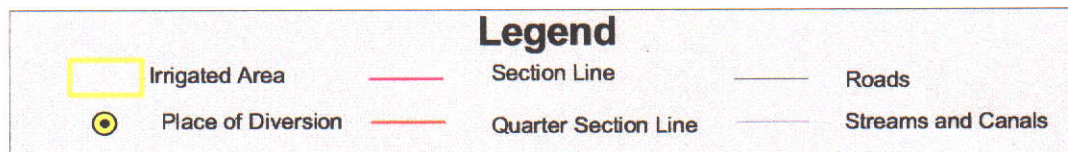
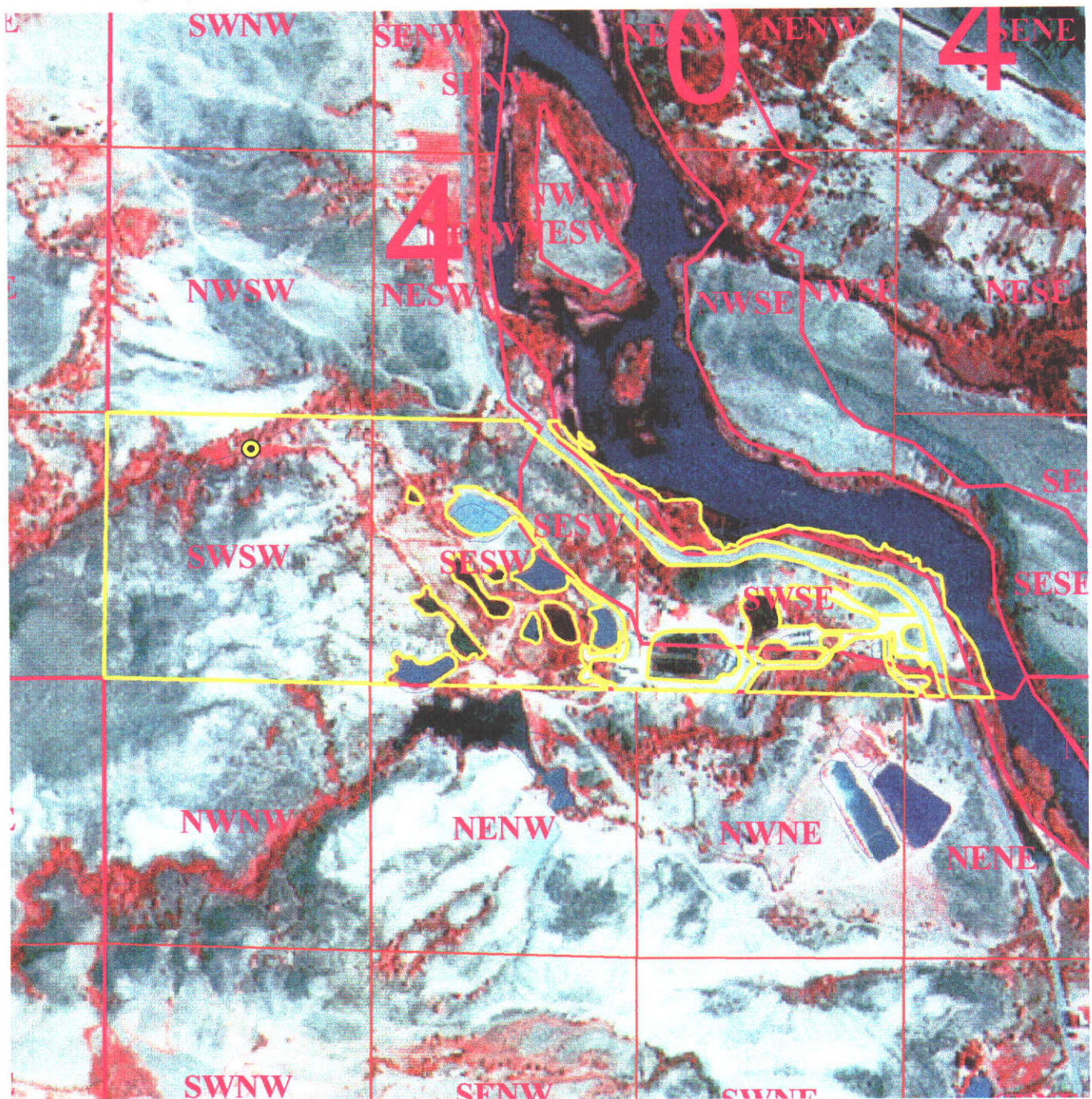


Water Right Claim Number 47-12311
Townships , 8S14E, 9S14E

03/02/2001



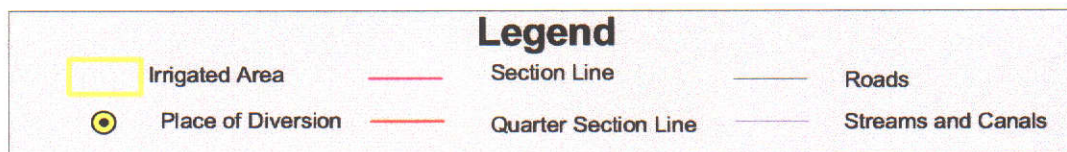
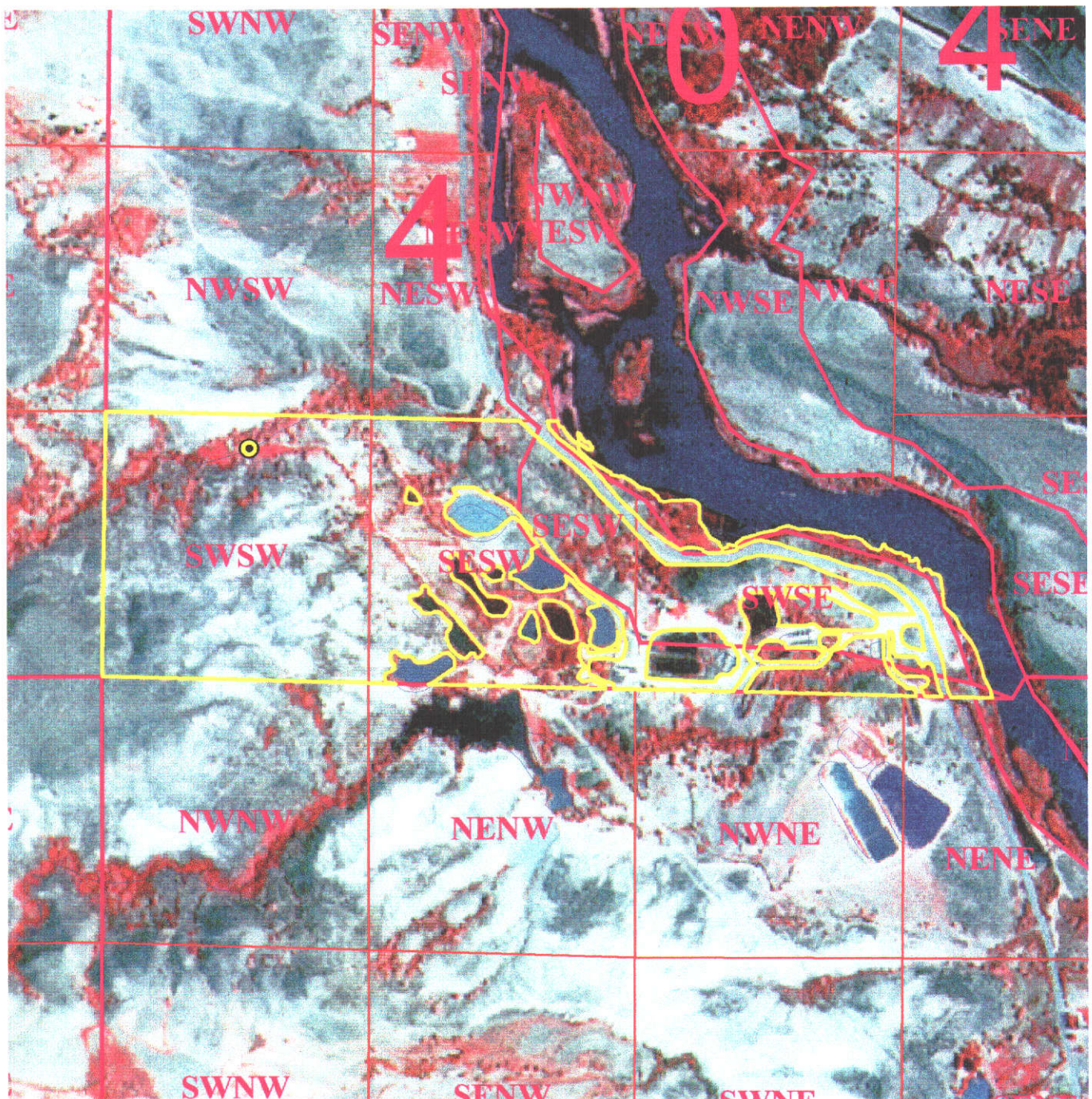
500 0 500 1000 Feet



