not be delivered or deemed effective until the close of escrow, if escrow does not close this form will be destroyed*) - INITIAL, SIGN, DATE, AND NOTARIZE
- Bill of Sale – INITIAL, SIGN, AND NOTARIZE
- First American Authorization to Convey Bill of Sale – INITIAL AND SIGN
- Auction Terms and Conditions – INITIAL, SIGN, AND DATE
- License Agreement with Corbett Bottles – INITIAL, SIGN, AND DATE
- PAYMENT OF THE 1% INITIAL ADMINISTRATION FEE AND A FULLY EXECUTED AAA PACKET MUST BE RECEIVED BY IDL NO LATER THAN 5:00 PM [MT], FRIDAY, JUNE 24, 2016 (POSTMARKS WILL NOT BE ACCEPTED.) MAKE CHECKS PAYABLE TO: "IDAHO DEPARTMENT OF LANDS". PLEASE INCLUDE YOUR VAFO NUMBER ON YOUR CHECK. V16517

Return completed AAA Packet and 1% initial administration fee by JUNE 24, 2016 to:

Idaho Department of Lands
Attn: 2016 VAFO Payette Lake
300 N 6th Street, Suite 103
Boise, ID 83702

Thank you for your timely response. Please contact a member of the VAFO Team with any questions that you may have. Sid Anderson – 208.334.0279, Robert Follett – 208.334.4106 or Brian Rallens – 208.947.1077



Auction Administration Agreement Checklist 2016 VAFO Payette Lake

██████████, R500029, D90325

Rev 20160520f

_____ Applicant Initials



AUCTION ADMINISTRATION AGREEMENT

V16517

This Agreement ("Agreement") is entered into on the ___ day of _____, 2016, by and between the STATE OF IDAHO, BOARD OF LAND COMMISSIONERS, acting by and through the IDAHO DEPARTMENT OF LANDS ("IDL"), with its principal office located at 300 North 6th Street, Suite 103, Boise, ID 83702, and [REDACTED] a single man, ("Applicant"), for the purchase of State of Idaho Endowment Land ("Endowment Land") currently used as a state cottage site with a street address of 2043 Plymouth Court, McCall, ID 83638, and more particularly described as:

Lot 9, Block 7, State Subdivision - Amended Cedar Knoll Acres, Valley County, Idaho, as shown on the plat recorded November 14, 2013, as Instrument No. 381832, Book 13 of Plats, Page 10, and re-recorded November 15, 2013, as Instrument No. 381853, Book 13 of Plats, Page 13.

The purpose of this Agreement is to set forth the terms and conditions under which Endowment Land owned by IDL, together with any and all approved surface improvements (which would constitute improvements and fixtures if the land and the improvements and fixtures were owned by the same party, hereinafter the "Personal Property") on the Endowment Land are to be sold at public auction. For purposes of this Agreement and all hereafter related documents and agreements, if Applicant is married and the spouse is not included in the name as the lessee of record, then said spouse shall be a signatory of all agreements and documents, including this Agreement; and, if the Personal Property is owned by only one spouse, then the other spouse shall still sign all such documents and agreements, but may indicate that such signature is by way of consent and not by way of claiming any interest in any such Personal Property.

- 1. ENDOWMENT LAND AND PERSONAL PROPERTY VALUES. The Endowment Land and any improvements owned by IDL, shall be auctioned and sold for not less than the appraised value of the Endowment Land as follows:

Appraised value of Endowment Land: Eight Hundred Fifty Five Thousand Dollars (\$855,000).

If Applicant is not the successful bidder, the Personal Property owned by Applicant shall be purchased by the successful bidder for the amount of the appraised value of the approved Personal Property as follows or for a lesser value determined by Applicant by informing the auctioneer prior to the calling of the bid for the subject property and completing a Waiver of Appraised Value and Acceptance of Lesser Amount for Personal Property form provided by IDL:

Appraised value of personal property: Six Hundred Twenty Five Thousand Dollars (\$625,000).

Applicant hereby voluntarily agrees to and accepts the appraised value of the Endowment Land and the appraised value or otherwise lesser agreed upon value of the Personal Property, and hereby waives any and all right, interest or claim to object to the appraised values as set forth herein, including but not limited to judicial and administrative proceedings. If the Applicant as owner of the Personal Property is the successful bidder, any amount bid in excess of the appraised value of the Endowment Land shall be attributed to the amount paid for the Endowment Land. If the successful bidder is someone other than the Applicant, any amount bid in excess of the appraised value of the Endowment Land and the appraised value or otherwise lesser agreed upon value of the approved Personal Property shall be attributed to the amount paid for the Endowment Land.

2. **ADMINISTRATION FEES.** Applicant shall pay an initial administration fee ("Initial Administration Fee") in the amount of Eight Thousand Five Hundred Fifty Dollars (\$8,550), which is one percent (1%) of the appraised value for the Endowment Land. **The one percent (1%) Initial Administration Fee shall be non-refundable unless there is a winning bidder other than the applicant.** If there is a successful bid at auction (the Endowment Land receives a viable bid that equals or exceeds the appraised value for the Endowment Land), then the successful bidder (if someone other than Applicant) shall pay an amount equal to the Initial Administration Fee at the close of the auction, and the Initial Administration Fee paid by Applicant will be refunded. If the auction is not successful (no viable bid which equals or exceeds the appraised value for the Endowment Land or the purchase and sale agreement for the Endowment Land fails to successfully close through no fault of IDL), then the Initial Administration Fee shall be forfeited. IDL shall determine the timing of the Endowment Land sale auction in its discretion, considering the best interests of the Endowments. In addition, the successful bidder shall pay an additional administration fee ("Additional Administration Fee") at closing in the amount of Thirty Four Thousand Two Hundred Dollars (\$34,200), which is four percent (4%) of the appraised value of the Endowment Land.
3. **LIENS AND MORTGAGES.** The Personal Property shall not be subject to any mortgage, deed of trust, or other lien or encumbrance which, in IDL's sole discretion adversely affects title to the Personal Property or which appears on title pursuant to a title commitment on the Endowment Land unless the lender or holder of any such encumbrance provides an executed deed of reconveyance or other instrument to release any such encumbrance in a form acceptable to IDL to be held by the title company until closing, and such release is submitted no later than the time the Auction Administration Agreement must be executed and submitted to IDL by Applicant.
4. **MARKETING OF ENDOWMENT LAND AND PERSONAL PROPERTY.** Applicant hereby acknowledges that the Endowment Land and Personal Property will be actively marketed prior to the date of auction and agrees to cooperate with IDL and its contractors, including but not limited to Corbett Bottles Real Estate Marketing, LLC ("Corbett Bottles"), to: photograph/video the Endowment Land and Personal Property, make the Endowment Land and Personal Property available for showing according to standard real estate practice, install and utilize appropriately necessary lock-boxes, install and maintain appropriately necessary signage, and determine the date for and facilitate an open house at their discretion (this list is not an exhaustive list). Applicant shall enter into a "License Agreement" with Corbett Bottles. Applicant shall and does hereby waive any claim Applicant may have against IDL, its employees, agents and contractors, for any liability, damages or losses which Applicant or Applicant's Personal Property may incur in connection with the marketing activities provided for in this Section with the exception of any damage or losses caused by the gross negligence or intentional misconduct of IDL, its employees, agents or contractors.
5. **LEASE CANCELLATION AND WAIVER.** Applicant has caused to be executed, notarized, and delivered to IDL, a Lease Cancellation and Waiver in a form provided by IDL, signed by each lessee of the Endowment Land to be auctioned. The Lease Cancellation and Waiver shall not become effective or take effect until close of escrow; provided however, that if Applicant is the successful bidder in a competitive bidding process on the Endowment Land which contains Personal Property owned by Applicant, in which bidding process at least one other active bidder participates by entering a bid, and Applicant, as the successful bidder, fails to execute the Purchase and Sale Agreement ("PSA"), or otherwise fails to close the PSA through no fault of IDL, then, in such event, the lease shall be immediately cancelled and terminated in accordance with the terms of the Lease Cancellation and Waiver, and Applicant shall not be entitled to any proration of the lease payment; and in addition, Applicant shall be required to immediately remove all Personal Property from the Endowment Land. Any and all Personal Property of any kind, including, but not limited to personal belongings, remaining on the Endowment Land shall be considered abandoned without further notice to Applicant, in IDL's sole discretion, or IDL may specifically enforce the removal of the Personal Property, or remove the Personal Property at Applicant's cost. Thereafter Applicant will be precluded from bidding on any other state cottage site property. In the alternative, and at the discretion of IDL, if Applicant as the successful bidder fails to execute the PSA at the close of auction, then IDL may immediately place the Endowment

Land for auction or re-auction on that same day, and if there is another successful bidder who then complies with all requirements at close of auction and successfully closes the PSA, then Applicant shall be entitled to the appraised value or the agreed to value of the Personal Property at the successful close of the PSA.

6. **PRORATION OF LEASE PAYMENT UPON CLOSING.** Shortly following the close of escrow, and outside of closing, IDL will prorate lease payments to Applicant determined by the date of closing, whether or not Applicant is the successful bidder.
7. **BILL OF SALE.** Applicant has executed, notarized and delivered to IDL, a Bill of Sale, in a form provided by IDL, for the Personal Property located on the Endowment Land to be auctioned, signed by Applicant and any current spouse whether or not such spouse owns any interest as community property or otherwise. The Bill of Sale will be held by a title company pursuant to escrow instructions to be executed by Applicant and a title company and shall be delivered to any successful bidder at closing or returned to Applicant in the event there is no successful bidder, or if Applicant is the successful bidder at closing. Applicant hereby represents and warrants that the individuals executing the Bill of Sale for the Personal Property are the sole owner(s) of the Personal Property and that the Personal Property is free and clear of any and all liens or encumbrances of any kind which, in IDL's sole discretion adversely affects title to the Personal Property. Applicant further promises to pay any and all taxes and assessments relating to Applicant's leasehold interest and all taxes and assessments of any kind related to the Personal Property that is the subject of the Bill of Sale when assessed or charged, in advance to the extent possible, prorated through the date of closing.
8. **VACATION OF LEASED PREMISES.** Applicant hereby agrees that in the event Applicant is not the successful bidder at auction, Applicant shall vacate the premises no later than ten (10) days prior to closing unless otherwise specifically agreed to in writing between Applicant and the successful bidder at auction. Any and all Personal Property of any kind, including, but not limited to personal belongings, remaining on the Endowment Land after such time shall be considered abandoned without further notice to Applicant, and ownership thereof shall vest in the successful bidder, if any, upon the close of escrow.
9. **PURCHASE AND SALE AGREEMENT.** The successful bidder will be required to enter into a PSA upon close of the auction. The failure of a successful bidder to enter into such agreement or the successful bidder's failure to pay the bid amount for the Endowment Land, or the failure to close the PSA in accordance with its terms and conditions, shall result in the forfeiture of the Initial Administration Fee and the Additional Administration Fees and any and all fees and expenses, including, but not limited to any monetary deposit paid on the day of the auction by the successful bidder who was not also the owner of the Personal Property, unless otherwise specified in the PSA, and the auction shall be considered unsuccessful. Applicant shall be entitled to the amount paid for the Personal Property from a non-applicant successful bidder at any auction only upon the successful closing of the PSA. Whether or not there is a successful closing of the PSA, if the successful bidder is any person or entity other than Applicant, and the successful bidder pays all administration fees and associated auction expenses paid by Applicant upon applying for the auction, including the appraised or lesser agreed to value of the Personal Property, then Applicant shall be reimbursed for all such administration fees and associated auction expenses paid by Applicant upon filing its application for auction.
10. **NO RIGHT TO WITHDRAW FROM AUCTION.** Upon execution of this Agreement, Applicant acknowledges that there shall be no right to withdraw the Endowment Land from the auction. The Endowment Land will be marketed for sale at auction via legal notice and through marketing efforts, including, but not limited to, marketing efforts of Corbett Bottles.

