

02-10-1999



100962117

*MAD*  
2-8-99

RECORDATION FORM COVER SHEET  
TRADEMARKS ONLY

TO: The Commissioner of Patents and Trademarks: Please record the attached original document(s) or copy(ies).

Submission Type

- New
- Resubmission (Non-Recordation)  
Document ID #
- Correction of PTO Error  
Reel #  Frame #
- Corrective Document  
Reel #  Frame #

Conveyance Type

- Assignment  License
- Security Agreement  Nunc Pro Tunc Assignment
- Merger
- Change of Name
- Other

Effective Date  
Month Day Year  
12/31/98

Conveying Party

Mark if additional names of conveying parties attached

Execution Date  
Month Day Year

Name

Formerly

- Individual  General Partnership  Limited Partnership  Corporation  Association
- Other
- Citizenship/State of Incorporation/Organization

Receiving Party

Mark if additional names of receiving parties attached

Name

DBA/AKA/TA

Composed of

Address (line 1)

Address (line 2)

Address (line 3)

- Individual  General Partnership  Limited Partnership  Corporation  Association
- Other
- Citizenship/State of Incorporation/Organization

If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative should be attached. (Designation must be a separate document from Assignment.)

FOR OFFICE USE ONLY

02/10/1999 DCOATES 00000034 2108653

01 FC:481 40.00 OP

Public burden reporting for this collection of information is estimated to average approximately 30 minutes per Cover Sheet to be recorded, including time for reviewing the document and gathering the data needed to complete the Cover Sheet. Send comments regarding this burden estimate to the U.S. Patent and Trademark Office, Chief Information Officer, Washington, D.C. 20231 and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Paperwork Reduction Project (0651-0027), Washington, D.C. 20503. See OMB Information Collection Budget Package 0651-0027, Patent and Trademark Assignment Practice. DO NOT SEND REQUESTS TO RECORD ASSIGNMENT DOCUMENTS TO THIS ADDRESS.

Mail documents to be recorded with required cover sheet(s) information to:  
Commissioner of Patents and Trademarks, Box Assignments, Washington, D.C. 20231

TRADEMARK  
REEL: 1852 FRAME: 0003

**Domestic Representative Name and Address**

Enter for the first Receiving Party only.

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

**Correspondent Name and Address**

Area Code and Telephone Number

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

**Pages**

Enter the total number of pages of the attached conveyance document including any attachments. #

**Trademark Application Number(s) or Registration Number(s)**

Mark if additional numbers attached

Enter either the Trademark Application Number or the Registration Number (DO NOT ENTER BOTH numbers for the same property).

**Trademark Application Number(s)**

**Registration Number(s)**

<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>

<input type="text" value="2,108,653"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>

**Number of Properties**

Enter the total number of properties involved. #

**Fee Amount**

Fee Amount for Properties Listed (37 CFR 3.41): \$

Method of Payment: Enclosed  Deposit Account

**Deposit Account**

(Enter for payment by deposit account or if additional fees can be charged to the account.)

Deposit Account Number: #

Authorization to charge additional fees: Yes  No

**Statement and Signature**

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document. Charges to deposit account are authorized, as indicated herein.

Scott S. Havlick  
Name of Person Signing

  
Signature

February 4, 1999  
Date Signed

Filed for Record at  
the Request of:

Space for Recorder's Use

U.S. Bank National Association  
Tom Pantalion  
U.S. Bank Place MPFP2518  
601 Second Avenue South  
Minneapolis, Minnesota 55402-4302

**AFTER RECORDING MAIL TO:**

U.S. Bank National Association  
Tom Pantalion  
U.S. Bank Place-MPFP2518  
601 Second Avenue South  
Minneapolis, Minnesota 55402-4302

---

Date: December 31, 1998

**MORTGAGE**

Assignment of Leases and Rents, Security Agreement and Fixture Filing

made by

Resort Holdings, Inc., a Minnesota corporation, and


Resort Water Co., Inc., a Minnesota corporation,

hereinafter referred to as "Mortgagors,"

FOR THE BENEFIT OF

U.S. Bank National Association, a national banking association,

hereinafter referred to as "Mortgagee"

Promissory Note Amount: 

Maturity Date of Promissory Note: September 30, 1999 (subject to the conditions of the Promissory Note being satisfied by New Schweitzer LLC (hereinafter referred to as "Borrower"), the maturity date may be extended until December 31, 1999)

**THIS DOCUMENT IS ALSO A FIXTURE FILING IN ACCORDANCE WITH  
IDAHO CODE TITLE 28, SECTIONS 28-9-313 AND 28-9-402**

**TRADEMARK  
REEL: 1852 FRAME: 0005**

This Mortgage is made on the day and year set forth on page 1 hereof by Mortgagors to Mortgagee.

**WITNESSETH:**

Concurrently with the execution of this Mortgage, Mortgagee advanced a loan to Borrower in the amount of [REDACTED] (the "Loan") as evidenced by the promissory note of even date herewith (the "Promissory Note"). The Promissory Note was issued as part of a transaction in which Resort Holdings, Inc.'s indebtedness to the Mortgagee prior to the date hereof was satisfied. Mortgagors are, therefore, financially interested and will directly benefit from the Loan to Borrower. This Mortgage, the Promissory Note, all Security Agreements securing the Promissory Note, and all documents related thereto are referred to collectively herein as the "Loan Documents."

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Mortgagors do hereby irrevocably GRANT, BARGAIN, SELL and CONVEY to Mortgagee, its successors and assigns, with right of entry and possession, all of Mortgagors' estate, right, title and interest in, to and under any and all of the following described property, rights, privileges and franchises (herein collectively called the "Mortgaged Property"), whether now owned or held or hereafter acquired:

A. Land. That certain real property, more particularly described in **Exhibit A** attached hereto and incorporated herein by this reference, together with all of the easements, rights, options, privileges, franchises and appurtenances thereunto belonging or in anywise appertaining and all of the estate, right, title, interest, claim and demand whatsoever of Mortgagors therein or thereto, or in or to the option agreements referenced on **Exhibit A-1** attached hereto, either at law or in equity, in possession or in expectancy, now or hereafter acquired (hereinafter referred to as the "Premises").

B. Fixtures and Improvements. All fixtures, structures, ski lifts, buildings and improvements (including asphalt paving for parking) of every kind and description now or at any time hereafter located on, attached to, or installed in or upon (temporarily or permanently) the Premises (hereinafter referred to as the "Improvements"), including, without limitation, all equipment, apparatus, machinery, engines, boilers, furnaces, plumbing, call and sprinkler systems, fire prevention or extinguishing apparatus and equipment (including fire hoses and brackets and boxes for the same and fire sprinklers), alarm systems, built-in heating units, water tanks, light fixtures, built-in communication systems, built-in furniture, antennas, and appliances and any additions to, substitutions for, changes in or replacements of the whole or any part thereof, including such of the foregoing as may be used in connection with the generating or distributing of air, water, heat, electricity, light, fuel or refrigeration or for ventilating or sanitary purposes or for the exclusion of vermin or insects, or for the removal of dust, refuse or garbage, now or at any time hereafter affixed to, attached to, placed upon or used in any way in connection with the use, enjoyment, occupancy or operation of the Premises or any portion thereof;

C. Personal Property. All articles of personal property and any additions to, substitutions for, changes in or replacements of the whole or any part thereof (hereinafter referred to as the "Personal Property"), including, without limitation, all business machinery, equipment, ski lifts and related equipment, furniture, furnishings, installations, shelving, partitions, door-stops, vaults, elevators, dumb-waiters, window screens and shades, drapes, rugs and other floor coverings, awnings, heating units, communication systems, and all said articles of property, the specific enumerations herein not excluding the general, now or at any time hereafter affixed to, attached to, placed upon, or used in any way in connection with the use, enjoyment, occupancy or operation of the Premises or the Improvements or any portion thereof and owned by Mortgagors or in which Mortgagors now have or hereafter acquire an interest, and all building materials and equipment now or hereafter delivered to the Premises and intended to be installed or placed in or about the Improvements;

D. Easements, Etc. All right, title and interest of Mortgagors in and to all streets, sidewalks, alleys, access rights, development strips and gores of land, railways, roads and public places, opened or proposed, and all easements and rights-of-way, public or private, tenements, hereditaments, rights and appurtenances, now or hereafter used in connection with, belonging or appertaining to, the Premises;

E. Leases, Rents, Etc. All of the rents, royalties, issues, profits, revenue, income and other benefits of the Mortgaged Property, or arising from the use or enjoyment of all or any portion thereof or from any lease or agreement pertaining thereto (the "Rents and Profits"), and all right, title and interest of Mortgagors in and to all leases of the Mortgaged Property now or hereafter entered into and all right, title and interest of Mortgagors thereunder, including, without limitation, cash or securities deposited thereunder to secure performance by the lessees of their obligations thereunder, whether said cash or securities are to be held until the expiration of the terms of said leases or applied to one or more of the installments of rent coming due immediately prior to the expiration of said terms; subject to, however, the provisions contained in Sections 2.10, 2.11, and 2.12 hereof, as well as all of the Mortgagors' interest in and to the leasehold estate created by and under the lease described by date, name of original lessor, name of original lessee, recording number and description of leased premises on **Exhibit B**, attached hereto and incorporated herein by this reference (the "Ground Lease"), and all of Mortgagors' interests in the real property covered by the Ground Lease legally described on **Exhibit B-1**, attached hereto and incorporated herein by this reference (the "Leased Land"), including any option to acquire the Leased Land or any portion thereof and all after-acquired right, title and interest in and to the Leased Land or any portion thereof;

F. Trademarks, Intangibles, Etc. All trade names, trademarks, logos, copyrights, goodwill and books, records, bank accounts, accounts, and franchises relating to or used in connection with the operation of the Mortgaged Property or the equipment or any part thereof, all general intangibles related to the operation of the Improvements now existing or hereafter arising, including, without limitation, all licenses, contracts, management agreements, franchise agreements, permits, rights, and certificates pertaining to or useful in connection with the ownership, use, enjoyment, occupancy, management, or operation of the Mortgaged Property;

G. Tax Deposits, Etc. Any and all monies now or subsequently on deposit for the payment of real estate taxes or special assessments against the Mortgaged Property or for the payment of premiums on insurance policies covering the foregoing property or otherwise on deposit with or held by the Mortgagee as provided in this Mortgage; all capital, operating, reserve or similar accounts held by or on behalf of the Mortgagors and related to the operation of the Mortgaged Property, whether now existing or hereafter arising and all monies held in any of the foregoing accounts and any certificates or instruments related to or evidencing such accounts;

H. Proceeds. All proceeds (including claims and demands therefor) of the conversion, voluntary or involuntary, of any of the foregoing into cash or liquidated claims, including, without limitation, proceeds of insurance and condemnation awards;

I. Water Rights, Etc. Idaho Department of Water Resource Permits 96-08428, 96-08413, 96-07841, 96-08725, Idaho Department of Water Resource License 96-07127 and Judicial Decree 95-4139, and all water applications, permits, licenses, claims, decreed rights or other rights or interests related to or in any way concerning the Mortgaged Property, now existing or hereafter acquired;

J. Claims. Any claim or demand against anyone with respect to damage to the Mortgaged Property, including, without limitation, damage arising from any defect in the design or construction of the Improvements or in the condition of the Mortgaged Property;

K. Parking Facilities. Any parking facilities, covenants, lease, rights, or easements located other than on the Premises and used, or intended to be used, in connection with the operation of the Mortgaged Property; and

L. Additional Interests. All interests, estate or other claims, both in law and in equity, which Mortgagors now have or may hereafter acquire in the Mortgaged Property or any part thereof or any interest therein, together with all the privileges and appurtenances belonging to the Mortgaged Property or any part thereof or any interest therein.

FOR THE PURPOSE OF SECURING, in such order of priority as Mortgagee may elect, the following obligations (collectively, the "Secured Obligations"):

1. Payment to Mortgagee by Borrower of all amounts due under the Promissory Note and payment under and performance and observance of each term to be performed by Borrower in the Promissory Note, and any of the Loan Documents, plus interest thereon;

2. Payment of all sums expended or advanced by Mortgagee pursuant to the terms hereof or the other Loan Documents, together with interest thereon as provided herein;

3. Payment and performance of all obligations of Mortgagors under this Mortgage;

4. Payment and performance of all obligations of Borrower under the Loan Documents;

5. Payment of such further sums as may be advanced or loaned by Mortgagee to Borrower, with interest thereon at the rate or the rates set forth in the promissory note, loan documents, or other instruments evidencing such further advances or loans; and

6. All modifications, extensions, and renewals of any of the obligations to Mortgagee secured hereby, however evidenced.

The term "obligations" is used herein in its broadest and most comprehensive sense and shall be deemed to include, without limitation, all interest, charges, prepayment charges, late charges, and loan fees at any time accruing under, or properly assessed on, any of the Secured Obligations. All terms of the Secured Obligations are incorporated herein by reference. All persons who may have or acquire an interest in the Mortgaged Property, or the Secured Property, shall be deemed to have notice of the terms of the Secured Obligations.

