

**United States Bankruptcy Court**

**PROOF OF CLAIM**

District of Idaho

In re (Name of Debtor)  
Vince R & Darci J Tullock

Case Number  
00-00774

NOTE: This form should not be used to make a claim for an administrative expense arising after the commencement of the case. A "request" for payment of an administrative expense may be filed pursuant to 11 U.S.C. § 503.

Name of Creditor  
(The person or other entity to whom the debtor owes money or property)  
Loan Works

Name and Address Where Notices Should be Sent  
LoanWorks  
155 N Lake Avenue  
Pasadena, CA 91101

Telephone No. (626) 535-5258

- Check box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars
- Check box if you have never received any notices from the bankruptcy court in this case.
- Check box if the address differs from the address on the envelope sent to you by the court.

ACCOUNT OR OTHER NUMBER BY WHICH CREDITOR IDENTIFIES DEBTOR  
1000512358

Check here if this claim  replaces a previously filed claim, dated:  amends

**1. BASIS FOR CLAIM**

- Goods sold
- Services performed
- Money loaned
- Personal injury/wrongful death
- Taxes
- Other (Describe briefly) **Promissory Note & Deed of Trust**

- Retiree benefits as defined in 11 U.S.C. § 1114 (a)
- Wages, salaries, and compensation (Fill out below)  
Your social security number \_\_\_\_\_  
Unpaid compensation for services performed  
from \_\_\_\_\_ to \_\_\_\_\_  
(date) (date)

**2. DATE DEBT WAS INCURRED**

8/1/99

**3. IF COURT JUDGMENT, DATE OBTAINED:**

**4. CLASSIFICATION OF CLAIM.** Under the Bankruptcy Code all claims are classified as one or more of the following: (1) Unsecured nonpriority, (2) Unsecured Priority, (3) Secured. It is possible for part of a claim to be in one category and part in another. CHECK THE APPROPRIATE BOX OR BOXES that best describe your claim and STATE THE AMOUNT OF THE CLAIM AT TIME CASE FILED.

**SECURED CLAIM** \$ 208,323.31  
Attach evidence of perfection of security interest  
Brief Description of Collateral:  
 Real Estate  Motor Vehicle  Other (Describe briefly)  
Amount of arrearage and other charges at time case filed included in secured claim above, if any \$ \_\_\_\_\_

**UNSECURED NONPRIORITY CLAIM** \$ \_\_\_\_\_  
A claim is unsecured if there is no collateral or lien on property of the debtor securing the claim or to the extent that the value of such property is less than the amount of the claim.

**UNSECURED PRIORITY CLAIM** \$ \_\_\_\_\_  
Specify the priority of the claim..

- Wages, salaries, or commissions (up to \$4000), \* earned not more than 90 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier 11 U.S.C. § 507(a)(3)
- Contributions to an employee benefit plan- U.S.C. § 507(a)(4)
- Up to \$1,800\* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use - 11 U.S.C. § 507(a)(6)
- Alimony, maintenance, or support owed to a spouse, former spouse, or child-11 U.S.C § 507 (a) (7)
- Taxes or penalties of governmental units - 11 U.S.C. § 507(a)(8)
- Other-Specify applicable paragraph of 11 U.S.C. § 507(a) \_\_\_\_\_  
\*Amounts are subject to adjustment on 4/11/98 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.

**5. TOTAL AMOUNT OF CLAIM AT TIME CASE FILED:** \$ \_\_\_\_\_ (Unsecured) \$ 208,323.31 (Secured) \$ \_\_\_\_\_ (Priority)

\$ 208,323.31  
(Total)

Check this box if claim includes charges in addition to the principal amount of the claim. Attach itemized statement of all additional charges.

**6. CREDITS AND SETOFFS:** The amount of all payments on this claim has been credited and deducted for the purpose of making this proof of claim. In filing this claim, claimant has deducted all amounts that claimant owes to debtor.

**7. SUPPORTING DOCUMENTS:** Attach copies of supporting documents, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, court judgments, or evidence of security interests. If the documents are not available, explain. If the documents are voluminous, attach a summary.

**8. TIME-STAMPED COPY:** To receive an acknowledgement of the filing of your claim, enclose a stamped, self-addressed envelope and copy of this proof of claim.

Date \_\_\_\_\_

Sign and print the name and title, if any, of the creditor or other person authorized to file this claim (attach copy of power of attorney, if any)  
  
Raymond Abella

U.S. COURTS

2000 JUL 20 PM 2 00

RECORDED FILED  
DARRELL S. BURKE,  
CLERK, IDAHO

THIS SPACE IS FOR COURT USE ONLY

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LOANWORKS  
EXHIBIT "A"  
TOTAL INDEBTEDNESS

LOAN NUMBER: 1000512358  
CASE NUMBER: 00-00774

TOTAL INDEBTEDNESS AS OF : July 12, 2000

PRINCIPAL BALANCE:		<u>\$206,412.16</u>
INTEREST TO DATE: PER DIEM :	<u>42.41</u>	<u>1,756.63</u>
IMPOUND DEFICIT/BALANCE:		<u>                    </u>
LATE CHARGES:		<u>154.52</u>
SERVICE CHARGES:		<u>                    </u>
ADVANCES:		
INSURANCE:		<u>                    </u>
TAXES		<u>                    </u>
BANKRUPTCY/LEGAL FEES/COSTS		<u>                    </u>
FORECLOSURE FEES/COSTS		<u>                    </u>
DRIVE BY APPRAISAL FEE		<u>                    </u>
PROPERTY INSPECTION FEES		<u>                    </u>
BK DOCUMENT FEES		<u>                    </u>
MISC:		<u>                    </u>
LESS UNAPPLIED BALANCES:		<u>                    </u>
<b>TOTAL INDEBTEDNESS</b>		<b><u><u>\$208,323.31</u></u></b>

*OK Grant*

APP

981888  
9818070

WHEN RECORDED MAIL TO:  
INMC MORTGAGE HOLDINGS, INC.  
155 NORTH LAKE AVENUE /ATTN: CLCA CONSUMER  
PASADENA, CA 91101  
ATTN: CONSTRUCTION LENDING DIV

THIS DEED OF TRUST IS TO BE INDEXED NOT ONLY AS A MORTGAGE, BUT ALSO AS A FIXTURE FILING.

SPACE ABOVE THIS LINE FOR RECORDER'S USE

Loan #: CTP-324413  
Order#: 98017585 TC/RR  
PARCEL I.D.#: R 33973000 0

**CONSTRUCTION AND PERMANENT  
DEED OF TRUST AND FIXTURE FILING**

THIS CONSTRUCTION AND PERMANENT DEED OF TRUST AND FIXTURE FILING ("Security Instrument") is made on **MAY 8, 1998**. The grantor is **VINCE R. TULLOCK AND DARCI J.K. TULLOCK, HUSBAND AND WIFE**

("Borrower"). The trustee is **ALLIANCE TITLE AND ESCROW COPORATION,**

("Trustee"). The beneficiary is **INMC MORTGAGE HOLDINGS, INC.**  
**A DELAWARE CORPORATION**  
which is organized and existing under the laws of **DELAWARE**  
**155 NORTH LAKE AVENUE**  
**PASADENA, CA 91101**  
("Lender").

, and whose address is

Borrower owes Lender the principal sum of **TWO HUNDRED EIGHT THOUSAND AND NO/100** Dollars (U.S.\$ **208,000.00**). This debt is evidenced by Borrower's note dated the same date as this Security Instrument ("Note"), which provides for monthly payments, with the full debt, if not paid earlier, due and payable on the "Maturity Date" referred to in the Construction Rider attached hereto or as subsequently certified

RECORDERED  
98 MAY 15 PM 4 54  
NED J KERR  
CANYON CNTY RECORDER  
BY *[Signature]*  
REQUEST ALLIANCE - NAMPA  
TYPE LCC-F FEE ---

9818088

1 9818070

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**IDAHO**

**LEGAL DESCRIPTION ATTACHED HERETO AND MADE A PART HEREOF.**

which has the address of

8200 HIGHWAY 44  
MIDDLETON, ID 83644

("Property Address");

TOGETHER WITH all the improvements now or hereafter erected on the property, and all easements, appurtenances, and fixtures now or hereafter a part of the property. All replacements and additions shall also be covered by this Security Instrument. All of the foregoing is referred to in this Security Instrument as the "Property."

BORROWER COVENANTS that Borrower is lawfully seized of the estate hereby conveyed and has the right to grant and convey the Property and that the Property is unencumbered, except for encumbrances of record. Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to any encumbrances of record.

THIS SECURITY INSTRUMENT combines uniform covenants for national use and non-uniform covenants with limited variations by jurisdiction to constitute a uniform security instrument covering real property.

**UNIFORM COVENANTS.** Borrower and Lender covenant and agree as follows:

1. **Payment of Principal and Interest; Prepayment and Late Charges.** Borrower shall promptly pay when due the principal of and interest on the debt evidenced by the Note and any prepayment and late charges due under the Note.

