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Attorneys for Idaho Independent Bank

UNITED STATES BANKRUPTCY COURT

FOR THE DISTRICT OF IDAHO

(Boise)

In Re:)	
)	Case No. 04-00282 TLM
DAVID MORGAN BERGH and JANET)	
SEDA BERGH,)	Chapter 7
)	
)	MOTION FOR RELIEF
)	FROM AUTOMATIC STAY
Debtors.)	
)	

Idaho Independent Bank ("IIB"), by and through its attorneys of record, Hawley Troxell Ennis & Hawley LLP, hereby moves that IIB be granted relief from automatic stay pursuant to 11 U.S.C. § 362(d) and Local Rule 4001(d), based upon the following grounds and reasons.

1. On or about the 13th day of October, 2000, David M. Bergh and Janet S. Bergh, the Debtors herein, entered into a Variable Rate Commercial Promissory Note ("Note 7111012") to obtain a loan from IIB.

10

2. In Note 7111012, the Debtors agreed to pay the principal sum of \$88,638.41, at a variable interest rate of the New York Consensus Prime Lending Rate plus 1.20%, and granted a security interest in the Real Property described below. The Debtors agreed to make monthly payments pursuant to Note 7111012 in the sum of \$2,000.00 beginning November 25, 2000 and continuing thereafter for a period of 57 months, until all amounts due thereunder were paid in full.

3. On or about the 13th day of October, 2000, David M. Bergh and Janet S. Bergh, the Debtors herein, entered into a Variable Rate Commercial Promissory Note ("Note 7111015") to obtain a loan from IIB.

4. In Note 7111015, the Debtors agreed to pay the principal sum of \$85,000.00, at a variable interest rate of the New York Consensus Prime Lending Rate plus 1.20%, and granted a security interest in the Real Property described below. The Debtors agreed to make monthly payments pursuant to Note 7111015 in the sum of \$949.62 beginning November 10, 2000 and continuing thereafter for a period of 120 months, until all amounts due thereunder were paid in full.

5. On or about the 13th day of October, 2000, David M. Bergh and Janet S. Bergh, the Debtors herein, entered into a Variable Rate Commercial Promissory Note ("Note 7111017") to obtain a loan from IIB.

6. In Note 7111017, the Debtors agreed to pay the principal sum of \$290,130.80, at a variable interest rate of the New York Consensus Prime Lending Rate plus 1.50%, and granted a security interest in the Real Property described below. The Debtors agreed to make monthly payments pursuant to Note 7111017 in the sum of \$2,988.69 beginning November 5, 2000 and

continuing thereafter for a period of 120 months, until all amounts due thereunder were paid in full.

7. Notes 71110112, 7111015 and 7111017 (collectively "Notes") were for the refinance of ongoing businesses located at 135 Bitterbrush, Mountain Home, Elmore County, Idaho and 870 Tumbleweed, Mountain Home, Elmore County, Idaho more particularly described as:

135 Bitterbrush, Mountain Home, Idaho

Lot 3, Block 2, A Resubdivision of a portion of Traildust Square Subdivision, being a replat of Traildust Square Commercial Condominium Subdivision and a replat of Traildust Square Subdivision No. 2, Mountain Home, Elmore County, Idaho, according to the official plat thereof on file and of record in the office of the County Recorder of Elmore County, Idaho.

870 Tumbleweed, Mountain Home, Idaho

A parcel of land being in the NE1/4 of the NE1/4 of Section 26, Township 3 South, Range 6 East, Boise Meridian, Elmore County, Idaho and more particularly described as follows:

Commencing at the Brass Cap marking the corner common to Sections 23, 24, 25, and 26, Township 3 South, Range 6 East, Boise Meridian, Elmore County, Idaho; thence South 0°05'00" East 663.90 feet along the Line common to said Sections 26 and 25 to an iron pin; thence North 89°46'08" West 661.64 feet to an iron pin in a pipe, said point being the Northeast corner of Traildust Square, as filed for record in the office of the Elmore County Recorder, Mountain Home, Idaho; thence South 14°00'12" East 334.68 feet along the East line of said Traildust Square to an iron pin, said point being the REAL POINT OF BEGINNING; thence South 89°07'36" East, 75.44 feet to an iron pin; thence South 0°33'59" East, 117.94 feet to a point, said point being witnessed by an iron pin which bears South 42°05'41" West 8.26 feet from said point; thence South 42°05'41" West 47.96 feet to an iron pin; thence South 59°08'11" West 50.00 feet to an iron pin marking the

Southeast corner of said Traildust Square; thence North 0°29'07" West 180.33 feet to the REAL POINT OF BEGINNING, including the equipment and fixtures therein, attached thereon.

(collectively, the "Real Property"). Attached hereto as Exhibits A, B and C are true and correct copies of the Notes.

8. On or about the 13th day of October, 2000, to secure the amount due under the Notes, the Debtors also executed a Commercial Security Agreement ("Security Agreement"), granting a security interest in all Accounts, Chattel Paper, Equipment, Fixtures, General Intangibles and Inventory ("Collateral"). Attached hereto as Exhibit D is a true and correct copy of the Security Agreement.

9. On or about the 27th day of October, 2000, a UCC-1 Financing Statement was filed with the Idaho Secretary of State, as lien no. B884477, listing IIB as a Secured Party for the Collateral. Attached hereto as Exhibit E is a true and correct copy of the UCC-1 Financing Statement.

10. On or about the 27th day of October, 2000, a UCC-1 Financing Statement was filed with the Elmore County Recorder, as Instrument No. 325059, listing IIB as a Secured Party for the Collateral. Attached hereto as Exhibit F is a true and correct copy of the UCC-1 Financing Statement.

11. IIB has a valid and existing first priority, perfected security interest in and to the Collateral.

12. On or about the 27th day of October, 2000, the Debtors recorded two Deeds of Trust perfecting the security interest granted in the Real Property. The Deed of Trust for the property at 135 Bitterbrush, Mountain Home, Idaho was recorded as Instrument No. 325057, records of Elmore County, Idaho. The Deed of Trust for the property at 870 Tumbleweed,

Mountain Home, Idaho was recorded as Instrument No. 325058, records of Elmore County, Idaho. Attached hereto as Exhibits G and H are true and correct copies of the Deeds of Trust.

13. The Debtors defaulted in payments owed to IIB under the Notes. After default, the Debtors permitted IIB to exercise its self-help repossession rights under the terms of the Security Agreements, Deeds of Trusts, and/or Article 9. IIB repossessed all of the Collateral, including but not limited to miscellaneous restaurant equipment and a liquor license.

14. On or about the 13th day of January, 2004, IIB conducted foreclosure sales of the Real Property and the fixtures and equipment attached to the 870 Tumbleweed real property. IIB was the successful bidder for both sales. The sale of 870 Tumbleweed, Mountain Home, Idaho was purchased for the credit bid of \$120,000.00 and 135 Bitterbrush, Mountain Home, Idaho was purchased for the credit bid of \$205,000.00, for a total sum of \$325,000.00. After the conclusion of the foreclosure sales, IIB also remained in possession of the miscellaneous restaurant equipment, more particularly described on the attached Exhibit I, and a Mountain Home, Elmore County liquor license ("Personal Property").

15. As of January 14, 2004, the Debtors owed IIB a deficiency on the Notes in the amount of \$100,910.91. In addition, attorney fees and costs have been incurred.

16. IIB believes the value of the Personal Property, excluding the liquor license is \$8,750.00, and that the liquor license has a value of \$20,000.00, based upon IIB's attempt to sell the property over several months, an auction company's assessment of the equipment, and sales of liquor licenses in Mountain Home. IIB has performed all conditions precedent under the Notes.

17. IIB has received an offer to purchase the Personal Property. After the sale of the Personal Property, there will be a remaining deficiency of \$72,160.91.

18. Neither the Debtors nor the Estate have any equity in the Personal Property and, therefore, IIB is entitled to relief from automatic stay pursuant to 11 U.S.C. § 362(d)(2).

19. Absent the filing of said Chapter 7 proceeding, IIB would have foreclosed on its security interest for the Debtors' default of the Notes and Security Agreement. Unless this Court permits IIB to proceed with an action to foreclose on the Personal Property, IIB will suffer great and irreparable damage and injury by reason of the fact that the Debtors have no equity in the Personal Property and the Personal Property is deteriorating in value. IIB is entitled to relief from automatic stay for cause, pursuant to 11 U.S.C. § 362(d)(1).

20. IIB requests the Court to find good cause to waive the ten (10) day stay period of the effectiveness of the Order under FED. BANKR. R. 4001(a)(3).

RULE 4001.2 NOTICE

21. Pursuant to Rule 4001.2 of the Local Bankruptcy Rules, and subject to FED. BANKR R. 9006, any party in interest opposing the motion must file and serve an objection thereto not later than seventeen (17) days after the date of service of the motion. The objection shall specifically identify those matters contained in the motion that are at issue and any other basis for opposition to the motion. **Absent the filing of a timely objection, the court may grant the relief sought without a hearing.** As set forth in Rule 4001.2(d)(3), if an objection is filed to this relief motion, the objection must be served upon the movant and upon all parties receiving service of the motion. In accordance with Rule 4001.2(e)(1), a party opposing a motion shall contact the court's calendar clerk to schedule a preliminary hearing. At the time of filing the objection to a motion, the objecting party shall file and serve a notice of such hearing.

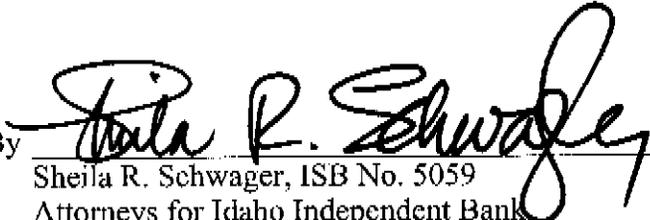
22. In addition, pursuant to Rule 4001.2 of the Local Bankruptcy Rules and 11 U.S.C. § 362(e),

30 days after a request under subsection (d) of this section [362] for relief from the stay of any act against property of the estate under subsection (a) of this section, such stay is terminated with respect to the party in interest making such request, unless the Court, after notice and a hearing, orders such stay continued in effect pending the conclusion of, or as a result of, a final hearing and determination under subsection (d) of this section.

WHEREFORE IIB prays that IIB be granted relief from automatic stay as to the Collateral so that it may foreclose upon its security interest pursuant to state law, and that it have such other and further relief as is just.

DATED THIS 7th day of April, 2004.

HAWLEY TROXELL ENNIS & HAWLEY LLP

By 
Sheila R. Schwager, ISB No. 5059
Attorneys for Idaho Independent Bank

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 7th day of April, 2004, I caused to be served a true copy of the forgoing MOTION FOR RELIEF FROM AUTOMATIC STAY by the method indicated below, and addressed to each of the following:

David M. Bergh
P.O. Box 1375
Mountain Home, ID 83647

U.S. Mail, Postage Prepaid
 Hand Delivered
 Overnight Mail
 Telecopy

Janet S. Bergh
P.O. Box 2014
Boise, ID 83701

U.S. Mail, Postage Prepaid
 Hand Delivered
 Overnight Mail
 Telecopy

Joseph M. Meier
Clemons Cosho & Humphrey
815 W. Washington
Boise, ID 83702

U.S. Mail, Postage Prepaid
 Hand Delivered
 Overnight Mail
 Telecopy

Lois K. Murphy, Trustee
P.O. Box 609
Kuna, ID 83634

U.S. Mail, Postage Prepaid
 Hand Delivered
 Overnight Mail
 Telecopy

United States Trustee
304 N. 8th Street, Room 347
Boise, ID 83702

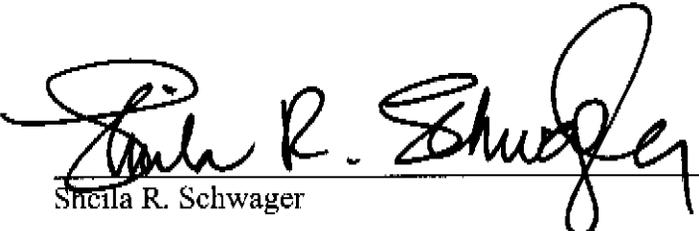
U.S. Mail, Postage Prepaid
 Hand Delivered
 Overnight Mail
 Telecopy

American Express Centurion Bank
c/o Becket and Lee, LLP
P.O. Box 3001
Malvern, PA 19355-0701

U.S. Mail, Postage Prepaid
 Hand Delivered
 Overnight Mail
 Telecopy

eCast Settlement Corporation, assignee of
MBNA America Bank, N.A.
Becket and Lee, LLP
P.O. Box 35480
Newark, NJ 07193-5480

U.S. Mail, Postage Prepaid
 Hand Delivered
 Overnight Mail
 Telecopy



Sheila R. Schwager

IDAHO INDEPENDENT BANK

8351 West Overland Road
Boise, Idaho 83709
(208) 323-6000
"LENDER"

BORROWER	
DAVID M. BERGH AND JANET S. BERGH	
ADDRESS	
DRAWER 9 MOUNTAIN HOME, ID 83647	
TELEPHONE NO. 208-587-6366	IDENTIFICATION NO. 518-56-5359

**VARIABLE RATE
COMMERCIAL
PROMISSORY
NOTE**

OFFICER INITIALS	INTEREST RATE	PRINCIPAL AMOUNT	FUNDING DATE	MATURITY DATE	CUSTOMER NUMBER	LOAN NUMBER
KRC	VARIABLE	\$88,638.41	10/13/00	07/25/05		07111012

REFINANCE PROMISE TO PAY

For value received, Borrower promises to pay to the order of Lender indicated above the principal amount of EIGHTY-EIGHT THOUSAND SIX HUNDRED THIRTY-EIGHT AND 41/100 Dollars (\$ 88,638.41) plus interest on the unpaid principal balance at the rate and in the manner described below, until all amounts owing under this Note are paid in full. All amounts received by Lender shall be applied first to accrued unpaid interest, then to unpaid principal, and then to any late charges or expenses or in any other order as determined by Lender, in Lender's sole discretion, as permitted by law.

INTEREST RATE: This Note has a variable interest rate feature. The interest rate on this Note may change from time to time if the Index Rate identified below changes. Interest shall be computed on the basis of 365 days and the actual number of days per year. So long as there is no default under this Note, interest on this Note shall be calculated at a variable rate equal to ONE AND 200/1000 percent (1.200 %) per annum over the Index Rate. The initial Index Rate is NINE AND 500/1000 percent (9.500 %) per annum. The initial interest rate on this Note shall be TEN AND 700/1000 percent (10.700 %) per annum. Any change in the interest rate resulting from a change in the Index Rate will be effective on: the date the Index Rate changes

INDEX RATE: The Index Rate for this Note shall be: New York consensus prime lending rate as published by the Wall Street Journal

MINIMUM RATE/MAXIMUM RATE: The minimum interest rate on this Note shall be NINE AND 00/1000 percent (9.000 %) per annum. The maximum interest rate on this Note shall not exceed TWENTY-ONE AND 00/1000 percent (21.000 %) per annum, or if less, or if a maximum rate is not indicated, the maximum interest rate Lender is permitted to charge by law.

DEFAULT RATE: In the event of any default under this Note, the Lender may, in its discretion, determine that all amounts owed to Lender shall bear interest at the lesser of: 21% or the maximum interest rate Lender is permitted to charge by law.

PAYMENT SCHEDULE: Borrower shall pay the principal and interest according to the following schedule:

56 PAYMENTS OF \$2,000.00 BEGINNING NOVEMBER 25, 2000 AND CONTINUING AT MONTHLY TIME INTERVALS THEREAFTER. A FINAL PAYMENT OF THE UNPAID PRINCIPAL BALANCE PLUS ACCRUED INTEREST IS DUE AND PAYABLE ON JULY 25, 2005. IF THE INTEREST RATE CHANGES, THE PAYMENT AMOUNTS MAY CHANGE IN AN AMOUNT SUFFICIENT TO REPAY THE UNPAID PRINCIPAL OVER THE SCHEDULED AMORTIZATION TERM.

All payments will be made to Lender at its address described above, or at any other address so designated by Lender, and in lawful currency of the United States of America.

RENEWAL: If checked, this Note is a renewal of Loan Number _____.

SECURITY: To secure the payment and performance of obligations incurred under this Note, Borrower grants Lender a security interest in, and pledges and assigns to Lender, all of Borrower's rights, title, and interest, in all monies, instruments, savings, checking and other deposit accounts of Borrower's, (excluding IRA, Keogh and trust accounts and deposits subject to tax penalties if so assigned) that are now or in the future in Lender's custody or control. If checked, the obligations under this Note are also secured by a lien on and/or security interest in the property described in the documents executed in connection with this Note as well as any other properly designated as security for this Note now or in the future.

PREPAYMENT: This Note may be prepaid in part or in full on or before its maturity date. If this Note contains more than one installment, any partial prepayment will not affect the due date or the amount of any subsequent installment, unless agreed to, in writing, by Borrower and Lender. If this Note is prepaid in full, there will be: No minimum finance charge or prepayment penalty. A minimum finance charge of \$ 35.00. A prepayment penalty of:

LATE PAYMENT CHARGE: If a payment is received more than 15 days late, Borrower will be charged a late payment charge of: _____ % of the unpaid late installment; \$ 10.00 or 5.00 % of the unpaid late installment, whichever is greater less; as permitted by law.