## ARTICLE 1.

### SECURITY AGREEMENT; FIXTURE FILING

1.1 Creation of Security Interest. Mortgagors hereby grant to Mortgagee a security interest in every portion of the Mortgaged Property that is governed by the Uniform Commercial Code, as adopted in the State of Idaho, Idaho Code Title 28, Section 28-1-101 through 28-10-104 (the "Code"), and in the following (collectively referred to herein as the "Secured Property"):

(a) All fixtures, furniture, furnishings, appliances, machinery, vehicles, equipment, slope groomers, and other property of any kind now or hereafter located on the Mortgaged Property, used principally, or intended to be used principally, on the Mortgaged Property, wherever actually located, or purchased with any proceeds advanced by Mortgagors, and all rights or Mortgagors as lessees of Leased Land;

(b) All plans, site plans, plats, architectural plans, work drawings, surveys, engineering reports, test borings, market surveys, specifications, contracts, agreements, and purchase orders and other work products pertaining to or incidental to the design or construction of any Improvements on the Mortgaged Property;

(c) All commitments or agreements, now or hereafter in existence, that will provide Mortgagors with proceeds to improve the Mortgaged Property or satisfy the Secured Obligation, and the right to receive all proceeds due under such commitments or agreements, including refundable deposits and fees;

(d) All construction materials, supplies, and equipment delivered to the Mortgaged Property or intended to be used in connection with the construction of Improvements on the Mortgaged Property wherever actually located, whether in the possession of Mortgagors, warehouseman, bailee, or any other person, purchased for use in the construction or furnishing of Improvements on the Premises or Leased Land, together with any documents covering such materials, all contract rights, and general intangibles relating to such materials, and proceeds of such materials, document contract rights, and general intangibles;

(e) All construction contracts (if any) relating to Improvements on the Premises or Leased Land, and all amendments thereto, together with all of the right, title, and interest of the Mortgagors in, to, and under any and all performance, payment, completion, or other surety bonds now, or hereafter issued, by any surety in connection with or related to the aforesaid construction contracts, insofar as the same may be transferable by Mortgagors without breach of the agreement and bond referred to;

(f) All books, records, surveys, reports, and other documents related to the Mortgaged Property or operation of the Mortgaged Property; and

(g) All additions, accessions, replacements, substitutions, proceeds, and products of the Secured Property described in this Section 1.1.

1.2 Warranties, Representations, and Covenants of Mortgagors. Mortgagors hereby warrant, represent, and covenant as follows:

(a) The parties executing this Mortgage on behalf of the Mortgagors are duly authorized by the Mortgagors, and have been directed by the Mortgagors, to execute, acknowledge, and deliver this Mortgage, and to perform the obligations stated herein.

(b) Neither the Mortgaged Property nor the Secured Property are used principally for agricultural or farming purposes.

(c) The Fixtures are not used or bought for personal, family, or household purposes.

(d) Mortgagors will not remove from the Mortgaged Property, lease, sell, convey or in any other manner transfer any tangible personal property constituting Secured Property or remove it from the Premises covered by this Mortgage without Mortgagee's prior written consent. Such other personal property shall be subject to no lien, encumbrance, or security interest other than this Mortgage or other previous lien or encumbrance in favor of Mortgagee.

(e) Mortgagors will immediately notify Mortgagee of any change in their places of business as set forth in this Mortgage.

(f) From time to time within fifteen (15) days after a request by Mortgagee, Mortgagors shall execute, acknowledge, and deliver to Mortgagee such security agreements or instruments, in form and substance satisfactory to Mortgagee, covering the Secured Property which, in the sole discretion of Mortgagee, are necessary to evidence or perfect the liens encumbering the Mortgaged Property and the Secured Property granted under this Mortgage; and Mortgagors shall execute, acknowledge, and deliver each financing statement, renewal, affidavit, certificate, continuation statement, or other document which Mortgagee requests in order to perfect, preserve, extend, or maintain the security interests granted under, and the priority of, the liens granted on the Mortgaged Property and the Secured Property pursuant to this Mortgage as a first lien. However, neither a request so made by Mortgagee, nor the failure of Mortgagee to make such a request, shall be construed as a release of such property or any part thereof from the lien of this Mortgage, it being understood and agreed that this covenant



and any such chattel mortgage, security agreement, or other similar security instrument delivered to Mortgagee are cumulative and given as additional security.

(g) This Mortgage constitutes a security agreement as that term is used in the Code.

1.3 Remedies. Mortgagee shall have all the rights, remedies, and recourse with respect to the Secured Property, of a secured party under the Code. Such rights, remedies, and recourse shall be in addition to those provided for herein or at law or in equity.

1.4 Fixture Filing. This Mortgage constitutes a financing statement filed as a fixture filing in the Official Records of the County in which the Mortgaged Property is located with respect to any and all Fixtures included within the term "Mortgaged Property" as used herein, and with respect to any goods or other personal property that may now be, or hereafter become, such Fixtures.

## ARTICLE 2.

### COVENANTS OF MORTGAGORS

Mortgagors covenant, warrant and agree to and with Mortgagee as follows:

2.1 Title. Mortgagors have full corporate power and lawful authority to grant, assign, transfer and mortgage its interest in the Mortgaged Property in the manner and form hereby done or intended. Mortgagors will preserve their interest in, and title to, the Mortgaged Property and will forever warrant and defend the same to Mortgagee and will forever warrant and defend the validity and priority of the lien hereof against the claims of all persons and parties whomsoever other than holders of Permitted Liens. Mortgagors shall promptly and completely observe, perform and discharge each and every obligation, covenant and agreement affecting the Mortgaged Property whether the same is prior and superior or subject and subordinate thereto.

2.2 Further Execution and Delivery. Mortgagors will, at their own cost and without expense to Mortgagee, do, execute, acknowledge and deliver all and every such further acts, deeds, transfers and assurances as Mortgagee shall from time to time reasonably require for the better assuring, conveying, assigning, transferring and confirming unto Mortgagee the property and rights hereby conveyed or assigned or intended now or hereafter so to be, or which Mortgagors may be or may hereafter become bound to convey or assign to Mortgagee, or for carrying out the intention or facilitating the performance of the terms of this Mortgage, or for filing, registering or recording this Mortgage and, on demand, Mortgagors will execute and deliver, and after the occurrence and during the continuance of an Event of Default hereby authorize Mortgagee to execute in the name of Mortgagors to the extent Mortgagors may lawfully do so, one or more financing statements, chattel mortgages or comparable security instruments, to evidence more effectively the lien hereof upon the Personal Property.

2.3 Filing, Registration, and Recording. Mortgagors forthwith upon the execution and delivery of this Mortgage, and thereafter from time to time, will cause this Mortgage and

any other security instrument creating a lien or evidencing the lien hereof upon the Personal Property and each instrument of further assurance, to be filed, registered or recorded in such manner and in such places as may be required by any present or future law in order to publish notice of and fully to protect the lien hereof upon, and the security interest of Mortgagee in the Mortgaged Property.

2.4 Fees and Costs. Mortgagors will pay all filing, registration and recording fees, and all expenses incident to the execution and acknowledgement of this Mortgage, any modification or addition supplemental hereto, any security instrument with respect to the Personal Property, and any instrument of further assurance, and all federal, state, county and municipal stamp taxes and other taxes, duties, imposts, assessments and governmental charges arising out of or in connection with the execution and delivery of the Promissory Note, this Mortgage, any supplements hereto, any security instrument with respect to the Personal Property or any instrument of further assurance.

2.5 Insurance. Mortgagors will maintain insurance with responsible and reputable insurers in such amounts and covering such risks as is acceptable to Mortgagee, and in the case of liability insurance name the Mortgagee as an additional insured, and with respect to the Mortgaged Property such insurance shall name the Mortgagee as a loss payee and an additional insured. The Mortgagors will furnish the Mortgagee with the original policies or certificates for all insurance covering the Mortgaged Property. All insurance policies shall provide that they shall not, with respect to the Mortgagors or Mortgaged Property, be terminated or canceled, nor shall, with respect to the Mortgagors or Mortgaged Property, the coverages or amounts thereunder or thereof be reduced, without at least thirty (30) days' prior written notice to the Mortgagee and shall protect the Mortgagee from any breach of warranty by Mortgagors in connection therewith. Receipt of notice of termination or cancellation of any such insurance policies or reduction of coverages or amounts thereunder, with respect to the Mortgagors or Mortgaged Property, without receipt prior to the termination, cancellation or reduction date of evidence of renewals or replacements of such policies or of increase of such coverages or amounts, as the case may be, shall entitle the Mortgagee to renew any such policies, cause the coverages and amounts thereof to be maintained at levels satisfactory to it or otherwise to obtain similar insurance in place of such policies, in each case at the expense of the Mortgagors.

2.6 Condemnation Proceedings. Mortgagors, upon obtaining knowledge of the pendency or institution of any proceedings for the condemnation of the Premises and/or the Improvements or any portion thereof or knowledge of any casualty damage to the Mortgaged Property or damage of any kind, will promptly notify Mortgagee in writing thereof. Mortgagee may participate in any proceedings and join Mortgagors in adjusting any loss covered by insurance. All compensation, awards, proceeds, damages, claims, rights of action and payments to which Mortgagors may become entitled ("Awards") shall be paid over to Mortgagee to the extent that the amount thereof does not exceed the Secured Obligations. Notwithstanding the foregoing, any Award that does not exceed \$100,000.00 shall be paid over to Mortgagors, provided that Mortgagors shall promptly repair any damage to Improvements occasioned by any condemnation or casualty which gave rise to such Award. Mortgagee shall have the sole and absolute discretion, notwithstanding the fact that the security given hereby may not be impaired by a partial condemnation, to apply any part or all of the Award collected

by it in connection with any condemnation proceeding: (i) upon any indebtedness secured hereby and in such order as Mortgagee may determine; or (ii) without reducing the indebtedness secured hereby, to the reimbursement of Mortgagee for expenses incurred by it in the restoration of the Mortgaged Property. Such application shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice. Mortgagee shall be under no obligation to question the amount of any compensation, awards, proceeds, damages, claims, rights of action or payments, and may accept the same in the amount in which the same shall be paid. Notwithstanding anything to the contrary set forth in any Loan Document, Mortgagors shall not be required to repair any damage to Improvements occasioned by any condemnation or casualty if the Award with respect thereto is collected by Mortgagee and is not applied by Mortgagee to reimburse Mortgagors for their expenses in conjunction with such condemnation or casualty.

2.7 Payment of Taxes and Assessments. Mortgagors shall promptly pay and discharge all taxes, assessments and other governmental charges on the Mortgaged Property prior to the date on which substantial penalties are attached thereto, or establish adequate reserves in accordance with accounting principals generally accepted by the accounting profession as Generally Accepted Accounting Principals, including, but not limited to, pronouncements issued by the Accounting Principals Board or the Financial Accounting Standards Board in all cases consistently applied (collectively, "GAAP"), for the payment of such taxes, assessments and other governmental charges, and make all required withholding and other tax deposits, except to the extent that such taxes, assessments or other governmental charges or levies are being actively contested in good faith by appropriate proceedings and are adequately reserved against in accordance with GAAP.

2.8 Mechanics' Liens. Except with respect to Permitted Liens, Mortgagors will pay, from time to time when the same shall become due, all lawful claims and demands of mechanics, materialmen, laborers and others which, if unpaid, might result in or permit the creation of a lien on the Mortgaged Property or any part thereof, or on the revenues, rents, issues, income and profits arising therefrom, and in general will do or cause to be done everything necessary so that the lien hereof and its priority shall be fully preserved and so that the Mortgaged Property shall remain unencumbered at the sole cost of Mortgagors, without expense to Mortgagee.