2. **Funds for Taxes and Insurance.** Subject to applicable law or to a written waiver by Lender, Borrower shall pay to Lender on the day monthly payments are due under the Note until the Note is paid in full, a sum ("Funds") for: (a) yearly taxes and assessments which may attain priority over this Security Instrument as a lien on the Property; (b) yearly leasehold payments or ground rents on the Property, if any; (c) yearly hazard or property insurance premiums; (d) yearly flood insurance premiums, if any; (e) yearly mortgage insurance premiums, if any; and (f) any sums payable by Borrower to Lender, in accordance with the provisions of paragraph 8 below in lieu of the payment of mortgage insurance premiums. These items are called "Escrow Items." Lender may, at any time, collect and hold Funds in an amount not to exceed the maximum amount a lender for a federally related mortgage loan may require for Borrower's escrow account under the federal Real Estate Settlement Procedures Act of 1974 as amended from time to time, 12 U.S.C. Section 2601 et seq. ("RESPA"), unless another law that applies to the Funds sets a lesser amount. If so, Lender may at any time, collect and hold Funds in an amount not to exceed the lesser amount. Lender may estimate the amount of Funds due on the basis of current data and reasonable estimates of expenditures of future Escrow Items or otherwise in accordance with applicable law.

The Funds shall be held in an institution whose deposits are insured by a federal agency, instrumentality, or entity (including Lender, if Lender is such an institution) or in any Federal Home Loan Bank. Lender shall apply the Funds to pay the Escrow Items. Lender may not charge Borrower for holding and applying the Funds, annually analyzing the escrow account, or verifying the Escrow Items, unless Lender pays Borrower interest on the Funds and applicable law permits Lender to make such a charge. However, Lender may require Borrower to pay a one-time charge for an independent real estate tax reporting service used by Lender in connection with this loan unless applicable law provides otherwise. Unless an agreement is made or applicable law requires interest to be paid, Lender shall not be required to pay Borrower any interest or earnings on the Funds. Borrower and Lender may agree in writing, however, that interest shall be paid on the Funds. Lender shall give to Borrower, without charge, an annual accounting of the Funds showing credits and debits to the Funds and the purpose for which each debit to the Funds was made. The Funds are pledged as additional security for all sums secured by this Security Instrument.

If the Funds held by Lender exceed the amount permitted to be held by applicable law, Lender shall account to Borrower for the excess Funds in accordance with the requirements of applicable law. If the amount of the Funds held by Lender at any time is not sufficient to pay the Escrow Items when due, Lender may so notify Borrower in writing, and, in such case Borrower shall pay to Lender the amount necessary to make up the

deficiency. Borrower shall make up the deficiency in no more than twelve monthly payments, at Lender's sole discretion.

Upon payment in full of all sums secured by this Security Instrument, Lender shall promptly refund to Borrower any Funds held by Lender. If, under paragraph 21 below, Lender shall acquire or sell the Property, Lender, prior to the acquisition or sale of the Property, shall apply any Funds held by Lender at the time of acquisition or sale as a credit against the sums secured by this Security Instrument.

**3. Application of Payments.** Unless applicable law provides otherwise, all payments received by Lender under paragraphs 1 and 2 above shall be applied: first, to any prepayment charges due under the Note; second, to amounts payable under paragraph 2 above; third, to interest due; fourth, to principal due; and last, to any late charges due under the Note.

**4. Charges; Liens.** Borrower shall pay all taxes, assessments, charges, fines and impositions attributable to the Property which may attain priority over this Security Instrument, and leasehold payments or ground rents, if any. Borrower shall pay these obligations in the manner provided in paragraph 2 above, or if not paid in that manner, Borrower shall pay them on time directly to the person owed payment. Borrower shall promptly furnish to Lender all notices of amounts to be paid under this paragraph. If Borrower makes these payments directly, Borrower shall promptly furnish to Lender receipts evidencing the payments.

Borrower shall promptly discharge any lien which has priority over this Security Instrument unless Borrower: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender; (b) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which in the Lender's opinion operate to prevent the enforcement of the lien; or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to this Security Instrument. If Lender determines that any part of the Property is subject to a lien which may attain priority over this Security Instrument, Lender may give Borrower a notice identifying the lien. Borrower shall satisfy the lien or take one or more of the actions set forth above within 10 days of the giving of notice.

**5. Hazard or Property Insurance.** Borrowers shall keep the improvements now existing or hereafter erected on the Property insured against loss by fire, hazards included within the term "extended coverage" and any other hazards, including floods or flooding, for which Lender requires insurance. This insurance shall be maintained in the amounts and for the periods that Lender requires. The insurance carrier providing the insurance shall be chosen by Borrower subject to Lender's approval which shall not be unreasonably withheld. If Borrower fails to maintain coverage described above, Lender may, at Lender's option, obtain coverage to protect Lender's rights in the Property in accordance with paragraph 7 below.

All insurance policies and renewals shall be acceptable to Lender and shall include a standard mortgage clause. Lender shall have the right to hold the policies and renewals. If Lender requires, Borrower shall promptly give to Lender all receipts of paid premiums and renewal notices. In the event of loss, Borrower shall give prompt notice to the insurance carrier and Lender. Lender may make proof of loss if not made promptly by Borrower.

Unless Lender and Borrower otherwise agree in writing, insurance proceeds shall be applied to restoration or repair of the Property damaged, if the restoration or repair is economically feasible and Lender's security is not lessened. If the restoration or repair is not economically feasible or Lender's security would be lessened, the insurance proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with any excess paid to Borrower. If Borrower abandons the Property, or does not answer within 30 days a notice from Lender that the insurance carrier has offered to settle a claim, then Lender may collect the insurance proceeds. Lender may use the proceeds to repair or restore the Property or to pay sums secured by this Security Instrument, whether or not then due. The 30-day period will begin when the notice is given.

Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in paragraphs 1 and 2 above or change the amount of the payments. If under paragraph 21 below the Property is acquired by Lender, Borrower's right to any insurance policies and proceeds resulting from damage to the Property prior to the acquisition shall pass to Lender to the extent of the sums secured by this Security Instrument immediately prior to the acquisition.

**6. Occupancy, Preservation, Maintenance and Protection of the Property; Borrower's Loan Application; Leaseholds.** Borrower shall occupy, establish, and use the Property as Borrower's principal residence within sixty days after the "Permanent Loan Commencement Date" referred to in the Construction Rider attached hereto and shall continue to occupy the Property as Borrower's principal residence for at least one year after the date of occupancy, unless Lender otherwise agrees in writing, which consent shall not be unreasonably withheld, or unless extenuating circumstances exist which are beyond Borrower's control. Borrower shall not

destroy, damage or impair the Property, allow the Property to deteriorate, or commit waste on the Property. Borrower shall be in default if any forfeiture action or proceeding, whether civil or criminal, is begun that in Lender's good faith judgment could result in forfeiture of the Property or otherwise materially impair the lien created by this Security Instrument or Lender's security interest. Borrower may cure such a default and reinstate, as provided in paragraph 18 below, by causing the action or proceeding to be dismissed with a ruling that, in Lender's good faith determination, precludes forfeiture of the Borrower's interest in the Property or other material impairment of the lien created by this Security Instrument or Lender's security interest. Borrower shall also be in default if Borrower, during the loan application process, gave materially false or inaccurate information or statements to Lender (or failed to provide Lender with any material information) in connection with the loan evidenced by the Note, including, but not limited to, representations concerning Borrower's occupancy of the Property as a principal residence. If this Security Instrument is on a leasehold, Borrower shall comply with all provisions of the lease. If Borrower acquires fee title to the Property, the leasehold and the fee title shall not merge unless Lender agrees to the merger in writing.

**7. Protection of Lender's Rights in the Property.** If Borrower fails to perform the covenants and agreements contained in this Security Instrument, or there is a legal proceeding that may significantly affect Lender's rights in the Property (such as a proceeding in bankruptcy, probate, for condemnation or forfeiture or to enforce laws or regulations), then Lender may do and pay for whatever is necessary to protect the value of the Property and Lender's rights in the Property. Lender's actions may include paying any sums secured by a lien which has priority over this Security Instrument, appearing in court, paying reasonable attorneys' fees and entering on the Property to make repairs. Although Lender may take action under this paragraph 7, Lender does not have to do so.

Any amounts disbursed by Lender under this paragraph 7 shall become additional debt of Borrower secured by this Security Instrument. Unless Borrower and Lender agree to other terms of payment, these amounts all bear interest from the date of disbursement at the Note rate and shall be payable, with interest, upon notice from Lender to Borrower requesting payment.