Execution of this Agreement does not guarantee that the Endowment Land or Personal Property will be sold. The Idaho State Board of Land Commissioners or the Director of IDL may determine that an Endowment Land sale would not be in the best interest of the affected endowment(s) at any point prior to auction or close of escrow.

APPLICANT



Date: _____

IDAHO DEPARTMENT OF LANDS

Dated: _____

Thomas M. Schultz, Jr., Director

**AGREEMENT FOR CANCELLATION
OF STATE LEASE
DUE TO LAND SALE**

For use by Recorder

The undersigned Lessee of "Endowment Land" owned by the State of Idaho more particularly described below, hereby agrees with the State of Idaho that State of Idaho Lease Number R500029 of the below described real property currently in force and effect between Lessee and the State of Idaho is terminated and of no further force and effect by reason of a land sale transaction.

Lot 9, Block 7, State Subdivision - Amended Cedar Knoll Acres, Valley County, Idaho, as shown on the plat recorded November 14, 2013, as Instrument No. 381832, Book 13 of Plats, Page 10, and re-recorded November 15, 2013, as Instrument No. 381853, Book 13 of Plats, Page 13.

The State and the Lessee hereby waive, each as against the other, and for their respective heirs, successors and assigns, any and all claims and causes of action related to the lease, if any, and further do hereby release the other from any and all obligations or duties under and pursuant to the terms of the lease.

This agreement shall become effective contemporaneously with the closing of the Endowment Land sale for the above-described Endowment Land. In the event the Endowment Land sale does not close, this agreement shall be null and void, and of no force and effect, and Lease Number R500029 shall remain in effect, unless Applicant is the successful bidder in a competitive bidding process on the Endowment Land wherein at least one other active bidder participates by entering a bid, and Applicant, as the successful bidder, fails to execute the Purchase and Sale Agreement ("PSA"), or otherwise fails to close the PSA through no fault of IDL, in which event, the lease shall be immediately cancelled and terminated in accordance with its terms, and Applicant shall be required to remove all Personal Property from the Endowment Land.

(Remainder of page left blank intentionally)

IDAHO DEPARTMENT OF LANDS

Dated: _____

Thomas M. Schultz, Jr., Director

STATE OF IDAHO)
) ss.
COUNTY OF ADA)

On this ___ day of _____ in the year 2016, before me, a Notary Public in and for said State, personally appeared, Thomas M. Schultz, Jr., known to me to be the Director of the Idaho Department of Lands, acting for and on behalf of the State Board of Land Commissioners, that executed the within instrument, and acknowledged to me that the State Board of Land Commissioners executed the same.

(seal)

Notary Public
Residing at: _____
My Commission Expires: _____

LESSEE:

Dated: _____ (Signature)



STATE OF _____)
COUNTY OF _____) ss.

On this ___ day of _____, 2016, before me, the undersigned, a Notary Public in and for said State, personally appeared _____, known to me to be the person whose name is subscribed to the within and foregoing instrument, and acknowledged to me that he/she executed the same.

(seal)

Notary Public
Residing at: _____
My Commission Expires: _____

BILL OF SALE

BE IT KNOWN, that for good and valuable consideration, and upon payment to Seller of the sum of Six Hundred Twenty Five Thousand Dollars (\$625,000), which Seller hereby accepts as payment in full for the below-described Personal Property, by _____

_____ [individual/spouses], whose mailing address is _____ ("Buyer"), paid to ("Seller"),

_____ a single man, whose mailing address is _____ Seller does hereby grant, sell, assign transfer, convey, set over and deliver the following described "Personal Property" to Buyer effective as of _____, 2016:

All buildings, structures, improvements and fixtures of any kind which were the subject of that certain appraisal which established the above purchase price to be paid to Seller herein, and located on the following real property and upon any adjacent public trust land, if any, in Valley County, Idaho, and legally described as follows:

Lot 9, Block 7, State Subdivision - Amended Cedar Knoll Acres, Valley County, Idaho, as shown on the plat recorded November 14, 2013, as Instrument No. 381832, Book 13 of Plats, Page 10, and re-recorded November 15, 2013, as Instrument No. 381853, Book 13 of Plats, Page 13.

whose street address is 2043 Plymouth Court, McCall, ID 83638, excluding therefrom the specifically noted personal property listed on Schedule A, attached hereto and incorporated herein by this reference, provided such personal property was not included in the appraisal of the Personal Property. Furthermore, all personal belongings, freestanding appliances, and non-appurtenant items which are generally understood by normal real estate practices not to be included in a sale of real property shall be excluded from this Bill of Sale provided that such personal belongings, freestanding appliances, and non-appurtenant items were not included in the appraisal of the Personal Property; and, provided further that all such personal belongings, freestanding appliances, and non-appurtenant items are removed from the described real property prior to closing. However, any personal property, personal belongings, freestanding appliances, and non-appurtenant items remaining on said real property after the date of closing shall be included herein and transferred by this Bill of Sale, even if said personal property is identified on Schedule A, including, without limitation, all remaining furniture, furnishings, equipment, supplies, tools, and any other personal belongings.

Seller hereby sells and transfers the Personal Property to Buyer "AS IS".

The Personal Property is hereby sold and transferred to Buyer and to Buyer's successors and assigns forever.

Seller covenants and warrants that Seller has paid or shall pay when due any and all taxes, levies and assessments due, owing or accruing in or for the period of Seller's ownership of the Personal Property through the date of the closing, which shall be the date set forth in the opening paragraph above.

Seller hereby authorizes First American Title Company handling the closing to fill in the Buyer's name, mailing address, purchase price, and the effective date in the opening paragraph, which shall be the date of closing.

Seller hereby covenants with and warrants to Buyer, its successors and assigns, that Seller has good and marketable title to the Personal Property, full authority to sell and transfer the Personal Property, and that the Personal Property will be sold free and clear of all liens, encumbrances, liabilities and adverse claims of every nature and description whatsoever.

SELLER:

Dated: _____

STATE OF _____)
)ss.
County of _____)

On this _____ day of _____, 2016, before me a notary public in and for said state, personally appeared [REDACTED] known or identified to me to be the person whose name is subscribed to the within instrument, and acknowledged to me that he/she executed the same.

(seal)

Notary Public for State of: _____
Residing at: _____
My Commission Expires: _____

SCHEDULE A TO BILL OF SALE

[All personal belongings, freestanding appliances, and non-appurtenant items which are generally understood by normal real estate practices not to be included in a sale of real property and that were not included in the appraisal do not need to be documented here.]

N/A



First American

First American Title Company
3540 E. Longwing Lane, Ste. 230,
Meridian, ID 83646 Boise, ID 83702
Phone - (208) 501-7213
Fax - (866) 395-5704

Date:

File No.:

Property: 2043 Plymouth Court, McCall, ID 83638

**Authorization to Convey Bill of Sale
and Agreement to pay Taxes**

The undersigned is the current lessee of the property located at 2043 Plymouth Court, McCall, ID 83638 (the "Property") and the owner of the improvements constructed thereon ("Lessee"). Lessee acknowledges that it is participating in that certain public auction for the sale of the Property to be held on August 19, 2016 (the "Auction") by the Idaho Department of Lands, the owner of the Property, and that First American Title Company is acting as the escrow agent in connection with the Auction. In exchange for Lessee's participation in the Auction, and for other good and valuable consideration, Lessee hereby agrees as follows:

1. Lessee has deposited concurrently with this Authorization, or will deposit prior to the Auction, into escrow an executed bill of sale sufficient to convey the improvements on the Property owned by Lessee (the "Bill of Sale") to the successful bidder for the Property at the Auction. In the event that Lessee is the successful bidder on the Property at the Auction, First American Title Company will return the Bill of Sale to Lessee immediately following the Auction. In the event that Lessee is not the successful bidder at the Auction, Lessee hereby authorizes First American Title Company, without further written instruction, to date the Bill of Sale as of the date of the closing of the purchase and sale agreement executed on the date of the auction, include the name of the successful bidder, convey at closing the Bill of Sale to the successful bidder at the Auction, and record the same in the official records of the county in which the Property is located.
2. Lessee acknowledges that 2016 taxes are due and payable.
3. Lessee acknowledges that 2016 taxes are an accruing lien against the Property and the improvements thereon and that Lessee is responsible for paying said taxes until the Property is sold at the Auction to a third party. Lessee also acknowledges that the property may be subject to levies, fees and/or assessments from any applicable water and/or sewer district as well as from any applicable homeowners or other similar association to which the property may be subject, if any. In the event that Lessee is not the successful bidder for the Property at the Auction, Lessee agrees to reimburse the successful bidder for Lessee's pro-rated portion of the actual 2016 taxes assessed against the Property and improvements through the date of closing, and further agrees to reimburse the successful bidder for Lessee's pro-rated portion of any unpaid levies, fees and/or assessments from any applicable water and/or sewer district as well as from any applicable homeowners or other similar association to which the property may be subject, if any, through the date of closing. Lessee affirms and agrees that First American Title

Authorization to Convey Bill of Sale 2016 VAFO Payette Lake
[REDACTED], R500029, D90325
Rev 20160520f

_____ Applicant Initials

Company, its employees, agents, or assigns have not made any warranties as to the accuracy of any estimated tax figures, levies, or assessments provided to Lessee (if any). **PAYMENT OF ANY SUBSEQUENT TAX STATEMENTS, LEVIES, FEES OR ASSESSMENTS WHICH MAY BE RECEIVED AFTER DATE OF THE AUCTION WILL BE HANDLED DIRECTLY BETWEEN THE LESSEE AND THE SUCCESSFUL BIDDER AT THE AUCTION. FIRST AMERICAN TITLE COMPANY DOES NOT ASSUME ANY LIABILITY OR RESPONSIBILITY IN CONNECTION THEREWITH.**

Lessee understands and acknowledges that First American Title Company and its officers, employees, and agents shall not be responsible or liable in any manner whatsoever for the validity or sufficiency of any deposit in this escrow (including, without limitation, the Bill of Sale), and Lessee agrees to hold First American Title Company and its officers, employees, and agents harmless from any loss, liability, or responsibility due to Lessee's failure to pay any taxes, levies, fees, or assessments on the Property or the improvements thereon owed by Lessee. Lessee hereby releases First American Title Company and its officers, employees, and agents from any liability whatsoever in connection with its performance of First American Title Company's duties as escrow agent in connection with the Auction or pursuant to this Authorization, except for the gross negligence or willful misconduct with reference to same.