2.9 Future Improvements. All right, title and interest of Mortgagors in and to all extensions, improvements, betterments, renewals, substitutes and replacements of and all additions and appurtenances to the Mortgaged Property hereafter acquired by or released to Mortgagors or constructed, assembled or placed by Mortgagors on the Premises, and all conversions of the security constituted thereby, immediately upon such acquisition, release, construction, assembling, placement or conversion, as the case may be, and in each such case, without any further mortgage, conveyance, assignment or other act by Mortgagors, shall become subject to the lien of this Mortgage as fully and completely and with the same effect as though now owned by Mortgagors and specifically described in the granting clause hereof, and at any and all times Mortgagors will execute and deliver to Mortgagee any and all such further assurances, mortgages, conveyances or assignments thereof as Mortgagee may reasonably require for the purpose of expressly and specifically subjecting the same to the lien of this Mortgage.

2.10 Assignment of Rents and Profits. The Rents and Profits are hereby absolutely and unconditionally assigned, transferred, conveyed and set over to Mortgagee as security for the payment of the principal and interest and all other sums payable on the Promissory Note, and of all other sums payable under this Mortgage. Prior to the happening of any Event of Default as set forth in Article 3 hereof, Mortgagors shall collect and receive all Rents and Profits and may use and enjoy the same in their discretion. Nothing contained in this Article 2 or elsewhere in this Mortgage shall be construed to make Mortgagee a mortgagee in possession unless and until Mortgagee actually takes possession of the Mortgaged Property either in person or through an agent or receiver.

2.11 Consent to Lease. Mortgagors will not execute any lease of all of the Mortgaged Property without Mortgagee's prior written consent, which consent shall be given or withheld in Mortgagee's sole and absolute discretion, and will at all times promptly and faithfully perform or cause to be performed, all of the covenants, conditions and agreements contained in all leases of the Mortgaged Property now or hereafter existing on the part of the lessor thereunder to be kept and performed.

2.12 Disclosure of Lessees. Mortgagors shall furnish to Mortgagee within ten (10) days after a request by Mortgagee to do so, a sworn written statement containing the names of all lessees of the Mortgaged Property, the terms of their respective leases, the spaces occupied, the security deposits made by each lessee and the rentals payable under each lease and a copy of each such lease.

2.13 Consent to Security Instruments. Without the prior written consent of Mortgagee being first had and obtained, which consent shall be granted or withheld in Mortgagee's sole and absolute discretion, Mortgagors will not execute or deliver any pledge, security agreement, mortgage or deed of trust or similar security instrument covering all or any portion of the Mortgaged Property or any interest therein ("Subordinate Mortgage"), other than those effecting or evidencing a Permitted Lien.

2.14 Restrictions on Use. Mortgagors will not commit any waste on the Premises. Mortgagors will not materially change the use of the Mortgaged Property. Mortgagors will not make any application to any federal, state or local governmental authority ("Governmental Authority") for a change in zoning or a change in any other similar law, ordinance, statute, rule, order, decree, directive or regulation ("Laws") affecting the Mortgaged Property nor will Mortgagors consent to any such change without the prior written consent of Mortgagee, which consent shall be granted or withheld in the sole discretion of Mortgagee, except for or with respect to any change which would not have a material adverse effect on the business, properties, assets, operations or condition, financial or otherwise, of Mortgagors, or otherwise on the ability of Mortgagors to carry out their obligations under the Loan Documents. Mortgagors will at all times comply in all material respects with all Laws of any Governmental Authority having or exercising jurisdiction over construction of the Improvements or otherwise affecting the Mortgaged Property or any portion thereof and maintain and keep the Improvements in good operating order and condition and will promptly make, from time to time, all repairs, renewals, replacements, additions and improvements in connection therewith which are needful or desirable to that end. After completion of any of the Improvements, they shall not be removed outside the ordinary course of business, demolished or altered, nor shall

any of the Personal Property be removed, without the prior written consent of Mortgagee, which consent shall be granted or withheld in the sole discretion of Mortgagee.

2.15 Books and Records. Mortgagors will keep adequate records and books of account, in which complete entries will be made in accordance with GAAP, reflecting all financial transactions of the Mortgagors or as otherwise required by applicable rules and regulations of any governmental agency or regulatory authority (federal, state, local or foreign) having jurisdiction over the Mortgagors or the transactions contemplated by this Mortgage. In addition thereto Mortgagors will, at any reasonable time and from time to time, upon notice to the Mortgagors, permit the Mortgagee or its representatives to examine and make copies of, and abstracts from, the Mortgagors' records and books of account, to inspect the Mortgaged Property and visit the properties of the Mortgagors and to discuss the business affairs, finances and accounts of the Mortgagors with any of the officers of the Mortgagors.

2.16 Subrogation. Mortgagee shall be subrogated, notwithstanding their release of record, to any mechanic's or vendor's lien or liens, superior titles, mortgages, deeds of trust, liens, encumbrances, rights, equities and charges of all kinds heretofore or hereafter existing on the Mortgaged Property to the extent that the same are paid or discharged by Mortgagee or from the proceeds of the Loan evidenced by the Promissory Note.

2.17 Rights of Mortgagee. Without affecting the liability of Mortgagors or of any other person who is or shall become bound by the terms of this Mortgage or who is or shall become liable for the performance of any obligation secured hereby, Mortgagee may, in such manner, upon such terms and at such times as it deems best and without notice or demand, release any party now or hereafter liable for the performance of any such obligation, extend the time for such performance, accept additional security therefor, and alter, substitute or release any property securing such performance. No exercise or non-exercise by Mortgagee of any of its rights under this Mortgage, no dealing by Mortgagee with any person, firm or corporation and no change, impairment, loss or suspension of any right or remedy of Mortgagee shall in any way affect any of the obligations of Mortgagors hereunder or any security furnished by Mortgagors, or give Mortgagors any recourse against Mortgagee.

2.18 Restrictions on Transfer or Encumbrance.

(a) Except as otherwise provided in the Loan Documents, neither the Mortgaged Property, nor any part thereof or interest therein shall be encumbered, sold (by contract or otherwise), conveyed, or otherwise transferred by Mortgagors without Mortgagee's prior written consent. Any such encumbrance, sale, conveyance, or other transfer effected without Mortgagee's prior written consent shall constitute an Event of Default, without any grace or cure period. Any transfer in violation of this Section shall be void.

(b) If any one of the Mortgagors, their successors or assigns, is a partnership, a limited liability company, or a corporation, and its general partners, members, or principal shareholders, or any one of them (or any general partner or any constituent partnership or limited liability of such partnership or limited liability company), should, without the prior written consent of Mortgagee, sell, convey, transfer, option, encumber, mortgage, hypothecate, pledge, sign, dispose of, or alienate, any interest in the partnership or limited liability company (or any constituent partnership or limited liability company thereof),

or more than twenty-five percent (25%) of their interest in the corporation, or enter into any agreement or contract to do any of the foregoing which is not conditioned on compliance with the terms of this Mortgage, and all other documents or instruments now or hereafter securing the Promissory Note or evidencing or securing the obligation secured by this Mortgage either voluntarily or involuntarily, or by operation of law, or if either transaction or occurrence should be consummated or suffered that results in a loss of ultimate ownership or control of any one of the Mortgagors, their successors or assigns by the persons who had such control on the date hereof, then in recognition of the reliance by Mortgagee on the ownership and management of the Mortgaged Property by Mortgagors which is a material inducement to Mortgagee to extend credit to Borrower, and the increased risk to Mortgagee upon the conveyance of the interest or shares, as the case may be, by Mortgagors, or its partners, members, or principal shareholders, Mortgagee, at its sole option, shall have the right to declare all sums secured hereby, immediately due and payable, and this option may be exercised at any time after occurrence of any such default; and the acceptance of one or more payments hereunder by Mortgagee thereafter shall not constitute a waiver of Mortgagee's option to demand immediate payment of all sums secured hereby. Mortgagors shall notify Mortgagee promptly, in writing, but in any event not later than thirty (30) days prior to any transaction or event which may give rise to the right of acceleration under this Section.

2.19 No Default. Mortgagors will not cause, permit or suffer any default or Event of Default under this Mortgage or under any other document or instrument securing or pertaining to the Promissory Note.

2.20 Environmental Law Compliance. Mortgagors will comply with all applicable Environmental Laws, except to the extent that any noncompliance would not have a material adverse effect on the business, properties, assets, operations or condition, financial or otherwise, of the Mortgagors, or otherwise on the ability of the Mortgagors to carry out its obligations under the Loan Documents; and provide to the Mortgagee, promptly upon receipt, copies of any correspondence, notice, pleading, citation, indictment, complaint, order, decree or other document from any source asserting or alleging a circumstance or condition which requires or is reasonably likely to require a financial contribution by the Mortgagors under any Environmental Laws or which seeks damages or civil, criminal or punitive penalties from the Mortgagors for an alleged violation of any Environmental Laws; and advise the Mortgagee in writing as soon as the Mortgagors become aware of any condition or circumstance which makes any representation or warranty of Mortgagors or Borrower in any Loan Document incomplete or inaccurate. In the event of any such circumstance, the Mortgagors agree upon consultation with, albeit not necessarily concurrence with, the Mortgagee to permit the Mortgagee or any independent agent selected by the Mortgagee to conduct an environmental audit at the Mortgagors' expense but in such a manner so as not to unreasonably interfere with the business operations of the Mortgagors. This provision shall not relieve the Mortgagors from conducting their own environmental audits or taking any other steps necessary to comply with any Environmental Laws.

2.21 Compliance with Laws. Mortgagors will comply with the requirements of all applicable laws, rules, regulations and orders of any governmental authority, including without limitation, the Occupational Safety and Health Administration, except when the failure to so comply would not have a material adverse effect on the business, properties, assets, operations

or condition, financial or otherwise, of the Mortgagors, or otherwise on the ability of the Mortgagors to carry out their obligations under the Loan Documents.

### ARTICLE 3.

#### EVENTS OF DEFAULT

Each of the following shall constitute an event of default ("Event of Default") hereunder:

3.1 Late Payments. The Borrower shall fail to pay any amount of principal of, or interest on, the Promissory Note when due, or any fee or other amount payable under any of the Loan Documents;

3.2 False Representations or Warranties. Any representation or warranty by the Borrower, the Mortgagors, or any of the Guarantors under or in connection with this Mortgage or the other Loan Documents shall prove to have been incorrect when made in any material respect;

3.3 Failure to Perform Covenants. The Borrower or the Mortgagors shall fail to perform or observe any other term, covenant or agreement contained in this Mortgage or the Loan Documents (other than the payment of money), on its part to be performed or observed, which failure has not been cured by the Borrower or the Mortgagors within thirty (30) days or such other applicable cure period as may be provided for;

3.4 Disposition of Mortgaged Property. The sale, assignment, lease or other disposition of any portion of the Mortgaged Property (except as otherwise provided in the Loan Documents);

3.5 Defaults Under the Promissory Note. The occurrence of any other Event of Default as that term is defined in the Promissory Note;

3.6 Additional Events of Default.

(a) Commencement by Borrower or any Mortgagor of a voluntary case or proceeding for liquidation, reorganization or other relief under any bankruptcy, insolvency or other similar law now or hereafter in effect or in which Borrower or any Mortgagor seeks the appointment of a trustee, receiver, liquidator, custodian, or other similar official; consent by Borrower or any Mortgagor to any such relief in any such proceeding commenced against it; the entry of an order for relief in any such proceeding commenced against Borrower or any Mortgagor; the appointment or taking possession by any official in any involuntary case or other proceeding commenced against Borrower or any Mortgagor; or the making by Borrower or any Mortgagor of a general assignment for the benefit of creditors.

(b) Cessation of Borrower's or any Mortgagor's business operations or any substantial part thereof, or if Borrower or any Mortgagor winds up, liquidates or dissolves.

(c) If Borrower or any Mortgagor enters into any transaction of merger or consolidation, or transfers, sells, assigns, leases or otherwise disposes of all or a substantial part of its assets.

(d) If any of the events described in (a), (b), or (c) above occurs with respect to any guarantor, if any.

(e) If Mortgagee, in good faith, deems itself insecure.

#### ARTICLE 4.

#### REMEDIES

Upon the occurrence and during the continuance of any Event of Default, Mortgagee shall have the following rights and remedies:

4.1 Acceleration. Mortgagee may declare the entire principal of the Promissory Note then outstanding and all other unpaid amounts thereunder to be due and payable immediately, and, notwithstanding the stated maturity in the Promissory Note or any other term or provision of the Promissory Note, or this Mortgage to the contrary, the outstanding principal amount of the Promissory Note, all other unpaid amounts thereunder, and the accrued but unpaid interest thereon shall become and be immediately due and payable.