**8. Mortgage Insurance.** If Lender required mortgage insurance as a condition of making the loan secured by this Security Instrument, Borrower shall pay the premiums required to maintain the mortgage insurance in effect. If, for any reason, the mortgage insurance coverage required by Lender lapses or ceases to be in effect, Borrower shall pay the premiums required to obtain coverage substantially equivalent to the mortgage insurance previously in effect, at a cost substantially equivalent to the cost to Borrower of the mortgage insurance previously in effect, from an alternate mortgage insurer approved by Lender. If substantially equivalent mortgage insurance coverage is not available, Borrower shall pay to Lender each month a sum equal to one-twelfth of the yearly mortgage insurance premiums being paid by Borrower when the insurance coverage lapsed or ceased to be in effect. Lender will accept or retain these payments as a loss reserve in lieu of mortgage insurance, and such payments shall be irrevocable and non-refundable. Loss reserve payments may no longer be accepted, at the option of Lender, if mortgage insurance coverage (in the amount and for the period that Lender requires) provided by an insurer approved by Lender again becomes available and is obtained. Borrower shall pay the premiums required to maintain mortgage insurance in effect, or to provide a loss reserve, until the requirement for mortgage insurance terminates in accordance with any written agreement between Borrower and Lender or applicable law.

**9. Inspection.** Lender or its agent may make reasonable entries upon and inspection of the Property. Lender shall give Borrower notice at the time of or prior to inspection specifying reasonable cause for the inspection.

**10. Condemnation.** The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of any part of the Property, or for conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lender.

In the event of a total taking of the Property, the proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with any excess paid to Borrower. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is equal to or greater than the amount of the sums secured by this Security Instrument immediately before the taking, unless Borrower and Lender otherwise agree in writing, the sums secured by this Security Instrument shall be reduced by the amount of the proceeds multiplied by the following fraction: (a) the total amount of the sums secured immediately before the taking, divided by (b) the fair market value of the Property before the taking. Any balance shall be paid to Borrower. In the event of a partial taking of the Property in which the fair market value of the Property immediately before the taking is less than the amount of the sums secured immediately before the

taking, unless Borrower and Lender otherwise agree in writing or unless applicable law otherwise provides, the proceeds shall be applied to the sums secured by this Security Instrument whether or not the sums are then due.

If the Property is abandoned by Borrower, or if, after notice by Lender to Borrower that the condemnor offers to make an award or settle a claim for damages, Borrower fails to respond to Lender within 30 days after the date the notice is given, Lender is authorized to collect and apply the proceeds, at its option, either to restoration or repair of the Property or to the sums secured by this Security Instrument, whether or not then due.

Unless Lender and Borrower otherwise agree in writing, any application of proceeds to principal shall not extend or postpone the due date of the monthly payments referred to in paragraphs 1 and 2 above or change the amount of such payments.

**11. Borrower Not Released; Forbearance By Lender Not a Waiver.** Extensions of the time for payment or modification of amortization of the sums secured by this Security Instrument granted by Lender to any successor in interest of Borrower shall not operate to release the liability of the original Borrower or Borrower's successors in interest. Lender shall not be required to commence proceedings against any successor in interest or refuse to extend time for payment or otherwise modify amortization of the sums secured by this Security Instrument by reason of any demand made by the original Borrower or Borrower's successors in interest. Any forbearance by Lender in exercising any right or remedy shall not be a waiver of or preclude the exercise of any right or remedy.

**12. Successors and Assigns Bound; Joint and Several Liability; Co-signers.** The covenants and agreements of this Security Instrument shall bind and benefit the successors and assigns of Lender and Borrower, subject to the provisions of paragraph 17 below. Borrower's covenants and agreements shall be joint and several. Any Borrower who co-signs this Security Instrument but does not execute the Note: (a) is co-signing this Security Instrument only to mortgage, grant and convey that Borrower's interest in the Property under the terms of this Security Instrument; (b) is not personally obligated to pay the sums secured by this Security Instrument; and (c) agrees that Lender and any other Borrower may agree to extend, modify, forbear or make any accommodations with regard to the terms of this Security Instrument or the Note without that Borrower's consent.

**13. Loan Charges.** If the loan secured by this Security Instrument is subject to a law which sets maximum loan charges, and that law is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from Borrower which exceeded permitted limits will be refunded to Borrower. Lender may choose to make this refund by reducing the principal owed under the Note or by making a direct payment to Borrower. If a refund reduces principal, the reduction will be treated as a partial prepayment without any prepayment charge under the Note.

**14. Notices.** Any notice to Borrower provided for in this Security Instrument shall be given by delivering it or by mailing it by first class mail unless applicable law requires use of another method. The notice shall be directed to the Property Address or any other address Borrower designates by notice to Lender. Any notice to Lender shall be given by first class mail to Lender's address stated herein or any other address Lender designates by notice to Borrower. Any notice provided for in this Security Instrument shall be deemed to have been given to Borrower or Lender when given as provided in this paragraph.

**15. Governing Law; Severability.** This Security Instrument shall be governed by federal law and the law of the jurisdiction in which the Property is located. In the event that any provision or clause of this Security Instrument or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Security Instrument or the Note which can be given effect without the conflicting provision. To this end the provisions of this Security Instrument and the Note are declared to be severable.

**16. Borrower's Copy.** Borrower shall be given one conformed copy of the Note and of this Security Instrument.

**17. Transfer of the Property or a Beneficial Interest In Borrower.** If all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person) without Lender's prior written consent, Lender may, at its option, require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if exercise is prohibited by federal law as of the date of this Security Instrument.

If Lender exercises this option, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

**18. Borrower's Right to Reinstate.** If Borrower meets certain conditions, Borrower shall have the right to have enforcement of this Security Instrument discontinued at any time prior to the earlier of: (a) 5 days (or such other period as applicable law may specify for reinstatement) before sale of the Property pursuant to any power of sale contained in this Security Instrument; or (b) entry of a judgment enforcing this Security Instrument. Those conditions are that Borrower: (a) pays Lender all sums which then would be due under this Security Instrument and the Note as if no acceleration had occurred; (b) cures any default of any other covenants or agreements; (c) pays all expenses incurred in enforcing this Security Instrument, including, but not limited to, reasonable attorneys' fees; and (d) takes such action as Lender may reasonably require to assure that the lien of this Security Instrument, Lender's rights in the Property and Borrower's obligation to pay the sums secured by this Security Instrument shall continue unchanged. Upon reinstatement by Borrower, this Security Instrument and the obligations secured hereby shall remain fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration under paragraph 17 above.

**19. Sale of Note; Change of Loan Servicer.** The Note or a partial interest in the Note (together with this Security Instrument) may be sold one or more times without prior notice to Borrower. A sale may result in a change in the entity (known as the "Loan Servicer") that collects monthly payments due under the Note and this Security Instrument. There also may be one or more changes of the Loan Servicer unrelated to a sale of the Note. If there is a change of the Loan Servicer, Borrower will be given written notice of the change in accordance with paragraph 14 above and applicable law. The notice will state the name and address of the new Loan Servicer and the address to which payment should be made. The notice will also contain any other information required by applicable law.

**20. Hazardous Substances.** Borrower shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances on or in the Property. Borrower shall not do, nor allow anyone else to do, anything affecting the Property that is in violation of any Environmental Law. The preceding two sentences shall not apply to the presence, use, or storage on the Property of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal residential uses and to maintenance of the Property.

Borrower shall promptly give Lender written notice of any investigation, claim, demand, lawsuit or other action by any governmental or regulatory agency or private party involving the Property and any Hazardous Substance or Environmental Law of which Borrower has actual knowledge. If Borrower learns, or is notified by any governmental or regulatory authority, that any removal or other remediation of any Hazardous Substance affecting the Property is necessary, Borrower shall promptly take all necessary remedial actions in accordance with Environmental Law.

As used in this paragraph 20, "Hazardous Substances" are those substances defined as toxic or hazardous substances by Environmental Law and the following substances: gasoline, kerosene, other flammable toxic petroleum products, toxic pesticides and herbicides, volatile solvents or materials containing asbestos or formaldehyde and radioactive materials. As used in this paragraph 20, "Environmental Law" means federal laws and laws of the jurisdiction where the Property is located that relate to health, safety or environmental protection.

**NON-UNIFORM COVENANTS.** Borrower and Lender further covenant and agree as follows:

**21. Acceleration; Remedies.** Lender shall give notice to Borrower prior to acceleration following Borrower's breach of any covenant or agreement in this Security Instrument (but not prior to acceleration under paragraph 17 above unless applicable law provides otherwise). The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, not less than 30 days from the date the notice is given to Borrower, by which the default must be cured; and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Security Instrument and sale of the Property. The

notice shall further inform Borrower of the right to reinstate after acceleration and the right to bring a court action to assert the non-existence of a default or any other defense of Borrower to acceleration and sale. If the default is not cured on or before the date specified in the notice, Lender at its option may require immediate payment in full of all sums secured by this Security Instrument without further demand and may invoke the power of sale and any other remedies permitted by applicable law. Lender shall be entitled to collect all expenses incurred in pursuing the remedies provided in this paragraph 21, including, but not limited to, reasonable attorneys' fees and costs of title evidence.