Dated: _____ day of _____, 2016

Lessee:

First American Title Company:

Tami DeJournett-Albert
Escrow Officer

_____, 2016
Dated

STATE OF IDAHO, DEPARTMENT OF LANDS – STATE LAND

REAL ESTATE AUCTION
TERMS AND CONDITIONS AGREEMENT

Corbett Bottles Real Estate Marketing, LLC, an Idaho limited liability company (“Auctioneer”), AS AGENT FOR SELLER, the State Board of Land Commissioners, acting by and through the Idaho Department of Lands (“IDL”), will offer the Endowment Land in today’s auction according to the following terms and conditions:

1. The Auction will be with reserve. All bids for the Endowment Land are subject to acceptance by IDL at close of auction. The winning highest bid accepted by IDL (the “Successful Bid”) must equal or exceed the appraised value of the Endowment Land.
2. All bidders at the auction must be citizens of the United States, eighteen (18) years of age or older, of sound mind, and legally competent to own and transfer real property in the State of Idaho.
3. IDL owns the Endowment Land.
4. The auction may be for the purchase of the Endowment Land in either of the following scenarios:
 - a. Endowment Land only (excluding any Personal Property owned by a current or prior lessee which may be located on the Endowment Land, as defined below).
 - b. Endowment Land that is unleased and may have fixtures and improvements located on the Endowment Land owned by IDL.
5. “Personal Property” as defined herein shall refer to those structures and modifications located upon the Endowment Land that are owned by the most recent Lessee or other third party and are not owned by IDL, that would commonly be referred to as fixtures and improvements if the underlying real property and the fixtures and improvements thereon were owned by the same party.
6. The Endowment Land shall be sold “AS IS”, and subject to all existing easements or claims of easements, rights of way, protective covenants, zoning ordinances and applicable building codes, laws and regulations, encroachments, overlaps, boundary line disputes, and all other matters. IDL does not guarantee the accuracy of the acreage, if any, identified in the property description. IDL makes no representation as to the use of the Endowment land for any purpose.
7. A title commitment (“Title Commitment”) was acquired in order to demonstrate the status of title to the Endowment Land for purposes of auction. IDL obtained a Title Commitment from First American Title Company (the “Title Company”). IDL makes no representation or warranty whatsoever of title. A current Title Commitment for a standard owner’s title insurance policy from the Title Company, together with updates from time to time, will be available on the internet at www.corbettbottles.com and will be available for review prior to the auction.
8. IDL, as an agency of the State of Idaho, is statutorily precluded from paying taxes and assessments on Endowment Land. The State cannot be taxed by any County, City, or other local governmental or other quasi-governmental entities, such as a water or sewer district related to a prior lessee’s use. The County or other governmental or quasi-governmental entities may show past due taxes and/or assessments relating to a prior lessee’s use of the Endowment Land and are typically the personal obligation of the prior lessee or current owner of the Personal Property. Such taxes and assessments, and the entities capable of assessing such taxes and assessments are generally identified in the Title Commitment. If the Endowment Land has no Personal Property thereon, then there may be taxes and assessments and utilities whether or not shown on the Title Commitment that were incurred by a prior lessee; as such, the Endowment Land shall be sold subject to any such taxes, assessments, or costs for utilities.
9. The Successful Bidder may acquire a title policy (“Title Policy”) from the Title Company at the Successful Bidder’s cost. If the Successful Bidder acquires a Title Policy from the Title Company, if any, then the title commitment deposit (“Title Commitment Deposit”) to be paid at close of auction

shall be applied towards the premium for such Title Policy, and any portion of the Title Commitment Deposit in excess of the said premium, if any, shall be refunded to the Successful Bidder. If the Successful Bidder fails to purchase a Title Policy from the Title Company, then the cancellation fee for failure to acquire a Title Policy shall be calculated in an amount equal to one-half (½) of what the premium for the Title Policy would have been, and the difference, if any, shall be refunded to the Successful Bidder.

10. Prior to the auction, the Endowment Land and Personal Property, if any, and/or fixtures and improvements located thereon was made available for inspection and review, and the Successful Bidder certifies that all due diligence required by the Successful Bidder has been completed prior to auction.

11. Any bidder for Endowment Land that is Lake Front property that is not the owner of the Personal Property located upon the Endowment Land, nor the current lessee of the Endowment Land upon which the bidder is bidding must present a cashier's check in the sum of fifty thousand dollars (\$50,000) in order to register to bid for any Endowment Land (the "Bid Deposit"). Bidder shall retain the cashier's check until succeeding as the Successful Bidder. If bidder is ultimately the Successful Bidder, then bidder shall provide the cashier's check to the IDL representative at the close of auction for said Endowment Land, and the funds shall be applied towards the purchase of the Endowment Land upon a successful close of escrow ("Closing") of the purchase of the Endowment Land in accordance with the terms and conditions of the Purchase and Sale Agreement ("PSA"), or forfeited to IDL if Closing fails to occur through no default of IDL.

12. Any bidder for Endowment Land that is not Lake Front property and who is not the owner of any Personal Property located upon the Endowment Land, nor the current lessee of the Endowment Land, upon which the bidder is bidding, must present a cashier's check in the sum of ten thousand dollars (\$10,000) in order to register to bid for all non-Lake Front or Upland Endowment Land (the "Upland Bid Deposit"). Bidder shall retain the cashier's check until succeeding as the Successful Bidder. If bidder is ultimately the Successful Bidder, then bidder shall provide the cashier's check to the IDL representative at the close of auction for said Endowment Land, and the funds shall be applied towards the purchase of the Endowment Land upon a successful Closing, or forfeited to IDL if Closing fails to occur through no default of IDL.

13. At the close of auction, the Successful Bidder shall execute a PSA, an Endowment Land Affidavit, and a Statement of Non-Collusion, forms of which can be reviewed on the internet at www.corbettbottles.com or are available for review at the auction location prior to the auction.

14. The Endowment Land Affidavit shall confirm that neither the Successful Bidder nor any third party that the Successful Bidder may represent has purchased in excess of the constitutional limitation of a total of three hundred twenty (320) acres of Endowment Land, including the Endowment Land that is the subject of this auction. If at any time it is discovered that the three hundred twenty (320) acre constitutional limitation has been exceeded, then the Successful Bidder and any third party that the Successful Bidder may represent shall forfeit any and all amounts, costs, fees, charges, and expenses of any kind paid at any time relative to the acquisition of the Endowment Land, including, but not limited to, any and all amounts, costs, fees, charges, and expenses of any kind paid at the close of auction, including the amount of the appraised value of any Personal Property located upon the Endowment Land or any lesser amount agreed to by the owner of the Personal Property (the "Personal Property Value"), and any and all amounts, costs, fees, charges, and expenses of any kind, including the Successful Bid amount for the Endowment Land paid at Closing. In addition, the Successful Bidder and any third party that the Successful Bidder may represent shall be required to reconvey to IDL, upon demand by IDL, all Endowment Land acquired at auction free and clear of any and all liens and encumbrances.

15. At the close of auction for each parcel of Endowment Land, the Successful Bidder shall be promptly escorted to the contract table to sign the PSA for the Endowment Land successfully bid upon, and shall be required to pay with certified funds or other readily available funds the equivalent of cash, an amount equal to the Personal Property Value if not the current owner, together with all

other amounts the Successful Bidder is required to pay at close of auction. If the Successful Bidder is not the owner of the Personal Property located upon the Endowment Land and fails or refuses to sign the PSA, then the Successful Bidder shall immediately pay and forfeit to IDL the Bid Deposit in the amount of fifty thousand dollars (\$50,000), or the Upland Bid Deposit in the amount of ten thousand dollars (\$10,000), depending upon whether the Endowment Land bid upon was Lake Front or non-Lake Front Upland property.

16. If the Endowment Land bid upon has no Personal Property thereon, then the Successful Bidder shall pay to IDL at close of auction the following costs and fees: a) an appraisal fee for appraisal of the Endowment Land in the amount of one thousand dollars (\$1,000); and, b) a Title Commitment Deposit of two thousand dollars (\$2,000) for Lake Front property or eight hundred dollars (\$800) for Upland property. At Closing, the Successful Bidder shall pay an administration fee in the amount of six percent (6%) of the Successful Bid.

17. If the Successful Bidder is also the owner of the Personal Property located upon the Endowment Land, then the following costs and fees were paid prior to the auction: a) an "Initial Administration Fee" in an amount equal to one percent (1%) of the Endowment Land appraised value as set forth in the legal notice for Endowment Land; b) an appraisal fee for appraisal of the Endowment Land in the amount of one thousand dollars (\$1,000); and, c) a Title Commitment Deposit of two thousand dollars (\$2,000) for Lake Front property or eight hundred dollars (\$800) for Upland property. In addition to the costs and fees described above to be paid by the Successful Bidder of Endowment Land who is the owner of the Personal Property located upon the Endowment Land, the Successful Bidder shall pay an Additional Administration Fee equal to four percent (4%) of the appraised value of the Endowment Land at Closing.

18. If the Successful Bidder is not the owner of the Personal Property located upon the Endowment Land, then the following costs and fees shall be paid at the close of auction: a) an "Initial Administration Fee" in an amount equal to one percent (1%) of the Endowment Land appraised value as set forth in the legal notice for Endowment Land; b) an Appraisal Fee for appraisal of the Endowment Land in the amount of one thousand dollars (\$1,000); and, c) a Title Commitment Deposit of two thousand dollars (\$2,000) for Lake Front property or eight hundred dollars (\$800) for Upland property. In addition to the fees described above to be paid by the Successful Bidder of Endowment Land who is not the owner of the Personal Property located upon the Endowment Land, the Successful Bidder shall pay an Additional Administration Fee equal to four percent (4%) of the appraised value of the Endowment Land at Closing.

19. If the Successful Bidder shall fail at the close of auction for the Endowment Land to promptly sign the PSA, the Non-Collusion Agreement, or the Endowment Land Affidavit, or shall fail to pay by certified check, or other readily available funds the equivalent of cash, the Personal Property Value, or any other applicable cost, fee or payment required herein to be paid at the close of auction, then the Endowment Land may immediately be offered or re-offered for auction on the same day.

20. The PSA shall identify the Successful Bid amount for the Endowment Land, which is the purchase price to be paid by Successful Bidder at Closing, and shall also identify the price paid for the Personal Property, if any, at the close of auction.