SPATIAL
DYNAMICS

Water Right Claim Number 47-12311
Townships , 8S14E, 9S14E

03/02/2001

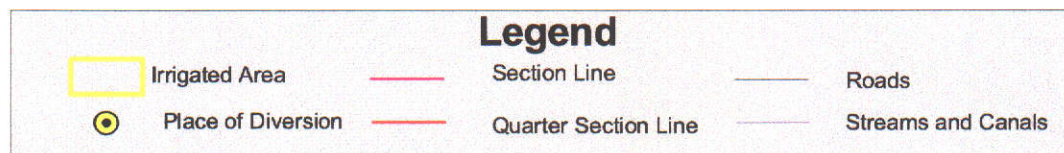
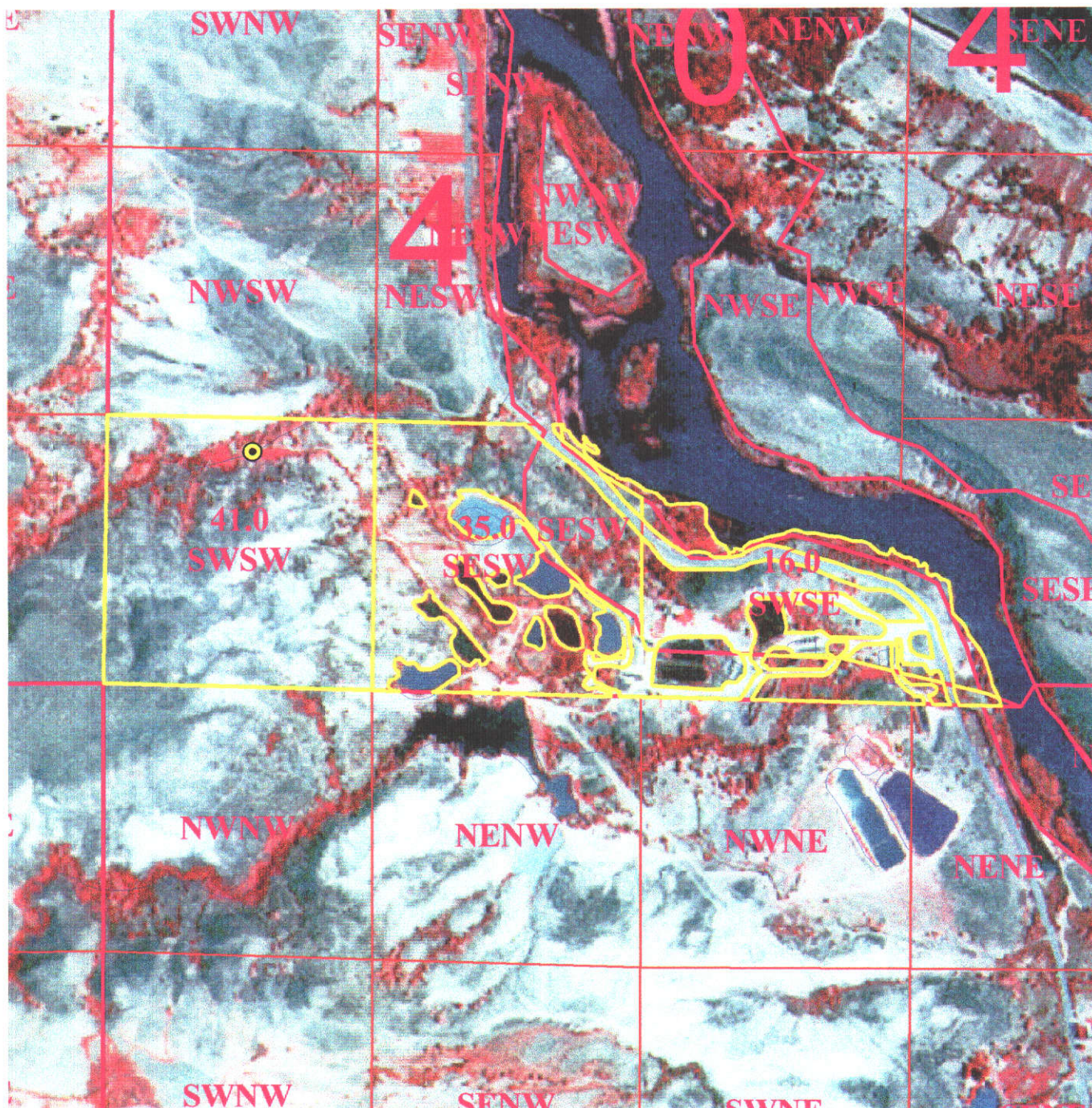


500 0 500 1000 Feet



Water Right Claim Number 47-12311
Townships , 8S14E, 9S14E

03/02/2001



500 0 500 1000 Feet



IN THE DISTRICT COURT OF THE FIFTH JUDICIAL DISTRICT OF THE STATE OF IDAHO,
IN AND FOR THE COUNTY OF TWIN FALLS

IN RE THE GENERAL ADJUDICATION
OF RIGHTS TO THE USE OF WATER FROM
THE SNAKE RIVER BASIN WATER SYSTEM.

CIVIL CASE NUMBER: 39576

Ident. Number: ~~247-1231~~
Date Received: 12/29/1988
Receipt No: S005462
Received By: _____

NOTICE OF CLAIM TO A WATER RIGHT
ACQUIRED UNDER STATE LAW

1. Name: LEO E. RAY 208-543-6407
Address: 4647 D RIVER RD
BUHL ID 83316
AND/OR
Name: JUDITH K. RAY 208-543-6407
Address: 4647 D RIVER RD
BUHL ID 83316

2. Date of Priority: DEC 31, 1930

3. Source: UNNAMED COULEE Trib. to: SNAKE RIVER

4. Point of Diversion:

Township	Range	Section	1/4 of	1/4 of	1/4	Lot	County
09S	14E	4	NE	SW	SW		TWIN FALLS

5. Description of diverting works:
CHECK DAM DELIVERING TO EARTHEN DITCH

6. Water is used for the following purposes:

Purpose	From	To	C.F.S	(or)	A.F.A.
IRRIGATION	03/15	11/15	0.300		

7. Total Quantity Appropriated is:
0.300 C.F.S. (and/or) A.F.A.

8. Total consumptive use is 45.0 Acre Feet Per Annum.

9. Non-irrigation uses:
NONE

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DEC 10 1996

10. Place of Use:

Township	Range	Section	1/4 of	1/4	Lot	Use	Acres
09S	14E	4	SW	SW		IRR	3.0
			SE	SW		IRR	10.0
			SW	SE		IRR	2.0
Section Acres							15.0
Total Acres							15.0

11. Place of use in counties: TWIN FALLS

12. Do you own the property listed above as place of use? YES

13. Other Water Rights Used:

A47-02151 COVERS ADDITIONAL 5 ACRES FROM SAME DIVERSION

14. Remarks:

ADDRESS CHANGE MADE 2-7-95 BY TLB.

15. Basis of Claim: BENEFICIAL USE

16. Signature(s)

(a.) By signing below, I/We acknowledge that I/We have received, read and understand the form entitled "How you will receive notice in the Snake River Basin Adjudication." (b.) I/We do _____ do not _____ wish to receive and pay a small annual fee for monthly copies of the docket sheet.