If Lender invokes the power of sale, Lender shall execute or cause Trustee to execute a written notice of the occurrence of an event of default and of Lender's election to cause the Property to be sold. Trustee shall cause this notice to be recorded in each county in which any part of the Property is located. Lender or Trustee shall mail copies of the notice as prescribed by applicable law to Borrower and to the other persons prescribed by applicable law. Trustee shall give public notice of sale to the persons and in the manner prescribed by applicable law. After the time required by applicable law, Trustee, without demand on Borrower, shall sell the Property at public auction to the highest bidder at the time and place and under the terms designated in the notice of sale in one or more parcels and in any order Trustee determines. Trustee may postpone sale of all or any parcel of the Property by public announcement at the time and place of any previously scheduled sale. Lender or its designee may purchase the Property at any sale.

Trustee shall deliver to the purchaser a Trustee's deed conveying the Property without any covenant or warranty, expressed or implied. The recitals in the Trustee's deed shall be prima facie evidence of the truth of the statements made therein. Trustee shall apply the proceeds of the sale in the following order: (a) to all expenses of the sale, including, but not limited to, reasonable Trustee's and attorneys' fees; (b) to all sums secured by this Security Instrument; and (c) any excess to the person or persons legally entitled to it.

**22. Reconveyance.** Upon payment of all sums secured by this Security Instrument, Lender shall request Trustee to reconvey the Property and shall surrender this Security Instrument and all notes evidencing debt secured by this Security Instrument to Trustee. Trustee shall reconvey the Property without warranty and may charge a fee for preparing and executing the Deed of Reconveyance to the person or persons legally entitled to it. Such person or persons shall pay any recordation costs.

**23. Substitute Trustee.** Lender, at its option, may from time to time appoint a successor trustee to any Trustee appointed hereunder by an instrument executed and acknowledged by Lender and recorded in the office of the Recorder of the county in which the Property is located. The instrument shall contain the name of the original Lender, Trustee and Borrower, the book and page where this Security Instrument is recorded and the name and address of the successor trustee. Without conveyance of the Property, the successor trustee shall succeed to all the title, powers and duties conferred upon the Trustee herein and by applicable law. This procedure for substitution of trustee shall govern to the exclusion of all other provisions for substitution.

**24. Requests for Notices.** Borrower requests that copies of the notices of default and sale be sent to Borrower's address which is the Property Address.

**25. Area or Location of Property.** The Property is either located within an incorporated city or village at the date hereof, or contains not more than twenty acres.

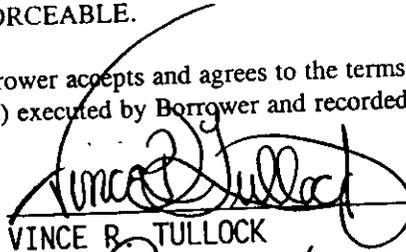
**26. Riders to this Security Instrument.** If one or more riders are executed by Borrower and recorded together with this Security Instrument, the covenants and agreements of each such rider shall be incorporated into and shall amend and supplement the covenants and agreements of this Security Instrument as if the rider(s) were part of this Security Instrument.

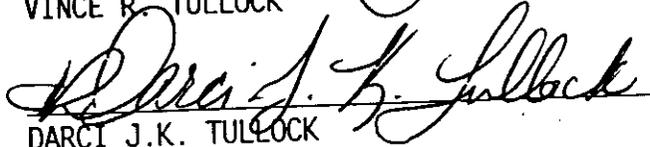
[Check applicable box(es)]

- |   |  |   |
|---|--|---|
| <input checked="" type="checkbox"/> Adjustable Rate Rider | <input type="checkbox"/> Condominium Rider                 | <input type="checkbox"/> 1-4 Family Rider       |
| <input type="checkbox"/> Graduated Payment Rider          | <input type="checkbox"/> Planned Unit Development Rider    | <input type="checkbox"/> Biweekly Payment Rider |
| <input type="checkbox"/> Balloon Rider                    | <input checked="" type="checkbox"/> Rate Improvement Rider | <input type="checkbox"/> Second Home Rider      |
| <input type="checkbox"/> Misrepresentation Rider          | <input checked="" type="checkbox"/> Construction Rider     |   |

27. Statutory Disclosure. UNDER IDAHO LAW, 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, SUCH AS LENDER, MUST BE IN WRITING AND SIGNED BY LENDER TO BE ENFORCEABLE.

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Security Instrument and in any rider(s) executed by Borrower and recorded with it.

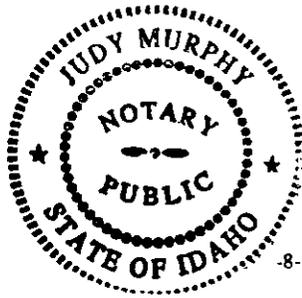
  
 VINCE R. TULLOCK 5-11-98  
 DATE

  
 DARCI J.K. TULLOCK 5-11-98  
 DATE

STATE OF IDAHO )  
 ) ss.  
 County of Canyon )

On this 11th day of May 1998, before me, the undersigned, a Notary Public in and for said State, personally appeared Vince R. TULLOCK + Darci J.K. Tullock known or identified to me to be the person whose name is subscribed to the within and foregoing instrument, and acknowledged to me that they executed the same.

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



Notary Public for Idaho  
 Residing at Emmett  
 My commission expires: 1-6-2004

Loan # CTP-324413

**ADJUSTABLE RATE RIDER**  
(1 Year Treasury Index - Rate Caps)

THIS ADJUSTABLE RATE RIDER is made this 8th day of May, 1998 and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust or Security Deed (the "Security Instrument") of the same date given by the undersigned ("Borrower") to secure Borrower's Adjustable Rate Note (the "Notes") to

**INMC MORTGAGE HOLDINGS, INC.,  
A DELAWARE CORPORATION**

(the "Lender") of the same date and covering the property described in the Security Instrument and located at:

8200 HIGHWAY 44  
MIDDLETON, ID 83644

[Property Address]

**THE NOTE CONTAINS PROVISIONS ALLOWING FOR CHANGES IN THE INTEREST RATE AND THE MONTHLY PAYMENT. THE NOTE LIMITS THE AMOUNT THE BORROWER'S INTEREST RATE CAN CHANGE AT ANY ONE TIME AND THE MAXIMUM RATE THE BORROWER MUST PAY.**

**ADDITIONAL COVENANTS.** In addition to the covenants and agreements made in the Security Instrument, Borrower and Lender further covenant and agree as follows:

**A. CONSTRUCTION LOAN**

The loan will be advanced to me pursuant to a Construction Loan Agreement between the Lender and me (the "Construction Loan Agreement"). The period of time commencing on the date hereof and ending on the last day of the month in which the "Completion Date" under

the Construction Loan Agreement occurs is referred to herein as the "Construction Period." The first day of the first month after the Completion Date occurs is referred to herein as the "Permanent Loan Commencement Date." The period of time commencing on the Permanent Loan Commencement Date and ending on the Maturity Date referred to in the Security Instrument is referred to herein as the "Permanent Loan Period." The Construction Rider attached to the Security Instrument sets forth the interest rate applicable during the Construction Period. The expiration of the Construction Period may be evidenced by the Lender's execution and recordation in the Official Records of the County where the Property is located of a supplement to the Security Instrument which includes a certification stating the Completion Date, the Permanent Loan Commencement Date, the Maturity Date, the principal balance of my loan on the Permanent Loan Commencement Date and the interest rate on my loan as of the Permanent Loan Commencement Date (which is subject to adjustment pursuant to Section B below). Any subsequent holder of the Security Instrument or the Note shall be entitled to rely thereon.

## **B. INTEREST RATE AND MONTHLY PAYMENT CHANGES**

### **(A) Change Dates**

Commencing on the Permanent Loan Commencement Date, I will pay interest at a yearly rate of 7.875 %. The interest rate may change on the 3rd anniversary of the Permanent Loan Commencement Date, and on that day every 12th month thereafter. Each date on which my interest rate could change is called a "Change Date."

### **(B) The Index**

Beginning with the first Change Date, my interest rate will be based on an Index. The "Index" is the weekly average yield on United States Treasury securities adjusted to a constant maturity of 1 year, as made available by the Federal Reserve Board. The most recent Index figure available as of the date 45 days before each Change Date is called the "Current Index."

If the Index is no longer available, the Note Holder will choose a new index. The Note Holder will give me notice of this choice.

### **(C) Calculation of Changes**

Before each Change Date, the Note Holder will calculate my new interest rate by adding **TWO AND SEVEN EIGHTHS** percentage points (2.875 %) to the Current Index. The Note Holder will then round the result of this addition to the nearest one-eighth of one percentage point (0.125%). Subject to the limits stated in Section (D) below, this rounded amount will be my new interest rate until the next Change Date.