21. A date for Closing shall be established by IDL within sixty (60) days following the close of auction.

22. Upon satisfaction of all of the Successful Bidder's obligations under the PSA, including all payment due at Closing, the Successful Bidder shall receive a State Deed transferring title to the Endowment Land to the Successful Bidder, and the Successful Bidder shall also receive a Bill of Sale from the owner of the Personal Property transferring title to the Personal Property, if any, located on the Endowment Land to the Successful Bidder. The general form of the State Deed and the Bill of Sale, if applicable, are available on the internet at www.corbettbottles.com or are available for review at the auction location prior to the auction.

23. If the owner of the Personal Property located upon the Endowment Land is outbid at auction, then upon the successful Closing, the owner of the Personal Property shall receive an amount

equal to the Personal Property Value or such lesser amount agreed to by the owner of the Personal Property.

24. If the Successful Bidder fails to satisfy all of the Successful Bidder's obligations in the PSA, including payment of all amounts due and owing at Closing, then the PSA shall be deemed terminated, and any and all amounts, costs, fees, charges, and expenses of any kind paid at any time relative to the acquisition of the Endowment Land or the Personal Property shall be forfeited to IDL without any further action required by IDL as a reasonable estimate of liquidated damages which are otherwise difficult to determine. IDL shall then be entitled to place the Endowment Land for re-auction immediately for sale or lease, or to do anything with the Endowment Land that IDL deems appropriate in its discretion.

25. IDL may cancel this auction at any time prior to IDL's acceptance of a final bid.

26. In the event any term or condition set forth herein is inconsistent with any term or condition set forth in the PSA or any other document or agreement entered contemporaneously herewith, or prior to the execution of the PSA, the terms and conditions of the PSA to be executed by the Successful Bidder and IDL shall control.

The undersigned hereby acknowledges reading and accepting the above terms and conditions.

Dated: _____

LICENSE AGREEMENT

This License Agreement ("**Agreement**") is made and entered into this ____ day of _____, 2016 by and between Corbett Bottles Real Estate Marketing, LLC, an Idaho limited liability company ("**Auctioneer**"), and [REDACTED] a single man ("**Lessee**").

RECITAL

A. Lessee is the leaseholder of the real property located at 2043 Plymouth Court, McCall, ID 83638 ("**Leased Property**") as more fully described in Exhibit A. The Leased Property is part of the State Endowment Trust Lands managed by the Idaho State Board of Land Commissioners ("**Land Board**") on or near Payette Lake, Valley County, Idaho ("**Cottage Sites**"). In connection with the lease entered into by and between Lessee and the Land Board, Lessee has constructed a residence and other improvements on the Leased Property (collectively "**Personal Property**"). The Leased Property and Personal Property may collectively be referred to hereinafter as the "**Property**."

B. In 2010, the Land Board voted to divest the State Endowment Trust Lands on or near Payette Lake by selling the Cottage Sites through public auctions.

C. Lessee has elected to participate in the Voluntary Auction for Ownership ("**VAFO**") program, has completed the Cottage Site Land Purchase Application ("**Application**") and entered into an Auction Administration Agreement ("**AAA**") with the Idaho Department of Lands ("**IDL**"). Pursuant to the Application and AAA, Lessee has consented to have the Personal Property concurrently auctioned with the Leased Property.

D. Auctioneer has been retained by the Land Board to auction the Leased Property. As part of the auction process, the Land Board has instructed Auctioneer to actively market all Cottage Sites participating in the VAFO, including the Personal Property, in order to have a competitive auction.

E. Lessee acknowledges that pursuant to the Application, Lessee has agreed that the Property is to be actively marketed prior to the date of the auction and Lessee has agreed to cooperate with IDL and Auctioneer in connection with such marketing.

F. Lessee furthermore acknowledges that while the Personal Property will be concurrently offered for sale at the auction with the Leased Property, Auctioneer is not representing Lessee in the capacity of a real estate broker or real estate salesperson or in any other capacity in relation to the VAFO or the auction of the Personal Property. Lessee and Auctioneer acknowledge and agree that Auctioneer will not receive a commission in connection with the auction of the Personal Property.

Auctioneer and Lessee desire to enter into this Agreement to allow Auctioneer to market the Personal Property in accordance with the terms and provisions of the AAA prior to the auction of the Property on the following terms and conditions:

1. **Grant of License.** Lessee hereby grants to Auctioneer and Auctioneer's agents, employees and contractors a license ("**License**") to enter upon the Property for all purposes reasonably related to and necessary for the marketing of the Property in Auctioneer's sole discretion.

2. **Permitted Activities Under License.** Lessee acknowledges that Auctioneer shall have full access to the Property under the License for the purpose of marketing of the Property. Lessee further acknowledges and agrees that as part of the exercise of the License, Lessee grants Auctioneer the following rights:

(a) To place a lockbox or lockboxes on any building located on the Property containing a key which gives Auctioneer access to the Personal Property ;

(b) To enter onto the Property, including the building and any other improvements thereon, to show the Property to prospective bidders;

(c) To permit other real estate brokers or real estate salespersons representing prospective bidders to enter onto the Property, including the building and any other improvements thereon, to show the Property to their clients;

(d) To enter onto the Property and post signs, advertisements, fliers, etc. providing information related to the Property and the auction; and

(e) Any other activity reasonably related to the marketing of the Property.

3. Notice. Prior to accessing the Property, Auctioneer shall cause reasonable notice to be provided Lessee of such intended access. Auctioneer will provide as much notice as possible to Lessee but Lessee acknowledges that a minimum required notice will deter potential bidders at the auction and will have an impact on the marketing efforts by Auctioneer.

4. Term. The term of this Agreement shall be from the date of this Agreement to the earlier of: (1) five days following the date of the auction of the Property; or (2) the date of the denial of the Application by IDL and receipt by Auctioneer of notice of such denial from Lessee or IDL.

5. Waiver of Claims. To the maximum extent allowed by applicable law, Lessee hereby releases, waives, discharges, and agrees not to sue Auctioneer and/or its agents, contractors, managers(s), members, and employees from any and all liability to Lessee and/or Lessee's respective successors, assigns, and heirs, if applicable, for any loss, damage, claims, or demands which now exist or may arise under or in connection with (i) this Agreement, (ii) Auctioneer's exercise of the rights granted under the License, and (iii) Auctioneer's previous or hereafter marketing of the Property (collectively "Released Claims"). The Released Claims include but are not limited to, any loss, damage, claims, or demands for personal injury, property damage, death, punitive or exemplary damages, or other losses, including reasonable attorneys' fees and reasonable attorneys' fees on appeal (collectively "Claims") arising out of or relating to Auctioneer's exercise of the License or marketing of the Property, except for any such Claims caused by Auctioneer's gross negligence or willful misconduct.

6. Indemnity. To the fullest extent permitted by law, Lessee agrees to indemnify, defend, and hold harmless Auctioneer, its agents, contractors, managers(s), members, and employees from any and all Claims arising out of or in any way connected with Auctioneer's exercise of the License or the auction of the Property, except for any such Claims caused by Auctioneer's gross negligence or willful misconduct. Except as provided in this Agreement, Auctioneer will not be liable for any damages relating to or arising out of the exercise of the License or auction of the Property, including direct, indirect, consequential, special, or incidental damages.

7. No Agency Relationship. Lessee by signing this document acknowledges and agrees that (i) Auctioneer is not representing Lessee in the capacity of a real estate broker or real estate salesperson, (ii) no agency relationship has been created between Auctioneer and Lessee and (iii) Auctioneer owes no duties or obligations towards Lessee except as provided in this Agreement. Lessee hereby waives and releases any and all claims against Auctioneer arising under any claimed duty or obligation pursuant to the Idaho Real Estate License Law, Idaho Code §§ 54-2001, *et seq.*, The Idaho Real Estate Brokerage Representation Act, Idaho Code §§ 54-2082, *et seq.*, and any rules, regulations or guidelines issued or approved by the Idaho Real Estate Commission.

8. Miscellaneous.

(a) **Authority.** Lessee hereby represents and warrants that Lessee is the tenant of the Leased Property and owner of the Personal Property thereon and has the authority to grant the License herein.

(b) **Entire Agreement.** This Agreement contains the entire agreement between the parties hereto and supersedes any and all prior understandings, agreements or negotiations, written or oral, with respect to the subject matter hereof. This Agreement shall be binding upon and inure to the benefit of the parties hereto, their respective successors, heirs, and assigns.

(c) **Attorneys' Fees and Costs.** If any action is instituted hereafter to enforce any of the terms of this Agreement, or if this Agreement is asserted as a defense in any action, the prevailing party in such action shall be entitled to recover from the other party a reasonable sum for attorneys' fees, plus reasonable costs and expenses of prosecuting or defending the action, at trial, on appeal and in any bankruptcy proceeding.

(d) **Successors.** The provisions of this Agreement shall be binding upon and shall inure to the benefit of the successors and assigns of the parties hereto.

(e) **Governing Law.** This Agreement shall be subject to and governed by the laws of the State of Idaho.

(f) **Counterparts.** This Agreement may be executed in counterparts, and facsimile signature pages shall constitute and be treated the same as original signature pages.

(g) **Termination.** The parties hereto agree that this Agreement shall terminate upon completion of the auction of the Property and closing of the sale of the Property, provided, however, that the parties' respective obligations pursuant to Sections 5 and 6 hereof shall survive the termination of this Agreement for a period of one (1) year thereafter.

EXECUTED as of the date first set forth above.

AUCTIONEER:

LESSEE

Corbett Bottles Real Estate Marketing, LLC

By: _____
Name: _____
Its: _____

**EXHIBIT A
LEGAL DESCRIPTION OF LEASED PROPERTY**

Lot 9, Block 7, State Subdivision - Amended Cedar Knoll Acres, Valley County, Idaho, as shown on the plat recorded November 14, 2013, as Instrument No. 381832, Book 13 of Plats, Page 10, and re-recorded November 15, 2013, as Instrument No. 381853, Book 13 of Plats, Page 13.

AUG 01 2016

Case No. Inst. No.
Filed AM 12:47 PM

IN THE DISTRICT COURT OF THE FOURTH JUDICIAL DISTRICT OF
THE STATE OF IDAHO, IN AND FOR THE COUNTY OF VALLEY

IDAHO FIRST BANK,

Plaintiff,

vs.

MAJ-LE TATE BRIDGES and HAROLD
A. BRIDGES, individuals,

Defendants.