4.2 Additional Remedies. If Mortgagee shall have exercised the option provided in Section 4.1 above, Mortgagee in person or by agent may, without any obligation so to do and without notice or demand upon Mortgagors and without releasing Mortgagors from any obligation hereunder: (i) make any payment or do any act which Mortgagors have failed to make or do; (ii) enter upon, take possession of, manage and operate the Mortgaged Property or any part thereof; (iii) make or enforce, or, if the same be subject to modification or cancellation, modify or cancel any leases of the Mortgaged Property or any part thereof upon such terms or conditions as Mortgagee deems proper; (iv) obtain and evict tenants, and fix or modify rents, make repairs and alterations and do any acts which Mortgagee deems proper to protect the security hereof; and (v) with or without taking possession, in its own name or in the name of Mortgagors, sue for or otherwise collect and receive rents, royalties, issues, profits, revenue, income and other benefits, including those past due and unpaid, and apply the same less costs and expenses of operation and collection, including, without limitation, reasonable attorney fees, upon any indebtedness secured hereby, and in such order as Mortgagee may determine. Mortgagors shall assemble and make available to Mortgagee at the Premises any of the Mortgaged Property which has been removed therefrom. The entering upon and taking possession of the Mortgaged Property, the collection of any rents, royalties, issues, profits, revenue, income or other benefits and the application thereof as aforesaid shall not cure or waive any default theretofore or thereafter occurring or affect any notice of default hereunder or invalidate any act done pursuant to any such notice, and, notwithstanding continuance in possession of the Mortgaged Property, or any part thereof, by Mortgagors, Mortgagee or a receiver, and the collection, receipt and application of rents, royalties, issues, profits, revenue, income or other benefits, Mortgagee shall be entitled to exercise every right provided for in this Mortgage or by law upon or after the occurrence and during the continuance of an Event of Default. Any of the actions referred to in this Section may be taken by Mortgagee, either in



person or by agent, with or without bringing any action or proceeding, or by receiver appointed by a court, and any such action may also be taken irrespective of whether any notice of default has been given hereunder and without regard to the adequacy of the security for the indebtedness hereby secured. Further, Mortgagee, at the expense of Mortgagors, either by purchase, repair or construction, may from time to time maintain and restore the Mortgaged Property or any part thereof and complete construction of the Improvements uncompleted as of the date thereof and in the course of such completion may make such changes in the contemplated Improvements as Mortgagee may reasonably deem desirable and may insure the same.

4.3 Appointment of Receiver. If Mortgagee shall have exercised the option provided in Section 4.1 above, each Mortgagor consents, and Mortgagee shall be entitled, without notice and to the full extent provided by law, to the appointment by a court having jurisdiction of a receiver to take possession of and protect the Mortgaged Property or any part thereof, and operate the same and collect the rents and profits.

4.4 Foreclosure. If Mortgagee shall have exercised the option provided in Section 4.1 above, Mortgagee may bring an action in any court of competent jurisdiction to foreclose this Mortgage or to enforce any of the covenants and agreements hereof.

4.5 Sale of Mortgaged Property. If Mortgagee shall have exercised the option provided in Section 4.1 above, Mortgagee may elect to cause the Mortgaged Property or any part thereof to be sold as follows:

(a) Mortgagee may proceed as if all of the Mortgaged Property were real property in accordance with paragraph 4.4 above, or Mortgagee may elect to treat any of the Mortgaged Property which consists of a right in action or which is property that can be severed from the Premises or the Improvements without causing structural damage thereto as if the same were personal property, and dispose of the same in accordance with subparagraph (b) below, separate and apart from the sale of real property, the remainder of the Mortgaged Property being treated as real property.

(b) Should Mortgagee elect to cause any of the Mortgaged Property to be disposed of as personal property as permitted by subparagraph (a) above, Mortgagee may exercise in respect of the Mortgaged Property, in addition to other rights and remedies provided for herein or otherwise available to it, all the rights and remedies of a secured party on default under the Code (whether or not the Code applies to the affected Mortgaged Property) and also may: (i) require the Mortgagors to, and the Mortgagors hereby agree that they will, at their expense and upon request of the Mortgagee forthwith, assemble all or part of the Mortgaged Property as directed by the Mortgagee and make it available to the Mortgagee at a place to be designated by the Mortgagee which is reasonably convenient to both parties; and (ii) without notice except as specified below, sell the Mortgaged Property or any part thereof in one or more parcels at public or private sale, at any of the Mortgagee's offices or elsewhere, for cash, on credit or for future delivery, and upon such other terms as the Mortgagee may deem commercially reasonable. The Mortgagors agree that, to the extent notice of sale shall be required by law, at least ten (10) days' notice to the Mortgagors of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. The Mortgagee shall not be obligated to make any sale of Mortgaged Property

regardless of notice of sale having been given. The Mortgagee may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

(c) In the event of a sale or other disposition of the Mortgaged Property, or any part thereof, and the execution of a deed or other conveyance pursuant thereto, the recitals therein of facts, such as default, the giving of notice of default and notice of sale, demand that such sale should be made, postponement of sale, terms of sale, sale, purchase, payment of purchase money and other facts affecting the regularity or validity of such sale or disposition, shall be conclusive proof of the truth of such facts; and any such deed or conveyance shall be conclusive against all persons as to such facts recited therein.

(d) The acknowledgment of the receipt of the purchase money, contained in any deed or conveyance executed as aforesaid, shall be sufficient discharge to the grantee of all obligations to see the proper application of the consideration therefor as hereinafter provided. The purchaser at any trustee's or foreclosure sale hereunder may disaffirm any easement granted or rental or lease contract or other agreement made in violation of any provision of this Mortgage and may take immediate possession of the Mortgaged Property free from, and despite the terms of, such grant of easement, rental or lease contract or other agreement.

(e) Upon the completion of any sale or sales made by Mortgagee, under or by virtue of this Article 4, Mortgagee or any officer of any court empowered to so do, shall execute and deliver to the accepted purchaser or purchasers a good and sufficient instrument, or good and sufficient instruments, conveying, assigning and transferring all estate, right, title and interest in and to the property and rights sold. Solely for purposes of any such sale or sales, Mortgagee is hereby irrevocably appointed the true and lawful attorney-in-fact of Mortgagors in their names and stead to make all necessary conveyances, assignments, transfers and deliveries of the Mortgaged Property or any part thereof and the rights so sold and for that purpose Mortgagee may execute all necessary instruments of conveyance, assignment and transfer, and may substitute one or more persons with like power, with Mortgagors hereby ratifying and confirming all that their said attorneys or any substitute or substitutes shall lawfully do by virtue hereof. Nevertheless, Mortgagors, if so requested by Mortgagee, shall ratify and confirm any such sale or sales by executing and delivering to Mortgagee or to such purchaser or purchasers all such instruments as may be advisable in the judgment of Mortgagee, for the purpose as may be designated in such request. Any such sale or sales made under or by virtue of judicial proceedings or of a judgment or decree of foreclosure and sale, shall operate to divest all of the estate, right, title, interest, claim and demand whatsoever, whether at law or in equity, of Mortgagors in and to the properties and rights so sold, subject to any rights of redemption provided by law, and shall be a perpetual bar, both at law and in equity, against Mortgagors and any and all persons claiming or who may claim the same or any part thereof from, through or under Mortgagors subject to any rights of redemption provided by law.

4.6 Credit Bid. Upon any sale or sales made under or by virtue of this Article 4, Mortgagee may bid for and acquire the Mortgaged Property or any part thereof and, in lieu of paying cash therefor, may make settlement for the purchase price by crediting upon the

indebtedness or other sums secured by this Mortgage the net sales price after deducting therefrom the expenses of sale and the costs of the judicial proceedings, if any, with interest thereon at the Default Rate and any other sums which Mortgagee is authorized to deduct under this Mortgage.

4.7 Possession of Mortgaged Property. Notwithstanding the appointment of any receiver, liquidator or trustee of Mortgagors, or of any of their property, or of the Mortgaged Property or any part thereof, if Mortgagee shall have exercised the option provided in Section 4.1 above, Mortgagee shall be entitled to retain possession and control of all property now or hereafter held under this Mortgage, including, but not limited to, the Rents and Profits.

4.8 Non-Exclusive Remedies. No remedy herein conferred upon or reserved to Mortgagee is intended to be exclusive of any other remedy herein or by law provided, but each shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. No delay or omission of Mortgagee in exercising any right or power accruing upon any Event of Default shall impair any right or power or shall be construed to be a waiver of any Event of Default or any acquiescence therein, and every power and remedy given by this Mortgage to Mortgagee may be exercised from time to time as often as may be deemed expedient. If there exists additional security for the performance of the obligations secured hereby, the holder of the Promissory Note, at its sole option, and without limiting or affecting any of the rights or remedies hereunder, may exercise any of the rights and remedies to which it may be entitled hereunder either concurrently with whatever rights it may have in connection with such other security or in such order as it may determine. Nothing in this Mortgage or in the Promissory Note shall affect the obligation of Borrower to pay the principal of, and interest on, the Promissory Note in the manner and at the time and place therein respectively expressed.

4.9 Surrender of Possession by Mortgagors. Upon the occurrence of and during the continuance of any Event of Default, and if Mortgagee shall have exercised the option provided in Section 4.1 above, Mortgagors agree to, upon demand by Mortgagee, vacate and surrender possession of the Mortgaged Property to Mortgagee, or to a receiver, if any, and in default thereof may be evicted by any summary action or proceeding for the recovery of possession of leased premises for non-payment of rent, however designated.

4.10 Successors in Interest. In the event ownership of the Mortgaged Property or any portion thereof becomes vested in a person other than the Mortgagors herein named, Mortgagee may, without notice to the Mortgagors herein named, whether or not Mortgagee has given written consent to such change in ownership, deal with such successor or successors in interest with reference to this Mortgage and the indebtedness secured hereby, and in the same manner as with the Mortgagors herein named, without in any way vitiating, discharging or waiving Mortgagors' liability hereunder, for the indebtedness hereby secured or any Event of Default.

4.11 Tenant at Sufferance. In the event that there be a judicial sale hereunder and if at the time of such sale Mortgagors, or their successor or assign, are occupying the Premises and Improvements or any part thereof so sold, each and all shall immediately become the tenant of the purchaser at such sale which tenancy shall be a tenancy from day to day, terminable at the will of either tenant or landlord, at a rental per day based upon the value of

the Premises and Improvements, such rental to be due daily to the purchaser. An action of unlawful detainer shall lie if the tenant holds over after a demand in writing for possession of said Premises and Improvements and this agreement and the trustee's deed shall constitute a lease and agreement under which any such tenant's possession arose and continued.

4.12 Waiver of Right to Direct Sales. Mortgagors hereby expressly waive any right which they may have to direct the order in which any of the Mortgaged Property shall be sold in the event of any sale or sales pursuant hereto.

## ARTICLE 5.

### MISCELLANEOUS

5.1 Severability. In the event any one or more of the provisions contained in this Mortgage, or in the Promissory Note shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Mortgage, but this Mortgage shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein or therein.

5.2 Legal Rule of Interest. All agreements between Mortgagors and Mortgagee are expressly limited so that in no event whatsoever, whether by reason of advancement of the principal amount of the Promissory Note, acceleration of maturity of the unpaid principal balance thereof, or otherwise, or advancement of any sums under the provisions of this Mortgage, shall the amount paid or agreed to be paid to the holder of the Promissory Note for the use, forbearance or detention of the money to be advanced thereunder or hereunder exceed the highest lawful rate permissible. If, from any circumstances whatsoever, fulfillment of any provision of this Mortgage, or the Promissory Note referred to herein, at the time performance of such provision shall be due, shall involve transcending the limit of validity prescribed by law which a court of competent jurisdiction may deem applicable thereto or hereto, then, ipso facto, the obligations to be fulfilled shall be reduced to the limit of such validity, and if from any circumstance the holder of the Promissory Note or Mortgagee shall ever receive as interest an amount which would exceed the highest lawful rate, such amount which would be excessive interest shall be applied to the reduction of the unpaid principal balance due hereunder and not to the payment of interest or, if such excessive interest exceeds the unpaid principal balance due hereunder, the excess shall be refunded to Borrower or its successors or assigns. This Section 5.2 shall control every other provision of all agreements between Mortgagors and Mortgagee.