Number of attachments: _____

For Individuals:

I/We do solemnly swear or affirm that the statements contained in the foregoing document are true and correct.

Signature of Claimant(s): _____ Date: _____
_____ Date: _____

MICROFILMED
DEC 10 1996

State of Idaho)
) SS.
County of _____)

Subscribed and sworn (or affirmed) before me this _____ day
of _____ 19 _____

Notary Public

Seal

Residing at _____

My Commission Expires _____

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DEC 10 1996



State of Idaho

DEPARTMENT OF WATER RESOURCES

Southern Region, 222 Shoshone St. East, Twin Falls, Idaho 83301 (208) 736-3033

Governor

R. KEITH HIGGINSON
Director

February 10, 1995

.LEO E. &/OR JUDITH K RAY
.4647 D RIVER RD
.BUHL ID 83316

RE: Snake River Basin Adjudication (SRBA) Change of Address
No. 36-07237, 36-07865 & A36-07995 (copy of form enclosed)

Dear Claimant(s):

IDWR has received your notice of the change of address of the water right claim referenced above. Our records have been changed accordingly. I did not include proofs of the 47 Basin Claims, because that basin is not in the Adjudication Court yet. Should you want proofs for those please let me know.

If you have not submitted the Standard Form 3 (form enclosed) to the Adjudication Court for the Basin 36 Claims, you will need to do so. Should you have any questions, please contact the Adjudication Court here in Twin Falls. (736-3011)

Sincerely,

Judy Givens
Judy Givens
Technical Reports Specialist

/jg

Enclosures: Proof copies
Standard Form 3
Copy of Change of Address Form

MICROFILMED
DEC 10 1996

A-36-7237
A-36-7265
A-36-7995

A 47-7214
A 47-7488

CHANGE IN ADDRESS OF NOTICE OF CLAIM

[] Water Right Number (s): 1-47-02151 A 47-7186
A 47-12311 A 47 7187
A 47-12312 A 47 7198
A 47-02143
[] Old Mailing Address: A-47-7781

[] New Mailing Address: 46 47 D River Rd
Box 1 Id 83316

New Telephone Number: (208) 543 4407

[] Signature of Claimant: Leo E. Ray
Date: Jan 31 1995

FOR IDWR USE ONLY:
Initial Review and Data-Entry
Date: 2-6-95 By: HLB
Further Action Needed:
Further Action Taken
Date: 2/8/95 By: LC
Final Review and Data-Entry
Date: By:

RECEIVED

JAN 31 1995

Department of Water Resources
Southern Region

MICROFILMED
DEC 10 1996

6/9/94

COMMUNICATION DOCUMENTATION

Claim No. see below

This form is to be used to document public record information requests regarding any SRBA claim or claims. The form may also be used to document IDWR communications requesting information regarding any SRBA claim or claims when the request is not made in writing or the claim verification report is not readily available to document the request. This form is to be filed in all relevant claim files or a central office file.

IDWR Employee/Agent Kelly K Christensen

DATE	CUSTOMER
April 26, 1995 3:43pm	LEO RAY

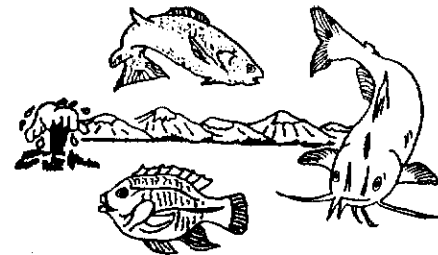
SUBJECT: EVIDENCE OF PRIORITY FOR A47-12312 AND 147-12311
phone call (.) walk-in (X)

He brought in a letter and areial photos detailing the historical use of the system as it relates to the claims. I notarized his signature.

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DEC 10 1996

Fish Breeders of Idaho, Inc. Fish Processors, Inc.

March 20, 1995
Mr. Douglas Jones, P.E.
Water Rights Supervisor
State of Idaho
Department of Water Resources
Southern Region
222 Shoshone St. E.
Twin Falls, Idaho 83301



RE: Evidence of Priority A47-12312
A47-12311

Dear Mr. Jones:

I purchased 106 acres and water right A47-12312 in 1973 from D.L. Pile. Mr. Pile informed me he had lived on the property since 1928. He is no longer alive. In 1973 approximately 30 to 40 acres was being irrigated with this water right. Additional acres were partially irrigated. The irrigation was flood irrigation and the crop was pasture. I have inclosed copies of the aerial photos for the years 1969, 1977 and 1984.

It was my understanding the water right for this property was .6 sec. ft. I have only recently learned that only .1 sec. ft. of the original filing for .6 sec. ft. filed in 1920 was licensed. All of the .6 sec. ft. was being used in 1973 to irrigate the 30 to 40 acres.

When I purchased the farm in 1973 I went to water resources to determine the type of water filings I would need for the type of fish farming I intended. I would be doing the standard raceway culture of fish and I would be raising fish in pond culture which was not typical for Idaho. I was told I would need a fish farming water permit which was a non consumptive permit. I filed for permit No. 47-7187 and 47-7186. Permit No. 47-7187 is from the same source as A47-12312. Permit No 47-7186 is from the same source as A47-12311. I was told there was no special consumptive fish farming permit for pond culture. It was determined that the volume of water needed for pond culture was about equal to the volume required for irrigation. Since I had a consumptive irrigation permit for the land I would use for pond culture and permit No. 47-7187 and permit No. 47-7187 for fish farming I was covered on all bas@s.

Here is an example that describes pond culture of an aquaculture product. An irrigation permit is needed to raise wheat or rice. If crayfish ^{are} raised in the pond with the rice, is a new permit needed? If you quit planting rice and just raise crayfish what permit is needed. They are all farming. It is the production of a crop on land using water.

I purchased 73 acres and water right No 47-12311 from Mr. Holfgardner in 1978. Approximately 30 to 40 acres of the 73 acres was being irrigated by flood irrigation. The permit No.

NOT FILMED
DEC 1 1996



FISH BREEDERS of IDAHO, INC. • P.O. BOX 479 • HAGERMAN, IDAHO 83332 • (208) 837-6114
FISH PROCESSORS, INC. FAX (208) 837-6254

47-7186 for 4 sec. ft. of water for pond and raceway culture of fish I had filed on in 1973 was from the same source as No 47-12311. I have converted approximately 10 acres of the irrigated land to pond culture of fish. The acres converted to pond culture of fish are some of the same acres that was being irrigated under 47-12311.

The 5/22/69 aerial photo shows the land irrigated with both water rights in 1969. The 1977 photo ^{have} show the irrigation on the Holfgardner property and the ponds I had built. The 1984 photo shows the ponds as of 1984. On the U.S.G.S. map I have numbered the ponds and raceways to correspond with the numbers below.

1. 100's 8 sections
2. 200's 8 sections
3. 300's 8 sections
4. 400's 8 sections
5. 500's 8 sections
6. Experimentals 7 sections
7. Tilapia brood ponds below road 5 ponds
8. North Brood pond
9. Triangle brood pond
10. South brood pond
11. Pintail brood pond
12. Old shed brood pond
13. D2 brood pond
14. Frew brood pond
15. Cold water reservoir
16. Wildlife settling pond
17. Wildlife settling pond
18. Wildlife settling pond
19. Loverboy brood pond
20. Pile brood pond
21. Hatchery mixing pond
22. North Tilapia pond
23. South Tilapia pond
24. Trailer pond
25. E.P.A tank (2)
26. E.P.A. settling pond
27. H 1 brood pond
28. H 2 brood pond
29. H 3 brood pond
30. H 4 brood pond
31. Gator bowl
32. Hatchery