BORROWER ACKNOWLEDGES THAT BORROWER HAS READ, UNDERSTANDS, AND AGREES TO THE TERMS AND CONDITIONS OF THIS NOTE INCLUDING THE PROVISIONS ON THE REVERSE SIDE. BORROWER ACKNOWLEDGES RECEIPT OF AN EXACT COPY OF THIS NOTE.

NOTE DATE: **OCTOBER 13, 2000**

BORROWER: **DAVID M. BERGH**
[Signature]

DAVID M. BERGH

BORROWER: **JANET S. BERGH**
[Signature]

JANET S. BERGH

BORROWER: _____

BORROWER: _____

BORROWER: _____

BORROWER: _____

BORROWER: _____

BORROWER: _____

EXHIBIT A

TERMS AND CONDITIONS

1. **DEFAULT:** Borrower will be in default under this Note in the event that Borrower, any guarantor or any other third party pledging collateral to secure this Note:

- (a) fails to make any payment on this Note or any other indebtedness to Lender when due;
- (b) fails to perform any obligation or breaches any warranty or covenant to Lender contained in this Note, any security instrument, or any other present or future written agreement regarding this or any other indebtedness of Borrower to Lender;
- (c) provides or causes any false or misleading signature or representation to be provided to Lender;
- (d) allows the collateral securing this Note (if any) to be lost, stolen, destroyed, damaged in any material respect, or subjected to seizure or confiscation;
- (e) permits the entry or service of any garnishment, judgment, tax levy, attachment or lien against Borrower, any guarantor, or any of their property;
- (f) dies, becomes legally incompetent, is dissolved or terminated, ceases to operate its business, becomes insolvent, makes an assignment for the benefit of creditors, fails to pay debts as they become due, or becomes the subject of any bankruptcy, insolvency or debtor rehabilitation proceeding; or
- (g) causes Lender to deem itself insecure due to a significant decline in the value of any real or personal property securing payment of this Note.

2. **RIGHTS OF LENDER ON DEFAULT:** If there is a default under this Note, Lender will be entitled to exercise one or more of the following remedies without notice or demand (except as required by law):

- (a) to declare the principal amount plus accrued interest under this Note and all other present and future obligations of Borrower immediately due and payable in full;
- (b) to collect the outstanding obligations of Borrower with or without resorting to judicial process;
- (c) to take possession of any collateral in any manner permitted by law;
- (d) to require Borrower to deliver and make available to Lender any collateral at a place reasonably convenient to Borrower and Lender;
- (e) to sell, lease or otherwise dispose of any collateral and collect any deficiency balance with or without resorting to legal process;
- (f) to set-off Borrower's obligations against any amounts due to Borrower including, but not limited to monies, instruments, and deposit accounts maintained with Lender; and
- (g) to exercise all other rights available to Lender under any other written agreement or applicable law.

Lender's rights are cumulative and may be exercised together, separately, and in any order. Lender's remedies under this paragraph are in addition to those available at common law, including, but not limited to, the right of set-off.

3. **DEMAND FEATURE:** If this Note contains a demand feature, Lender's right to demand payment, at any time, and from time to time, shall be in Lender's sole and absolute discretion, whether or not any default has occurred.

4. **FINANCIAL INFORMATION:** Borrower will at all times keep proper books of record and account in which full, true and correct entries shall be made in accordance with generally accepted accounting principles and will deliver to Lender, within ninety (90) days after the end of each fiscal year of Borrower, a copy of the annual financial statements of Borrower relating to such fiscal year, such statements to include (i) the balance sheet of Borrower as at the end of such fiscal year and (ii) the related income statement, statement of retained earnings and statement of changes in the financial position of Borrower for such fiscal year, prepared by such certified public accountants as may be reasonably satisfactory to Lender. Borrower also agrees to deliver to Lender within fifteen (15) days after filing same, a copy of Borrower's income tax returns and also, from time to time, such other financial information with respect to Borrower as Lender may request.

5. **MODIFICATION AND WAIVER:** The modification or waiver of any of Borrower's obligations or Lender's rights under this Note must be contained in a writing signed by Lender. Lender may perform any of Borrower's obligations or delay or fail to exercise any of its rights without causing a waiver of those obligations or rights. A waiver on one occasion will not constitute a waiver on any other occasion. Borrower's obligations under this Note shall not be affected if Lender amends, compromises, exchanges, fails to exercise, impairs or releases any of the obligations belonging to any co-borrower or guarantor or any of its rights against any co-borrower, guarantor or collateral.

6. **SEVERABILITY:** If any provision of this Note is invalid, illegal or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

7. **ASSIGNMENT:** Borrower will not be entitled to assign any of its rights, remedies or obligations described in this Note without the prior written consent of Lender which may be withheld by Lender in its sole discretion. Lender will be entitled to assign some or all of its rights and remedies described in this Note without notice to or the prior consent of Borrower in any manner.

8. **NOTICE:** Any notice or other communication to be provided to Borrower or Lender under this Note shall be in writing and sent to the parties at the addresses described in this Note or such other address as the parties may designate in writing from time to time.

9. **APPLICABLE LAW:** This Note shall be governed by the laws of the state of Idaho. Borrower consents to the jurisdiction and venue of any court located in such state in the event of any legal proceeding pertaining to the negotiation, execution, performance or enforcement of any term or condition contained in this Note or any related loan document and agrees not to commence or seek to remove such legal proceeding in or to a different court.

10. **COLLECTION COSTS:** If Lender hires an attorney to assist in collecting any amount due or enforcing any right or remedy under this Note, Borrower agrees to pay Lender's reasonable attorney's fees, to the extent permitted by applicable law, and collection costs.

11. **INCONSISTENT REPRESENTATIONS:** Borrower affirmatively states that no representative of Lender has made any representations which are inconsistent with the terms of this Note and Borrower has not relied on any such promise or representation of any representative of Lender in executing this Note.

12. **ACTS OR OMISSIONS OF LENDER:** If at any time Borrower discovers or has reason to believe that any act or omission of Lender has caused him any injury or damage, Borrower agrees to provide written notice to Lender within twenty (20) days informing Lender of the act or omission of Lender which Borrower believes has caused Borrower injury or damages. Borrower agrees that the failure of Borrower to provide such notice to Lender shall constitute a waiver of any such claim.

13. **LIMITATIONS ON LIABILITY/LIQUIDATED DAMAGES:** Lender's responsibility to Borrower under this Note shall be limited to the making of advances to the Borrower as required by the terms of this Note. Borrower and Lender agree that in no event shall Lender be liable to Borrower on any claim whatsoever for consequential damages or for any amount in excess of the unpaid principal amount of the Note plus interest at the Note rate as liquidated damages.

14. **MISCELLANEOUS:** This Note is being executed for commercial purposes. Borrower and Lender agree that time is of the essence. Borrower waives presentment, demand for payment, notice of dishonor and protest. All references to Borrower in this Note shall include all of the parties signing this Note, and this Note shall be binding upon the heirs, successors and assigns of Borrower and Lender. If there is more than one Borrower, they will be obligated jointly and individually. This Note and any related documents represent the complete and integrated understanding between Borrower and Lender pertaining to the terms and conditions of those documents.

15. **NOTICE PURSUANT TO I.C. SECTION 9-505(5):** Effective July 1, 1993, a promise or commitment to lend money or to grant or extend credit in an original principal amount of fifty thousand dollars (\$50,000) or more, made by a person or entity engaged in the business of lending money or extending credit, or some note or memorandum thereof, must be in writing and subscribed by the person or entity making the promise or commitment, or the agent of that person or entity, or the agreement is invalid.

16. **JURY TRIAL WAIVER: BORROWER HEREBY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY CIVIL ACTION ARISING OUT OF, OR BASED UPON, THIS NOTE OR THE COLLATERAL SECURING THIS NOTE.**

17. **ADDITIONAL TERMS:**

Pursuant to Idaho Code Section 9-505(5), a promise or commitment to lend money or to grant or extend credit in an original principal amount of \$50,000 or more must be in a signed writing or the agreement is invalid.

IDAHO INDEPENDENT BANK

8351 West Overland Road
 Boise, Idaho 83709
 (208) 323-6000
 "LENDER"

BORROWER

DAVID M. BERGH AND
 JANET S. BERGH

ADDRESS
 DRAWER 9
 MOUNTAIN HOME, ID 83647
 TELEPHONE NO. IDENTIFICATION NO.
 208-587-6366 518-56-5359

**VARIABLE RATE
 COMMERCIAL
 PROMISSORY
 NOTE**

OFFICER INITIALS	INTEREST RATE	PRINCIPAL AMOUNT	FUNDING DATE	MATURITY DATE	CUSTOMER NUMBER	LOAN NUMBER
KRG	VARIABLE	\$85,000.00	10/13/00	10/10/10		07111015
REFINANCE COMMERCIAL REAL ESTATE						

PROMISE TO PAY

For value received, Borrower promises to pay to the order of Lender indicated above the principal amount of EIGHTY-FIVE THOUSAND AND NO/100 Dollars (\$ 85,000.00) plus interest on the unpaid principal balance at the rate and in the manner described below, until all amounts owing under this Note are paid in full. All amounts received by Lender shall be applied first to accrued unpaid interest, then to unpaid principal, and then to any late charges or expenses or in any other order as determined by Lender, in Lender's sole discretion, as permitted by law.

INTEREST RATE: This Note has a variable interest rate feature. The interest rate on this Note may change from time to time if the Index Rate identified below changes. Interest shall be computed on the basis of 365 days and the actual number of days per year. So long as there is no default under this Note, interest on this Note shall be calculated at a variable rate equal to ONE AND 200/1000 percent (1.200%) per annum, QYBT the Index Rate. The initial Index Rate is NINE AND 500/1000 percent (9.500%) per annum. The initial interest rate on this Note shall be TEN AND 700/1000 percent (10.700%) per annum. Any change in the interest rate resulting from a change in the Index Rate will be effective on: the date the Interest Rate changes

INDEX RATE: The Index Rate for this Note shall be: New York consensus prime lending rate as published by the Wall Street Journal

MINIMUM RATE/MAXIMUM RATE: The minimum interest rate on this Note shall be NINE AND NO/1000 percent (9.000%) per annum. The maximum interest rate on this Note shall not exceed TWENTY-ONE AND NO/1000 percent (21.000%) per annum, or if less, or if a maximum rate is not indicated, the maximum interest rate Lender is permitted to charge by law.

DEFAULT RATE: In the event of any default under this Note, the Lender may, in its discretion, determine that all amounts owed to Lender shall bear interest at the lesser of: 21% or the maximum interest rate Lender is permitted to charge by law.

PAYMENT SCHEDULE: Borrower shall pay the principal and interest according to the following schedule:

119 PAYMENTS OF \$949.62 BEGINNING NOVEMBER 10, 2000 AND CONTINUING AT MONTHLY TIME INTERVALS THEREAFTER. A FINAL PAYMENT OF THE UNPAID PRINCIPAL BALANCE PLUS ACCRUED INTEREST IS DUE AND PAYABLE ON OCTOBER 10, 2010. IF THE INTEREST RATE CHANGES, THE PAYMENT AMOUNTS MAY CHANGE IN AN AMOUNT SUFFICIENT TO REPAY THE UNPAID PRINCIPAL OVER THE SCHEDULED AMORTIZATION TERM.

All payments will be made to Lender at its address described above, or at any other address so designated by Lender, and in lawful currency of the United States of America.

RENEWAL: If checked, this Note is a renewal of Loan Number _____.

SECURITY: To secure the payment and performance of obligations incurred under this Note, Borrower grants Lender a security interest in, and pledges and assigns to Lender, all of Borrower's rights, title, and interest, in all monies, instruments, savings, checking and other deposit accounts of Borrower's, (excluding IRA, Keogh and trust accounts and deposits subject to tax penalties if so assigned) that are now or in the future in Lender's custody or control. If checked, the obligations under this Note are also secured by a lien on and/or security interest in the property described in the documents executed in connection with this Note as well as any other property designated as security for this Note now or in the future.

PREPAYMENT: This Note may be prepaid in part or in full on or before its maturity date. If this Note contains more than one installment, any partial prepayment will not affect the due date of the amount of any subsequent installment, unless agreed to, in writing, by Borrower and Lender. If this Note is prepaid in full, there will be: No minimum finance charge or prepayment penalty. A minimum finance charge of \$ 35.00. A prepayment penalty of _____.

LATE PAYMENT CHARGE: If a payment is received more than 15 days late, Borrower will be charged a late payment charge of: _____% of the unpaid late installment; \$ 10.00 or 5.00 % of the unpaid late installment, whichever is greater less; as permitted by law.

BORROWER ACKNOWLEDGES THAT BORROWER HAS READ, UNDERSTANDS, AND AGREES TO THE TERMS AND CONDITIONS OF THIS NOTE INCLUDING THE PROVISIONS ON THE REVERSE SIDE. BORROWER ACKNOWLEDGES RECEIPT OF AN EXACT COPY OF THIS NOTE.

NOTE DATE: **OCTOBER 13, 2000**

BORROWER: **DAVID M. BERGH**

[Signature]
 DAVID M. BERGH

BORROWER:

BORROWER: **JANET S. BERGH**

[Signature]
 JANET S. BERGH

BORROWER:

BORROWER:

BORROWER:

BORROWER:

BORROWER:

EXHIBIT B

TERMS AND CONDITIONS

1. **DEFAULT:** Borrower will be in default under this Note in the event that Borrower, any guarantor or any other third party pledging collateral to secure this Note:

- (a) fails to make any payment on this Note or any other indebtedness to Lender when due;
- (b) fails to perform any obligation or breaches any warranty or covenant to Lender contained in this Note, any security instrument, or any other present or future written agreement regarding this or any other indebtedness of Borrower to Lender;
- (c) provides or causes any false or misleading signature or representation to be provided to Lender;
- (d) allows the collateral securing this Note (if any) to be lost, stolen, destroyed, damaged in any material respect, or subjected to seizure or confiscation;
- (e) permits the entry or service of any garnishment, judgment, tax levy, attachment or lien against Borrower, any guarantor, or any of their property;
- (f) dies, becomes legally incompetent, is dissolved or terminated, ceases to operate its business, becomes insolvent, makes an assignment for the benefit of creditors, fails to pay debts as they become due, or becomes the subject of any bankruptcy, insolvency or debtor rehabilitation proceeding; or
- (g) causes Lender to deem itself insecure due to a significant decline in the value of any real or personal property securing payment of this Note.

2. **RIGHTS OF LENDER ON DEFAULT:** If there is a default under this Note, Lender will be entitled to exercise one or more of the following remedies without notice or demand (except as required by law):

- (a) to declare the principal amount plus accrued interest under this Note and all other present and future obligations of Borrower immediately due and payable in full;
- (b) to collect the outstanding obligations of Borrower with or without resorting to judicial process;
- (c) to take possession of any collateral in any manner permitted by law;
- (d) to require Borrower to deliver and make available to Lender any collateral at a place reasonably convenient to Borrower and Lender;
- (e) to sell, lease or otherwise dispose of any collateral and collect any deficiency balance with or without resorting to legal process;
- (f) to set-off Borrower's obligations against any amounts due to Borrower including, but not limited to monies, instruments, and deposit accounts maintained with Lender; and
- (g) to exercise all other rights available to Lender under any other written agreement or applicable law.

Lender's rights are cumulative and may be exercised together, separately, and in any order. Lender's remedies under this paragraph are in addition to those available at common law, including, but not limited to, the right of set-off.

3. **DEMAND FEATURE:** If this Note contains a demand feature, Lender's right to demand payment, at any time, and from time to time, shall be in Lender's sole and absolute discretion, whether or not any default has occurred.

4. **FINANCIAL INFORMATION:** Borrower will at all times keep proper books of record and account in which full, true and correct entries shall be made in accordance with generally accepted accounting principles and will deliver to Lender, within ninety (90) days after the end of each fiscal year of Borrower, a copy of the annual financial statements of Borrower relating to such fiscal year, such statements to include (i) the balance sheet of Borrower as at the end of such fiscal year and (ii) the related income statement, statement of retained earnings and statement of changes in the financial position of Borrower for such fiscal year, prepared by such certified public accountants as may be reasonably satisfactory to Lender. Borrower also agrees to deliver to Lender within fifteen (15) days after filing same, a copy of Borrower's income tax returns and also, from time to time, such other financial information with respect to Borrower as Lender may request.

5. **MODIFICATION AND WAIVER:** The modification or waiver of any of Borrower's obligations or Lender's rights under this Note must be contained in a writing signed by Lender. Lender may perform any of Borrower's obligations or delay or fail to exercise any of its rights without causing a waiver of those obligations or rights. A waiver on one occasion will not constitute a waiver on any other occasion. Borrower's obligations under this Note shall not be affected if Lender amends, compromises, exchanges, fails to exercise, impairs or releases any of the obligations belonging to any co-borrower or guarantor or any of its rights against any co-borrower, guarantor or collateral.