5.3 Attribution. If the lien of this Mortgage is invalid or unenforceable, or if the lien is invalid or unenforceable as to any part of the Mortgaged Property, the unsecured or partially secured portion of the Borrower's obligations shall be considered to have been completely paid prior to the payment of the remaining and secured portion of the obligations secured hereby, and all payments made on the Borrower's obligations, whether voluntary or under foreclosure or other enforcement action or procedure, shall be considered to have been first paid on and applied to the full payment of that portion of the Borrower's obligations which are not secured or fully secured by the lien of this Mortgage.

5.4 Mortgagee's Consent. The granting of consent by the Mortgagee to any transaction as required by the terms hereunder shall not be deemed a consent to past, future, or successive transactions.

5.5 Reimbursement of Expenses. The Mortgagors shall pay or reimburse the Mortgagee for all reasonable expenses incurred by the Mortgagee before and after the date of this Mortgage with respect to any and all actions, matters or transactions arising out of or related to this Mortgage, including, without limitation, the preparation of any document reasonably required hereunder or any amendment, modification, restatement or supplement to this Mortgage, the delivery of any consent, non-disturbance agreement or similar document in connection with this Mortgage or the enforcement of any of the Mortgagee's rights. Such expenses shall include, without limitation, all title and conveyancing charges, recording and filing fees and taxes, mortgage taxes, intangible personal property taxes, escrow fees, revenue and tax stamp expenses, insurance premiums (including title insurance premiums), title search and title rundown charges, brokerage commissions, finders' fees, placement fees, court costs, surveyors', photographers', appraisers', architects', engineers', consulting professional's, accountants' and reasonable attorney fees and disbursements. The Mortgagors acknowledge that from time to time the Mortgagors may receive statements for such expenses, including, without limitation, attorney fees and disbursements. The Mortgagors shall pay such statements promptly upon receipt.

5.6 Indemnification of Mortgagee. The Mortgagors shall indemnify and hold harmless the Mortgagee and its affiliates, and the respective directors, officers, agents and employees of the Mortgagee from and against all claims, damages, losses and liabilities (including, without limitation, reasonable attorney fees and expenses) arising out of or based upon any matter related to this Mortgage, the Mortgaged Property or the occupancy, ownership, maintenance or management of the Mortgaged Property by the Mortgagors, except for acts of gross negligence and/or willful misconduct, including, without limitation, any claims based on the alleged acts or omissions of any employee or agent of the Mortgagors. This indemnification shall be in addition to any other liability which the Mortgagors may otherwise have to the Mortgagee.

5.7 Hazardous Material Claims. The Mortgagors shall be solely responsible for and shall indemnify and hold harmless the Mortgagee, and its respective directors, officers, employees, agents, successors and assigns, from and against any loss, damage, cost, expense or liability directly or indirectly arising out of or attributable to the breach of any representation, warranty or covenant contained in this Mortgage or the other Loan Documents relating to the Environmental Laws or the use, generation, storage, release, threatened release, discharge, disposal or presence of hazardous substances on, under or about any of the Mortgaged Property owned or leased by the Mortgagors, including without limitation: (a) all consequential damages; (b) the costs of any required or necessary repair, cleanup or detoxification of the property; and (c) all reasonable costs and expenses incurred by the Mortgagee in connection therewith, including but not limited to reasonable attorney fees.

5.8 Notices. All written notices expressly provided hereunder to be given by Mortgagee to Mortgagors and all notices and demands of any kind or nature whatsoever which Mortgagors may be required or may desire to give or serve on Mortgagee shall be in writing

and shall be served by personal delivery, telecopier, overnight courier or by registered or certified U.S. mail, return receipt requested, to the following addresses:

If to the Mortgagee:

U.S. Bank National Association  
Tom Pantalio  
U.S. Bank Place-MPFP2518  
601 Second Avenue South  
Minneapolis, Minnesota 55402-4302

If to the Mortgagors:

Resort Holdings, Inc.  
c/o Harbor Resort LLC  
500 Union Street, Suite 200  
Seattle, WA 98154  
Attention: Ronald W. Cook  
Telephone: (206) 623-0916  
Facsimile: (206) 623-8232

Resort Water Co., Inc.  
c/o Harbor Resort LLC  
500 Union Street, Suite 200  
Seattle, WA 98154  
Attention: Ronald W. Cook  
Telephone: (206) 623-0916  
Facsimile: (206) 623-8232

Any such notice or demand so served shall be deemed complete on the day of actual delivery if sent by personal delivery, telecopier or overnight courier, or upon the date posted on the receipt if sent by certified mail. Changes in address may be made with written notice thereof to all other parties in accordance with the terms hereof.

5.9 Binding Effect. All of the grants, obligations, covenants, agreements, terms, provisions and conditions herein shall run with the land and shall apply to, bind and inure to the benefit of the successors and permitted assigns of Mortgagors and the successors of Mortgagee, and the permitted endorsees, permitted transferees, successors and permitted assigns of Mortgagee. The obligations, covenants, agreements and warranties contained herein as well as the obligations arising therefrom are and shall be joint and several as to each such party.

5.10 Counterparts. This Mortgage may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same deed.



Notary Public

Residing at:

Anoka MN

My Commission Expires:

1-31-2000

STATE OF MINNESOTA, )

) ss:

County of Hennepin. )

On this 30<sup>th</sup> day of December 1998, before me, a notary public for said State, personally appeared Richard J. Mikos, known or identified to me to be the Vice President of Resort Water Co., Inc., the corporation that executed the instrument or the person who executed the instrument on behalf of said corporation, and acknowledged to me that such corporation executed the same.

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

*[Handwritten Signature]*

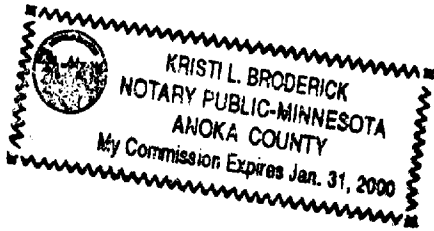
Notary Public

Residing at:

1-31-2000

My Commission Expires:

Anoka, MN

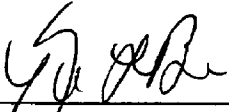




STATE OF MINNESOTA, )  
 ) ss:  
County of Hennepin. )

On this 30th day of December in the year 1998, before me, a notary public for said State, personally appeared Vaughn B. Pasmossen, II, known or identified to me to be the Sr. Vice President of U.S. Bank National Association, the national banking association that executed the instrument or the person who executed the instrument on behalf of said national banking association, and acknowledged to me that such national banking association executed the same.

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

  
\_\_\_\_\_  
Notary Public  
Residing at Anoka, MN  
My Commission Expires 1-31-2000

BOISE:0099430.01

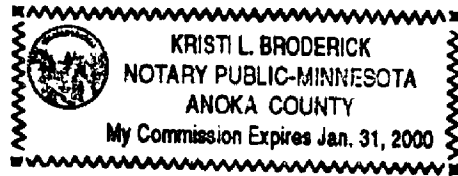


EXHIBIT "A"

IN THE STATE OF IDAHO, COUNTY OF BONNER:

PARCEL 1:

The North half of the Northwest quarter of Section 20, Township 58 North, Range 2 West of the Boise Meridian, Bonner County, Idaho.

EXCEPTING THEREFROM a tract of land located in the Northwest quarter of Section 20, Township 58 North, Range 2 West of the Boise Meridian, Bonner County, Idaho, more fully described as follows:

Beginning at the East 1/16th corner of the Northwest quarter of Section 20, the true point of beginning;

thence North, 70.7 feet;

thence West, 70.7 feet;

thence South, 70.7 feet;

thence East, 70.7 feet to the true point of beginning.

IN THE STATE OF IDAHO, COUNTY OF BONNER:

PARCEL 2:

The West half of the Northeast quarter of Section 20, Township 58 North, Range 2 West of the Boise Meridian, Bonner County, Idaho.

EXCEPTING THEREFROM a parcel of land in Section 20, Township 58 North, Range 2 West of the Boise Meridian, Bonner County, Idaho, more fully described as follows:

Beginning at the center of said Section 20, the true point of beginning;

thence North 00 degrees 01' 47" East, a distance of 1329.4 feet to the 1/16th corner;

thence North 25 degrees 00' 00" East, a distance of 182.5 feet;

thence South 61 degrees 00' 00" East, a distance of 1452.8 feet;

thence South 00 degrees 05' 12" West, a distance of 276 feet;

thence South 70 degrees 05' 12" West, a distance of 480 feet;

thence South 00 degrees 05' 12" West, a distance of 250 feet;

thence North 70 degrees 05' 12" East, a distance of 480 feet;

thence South 00 degrees 05' 12" West, a distance of 250 feet;

thence South 89 degrees 55' 42" West, a distance of 1347.69 feet, more or less, to the true point of beginning.

LESS any portion lying within Lot M-5, SCHWEITZER MOUNTAIN COMMUNITY, an expandable Planned Unit Development, Block M, according to the plat thereof, recorded in Book 5 of Plats, Page 55, records of Bonner County, Idaho.

IN THE STATE OF IDAHO, COUNTY OF BONNER:

PARCEL 3:

The East half of Section 19, Township 58 North, Range 2 West of the Boise Meridian, Bonner County, Idaho.

IN THE STATE OF IDAHO, COUNTY OF BONNER:

PARCEL 4:

The South half and the Northwest quarter in Section 8, Township 58 North, Range 2 West of the Boise Meridian, Bonner County, Idaho.

IN THE STATE OF IDAHO, COUNTY OF BONNER:

PARCEL 5:

The East half of the East half of the Southeast quarter and the East half of the West half of the East half of the Southeast quarter in Section 7, Township 58 North, Range 2 West of the Boise Meridian, Bonner County, Idaho.

IN THE STATE OF IDAHO, COUNTY OF BONNER:

PARCEL 6:

The East half of the Northeast quarter of the Northeast quarter  
AND the East half of the Northeast quarter of the Southeast  
quarter AND the Southeast quarter of the Southeast quarter of  
Section 18, Township 58 North, Range 2 West of the Boise  
Meridian, Bonner County, Idaho.

IN THE STATE OF IDAHO, COUNTY OF BONNER:

PARCEL 7:

The North half of the Northeast quarter, and the Northwest quarter of the Northwest quarter, and the North half of the Northeast quarter of the Northwest quarter of Section 17, Township 58 North, Range 2 West, Boise Meridian, Bonner County, Idaho.



IN THE STATE OF IDAHO, COUNTY OF BONNER:

PARCEL 8:

A tract of land located in the Northwest Quarter of Section 20, Township 58 North, Range 2 West, Boise Meridian, Bonner County, Idaho, more fully described as follows:

Beginning at the East one-sixteenth corner of the Northwest Quarter of Section 20, the True Point of Beginning;

thence North, 70.7 feet;

thence West, 70.7 feet;

thence South, 70.7 feet;

thence West, 29.3 feet;

thence South, 75.0 feet;

thence East, 100.0 feet;

thence North, 75.0 feet to the True Point of Beginning.

IN THE STATE OF IDAHO, COUNTY OF BONNER:

PARCEL 9:

Block E, SCHWEITZER MOUNTAIN COMMUNITY, an Expandable Planned Unit Development, Block E and G, according to the plat thereof, recorded in Book 4 of Plats, Page 105, records of Bonner County, Idaho.

LESS that portion lying within property hereinafter described:

Beginning at the center of Section 20, Township 58 North, Range 2 West of the Boise Meridian, Bonner County, Idaho;

thence North 00 degrees 01' 47" East, 1282.90 feet to the true point of beginning;

thence North 00 degrees 01' 46" East, 46.505 feet;

thence North 24 degrees 59' 59" East, 182.499 feet;

thence South 61 degrees 00' 00" East, 248.724 feet;

thence South 27 degrees 44' 12" West, 7.415 feet;

thence North 59 degrees 44' 55" West, 184.086 feet;

thence South 27 degrees 44' 00" West, 200.561 feet;

thence North 89 degrees 58' 14" West, 38.889 feet to the true point of beginning.