Case No. CV-2015-00145-C

ORDER DENYING PLAINTIFF'S
MOTION TO RECONSIDER AND
DEFENDANTS' MOTION FOR
COSTS AND ATTORNEY FEES

On April 27, 2016, the Court granted summary judgment to Defendants Maj-Le Tate Bridges and Harold A. Bridges (“the Bridges”) and entered judgment in their favor. Two weeks later, they moved for an award of costs (seeking discretionary costs only, not any costs that are awardable as a matter of right) and attorney fees. The same day, Plaintiff Idaho First Bank moved to reconsider the entry of summary judgment for the Bridges. These motions were argued on August 1, 2016. In an oral ruling, the Court denied them both for reasons stated on the record. This order confirms the denial in writing. In addition, it supplements the Court’s oral ruling on two points pertaining to Idaho First Bank’s motion to reconsider.

First, after the Court granted summary judgment to the Bridges, the Nevada Supreme Court decided a similar case, *Badger v. Eighth Judicial District Court*, 373 P.3d 89 (Nev. 2016). There, the borrower and the guarantor defaulted on a loan. Before foreclosing on its loan collateral, the creditor sued the guarantor for the loan balance. While that lawsuit was pending, the creditor foreclosed, generating proceeds less than the loan balance and leaving a deficiency.

Nevada law gave the creditor six months after the foreclosure to sue for a deficiency judgment. Nev. Rev. Stat. § 40.455(1). Within the six-month period, the creditor filed a separate lawsuit the borrower to seek a deficiency judgment. The creditor failed, however, to seek a deficiency judgment against the guarantor within the six-month period. After the six-month period ended, the creditor's separate lawsuits against the guarantor and the borrower were consolidated. The creditor amended its complaint against the borrower to also seek a deficiency judgment against the guarantor. The parties litigated whether the creditor's amended complaint related back to its initial complaint against the borrower, thus rendering timely the creditor's otherwise untimely claim for a deficiency judgment against the guarantor. The Nevada Supreme Court ruled against the creditor, holding that "a complaint filed prior to a foreclosure sale cannot sufficiently put an obligor on notice of a deficiency claim," *id.* at 94, and that allowing relation-back in this context would permit creditors to circumvent the statutory scheme by filing pre-foreclosure lawsuits with the intent to amend their complaints to seek deficiency judgments after foreclosure. *Id.* at 95. *Badger* thus furnishes additional support for the Court's summary-judgment decision that an amended complaint asserting an untimely claim for a deficiency judgment does not relate back to a collection complaint filed before foreclosure, in violation of Idaho's "one action" rule.

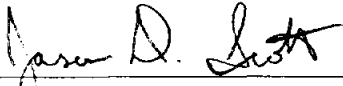
Second, the Court will distinguish *Security Insurance Co. v. United States ex rel. Haydis*, 338 F.2d 444 (9th Cir. 1964), on which Idaho First Bank relies in its reply memorandum in support of its motion to reconsider. That was a Miller Act case. The Miller Act requires prime contractors on some federal construction projects to post bonds guaranteeing payment of their subcontractors and suppliers. It requires subcontractors and suppliers to wait at least ninety days after last furnishing labor or materials to sue on a bond. 40 U.S.C. § 270b(a). The plaintiff in

Security Insurance was a supplier suing on the prime contractor's bond. The supplier's lawsuit was filed prematurely, however, before the ninety-day waiting period lapsed. At the time of trial more than a year later, the defendant sought dismissal on grounds of prematurity. The supplier responded by filing a supplemental complaint containing an allegation that the waiting period had since lapsed. Not only had the waiting period lapsed by then, but so had the Miller Act's statute of limitations. On that alternative basis, the defendant sought dismissal. The supplier argued that the supplemental complaint related back to the original complaint, avoiding the statute-of-limitations problem. The Ninth Circuit accepted the supplier's relation-back argument. 338 F.2d at 449.

The difference between that situation and this one, though, is that there was no unsatisfied condition precedent to the existence of the supplier's Miller Act claim when it filed suit, whereas there was an unsatisfied condition precedent to the existence of Idaho First Bank's claim for a deficiency judgment when it filed suit. In other words, the supplier had an accrued Miller Act claim when it filed suit but merely lacked the right to do so at that time because the waiting period had not yet lapsed. Idaho First Bank, by contrast, had no accrued claim for a deficiency judgment when it filed suit because it had not yet sold the loan collateral and doing so was a condition precedent to accrual. See I.C. § 45-1512. *Security Insurance* was distinguished in much the same way in *United States ex rel. Wulff v. CMA, Inc.*, 890 F.3d 1070 (9th Cir. 1989), on which the Court relied in its summary-judgment decision. It does not support applying the relation-back doctrine here.

IT IS SO ORDERED.

Dated this 1st day of August, 2016.



Jason D. Scott
DISTRICT JUDGE

CERTIFICATE OF MAILING

I hereby certify that on this 15th day of August, 2016, I mailed (served) a true and correct copy of the within instrument to:

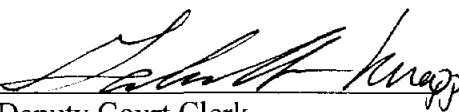
William H. Thomas
Daniel E. Williams
Thomas, Williams & Park, LLP
225 N. 9th Street, Suite 810
P.O. Box 1776
Boise, Idaho 83701-1776

U.S. Mail, Postage Prepaid
 Hand Delivered
 Electronic Mail
 Facsimile

Fredric V. Shoemaker
Loren K. Messerly
Greener Burke Shoemaker Oberrecht PA
950 W. Bannock Street, Suite 950
Boise, Idaho 83702

U.S. Mail, Postage Prepaid
 Hand Delivered
 Electronic Mail
 Facsimile

DOUGLAS A. MILLER
Clerk of the District Court

By: 
Deputy Court Clerk

DOUGLAS A. MILLER, CLERK
By [Signature] Deputy
SEP 08 2016

Case No. _____ Inst. No. _____
Filed _____ A.M. _____ P.M.

WILLIAM H. THOMAS (ISB 3154)
DANIEL E. WILLIAMS (ISB 3920)
THOMAS, WILLIAMS & PARK, LLP
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danw@thomaswilliamslaw.com

Attorneys for Plaintiff/Appellant Idaho First Bank

**IN THE DISTRICT COURT OF THE FOURTH JUDICIAL DISTRICT
OF THE STATE OF IDAHO, IN AND FOR THE COUNTY OF VALLEY**

IDAHO FIRST BANK,

Plaintiff/Appellant,

vs.

MAJ-LE TATE BRIDGES and HAROLD
A. BRIDGES, individuals,

Defendants/Respondents.

Case No. CV2015-145C

NOTICE OF APPEAL

TO: THE ABOVE NAMED RESPONDENTS, MAJ-LE TATE BRIDGES AND HAROLD A. BRIDGES, AND THEIR ATTORNEYS OF RECORD, FREDRIC V. SHOEMAKER AND LOREN K. MESSERLY, GREENER BURKE SHOEMAKER OBERRECHT PA, AND THE CLERK OF THE ABOVE ENTITLED COURT.

NOTICE IS HEREBY GIVEN THAT:

1. Plaintiff, Idaho First Bank, appeals against the above-named Defendants, to the Idaho Supreme Court from the Memorandum Decision and Order on Summary Judgment entered on the 27th day of April, 2016, the Judgment entered on the 27th day of April, 2016, and the Order Denying Plaintiff's Motion to Reconsider and Defendants' Motion for Costs and Attorney Fees entered on the 1st day of August, 2016 by the Honorable Jason D. Scott, District Judge presiding. A copy of the judgment and orders being appealed are attached to this notice.
2. Appellant has a right to appeal to the Idaho Supreme Court, and the judgments or orders described in paragraph 1 above are appealable orders under and pursuant to Rule 11, I.A.R.
3. The issues the Appellant intends to assert on appeal is that the Court erred in granting Defendants' Motion for Summary Judgment and erred in denying Plaintiff's Motion for Reconsideration.
4. Appellant requests the preparation of the reporter's transcript of the September 14, 2015 hearing on Defendants' Motion to Strike, Motion to Dismiss, and Motion to Compel; April 4, 2016 hearing on Defendants' Motion for Summary Judgment; and, the August 1, 2016 hearing on Plaintiff's Motion for Reconsideration in hard copy and electronic format.
5. Appellant requests a scanned copy of the following documents to be included in the clerk's record in addition to those automatically included under Rule 28, I.A.R:

- a. Declaration of Counsel in Support of Plaintiff's Opposition to Defendants' Motion to Dismiss, August 3, 2015;
- b. Declaration of Kathleen Lewis in Support of Idaho First Bank's Opposition to Defendants' Motion to Dismiss, August 3, 2015;
- c. Affidavit of Counsel in Support of Motion for Summary Judgment, January 21, 2016;
- d. Declaration of Maj-Le Bridges in Support of Motion for Summary Judgment, January 21, 2016;
- e. Declaration of Harold A. "Drew" Bridges in Support of Motion for Summary Judgment, January 21, 2016;
- f. Declaration of Counsel in Support of Idaho First Bank's Supplemental Memorandum in Response to Defendants' Motion for Summary Judgment, April 20, 2016;
- g. Affidavit of Stacey Alexander, May 11, 2016;
- h. Affidavit of Kathleen Lewis, May 11, 2016; and
- i. Declaration of Daniel E. Williams in Support of Motion for Reconsideration, July 29, 2016.

6. I hereby certify that:

- (a) That a copy of this notice of appeal will be served on the reporter;
- (b) That the clerk of the District Court has been paid the fee for preparation of a CD of the audio recordings from the September 14, 2015 hearing on Defendants' Motion to Strike, Motion to Dismiss, and Motion to Compel; April 4,

2016 hearing on Defendants' Motion for Summary Judgment; and, the August 1, 2016 hearing on Plaintiff's Motion for Reconsideration;

(c) That appellant is in the process of making arrangement for a certified court reporter to transcribe the audio recordings from the hearings listed in 6(b) above;

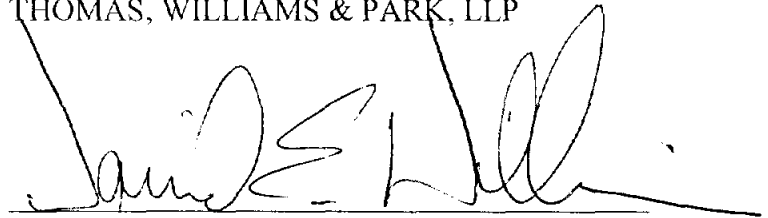
(d) That the estimated fee for preparation of the clerk's or agency's record has been paid;

(e) That the appellate filing fee has been paid; and,

(f) That service has been made upon all parties required to be served pursuant to Rule 20.

DATED THIS 7th day of September, 2016.

THOMAS, WILLIAMS & PARK, LLP



Daniel E. Williams

Attorneys for Plaintiff/Appellant Idaho First Bank

CERTIFICATE OF SERVICE

I hereby certify that on this 7th day of September, 2016, a true and correct copy of the foregoing instrument was served on opposing counsel as indicated below:

Fredric V. Shoemaker
Loren K. Messerly
Greener, Burke, Shoemaker, Oberrecht PA
950 W. Bannock Street, Suite 950
Boise, Idaho 83702

Via Hand Delivery
 Via Facsimile: 319-2601
 Via U.S. Mail



Tiffany Llanos

DOUGLAS A. WALLER, CLERK
By _____ Deputy

APR 27 2016

Case No. _____ Inst. No. _____
Filed _____ A.M. 3 - P.M.