Sincerely,

Leo E. Ray
Leo E. Ray

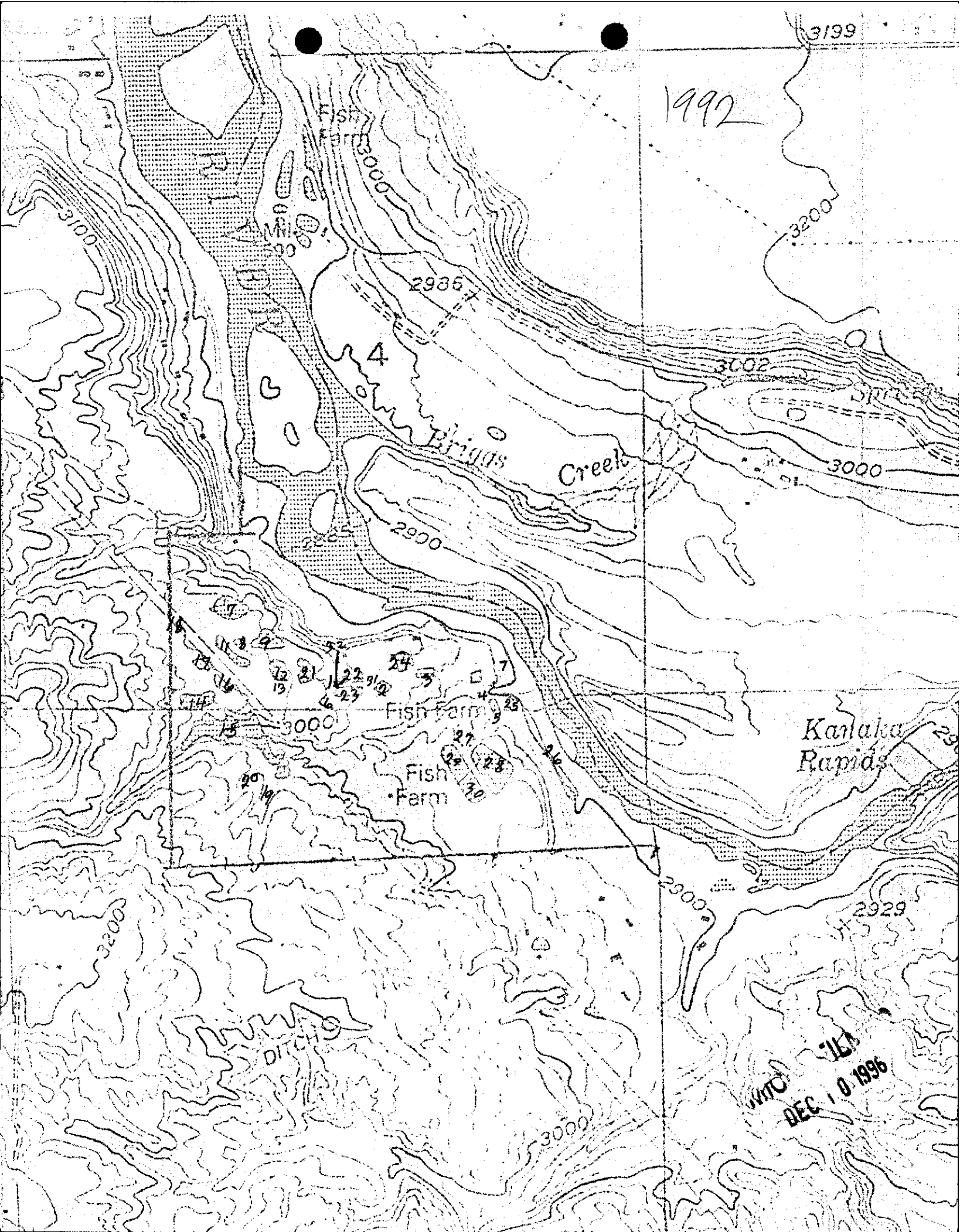
On this 26th day of Apr, in the year of 1996
personally appeared LEOERAY known or
identified to me to be the person whose name is subscribed to the
within instrument and acknowledged to me that he executed the same.

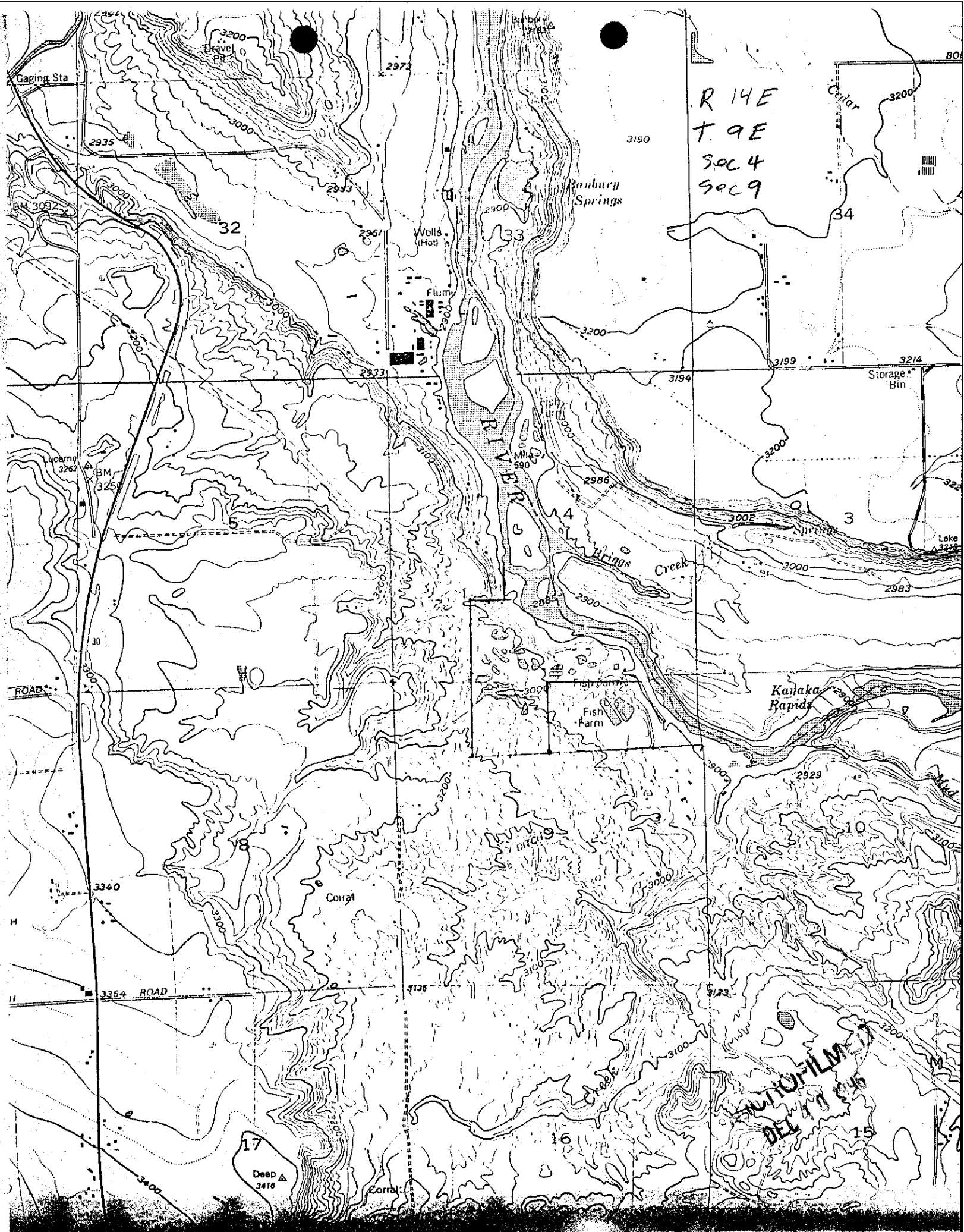
Kelly K. Christensen (notary public) My commission expires:

Residing at *Kimberly Rd*

3-2-98

1992





1984

5 4
8 9

Pile

Holsgårdner

T-55

T-6

NC

NC

NC

3 23.4

2 143

8 9
17 16

1977

5 4
8 9

T852
150A

130-A
A-50
T-138

T-140
147-A
A-50
Pile

T-139
146-A
A50
Holfordner

148A

U.S.