6. **SEVERABILITY:** If any provision of this Note is invalid, illegal or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

7. **ASSIGNMENT:** Borrower will not be entitled to assign any of its rights, remedies or obligations described in this Note without the prior written consent of Lender which may be withheld by Lender in its sole discretion. Lender will be entitled to assign some or all of its rights and remedies described in this Note without notice to or the prior consent of Borrower in any manner.

8. **NOTICE:** Any notice or other communication to be provided to Borrower or Lender under this Note shall be in writing and sent to the parties at the addresses described in this Note or such other address as the parties may designate in writing from time to time.

9. **APPLICABLE LAW:** This Note shall be governed by the laws of the state of Idaho. Borrower consents to the jurisdiction and venue of any court located in such state in the event of any legal proceeding pertaining to the negotiation, execution, performance or enforcement of any term or condition contained in this Note or any related loan document and agrees not to commence or seek to remove such legal proceeding in or to a different court.

10. **COLLECTION COSTS:** If Lender hires an attorney to assist in collecting any amount due or enforcing any right or remedy under this Note, Borrower agrees to pay Lender's reasonable attorney's fees, to the extent permitted by applicable law, and collection costs.

11. **INCONSISTENT REPRESENTATIONS:** Borrower affirmatively states that no representative of Lender has made any representations which are inconsistent with the terms of this Note and Borrower has not relied on any such promise or representation of any representative of Lender in executing this Note.

12. **ACTS OR OMISSIONS OF LENDER:** If at any time Borrower discovers or has reason to believe that any act or omission of Lender has caused him any injury or damage, Borrower agrees to provide written notice to Lender within twenty (20) days informing Lender of the act or omission of Lender which Borrower believes has caused Borrower injury or damages. Borrower agrees that the failure of Borrower to provide such notice to Lender shall constitute a waiver of any such claim.

13. **LIMITATIONS ON LIABILITY/LIQUIDATED DAMAGES:** Lender's responsibility to Borrower under this Note shall be limited to the making of advances to the Borrower as required by the terms of this Note. Borrower and Lender agree that in no event shall Lender be liable to Borrower on any claim whatsoever for consequential damages or for any amount in excess of the unpaid principal amount of the Note plus interest at the Note rate as liquidated damages.

14. **MISCELLANEOUS:** This Note is being executed for commercial purposes. Borrower and Lender agree that time is of the essence. Borrower waives presentment, demand for payment, notice of dishonor and protest. All references to Borrower in this Note shall include all of the parties signing this Note, and this Note shall be binding upon the heirs, successors and assigns of Borrower and Lender. If there is more than one Borrower, they will be obligated jointly and individually. This Note and any related documents represent the complete and integrated understanding between Borrower and Lender pertaining to the terms and conditions of those documents.

15. **NOTICE PURSUANT TO I.C. SECTION 9-505(5):** Effective July 1, 1993, a promise or commitment to lend money or to grant or extend credit in an original principal amount of fifty thousand dollars (\$50,000) or more, made by a person or entity engaged in the business of lending money or extending credit, or some note or memorandum thereof, must be in writing and subscribed by the person or entity making the promise or commitment, or the agent of that person or entity, or the agreement is invalid.

16. **JURY TRIAL WAIVER: BORROWER HEREBY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY CIVIL ACTION ARISING OUT OF, OR BASED UPON, THIS NOTE OR THE COLLATERAL SECURING THIS NOTE.**

17. **ADDITIONAL TERMS:**

Pursuant to Idaho Code Section 9-505(5), a promise or commitment to lend money or to grant or extend credit in an original principal amount of \$50,000 or more must be in a signed writing or the agreement is invalid.

IDAHO INDEPENDENT BANK

8351 West Overland Road
Boise, Idaho 83709
(208) 323-6000
"LENDER"

DAVID M. BERGH AND
JANET S. BERGH

**VARIABLE RATE
COMMERCIAL
PROMISSORY
NOTE**

ADDRESS
DRAWER 9
MOUNTAIN HOME, ID 83647
TELEPHONE NO. 208-587-6366
IDENTIFICATION NO. 518-56-5359

OFFICER INITIALS	INTEREST RATE	PRINCIPAL AMOUNT	PURCHASING RATE	MATURITY DATE	CUSTOMER NUMBER	LOAN NUMBER
KRG	VARIABLE	\$290,130.80	10/13/00	10/05/10		07111017

REFINANCE

PROMISE TO PAY

For value received, Borrower promises to pay to the order of Lender indicated above the principal amount of TWO HUNDRED NINETY THOUSAND ONE HUNDRED THIRTY AND 80/100 Dollars (\$ 290,130.80) plus interest on the unpaid principal balance at the rate and in the manner described below, until all amounts owing under this Note are paid in full. All amounts received by Lender shall be applied first to accrued unpaid interest, then to unpaid principal, and then to any late charges or expenses or in any other order as determined by Lender, in Lender's sole discretion, as permitted by law.

INTEREST RATE: This Note has a variable interest rate feature. The interest rate on this Note may change from time to time if the Index Rate identified below changes. Interest shall be computed on the basis of 365 days and the actual number of days per year. So long as there is no default under this Note, interest on this Note shall be calculated at a variable rate equal to ONE AND 500/1000 percent (1.500%) per annum over the Index Rate. The initial Index Rate is NINE AND 500/1000 percent (9.500%) per annum. The initial interest rate on this Note shall be ELEVEN AND 00/1000 percent (11.000%) per annum. Any change in the interest rate resulting from a change in the Index Rate will be effective on: the date the Index Rate changes

INDEX RATE: The Index Rate for this Note shall be: New York consensus prime lending rate as published by the Wall Street Journal

MINIMUM RATE/MAXIMUM RATE: The minimum interest rate on this Note shall be NINE AND 00/1000 percent (9.000%) per annum. The maximum interest rate on this Note shall not exceed TWENTY-ONE AND 00/1000 percent (21.000%) per annum, or if less, or if a maximum rate is not indicated, the maximum interest rate Lender is permitted to charge by law.

DEFAULT RATE: In the event of any default under this Note, the Lender may, in its discretion, determine that all amounts owed to Lender shall bear interest at the lesser of: 21% or the maximum interest rate Lender is permitted to charge by law.

PAYMENT SCHEDULE: Borrower shall pay the principal and interest according to the following schedule:

119 PAYMENTS OF \$2,988.69 BEGINNING NOVEMBER 5, 2000 AND CONTINUING AT MONTHLY TIME INTERVALS THEREAFTER; A FINAL PAYMENT OF THE UNPAID PRINCIPAL BALANCE PLUS ACCRUED INTEREST IS DUE AND PAYABLE ON OCTOBER 5, 2010. IF THE INTEREST RATE CHANGES, THE PAYMENT AMOUNTS MAY CHANGE IN AN AMOUNT SUFFICIENT TO REPAY THE UNPAID PRINCIPAL OVER THE SCHEDULED AMORTIZATION TERM.

All payments will be made to Lender at its address described above, or at any other address so designated by Lender, and in lawful currency of the United States of America.

RENEWAL: If checked, this Note is a renewal of Loan Number _____

SECURITY: To secure the payment and performance of obligations incurred under this Note, Borrower grants Lender a security interest in, and pledges and assigns to Lender, all of Borrower's rights, title, and interest, in all monies, instruments, savings, checking and other deposit accounts of Borrower's, (excluding IRA, Keogh and trust accounts and deposits subject to tax penalties if so assigned) that are now or in the future in Lender's custody or control. If checked, the obligations under this Note are also secured by a lien on and/or security interest in the property described in the documents executed in connection with this Note as well as any other property designated as security for this Note now or in the future.

PREPAYMENT: This Note may be prepaid in part or in full on or before its maturity date. If this Note contains more than one installment, any partial prepayment will not affect the due date or the amount of any subsequent installment, unless agreed to, in writing, by Borrower and Lender. If this Note is prepaid in full, there will be: No minimum finance charge or prepayment penalty, A minimum finance charge of \$ 35.00, A prepayment penalty of: _____

LATE PAYMENT CHARGE: If a payment is received more than 15 days late, Borrower will be charged a late payment charge of: _____ % of the unpaid late installment; \$ 10.00 or 5.00 % of the unpaid late installment, whichever is greater less; as permitted by law.

BORROWER ACKNOWLEDGES THAT BORROWER HAS READ, UNDERSTANDS, AND AGREES TO THE TERMS AND CONDITIONS OF THIS NOTE INCLUDING THE PROVISIONS ON THE REVERSE SIDE. BORROWER ACKNOWLEDGES RECEIPT OF AN EXACT COPY OF THIS NOTE.

NOTE DATE: OCTOBER 13, 2000

BORROWER: DAVID M. BERGH

BORROWER: JANET S. BERGH

DAVID M. BERGH

JANET S. BERGH

BORROWER:

BORROWER:

BORROWER:

BORROWER:

BORROWER:

BORROWER:

COPY

EXHIBIT C

8. **DEFAULT.** Guarantor shall be in default in this Guaranty in the event that any Borrower or Guarantor:
- (a) fails to pay any amount under this Guaranty or any Indebtedness to Lender when due (whether or not the amount is due at maturity by acceleration or otherwise);
 - (b) fails to perform any obligation or breaches any warranty or covenant to Lender contained in any loan document or this Guaranty or any other present or future promissory note or written agreement;
 - (c) provides or causes any false or misleading signature or representation to be provided to Lender;
 - (d) allows any collateral for the Indebtedness or this Guaranty to be destroyed, lost or stolen, or damaged in any material respect;
 - (e) permits the entry or service of any garnishment, judgment, tax levy, attachment or lien against Borrower, Guarantor, or any of their property;
 - (f) dies, becomes legally incompetent, is dissolved or terminated, ceases to operate its business, becomes insolvent, makes an assignment for the benefit of creditors, or becomes the subject of any bankruptcy, insolvency or debtor rehabilitation proceeding; or
 - (g) causes Lender to deem itself insecure due to a significant decline in the value of any security securing the Indebtedness or any Collateral securing this Guaranty.

10. **RIGHTS OF LENDER ON DEFAULT.** If there is a default under this Guaranty, Lender shall be entitled to exercise one or more of the following remedies without notice or demand (except as required by law):

- (a) to declare Guarantor's obligations under this Guaranty immediately due and payable in full;
- (b) to collect the outstanding obligations under this Guaranty with or without resorting to judicial process;
- (c) to take possession of any Collateral in any manner permitted by law;
- (d) to require Guarantor to deliver and make available to Lender any Collateral at a place reasonably convenient to Guarantor and Lender;
- (e) to sell, lease or otherwise dispose of any Collateral and collect any deficiency balance with or without resorting to judicial process;
- (f) to set-off Guarantor's Obligations under this Guaranty against any amounts due to Guarantor including, but not limited to, monies, instruments, and deposit accounts maintained with Lender; and
- (g) to exercise all other rights available to Lender under any other written agreement or applicable law.

Lender's rights are cumulative and may be exercised together, separately, and in any order. Lender's remedies under this paragraph are in addition to those available at common law, including, but not limited to the right of set-off.

11. **SUBORDINATION.** The payment of any present or future indebtedness of Borrower to Guarantor will be postponed and subordinated to the payment in full of any present or future indebtedness of Borrower to Lender during the term of this Agreement. In the event that Guarantor receives any monies, instruments, or other remittances to be applied against Borrower's obligations to Guarantor, Guarantor will hold these funds in trust for Lender and immediately endorse or assign (if necessary) and deliver those monies, instruments and other remittances to Lender. Guarantor agrees that Lender shall be preferred to Guarantor in any assignment for the benefit of Borrower's creditors in any bankruptcy, insolvency, liquidation, or reorganization proceeding commenced by or against Borrower in any federal or state court.

12. **INDEPENDENT INVESTIGATION.** Guarantor's execution and delivery to Lender of this Guaranty is based solely upon Guarantor's independent investigation of Borrower's financial condition and not upon any written or oral representation of Lender in any manner. Guarantor assumes full responsibility for obtaining any additional information regarding Borrower's financial condition and Lender shall not be required to furnish Guarantor with any information of any kind regarding Borrower's financial condition.

13. **ACCEPTANCE OF RISKS.** Guarantor acknowledges the absolute and continuing nature of this Guaranty and voluntarily accepts the full range of risks associated herewith including, but not limited to, the risk that Borrower's financial condition shall deteriorate or, if this Guaranty is unlimited, the risk that Borrower shall incur additional indebtedness to Lender in the future.

14. **SUBROGATION.** The Guarantor hereby irrevocably waives and releases the Borrower from all "claims" (as defined in Section 101(5) of the Bankruptcy Code) to which the Guarantor is or would, at any time, be entitled by virtue of its obligations under this Guaranty, including, without limitation, any right of subrogation (whether contractual, under Section 509 of the Bankruptcy Code or otherwise), reimbursement, contribution, exoneration or similar right against the Borrower.

15. **APPLICATION OF PAYMENTS.** Lender will be entitled to apply any payments or other monies received from Borrower, any third party, or any other source against Borrower's present and future indebtedness to Lender in any order.

16. **ESSENCE OF TIME.** Guarantor and Lender agree that time is of the essence.

17. **TERMINATION.** This Guaranty shall remain in full force and effect until Lender executes and delivers to Guarantor a written release thereof. Notwithstanding the foregoing, Guarantor shall be entitled to terminate any unlimited guaranty of Borrower's future indebtedness to Lender following any anniversary of this Guaranty by providing Lender with sixty (60) or more days' written notice of such termination by hand-delivery or certified mail. Notice shall be deemed given when received by Lender. Such notice of termination shall not affect or impair any of the agreements and Obligations of the Guarantor under this Agreement with respect to any indebtedness existing prior to the time of actual receipt of such notice by Lender, any extensions, modifications, amendments, replacements or renewals thereof, and any interest on any of the foregoing.

18. **ASSIGNMENT.** Guarantor shall not be entitled to assign any of its rights or Obligations described in this Guaranty without Lender's prior written consent which may be withheld by Lender in its sole discretion. Lender shall be entitled to assign some or all of its rights and remedies described in this Guaranty without notice to or the prior consent of Guarantor in any manner. Unless the Lender shall otherwise consent in writing, the Lender shall have an unimpaired right prior and superior to that of any assignee, to enforce this Guaranty for the benefit of the Lender, as to those Obligations that the Lender has not assigned.

19. **MODIFICATION AND WAIVER.** The modification or waiver of any of Guarantor's Obligations or Lender's rights under this Guaranty must be contained in a writing signed by Lender. Lender may delay in exercising or fail to exercise any of its rights without causing a waiver of those rights. A waiver on one occasion shall not constitute a waiver on any other occasion.

20. **SUCCESSORS AND ASSIGNS.** This Guaranty shall be binding upon and inure to the benefit of Guarantor and Lender and their respective successors, assigns, trustees, receivers, administrators, personal representatives, legatees, and devisees.

21. **NOTICE.** Any notice or other communication to be provided under this Guaranty shall be in writing and sent to the parties at the addresses described in this Guaranty or such other addresses as the parties may designate in writing from time to time.

22. **SEVERABILITY.** If any provision of this Guaranty violates the law or is unenforceable, the rest of the Guaranty shall remain valid.

23. **APPLICABLE LAW.** This Guaranty shall be governed by the laws of the state indicated in Lender's address. Guarantor consents to the jurisdiction and venue of any court located in such state in the event of any legal proceeding under this Guaranty.

24. **COLLECTION COSTS.** If Lender hires an attorney to assist in collecting any amount due or enforcing any right or remedy under this Guaranty, Guarantor agrees to pay Lender's reasonable attorneys' fees, legal expenses and other costs as permitted by law.

25. **REPRESENTATIONS OF GUARANTOR.** Guarantor acknowledges receipt of reasonably equivalent value in consideration for the execution of this Guaranty and represents that, after giving effect to this Guaranty, the fair market value of Guarantor's assets exceeds Guarantor's total liabilities, including contingent, subordinate and unliquidated liabilities, that Guarantor has sufficient cash flow to meet debts as they mature, and that Guarantor does not have reasonably small capital. Guarantor represents that all required director and shareholder consents to enter into this Guaranty have been obtained.

26. **MISCELLANEOUS.** This Guaranty is executed in connection with a commercial or agricultural loan. Guarantor will provide Lender with a current financial statement upon request. All references to Guarantor in this Guaranty shall include all entities or persons signing this Guaranty. If there is more than one Guarantor, their obligations shall be joint and several. This Guaranty and any related documents represent the complete and integrated understanding between Guarantor and Lender pertaining to the terms and conditions of those documents.

27. **ADDITIONAL TERMS.**

IDAHO INDEPENDENT BANK

8251 West Overland Road
Boise, Idaho 83709
(208) 323-6000
"LENDER"

**COMMERCIAL
SECURITY
AGREEMENT**

BORROWER		OWNER OF COLLATERAL	
DAVID M. BERGH AND JANET S. BERGH		DAVID M. BERGH JANET S. BERGH	
ADDRESS		ADDRESS	
DRAWER 9 MOUNTAIN HOME, ID 83647		DRAWER 9 MOUNTAIN HOME, ID 83647	
TELEPHONE NO. IDENTIFICATION NO.		TELEPHONE NO. IDENTIFICATION NO.	
208-587-6366 518-56-5359		208-587-6366 518-56-5359	

1. **SECURITY INTEREST.** For good and valuable consideration, Owner of Collateral ("Owner") grants to Lender identified above a continuing security interest in the Collateral described below to secure the obligations described in this Agreement.