IN THE DISTRICT COURT OF THE FOURTH JUDICIAL DISTRICT OF
THE STATE OF IDAHO, IN AND FOR THE COUNTY OF VALLEY

IDAHO FIRST BANK,

Plaintiff,

vs.

MAJ-LE TATE BRIDGES and HAROLD
A. BRIDGES, individuals,

Defendants.

Case No. CV-2015-00145-C

MEMORANDUM DECISION AND
ORDER ON SUMMARY JUDGMENT

In 2006 Plaintiff Idaho First Bank made a construction loan to Defendants Maj-Le Tate Bridges and Harold A. Bridges (“the Bridges”). The loan was secured by the collateral described in a Construction Deed of Trust. Principally, the collateral was (i) the Bridges’ leasehold interest in a state-owned cottage site in McCall, and (ii) a cottage the Bridges would construct on the cottage site using the loan proceeds. The cottage—a home of nearly 5,000 square feet—was completed in 2008 at a cost well in excess of a million dollars.

In 2015, the Bridges defaulted on the loan and tendered the deed-of-trust collateral to Idaho First Bank to facilitate its sale and the concomitant application of the sale proceeds to the loan balance. Idaho First Bank sold the collateral on September 15, 2015. Unfortunately, the sale proceeds were not enough to exhaust the loan balance. Consequently, Idaho First Bank, which had already filed this lawsuit in response to the Bridges’ loan default, amended its complaint to replace its then-existing, garden-variety collection claims with “deficiency” claims seeking the loan balance that remains after application of the sale proceeds.

The Bridges move for summary judgment. Their motion was argued on April 4, 2016. During the hearing, Idaho First Bank's counsel requested an opportunity to file a post-hearing brief. Idaho First Bank was given until April 18, 2016, to do so. The Bridges were given the opportunity to have the last word in a post-hearing brief due by April 25, 2016, at which point their motion for summary judgment would be decided under advisement. The parties' respective post-hearing briefs were timely filed and have been considered. For the reasons that follow, summary judgment is now granted to the Bridges.

I.

BACKGROUND

In 2005, the Bridges began leasing a cottage site located at 2087 John Alden Road in McCall, Idaho, from the Idaho Department of Lands. (M. Bridges Decl. filed Jan. 21, 2016, ¶ 3; H. Bridges Decl. filed Jan. 21, 2016, ¶ 3 & Ex. A.)¹ They leased it to build their dream vacation home on it. (M. Bridges Decl. ¶ 5; H. Bridges Decl. ¶ 5.) To that end, in 2006 the Bridges obtained a \$1.5 million construction loan from Idaho First Bank. (M. Bridges Decl. ¶ 9; H. Bridges Decl. ¶ 9.) To provide collateral for the loan, the Bridges signed a Construction Deed of Trust. (M. Bridges Decl. ¶ 9; H. Bridges Decl. ¶ 9 & Ex. B.) Through the Construction Deed of Trust, they pledged both their leasehold interest in the cottage site and their interest in any buildings or improvements they constructed on it. (H. Bridges Decl. Ex. B at 1.)

The Bridges used the proceeds of the Idaho First Bank loan as intended: to build a sizeable cottage on the cottage site. (M. Bridges Decl. ¶ 13; H. Bridges Decl. ¶ 13.) The cottage they built is 5,000 square feet in size. (M. Bridges Decl. ¶ 13; H. Bridges Decl. ¶ 13.) It was

¹ All further references in this decision to these two declarations will omit the filing date. When reference is made to a different declaration, the filing date will be noted.

built on a cement foundation embedded in the ground, and its design took into account the cottage site's slope, topography, size, and orientation, as well as the surrounding environment and nearby cabins. (M. Bridges Decl. ¶ 13; H. Bridges Decl. ¶ 13.) From the beginning, the Bridges intended the cottage to be on the cottage site permanently. (M. Bridges Decl. ¶¶ 13-14; H. Bridges Decl. ¶¶ 13-14.) Indeed, it was built without any contingency planning for its future removal from the cottage site. (Id.)

The Bridges most recently renewed their lease of the cottage site for a nine-year term beginning on January 1, 2014. (M. Bridges Decl. ¶ 17; H. Bridges Decl. ¶ 17; H. Bridges Decl. filed July 20, 2015, Ex. B.) In departure from the lease that was in effect when the Bridges obtained the construction loan from Idaho First Bank and built the cottage, the new lease characterized the cottage as "Personal Property." (Compare H. Bridges Decl. Ex. A with H. Bridges Decl. filed July 20, 2015, Ex. B § 1.1.i.)

Unfortunately for all concerned, the Bridges defaulted in May 2015 on their loan from Idaho First Bank. (M. Bridges Decl. ¶ 19; H. Bridges Decl. ¶ 19.) They tendered the collateral to Idaho First Bank, hoping it could be sold for enough money to fully repay the loan. (Id.)

Idaho First Bank filed this lawsuit against the Bridges on June 19, 2015. As originally constituted, this lawsuit was what might be called a garden-variety collection lawsuit. Idaho First Bank alleged it had made a loan to the Bridges, that the Bridges had defaulted on the loan, that the loan had been accelerated, and that the balance was due and owing. (Compl. ¶¶ 6-14.) Unmentioned were the existence or nature of any loan collateral or any efforts to sell loan collateral and apply the sale proceeds to the loan balance. In fact, Idaho First Bank did not sell the deed-of-trust collateral before filing suit. (M. Bridges Decl. ¶ 20; H. Bridges Decl. ¶ 20; Second Am. Compl. ¶ 30.) And it still had not sold the collateral when it filed its first amended

complaint on July 10, 2015. (Id.) The first amended complaint did not change the nature of Idaho First Bank's claims against the Bridges; they remained garden-variety collection claims. (First Am. Compl. ¶¶ 5-22.)

On July 15, 2015, the Bridges moved to dismiss Idaho First Bank's first amended complaint, saying its filing violated I.C. § 45-1503(1), which is part of Idaho's deeds-of-trust act, because the deed-of-trust collateral had yet to be sold. In response, Idaho First Bank contended that section 45-1503(1)'s bar to filing suit before selling the deed-of-trust collateral did not apply because the collateral was "substantially valueless" under I.C. § 45-1503(2). More particularly, Idaho First Bank contended (i) that the only true deed-of-trust collateral was the Bridges' supposedly valueless leasehold interest in the cottage site, and (ii) that the cottage's value could be disregarded on the theory that the cottage was personal property (not real property) and therefore not true deed-of-trust collateral.

The Bridges set out to challenge Idaho First Bank's position in that regard by serving a set of discovery requests designed to help them show that Idaho First Bank understood and intended from the loan's inception that the cottage would constitute real property rather than personal property. Idaho First Bank did not provide full responses to the discovery requests, so the Bridges filed a motion to compel. That motion was heard on September 14, 2015, as was the Bridges' motion to dismiss. One subject of discussion during the hearing was a pending sale of the deed-of-trust collateral at a price of \$1,200,088 that was scheduled to close the day after the hearing. (M. Bridges Decl. ¶¶ 24-25; H. Bridges Decl. ¶¶ 24-25.) Idaho First Bank took the position that, if the sale closed, it no longer would want its existing collection claims adjudicated, and instead would amend its complaint to assert new claims for the "deficiency"—the loan balance remaining after application of the sale proceeds. In that event, the parties agreed that the

Bridges' motion to dismiss would be rendered moot. At the end of the hearing, the Court took the motions under advisement to await, among other things, word on whether the sale of the deed-of-trust collateral closed as scheduled.

The sale did close on September 15, 2015. (M. Bridges Decl. ¶ 25; H. Bridges Decl. ¶ 25; Second Am. Compl. ¶ 30.) Consequently, in the decision issued on September 24, 2015, the Court did not decide the motion to dismiss, except to note that it would be rendered moot once Idaho First Bank amended its complaint to assert deficiency claims. The Court granted the Bridges' motion to compel to the extent the requested discovery was germane to whether the cottage is real or personal property. As the Court noted, litigating that issue could become necessary, despite Idaho First Bank's sale of the deed-of-trust collateral, to determine whether the Bridges are entitled to the debtor protections in I.C. § 45-1512. (Mem. Decision & Order 6.)

Idaho First Bank filed its second amended complaint on December 18, 2015.² It asserts two deficiency claims. The first deficiency claim (Second Am. Compl. ¶¶ 34-42) is made under I.C. § 28-9-615, which is part of Article 9 of the Uniform Commercial Code, as adopted in

² Idaho First Bank did not seek leave of court to file its second amended complaint. Its approach in that regard was to be expected; the Court had stated in the September 24 decision that leave of court would not be required by I.R.C.P. 15(a) because the Bridges had not filed an answer. (Mem. Decision & Order 3 n. 1.) But the Court was mistaken, for two reasons, that leave of court was not required. First, because Idaho First Bank had amended its complaint once already, leave of court to amend a second time was required by I.R.C.P. 15(a) even though the Bridges had not filed an answer. *See* I.R.C.P. 15(a). Second, I.R.C.P. 15(a) was not actually the governing rule. The governing rule instead was I.R.C.P. 15(d) because the second amended complaint was based on an event (the sale of the deed-of-trust collateral) that occurred after the first amended complaint was filed. *See* I.R.C.P. 15(d) (allowing supplemental pleadings "setting forth transactions or occurrences or events which have happened since the date of the pleading sought to be supplemented"). Leave of court is always required by that rule. *Id.* Because the Bridges have never objected to the second amended complaint's filing without leave of court, the absence of leave of court may be a non-issue. Regardless, the Court will remedy any problem with the absence of leave of court by granting it now, under I.R.C.P. 15(d), retroactive to the second amended complaint's filing on December 18.

Idaho. That claim presumes the deed-of-trust collateral is personal property. (Second Am. Compl. ¶ 35.) The second deficiency claim (Second Am. Compl. ¶¶ 43-49) is made under the just-mentioned section 45-1512, which is part of Idaho's deeds-of-trust act. That claim appears to have been asserted in the alternative in the first deficiency claim, in case the deed-of-trust collateral is determined to be real property.

On January 21, 2016, the Bridges moved for summary judgment against Idaho First Bank's deficiency claims. They argue that the section 45-1512 claim is time-barred, as section 45-1512 gave Idaho First Bank three months after the sale to file the claim but Idaho First Bank took three months and three days to do so. Additionally, they argue that section 28-9-615 is inapplicable because the deed-of-trust collateral was not personal property. As already noted, the motion was argued on April 4, 2016, and taken under advisement upon completion of the post-hearing briefing on April 25, 2016. It is now ready for decision.

II.