The Note Holder will then determine the amount of the monthly payment that would be sufficient to repay the unpaid principal that I am expected to owe at the Change Date in full on the Maturity Date at my new interest rate in substantially equal payments. The result of this calculation will be the new amount of my monthly payment.

**(D) Limits on Interest Rate Changes**

The interest rate I am required to pay at the first Change Date will not be greater than 12.875 % or less than 2.875 %. Thereafter, my interest rate will never be increased or decreased on any single Change Date by more than two percentage points (2.0%) from the rate of interest I have been paying for the preceding 12 months. My interest rate will never be greater than 13.875 %.

**(E) Effective Date of Changes**

My new interest rate will become effective on each Change Date. I will pay the amount of my new monthly payment beginning on the first monthly payment date after the Change Date until the amount of my monthly payment changes again.

**(F) Notice of Changes**

The Note Holder will deliver or mail to me a notice of any changes in my interest rate and the amount of my monthly payment before the effective date of any change. The notice will include information required by law to be given me and also the title and telephone number of a person who will answer any question I may have regarding the notice.

**C. TRANSFER OF THE PROPERTY OR A BENEFICIAL INTEREST IN BORROWER**

Uniform Covenant 17 of the Security Instrument is amended to read as follows:

**Transfer of the Property or a Beneficial Interest in Borrower.** If all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person) without Lender's prior written consent, Lender may, at its option, require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if exercise is prohibited by federal law as of the date of this Security Instrument. Lender also shall not exercise this option if: (a) Borrower causes to be submitted to Lender information required by Lender to evaluate the intended transferee as if a new loan were being made to the transferee; and (b) Lender reasonably determines that Lender's security will not be impaired by the loan assumption and that the risk of a breach of any covenant or agreement in this Security Instrument is acceptable to Lender.

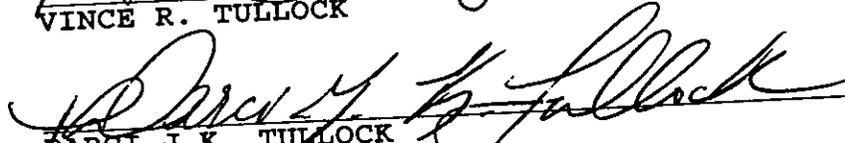
To the extent permitted by applicable law, Lender may charge a reasonable fee as a condition to Lender's consent to the loan assumption. Lender may also require the transferee to sign an assumption agreement that is acceptable to Lender and that obligates the transferee to keep all the promises and agreements made in the Note and in this Security Instrument. Borrower will continue to be obligated under the Note and this Security Instrument unless Lender releases Borrower in writing.

If Lender exercises the option to require immediate payment in full, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Adjustable Rate Rider.

  
VINCE R. TULLOCK

5-11-98  
DATE

  
DARCI J.K. TULLOCK

5-11-98  
DATE

Loan # CTP-324413

## CONSTRUCTION RIDER

THIS CONSTRUCTION Rider is made this  
8th day of May, 1998, and is incorporated into and shall be  
deemed to amend and supplement the Mortgage, Deed of Trust or Security Deed (the  
"Security Instrument") of the same date given by the undersigned ("Borrower") to secure  
Borrower's Adjustable Rate Note or Fixed Rate Note (the "Note") to

INMC MORTGAGE HOLDINGS, INC.,  
A DELAWARE CORPORATION

(the "Lender") of the same date and covering the property described in the Security  
Instrument and located at:

8200 HIGHWAY 44  
MIDDLETON, ID 83644

(Property Address)

**ADDITIONAL COVENANTS.** In addition to the covenants made in the  
Security Instrument, Borrower and Lender further covenant and agree as follows:

**1. CONSTRUCTION LOAN AGREEMENT.** Borrower shall promptly pay  
and perform when due all of Borrower's obligations under that certain Construction Loan  
Agreement, dated the same date as the Security Instrument (the "Construction Loan  
Agreement") and all amendments thereto. The loan evidenced by the Note will be

-1-

FORM INMC 911  
8-30-94

DDS-K91  
(Multistate)

advanced to Borrower pursuant to the Construction Loan Agreement. The period of time commencing on the date hereof and ending on the last day of the month in which the "Completion Date" under the Construction Loan Agreement occurs is referred to herein as the "Construction Period." If there is no "Adjustable Rate Rider" attached hereto the first day of the first month after the Completion Date occurs is referred to herein as the "Permanent Loan Commencement Date." If there is an Adjustable Rate Rider attached hereto, the "Permanent Loan Commencement Date" shall be the date referred to in such Adjustable Rate Rider. The period of time commencing on the Permanent Loan Commencement Date and ending on the Maturity Date described below is referred to herein as the "Permanent Loan Period." The expiration of the Construction Period may be evidenced by the Lender's execution and recordation in the Official Records of the County where the Property is located of a supplement to the Security Instrument which includes a certification stating the Completion Date, the Permanent Loan Commencement Date, the Maturity Date and the principal balance of the loan evidenced by the Note on the Permanent Loan Commencement Date. Any subsequent holder of the Security Instrument shall be entitled to rely on such certification.

**2. MATURITY DATE.** The indebtedness evidenced by the Note, if not earlier paid, shall become due and payable on 30 years after the Permanent Loan Commencement Date. That date is called the "Maturity Date."

**3. INTEREST RATE DURING CONSTRUCTION PERIOD.** During the Construction Period, the Note provides for an interest rate of 7.875%. This rate may change during the Permanent Loan Period as provided in the Note or in any other Rider attached to the Security Instrument.

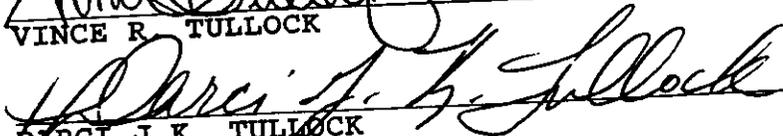
**4. BRIDGE LOAN NOTE.** Borrower agrees that if, as described in the Construction Loan Agreement, Borrower has obtained an additional "bridge" loan from Lender, then the Security Instrument secures, in addition to all obligations set forth therein, all obligations of Borrower under the note evidencing such bridge loan, which note is dated \_\_\_\_\_ and is in the original principal amount of \$ \_\_\_\_\_ [state date and amount or "not applicable"] (the "Bridge Loan Note") and all other documents relating thereto, and that all references in the Security Instrument to the "Note" or the indebtedness or debt secured by the Security Instrument shall include the Bridge Loan Note as well as all other notes referred to in the Security Instrument.

**5. SECURITY AGREEMENTS; FIXTURE FILING.** The term "Property" as used in this Security Instrument shall also include all building materials, appliances, equipment, machinery, goods and fixtures (collectively, "personal property") now or hereafter located on or attached or affixed to the real property described herein, the cost of which was paid, in whole or in part, from the proceeds of the loan made by Lender to Borrower pursuant to the Construction Loan Agreement, and Borrower hereby grants to Lender a security interest in and to the personal property and all proceeds hereof, pursuant to the Security Instrument and the Uniform Commercial Code of the state where the real property is located, and all rights and remedies of a secured party under the Uniform Commercial Code in the event of any breach of any covenant or agreement in the Security Instrument. Borrower shall execute and deliver such financing statements as Lender may request in order to perfect Lender's security interest in the personal property. The Security Instrument constitutes a fixture filing with respect to any and all fixtures or any goods which may now be or may hereafter become fixtures included within the term "Property."

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Construction Rider.

  
VINCE R. TULLOCK

5-11-98  
DATE

  
DARCI J.K. TULLOCK

5-11-98  
DATE

Loan # CTP-324413

## **RATE IMPROVEMENT RIDER** (Rate Improvement Option)

THIS RATE IMPROVEMENT RIDER is made this  
8th day of May, 1998 and is incorporated into and shall be deemed to  
amend and supplement the Mortgage, Deed of Trust or Security Deed (the "Security  
Instruments) of the same date given by the undersigned (the "Borrower") to secure Borrower's  
adjustable rate Note, with Addendum To Adjustable Rate Note, to  
INMC MORTGAGE HOLDINGS, INC.,  
A DELAWARE CORPORATION  
(the "Lender") of the same date (the "Note") and covering the property described in the  
Security Instrument and located at:

8200 HIGHWAY 44  
MIDDLETON, ID 83644

(Property Address)

### **ADDITIONAL COVENANTS**

In addition to the covenants and agreements made in the Security Instrument, Borrower  
and Lender further covenant and agree as follows:

#### **A. INTEREST RATE IMPROVEMENT OPTION**

The Note provides for the Borrower's option to reduce the initial interest rate  
applicable during the period commencing on the Permanent Loan Commencement Date and  
continuing for three (3) years thereafter, pursuant to Section 4(A) of the Note (the "Initial  
Interest Rate"), as follows:

-1-

## 1. Option to Reduce Interest Rate

I have a Rate Improvement Option that I can exercise unless I am in default or this Section A. I will not permit me to do so. The "Rate Improvement Option" is the option I may have to reduce the Initial Interest Rate I am required to pay by the Note to a new, reduced Initial Interest Rate calculated by the Note Holder under Section A.2 below.