2. **OBLIGATIONS.** The Collateral shall secure the payment and performance of all of Borrower's and Owner's present and future, joint and/or several, direct and indirect, absolute and contingent, express and implied, indebtedness, (including costs of collection, legal expenses and reasonable attorneys' fees, incurred by Lender upon the occurrence of a default under this Agreement, in collecting or enforcing payment of such indebtedness, or preserving, protecting or realizing on the Collateral herein), liabilities, obligations and covenants (cumulatively "Obligations") to Lender including (without limitation) those arising under or pursuant to:

a. this Agreement and the following promissory notes and agreements:

INTEREST RATE	PRINCIPAL AMOUNT / CREDIT LIMIT	FUNDING / AGREEMENT DATE	MATURITY DATE	CUSTOMER NUMBER	LOAN NUMBER
VARIABLE	\$290,130.80	10/13/00	10/05/10		07111017
VARIABLE	\$85,000.00	10/13/00	10/10/10		07111015
VARIABLE	\$88,638.41	10/13/00	07/25/05		07111012

- b. if checked, all other present or future, evidences of indebtedness, agreements, instruments, guaranties or otherwise of Borrower or Owner to Lender (whether incurred for the same or different purposes than the foregoing);
- c. all renewals, extensions, amendments, modifications, replacements or substitutions to any of the foregoing; and
- d. applicable law.

3. **COLLATERAL.** The Collateral shall consist of all of the following-described property and Owner's rights, title and interest in such property whether now or hereafter existing or now owned or hereafter acquired by Owner and wheresoever located (collectively the "Collateral"):

- All accounts and contract rights including, but not limited to, the accounts and contract rights described on Schedule A attached hereto and incorporated herein by this reference;
- All chattel paper including, but not limited to, the chattel paper described on Schedule A attached hereto and incorporated herein by this reference;
- All documents including, but not limited to, the documents described on Schedule A attached hereto and incorporated herein by this reference;
- All equipment, including, but not limited to, the equipment described on Schedule A attached hereto and incorporated herein by this reference;
- All fixtures, including, but not limited to, the fixtures located or to be located on the real property described on Schedule B attached hereto and incorporated herein by this reference;
- All general intangibles including, but not limited to, the general intangibles described on Schedule A attached hereto and incorporated herein by this reference;
- All instruments including, but not limited to, the instruments described on Schedule A attached hereto and incorporated herein by this reference;
- All inventory including, but not limited to, the inventory described on Schedule A attached hereto and incorporated herein by this reference;
- All minerals or the like located on or related to the real property described on Schedule B attached hereto and incorporated herein by this reference;
- All standing timber located on the real property described on Schedule B attached hereto and incorporated herein by this reference;
- Other:

Any property described on Schedule A:

- All monies, instruments, and savings, checking or other deposit accounts that are now or in the future in Lender's custody or control (excluding IRA, Keogh, trust accounts, and deposits subject to tax penalties if so assigned);
- All monies or instruments pertaining to the Collateral described above;
- All accessions, accessories, additions, amendments, attachments, modifications, replacements and substitutions to any of the above;
- All proceeds and products of any of the above;
- All policies of insurance pertaining to any of the above as well as any proceeds and unearned premiums pertaining to such policies; and
- All books and records pertaining to any of the above.

EXHIBIT D  Initials

4. OWNER'S TAXPAYER IDENTIFICATION. Owner's social security number or federal taxpayer identification number is: 518-56-5359

5. RESIDENCY/LEGAL STATUS. Owner is an individual(s) and a resident of the state of: IDaho
Owner is a: n/a duly organized, validly existing and in good standing under the laws of the state of: n/a

6. REPRESENTATIONS, WARRANTIES, AND COVENANTS. Owner represents, warrants and covenants to Lender that:

- (a) Owner is and shall remain the sole owner of the Collateral;
- (b) Neither Owner nor, to the best of Owner's knowledge, any other party has used, generated, released, discharged, stored, or disposed of any hazardous waste, toxic substance, or related material (cumulatively "Hazardous Materials") or transported any Hazardous Materials across the property. Owner shall not commit or permit such actions to be taken in the future. The term "Hazardous Materials" shall mean any substance, material, or waste which is or becomes regulated by any governmental authority including, but not limited to, (i) petroleum; (ii) asbestos; (iii) polychlorinated biphenyls; (iv) those substances, materials or wastes designated as a "hazardous substance" pursuant to Section 311 of the Clean Water Act or listed pursuant to Section 307 of the Clean Water Act or any amendments or replacements to these statutes; (v) those substances, materials or wastes defined as a "hazardous waste" pursuant to Section 1004 of the Resource Conservation and Recovery Act or any amendments or replacements to that statute; or (vi) those substances, materials or wastes defined as a "hazardous substance" pursuant to Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act, or any amendments or replacements to that statute;
- (c) Owner's chief executive office, chief place of business, office where its business records relating to the Collateral and the Collateral is located, or residence is the address identified above and have been such during the four (4) month period prior to the date hereof. Owner's other executive offices, places of business, locations of its business records, or domiciles are described on Schedule C attached hereto and incorporated herein by this reference. Owner shall immediately advise Lender in writing of any change in or addition to the foregoing addresses;
- (d) Owner shall not become a party to any restructuring of its form of business or participate in any consolidation, merger, liquidation or dissolution without Lender's prior written consent;
- (e) Owner shall notify Lender of the nature of any intended change of Owner's name, or the use of any trade name, and the effective date of such change;
- (f) The Collateral is and shall at all times remain free of all tax and other liens, security interests, encumbrances and claims of any kind except for those belonging to Lender and those described on Schedule D attached hereto and incorporated herein by this reference. Without waiving the event of default as a result thereof, Owner shall take any action and execute any document needed to discharge the foregoing liens, security interests, encumbrances and claims;
- (g) Owner shall defend the Collateral against all claims and demands of all persons at any time claiming any interest therein;
- (h) All of the goods, fixtures, minerals or the like, and standing timber constituting the Collateral is and shall be located at Owner's executive offices, places of business, residence and domiciles specifically described in this Agreement. Owner shall not change the location of any Collateral without the prior written consent of Lender;
- (i) Owner shall provide Lender with possession of all chattel paper and instruments constituting the Collateral, and Owner shall promptly mark all chattel paper, instruments, and documents constituting the Collateral to show that the same are subject to Lender's security interest;
- (j) All of Owner's accounts or contract rights; chattel paper; documents; general intangibles; instruments; and federal, state, county, and municipal government and other permits and licenses; trusts, liens, contracts, leases, and agreements constituting the Collateral are and shall be valid, genuine and legally enforceable obligations and rights belonging to Owner against one or more third parties and not subject to any claim, defense, set-off or counterclaim of any kind;
- (k) Owner shall not amend, modify, replace, or substitute any account or contract right; chattel paper; document; general intangible; or instrument constituting the Collateral without the prior written consent of Lender;
- (l) Owner has the right and is duly authorized to enter into and perform its obligations under this Agreement. Owner's execution and performance of these obligations do not and shall not conflict with the provisions of any statute, regulation, ordinance, rule of law, contract or other agreement which may now or hereafter be binding on Owner;
- (m) No action or proceeding is pending against Owner which might result in any material or adverse change in its business operations or financial condition or materially affect the Collateral;
- (n) Owner has not violated and shall not violate any applicable federal, state, county or municipal statute, regulation or ordinance (including but not limited to those governing Hazardous Materials) which may materially and adversely affect its business operations or financial condition or the Collateral;
- (o) Owner shall, upon Lender's request, deposit all proceeds of the Collateral into an account or accounts maintained by Owner or Lender at Lender's institution;
- (p) Owner will, upon receipt, deliver to Lender as additional Collateral all securities distributed on account of the Collateral such as stock dividends and securities resulting from stock splits, reorganizations and recapitalizations; and
- (q) This Agreement and the obligations described in this Agreement are executed and incurred for business and not consumer purposes.

7. SALE OF COLLATERAL. Owner shall not assign, convey, lease, sell or transfer any of the Collateral to any third party without the prior written consent of Lender except for sales of inventory to buyers in the ordinary course of business.

8. FINANCING STATEMENTS AND OTHER DOCUMENTS. Owner shall at any time and from time to time take all actions and execute all documents required by Lender to attach, perfect and maintain Lender's security interest in the Collateral and establish and maintain Lender's right to receive the payment of the proceeds of the Collateral including, but not limited to, executing any financing statements, fixture filings, continuation statements, notices of security interest and other documents required by the Uniform Commercial Code and other applicable law. Owner shall pay the costs of filing such documents in all offices wherever filing or recording is deemed by Lender to be necessary or desirable. Lender shall be entitled to perfect its security interest in the Collateral by filing carbon, photographic or other reproductions of the aforementioned documents with any authority required by the Uniform Commercial Code or other applicable law. Owner authorizes Lender to execute and file any financing statements, as well as extensions, renewals and amendments of financing statements in such form as Lender may require to perfect and maintain perfection of any security interest granted in this Agreement.

9. INQUIRIES AND NOTIFICATION TO THIRD PARTIES. Owner hereby authorizes Lender to contact any third party and make any inquiry pertaining to Owner's financial condition or the Collateral. In addition, Lender is authorized to provide oral or written notice of its security interest in the Collateral to any third party and, following a default hereunder, to make payment to Lender.

10. LOCK BOX, COLLATERAL ACCOUNT. If Lender so requests at any time (whether or not Owner is in default of this Agreement), Owner will direct each of its account debtors to make payments due under the relevant account or chattel paper directly to a special lock box to be under the control of Lender. Owner hereby authorizes and directs Lender to deposit into a special collateral account to be established and maintained with Lender all checks, drafts and cash payments received in said lock box. All deposits in said collateral account shall constitute proceeds of Collateral and shall not constitute payment of any Obligation. At its option, Lender may, at any time, apply finally collected funds on deposit in said collateral account to the payment of the Obligations in such order of application as Lender may determine, or permit Owner to withdraw all or any part of the balance on deposit in said collateral account. If a collateral account is so established, Owner agrees that Owner will promptly deliver to Lender, for deposit into said collateral account, all payments on accounts and chattel paper received by Owner. All such payments shall be delivered to Lender in the form received (except for Owner's endorsement if necessary). Until so deposited, all payments on accounts and chattel paper received by Owner shall be held in trust by Owner for and as the property of Lender and shall not be commingled with any funds or property of Owner.

11. COLLECTION OF INDEBTEDNESS FROM THIRD PARTIES. Lender shall be entitled to notify, and upon the request of Lender, Owner shall notify any account debtor or other third party (including, but not limited to, insurance companies) to pay any indebtedness or obligation owing to Owner and constituting the Collateral (cumulatively "Indebtedness") to Lender whether or not a default exists under this Agreement. Owner shall diligently collect the indebtedness owing to Owner from its account debtors and other third parties until the giving of such notification. In the event that Owner possesses or receives possession of any instruments or other remittances with respect to the indebtedness following the giving of such notification or if the instruments or other remittances constitute the prepayment of any indebtedness or the payment of any insurance proceeds, Owner shall hold such instruments and other remittances in trust for Lender apart from its other property, endorse the instruments and other remittances to Lender, and immediately provide Lender with possession of the instruments and other remittances. Lender shall be entitled, but not required, to collect (by legal proceedings or otherwise), extend the time for payment, compromise, exchange or release any obligor or collateral upon, or otherwise settle any of the indebtedness whether or not an event of default exists under this Agreement. Lender shall not be liable to Owner for any action, error, mistake, omission or delay pertaining to the actions described in this paragraph or any damages resulting therefrom.

12. POWER OF ATTORNEY. Owner hereby appoints Lender as its attorney-in-facto to endorse Owner's name on all instruments and other remittances payable to Owner with respect to the indebtedness, including any items received by Lender in any lockbox account, or other documents pertaining to Lender's actions in connection with the indebtedness. In addition, Lender shall be entitled, but not required, to perform any action or execute any document required to be taken or executed by Owner under this Agreement. Lender's performance of such action or execution of such documents shall not relieve Owner from any obligation or cure any default under this Agreement. The powers of attorney described in this paragraph are coupled with an interest and are irrevocable.

13. USE AND MAINTENANCE OF COLLATERAL. Owner shall use the Collateral solely in the ordinary course of its business, for the usual purposes intended by the manufacturer (if applicable), with due care, and in compliance with the laws, ordinances, regulations, requirements and rules of all federal, state, county and municipal authorities including environmental laws and regulations and insurance policies. Owner shall not make any alterations, additions or improvements to the Collateral without the prior written consent of Lender. Owner shall ensure that Collateral which is not now a fixture does not become a fixture. Without limiting the foregoing, all alterations, additions and improvements made to the Collateral shall be subject to the security interest belonging to Lender, shall not be removed without the prior written consent of Lender, and shall be made at Owner's sole expense. Owner shall take all actions and make any repairs or replacements needed to maintain the Collateral in good condition and working order.

14. LOSS OR DAMAGE. Owner shall bear the entire risk of any loss, theft, destruction or damage (cumulatively "Loss or Damage") to all or any part of the Collateral. In the event of any Loss or Damage, Owner will either restore the Collateral to its previous condition, replace the Collateral with similar property acceptable to Lender in its sole discretion, or pay or cause to be paid to Lender the decrease in the fair market value of the affected Collateral.

15. INSURANCE. The Collateral will be kept insured for its full value against all hazards including loss or damage caused by fire, collision, theft or other casualty. If the Collateral consists of a motor vehicle, Owner will obtain comprehensive and collision coverage in amounts at least equal to the actual cash value of the vehicle with deductibles not to exceed \$_____/A. Insurance coverage obtained by Owner shall be from a licensed insurer subject to Lender's approval. Owner shall assign to Lender all rights to receive proceeds of insurance not exceeding the amount owed under the obligations described above, and direct the insurer to pay all proceeds directly to Lender. The insurance policies shall require the insurance company to provide Lender with at least 30 days' written notice before such policies are altered or cancelled in any manner. The insurance policies shall name Lender as a loss payee and provide that no act or omission of Owner or any other person shall affect the right of Lender to be paid the insurance proceeds pertaining to the loss or damage of the Collateral. In the event Owner fails to acquire or maintain insurance, Lender (after providing notice as may be required by law) may in its discretion procure appropriate insurance coverage upon the Collateral and charge the insurance cost as an advance of principal under the promissory note. Owner shall furnish Lender with evidence of insurance indicating the required coverage. Lender may act as attorney-in-fact for Owner in making and settling claims under insurance policies, cancelling any policy or endorsing Owner's name on any draft or negotiable instrument drawn by any insurer.

16. INDEMNIFICATION. Lender shall not assume or be responsible for the performance of any of Owner's obligations with respect to the Collateral under any circumstances. Owner shall immediately provide Lender with written notice of and indemnify and hold Lender and its shareholders, directors, officers, employees and agents harmless from all claims, damages, liabilities (including attorneys' fees and legal expenses), causes of action, actions, suits and other legal proceedings (cumulatively "Claims") pertaining to its business operations or the Collateral including, but not limited to, those arising from Lender's performance of Owner's obligations with respect to the Collateral. Owner, upon the request of Lender, shall hire legal counsel to defend Lender from such Claims, and pay the attorneys' fees, legal expenses and other costs to the extent permitted by applicable law, incurred in connection therewith. In the alternative, Lender shall be entitled to employ its own legal counsel to defend such Claims at Owner's cost.

17. TAXES AND ASSESSMENTS. Owner shall execute and file all tax returns and pay all taxes, licenses, fees and assessments relating to its business operations and the Collateral (including, but not limited to, income taxes, personal property taxes, withholding taxes, sales taxes, use taxes, excise taxes and workers' compensation premiums) in a timely manner.

18. INSPECTION OF COLLATERAL AND BOOKS AND RECORDS. Owner shall allow Lender or its agents to examine, inspect and make abstracts and copies of the Collateral and Owner's books and records pertaining to Owner's business operations and financial condition or the Collateral during normal business hours. Owner shall provide any assistance required by Lender for these purposes. All of the signatures and information pertaining to the Collateral or contained in the books and records shall be genuine, true, accurate and complete in all respects. Owner shall note the existence of Lender's security interest in its books and records pertaining to the Collateral.

19. DEFAULT. Owner shall be in default under this Agreement in the event that Owner, Borrower or any guarantor:

- (a) fails to make any payment under this Agreement or any other indebtedness to Lender when due;
- (b) fails to perform any obligation or breaches any warranty or covenant to Lender contained in this Agreement or any other present or future written agreement regarding this or any other indebtedness to Lender;
- (c) provides or causes any false or misleading signature or representation to be provided to Lender;
- (d) allows the Collateral to be destroyed, lost or stolen, damaged in any material respect, or subjected to seizure or confiscation;
- (e) seeks to revoke, terminate or otherwise limit its liability under any continuing guaranty;
- (f) permits the entry or service of any garnishment, judgment, tax levy, attachment or lien against Owner, any guarantor, or any of their property;
- (g) dies, becomes legally incompetent, is dissolved or terminated, ceases to operate its business, becomes insolvent, makes an assignment for the benefit of creditors, fails to pay any debts as they become due, or becomes the subject of any bankruptcy, insolvency or debtor rehabilitation proceeding;
- (h) allows the Collateral to be used by anyone to transport or store goods, the possession, transportation, or use of which, is illegal; or
- (i) causes Lender in good faith to deem itself insecure due to a significant decline in the value of any of the Collateral.