**IN THE STATE OF IDAHO, COUNTY OF BONNER:**

**PARCEL 10:**

A tract of land in the North half of Section 21, Township 58 North, Range 2 West of the Boise Meridian, Bonner County, Idaho, described as follows:

Beginning at the West quarter corner of said Section 21;

thence North 0 degrees 52' 29" West along the West line of said Section 21, a distance of 115.33 feet to the true point of beginning;

thence continuing along said West line, North 0 degrees 52' 29" West, 1134.29 feet;

thence South 38 degrees 04' 20" East, 93.55 feet;

thence South 38 degrees 04' 18" East, 185.58 feet;

thence South 57 degrees 29' 12" East, 121.01 feet;

thence North 46 degrees 17' 58" East, 63.30 feet;

thence South 68 degrees 22' 19" East, 46.67 feet;

thence South 79 degrees 26' 41" East, 98.59 feet;

thence North 87 degrees 23' 51" East, 39.20 feet;

thence North 41 degrees 17' 16" East, 174.42 feet;

thence South 78 degrees 58' 05" East, 90.51 feet;

thence North 65 degrees 52' 52" East, 18.97 feet;

thence North 58 degrees 11' 05" East, 182.44 feet;

thence North 56 degrees 47' 45" East, 298.96 feet;

thence South 29 degrees 00' 50" East, 1419.11 feet;

thence West, 1796.79 feet, to the true point of beginning.

IN THE STATE OF IDAHO, COUNTY OF BONNER:

PARCEL 11:

Lots J-1 AND J-2 of SCHWEITZER MOUNTAIN COMMUNITY, an Expandable Planned Unit Development, Blocks D, H, J, K and L, according to the plat thereof, recorded in Book 5 of Plats, Page 21, records of Bonner County, Idaho.

IN THE STATE OF IDAHO, COUNTY OF BONNER:

PARCEL 12:

Lot M-4 AND that tract of land described as Ski Trail within Block M, of SCHWEITZER MOUNTAIN COMMUNITY, an Expandable Planned Unit Development, Block M, according to the plat thereof, recorded in Book 5 of Plats, Page 55, records of Bonner County, Idaho.

IN THE STATE OF IDAHO, COUNTY OF BONNER:

PARCEL 13:

Lot J-4 in Block J and that tract of land described as Ski Trail within Blocks J and K of the SCHWEITZER MOUNTAIN COMMUNITY, an Expandable Planned Unit Development, Blocks D, H, J, K and L, according to the plat thereof, recorded in Book 5 of Plats, Page 21, records of Bonner County, Idaho.

IN THE STATE OF IDAHO, COUNTY OF BONNER:

PARCEL 14:

L-4, L-5 and L-6 and that tract of land described as Ski Trail R/W within Block L of the SCHWEITZER MOUNTAIN COMMUNITY, an Expandable Planned Unit Development, Blocks D, H, J, K and L, according to the plat thereof, recorded in Book 5 of Plats, Page 21, records of Bonner County, Idaho.

LESS any portion thereof, described in Quitclaim Deed to Schweitzer Chapel, Inc., a Washington Corporation, recorded November 13, 1995, as Instrument No. 475848, records of Bonner County, Idaho.

ALSO LESS a portion of Lot L-5, Block 2 of the SCHWEITZER MOUNTAIN COMMUNITY, an Expandable Planned Unit Development, Blocks D, H, J, K and L, according to the plat thereof, recorded in Book 5 of Plats, page 21, records of Bonner County, Idaho, more particularly described as follows:

Beginning at the Northeast corner of said Lot L-5;

thence along the North line, North 65 degrees 57'49" West, 105.45 feet to the Northwest corner there of;

thence South 43 degrees 10'34" West, 15.88 feet;

thence South 65 degrees 57'49" East, 100.83 feet;

thence North 57 degrees 17'08" East, 17.94 feet to the point of beginning.

PARCEL 14A:

A non-exclusive easement 20 feet in width for ingress, egress and utilities over Lot L-3 of said SCHWEITZER MOUNTAIN COMMUNITY, an Expandable Planned Unit Development, Blocks D, H, J, K and L, according to the plat thereof, recorded in Book 5 of Plats, Page 21, records of Bonner County, Idaho, as set forth in the document recorded July 6, 1996, as Instrument No. 487815, records of Bonner County, Idaho.

PARCEL 14B:

A tract of land located in a portion of Lot L-1 of the Plat of SCHWEITZER MOUNTAIN COMMUNITY, an Expandable Planned Unit Development, recorded as Instrument No. 445401 in Book 5 of Plats, page 21, records of Bonner County, Idaho, more particularly described as follows:

Beginning at the Westerly most corner of said Lot L-1;

thence South 46 degrees 49'26" East along the South line of Lot L-1, a distance of 35.97 feet;

thence North 16 degrees 19'31" East a distance of 9.24 feet;

thence North 46 degrees 49'26" West a distance of 31.80 feet to the West line of Lot L-1;

thence South 43 degrees 10'34" West along said West line a distance of 8.24 feet to the point of beginning.



IN THE STATE OF IDAHO, COUNTY OF BONNER:

PARCEL 15:

Beginning at the center of Section 20, Township 58 North, Range 2 West, Boise Meridian, Bonner County, Idaho;

thence North 00 degrees 01' 47" east, 1282.90 feet to the True Point of Beginning;

thence North 00 degrees 01' 46" East, 46.505 feet;

thence North 24 degrees 59' 59" East, 182.499 feet;

thence South 61 degrees 00' 00" East, 248.724 feet;

thence South 27 degrees 44' 12" West, 7.415 feet;

thence North 59 degrees 44' 55" West, 184.086 feet;

thence South 27 degrees 44' 00" West, 200.561 feet;

thence North 89 degrees 58' 14" West, 38.889 feet to the True Point of Beginning.

IN THE STATE OF IDAHO, COUNTY OF BONNER:

PARCEL 16:

Beginning at the center of Section 20, Township 58 North, Range 2 West, Boise Meridian;

thence North 00 degrees 50' 41" East, 1329.85 feet to the 1/16th corner;

thence south 88 degrees 45' 18" East, 370.67 feet to the True Point of Beginning;

thence South 61 degrees 00' 00" East, 911.860 feet;

thence South 00 degrees 05' 13" West, 103.526 feet;

thence South 45 degrees 04' 19" West, 101.810 feet;

thence South 89 degrees 30' 03" West, 42.920 feet;

thence South 38 degrees 30' 06" West, 142.920 feet;

thence South 47 degrees 00' 08" West, 212.090 feet;

thence North 66 degrees 10' 09" West, 205.551 feet;

thence South 43 degrees 10' 35" West, 146.670 feet;

thence North 46 degrees 49' 26" West, 155.999 feet;

thence North 06 degrees 19' 36" West, 127.000 feet;

thence South 84 degrees 51' 03" West, 79.119 feet;

thence North 06 degrees 43' 01" West, 121.030 feet;

thence North 05 degrees 56' 40" East, 270.711 feet;

thence South 80 degrees 59' 52" East, 68.000 feet;

thence North 04 degrees 44' 52" West, 282.499 feet;

thence North 04 degrees 44' 53" West, 12.106 feet to the True Point of Beginning;

LESS any portion lying within the plat of SCHWEITZER MOUNTAIN  
COMMUNITY, an Expandable Planned Unit Development, Blocks D, H,  
J, K and L, according to the Plat thereof, recorded in Book 5 of  
Plats, Page 21, records of Bonner County, Idaho.

IN THE STATE OF IDAHO, COUNTY OF BONNER:

PARCEL 17:

Lots K-1, K-3, K-4, K-5 and K-6, AND that tract of land described as Ski Trail R/W within Block K of the SCHWEITZER MOUNTAIN COMMUNITY, an Expandable Planned Unit Development, Blocks D, H, J, K and L, according to the plat thereof, recorded in Book 5 of Plats, Page 21, records of Bonner County, Idaho.

IN THE STATE OF IDAHO, COUNTY OF BONNER:

PARCEL 18:

The South half of the Northwest quarter AND the North half of the Southwest quarter of Section 20, Township 58 North, Range 2 West of the Boise Meridian, Bonner County, Idaho.

LESS any portion lying within the plat of CRYSTAL SPRINGS SUBDIVISION, Block A, according to the plat thereof, recorded in Book 4 of Plats, Page 92, records of Bonner County, Idaho.

ALSO LESS a part of the West half in Section 20, Township 58 North, Range 2 West of the Boise Meridian, Bonner County, Idaho, adjacent of Lot 2, Block 4 in Crystal Springs Subdivision, according to the plat thereof, recorded in Book 4 of Plats, Page 37, records of Bonner County, Idaho, more fully described as follows:

Beginning at the Northwest corner of said Lot 2, Block 4;

thence thence 79 degrees 45' 02" East, 225.00 feet along the Northerly boundary of said Lot 2, Block 4 to a rebar, 30 inches long, 5/8" in diameter, with a plastic cap marked LS 832, the point of beginning;

thence continuing North 79 degrees 45' 02" East, 86.75 feet along the Northerly boundary of said Lot 2 to a rebar, 30 inches long, 5/8" in diameter, with a plastic cap marked LS 832;

thence North 33 degrees 00' 00" West, 33.55 feet to a rebar, 30 inches long, 5/8" in diameter, with a plastic cap marked LS 832;

thence South 57 degrees 00' 00" West, 80.00 feet to the point of beginning.

ALSO LESS any portion lying within the Plat of Crystal Springs Subdivision, recorded in Book 4 of Plats, Page 47, records of Bonner County, Idaho.

ALSO LESS any portion lying within the Plat of Crystal Springs Subdivision No. 2, recorded in Book 4 of Plats, Page 52, records of Bonner County, Idaho.

ALSO LESS any portion lying within Blocks 1, 3 and 4 of the Plat of Crystal Springs Subdivision, recorded in Book 4 of Plats, Page 37, records of Bonner County, Idaho.

ALSO LESS any portion lying within the Plat of Crystal Springs Subdivision, Block C, recorded in Book 4 of Plats, Page 103, records of Bonner County, Idaho.

ALSO LESS any portion lying within the Plat of Crystal Springs Subdivision, Block D, recorded in Book 4 of Plats, Page 116, records of Bonner County, Idaho.

ALSO LESS any portion lying within the Plat of Crystal Springs Subdivision, Block E, recorded in Book 4 of Plats, Page 193, records of Bonner County, Idaho.

ALSO LESS any portion lying within the Plat of Crystal View Subdivision, according to the plat thereof, recorded in Book 5 of Plats, Page 119, records of Bonner County, Idaho.

ALSO LESS any portion lying within the Plat of Schweitzer Mountain Community, an Expandable Planned Unit Development, Blocks B, C1, C2, F, G3, I and L7, according to the plat thereof, recorded in Book 5 of Plats, Page 141, records of Bonner County, Idaho.

ALSO LESS any portion lying within the Amended Plat of Crystal Springs Subdivision, according to the plat thereof, recorded in Book 4 of Plats, Page 68, records of Bonner County, Idaho.

ALSO LESS any portion lying within the Plat of Pinnacle Ridge Villas, according to the plat thereof, recorded in Book 4 of Plats, Page 144, records of Bonner County, Idaho.

ALSO LESS any portion lying within Lot 2, Block A, Schweitzer Mountain Community, an Expandable Planned Unit Development, according to the plat thereof, recorded in Book 4 of Plats, Page 126, records of Bonner County, Idaho.

ALSO LESS any portion lying within Block G, Schweitzer Mountain Community, an Expandable Planned Unit Development, Blocks E and G, according to the plat thereof, recorded in Book 4 of Plats, Page 105, records of Bonner County, Idaho.

ALSO LESS a tract of land described as follows:

Beginning at the East 1/16th corner of the Northwest quarter of said Section 20, said point being the true point of beginning;

thence South a distance of 75 feet;

thence West a distance of 100 feet;

thence North a distance of 75 feet;

thence East a distance of 100 feet to the true point of beginning.

IN THE STATE OF IDAHO, COUNTY OF BONNER:

PARCEL 19:

That portion of the West half of the Northeast quarter of Section 20, Township 58 North, Range 2 West of the Boise Meridian, Bonner County, Idaho, described as follows:

Beginning at the center of said Section 20, the true point of beginning;

thence North 00 degrees 01' 47" East, a distance of 1329.4 feet to the 1/16th corner;

thence North 25 degrees 00' 00" East, a distance of 182.5 feet;

thence South 61 degrees 00' 00" East, a distance of 1452.8 feet;

thence South 00 degrees 05' 12" West, a distance of 276 feet;

thence South 70 degrees 05' 12" West, a distance of 480 feet;

thence South 00 degrees 05' 12" West, a distance of 250 feet;

thence North 70 degrees 05' 12" East, a distance of 480 feet;

thence South 00 degrees 05' 12" West, a distance of 250 feet;

thence South 89 degrees 55' 42" West, a distance of 1347.69 feet, more or less, to the true point of beginning.

LESS any portion lying within the plat of SCHWEITZER MOUNTAIN COMMUNITY, an Expandable Planned Unit Development, Block M, according to the plat thereof, recorded in Book 5 of Plats, Page 55, records of Bonner County, Idaho.