The rate reduction can take place one time only and will be effective on the Permanent Loan Commencement Date. The date on which my Rate Improvement Option can take effect is called the "Rate Improvement Date." The rate of interest I will pay may change on the third anniversary of the Permanent Loan Commencement Date and each Change Date thereafter in accordance with the terms of the Note.

If I want to exercise the Rate Improvement Option, I also must first meet other conditions. Those conditions are that: (i) within five (5) days of the Completion Date, I must give the Note Holder notice that I want to do so; (ii) on the Rate Improvement Date, I must not be in default under the Note or the Security Instrument; and (iii) I must sign and give the Note Holder any documents the Note Holder requires to effect the rate reduction.

## 2. Calculation of Reduced Rate

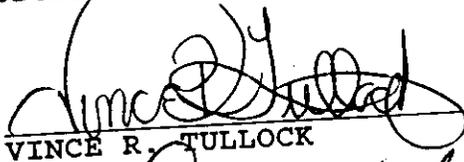
If the conditions in A.1 above are met, my new Initial Interest Rate will be determined by the Note Holder based on Independent National Mortgage Corporation's required net yield as of a date and time of day specified by the Note Holder for (i) if the original term of this Note is greater than 15 years, 30-year adjustable rate mortgages covered by applicable 30-day mandatory delivery commitments, plus one-quarter of one percentage point (0.250%) and any applicable adjustments, rounded up to the nearest one-eighth of one percentage point (0.125%), or (ii) if the original term of this Note is 15 years or less, 15-year adjustable rate mortgages covered by applicable 30-day mandatory delivery commitments, plus one-quarter of one percentage point (0.250%) and any applicable adjustments, rounded up to the nearest one-eighth of one percentage point (0.125%). If this required net yield cannot be determined because the applicable commitments are not available, the Note Holder will determine my new Initial Interest Rate by using comparable information.

## 3. New Payment Amount and Effective Date

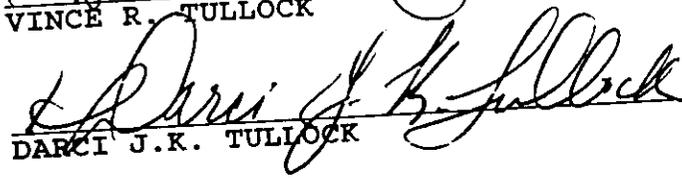
If I am permitted to exercise the Rate Improvement Option, the Note Holder will determine the amount of the monthly payment that would be sufficient to repay the unpaid principal I am expected to owe on the Rate Improvement Date in full on the Maturity Date of the Note at my new Initial Interest Rate in substantially equal payments. The result of this calculation will be the new amount of my monthly payment. Beginning with my first monthly payment after the Rate Improvement Date, I will pay the new amount as my monthly payment until the next Change Date. At any time on or after the Permanent Loan Commencement

Date, I hereby authorize the Note Holder to endorse upon this Note a certification stating the new interest rate and the new amount of my monthly payment.

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Rate Improvement Rider.

  
VINCE R. TULLOCK

5-11-98  
DATE

  
DARCI J.K. TULLOCK

5-11-98  
DATE

*(Sign Original Only)*

EXHIBIT "A"

A parcel of land located in the Southeast Quarter of the Northeast Quarter of Section 10, Township 4 North, Range 2 West of the Boise Meridian, in Canyon County, Idaho, being more particularly described as follows:

BEGINNING at the Northeast corner of said Section 10;  
thence

South 1 degrees 04'30" West along the East Section line of said Section 10, a distance of 1317.50 feet;  
thence

North 90 degrees 00' West along the 1/16 line, a distance of 721.45 feet; (formerly 717 feet); thence

South 1 degrees 23' West, a distance of 610.70 feet to the TRUE POINT OF BEGINNING; thence

South 80 degrees 50' West, a distance of 399.30 feet;  
thence

South 8 degrees 34' West a distance of 395.85 feet to the Northerly boundary line of the State Highway 44 right of way.

(This point is located on the State Highway Right-of-Way as follows:

COMMENCING at the Right-of-Way marker P.S. Sta. 367 + 35.4;  
thence

Southeasterly along a 1 degrees 00'00" spiral curve to the left, a distance of 198.95 feet to the P.S.C.;  
thence continuing

along a circular curve to the left whose radius is 5869.58 feet, a distance of 573.26 feet to the point on the property line.); thence

Southeasterly along State Highway Right-of-Way curve to the left whose radius is 5669.58 feet, a distance of 215.22 feet; thence

North 11 degrees 55' East perpendicular to 175.00 feet long chord of said curve (said chord starts at this point), a distance of 50 feet; thence

South 78 degrees 05' East parallel to 175.00 feet long chord of said curve, a distance of 175.00 feet; thence

South 11 degrees 55' West, a distance of 50.00 feet to the said State Highway Right-of-Way boundary; thence

Southeasterly along said Right-of-Way a curve to the left whose radius is 5669.58 feet, a distance of 60.60 feet;  
thence

North 1 degrees 23' East, a distance of 554.40 feet to the TRUE POINT OF BEGINNING.

EXCEPTING THEREFROM:

A parcel of land located in the Southeast Quarter of the Northeast Quarter of Section 10, Township 4 North, Range 2 West of the Boise Meridian, in Canyon County, Idaho, being more particularly described as follows:



Continuation of Exhibit A

Order No.:98017585 TC/RR

BEGINNING at the Northeast corner of said Section 10; thence South 1 degrees 04'30" West along the East Section line of said Section 10, a distance of 1317.50 feet; thence North 90 degrees 00' West along the 1/16 line, a distance of 721.45 feet; thence South 1 degrees 23' West, a distance of 610.70 feet; thence South 80 degrees 50' West, a distance of 346.81 feet to the TRUE POINT OF BEGINNING; continuing South 80 degrees 50' West, a distance of 52.49 feet; thence South 8 degrees 34' West, a distance of 395.85 feet to the Northerly boundary line of the State Highway 44 Right-of-Way.

(This point is located on the State Highway Right-of-Way as follows:

COMMENCING at the Right-of-Way marker P.S. Station 367 + 35.4; thence Southeasterly, along a 1 degrees 00' spiral curve to the left, a distance of 198.95 feet to the P.S.C.; thence continuing along a circular curve to the left whose radius is 5669.58 feet, a distance of 573.26 feet to the point on the property line.); thence Southeasterly, along State Highway Right-of-Way curve to the left whose radius is 5669.58 feet, a distance of 50.29 feet; thence North 8 degrees 34' East, a distance of 417.20 feet to the TRUE POINT OF BEGINNING.

EXCEPTING: The Mobile Home Located upon the land.

RECORDED  
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NED J KERR  
CANYON CNTY RECORDER  
BY  
ALLIANCE - NAMPA  
630°

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RECORDED  
D

**ADJUSTABLE RATE NOTE  
(Construction-To-Permanent Loan)**

Loan # CTP-324413

**THIS NOTE CONTAINS PROVISIONS ALLOWING FOR CHANGES IN MY INTEREST RATE AND MY MONTHLY PAYMENT. THIS NOTE LIMITS THE AMOUNT MY INTEREST RATE CAN CHANGE AT ANY ONE TIME AND THE MAXIMUM RATE I MUST PAY.**

MAY 8, 1998

PASADENA  
[City]

CALIFORNIA  
[State]

8200 HIGHWAY 44  
MIDDLETON, ID 83644  
[Property Address]

**1. BORROWER'S PROMISE TO PAY**

In return for a loan that I have received, I promise to pay U.S. \$ 208,000.00 or so much of such sum as has been advanced to me (this amount is called "principal"), plus interest, to the order of the Lender. The Lender is  
INMC MORTGAGE HOLDINGS, INC.  
A DELAWARE CORPORATION

I understand that the Lender may transfer this Note. The Lender or anyone who takes this Note by transfer and who is entitled to receive payments under this Note is called the "Note Holder."

The loan will be advanced to me pursuant to a Construction Loan Agreement between the Lender and me (the "Construction Loan Agreement"). The period of time commencing on the date of this Note and ending on the last day of the month in which the "Completion Date" under the Construction Loan Agreement occurs is referred to herein as the "Construction Period." The first day of the first month after the Completion Date occurs is referred to herein as the "Permanent Loan Commencement Date." The period of time commencing on the Permanent Loan Commencement Date and ending on the Maturity Date described below is referred to herein as the "Permanent Loan Period." The Construction Period Rider attached hereto sets forth certain terms applicable to this Note during the Construction Period only. After the Construction Period, that Rider shall no longer apply and this Note may be transferred without that Rider attached hereto. The expiration of the Construction Period may be evidenced by the Note Holder's endorsement of the Permanent Loan Commencement Date hereon, as permitted below. At any time on or after the Permanent Loan Commencement Date, I hereby authorize the Note Holder to endorse upon this Note a certification stating the Completion Date, the Permanent Loan Commencement Date, the Maturity Date, the principal balance of my loan on the Permanent Loan Commencement Date, the interest rate on my loan as of the Permanent Loan Commencement Date (which is subject to adjustment pursuant to Section 4 below), the amount of my monthly payment applicable as of the Permanent Loan Commencement Date (which is subject to adjustment pursuant to Section 4 below), the month in which my monthly payments during the Permanent Loan Period are to commence, and the first "Change Date" referred to in Section 4 below after the Permanent Loan Commencement Date. Any subsequent Note Holder shall be entitled to rely on such certification.