20. RIGHTS OF LENDER ON DEFAULT. If there is a default under this Agreement, Lender shall be entitled to exercise one or more of the following remedies without notice or demand (except as required by law):

- (a) to declare the Obligations immediately due and payable in full;
- (b) to collect the outstanding Obligations with or without resorting to judicial process;
- (c) to change Owner's mailing address, open Owner's mail, and retain any instruments or other remittances constituting the Collateral contained therein;
- (d) to take possession of any Collateral in any manner permitted by law;
- (e) to apply for and obtain, without notice and upon ex parte application, the appointment of a receiver for the Collateral without regard to Owner's financial condition or solvency, the adequacy of the Collateral to secure the payment or performance of the obligations, or the existence of any waste to the Collateral;
- (f) to require Owner to deliver and make available to Lender any Collateral at a place reasonably convenient to Owner and Lender;
- (g) to sell, lease or otherwise dispose of any Collateral and collect any deficiency balance with or without resorting to legal process;
- (h) to set-off Owner's obligations against any amounts due to Owner including, but not limited to, monies, instruments, and deposit accounts maintained with Lender; and
- (i) to exercise all other rights available to Lender under any other written agreement or applicable law.

Lender's rights are cumulative and may be exercised together, separately, and in any order. If notice to Owner of intended disposition of Collateral is required by law, Lender will provide reasonable notification of the time and place of any sale or intended disposition as required under the Uniform Commercial Code. In the event that Lender institutes an action to recover any Collateral or seeks recovery of any Collateral by way of a prejudgment remedy in an action against Owner, Owner waives the pooling of any bond which might otherwise be required. Upon any default, Owner shall segregate all proceeds of Collateral and hold such proceeds in trust for Lender. Lender's remedies under this paragraph are in addition to those available at common law, such as setoff.

21. APPLICATION OF PAYMENTS. Whether or not a default has occurred under this Agreement, all payments made by or on behalf of Owner and all credits due to Owner from the disposition of the Collateral or otherwise may be applied against the amounts paid by Lender (including attorneys' fees and legal expenses) in connection with the exercise of its rights or remedies described in this Agreement and any interest thereon and then to the payment of the remaining Obligations in whatever order Lender chooses.

22. REIMBURSEMENT OF AMOUNTS EXPENDED BY LENDER. Owner shall reimburse Lender for all amounts (including attorneys' fees and legal expenses) expended by Lender in the performance of any action required to be taken by Owner or the exercise of any right or remedy belonging to Lender under this Agreement, together with interest thereon at the lower of the highest rate described in any promissory note or credit agreement executed by Borrower or Owner or the highest rate allowed by law from the date of payment until the date of reimbursement. These sums shall be included in the definition of Obligations, shall be secured by the Collateral identified in this Agreement and shall be payable upon demand.

23. **ASSIGNMENT.** Owner shall not be entitled to assign any of its rights, remedies or obligations described in this Agreement without the prior written consent of Lender. Consent may be withheld by Lender in its sole discretion. Lender shall be entitled to assign some or all of its rights and remedies described in this Agreement without notice to or the prior consent of Owner in any manner.

24. **MODIFICATION AND WAIVER.** The modification or waiver of any of Owner's Obligations or Lender's rights under this Agreement must be contained in a writing signed by Lender. Lender may perform any of Owner's Obligations or delay or fail to exercise any of its rights without causing a waiver of those Obligations or rights. A waiver on one occasion shall not constitute a waiver on any other occasion. Owner's Obligations under this Agreement shall not be affected if Lender amends, compromises, exchanges, fails to exercise, impairs or releases any of the obligations belonging to any Owner or third party or any of its rights against any Owner, third party or collateral.

25. **SUCCESSORS AND ASSIGNS.** This Agreement shall be binding upon and inure to the benefit of Owner and Lender and their respective successors, assigns, trustees, receivers, administrators, personal representatives, legatees, and devisees.

26. **NOTICES.** Any notice or other communication to be provided under this Agreement shall be in writing and sent to the parties at the addresses described in this Agreement or such other address as the parties may designate in writing from time to time.

27. **SEVERABILITY.** If any provision of this Agreement violates the law or is unenforceable, the rest of the Agreement shall remain valid.

28. **APPLICABLE LAW.** This Agreement shall be governed by the laws of the state identified in Lender's address. Owner consents to the jurisdiction and venue of any court located in the state indicated in Lender's address in the event of any legal proceeding pertaining to the negotiation, execution, performance or enforcement of any term or condition contained in this Agreement or any related document and agrees not to commence or seek to remove such legal proceeding in or to a different court.

29. **COLLECTION COSTS.** If Lender hires an attorney to assist in collecting any amount due or enforcing any right or remedy under this Agreement, Owner agrees to pay Lender's reasonable attorneys' fees and collection costs, including, without limitation, any and all reasonable attorneys' fees and costs incurred on appeal or in any bankruptcy proceeding.

30. **MISCELLANEOUS.** This Agreement is executed for commercial purposes. Owner shall supply information regarding Owner's business operations and financial condition or the Collateral in the form and manner as requested by Lender from time to time. All information furnished by Owner to Lender shall be true, accurate and complete in all respects. Owner and Lender agree that time is of the essence. Owner waives presentment, demand for payment, notice of dishonor and protest except as required by law. All references to Owner in this Agreement shall include all parties signing below except Lender. This Agreement shall be binding upon the heirs, successors and assigns of Owner and Lender. If there is more than one Owner, their obligations shall be joint and several. This Agreement shall remain in full force and effect until Lender provides Owner with written notice of termination. This Agreement and any related documents represent the complete and integrated understanding between Owner and Lender pertaining to the terms and conditions of those documents.

31. **WAIVER OF JURY TRIAL.** LENDER AND OWNER HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT EITHER MAY HAVE TO A TRIAL BY JURY IN RESPECT TO ANY LITIGATION BASED ON, OR ARISING OUT OF, UNDER OR IN CONJUNCTION WITH THE PROMISSORY NOTE, THIS AGREEMENT AND ANY OTHER AGREEMENT CONTEMPLATED TO BE EXECUTED IN CONJUNCTION HEREWITH OR THEREWITH, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF EITHER PARTY. THIS PROVISION IS A MATERIAL INDUCEMENT FOR LENDER MAKING THE LOAN EVIDENCED BY THE PROMISSORY NOTE.

32. **ADDITIONAL TERMS:**

Pursuant to Idaho Code Section 9-505(5), a promise or commitment to lend money or to grant or extend credit in an original principal amount of \$50,000 or more must be in a signed writing or the agreement is invalid.

Owner acknowledges that Owner has read, understands, and agrees to the terms and conditions of this Agreement.

Dated: OCTOBER 13, 2000

LENDER: IDAHO INDEPENDENT BANK

OWNER: DAVID M. BERGH

KURT R. GUSTAVEL
EXECUTIVE VICE PRESIDENT

OWNER: JANET S. BERGH

OWNER:

OWNER:

OWNER:

OWNER:

OWNER:

OWNER:

SCHEDULE A

SCHEDULE B

PARCEL I

A parcel of land being in the NE1/4 of the NE1/4 of Section 26, Township 3 South, Range 6 East, Boise Meridian, Elmore County, Idaho and more particularly described as follows:

Commencing at the Brass Cap marking the corner common to Sections 23, 24, 25 and 26, Township 3 South, Range 6 East, Boise Meridian, Elmore County, Idaho, thence
South 0 degrees 03'00" East 663.90 feet along the Line common to said Sections 26 and 25 to an iron pin; thence
North 89 degrees 46'08" West 661.64 feet to an iron pin in a pipe, said point being the Northeast corner of Traildust Square, as filed for record in the office of the Elmore County Recorder, Mountain Home, Idaho; thence
South 14 degrees 00'12" East 334.68 feet along the East line of said Traildust Square to an iron pin, said point being the REAL POINT OF BEGINNING, thence
South 89 degrees 07'36" East, 75.44 feet to an iron pin; thence
South 0 degrees 33'59" East, 117.94 feet to a point, said point being witnessed by an iron pin which bears
South 42 degrees 05'41" West 8.26 feet from said point; thence
South 42 degrees 05'41" West 47.96 feet to an iron pin; thence
South 59 degrees 08'11" West 50.00 feet to an iron pin marking the Southeast corner of said Traildust Square; thence
North 0 degrees 29'07" West 180.33 feet to the REAL POINT OF BEGINNING.

PARCEL II

Lot 3, Block 2, A Resubdivision of a portion of Traildust Square Subdivision, being a replat of Traildust Square Commercial Condominium Subdivision and a replat of Traildust Square Subdivision No. 2, Mountain Home, Elmore County, Idaho, according to the official plat thereof on file and of record in the office of the County Recorder of Elmore County, Idaho.

Record Owner Name: DAVID M. BERGH AND JANET S. BERGH

SCHEDULE C

SCHEDULE D

STATE OF IDAHO FINANCING STATEMENT - FORM UCC-1

Filing Office Use Only

Instructions:

- PLEASE TYPE THIS FORM IN BLACK
- Enclose filing fee of \$8.00 if form is typed, or \$10.00 if not typed. For attachments, add \$1.00 per printed page.
- File only the original. Make copies for your files. The original will be returned as your acknowledgement.
- Enter only one debtor's name or assumed name per debtor block exactly as it is to be indexed. If more than four names, use an attached sheet. Enter individual debtor names: Last, First Middle (Initials); e.g. Smith, John Alan Jr.
- When the obligation has been satisfied, complete the Termination Statement and return the original to the filing officer.

Form approved by Pete T. Cernamusa, Secretary of State, UCC Division, Statehouse, Boise, ID 83720. Ph 208-334-3101.

Debtor #1 (Last name, first, middle, title & mailing address) BERGH, DAVID M. 518-56-5359	Debtor #3 JSB, INC. DRAWER 9 MOUNTAIN HOME, ID 83647
Debtor #2 BERGH, JANET S.	Debtor #4 WASH BOWL DRAWER 9 MOUNTAIN HOME, ID 83647

Secured Party and Address IDAHO INDEPENDENT BANK 310 AMERICAN LEGION BLVD. MOUNTAIN HOME, ID 83647	Assignee and Address
Mailing Address for acknowledgement, if not Secured Party	Check if Covered <input checked="" type="checkbox"/> Products of collateral are also covered If one of the following boxes is checked, the secured party may sign the financing statement. The collateral described herein is: <input type="checkbox"/> Brought into this state already subject to a security interest in another jurisdiction. <input type="checkbox"/> Subject to a security interest in another jurisdiction, and the debtor's location has changed to this state. <input type="checkbox"/> Proceeds of the original collateral described above in which a security interest was perfected. <input type="checkbox"/> The subject of a financing statement which has lapsed. <input type="checkbox"/> Subject to a security interest perfected under a prior name or identity of the debtor.

This financing statement covers the following types or items of property:
(If this is a fixture, timber or mineral filing to be recorded with the County Recorder, include legal description and name of record owner, if required.)

The Collateral shall consist of all of the following described property and Debtor's rights, title and interest in such property whether now or hereafter existing or now owned or hereafter acquired by Debtor and wherever located:

All accounts and contract rights; chattel paper; documents; equipment; fixtures, including, but not limited to, the fixtures located or to be located on the real property described on Schedule B; general intangibles; inventory;

All monies or instruments pertaining to the Collateral described above; All accessions, accessories, additions, amendments, attachments, modifications, replacements and substitutions to any of the above; All proceeds and products of any of the above; All policies of insurance pertaining to any of the above as well as any proceeds and unearned premiums pertaining to such policies; and all books and records pertaining to any of the above.

RECORD OWNER NAME: DAVID M. BERGH AND JANET S. BERGH
To be filed with: Secretary of State

Signature(s) of Debtor(s)
 DAVID M. BERGH
 JANET S. BERGH
 JSB, INC.
 BY: JANET S. BERGH, PRES.
 WASH BOWL
 BY: DAVID M. BERGH, PROPRIETOR

Secured Party Signature
 IDAHO INDEPENDENT BANK
 KURT R. GUSTAVEL, EXECUTIVE VICE PRESIDENT

TERMINATION STATEMENT - The Secured Party no longer claims a security interest under the financing statement.

Secured Party or Assignee of Record Date

Filing Office Use Only
 IDAHO SECRETARY OF STATE
 10/27/2000 09:00
 CK: NO CK # CT: 132487 BH: 357242
 1 @ 6.00 = 6.00 UCC1 FILE # 7
 Filing Number: B 884477

EXHIBIT E

STATE OF IDAHO FINANCING STATEMENT - FORM UCC-1

Filing Office Use Only

- PLEASE TYPE THIS FORM IN BLACK
- Enclose filing fee of \$6.00 if form is typed, or \$10.00 if not typed. For attachments, add \$1.00 per printed page.
- File only the original. Make copies for your file. The original will be returned as your acknowledgement.
- Enter only one debtor's name or assumed name per debtor block exactly as it is to be indexed. If more than four names, use an attached sheet. Enter individual debtor names: Last, First Middle Initial; e.g. Smith, John Alan Jr.
- When the obligation has been satisfied, complete the Termination Statement and return the original to the filing officer.

Form approved by Pete T. Genarusa, Secretary of State, UCC Division, Statehouse, Boise, ID 83720. Ph 208-334-3181.

Debtor #1 (Last name, first, middle, title & mailing address) BERGH, DAVID M. 518-56-5359	Debtor #3 JSB, INC. DRAWER 9 MOUNTAIN HOME, ID 83647
DRAWER 9 MOUNTAIN HOME, ID 83647	Debtor #4 WASH BOWL DRAWER 9 MOUNTAIN HOME, ID 83647

Secured Party and Address IDAHO INDEPENDENT BANK 310 AMERICAN LEGION BLVD. MOUNTAIN HOME, ID 83647	Assignee and Address Check If Covered <input checked="" type="checkbox"/> Products of collateral are also covered
Mailing Address for acknowledgement, if not Secured Party	If one of the following boxes is checked, the secured party may sign the financing statement. The collateral described herein is: <input type="checkbox"/> Brought into this state already subject to a security interest in another jurisdiction. <input type="checkbox"/> Subject to a security interest in another jurisdiction, and the debtor's location has changed to this state. <input type="checkbox"/> Proceeds of the original collateral described above in which a security interest was perfected. <input type="checkbox"/> The subject of a financing statement which has lapsed. <input type="checkbox"/> Subject to a security interest perfected under a prior name or identity of the debtor.

This financing statement covers the following types or items of property:
(If this is a fixture, timber or mineral filing to be recorded with the County Recorder, include legal description and name of record owner, if required.)

The Collateral shall consist of all of the following described property and Debtor's rights, title and interest in such property whether now or hereafter existing or now owned or hereafter acquired by Debtor and wheresoever located:

All accounts and contract rights; chattel paper; documents; equipment; fixtures, including, but not limited to, the fixtures located or to be located on the real property described on Schedule B; general intangibles; inventory;

All monies or instruments pertaining to the Collateral described above; All accessions, accessories, additions, amendments, attachments, modifications, replacements and substitutions to any of the above; All proceeds and products of any of the above; All policies of insurance pertaining to any of the above as well as any proceeds and unearned premiums pertaining to such policies; and all books and records pertaining to any of the above.

SCHEDULE B: SEE ATTACHED

325059

RECORD OWNER NAME: DAVID M. BERGH AND JANET S. BERGH
To be indexed in the real estate records of ELMORE

Signatures of Debtor(s)	
DAVID M. BERGH	JANET S. BERGH
BY: JANET S. BERGH, PRES.	BY: DAVID M. BERGH, PROPRIETOR
Secured Party Signature	
IDAHO INDEPENDENT BANK KURT R. GUSTAVEL, EXECUTIVE V.P.	

Filing Office Use Only

ELMORE COUNTY, IDAHO ss
Request of *Idaho Independent Bank*
GUARANTY TITLE, INC.
Time 2:36 P.M.
Date October 27, 2000
GAIL L. BEST, Recorder
By
Deputy
Fee \$600 **EXHIBIT F**

TERMINATION STATEMENT - The Secured Party no longer claims a security interest under the financing statement.