LEGAL STANDARD

Summary judgment is proper "if the pleadings, depositions, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to a judgment as a matter of law." I.R.C.P. 56(c). The movant's burden, then, is to prove that there is no genuine factual dispute and that, in the absence of a genuine factual dispute, it is entitled to judgment as a matter of law. *E.g., Boise Mode, LLC v. Donahoe Pace & Partners Ltd.*, 154 Idaho 99, 103-04, 294 P.3d 1111, 1115-16 (2013). If the movant is seeking summary judgment against a claim or defense asserted by the nonmovant, the movant carries its burden by showing that the evidence does not support an element of the challenged claim or defense. *E.g., McHugh v. Reid*, 156 Idaho 229, 303, 324 P.3d 998, 1002 (Ct.

App. 2014). The movant's showing can take either (or both) of two forms: (i) affirmative evidence disproving the element at issue; or (ii) a demonstration that the nonmovant is unable to offer evidence proving that element. *Id.*

If the movant carries its burden, the burden shifts to the nonmovant to prove that a genuine factual dispute must be resolved before judgment can be awarded to the movant. *Boise Mode*, 154 Idaho at 104, 294 P.3d at 1116. To carry that ultimate burden, the nonmovant "may not rest upon mere allegations in the pleadings, but must set forth by affidavit specific facts showing there is a genuine issue for trial." *Id.* (quotation marks omitted). In determining whether the nonmovant has carried its burden, the district court must construe the record in the light most favorable to the nonmovant, drawing all reasonable inferences in the nonmovant's favor. *Id.* That said, because no party demanded a jury in this case, the Court will be the trier of fact and, as such, "is entitled to arrive at the most probable inferences based upon the undisputed evidence properly before it and grant the summary judgment despite the possibility of conflicting inferences." *J.R. Simplot Co. v. Bosen*, 144 Idaho 611, 615, 167 P.3d 748, 752 (2006) (quoting *Shawver v. Huckleberry Estates, L.L.C.*, 140 Idaho 354, 360–61, 93 P.3d 685, 691–92 (2004)). In any event, "[a] mere scintilla of evidence or only slight doubt as to the facts is not sufficient" for the nonmovant to avoid summary judgment. *AED, Inc. v. KDC Invs., LLC*, 155 Idaho 159, 163, 307 P.3d 176, 180 (2013).

III.

ANALYSIS

A. Idaho First Bank's deficiency claim under I.C. § 45-1512 is time-barred.

The second count of Idaho First Bank's second amended complaint is, as already noted, a section 45-1512 deficiency claim. That statute provides as follows:

At any time within 3 months after any sale under a deed of trust, . . . a money judgment may be sought for the balance due upon the obligation for which such deed of trust was given as security, and in such action the plaintiff shall set forth in his complaint the entire amount of indebtedness which was secured by such deed of trust and the amount for which the same was sold and the fair market value at the date of sale, together with interest from such date of sale, costs of sale and attorney's fees.

I.C. § 45-1512. The deed-of-trust collateral was sold on September 15, 2015. (M. Bridges Decl. ¶¶ 24-25; H. Bridges Decl. ¶¶ 24-25.) The sale proceeds allegedly were insufficient to exhaust the loan balance. (Second Am. Compl. ¶ 31.) Consequently, under section 45-1512's plain terms, Idaho First Bank had until December 15, 2015, to assert a deficiency claim. But Idaho First Bank missed the deadline. Its second amended complaint, in which it first asserted a deficiency claim, was not filed until December 18, 2015. This much is undisputed.

The dispute between the parties is over the consequences of Idaho First Bank's failure to meet section 45-1512's filing deadline. The Bridges say Idaho First Bank's deficiency claim is time-barred. Idaho First Bank says, however, the time-bar can be avoided by relating that claim back under I.R.C.P. 15(c) to the filing of its original complaint or its first amended complaint. Under that rule, "[w]henver the claim . . . asserted in the amended pleading arose out of the conduct, transaction, or occurrence set forth or attempted to be set forth in the original pleading, the amendment relates back to the date of the original pleading." I.R.C.P. 15(c). Relation-back is not, however, appropriate here. This is so for at least three reasons.³

³ In the interest of judicial economy, the Court will not reach the Bridges' argument that section 45-1512 is a statute of repose and that claims otherwise barred by statutes of repose can never be salvaged by Rule 15(c)'s relation-back doctrine. That argument may well have merit, but, among all of the Bridges' arguments, it necessitates far and away the most complicated legal analysis. The Court's decision rests on its acceptance of simpler arguments advanced by the Bridges that show relation-back to be inappropriate.

First, Idaho First Bank's deficiency claim simply did not arise out of the conduct, transaction, or occurrence set forth or attempted to be set forth in its original and first amended complaints. To be sure, the original and first amended complaints involved attempts to collect on the same loan involved in the section 45-1512 claim. But there ends the relationship between the second amended complaint and the prior complaints. The prior complaints did not mention the deed-of-trust collateral. They neither asserted nor attempted to assert a deficiency claim (under section 45-1512 or otherwise). Presumably that is because a prerequisite to asserting such a claim—the sale of the deed-of-trust collateral—had not yet occurred. The deed-of-trust collateral was not sold until September 15, 2015, which is long after the prior complaints were filed. The section 45-1512 claim arose out of the sale of the deed-of-trust collateral for less than the loan's balance, not out of the Bridges' loan default. Indeed, had everything else been the same but the sale proceeds equaled or exceeded the loan balance, no deficiency claim would have ever arisen, despite the Bridges' loan default. As such, it is incorrect to view the deficiency claim as having arisen out of the conduct, transaction, or occurrence set forth or attempted to be set forth in Idaho First Bank's original and first amended complaints.

Second, and relatedly, relation-back is inappropriate because the deficiency claim under section 45-1512 had not even accrued when the prior complaints were filed. Such a claim does not accrue until the deed-of-trust collateral is sold, as no deficiency either exists or is calculable before the sale. It seems counterintuitive to apply Rule 15(c)'s relation-back doctrine in a way that causes any claim, including a deficiency claim, to relate back to a date earlier than the date on which the claim accrued. Indeed, a claim does not truly exist before it accrues. Had Idaho First Bank asserted a deficiency claim when it filed the prior complaints, that claim would have

been subject to dismissal because it had not yet accrued and, depending on the sale price ultimately obtained for the collateral, might never accrue.

A claim usually should not be related back to a pleading filed before the claim accrued. See 6A Charles A. Wright et al., *Federal Practice and Procedure* § 1508, Westlaw (database updated April 2016); *United States ex rel. Texas Portland Cement Co. v. McCord*, 233 U.S. 157, 164 (1914) (“[I]t is elementary that an amendment dates back to the filing of the petition, and is to supply defects in the cause of action then existing, or at most to bring into the suit grounds of action which existed at the beginning of the case. In this case there was no cause of action to amend. Nor was the amendment of January 9, 1911, the introduction of a new cause of action existing at the beginning of the suit.”); *United States ex rel. Wulff v. CMA, Inc.*, 890 F.2d 1070, 1074 (9th Cir. 1989) (citing *McCord* in refusing to permit relation-back of an amended complaint asserting “a Miller Act claim which the Wulffs did not have when they filed their original complaint”). An exception to this general rule applies “if the original pleading gave notice that the conduct, transaction, or occurrence is of a continuing nature.” 6A Charles A. Wright et al., *Federal Practice and Procedure* § 1508, Westlaw (database updated April 2016). But that is not the case here. Idaho First Bank’s original claims were not continuing in nature. They alleged the existence of one outstanding loan debt. A portion of that same debt remained outstanding after the sale of the deed-of-trust collateral enabled Idaho First Bank to bring a deficiency claim, but, again, that was not inevitable. The collateral could, at least in theory, have sold for a price high enough to leave no deficiency. Consequently, Idaho First Bank’s second amended complaint asserts a section 45-1512 deficiency claim that is a new claim, not a continuation of the original claims. Relation-back therefore is not appropriate.

Third, relation-back is inappropriate because the original and first amended complaints were filed in violation of I.C. § 45-1503(1). Under that statute, the grantor of deed-of-trust collateral is ordinarily not subject to suit before the deed-of-trust collateral has been sold in accordance with Idaho's deeds-of-trust act, at which point a deficiency claim may be asserted under section 45-1512 if the sale proceeds do not exhaust the loan balance. Idaho First Bank filed its original and first amended complaints before selling the deed-of-trust collateral, in reliance on an unsound argument that doing so did not violate section 45-1503(1) because the deed-of-trust collateral supposedly was "substantially valueless" under I.C. § 45-1503(2). As discussed in this decision's section III(B), the cottage was real property, not personal property. Idaho First Bank's "substantially valueless" argument wrongly presumed the opposite. Moreover, it wrongly presumed the leasehold interest had no value. That the deed-of-trust collateral was not "substantially valueless" is proved by the \$1,200,088 sale price it fetched.

In any event, because Idaho First Bank violated section 45-1503(1) by filing its prior complaints before selling the deed-of-trust collateral, it seems entirely inequitable for its belated claim under section 45-1512 to relate back to the prior complaints. Rule 15(c) "'has its roots in the former federal equity practice.'" *Scarborough v. Principi*, 541 U.S. 401, 418 (2004) (quoting 6A Charles A. Wright et al., *Federal Practice and Procedure* § 1496 (2d ed. 1990)). The Court sees no good reason to invoke a rule that is designed to do equity so as to allow Idaho First Bank's premature filing of suit in violation of one provision of Idaho's deeds-of-trust act to excuse its failure to satisfy the filing deadline set in another of the act's provisions.

For these reasons, the Bridges are entitled to summary judgment against Idaho First Bank's section 45-1502 claim.

B. Idaho First Bank has no deficiency claim under I.C. § 28-9-615 because that statute is inapplicable when the collateral is real property.

The first count of Idaho First Bank's second amended complaint is a deficiency claim under I.C. § 28-9-615. That statute is part of Article 9 of the Uniform Commercial Code, as adopted in Idaho. It renders the borrower liable for any deficiency remaining after the collateral is liquidated. I.C. § 28-9-615(d)(2). Subject to some exceptions, though, Article 9 "does not apply to . . . [t]he creation . . . of an interest in or lien on real property, including a lease or rents thereunder." I.C. § 28-9-109(d) & (d)(11) (emphasis added). The Bridges seek summary judgment against Idaho First Bank's section 28-9-615 claim on the theory that its collateral was real property, which would mean that section 28-9-615, along with the rest of Article 9, is entirely inapplicable. Idaho First Bank does not disagree that section 28-9-615 is inapplicable if the collateral was real property; in other words, it does not argue for applying of any of the exceptions to Article 9's inapplicability to interests in or liens on real property. Instead, it argues (rather meekly) that the cottage is personal property.

Once again, Idaho First Bank's collateral was (i) the Bridges' leasehold interest in the cottage site, and (ii) the cottage ultimately constructed there. As the Court will proceed to explain, these items of collateral are both real property.