5/22/69

F-10-

SNAKE RIVER

5 4
B 9

Pile

Holford

5/22/69

F-10

SNAKE RIVER

54
89

Mike Holger



State of Idaho

DEPARTMENT OF WATER RESOURCES

Southern Region, 222 Shoshone St. East, Twin Falls, Idaho 83301 (208) 736-3033

Governor PHILIP E. BATT

R. KEITH HIGGINSON
Director

January 10, 1995

A47-12311
LEO E. RAY
JUDITH K. RAY
RT. 3 BOX 234
BUHL

ID 83316

RE: Evidence of Priority

Dear Claimant:

* RESPONSE DEADLINE *
* MARCH 15, 1995 *

The Notice of Claim identified with the number shown above your name on the mailing label has been filed in the Snake River Basin Adjudication (SRBA). The Notice indicates your water usage is based on "Beneficial Use" or a "Statutory Claim". Water rights of this type are established by the historical use of water, dating back to when water was first used for the purpose claimed. The date of first use, known as the priority date, has not been confirmed by a License, Decree or Permit. The Department will, at a later date, conduct reviews &/or field exams for the claims in your area. Since the priority date of a beneficial use water right can not be confirmed by field examination, **proof must be provided by the claimant** supporting the priority date claimed.

If you no longer own the property to which the claim is appurtenant please forward this correspondence to the present owner, or return it to the department. If you have received this correspondence from the previous owner of the property it is recommended that you file a Change of Ownership form with the Department in order to receive future mailings and to continue to be a party in the adjudication.

Please find enclosed a computer printout of your Notice of Claim and the pamphlet entitled "Evidence of Priority". The pamphlet describes the types of evidence required and suggests which documents will fulfill this requirement.

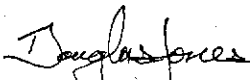
SPECIAL NOTE: The Department will not recommend the Notice be decreed by the court as claimed if no evidence of a priority date is submitted. It will be to your advantage to provide clear and convincing evidence. If you choose to submit statements from individuals as evidence, the statement must be in the form of a

January 10, 1995
page 2

notarized affidavit.

Please submit the required evidence supporting the priority date by March 15, 1995, referencing all documents with the corresponding Notice number. If you have any questions not covered by this letter or the enclosed pamphlet, please contact this office.

Sincerely,


Douglas Jones, P.E.
Water Rights Supervisor

Enc.

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DEC 10 1996

IN THE DISTRICT COURT OF THE FIFTH JUDICIAL DISTRICT OF THE STATE OF IDAHO,
IN AND FOR THE COUNTY OF TWIN FALLS

IN RE THE GENERAL ADJUDICATION
OF RIGHTS TO THE USE OF WATER FROM
THE SNAKE RIVER BASIN WATER SYSTEM.

CIVIL CASE NUMBER: 39576

Ident. Number: A47-12311
Date Received: 12/15/1988
Receipt No: 5005462
Received By: FD

NOTICE OF CLAIM TO A WATER RIGHT
ACQUIRED UNDER STATE LAW

1. Name: LEO E. RAY 208-543-6407
Address: RT. 3 BOX 234
BUHL, ID 83316

AND/OR
Name: JUDITH K. RAY 208-543-6407
Address: RT. 3 BOX 234
BUHL, ID 83316

2. Date of Priority: DEC 31, 1930

3. Source: UNNAMED COULEE Trib. to: SNAKE RIVER

4. Point of Diversion:

Township	Range	Section	1/4 of	1/4 of	1/4 of	Lot	County
09S	14E	4	NE	SW	SW		TWIN FALLS

5. Description of diverting works:
CHECK DAM DELIVERING TO EARTHEN DITCH

6. Water is used for the following purposes:

Purpose	From	To	C.F.S.	(or)	A.F.A.
IRRIGATION	03/15	11/15	0.300		

7. Total Quantity Appropriated is:
0.300 C.F.S. (and/or) A.F.A.

8. Total consumptive use is 45.0 Acre Feet Per Annum.

9. Non-irrigation uses:
NONE

A47-12311

Page 1

Date: 12/15/88

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MAR 12 1993

10. Place of Use:

Township	Range	Section	1/4 of	1/4	Lot	Use	Acres
09S	14E	4	SW	SW		IRR	3.0
			SE	SW		IRR	10.0
			SW	SE		IRR	2.0
						Section Acres	15.0
						Total Acres	15.0

11. Place of use in counties: TWIN FALLS

12. Do you own the property listed above as place of use? YES

13. Other Water Rights Used:

A47-02151 COVERS ADDITIONAL 5 ACRES FROM SAME DIVERSION

14. Remarks:

15. Basis of Claim: BENEFICIAL USE

16. Signature(s)

(a.) By signing below, I/We acknowledge that I/We have received, read and understand the form entitled "How you will receive notice in the Snake River Basin Adjudication." (b.) I/We do do not wish to receive and pay a small annual fee for monthly copies of the docket sheet.

Number of attachments: See Map A47-02151

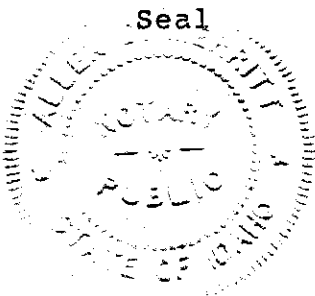
For Individuals:

I/We do solemnly swear or affirm that the statements contained in the foregoing document are true and correct.

Signature of Claimant(s): Lea E Ray Date: 12/29/88
Date:

State of Idaho)
County of Twin Falls) ss.

Subscribed and sworn (or affirmed) before me this 29th day
of Dec. 19 88 Allen D. Merritt
Notary Public



Residing at Kimberly, Id.
My Commission Expires 6/30/92

LEO R. & JUDITH A. RAY
WATER PERMITS & LICENSES

LICENSE #	A47-7186	03-14-73	4.00 CFS
LICENSE#	A47-7187	03-14-73	6.00 CFS
PERMIT #	A47-7198	04-04-73	3.00 CFS
PERMIT #	A47-7214	08-16-73	9.00 CFS
PERMIT #	A47-7488	09-15-78	5.40 CFS
LICENSE #	A47-02143	02-16-20	.33 CFS
LICENSE #	A47-02151	02-27-20	.10 CFS
CLAIM #	A47-12311	12-31-30	.30 CFS
CLAIM #	A47-12312	12-31-30	1.17 CFS
LICENSE #	A36-7237	04-21-72	30.00 CFS
LICENSE #	A36-07995	07-17-81	.20 CFS
LICENSE #	A36-7865		30.00 CFS

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES

RECEIVED
OCT 27 2000
Department of Water Resources
Southern Region

Notice of Security Interest in a Water Right

And Request for Notification of a Change in Ownership or Any Proposed
Or Final Action to Amend, Transfer, or Otherwise Modify a Water Right

Please print or type. Attach pages with additional information. Instructions are on the back of this page.
Incomplete forms will be returned.

1. Water Right No(s): PLEASE SEE ATTACHEED

Adjudication Claim No(s): PLEASE SEE ATTACHED

2. The following **REQUIRED** information must be submitted with this form:

A) Evidence of the security interest. This may be a copy of a **DEED of TRUST, MORTGAGE, CONTRACT OF SALE** or other legal document indicating your interest in the property and water rights or claims in question, **WITH ATTACHED LEGAL DESCRIPTION.**

B) A **FEE** of \$25.00 per water right or adjudication claim.

3. Name and Mailing Address of Person or Company holding Security Interest

MAGIC VALLEY BANK
P.O. BOX 489
TWIN FALLS, ID 83303

4. Name of Water Right Owner/Claimant(s)

LEO E. & JUDITH K. RAY

5. Expiration Date of Notification Period 10-18-05

6. Is this a Renewal of Request for Notification? ☐ YES ☒ NO

7. Signature(s) (and title if applicable)

[Signature]

VP President/Loan Officer

For Office Use Only

Received by: [Signature]

Date: 10-27-00

Fee: 300.00

Receipted by: [Signature]

Date: 10-27-00

Receipt No. WR 23459

Processed by: [Signature]

AJ

Date: 10-27-00

WR

Date

RECORDATION REQUESTED BY:

Magic Valley Bank
222 Shoshone St E
PO Box 489
Twin Falls, ID 83303

WHEN RECORDED MAIL TO:

Magic Valley Bank
222 Shoshone St E
PO Box 489
Twin Falls, ID 83303

SEND TAX NOTICES TO:

LEO E. RAY and JUDITH A. RAY
4647D RIVER ROAD
BUHL, ID 83316

RECEIVED**OCT 27 2000**

Department of Water Resources
Southern Region

Instrument # 187913

GOODING, IDAHO

2000-10-27 03:02:33 No. of Pages: 7

Recorded for: ND TITLE

HELEN EDWARDS

Fee: 21.00

Ex-Officio Recorder Deputy

Index to: MORTGAGE

Twin Falls County, Idaho

Recorded for:
TITLEFACT

01:36pm Oct. 19, 2000

2000 - 016364

No. of Pages: 7 Fee: \$21.00

ROBERT S. FORT

Ex-Officio Recorder
Deputy: CN

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE ONLY

MORTGAGE

THIS MORTGAGE IS DATED OCTOBER 18, 2000, between LEO E. RAY and JUDITH A. RAY, HUSBAND & WIFE whose address is 4647D RIVER ROAD, BUHL, ID 83316 (referred to below as "Grantor"); and Magic Valley Bank, whose address is 222 Shoshone St E, PO Box 489, Twin Falls, ID 83303 (referred to below as "Lender").