Secured Party or Assignee of Record

Date

PARCEL I

A parcel of land being in the NE1/4 of the NE1/4 of Section 26, Township 3 South, Range 6 East, Boise Meridian, Elmore County, Idaho and more particularly described as follows:

Commencing at the Brass Cap marking the corner common to Sections 23, 24, 25 and 26, Township 3 South, Range 6 East, Boise Meridian, Elmore County, Idaho; thence
South 0 degrees 05'00" East 663.90 feet along the Line common to said Sections 26 and 25 to an iron pin; thence
North 89 degrees 46'08" West 661.64 feet to an iron pin in a pipe, said point being the Northeast corner of Traildust Square, as filed for record in the office of the Elmore County Recorder, Mountain Home, Idaho; thence
South 14 degrees 00'12" East 334.68 feet along the East line of said Traildust Square to an iron pin, said point being the REAL POINT OF BEGINNING; thence
South 89 degrees 07'36" East, 75.44 feet to an iron pin; thence
South 0 degrees 33'59" East, 117.94 feet to a point, said point being witnessed by an iron pin which bears
South 42 degrees 05'41" West 8.26 feet from said point; thence
South 42 degrees 05'41" West 47.96 feet to an iron pin; thence
South 59 degrees 08'11" West 50.00 feet to an iron pin marking the Southeast corner of said Traildust Square;
thence
North 0 degrees 29'07" West 180.33 feet to the REAL POINT OF BEGINNING.

PARCEL II

Lot 3, Block 2, A Resubdivision of a portion of Traildust Square Subdivision, being a replat of Traildust Square Commercial Condominium Subdivision and a replat of Traildust Square Subdivision No. 2, Mountain Home, Elmore County, Idaho, according to the official plat thereof on file and of record in the office of the County Recorder of Elmore County, Idaho.

325057

ELMORE COUNTY, IDAHO 86
 Request of

GUARANTY TITLE, INC.
 Time 2:34 P M
 Date October 27, 2000
 GAIL L. BEST, Recorder

By [Signature]
 Fee \$15.00 Deputy

DEED OF TRUST

BORROWER		GRANTOR	
DAVID M. BERGH AND JANET S. BERGH		DAVID M. BERGH JANET SEDA BERGH AKA JAN SEDA BEIRGH AKA JAN S. BERGH, HUSBAND AND WIFE	
ADDRESS		ADDRESS	
DRAWER 9 MOUNTAIN HOME, ID 83647		DRAWER 9 MOUNTAIN HOME, ID 83647	
TELEPHONE NO. IDENTIFICATION NO.		TELEPHONE NO. IDENTIFICATION NO.	
208-587-6366 518-56-5359		208-587-6366 518-56-5359	
TRUSTEE: GUARANTY TITLE, INC. 206 SOUTH 3RD EAST STREET MOUNTAIN HOME, IDAHO 83647			

1. GRANT. Grantor hereby grants, assigns and conveys in Trustee, identified above, in trust for Lender, identified above, and with the power of sale, the real property described in Schedule A which is attached to this Deed of Trust and incorporated herein, either located within an incorporated city or village at the date hereof, or containing not more than twenty (20) acres, together with all future and present improvements and fixtures; privileges, hereditaments, and appurtenances; leases, licenses and other agreements; rents, issues and profits; water, well, ditch, reservoir and mineral rights and stock, and standing timber and crops pertaining to the real property (cumulatively "Property").

2. OBLIGATIONS. This Deed of Trust shall secure the payment and performance of all present and future indebtedness, liabilities, obligations and covenants of Borrower or Grantor (cumulatively "Obligations") to Lender pursuant to:

(a) this Deed of Trust and the following promissory notes and other agreements:

INTEREST RATE	PRINCIPAL AMOUNT / CREDIT LIMIT	FUNDING AGREEMENT DATE	MATURITY DATE	CUSTOMER NUMBER	LOAN NUMBER
VARIABLE	\$85,000.00	10/13/00	10/10/10		07111015
VARIABLE	\$88,638.41	10/13/00	07/25/05		07111012
VARIABLE	\$290,130.80	10/13/00	10/05/10		07111017

(b) if checked, all other present or future, written or oral, agreements between Borrower or Grantor and Lender (whether incurred for the same or different purposes than the foregoing);

(c) all amendments, extensions, renewals, modifications, replacements or substitutions to any of the foregoing.

3. FUTURE ADVANCES AND EXPENSES. This Deed of Trust shall secure not only existing indebtedness, but also such future advances, whether such advances are obligatory or made at the option of Lender or otherwise. To the same extent as if such future advances were made on the date of the execution of this Deed of Trust, but such secured indebtedness shall not exceed at any time the maximum principal amount of \$ 492,000.00 plus interest thereon, and any disbursements made for the payment of taxes, levies or insurance on the mortgaged Property with interest on such disbursements. Any such future advances, whether obligatory or made at the option of Lender or otherwise, may be made either prior to or after the due dates of the promissory notes or any other agreements secured by or described in this Deed of Trust. All covenants and agreements contained in this Deed of Trust shall be applicable to all future advances made by Lender to Borrower or Grantor under this future advance clause.

4. CONSTRUCTION PURPOSES: if checked, this Deed of Trust secures an indebtedness for construction purposes.

5. REPRESENTATIONS, WARRANTIES AND COVENANTS. Grantor represents, warrants and covenants to Lender that:

(a) Grantor shall maintain the Property free of all liens, security interests, encumbrances and claims except for this Deed of Trust and those described in Schedule B which is attached to this Deed of Trust and incorporated herein by reference, which Grantor agrees to pay and perform in a timely manner;

(b) Grantor is in compliance in all respects with all applicable federal, state and local laws and regulations, including, without limitation, those relating to "Hazardous Materials", as defined herein, and other environmental matters (the "Environmental Laws"), and neither the federal government nor any other governmental or quasi-governmental entity has filed a lien on the Property, nor are there any governmental, judicial or administrative actions with respect to environmental matters pending, or to the best of the Grantor's knowledge, threatened, which involve the Property. Neither Grantor nor, to the best of Grantor's knowledge, any other party has used, generated, released, discharged, stored, or disposed of any "Hazardous Materials", as defined herein, in, on, over, under or in connection with the Property or transported any Hazardous Materials to or from the Property. Grantor shall not commit or permit such actions to be taken in the future. The term "Hazardous Materials" shall mean any hazardous waste, toxic substance or any other substance, material, or waste which is or becomes regulated by any governmental authority including, but not limited to, (i) petroleum; (ii) asbestos; (iii) polychlorinated biphenyls; (iv) those substances, materials or wastes designated as a "hazardous substance" pursuant to Section 311 of the Clean Water Act or listed pursuant to Section 307 of the Clean Water Act or any amendments or replacements to these statutes; (v) those substances, materials or wastes defined as a "hazardous waste" pursuant to Section 1004 of the Resource Conservation and Recovery Act or any amendments or replacements to that statute; (vi) those substances, materials or wastes defined as a "hazardous substance" pursuant to Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act, or any amendments or replacements to that statute, rule, regulation or ordinance. Grantor shall not lease or permit the sublease of the Property to a tenant or subtenant whose operations may result in contamination of the Property with Hazardous Materials or toxic substances;

(c) All applicable laws and regulations (including, without limitation, the Americans with Disabilities Act, 42 U.S.C. 12101 et seq. (and all regulations promulgated thereunder) and all zoning and building laws and regulations) relating to the Property by virtue of any federal, state or municipal authority with jurisdiction over the Property presently are and shall be observed and complied with in all material respects, and all rights, licenses, permits, and certificates of occupancy (including but not limited to zoning variances, special exceptions for nonconforming uses, and final inspection approvals), whether temporary or permanent, which are material to the use and occupancy of the Property, presently are and shall be obtained, preserved and, where necessary, renewed;

(d) Grantor has the right and is duly authorized to execute and perform its Obligations under this Deed of Trust and these actions do not and shall not conflict with the provisions of any statute, regulation, ordinance, rule of law, contract or other agreement which may be binding on Grantor at any time;

(e) No action or proceeding is or shall be pending or threatened which might materially affect the Property;

(f) Grantor has not violated and shall not violate any statute, regulation, ordinance, rule of law, contract or other agreement which might materially affect the Property (including, but not limited to, those governing Hazardous Materials) or Lender's rights or interest in the Property pursuant to this Deed of Trust; and

(g) Grantor is the owner of the property and there are no defenses or offsets to this Deed of Trust.

6. TRANSFERS OF THE PROPERTY OR BENEFICIAL INTERESTS IN GRANTORS OR BORROWERS. A sale, conveyance, lease, contract for deed or other to any person without the prior written approval of Lender of all or any part of the real property described in Schedule A, or any interest therein, or of any beneficial interest in Borrower or Grantor (if Borrower or Grantor is not a natural person or persons but is a corporation, partnership, trust, or other entity), shall be a default under this Deed of Trust and Lender may invoke any remedies permitted by the promissory note or other agreement or by this deed of Trust, unless otherwise prohibited by federal law. At Lender's request, Grantor or Borrower, as the case may be, shall furnish a complete statement setting forth all of its stockholders or partners, as appropriate, and the extent of their respective stock ownership or partnership interests.

EXHIBIT G

20. **DEFAULT.** Grantor shall be in default under this Deed of Trust in the event that Grantor, Borrower or any guarantor of any Obligation:
- (a) fails to pay any Obligation to Lender when due;
 - (b) fails to perform any Obligation or breaches any warranty or covenant to Lender contained in this Deed of Trust or any other present or future, written or oral, agreement;
 - (c) allows the Property to be damaged or destroyed in any material respect, lost or stolen or subjected to seizure or confiscation;
 - (d) seeks to revoke, terminate or otherwise limit its liability under any debt instrument or guaranty to Lender;
 - (e) becomes insolvent, makes an assignment for the benefit of creditors, files a petition under the federal bankruptcy laws, has an involuntary petition in bankruptcy filed in which Grantor, Borrower or any guarantor is named or has property taken under any will or process of court;
 - (f) allows goods to be used on, transported or stored on the Property, the possession, transportation, or use of which, is illegal;
 - (g) allows any party other than Grantor or Borrower to assume or undertake any Obligation without the written consent of Lender; or
 - (h) causes Lender to deem itself insecure due to a significant decline in the value of the Property

21. **RIGHTS OF LENDER ON DEFAULT.** If there is a default under this Deed of Trust, Lender shall be entitled to exercise one or more of the following remedies without notice or demand (except as required by law):

- (a) to declare the Obligations immediately due and payable in full;
- (b) to collect the outstanding Obligations with or without resorting to judicial process;
- (c) to require Grantor to deliver and make available to Lender any personal property constituting the Property at a place reasonably convenient to Grantor and Lender;
- (d) to collect all of the rents, issues and profits of the Property from the date of default and thereafter;
- (e) to take immediate possession, management and control of the Property without seeking the appointment of a receiver;
- (f) to apply for and obtain the appointment of a receiver for the Property without regard to Grantor's financial condition or solvency, the adequacy of the Property to secure the payment and performance of the Obligations, or the existence of waste to the Property;
- (g) to foreclose this Deed of Trust;
- (h) to execute or cause Trustee to execute a written notice of such default and of his election to cause to be sold the herein described property to satisfy the obligations hereof, and shall cause such notice to be recorded in the office of the record of each county wherein said real property or some part thereof is situated. Notice of sale having been given as then required by law, and not less than the time then required by law having elapsed, Trustee, without demand on Grantor, shall sell said property at the time and place fixed by it in said notice of sale, either as a whole or in bidder for cash in lawful money of the United States, payable at time of sale. Trustee shall deliver to the purchaser its deed conveying the property so sold, but without any government or warranty express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Grantor, Trustee, or Beneficiary, may purchase at such sale;
- (i) to set-off Grantor's Obligations against any amounts owed Grantor by Lender including, but not limited to, monies, instruments, and deposit accounts maintained with Lender; and
- (j) to exercise all other rights available to lender under any other written agreement or applicable law.

Lender's rights are cumulative and may be exercised together, separately, and in any order. In the event that Lender institutes an action seeking the recovery of any of the Property by way of a prejudgment remedy in an action against Grantor, Grantor waives the posting of any bond which might otherwise be required.

22. **APPLICATION OF FORECLOSURE PROCEEDS.** After deducting all costs, fees and expenses of Trustee and of this Trust, including cost of evidence of title and reasonable counsel fees in connection with sale, Trustee shall apply the proceeds of sale in payment of: all sums expended under the terms hereof, not then repaid, with accrued interest at the highest lawful rate permissible under state law; all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto.

23. **REIMBURSEMENT OF AMOUNTS EXPENDED BY LENDER.** Lender, at Lender's option, may expend funds (including attorneys' fees and legal expenses) to perform any act required to be taken by Grantor or to exercise any right or remedy of Lender under this Deed of Trust. Upon demand, Grantor shall immediately reimburse Lender for all such amounts expended by Lender together with interest thereon at the lower of the highest rate described in any Obligation or the highest rate allowed by law from the date of payment until the date of reimbursement. These sums shall be included in the definition of Obligations herein and shall be secured by the beneficial interest granted herein.

24. **APPLICATION OF PAYMENTS.** All payments made by or on behalf of Grantor may be applied against the amounts paid by Lender (including attorneys' fees and legal expenses) in connection with the exercise of its rights or remedies described in this Deed of Trust and then to the payment of the remaining Obligations in whatever order Lender chooses.

25. **POWER OF ATTORNEY.** Grantor hereby appoints Lender as its attorney-in-fact to endorse Grantor's name on all instruments and other documents pertaining to the Obligations or indebtedness. In addition, Lender shall be entitled, but not required, to perform any action or execute any document required to be taken or executed by Grantor under this Deed of Trust. Lender's performance of such action or execution of such documents shall not relieve Grantor from any Obligation or cure any default under this Deed of Trust. The powers of attorney described in this Deed of Trust are coupled with an interest and are irrevocable.

26. **SUBROGATION OF LENDER.** Lender shall be subrogated to the rights of the holder of any previous lien, security interest or encumbrance discharged with funds advanced by Lender regardless of whether these liens, security interests or other encumbrances have been released of record.

27. **COLLECTION COSTS.** Grantor agrees to pay to Lender, to the extent permitted by law, all costs and expenses incurred in collecting any amount due or enforcing any right or remedy under this Deed of Trust, including reasonable attorneys' fees (including representation in any bankruptcy proceedings), and collection costs.

28. **RELEASES.** Lender may release its interest in a portion of the Property by executing and recording one or more partial releases without affecting its interest in the remaining portion of the Property. Nothing herein shall be deemed to obligate Lender to release any of its interest in the Property. Grantor shall be responsible for payment of all costs of reconveyance, including recording fees and Trustee's fees, prior to such reconveyance.

29. **MODIFICATION AND WAIVER.** The modification or waiver of any of Grantor's Obligations or Lender's rights under this Deed of Trust must be contained in a writing signed by Lender. Lender may perform any of Borrower's or Grantor's Obligations, delay or fail to exercise any of its rights or accept payments from Grantor or anyone other than Grantor without causing a waiver of those Obligations or rights. A waiver on one occasion shall not constitute a waiver on any other occasion. Grantor's Obligations under this Deed of Trust shall not be affected if Lender amends, compromises, exchanges, fails to exercise, impairs or releases any of the Obligations belonging to any Grantor, Borrower or third party or any of its rights against any Grantor, Borrower or third party or any of the Property.

30. **SUCCESSORS AND ASSIGNS.** This Deed of Trust shall be binding upon and inure to the benefit of Grantor and Lender and their respective successors, assigns, trustees, receivers, administrators, personal representatives, legatees and devisees.

31. **NOTICES.** Any notice or other communication to be provided under this Deed of Trust shall be in writing and sent to the parties at the addresses described in this Deed of Trust or such other address as the parties may designate in writing from time to time. Any such notice so given and sent by certified mail, postage prepaid, shall be deemed given three (3) days after such notice is sent and, in the case of any other means of delivery, such notice shall be deemed given when received by the person to whom such notice is being given.

32. **SEVERABILITY.** If any provision of this Deed of Trust violates the law or is unenforceable, the rest of the Deed of Trust shall continue to be valid and enforceable.

33. **APPLICABLE LAW.** This Deed of Trust shall be governed by the laws of the state where the Property is located. Grantor consents to the jurisdiction of any court located in such state.

34. **MISCELLANEOUS.** Grantor and Lender agree that time is of the essence. Grantor waives presentment, demand for payment, notice of dishonor and protest except as required by law. All references to Grantor in this Deed of Trust shall include all persons signing below. If there is more than one Grantor, their Obligations shall be joint and several. This Deed of Trust and any related documents represent the complete integrated understanding between Grantor and Lender pertaining to the terms and conditions of those documents.

35. **JURY TRIAL WAIVER. GRANTOR HEREBY WAIVES ANY RIGHT TO TRIAL BY JURY IN ANY CIVIL ACTION ARISING OUT OF THIS DEED OF TRUST OR THE PROPERTY SECURING THIS DEED OF TRUST.**

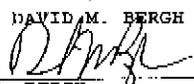
38. ADDITIONAL TERMS.

Pursuant to Idaho Code Section 9-505(5), a promise or commitment to lend money or to grant or extend credit in an original principal amount of \$50,000 or more must be in a signed writing or the agreement is invalid.

Grantor acknowledges that Grantor has read, understands, and agrees to the terms and conditions of this Deed of Trust.

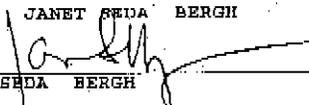
Dated: OCTOBER 13, 2000

GRANTOR: DAVID M. BERGH



DAVID M. BERGH

GRANTOR: JANET SEDA BERGH



JANET SEDA BERGH

GRANTOR:

GRANTOR:

GRANTOR:

GRANTOR:

GRANTOR:

GRANTOR:

INDIVIDUAL NOTARY
STATE OF IDAHO

County of Ada ss.
On this 17 day of October, 2000, before me, the undersigned notary public in and for said State, personally appeared 6 ELMORE DRIVE W. MOUNTAIN HOME, IDAHO known or identified to me to be the person(s) whose name(s) is/are subscribed to the within instrument, and acknowledged to me he/she/they executed the same.