**2. INTEREST**

Interest will be charged on unpaid principal until the full amount of principal advanced to me has been paid. The interest rate I will pay during the Permanent Loan Period and thereafter until I pay the loan in full will be at the rate established in, and will change in accordance with, Section 4 of this Note.

The interest rate required by this Section 2 and Section 4 of this Note is the rate I will pay during the Permanent Loan Period both before and after any default described in this Note.

**3. PAYMENTS**

**(A) Time and Place of Payments**

During the Permanent Loan Period, I will pay principal and interest by making payments every month.

During the Permanent Loan Period, I will make my monthly payments on the first day of each month beginning one month after the Permanent Loan Commencement Date. I will make these payments every month until I have paid all of the principal and interest and any other charges described below that I may owe under this Note. My monthly payments will be applied to interest before principal. If, on the date which is 30 years after the Permanent Loan Commencement Date, I still owe amounts under this Note, I will pay those amounts in full on that date, which is called the "Maturity Date."

I will make my monthly payments at  
155 NORTH LAKE AVENUE,  
PASADENA, CA 91101  
or at a different place if required by the Note Holder.

**(B) Amount Of My Monthly Payments**

During the Permanent Loan Period, the amount of my monthly payment will be calculated on the Permanent Loan Commencement Date and on each Change Date (as defined below) to equal the amount of the monthly payment that would be sufficient to repay the unpaid principal that I owe at that date in full on the Maturity Date at the interest rate then applicable to this Note in substantially equal payments.

**(C) Monthly Payment Changes**

Changes in my monthly payment will reflect changes in the unpaid principal of my loan and in the interest rate that I must pay. The Note Holder will determine my new interest rate and the changed amount of my monthly payment in accordance with Section 4 of this Note.

**4. INTEREST RATE AND MONTHLY PAYMENT CHANGES**

**(A) Initial Rate; Change Dates**

Commencing on the Permanent Loan Commencement Date, I will pay interest at a yearly rate of 7.875%. The interest rate I will pay may change on the 3rd anniversary of the Permanent Loan Commencement Date, and on that day every 12th month thereafter. Each date on which my interest rate could change is called a "Change Date."

**(B) The Index**

Beginning with the first Change Date, my interest rate will be based on an Index. The "Index" is the weekly average yield on United States Treasury securities adjusted to a constant maturity of 1 year, as made available by the Federal Reserve Board. The most recent Index figure available as of the date 45 days before each Change Date is called the "Current Index."

If the Index is no longer available, the Note Holder will choose a new index. The Note Holder will give me notice of this choice.

**(C) Calculation of Changes**

Before each Change Date, the Note Holder will calculate my new interest rate by adding TWO AND SEVEN EIGHTHS ----- percentage point(s) ( 2.875 %) to the Current Index. The Note Holder will then round the result of this addition to the nearest one-eighth of one percentage point (0.125%). Subject to the limits stated in Section 4(D) below, this rounded amount will be my new interest rate until the next Change Date.

The Note Holder will then determine the amount of the monthly payment that would be sufficient to repay the unpaid principal that I am expected to owe at the Change Date in full on the Maturity Date at my new interest rate in substantially equal payments. The result of this calculation will be the new amount of my monthly payment.

**(D) Limits on Interest Rate Changes**

The interest rate I am required to pay at the first Change Date will not be greater than 12.875% or less than 2.875%. Thereafter, my interest rate will never be increased or decreased on any single Change Date by more than two percentage points (2.0%) from the rate of interest I have been paying for the preceding twelve months. My interest rate will never be greater than 13.875%.

**(E) Effective Date of Changes**

My new interest rate will become effective on each Change Date. I will pay the amount of my new monthly payment beginning on the first monthly payment date after the Change Date until the amount of my monthly payment changes again.

**(F) Notice of Changes**

The Note Holder will deliver or mail to me a notice of any changes in my interest rate and the amount of my monthly payment before the effective date of any change. The notice will include information required by law to be given me and also the title and telephone number of a person who will answer any question I may have regarding the notice.

**5. BORROWER'S RIGHT TO PREPAY**

I have the right to make payments of principal at any time before they are due. A payment of principal only is known as a "prepayment." When I make a prepayment, I will tell the Note Holder in writing that I am doing so.

I may make a full prepayment or partial prepayments without paying any prepayment charge. The Note Holder will use all of my prepayments to reduce the amount of principal that I owe under this Note. If I make a partial prepayment, there will be no changes in the due dates on my monthly payments unless the Note Holder agrees in writing to those changes. My partial prepayment may reduce the amount of my monthly payments after the first Change Date following my partial prepayment. However, any reduction due to my partial prepayment may be offset by an interest rate increase.

**6. LOAN CHARGES**

If a law, which applies to this loan and which sets maximum loan charges, is finally interpreted so that the interest or other loan charges collected or to be collected in connection with this loan exceed the permitted limits, then: (i) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (ii) any sums already collected from me which exceed permitted limits will be refunded to me. The Note Holder may choose to make the refund by reducing the principal I owe under this Note or by making a direct payment to me. If a refund reduces principal, the reduction will be treated as a partial prepayment.

**7. BORROWER'S FAILURE TO PAY AS REQUIRED**

**(A) Late Charges for Overdue Payments**

If the Note Holder has not received the full amount of any monthly payment by the end of fifteen (15) calendar days after the date it is due, I will pay a late charge to the Note Holder. The amount of the charge will be 5% of my overdue payment of principal and interest. I will pay this late charge promptly but only once on each late payment.

**(B) Default**

If I do not pay the full amount of each monthly payment on the date it is due, I will be in default.

**(C) Notice of Default**

If I am in default, the Note Holder may send me a written notice telling me that if I do not pay the overdue amount by a certain date, the Note Holder may require me to pay immediately the full amount of principal which has not been paid and all the interest that I owe on that amount. That date must be at least 30 days after the date on which the notice is delivered or mailed to me.

**(D) No Waiver by Note Holder**

Even if, at a time when I am in default, the Note Holder does not require me to pay immediately in full as described above, the Note Holder will still have the right to do so if I am in default at a later time.

**(E) Payment of Note Holder's Costs and Expenses**

If the Note Holder has required me to pay immediately in full as described above, the Note Holder will have the right to be paid back by me for all of its costs and expenses in enforcing this Note to the extent not prohibited by applicable law. Those expenses include, for example, reasonable attorneys' fees.

**8. GIVING OF NOTICES**

Unless applicable law requires a different method, any notice that must be given to me under this Note will be given by delivering it or by mailing it by first class mail to me at the Property Address above or at a different address if I give the Note Holder a notice of my different address.

Any notice that must be given to the Note Holder under this Note will be given by mailing it by first class mail to the Note Holder at the address stated in Section 3(A) above or at a different address if I am given a notice of that different address.

**9. OBLIGATIONS OF PERSONS UNDER THIS NOTE**

If more than one person signs this Note, each person is fully and personally obligated to keep all of the promises made in this Note, including the promise to pay the full amount owed. Any person who takes over these obligations is also obligated to keep all of the promises made in this Note. The Note Holder may enforce its rights under this Note against each person individually or against all of us together. This means that any one of us may be required to pay all of the amounts owed under this Note.

**10. WAIVERS**

I and any other person who has obligations under this Note waive the rights of presentment and notice of dishonor. "Presentment" means the right to require the Note Holder to demand payment of amounts due. "Notice of dishonor" means the right to require the Note Holder to give notice to other persons that amounts due have not been paid.

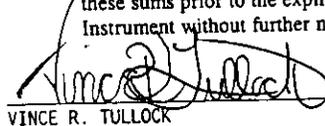
**11. UNIFORM SECURED NOTE**

This Note is based upon a uniform instrument with limited variations in some jurisdictions. In addition to the protections given to the Note Holder under this Note, a Mortgage, Deed of Trust or Security Deed (the "Security Instrument"), dated the same date as this Note, protects the Note Holder from possible losses which might result if I do not keep the promises which I make in this Note. That Security Instrument describes how and under what conditions I may be required to make immediate payment in full of all amounts I owe under this Note. Some of those conditions are described as follows:

**Transfer of the Property or a Beneficial Interest In Borrower.** If all or any part of the Property or any interest in it is sold or transferred (or if a beneficial interest in Borrower is sold or transferred and Borrower is not a natural person) without Lender's prior written consent, Lender may, at its option, require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if exercise is prohibited by federal law as of the date of this Security Instrument. Lender also shall not exercise this option if: (a) Borrower causes to be submitted to Lender information required by Lender to evaluate the intended transferee as if a new loan were being made to the transferee; and (b) Lender reasonably determines that Lender's security will not be impaired by the loan assumption and that the risk of a breach of any covenant or agreement in this Security Instrument is acceptable to Lender.