ALSO LESS any portion lying within the Plat of Schweitzer Mountain Community, an Expandable Planned Unit Development in Blocks D, H, J, K and L, according to the plat thereof, recorded in Book 5 of Plats, Page 21, records of Bonner County, Idaho.

ALSO LESS any portion lying within the Plat of Schweitzer Mountain Community, an Expandable Planned Unit Development in Blocks E and G, according to the plat thereof, recorded in Book 4 of Plats, Page 105, records of Bonner County, Idaho.



ALSO LESS any portion lying within the Plat of Schweitzer Mountain Community, an Expandable Planned Unit Development in Blocks B, C1, C2, F, G3, I AND L7, according to the plat thereof, recorded in Book 5 of Plats, Page 141, records of Bonner County, Idaho.

ALSO LESS the following portion:

Beginning at the center of Section 20, Township 58 North, Range 2 West of the Boise Meridian, Bonner County, Idaho;

thence North 00 degrees 01' 47" East, 1282.90 feet to the true point of beginning;

thence North 00 degrees 01' 46" East, 46.505 feet;

thence North 24 degrees 59' 59" East, 182.499 feet;

thence South 61 degrees 00' 00" East, 248.724 feet;

thence South 27 degrees 44' 12" West, 7.415 feet;

thence North 59 degrees 44' 55" West, 184.086 feet;

thence South 27 degrees 44' 00" West, 200.561 feet;

thence North 89 degrees 58' 14" West, 38.889 feet to the true point of beginning.

ALSO LESS the following portion:

Beginning at the center of Section 20, Township 58 North, Range 2 West of the Boise Meridian, Bonner County, Idaho;

thence North 00 degrees 50' 41" East, 1329.85 feet to the 1/16th corner;

thence South 88 degrees 45' 18" East, 370.67 feet to the true point of beginning;

thence South 61 degrees 00' 00" East, 911.860 feet;

thence South 00 degrees 05' 13" West, 103.526 feet;

thence South 45 degrees 04' 19" West, 101.810 feet;

thence South 89 degrees 30' 03" West, 42.920 feet;

thence South 38 degrees 30' 06" West, 142.920 feet;

thence South 47 degrees 00' 08" West, 212.090 feet;

thence North 66 degrees 10' 09" West, 205.551 feet;

thence South 43 degrees 10' 35" West, 146.670 feet;  
thence North 46 degrees 49' 26" West, 155.999 feet;  
thence North 06 degrees 19' 36" West, 127.000 feet;  
thence South 84 degrees 51' 03" West, 79.119 feet;  
thence North 06 degrees 43' 01" West, 121.030 feet;  
thence North 05 degrees 56' 40" East, 270.711 feet;  
thence South 80 degrees 59' 52" East, 68.000 feet;  
thence North 04 degrees 44' 52" West, 282.499 feet;  
thence North 04 degrees 44' 53" West, 12.106 feet to the true  
point of beginning.

ALSO LESS the following portion:

Beginning at a found brass cap monumenting the center quarter  
corner of said Section 20;

thence along the Southerly line of the said Northeast quarter,  
South 89 degrees 52' 16" East, 443.87 feet to a found brass cap;

thence South 89 degrees 49' 21" East, 22.13 feet to the real  
point of beginning;

thence leaving said Southerly line, North 00 degrees 10' 39"  
East, 114.68 feet;

thence South 90 degrees 00' 00" East, 79.62 feet to the Westerly  
right of way of Northwest Passage Road;

thence along said Westerly right of way, Southeasterly 64.15  
feet along the arc of a circular curve concave to the Northeast,  
said curve having a radius of 139.27 feet, a central angle of 26  
degrees 23' 25", and a long chord that bears South 00 degrees  
50' 18" East, 63.58 feet to a point;

thence South 14 degrees 01' 56" East, 52.97 feet to the  
Southerly line of said Northeast quarter;

thence leaving said Westerly right of way along the Southerly  
line, North 89 degrees 49' 21" West, 93.74 feet to the real  
point of beginning.

ALSO LESS any portion lying within the County Road right of way.

IN THE STATE OF IDAHO, COUNTY OF BONNER:

PARCEL 20:

The Northeast quarter of Section 8, Township 58 North, Range 2 West, Boise Meridian, Bonner County, Idaho.

IN THE STATE OF IDAHO, COUNTY OF BONNER:

PARCEL 21:

Section 9, Township 58 North, Range 2 West, Boise Meridian,  
Bonner County, Idaho.

IN THE STATE OF IDAHO, COUNTY OF BONNER:

PARCEL 22:

Section 16, Township 58 North, Range 2 West, Boise Meridian,  
Bonner County, Idaho.

IN THE STATE OF IDAHO, COUNTY OF BONNER:

PARCEL 23:

The South half, and the South half of the North half, and the South half of the Northeast quarter of the Northwest quarter of Section 17, Township 58 North, Range 2 West, Boise Meridian, Bonner County, Idaho.

IN THE STATE OF IDAHO, COUNTY OF BONNER:

PARCEL 24:

The West half of the Northeast quarter of the Northeast quarter; the Southeast quarter of the Northeast quarter; the West half of the Northeast quarter of the Southeast quarter; the East half of the Southwest quarter of the Southeast quarter of Section 18, all in Township 58 North, Range 2 West, Boise Meridian, Bonner County, Idaho.

**IN THE STATE OF IDAHO, COUNTY OF BONNER:**

**PARCEL 25:**

Section 21, Township 58 North, Range 2 West, Boise Meridian,  
Bonner County, Idaho;

LESS a tract of land in the North half of Section 21, Township  
58 North, Range 2 West, Boise Meridian, Bonner County, Idaho,  
described as follows:

Beginning at the West quarter corner of said Section 21;

North 0 degrees 52' 29" West along the West line of said Section  
21 a distance of 115.33 feet to the True Point of Beginning;

thence continuing along said West line North 0 degrees 52' 29"  
West, 1134.29 feet;

thence South 38 degrees 04' 20" East, 93.55 feet;

thence South 38 degrees 04' 18" East, 185.58 feet;

thence South 57 degrees 29' 12" East, 121.01 feet;

thence North 46 degrees 17' 58" East, 63.30 feet;

thence South 68 degrees 22' 19" East, 46.67 feet;

thence South 79 degrees 26' 41" East, 98.59 feet;

thence North 87 degrees 23' 51" East, 39.20 feet;

thence North 41 degrees 17' 16" East, 174.42 feet;

thence South 78 degrees 58' 05" East, 90.51 feet;

thence North 65 degrees 52' 52" East, 18.97 feet;

thence North 58 degrees 11' 05" East, 182.44 feet;

thence North 56 degrees 47' 45" East, 298.96 feet;

thence South 29 degrees 00' 50" East, 1419.11 feet;

thence West 1796.79 feet, to the True Point of Beginning.



IN THE STATE OF IDAHO, COUNTY OF BONNER:

PARCEL 26:

The Northeast quarter and the East half of the Northwest quarter and the Northeast quarter of the Southwest quarter and the East half of Government Lot 1 and the West half of the Southeast quarter and the West half of the West half of the East half of the Southeast quarter of Section 7, Township 58 North, Range 2 West, Boise Meridian, Bonner County, Idaho.

IN THE STATE OF IDAHO, COUNTY OF BONNER:

PARCEL 27:

The South half of the Southeast quarter and the Southeast quarter of the Southwest quarter of Section 4, Township 58 North, Range 2 West of the Boise Meridian, Bonner County, Idaho.

IN THE STATE OF IDAHO, COUNTY OF BONNER:

PARCEL 28:

The West half of Section 19, Township 58 North, Range 2 West of the Boise Meridian, Bonner County, Idaho.

IN THE STATE OF IDAHO, COUNTY OF BONNER:

PARCEL 29:

Section 22, Township 58 North, Range 2 West of the Boise Meridian, Bonner County, Idaho, LESS the North half of the Northeast quarter thereof.

IN THE STATE OF IDAHO, COUNTY OF BONNER:

PARCEL 30:

The West Half of the Northeast Quarter; The East Half of the Northwest Quarter and the Northwest Quarter of the Northwest Quarter of Section 23, Township 58 North, Range 2 West, Boise Meridian, Bonner County, Idaho;

PARCEL 30A:

A non-exclusive easement for ingress, egress and utilities as set forth in that Easement Agreement, recorded under Instrument No. 240863 and Assigned under Instrument No. 173192, records of Bonner County, Idaho.

IN THE STATE OF IDAHO, COUNTY OF BONNER:

PARCEL 31:

The Southwest Quarter of the Southeast quarter of Section 23, Township 58 North of Range 2 West of the Boise Meridian, Bonner County, Idaho;

LESS the Great Northern Main Line right of way;

AND LESS

That portion of the Southwest Quarter of the Southeast Quarter of Section 23, Township 58 North, Range 2 West of the Boise Meridian, Bonner County, Idaho, described as follows:

Beginning at a point on the South line, 720 feet Easterly of the South Quarter corner of said Section 23;

thence North, 500 feet;

thence Easterly parallel with the South Section line, 225 feet;

thence North, 410 feet;

thence Easterly parallel with the South Section line, 375 feet, more or less, to the East line of the Southwest Quarter of the Southeast Quarter of said Section 23;

thence South along said East line 910 feet, more or less, to the South line of Section 23;

thence Westerly along said South line 600 feet, more or less, to the point of beginning.

IN THE STATE OF IDAHO, COUNTY OF BONNER:

PARCEL 32:

The South 40 feet of the following described parcel:

That portion of the Southwest quarter of the Southeast quarter of Section 23, Township 58 North, Range 2 West of the Boise Meridian, Bonner County, Idaho, described as follows:

Beginning at a point on the South line, 720 feet Easterly of the South quarter corner of said Section 23; thence North 500 feet; thence Easterly parallel with the South section line, 225 feet; thence North 410 feet; thence Easterly parallel with the South section line, 375 feet, more or less, to the East line of the Southwest quarter of the Southeast quarter of said Section 23; thence South along said East line, 910 feet, more or less, to the South line of Section 23; thence Westerly along said South line, 600 feet, more or less, to the Point of Beginning.

LESS any portion lying Easterly of the West right of way of the Great Northern Railway Company.

IN THE STATE OF IDAHO, COUNTY OF BONNER:

PARCEL 33:

The North 20 feet of the East 455 feet of the following described property:

Beginning 524.5 feet East of the quarter post on the North line of Section 26, Township 58 North, Range 2 West, Boise Meridian, Bonner County, Idaho; run thence East on the North line of said Section, 555 feet to a point where the County Road intersects the North line of said Section 26; thence Southwesterly along the Westerly line of said County Road, 240 feet to a point; thence in a Westerly direction, 555 feet to a point 240 feet South of the North line of Section 26; thence North 240 feet to the North line of Section 26, the Place of Beginning.



IN THE STATE OF IDAHO, COUNTY OF BONNER:

PARCEL 34:

The Southwest Quarter of the Northwest quarter and the Southwest quarter of Section 23, Township 58 North of Range 2 West of the Boise Meridian, Bonner County, Idaho.

IN THE STATE OF IDAHO, COUNTY OF BONNER:

PARCEL 35:

The East half of the Northeast quarter AND the Southwest quarter of the Northeast quarter AND the Northwest quarter AND the Northeast quarter of the Southwest quarter AND the North half of the Southeast quarter of Section 28, in Township 58 North, Range 2 West, Boise Meridian, Bonner County, Idaho.

LESS the following described property:

That portion of the Northwest quarter of the Southeast quarter of Section 28, Township 58 North, Range 2 West of the Boise Meridian, Bonner County, Idaho, more particularly described as follows:

Beginning at the center of said Section 28;

thence South 0 degrees 00' 00" East, a distance of 575.55 feet;

thence South 77 degrees 19' 19" East, a distance of 237.99 feet to the true point of beginning;

thence South 77 degrees 19' 19" East, a distance of 240.58 feet;

thence South 12 degrees 41' 49" West, a distance of 190.34 feet;

thence North 77 degrees 19' 19" West, a distance of 240.51 feet;

thence North 12 degrees 40' 41" East, a distance of 190.34 feet to the true point of beginning.

thence South 71 degrees 32' 53" East to the Southeast corner of Lot 9, Block 8 of said plat;

thence North 20 degrees 11' 43" West, 140.00 feet;

thence South 69 degrees 48' 17" East, 472.90 feet to the Northwesterly corner of Lot 20, Block 11;

thence South 22 degrees 37' 31" West, 162.62 feet to the True Point of Beginning.