GRANT OF MORTGAGE. For valuable consideration, Grantor mortgages, grants, bargains, sells and conveys to Lender all of Grantor's right, title, and interest in and to the following described real property, together with all existing or subsequently erected or affixed buildings, improvements and fixtures; all easements, rights of way, and appurtenances; all water, water rights, watercourses and ditch rights (including stock in utilities with ditch or irrigation rights); and all other rights, royalties, and profits relating to the real property, including without limitation all minerals, oil, gas, geothermal and similar matters, located in TWIN FALLS & GOODING County, State of Idaho (the "Real Property"):

SEE ATTACHED.

The Real Property or its address is commonly known as 4647D RIVER ROAD, BUHL, ID 83316.

Grantor presently assigns to Lender all of Grantor's right, title, and interest in and to all leases of the Property and all Rents from the Property. In addition, Grantor grants to Lender a Uniform Commercial Code security interest in the Personal Property and Rents.

DEFINITIONS. The following words shall have the following meanings when used in this Mortgage. Terms not otherwise defined in this Mortgage shall have the meanings attributed to such terms in the Uniform Commercial Code. All references to dollar amounts shall mean amounts in lawful money of the United States of America.

Grantor. The word "Grantor" means LEO E. RAY and JUDITH A. RAY. The Grantor is the mortgagor under this Mortgage.

Guarantor. The word "Guarantor" means and includes without limitation each and all of the guarantors, sureties, and accommodation parties in connection with the Indebtedness.

Improvements. The word "Improvements" means and includes without limitation all existing and future improvements, buildings, structures, mobile homes affixed on the Real Property, facilities, additions, replacements and other construction on the Real Property.

Indebtedness. The word "Indebtedness" means all principal and interest payable under the Note and any amounts expended or advanced by Lender to discharge obligations of Grantor or expenses incurred by Lender to enforce obligations of Grantor under this Mortgage, together with interest on such amounts as provided in this Mortgage. In addition to the Note, the word "Indebtedness" includes all obligations, debts and liabilities, plus interest thereon, of Grantor to Lender, or any one or more of them, as well as all claims by Lender against Grantor, or any one or more of them, whether now existing or hereafter arising, whether related or unrelated to the purpose of the Note, whether voluntary or otherwise, whether due or not due, absolute or contingent, liquidated or unliquidated and whether Grantor may be liable individually or jointly with others, whether obligated as guarantor or otherwise, and whether recovery upon such Indebtedness may be or hereafter may become barred by any statute of limitations, and whether such Indebtedness may be or hereafter may become otherwise unenforceable. (Initial Here)

Lender. The word "Lender" means Magic Valley Bank, its successors and assigns. The Lender is the mortgagee under this Mortgage.

Mortgage. The word "Mortgage" means this Mortgage between Grantor and Lender, and includes without limitation all assignments and security interest provisions relating to the Personal Property and Rents.

Note. The word "Note" means the promissory note or credit agreement dated October 18, 2000, in the original principal amount of \$284,696.44 from Grantor to Lender, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the promissory note or agreement. The maturity date of this Mortgage is October 18, 2005.

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

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

Real Property. The words "Real Property" mean the property, interests and rights described above in the "Grant of Mortgage" section.

Related Documents. The words "Related Documents" mean and include without limitation all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Indebtedness.

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

THIS MORTGAGE, INCLUDING THE ASSIGNMENT OF RENTS AND THE SECURITY INTEREST IN THE RENTS AND PERSONAL PROPERTY, IS

COPY

GIVEN TO SECURE (1) PAYMENT OF THE INDEBTEDNESS AND (2) PERFORMANCE OF ALL OBLIGATIONS OF GRANTOR UNDER THIS MORTGAGE AND THE RELATED DOCUMENTS. THIS MORTGAGE IS GIVEN AND ACCEPTED ON THE FOLLOWING TERMS:

PAYMENT AND PERFORMANCE. Except as otherwise provided in this Mortgage, Grantor shall pay to Lender all amounts secured by this Mortgage as they become due, and shall strictly perform all of Grantor's obligations under this Mortgage.

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

Possession and Use. Until in default, Grantor may remain in possession and control of and operate and manage the Property and collect the Rents from the Property.

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

Hazardous Substances. The terms "hazardous waste," "hazardous substance," "disposal," "release," and "threatened release," as used in this Mortgage, shall have the same meanings as set forth in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., or other applicable state or Federal laws, rules, or regulations adopted pursuant to any of the foregoing. The terms "hazardous waste" and "hazardous substance" shall also include, without limitation, petroleum and petroleum by-products or any fraction thereof and asbestos. Grantor represents and warrants to Lender that: (a) During the period of Grantor's ownership of the Property, there has been no use, generation, manufacture, storage, treatment, disposal, release or threatened release of any hazardous waste or substance by any person on, under, about or from the Property; (b) Grantor has no knowledge of, or reason to believe that there has been, except as previously disclosed to and acknowledged by Lender in writing, (i) any use, generation, manufacture, storage, treatment, disposal, release, or threatened release of any hazardous waste or substance on, under, about or from the Property by any prior owners or occupants of the Property or (ii) any actual or threatened litigation or claims of any kind by any person relating to such matters; and (c) Except as previously disclosed to and acknowledged by Lender in writing, (i) neither Grantor nor any tenant, contractor, agent or other authorized user of the Property shall use, generate, manufacture, store, treat, dispose of, or release any hazardous waste or substance on, under, about or from the Property and (ii) any such activity shall be conducted in compliance with all applicable federal, state, and local laws, regulations and ordinances, including without limitation those laws, regulations, and ordinances described above. Grantor authorizes Lender and its agents to enter upon the Property to make such inspections and tests, at Grantor's expense, as Lender may deem appropriate to determine compliance of the Property with this section of the Mortgage. Any inspections or tests made by Lender shall be for Lender's purposes only and shall not be construed to create any responsibility or liability on the part of Lender to Grantor or to any other person. The representations and warranties contained herein are based on Grantor's due diligence in investigating the Property for hazardous waste and hazardous substances. Grantor hereby (a) releases and waives any future claims against Lender for indemnity or contribution in the event Grantor becomes liable for cleanup or other costs under any such laws, and (b) agrees to indemnify and hold harmless Lender against any and all claims, losses, liabilities, damages, penalties, and expenses which Lender may directly or indirectly sustain or suffer resulting from a breach of this section of the Mortgage or as a consequence of any use, generation, manufacture, storage, disposal, release or threatened release of a hazardous waste or substance on the properties. The provisions of this section of the Mortgage, including the obligation to indemnify, shall survive the payment of the indebtedness and the satisfaction and reconveyance of the lien of this Mortgage and shall not be affected by Lender's acquisition of any interest in the Property, whether by foreclosure or otherwise.

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

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

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

Compliance with Governmental Requirements. Grantor shall promptly comply with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities applicable to the use or occupancy of the Property, including without limitation, the Americans With Disabilities Act. Grantor may contest in good faith any such law, ordinance, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Grantor has notified Lender in writing prior to doing so and so long as, in Lender's sole opinion, Lender's interests in the Property are not jeopardized. Lender may require Grantor to post adequate security or a surety bond, reasonably satisfactory to Lender, to protect Lender's interest.