Beginning with the leasehold interest, the Court notes that, under Idaho law, "real property" includes not only land itself but also "possessory rights to land." I.C. § 55-101(1). The Bridges' leasehold interest in the cottage site is a possessory right to land. *See Wing v. Martin*, 107 Idaho 267, 272, 688 P.2d 1172, 1177 (1984) ("Under a lease of real property, the lessee has the possessory interest . . ."). Thus, the leasehold interest is real property. Idaho First Bank wastes no effort arguing to the contrary.

Turning to the cottage, the Court notes that, under Idaho law, “[t]hat which is affixed to land” also is real property. I.C. § 55-101(2). An article is affixed to land if it is (i) actually and constructively annexed to the land, (ii) appropriated to the use of that part of the land to which it is annexed, and (iii) the party annexing it to the land intended to make the article a permanent accession to the land. *Spencer v. Jameson*, 147 Idaho 497, 502, 211 P.3d 106, 111 (2009). Idaho First Bank suggests that whether the cottage is “affixed to land” under this three-pronged test should not be determined before trial. But it offers no evidence to contest the Bridges’ showing that the cottage is “affixed to land” under that test.

The Bridges’ evidence shows that the cottage cost well in excess of \$1 million to build, is 5,000 square feet in size, is built on a cement foundation that is embedded in the ground, and was designed to match the slope, topography, size, and orientation of the leased property, as well as the surrounding environment and nearby cabins. (M. Bridges Decl. ¶ 13; H. Bridges Decl. ¶ 13.) The Bridges’ evidence also shows that they intended the cottage to be a permanent part of the leased property and that they constructed it without any contingency planning for its future removal from the leased property. (M. Bridges Decl. ¶¶ 13-14; H. Bridges Decl. ¶¶ 13-14.) This is exactly as one would expect of a home so costly and so large; structures of that nature are not generally built with an eye to relocating them to different real property in the future. The Bridges’ evidence, considered by itself, satisfies the three-pronged test.

Idaho First Bank offers nothing to counterbalance it. At most, it renews its argument, made in the context of the Bridges’ motion to dismiss its first amended complaint, that the cottage is personal property because it is defined as “Personal Property” in the Bridges’ most recent lease of the cottage site. (H. Bridges Decl. filed July 20, 2015, Ex. B § 1.1.i.) The cottage’s characterization for purposes of the current lease is insignificant. There is no reason

the cottage could not be characterized as “Personal Property” for purposes of the lease relationship between the Bridges and the Idaho Department of Lands yet constitute real property as a matter of Idaho law for purposes of the loan relationship between the Bridges and Idaho First Bank.

Indeed, the Construction Deed of Trust includes “buildings” in its definitions of the terms “Real Property” and “Improvements” but does not include “buildings” in the definition of the term “Personal Property.” (II. Bridges Decl. Ex. B at 1, 8.) The cottage surely is a “building” under that term’s ordinary meaning, making it “Real Property” for purposes of the Construction Deed of Trust. Thus, the terms of the Construction Deed of Trust are powerful evidence that, at the time it contracted with the Bridges, Idaho First Bank regarded the to-be-constructed cottage as real property rather than personal property.


The Bridges’ years-later agreement with the Idaho Department of Lands to a renewed lease that characterizes the cottage as “Personal Property” does not give rise to a reasonable inference that the Bridges intended, at that point or any other, for the cottage to be removed from the cottage site, as might disqualify it from having “real property” status as an article “affixed to land.” That is true even though both the Bridges’ original lease and the one to which they last agreed identify circumstances in which the Idaho Department of Lands could cause the cottage’s removal. (H. Bridges Decl. Ex. A § 1.4; H. Bridges Decl. filed July 20, 2015, Ex. B § 1.4.) The mere theoretical possibility of removal does not cause the cottage to fail the “affixed to land” test, particularly in the absence of any evidence the Bridges ever intended or expected removal to occur, as well as in the absence of any evidence that removal—and the obvious waste associated with it—was anything more than a theoretical or remote possibility.

There is no genuine factual dispute that the cottage is "affixed to land" and therefore is real property, not personal property. Consequently, I.C. § 28-9-615 does not apply to this case. Idaho First Bank's claim under that statute fails as a matter of law.

Accordingly,

IT IS ORDERED that the Bridges' motion for summary judgment is granted. They are awarded summary judgment against both counts of Idaho First Bank's second amended complaint. A final judgment in their favor will be entered in a separate document in accordance with I.R.C.P. 54(a) and 58(a).

Dated this 27th day of April, 2016.



Jason D. Scott
DISTRICT JUDGE

CERTIFICATE OF MAILING

I hereby certify that on this 28th day of April, 2016, I mailed (served) a true and correct copy of the within instrument to:

William H. Thomas
Daniel E. Williams
Thomas, Williams & Park, LLP
225 N. 9th Street, Suite 810
P.O. Box 1776
Boise, Idaho 83701-1776

U.S. Mail, Postage Prepaid
 Hand Delivered
 Electronic Mail
 Facsimile

Fredric V. Shoemaker
Loren K. Messerly
Greener Burke Shoemaker Oberrecht PA
950 W. Bannock Street, Suite 950
Boise, Idaho 83702

U.S. Mail, Postage Prepaid
 Hand Delivered
 Electronic Mail
 Facsimile

DOUGLAS A. MILLER
Clerk of the District Court

By: 
Deputy Court Clerk

DOUGLAS A. [Signature] CLERK
By _____ Deputy

APR 27 2016

Case No. _____ Inst. No. _____
Filed _____ A.M. 3 - P.M.

IN THE DISTRICT COURT OF THE FOURTH JUDICIAL DISTRICT OF
THE STATE OF IDAHO, IN AND FOR THE COUNTY OF VALLEY

IDAHO FIRST BANK,

Plaintiff,

vs.

MAJ-LE TATE BRIDGES and HAROLD
A. BRIDGES, individuals,

Defendants.

Case No. CV-2015-00145-C

JUDGMENT

JUDGMENT IS ENTERED AS FOLLOWS:

Plaintiff Idaho First Bank's second amended complaint is dismissed with prejudice, with no award of relief to Idaho First Bank.

Dated this 27th day of April, 2016.

[Signature]
Jason D. Scott
DISTRICT JUDGE

CERTIFICATE OF MAILING

I hereby certify that on this 28th day of April, 2016, I mailed (served) a true and correct copy of the within instrument to:

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DOUGLAS A. MILLER
Clerk of the District Court

By: 
Deputy Court Clerk

IN THE DISTRICT COURT OF THE 4TH JUDICIAL DISTRICT OF THE STATE OF IDAHO,
 IN AND FOR VALLEY COUNTY (IN THE (PUBLIC UTILITIES COMMISSION)
 (INDUSTRIAL COMMISSION) OF THE STATE OF IDAHO)

| | | |
|-----------------------------|---|-------------------------------|
| Idaho First Bank , |) | |
| |) | SUPREME COURT NO. 44532 |
| Plaintiff/ Appellant, |) | |
| |) | Dist. Court No. CV-2015-145-C |
| -vs- |) | |
| |) | CLERK'S CERTIFICATE |
| Maj-Le Tate Bridges, Etal., |) | OF EXHIBITS |
| |) | |
| Defendant/Respondent. |) | |

I, DOUGLAS A. MILLER, Clerk of the District Court of the Fourth Judicial District of the State of Idaho, in and for the County of Valley, do hereby certify that the following is a list of the exhibits, offered or admitted and which have been lodged with the Supreme Court or retained as indicated:

| | | | |
|------------|--------------------|--------------------|----------------------|
| <u>NO.</u> | <u>DESCRIPTION</u> | <u>OFFER/ADMIT</u> | <u>SENT/RETAINED</u> |
|------------|--------------------|--------------------|----------------------|

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the said Court this 1st day of November, 2016.

DOUGLAS A. MILLER,
 Clerk of the District Court

By: *Candice White*

IN THE DISTRICT COURT OF THE 4TH JUDICIAL DISTRICT OF THE STATE OF IDAHO,
IN AND FOR VALLEY COUNTY (IN THE (PUBLIC UTILITIES COMMISSION)
(INDUSTRIAL COMMISSION) OF THE STATE OF IDAHO)

IDAHO FIRST BANK,)
) SUPREME COURT NO. 44532
)
) Plaintiff/ Appellant,)
)
) Dist. Court No. CV-2015-145-C
-vs-)
)
) CLERK'S CERTIFICATE
MAJ-LE TATE BRIDGES, ETAL.,) OF SERVICE
)
)
)
)
) Defendant/Respondent.)
)

TO: William Thomas
PO Box 1776
121 n 9th St, Ste. 300
Boise, ID 83701
ATTORNEY FOR APPELLANT

TO: Fredric Shoemaker
950 W Bannock, Suite 950
Boise, ID 83702
ATTORNEY FOR RESPONDENT

YOU ARE HEREBY NOTIFIED:

That the Clerk's Record, Exhibits and Transcripts in the above entitled cause has been lodged with the District Court and copies sent to counsel; that objections to the Clerk's Record and Reporter's Transcript, including any requests for corrections, deletions, or additions, must be filed with the District Court together with a Notice of Hearing within twenty-eight (28) days from the date of this Notice.

DATED this 29th day of November, 2016.

DOUGLAS A. MILLER,
Clerk of the District Court

By: Caralico White
Deputy

IN THE DISTRICT COURT OF THE 4TH JUDICIAL DISTRICT OF THE STATE OF IDAHO,
 IN AND FOR VALLEY COUNTY (IN THE (PUBLIC UTILITIES COMMISSION)
 (INDUSTRIAL COMMISSION) OF THE STATE OF IDAHO)

| | | |
|----------------------------|---|-------------------------------|
| IDAHO FIRST BANK, |) | |
| |) | SUPREME COURT NO. 44532 |
| Plaintiff/ Appellant, |) | |
| |) | Dist. Court No. CV-2015-145-C |
| -vs- |) | |
| |) | CLERK'S CERTIFICATE |
| MAJ-LE TATE BRIDGES, ETAL, |) | TO RECORD |
| |) | |
| Defendant/Respondent. |) | |
| |) | |

I, DOUGLAS A. MILLER, Clerk of the District Court of the Fourth Judicial District of the State of Idaho, in and for the County of Valley, do hereby certify that the foregoing Record in this cause was compiled and bound under my direction and contains true and correct copies of all pleadings, documents and papers designated to be included under Rule 28, IAR, the Notice of Appeal, any Notice of Cross-Appeal, and any additional documents requested to be included.

I do further certify that all documents, x-rays, charts and pictures offered or admitted as exhibits in the above entitled cause, if any, will be duly lodged with the Clerk of the Supreme Court along with the Court Reporter's Transcript and Clerk's Record as required by Rule 31 of the Idaho Appellate Rules.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the said Court this 29th day of November, 2016.

DOUGLAS A. MILLER
 Clerk of the District Court

By Candice White
 Deputy