IN THE STATE OF IDAHO, COUNTY OF BONNER:

PARCEL 36:

The Northeast quarter; the North half of the Northwest quarter; the Southeast quarter of the Northwest quarter; the South half of the Southwest quarter and the Southeast quarter of Section 29, Township 58 North, Range 2 West, Boise Meridian, Bonner County, Idaho;

LESS the plat of SCHWEITZER VILLAGE, according to the plat thereof, recorded in Book 3 of Plats, Page 64, records of Bonner County, Idaho.

ALSO EXCEPT that portion of the Northeast quarter of Section 29, Township 58 North, Range 2 West, of the Boise Meridian, Bonner County, Idaho, more particularly described as follows:

Beginning at the most Westerly corner of Lot 23, Block 11 of SCHWEITZER VILLAGE, according to the plat thereof, recorded in Book 3 of Plats, Page 64, records of Bonner County, Idaho;

thence South 23 degrees 34' 55" West, a distance of 259.236 feet;

thence South 31 degrees 52' 25" East, a distance of 820.878 feet;

thence South 70 degrees East, a distance of 481.271 feet to the most Westerly corner of Lot 39 of said Block 11, Schweitzer Village;

thence North 38 degrees 06' 37" West, along said Block 11, a distance of 562.80 feet;

thence continuing along said Block 11, North 31 degrees 52' 25" West, a distance of 742.33 feet;

thence North 58 degrees 34' 26" West, 50.00 feet to the true point of beginning.

ALSO EXCEPTING that portion of the Northeast quarter of Section 29, Township 58 North, Range 2 West, of the Boise Meridian, Bonner County, Idaho, more particularly described as follows:

Beginning at the most Westerly corner of Lot 23, Block 11 of SCHWEITZER VILLAGE, according to the plat thereof, recorded in Book 3 of Plats, Page 64, records of Bonner County, Idaho;

thence South 23 degrees 34' 55" West, a distance of 259.236 feet;

thence South 31 degrees 52' 25" East, a distance of 820.878 feet;

thence South 70 degrees East, a distance of 481.271 feet to the most Westerly corner of Lot 39 of said Block 11, Schweitzer Village;

thence North 38 degrees 06' 37" West, along said Block 11, a distance of 562.80 feet;

thence continuing along said Block 11, North 31 degrees 52' 25" West, a distance of 742.33 feet;

thence North 58 degrees 34' 26" West, 50.00 feet to the true point of beginning.

PARCEL 36A:

That part of Section 29, Township 58 North, Range 2 West, Boise Meridian shown on the plat of SCHWEITZER VILLAGE, recorded at Book 3 of Plats, Page 64, records of Bonner County, Idaho, described as follows:

Beginning at the Southwesterly corner of Lot 20, Block 11, according to said plat;

thence North 58 degrees 34' 26" West, 66.76 feet;

thence South 74 degrees 58' 55" West, 498.98 feet;

thence North 75 degrees 22' 57" West, 1175.71 feet;

thence North 15 degrees 43' 11" East, 430.55 feet;

thence North 18 degrees 37' 52" West, 73.99 feet;

thence along the Southeasterly line of Lot 7, Block 10, North 54 degrees 14' 15" East, 155.30 feet;

thence South 58 degrees 34' 26" East, 196.80 feet on the Southwesterly right of way line shown on said plat of SCHWEITZER VILLAGE;

thence along said right of way line Southeasterly to the Northwest corner of Lot 5, Block 8 of said plat;

thence south 20 degrees 11' 43" West, 140.00 feet;

IN THE STATE OF IDAHO, COUNTY OF BONNER:

PARCEL 37:

The West half of the Northwest quarter of the Northeast quarter  
AND the Northwest quarter AND the Southwest quarter of the  
Northeast quarter of Section 33, Township 58 North, Range 2  
West, Boise Meridian, Bonner County, Idaho.

IN THE STATE OF IDAHO, COUNTY OF BONNER:

PARCEL 38:

Lots 1, 2, 3, 4, 5, 6, 7, 8, 9 and 10 in Block 5 of SECOND ADDITION TO SCHWEITZER BASIN VILLAGE, recorded in Book 3 of Plats, Page 53, records of Bonner County, Idaho.

IN THE STATE OF IDAHO, COUNTY OF BONNER:

PARCEL 39:

Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13 AND 15, in Block 4 of the SECOND ADDITION TO SCHWEITZER BASIN VILLAGE, recorded in Book 3 of Plats, Page 53, records of Bonner County, Idaho.

PARCEL 39A:

A non-exclusive easement for the construction, maintenance and operation of an aerial tramway, gondola or a people mover, across a portion of Lot 14, Block 4 of the SECOND ADDITION TO SCHWEITZER BASIN VILLAGE, recorded in Book 3 of Plats, Page 53, records of Bonner County, Idaho, as set forth in the document recorded July 11, 1997, as Instrument No. 506764, records of Bonner County, Idaho.



IN THE STATE OF IDAHO, COUNTY OF BONNER:

PARCEL 40:

Lots 1, 2, 5 and 6 in Block 6, Second Addition to Schweitzer Basin Village, according to the plat thereof, recorded in Book 3 of Plats, Page 53, records of Bonner County, Idaho.

IN THE STATE OF IDAHO, COUNTY OF BONNER:

PARCEL 41:

Lot 7, AND the East 30 feet of Lot 12, and Lots 13, 14 and 15, in Block 8 of the SECOND ADDITION TO SCHWEITZER BASIN VILLAGE, according to the plat thereof, recorded in Book 3 of Plats, Page 53, records of Bonner County, Idaho.

IN THE STATE OF IDAHO, COUNTY OF BONNER:

PARCEL 42:

Lots 1, 4 and 11 of CRYSTAL SPRINGS SUBDIVISION in Block "B", according to the plat thereof, recorded in Book 4 of Plats, Page 103, records of Bonner County, Idaho.

IN THE STATE OF IDAHO, COUNTY OF BONNER:

PARCEL 43:

Lots 5 and 9 of CRYSTAL SPRINGS SUBDIVISION in Block "D", according to the plat thereof, recorded in Book 4 of Plats, Page 116, records of Bonner County, Idaho.

IN THE STATE OF IDAHO, COUNTY OF BONNER:

PARCEL 44:

Lots 2, 5, 6, 7, 8, 9 and 10 of CRYSTAL SPRINGS SUBDIVISION in Block "E", according to the plat thereof, recorded in Book 4 of Plats, Page 193, records of Bonner County, Idaho.

IN THE STATE OF IDAHO, COUNTY OF BONNER:

PARCEL 45:

Lots 1, 2, 3, 4, 5 and 6, Block A; Lots 1, 2, 3, 4, 5, 6, 7, 8, 9 and 10, Block B; those hatched areas as part of the road system for utilities, snow storage, refuse area, etc., Block B; and all of CRYSTAL VIEW SUBDIVISION, according to the plat thereof, recorded in Book 5 of Plats, Page 119, records of Bonner County, Idaho.

AND

Blocks B, C-1, C-2, F, G-3, I and L-7 of SCHWEITZER MOUNTAIN COMMUNITY, an Expandable Planned Unit Development; Blocks B, C-1, C-2, F, G-3, I and L-7, according to the plat thereof, recorded in Book 5 of Plats, Page 141, records of Bonner County, Idaho.

IN THE STATE OF IDAHO, COUNTY OF BONNER:

PARCEL 46:

Lot 2, Block A of SCHWEITZER MOUNTAIN COMMUNITY, an Expandable Planned Unit Development, recorded in Book 4 of Plats, Page 126, records of Bonner County, Idaho.

IN THE STATE OF IDAHO, COUNTY OF BONNER:

PARCEL 47:

Lot 1, Block G of SCHWEITZER MOUNTAIN COMMUNITY, an Expandable Planned Unit Development, Block E and G, according to the plat thereof, recorded in Book 4 of Plats, Page 105, records of Bonner County, Idaho.

LESS Green Gables Lodge, a Non-Residential Condominium Project, according to the Declaration of Condominium, recorded under Instrument No. 384483, records of Bonner County, Idaho.



IN THE STATE OF IDAHO, COUNTY OF BONNER:

PARCEL 48:

Green Gables Lodge, a Non-Residential Condominium Project,  
according to the Declaration of Condominium, recorded under  
Instrument No. 384483, records of Bonner County, Idaho.

IN THE STATE OF IDAHO, COUNTY OF BONNER:

PARCEL 49:

Lot 2, Block G of SCHWEITZER MOUNTAIN COMMUNITY, an Expandable Planned Unit Development, Block E and G, according to the plat thereof, recorded in Book 4 of Plats, Page 105, records of Bonner County, Idaho.

IN THE STATE OF IDAHO, COUNTY OF BONNER:

PARCEL 50:

Lot 2, Block D and Lot 1, Block H of the Replat of Blocks D and H of SCHWEITZER MOUNTAIN COMMUNITY, an Expandable Planned Unit Development, Blocks D, H, J, K, and L, according to the plat thereof, recorded in Book 5 of Plats, Page 184, records of Bonner County, Idaho.

PARCEL 51

Intentionally omitted

PARCEL 52:

Lots 2, 3, 4, 5, 6 and 7 in Block 1, of Schweitzer Village, according to the plat thereof, recorded in Book 3 of Plats, Page 64, records of Bonner County, Idaho.

AND

Lots 1 through 14, inclusive, AND Lots 17 through 22, inclusive, in Block 2 of SCHWEITZER VILLAGE, according to the plat thereof, recorded in Book 3 of Plats, Page 64, records of Bonner County, Idaho.

AND

Lots 2, 3, 4 and 5, in Block 5 of SCHWEITZER VILLAGE, according to the plat thereof, recorded in Book 3 of Plats, Page 64, records of Bonner County, Idaho.

AND

Lots 18 to 24 AND Lots 27 to 37, inclusive, in Block 6 of SCHWEITZER VILLAGE, according to the plat thereof, recorded in Book 3 of Plats, Page 64, records of Bonner County, Idaho.

AND

Lots 5, 6, 7, 8 and 9, in Block 8 of SCHWEITZER VILLAGE, according to the plat thereof, recorded in Book 3 of Plats, Page 64, records of Bonner County, Idaho.

AND

Lots 1, 2, 3 and 4, in Block 9 of SCHWEITZER VILLAGE, according to the plat thereof, recorded in Book 3 of Plats, Page 64, records of Bonner County, Idaho.

AND

Lots 2, 3, 4, 5, 6 and 7, in Block 10 of SCHWEITZER VILLAGE, according to the plat thereof, recorded in Book 3 of Plats, Page 64, records of Bonner County, Idaho.

PARCEL 53

A non-exclusive easement for construction and maintenance of ski trail over and across the South 150 feet of Lot 39 of Block 11, SCHWEITZER VILLAGE, and ALSO a non-exclusive 5 foot easement for utilities on each side of the common property line of Lots 21 and 22 in Block 11 of SCHWEITZER BASIN VILLAGE, according to the plat thereof, recorded in Book 3 of Plats, Page 64, records of Bonner County, Idaho, as set forth in document recorded April 29, 1997, as Instrument No. 502841, records of Bonner County, Idaho.

ALSO,

Lot 11, Block 8 of the SECOND ADDITION TO SCHWEITZER BASIN VILLAGE, according to the plat thereof, recorded in Book 3 of Plats, Page 53, records of Bonner County, Idaho.

**EXHIBIT A-1**

1. Option to Purchase Real Property dated September 16, 1998, by and between the Baldwin Family Trust, dated March 14, 1991, and the Earle and Jolyn Canty Family Trust, dated July 21, 1992, and Schweitzer, Inc.
2. Option Agreement dated November 17, 1998, between Schweitzer, Inc., by and through Ford Elsaesser, Receiver, and Ronald P. Douglas and Barbara K. Douglas, husband and wife.
3. Option to Purchase Real Property dated October 12, 1998, by and between The Washington Water Power Company, and Schweitzer, Inc.
4. Easement Option Agreement dated October 6, 1998, by and between Russell R. Carlson, M.D., Inc., Profit Sharing Trust, and Schweitzer, Inc.
5. Option to Purchase Real Property dated November 17, 1998, by and between Tri-Force Capital, Inc., and Schweitzer, Inc.
6. Easement Option Agreement dated November 17, 1998, by and between Bilkiss Development, Inc., for Chapel Pointe Condominiums, and Schweitzer, Inc.

**EXHIBIT B-1**

The East Half of Northeast Quarter of Section 20, Township 58 North, Range 2, West Boise Meridian, Bonner County, State of Idaho.