Duty to Protect. Grantor agrees neither to abandon nor leave unattended the Property. Grantor shall do all other acts, in addition to those acts set forth above in this section, which from the character and use of the Property are reasonably necessary to protect and preserve the Property.

DUE ON SALE - CONSENT BY LENDER. Lender may, at its option, declare immediately due and payable all sums secured by this Mortgage upon the sale or transfer, without the Lender's prior written consent, of all or any part of the Real Property, or any interest in the Real Property. A "sale or transfer" means the conveyance of Real Property or any right, title or interest therein; whether legal, beneficial or equitable; whether voluntary or involuntary; whether by outright sale, deed, installment sale contract, land contract, contract for deed, leasehold interest with a term greater than three (3) years, lease-option contract, or by sale, assignment, or transfer of any beneficial interest in or to any land trust holding title to the Real Property, or by any other method of conveyance of Real Property interest. If any Grantor is a corporation, partnership or limited liability company, transfer also includes any change in ownership of more than twenty-five percent (25%) of the voting stock, partnership interests or limited liability company interests, as the case may be, of Grantor. However, this option shall not be exercised by Lender if such exercise is prohibited by federal law or by Idaho law.

TAXES AND LIENS. The following provisions relating to the taxes and liens on the Property are a part of this Mortgage.

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

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

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

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

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

Maintenance of Insurance. Grantor shall procure and maintain policies of fire insurance with standard extended coverage endorsements on a replacement basis for the full insurable value covering all Improvements on the Real Property in an amount sufficient to avoid application of any coinsurance clause, and with a standard mortgagee clause in favor of Lender. Grantor shall also procure and maintain comprehensive general liability insurance in such coverage amounts as Lender may request with Lender being named as additional insureds in such liability insurance policies. Additionally, Grantor shall maintain such other insurance, including but not limited to hazard, business interruption and boiler insurance as Lender may require. Policies shall be written by such insurance companies and in such form as may be reasonably acceptable to Lender. Grantor shall deliver to Lender certificates of coverage from each insurer containing a stipulation that coverage will not be cancelled or diminished without a minimum of ten (10) days' prior written notice to Lender and not containing any disclaimer of the insurer's liability for failure to give such notice. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Grantor or any other person. Should the Real Property at any time become located in an area designated by the Director of the Federal Emergency Management Agency as a special flood hazard area, Grantor agrees to obtain and maintain Federal Flood Insurance for the full unpaid principal balance of the loan and any prior liens on the property securing the loan, up to the maximum policy limits set under the National Flood Insurance Program, or as otherwise required by Lender, and to maintain such insurance for the term of the loan.

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

Unexpired Insurance at Sale. Any unexpired insurance shall inure to the benefit of, and pass to, the purchaser of the Property covered by this Mortgage at any trustee's sale or other sale held under the provisions of this Mortgage, or at any foreclosure sale of such Property.

Grantor's Report on Insurance. Upon request of Lender, however not more than once a year, Grantor shall furnish to Lender a report on each existing policy of insurance showing: (a) the name of the insurer; (b) the risks insured; (c) the amount of the policy; (d) the property insured, the then current replacement value of such property, and the manner of determining that value; and (e) the expiration date of the policy. Grantor shall, upon request of Lender, have an independent appraiser satisfactory to Lender determine the cash value replacement cost of the Property.

TAX AND INSURANCE RESERVES. Subject to any limitations set by applicable law, Lender may require Grantor to maintain with Lender reserves for payment of annual taxes, assessments, and insurance premiums, which reserves shall be created by advance payment or monthly payments of a sum estimated by Lender to be sufficient to produce amounts at least equal to the taxes, assessments, and insurance premiums to be paid. The reserve funds shall be held by Lender as a general deposit from Grantor, which Lender may satisfy by payment of the taxes, assessments, and insurance premiums required to be paid by Grantor as they become due. Lender shall have the right to draw upon the reserve funds to pay such items, and Lender shall not be required to determine the validity or accuracy of any item before paying it. Nothing in the Mortgage shall be construed as requiring Lender to advance other monies for such purposes, and Lender shall not incur any liability for anything it may do or omit to do with respect to the reserve account. Subject to any limitations set by applicable law, if the reserve funds disclose a shortage or deficiency, Grantor shall pay such shortage or deficiency as required by Lender. All amounts in the reserve account are hereby pledged to further secure the Indebtedness, and Lender is hereby authorized to withdraw and apply such amounts on the Indebtedness upon the occurrence of an Event of Default. Lender shall not be required to pay any interest or earnings on the reserve funds unless required by law or agreed to by Lender in writing. Lender does not hold the reserve funds in trust for Grantor, and Lender is not Grantor's agent for payment of the taxes and assessments required to be paid by Grantor.

EXPENDITURES BY LENDER. If Grantor fails to comply with any provision of this Mortgage, or if any action or proceeding is commenced that would materially affect Lender's interests in the Property, Lender on Grantor's behalf may, but shall not be required to, take any action that Lender deems appropriate. Any amount that Lender expends in so doing will bear interest at the rate provided for in the Note from the date incurred or paid by Lender to the date of repayment by Grantor. All such expenses, at Lender's option, will (a) be payable on demand, (b) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (i) the term of any applicable insurance policy or (ii) the remaining term of the Note, or (c) be treated as a balloon payment which will be due and payable at the Note's maturity. This Mortgage also will secure payment of these amounts. The rights provided for in this paragraph shall be in addition to any other rights or any remedies to which Lender may be entitled on account of the default. Any such action by Lender shall not be construed as curing the default so as to bar Lender from any remedy that it otherwise would have had.

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

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

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

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

CONDEMNATION. The following provisions relating to condemnation of the Property are a part of this Mortgage.

Application of Net Proceeds. If all or any part of the Property is condemned by eminent domain proceedings or by any proceeding or purchase in lieu of condemnation, Lender may at its election require that all or any portion of the net proceeds of the award be applied to the Indebtedness

or the repair or restoration of the Property. The net proceeds of the award shall mean the award after payment of all reasonable costs, expenses, and attorneys' fees incurred by Lender in connection with the condemnation.

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

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

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

Taxes. The following shall constitute taxes to which this section applies: (a) a specific tax upon this type of Mortgage or upon all or any part of the Indebtedness secured by this Mortgage; (b) a specific tax on Grantor which Grantor is authorized or required to deduct from payments on the Indebtedness secured by this type of Mortgage; (c) a tax on this type of Mortgage chargeable against the Lender or the holder of the Note; and (d) a specific tax on all or any portion of the Indebtedness or on payments of principal and interest made by Grantor.

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

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

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

Security Interest. Upon request by Lender, Grantor shall execute financing statements and take whatever other action is requested by Lender to perfect and continue Lender's security interest in the Rents and Personal Property. In addition to recording this Mortgage in the real property records, Lender may, at any time and without further authorization from Grantor, file executed counterparts, copies or reproductions of this Mortgage as a financing statement. Grantor shall reimburse Lender for all expenses incurred in perfecting or continuing this security interest. Upon default, Grantor shall assemble the Personal Property in a manner and at a place reasonably convenient to Grantor and Lender and make it available to Lender within three (3) days after receipt of written demand from Lender.

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

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

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

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

FULL PERFORMANCE. If Grantor pays all the Indebtedness when due, and otherwise performs all the obligations imposed upon Grantor under this Mortgage, Lender shall execute and deliver to Grantor a suitable satisfaction of this Mortgage and suitable statements of termination of any financing statement on file evidencing Lender's security interest in the Rents and the Personal Property. Grantor will pay, if permitted by applicable law, any reasonable termination fee as determined by Lender from time to time.

DEFAULT. Each of the following, at the option of Lender, shall constitute an event of default ("Event of Default") under this Mortgage:

Default on Indebtedness. Failure of Grantor to make any payment when due on the Indebtedness.

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

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

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

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

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

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

Foreclosure, Forfeiture, etc. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or

any other method, by any creditor of Grantor or by any governmental agency against any of the Property. However, this subsection shall not apply in the event of a good faith dispute by Grantor as to the validity or reasonableness of the claim which is the basis of the foreclosure or forfeiture proceeding, provided that Grantor gives Lender written notice of such claim and furnishes reserves or a surety bond for the claim satisfactory to Lender.