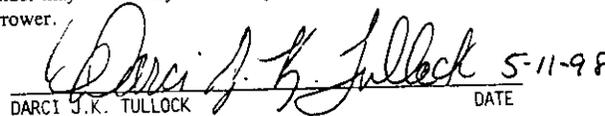
To the extent permitted by applicable law, Lender may charge a reasonable fee as a condition to Lender's consent to the loan assumption. Lender may also require the transferee to sign an assumption agreement that is acceptable to Lender and that obligates the transferee to keep all the promises and agreements made in this Note and in this Security Instrument. Borrower will continue to be obligated under this Note and this Security Instrument unless Lender releases Borrower in writing.

If Lender exercises the option to require immediate payment in full, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

  
VINCE R. TULLOCK

5-11-98

DATE

  
DARCI J.K. TULLOCK 5-11-98

DATE

ENDORSEMENT

The undersigned is the holder of this Note and hereby certifies that the following information is true and correct:

Completion Date: \_\_\_\_\_

Permanent Loan Commencement Date: \_\_\_\_\_

Maturity Date: \_\_\_\_\_

Principal Balance as of the Permanent Loan Commencement Date: \_\_\_\_\_

Interest Rate as of the Permanent Loan Commencement Date: \_\_\_\_\_

Monthly Payment as of the Permanent Loan Commencement Date: \_\_\_\_\_

Initial Month for Monthly Payments during Permanent Loan Period: \_\_\_\_\_

First Change Date after the Permanent Loan Commencement Date  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**CONSTRUCTION PERIOD RIDER  
TO  
ADJUSTABLE OR FIXED RATE NOTE  
(Construction-To-Permanent Loan)**

THIS CONSTRUCTION PERIOD RIDER ("Rider") is dated MAY 8, 1998 and is incorporated into and shall be deemed to amend and supplement the Adjustable Rate Note (Construction-To-Permanent Loan) or Fixed Rate Note (Construction-To-Permanent) (the "Note"), dated as of MAY 8, 1998 given by the undersigned in favor of INMC MORTGAGE HOLDINGS, INC. A DELAWARE CORPORATION, the Lender named therein. All capitalized terms used but not defined herein shall have the meanings set forth in the Note.

This Rider shall apply only during the Construction Period and shall no longer apply on or after the Permanent Loan Commencement Date.

The undersigned hereby agrees as follows:

**1. THE CONSTRUCTION LOAN AGREEMENT**

The Construction Loan Agreement sets forth certain of my obligations and certain defaults which will entitle the Note Holder to require me to make immediate payment in full of the loan.

**2. LENGTH OF CONSTRUCTION PERIOD**

In no event shall the Construction Period exceed 12 months; if it does, I will be in default under the Note unless excused by the Note Holder or extended pursuant to the Construction Loan Agreement.

**3. INTEREST**

During the Construction Period, I will pay interest at a yearly rate of 7.875 %.

The interest rate required by this Section 3 is the rate I will pay during the Construction Period both before and after any default described in the Note, except as set forth in the Construction Loan Agreement with respect to the interest chargeable after certain defaults during the Construction Period.

**4. PAYMENTS**

**(A) Time of Payments**

I will pay interest payments every month during the Construction Period, in an amount equal to the interest which has accrued on the unpaid principal during the prior month.

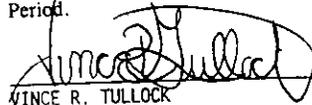
I will make my monthly payments on the first day of each month beginning on the first day of the first month following the initial disbursement under the Construction Loan Agreement. My monthly payments will be applied to interest before principal.

**(B) Monthly Payment Changes**

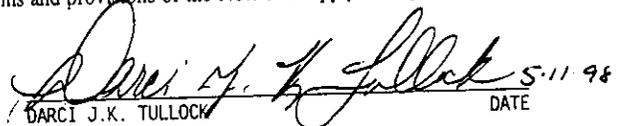
Changes in my monthly payment will reflect changes in the principal amounts advanced during the Construction Period. The Note Holder will determine the changed amount of my monthly payment in accordance with the Construction Loan Agreement.

**5. OTHER NOTE PROVISIONS APPLY**

Except as expressly set forth in this Rider, all other terms and provisions of the Note shall apply during the Construction Period.

  
VINCE R. TULLOCK

5-11-98  
DATE

  
DARCI J.K. TULLOCK 5-11-98  
DATE

**ADDENDUM TO ADJUSTABLE RATE NOTE  
(Rate Improvement Option)**

THIS ADDENDUM TO ADJUSTABLE RATE NOTE is made this 8TH day of MAY, 1998 and is incorporated into and shall be deemed to amend and supplement the Note made by the undersigned (the "Borrower") to INMC MORTGAGE HOLDINGS, INC. A DELAWARE CORPORATION (the "Lender") and dated the same date as this Addendum (the "Note").

**ADDITIONAL COVENANTS**

In addition to the covenants and agreements made in the Note, Borrower and Lender further covenant and agree as follows:

**A. INTEREST RATE IMPROVEMENT OPTION**

The Note provides for the Borrower's option to reduce the initial interest rate applicable during the period commencing on the Permanent Loan Commencement Date and continuing for three (3) years thereafter, pursuant to Section 4(A) of the Note (the "Initial Interest Rate"), as follows:

**1. Option to Reduce Interest Rate**

I have a Rate Improvement Option that I can exercise unless I am in default or this Section A.1 will not permit me to do so. The "Rate Improvement Option" is the option I may have to reduce the Initial Interest Rate I am required to pay by the Note to a new, reduced Initial Interest Rate calculated by the Note Holder under Section A.2 below.

The rate reduction can take place one time only and will be effective on the Permanent Loan Commencement Date. The date on which my Rate Improvement Option can take effect is called the "Rate Improvement Date." The rate of interest I will pay may change on the third anniversary of the Permanent Loan Commencement Date and each Change Date thereafter in accordance with the terms of the Note.

If I want to exercise the Rate Improvement Option, I also must first meet other conditions. Those conditions are that: (i) within five (5) days of the Completion Date, I must give the Note Holder notice that I want to do so; (ii) on the Rate Improvement Date, I must not be in default under the Note or the Security Instrument; and (iii) I must sign and give the Note Holder any documents the Note Holder requires to effect the rate reduction.

**2. Calculation of Reduced Rate**

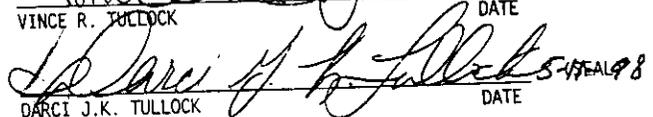
If the conditions in A.1 above are met, my new Initial Interest Rate will be determined by the Note Holder based on INMC Mortgage Holdings, Inc.'s required net yield as of a date and time of day specified by the Note Holder for (i) if the original term of this Note is greater than 15 years, 30-year adjustable rate mortgages covered by applicable 30-day mandatory delivery commitments, plus one-quarter of one percentage point (0.250%) and any applicable adjustments, rounded up to the nearest one-eighth of one percentage point (0.125%) or (ii) if the original term of this Note is 15 years or less, 15-year adjustable rate mortgages covered by applicable 30-day mandatory delivery commitments, plus one-quarter of one percentage point (0.250%) and any applicable adjustments, rounded up to the nearest one-eighth of one percentage point (0.125%). If this required net yield cannot be determined because the applicable commitments are not available, the Note Holder will determine my new Initial Interest Rate by using comparable information.

**3. New Payment Amount and Effective Date**

If I am permitted to exercise the Rate Improvement Option, the Note Holder will determine the amount of the monthly payment that would be sufficient to repay the unpaid principal I am expected to owe on the Rate Improvement Date in full on the Maturity Date of the Note at my new Initial Interest Rate in substantially equal payments. The result of this calculation will be the new amount of my monthly payment. Beginning with my first monthly payment after the Rate Improvement Date, I will pay the new amount as my monthly payment until the next Change Date. At any time on or after the Permanent Loan Commencement Date, I hereby authorize the Note Holder to endorse upon this Note a certification stating the new Initial Interest Rate and the new amount of my monthly payment.

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Addendum to Adjustable Rate Note.

  
VINCE R. TULLOCK  
5-11-98 (SEAL)  
DATE

  
DARCI J.K. TULLOCK  
5-11-98  
DATE

(Sign Original Only)

INMC Form 158