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



Melissa Tucker
Notary Public for Idaho
Residing at: 3014e Jerome
Commission expires: 3-21-05

PARTNERSHIP NOTARY
STATE OF IDAHO

County of _____ ss.
On this _____ day of _____, before me, the undersigned, a notary public in and for said State, personally appeared _____ known or identified to me to be one of the partners in the partnership of _____ and the partner who subscribed said partnership name on the within foregoing instrument, and acknowledged to me that _____ executed the same in said partnership name.

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

Notary Public for Idaho
Residing at: _____
Commission expires: _____

CORPORATE NOTARY
STATE OF IDAHO

County of _____ ss.
On this _____ day of _____, before me, the undersigned notary public in and for said state, personally appeared _____ and the _____ of _____, known or identified to me to be the _____ of _____ the corporation that executed the within instrument or the person who executed the same on behalf of said corporation, and acknowledged to me that said corporation executed the same.

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

Notary Public for Idaho
Residing at: _____
Commission expires: _____

SCHEDULE A

The street address of the Property (if applicable) is: 135 BITTERBRUSH MOUNTAIN HOME, ID 83647

The legal description of the Property is:

LOT 3, BLOCK 2, A RESUBDIVISION OF A PORTION OF TRAILDUST SQUARE SUBDIVISION, BEING A REPLAT OF TRAILDUST SQUARE COMMERCIAL CONDOMINIUM SUBDIVISION AND A REPLAT OF TRAILDUST SQUARE SUBDIVISION NO. 2, MOUNTAIN HOME, ELMORE COUNTY, IDAHO, ACCORDING TO THE OFFICIAL PLAT THEREOF ON FILE AND OF RECORD IN THE OFFICE OF THE COUNTY RECORDER OF ELMORE COUNTY, IDAHO.

SCHEDULE B

This instrument was prepared by: IDAHO INDEPENDENT BANK

After recording return to Lender.

IDAHO INDEPENDENT BANK

8351 West Overland Road
 Boise, Idaho 83709
 (208) 323-6000
 "LENDER"

325058

DEED OF TRUST

ELMORE COUNTY, IDAHO 58
 Request of

GUARANTY TITLE, INC.

Time 2:35 P M
 Date October 27, 2002

GAIL L. BEST, Recorder

By [Signature]
 Fee \$15.00 Deputy

BORROWER		GRANTOR	
DAVID M. BERGH AND JANET S. BERGH		DAVID M. BERGH JANET SEDA BERGH AKA JAN SEDA BERGH AKA JAN S. BERGH, HUSBAND AND WIFE	
ADDRESS		ADDRESS	
DRAWER 9 MOUNTAIN HOME, ID 83647		DRAWER 9 MOUNTAIN HOME, ID 83647	
TELEPHONE NO. 208-587-6266		TELEPHONE NO. 208-587-6366	
IDENTIFICATION NO. 518-56-5359		IDENTIFICATION NO. 518-56-5359	
TRUSTEE: GUARANTY TITLE, INC. 206 SOUTH 3RD EAST STREET MOUNTAIN HOME, IDAHO 83647			

1. **GRANT.** Grantor hereby grants, assigns and conveys to Trustee, identified above, in trust for Lender, identified above, and with the power of sale, the real property described in Schedule A which is attached to this Deed of Trust and incorporated herein, either located within an incorporated city or village at the date hereof, or containing not more than twenty (20) acres, together with all future and present improvements and fixtures; privileges, hereditaments, and appurtenances; leases, licenses and other agreements; rents, issues and profits; water, well, ditch, reservoir and mineral rights and stuck, and standing timber and crops pertaining to the real property (cumulatively "Property").

2. **OBLIGATIONS.** This Deed of Trust shall secure the payment and performance of all present and future indebtedness, liabilities, obligations and covenants of Borrower or Grantor (cumulatively "Obligations") to Lender pursuant to:

(a) this Deed of Trust and the following promissory notes and other agreements:

INTEREST RATE	PRINCIPAL AMOUNT/ CREDIT LIMIT	FUNDING/ AGREEMENT DATE	MATURITY DATE	CUSTOMER NUMBER	LOAN NUMBER
VARIABLE	\$85,000.00	10/13/00	10/10/10		07111015
VARIABLE	\$88,638.41	10/13/00	07/25/05		07111012
VARIABLE	\$290,130.80	10/13/00	10/05/10		07111017

(b) If checked, all other present or future, written or oral, agreements between Borrower or Grantor and Lender (whether incurred for the same or different purposes than the foregoing);

(c) all amendments, extensions, renewals, modifications, replacements or substitutions to any of the foregoing.

3. **FUTURE ADVANCES AND EXPENSES.** This Deed of Trust shall secure not only existing indebtedness, but also such future advances, whether such advances are obligatory or made at the option of Lender or otherwise, to the same extent as if such future advances were made on the date of the execution of this Deed of Trust, but such secured indebtedness shall not exceed at any time the maximum principal amount of \$ 492,000.00, plus interest thereon, and any disbursements made for the payment of taxes, levies or insurance on the mortgaged Property with interest on such disbursements. Any such future advances, whether obligatory or made at the option of Lender or otherwise, may be made either prior to or after the due dates of the promissory notes or any other agreements secured by or described in this Deed of Trust. All covenants and agreements contained in this Deed of Trust shall be applicable to all future advances made by Lender to Borrower or Grantor under this future advance clause.

4. **CONSTRUCTION PURPOSES:** If checked, this Deed of Trust secures an indebtedness for construction purposes.

5. **REPRESENTATIONS, WARRANTIES AND COVENANTS.** Grantor represents, warrants and covenants to Lender that:

(a) Grantor shall maintain the Property free of all liens, security interests, encumbrances and claims except for this Deed of Trust and those described in Schedule B which is attached to this Deed of Trust and incorporated herein by reference, which Grantor agrees to pay and perform in a timely manner;

(b) Grantor is in compliance in all respects with all applicable federal, state and local laws and regulations, including, without limitation, those relating to "Hazardous Materials", as defined herein, and other environmental matters (the "Environmental Laws"), and neither the federal government nor any other governmental or quasi-governmental entity has filed a lien on the Property, nor are there any governmental, judicial or administrative actions with respect to environmental matters pending, or to the best of the Grantor's knowledge, threatened, which involve the Property. Neither Grantor nor, to the best of Grantor's knowledge, any other party has used, generated, released, discharged, stored, or disposed of any "Hazardous Materials," as defined herein, in, on, over, under or in connection with the Property or transported any Hazardous Materials to or from the Property. Grantor shall not commit or permit such actions to be taken in the future. The term "Hazardous Materials" shall mean any hazardous waste, toxic substance or any other substance, material, or waste which is or becomes regulated by any governmental authority including, but not limited to, (i) petroleum; (ii) asbestos; (iii) polychlorinated biphenyls; (iv) those substances, materials or wastes designated as a "hazardous substance" pursuant to Section 311 of the Clean Water Act or listed pursuant to Section 307 of the Clean Water Act or any amendments or replacements to these statutes; (v) those substances, materials or wastes defined as a "hazardous waste" pursuant to Section 1004 of the Resource Conservation and Recovery Act or any amendments or replacements to that statute; (vi) those substances, materials or wastes defined as a "hazardous substance" pursuant to Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act, or any amendments or replacements to that statute, rule, regulation or ordinance. Grantor shall not lease or permit the sublease of the Property to a tenant or subtenant whose operations may result in contamination of the Property with Hazardous Materials or toxic substances;

(c) All applicable laws and regulations (including, without limitation, the Americans with Disabilities Act, 42 U.S.C. 12101 et seq. (and all regulations promulgated thereunder) and all zoning and building laws and regulations) relating to the Property by virtue of any federal, state or municipal authority with jurisdiction over the Property presently are and shall be observed and complied with in all material respects, and all rights, licenses, permits, and certificates of occupancy (including but not limited to zoning variances, special exceptions for nonconforming uses, and final inspection approvals), whether temporary or permanent, which are material to the use and occupancy of the Property, presently are and shall be obtained, preserved and, where necessary, renewed;

(d) Grantor has the right and is duly authorized to execute and perform its Obligations under this Deed of Trust and these actions do not and shall not conflict with the provisions of any statute, regulation, ordinance, rule of law, contract or other agreement which may be binding on Grantor at any time;

(e) No action or proceeding is or shall be pending or threatened which might materially affect the Property;

(f) Grantor has not violated and shall not violate any statute, regulation, ordinance, rule of law, contract or other agreement which might materially affect the Property (including, but not limited to, those governing Hazardous Materials) or Lender's rights or interest in the Property pursuant to this Deed of Trust; and

(g) Grantor is the owner of the property and there are no defenses or offsets to this Deed of Trust.

6. **TRANSFERS OF THE PROPERTY OR BENEFICIAL INTERESTS IN GRANTORS OR BORROWERS.** A sale, conveyance, lease, contract for deed or transfer to any person without the prior written approval of Lender of all or any part of the real property described in Schedule A, or any interest therein, or of all or any beneficial interest in Borrower or Grantor (if Borrower or Grantor is not a natural person or persons but is a corporation, partnership, trust, or other legal entity), shall be a default under this Deed of Trust and Lender may invoke any remedies permitted by the promissory note or other agreement or by this Deed of Trust unless otherwise prohibited by federal law. At Lender's request, Grantor or Borrower, as the case may be, shall furnish a complete statement setting forth all of its stockholders or partners, as appropriate, and the extent of their respective stock ownership or partnership interests.

7. INTERFERENCE WITH LEASES AND OTHER AGREEMENTS. Grantor shall not take or fail to take any action which may cause or permit the termination or the withholding of any payment in connection with any lease or other agreement ("Agreement") pertaining to the Property. In addition, Grantor, without Lender's prior written consent, shall not (a) collect any monies payable under any Agreement more than one month in advance; (b) modify any Agreement; (c) assign or allow a lien, security interest or other encumbrance to be placed upon Grantor's rights, title and interest in and to any Agreement or the amounts payable thereunder; or (d) terminate or cancel any Agreement except for the nonpayment of any such or other material breach by the other party thereto. If Grantor receives at any time any written communication asserting a default by Grantor under an Agreement or purporting to terminate or cancel any Agreement, Grantor shall promptly forward a copy of such communication (and any subsequent communications relating thereto) to Lender.

8. ASSIGNMENT OF RENTS. To the extent not inconsistent with other assignments to Lender, Grantor hereby assigns to Lender the rents under each tenancy of the Property as security for the payment of the Obligations and grants to Lender the right to collect such rents and to apply the same to the Obligations. This right to continue until the Obligations are paid in full; provided that Lender waives the enforcement of this right until an event of default occurs. Grantor agrees to timely perform all of Grantor's obligations on all such tenancies. Grantor agrees that it will not assign or conditionally assign any of the rents or profits from the Property. Grantor agrees that all tenancies and renewals thereof entered into in the future shall be subject to the approval of Lender.

9. COLLECTION OF INDEBTEDNESS FROM THIRD PARTY. Lender shall be entitled to notify or require Grantor to notify any third party (including, but not limited to, lessees, licensees, governmental authorities and insurance companies) to pay Lender any indebtedness or obligation owing to Grantor with respect to the Property (cumulatively "Indebtedness") whether or not a default exists under this Deed of Trust. Grantor shall diligently collect the Indebtedness owing to Grantor from these third parties until the giving of such notification. In the event that Grantor possesses or receives possession of any instruments or other remittances with respect to the Indebtedness following the giving of such notification or if the instruments or other remittances constitute the prepayment of any Indebtedness or the payment of any insurance or condemnation proceeds, Grantor shall hold such instruments and other remittances in trust for Lender apart from its other property, endorse the instruments and other remittances to Lender, and immediately provide Lender with possession of the instruments and other remittances. Lender shall be entitled, but not required, to collect (by legal proceedings or otherwise), extend the time for payment, compromise, exchange or release any obligor or collateral upon, or otherwise settle any of the Indebtedness whether or not an event of default exists under this Agreement. Lender shall not be liable to Grantor for any action, error, mistake, omission or delay pertaining to the actions described in this paragraph or any damages resulting therefrom.

10. USE AND MAINTENANCE OF PROPERTY. Grantor shall, at Grantor's sole cost and expense, take all actions and make any repairs needed to maintain the Property in good condition, including, but not limited to, any remedial action required pursuant to Environmental Law, ordinance, rule, regulation or government action. Grantor shall not commit or permit any waste to be committed with respect to the Property. Grantor shall use the Property solely in compliance with applicable law and insurance policies. Grantor shall not make any alterations, additions or improvements to the Property without Lender's prior written consent. Without limiting the foregoing, all alterations, additions and improvements made to the Property shall be subject to the beneficial interest belonging to Lender, shall not be removed without Lender's prior written consent, and shall be made at Grantor's sole expense.

11. LOSS OR DAMAGE. Grantor shall bear the entire risk of any loss, theft, destruction or damage (cumulatively "Loss or Damage") to the Property or any portion thereof from any cause whatsoever. In the event of any Loss or Damage, Grantor shall, at the option of Lender, repair the affected Property to its previous condition or pay or cause to be paid to Lender the decrease in the fair market value of the affected Property. No portion of the Property may be structurally altered, removed or demolished without the prior written consent of Lender.

12. INSURANCE. At all times that the Obligations are outstanding, Grantor shall maintain insurance with respect to the Property and improvements against such risks and for such amounts as are customarily insured against by businesses of like size and type paying, as the same become due and payable, all premiums in respect thereto, including but not limited to, insurance on the Property for its full value, but in no event in an amount less than the amount secured hereby, against all hazards including loss or damage caused by fire, collision, theft, flood (if applicable) or other casualty. Grantor may obtain insurance on the Property from such companies as are acceptable to Lender in its sole discretion. The insurance policies shall require the insurance company to provide Lender with at least 30 days' written notice before such policies are altered or cancelled in any manner. The insurance policies shall name Lender as a mortgagee and provide that no act or omission of Grantor or any other person shall affect the right of Lender to be paid the insurance proceeds pertaining to the loss or damage of the Property. At Lender's option, Lender may apply the insurance proceeds to the repair of the Property or require the insurance proceeds to be paid to Lender. In the event Grantor fails to acquire or maintain insurance, Lender (after providing notice as may be required by law) may in its discretion procure appropriate insurance coverage upon the Property and the insurance cost shall be an advance payable and bearing interest as described in Paragraph 23 and secured hereby. Grantor shall furnish Lender with evidence of insurance indicating the required coverage. Lender may act as attorney-in-fact for Grantor in making and settling claims under insurance policies, cancelling any policy or endorsing Grantor's name on any draft or negotiable instrument drawn by any insurer. All such insurance policies shall be constantly assigned, pledged and delivered to Lender for further securing the Obligations. In the event of loss, Grantor shall immediately give Lender written notice and Lender is authorized to make proof of loss. Each insurance company is directed to make payments directly to Lender instead of to Lender and Grantor. All monies payable to Grantor from such insurance policies are hereby assigned to Lender and shall be applied first to the payment of Lender's attorneys' fees, legal expenses (to the extent permitted by applicable law) and other costs including appraisal fees, and then, at the option of Lender, to the payment of the Obligations or the restoration or repair of the Property. In any event Grantor shall be obligated to rebuild and restore the Property.

13. ZONING AND PRIVATE COVENANTS. Grantor shall not initiate or consent to any change in the zoning provisions or private covenants affecting the use of the Property without Lender's prior written consent. If Grantor's use of the Property becomes a nonconforming use under any zoning provision, Grantor shall not cause or permit such use to be discontinued or abandoned without the prior written consent of Lender. Grantor will immediately provide Lender with written notice of any proposed changes to the zoning provisions or private covenants affecting the Property.

14. CONDEMNATION. Grantor shall immediately provide Lender with written notice of any actual or threatened condemnation or eminent domain proceeding pertaining to the Property. All monies payable to Grantor from such condemnation or taking are hereby assigned to Lender and shall be applied first to the payment of Lender's attorneys' fees, legal expenses and other costs (including appraisal fees) in connection with the condemnation or eminent domain proceedings and then, at the option of Lender, to the payment of the Obligations or the restoration or repair of the Property.

15. LENDER'S RIGHT TO COMMENCE OR DEFEND LEGAL ACTIONS. Grantor shall immediately provide Lender with written notice of any actual or threatened action, suit, or other proceeding affecting the Property. Grantor hereby appoints Lender as its attorney-in-fact to commence, intervene in, and defend such actions, suits, or other legal proceedings and to compromise or settle any claim or controversy pertaining thereto. Lender shall not be liable to Grantor for any action, error, mistake, omission or delay pertaining to the actions described in this paragraph or any damages resulting therefrom. Nothing contained herein will prevent Lender from taking the actions described in this paragraph in its own name. Grantor will cooperate and assist Lender in any action hereunder.

16. INDEMNIFICATION. Lender shall not assume or be responsible for the performance of any of Grantor's obligations with respect to the Property under any circumstances. Grantor shall immediately provide Lender and its shareholders, directors, officers, employees and agents with written notice of and indemnify and hold Lender harmless from all claims, damages, liabilities (including attorneys' fees and legal expenses), causes of action, actions, suits and other legal proceedings (cumulatively "Claims") pertaining to the Property (including, but not limited to, those involving Hazardous Materials). Grantor, upon the request of Lender, shall hire legal counsel to defend Lender from such Claims, and pay the attorneys' fees, legal expenses (to the extent permitted by applicable law) and other costs incurred in connection therewith. In the alternative, Lender shall be entitled to employ its own legal counsel to defend such Claims at Grantor's cost. Grantor's obligation to indemnify Lender under this paragraph shall survive the termination, release or foreclosure of this Deed of Trust.

17. TAXES AND ASSESSMENTS. Grantor shall pay all taxes and assessments relating to Property when due. Upon the request of Lender, Grantor shall deposit with Lender each month one-twelfth (1/12) of the estimated annual insurance premium, taxes and assessments pertaining to the Property as estimated by Lender to the extent permitted by law. So long as there is no default, these amounts shall be applied to the payment of taxes, assessments and insurance as required on the Property. In the event of default, Lender shall have the right, at its sole option, to apply the funds so held to pay any taxes or against the Obligations. Any funds applied may, at Lender's option, be applied in reverse order of the due date thereof.

18. INSPECTION OF PROPERTY, BOOKS, RECORDS AND REPORTS. Grantor shall allow Lender or its agents to examine and inspect the Property and examine, inspect and make copies of Grantor's books and records pertaining to the Property from time to time. Grantor shall provide any assistance required by Lender for these purposes. All of the signatures and information contained in Grantor's books and records shall be genuine, true, accurate and complete in all respects. Grantor shall note the existence of Lender's beneficial interest in its books and records pertaining to the Property. Additionally, Grantor shall report, in a form satisfactory to Lender, such information as Lender may request regarding Grantor's financial condition or the Property. The information shall be for such periods, shall reflect Grantor's records at such time, and shall be rendered with such frequency as Lender may designate. All information furnished by Grantor to Lender shall be true, accurate and complete in all respects, and signed by Grantor if Lender requests.

19. ESTOPPEL CERTIFICATES. Within ten (10) days after any request by Lender, Grantor shall deliver to Lender, or any intended transferee of Lender's rights with respect to the Obligations, a signed and acknowledged statement specifying (a) the outstanding balance on the Obligations; and (b) whether Grantor possesses any claims, defenses, set-offs or counterclaims with respect to the Obligations and, if so, the nature of such claims, defenses, set-offs or counterclaims. Grantor will be conclusively bound by any representation that Lender may make to the intended transferee with respect to these matters in the event that Grantor fails to provide the requested statement in a timely manner.



20. **DEFAULT.** Grantor shall be in default under this Deed of Trust in the event that Grantor, Borrower, or any guarantor of any Obligation:

- (a) fails to pay any Obligation to Lender when due;
- (b) fails to perform any Obligation or breaches any warranty or covenant to Lender contained in this Deed of Trust or any other present or future, written or oral, agreement;
- (c) allows the Property to be damaged or destroyed in any material respect, lost or stolen or subjected to seizure or confiscation;
- (d) seeks to revoke, terminate or otherwise limit its liability under any debt instrument or guaranty to Lender;
- (e) becomes insolvent, makes an assignment for the benefit of creditors, files a petition under the federal bankruptcy laws, has an involuntary petition in bankruptcy filed in which Grantor, Borrower or any guarantor is named or has property taken under any writ or process of court;
- (f) allows goods to be used on, transported or stored on the Property, the possession, transportation, or use of which, is illegal;
- (g) allows any party other than Grantor or Borrower to assume or undertake any Obligation without the written consent of Lender; or
- (h) causes Lender to deem itself insecure due to a significant decline in the value of the Property.

21. **RIGHTS OF LENDER ON DEFAULT.** If there is a default under this Deed of Trust, Lender shall be entitled to exercise one or more of the following remedies without notice or demand (except as required by law):

- (a) to declare the Obligations immediately due and payable in full;
- (b) to collect the outstanding Obligations with or without resorting to judicial process;
- (c) to require Grantor to deliver and make available to Lender any personal property constituting the Property at a place reasonably convenient to Grantor and Lender;
- (d) to collect all of the rents, issues and profits of the Property from the date of default and thereafter;
- (e) to take immediate possession, management and control of the Property without seeking the appointment of a receiver;
- (f) to apply for and obtain the appointment of a receiver for the Property without regard to Grantor's financial condition or solvency, the adequacy of the Property to secure the payment and performance of the Obligations, or the existence of waste to the Property;
- (g) to foreclose this Deed of Trust;
- (h) to execute or cause Trustee to execute a written notice of such default and of his election to cause to be sold the herein described property to satisfy the obligations hereof, and shall cause such notice to be recorded in the office of the record of each county wherein said real property or some part thereof is situated. Notice of sale having been given as then required by law, and not less than the time then required by law having elapsed, Trustee, without demand on Grantor, shall sell said property at the time and place fixed by it in said notice of sale, either as a whole or in bidder for cash in lawful money of the United States, payable at time of sale. Trustee shall deliver to the purchaser its deed conveying the property so sold, but without any covenant or warranty express or implied. The recitals in such deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Grantor, Trustee, or Beneficiary, may purchase at such sale;
- (i) to set-off Grantor's Obligations against any amounts owed Grantor by Lender including, but not limited to, monies, instruments, and deposit accounts maintained with Lender; and
- (j) to exercise all other rights available to lender under any other written agreement or applicable law.

Lender's rights are cumulative and may be exercised together, separately, and in any order. In the event that Lender institutes an action seeking the recovery of any of the Property by way of a prejudgment remedy in an action against Grantor, Grantor waives the posting of any bond which might otherwise be required.

22. **APPLICATION OF FORECLOSURE PROCEEDS.** After deducting all costs, fees and expenses of Trustee and of this Trust, including cost of evidence of title and reasonable counsel fees in connection with sale, Trustee shall apply the proceeds of sale to payment of: all sums expended under the terms hereof, not then repaid, with accrued interest at the highest lawful rate permissible under Idaho law; all other sums then secured hereby; and the remainder, if any, to the person or persons legally entitled thereto.

23. **REIMBURSEMENT OF AMOUNTS EXPENDED BY LENDER.** Lender, at Lender's option, may expend funds (including attorneys' fees and legal expenses) to perform any act required to be taken by Grantor or to exercise any right or remedy of Lender under this Deed of Trust. Upon demand, Grantor shall immediately reimburse Lender for all such amounts expended by Lender together with interest thereon at the lower of the highest rate described in any Obligation or the highest rate allowed by law from the date of payment until the date of reimbursement. These sums shall be included in the definition of Obligations herein and shall be secured by the beneficial interest granted herein.

24. **APPLICATION OF PAYMENTS.** All payments made by or on behalf of Grantor may be applied against the amounts paid by Lender (including attorneys' fees and legal expenses) in connection with the exercise of its rights or remedies described in this Deed of Trust and then to the payment of the remaining Obligations in whatever order Lender chooses.

25. **POWER OF ATTORNEY.** Grantor hereby appoints Lender as its attorney-in-fact to endorse Grantor's name on all instruments and other documents pertaining to the Obligations or indebtedness. In addition, Lender shall be entitled, but not required, to perform any action or execute any document required to be taken or executed by Grantor under this Deed of Trust. Lender's performance of such action or execution of such documents shall not relieve Grantor from any Obligation or cure any default under this Deed of Trust. The powers of attorney described in this Deed of Trust are coupled with an interest and are irrevocable.

26. **SUBROGATION OF LENDER.** Lender shall be subrogated to the rights of the holder of any previous lien, security interest or encumbrance discharged with funds advanced by Lender regardless of whether these liens, security interests or other encumbrances have been released of record.

27. **COLLECTION COSTS.** Grantor agrees to pay to Lender, to the extent permitted by law, all costs and expenses incurred in collecting any amount due or enforcing any right or remedy under this Deed of Trust including reasonable attorneys' fees (including representation in any bankruptcy proceedings), and collection costs.

28. **RELEASES.** Lender may release its interest in a portion of the Property by executing and recording one or more partial releases without affecting its interest in the remaining portion of the Property. Nothing herein shall be deemed to obligate Lender to release any of its interest in the Property. Grantor shall be responsible for payment of all costs of reconveyance, including recording fees and Trustee's fees, prior to such reconveyance.

29. **MODIFICATION AND WAIVER.** The modification or waiver of any of Grantor's Obligations or Lender's rights under this Deed of Trust must be contained in a writing signed by Lender. Lender may perform any of Borrower's or Grantor's Obligations, delay or fail to exercise any of its rights or accept payments from Grantor or anyone other than Grantor without causing a waiver of those Obligations or rights. A waiver on one occasion shall not constitute a waiver on any other occasion. Grantor's Obligations under this Deed of Trust shall not be affected if Lender amends, compromises, exchanges, fails to exercise, impairs or releases any of the Obligations belonging to any Grantor, Borrower or third party or any of its rights against any Grantor, Borrower or third party or any of the Property.

30. **SUCCESSORS AND ASSIGNS.** This Deed of Trust shall be binding upon and inure to the benefit of Grantor and Lender and their respective successors, assigns, trustees, receivers, administrators, personal representatives, legatees and devisees.

31. **NOTICES.** Any notice or other communication to be provided under this Deed of Trust shall be in writing and sent to the parties at the addresses described in this Deed of Trust or such other address as the parties may designate in writing from time to time. Any such notice so given and sent by certified mail, postage prepaid, shall be deemed given three (3) days after such notice is sent and, in the case of any other means of delivery, such notice shall be deemed given when received by the person to whom such notice is being given.

32. **SEVERABILITY.** If any provision of this Deed of Trust violates the law or is unenforceable, the rest of the Deed of Trust shall continue to be valid and enforceable.

33. **APPLICABLE LAW.** This Deed of Trust shall be governed by the laws of the state where the Property is located. Grantor consents to the jurisdiction of any court located in such state.

34. **MISCELLANEOUS.** Grantor and Lender agree that time is of the essence. Grantor waives presentment, demand for payment, notice of dishonor and protest except as required by law. All references to Grantor in this Deed of Trust shall include all persons signing below. If there is more than one Grantor, their Obligations shall be joint and several. This Deed of Trust and any related documents represent the complete integrated understanding between Grantor and Lender pertaining to the terms and conditions of those documents.

35. **JURY TRIAL WAIVER.** GRANTOR HEREBY WAIVES ANY RIGHT TO TRIAL BY JURY IN ANY CIVIL ACTION ARISING OUT OF THIS DEED OF TRUST OR THE PROPERTY SECURING THIS DEED OF TRUST.

35. ADDITIONAL TERMS.

Pursuant to Idaho Code Section 9-505(5), a promise or commitment to lend money or to grant or extend credit in an original principal amount of \$50,000 or more must be in a signed writing or the agreement is invalid.

Grantor acknowledges that Grantor has read, understands, and agrees to the terms and conditions of this Deed of Trust.

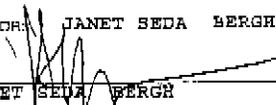
Dated: OCTOBER 13, 2000

GRANTOR: DAVID M. BERGH

GRANTOR: JANET SEDA BERGH



DAVID M. BERGH



JANET SEDA BERGH

GRANTOR:

GRANTOR:

GRANTOR:

GRANTOR:

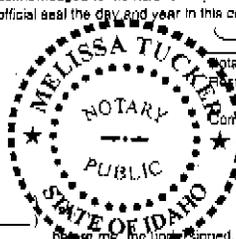
GRANTOR:

GRANTOR:

INDIVIDUAL NOTARY
STATE OF IDAHO

On this 15th day of October, 2008, before me, the undersigned notary public in and for said State, personally appeared David M. Grant & Sara Grant whose name(s) is/are subscribed to the within instrument, and acknowledged to me he/she/they executed the same.

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



Melissa Tucker
Notary Public for Idaho
Residing at Boise Idaho
Commission expires: 5-21-08

PARTNERSHIP NOTARY
STATE OF IDAHO

On this _____ day of _____, 20____, before me, the undersigned, a notary public in and for said State, personally appeared _____, known or identified to me to be one of the partners in the partnership of _____ and the partner who subscribed said partnership name on the within foregoing instrument, and acknowledged to me that _____ executed the same in said partnership name.

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

Notary Public for Idaho
Residing at:
Commission expires:

CORPORATE NOTARY
STATE OF IDAHO

On this _____ day of _____, 20____, before me, the undersigned notary public in and for said state, personally appeared _____ and _____, known or identified to me to be the _____ of _____ the corporation that executed the within instrument or the person who executed the same on behalf of said corporation, and acknowledged to me that said corporation executed the same.

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

Notary Public for Idaho
Residing at:
Commission expires:

SCHEDULE A

The street address of the Property (if applicable) is: **870 TUMBLEWEED "A" AND "B" MOUNTAIN HOME, ID 83647**

The legal description of the Property is:

A PARCEL OF LAND BEING IN THE NE1/4 OF THE NE1/4 OF SECTION 26, TOWNSHIP 3 SOUTH, RANGE 6 EAST, BOISE MERIDIAN, ELMORE COUNTY, IDAHO AND MORE PARTICULARLY DESCRIBED AS FOLLOWS: COMMENCING AT THE BRASS CAP MARKING THE CORNER COMMON TO SECTIONS 23, 24, 25 AND 26, TOWNSHIP 3 SOUTH, RANGE 6 EAST, BOISE MERIDIAN, ELMORE COUNTY, IDAHO; THENCE SOUTH 0 DEGREES 05' 00" EAST 663.90 FEET ALONG THE LINE COMMON TO SAID SECTIONS 26 AND 25 TO AN IRON PIN; THENCE NORTH 89 DEGREES 46' 08" WEST 661.64 FEET TO AN IRON PIN IN A PIPE, SAID POINT BEING THE NORTHEAST CORNER OF TRAILDUST SQUARE, AS FILED FOR RECORD IN THE OFFICE OF THE ELMORE COUNTY RECORDER, MOUNTAIN HOME, IDAHO; THENCE SOUTH 14 DEGREES 00' 12" EAST 334.68 FEET ALONG THE EAST LINE OF SAID TRAILDUST SQUARE TO AN IRON PIN, SAID POINT BEING THE REAL POINT OF BEGINNING; THENCE SOUTH 89 DEGREES 07' 36" EAST, 75.44 FEET TO AN IRON PIN; THENCE SOUTH 0 DEGREES 33' 59" EAST, 117.94 FEET TO A POINT, SAID POINT BEING WITNESSED BY AN IRON PIN WHICH BEARS SOUTH 42 DEGREES 05' 41" WEST 8.26 FEET FROM SAID POINT; THENCE SOUTH 42 DEGREES 05' 41" WEST 47.96 FEET TO AN IRON PIN; THENCE SOUTH 59 DEGREES 08' 11" WEST 50.00 FEET TO AN IRON PIN MARKING THE SOUTHEAST CORNER OF SAID TRAILDUST SQUARE; THENCE NORTH 0 DEGREES 29' 07" WEST 180.33 FEET TO THE REAL POINT OF BEGINNING.

SCHEDULE B

This instrument was prepared by: **IDAHO INDEPENDENT BANK**

After recording return to Lender.

EXHIBIT I
Equipment

20	TABLES
62	CHAIRS
4	BABY HIGH CHAIRS
1	SUPERIOR- TWO-DOOR REFRIGERATOR
1	SUPERIOR -TWO-DOOR FREEZER
1	MASTERBILT- TWO-DOOR FREEZER
1	BEVERAGE AIR- REFRIGERATOR
1	DELFIELD- THREE-DOOR REFRIGERATOR
2	SHELVED PASTRY RACKS - SIXTEEN SHELVES
1	STAINLESS STEEL FLOUR BIN ON WHEELS
1	GENERAL SLICING MACHINE
1	SPAR HEAVY DUTY MIXER - WITH ACCESSORIES
1	FOUR DRAWER BUTCHER BLOCK - BAKING TABLE
3	STORAGE RACKS 4X6
1	STORAGE RACK 5X6
1	STAINLESS STEEL 6X4 CART ON WHEELS
3	HANDCARTS ON WHEELS (ONE STAINLESS - TWO VINYL)
3	BAR STOOLS
4	FLOOR FANS
2	STOOLS - NO BACKS
1	APW WARMING TWO DRAWER OVEN
1	BEVERAGE AIR COOLER
	A VARIETY OF PLATES, FLATWARE, POTS, PANS, SERVING TRAYS, BAKING TRAYS, COOKING UTENSILS, SALT AND PEPPER SHAKERS, AND GENERAL RESTAURANT ITEMS
2	DESKS IN BASEMENT
1	CASH REGISTER
	SOAP DISPENSERS
	BOXES OF NAPKINS
	STYROFOAM FOOD CONTAINERS AND GLASSES FOR TAKE HOME
	BAR GLASSES
	RESTAURANT GLASSES

EXHIBIT I