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

Events Affecting Guarantor. Any of the preceding events occurs with respect to any Guarantor of any of the Indebtedness or any Guarantor dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any Guaranty of the Indebtedness.

Adverse Change. A material adverse change occurs in Grantor's financial condition, or Lender believes the prospect of payment or performance of the Indebtedness is impaired.

Insecurity. Lender in good faith deems itself insecure.

RIGHTS AND REMEDIES ON DEFAULT. Upon the occurrence of any Event of Default and at any time thereafter but subject to any limitation in the Note or any limitation in this Mortgage, Lender, at its option, may exercise any one or more of the following rights and remedies, in addition to any other rights or remedies provided by law:

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

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

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

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

Deficiency Judgment. If permitted by applicable law, Lender may obtain a judgment for any deficiency remaining in the Indebtedness due to Lender after application of all amounts received from the exercise of the rights provided in this section.

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

Other Remedies. Lender shall have all other rights and remedies provided in this Mortgage or the Note or available at law or in equity.

Sale of the Property. To the extent permitted by applicable law, Grantor hereby waives any and all right to have the property marshalled. In exercising its rights and remedies, Lender shall be free to sell all or any part of the Property together or separately, in one sale or by separate sales. Lender shall be entitled to bid at any public sale on all or any portion of the Property.

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

Waiver: Election of Remedies. A waiver by any party of a breach of a provision of this Mortgage shall not constitute a waiver of or prejudice the party's rights otherwise to demand strict compliance with that provision or any other provision. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or take action to perform an obligation of Grantor under this Mortgage after failure of Grantor to perform shall not affect Lender's right to declare a default and exercise its remedies under this Mortgage.

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

NOTICES TO GRANTOR AND OTHER PARTIES. Any notice under this Mortgage, including without limitation any notice of default and any notice of sale to Grantor, shall be in writing, may be sent by telefacsimile (unless otherwise required by law), and shall be effective when actually delivered, or when deposited with a nationally recognized overnight courier, or, if mailed, shall be deemed effective when deposited in the United States mail first class, certified or registered mail, postage prepaid, directed to the addresses shown near the beginning of this Mortgage. Any party may change its address for notices under this Mortgage by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. All copies of notices of foreclosure from the holder of any lien which has priority over this Mortgage shall be sent to Lender's address, as shown near the beginning of this Mortgage. For notice purposes, Grantor agrees to keep Lender informed at all times of Grantor's current address.

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

Amendments. This Mortgage, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Mortgage. No alteration of or amendment to this Mortgage shall be effective unless given in writing and signed by the

party or parties sought to be charged or bound by the alteration or amendment.

Annual Reports. If the Property is used for purposes other than Grantor's residence, Grantor shall furnish to Lender, upon request, a certified statement of net operating income received from the Property during Grantor's previous fiscal year in such form and detail as Lender shall require. "Net operating income" shall mean all cash receipts from the Property less all cash expenditures made in connection with the operation of the Property.

Applicable Law. This Mortgage has been delivered to Lender and accepted by Lender in the State of Idaho. This Mortgage shall be governed by and construed in accordance with the laws of the State of Idaho.

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

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

Multiple Parties. All obligations of Grantor under this Mortgage shall be joint and several, and all references to Grantor shall mean each and every Grantor. This means that each of the persons signing below is responsible for all obligations in this Mortgage.

Severability. If a court of competent jurisdiction finds any provision of this Mortgage to be invalid or unenforceable as to any person or circumstance, such finding shall not render that provision invalid or unenforceable as to any other persons or circumstances. If feasible, any such offending provision shall be deemed to be modified to be within the limits of enforceability or validity; however, if the offending provision cannot be so modified, it shall be stricken and all other provisions of this Mortgage in all other respects shall remain valid and enforceable.

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

Time is of the Essence. Time is of the essence in the performance of this Mortgage.

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

Waivers and Consents. Lender shall not be deemed to have waived any rights under this Mortgage (or under the Related Documents) unless such waiver is in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by any party of a provision of this Mortgage shall not constitute a waiver of or prejudice the party's right otherwise to demand strict compliance with that provision or any other provision. No prior waiver by Lender, nor any course of dealing between Lender and Grantor, shall constitute a waiver of any of Lender's rights or any of Grantor's obligations as to any future transactions. Whenever consent by Lender is required in this Mortgage, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required.

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

GRANTOR:

X Leo E. Ray
LEO E. RAY

X Judith K. Ray
JUDITH K. RAY

INDIVIDUAL ACKNOWLEDGMENT

STATE OF Idaho

COUNTY OF Blaine) SS

On this 18th day of October, in the year 2002, before me Sherry Kelley, a notary public in and for the State of Idaho, personally appeared LEO E. RAY and JUDITH K. RAY, known or identified to me (or proved to me on the oath of Sherry Kelley), to be the persons whose names are subscribed to the within instrument and acknowledged to me that they executed the same.

Notary Public for Idaho

Residing at Fuller ID

My commission expires 7/7/2003

TWIN FALLS COUNTY

Township 9 South, Range 14, East, Boise Meridian, Twin Falls County, Idaho

Section 9: Lot 1 and the NW $\frac{1}{4}$ NE $\frac{1}{4}$; NE $\frac{1}{4}$ NW $\frac{1}{4}$

EXCEPT Road Right of Way

Township 9 South, Range 14 East, Boise Meridian, Twin Falls County, Idaho

Section 4: Lots 8, 16 and 17

EXCEPT

Township 9 South, Range 14 East, Boise Meridian, Twin Falls County, Idaho

Section 4: A parcel of ground described as follows:

BEGINNING at the meander corner lying northerly of the South quarter corner of said Section 4 and
being the REAL POINT OF BEGINNING;

THENCE from said meander corner south for a distance of 57.33 feet;

THENCE South 26°00'15" East for a distance of 130.67 feet;

THENCE South 87°08'33" East for a distance of 296.67 feet;

THENCE North 1°57'15" West for a distance of 174.49 feet;

THENCE North 42°48'13" West for a distance of 368.07 feet;

THENCE South 20°56'36" West for a distance of 272.91 feet to the REAL POINT OF BEGINNING.

TOGETHER WITH an easement for road access 30 feet in width from the existing Melon Valley
county road and centered on the following described line:

BEGINNING at a point located North 1°57'15" West a distance of 92.13 feet from the Southeast corner of
the above described parcel:

THENCE North 71°32'23" East for a distance of 48.41 feet;

THENCE North 62°04'33" East for a distance of 93.13 feet;

THENCE North 84°23'19" East for a distance of 161.27 feet;

THENCE South 74°09'08" East for a distance of 229.46 feet;

THENCE South 61°59'49" East for a distance of 367.52 feet;

THENCE South 72°30'44" East for a distance of 251.15 feet to the intersection with the centerline of the
existing Melon Valley County Road.

GOODING COUNTY

Township 7 South, Range 13 East of the Boise Meridian, Gooding County, Idaho

Section 36: NW $\frac{1}{4}$ NW $\frac{1}{4}$

EXCEPT 25 feet of public road right of way across the West side conveyed to the State of Idaho by Deed
recorded in Book 1 of Deeds, page 434, Gooding County records.

Log for claim 47-12311

Spatial Dynamics BTD

3/2/01

TR	SEC	QQ	Acres Claimed	Acres Found	COMMENT
09s14e	4	SWSE	2	16	Indiscernible
09s14e	4	SWSW	3	41	Indiscernible
09s14e	4	SESW	10	35	Indiscernible
Totals:			15	92	

Water Right Claim Number 47-12311
Townships , 8S14E, 9S14E

03/02/2001



Legend			
Irrigated Area	——	Section Line	——
⊙ Place of Diversion	——	Quarter Section Line	——
		Roads	——
		Streams and Canals	——



500 0 500 1000 Feet



 SPATIAL
DYNAMICS

Water Right Claim Number 47-12311
Townships , 8S14E, 9S14E

03/02/2001



Legend			
Irrigated Area	_____	Section Line	_____
Place of Diversion	⊙	Quarter Section Line	_____
		Roads	_____
		Streams and Canals	_____

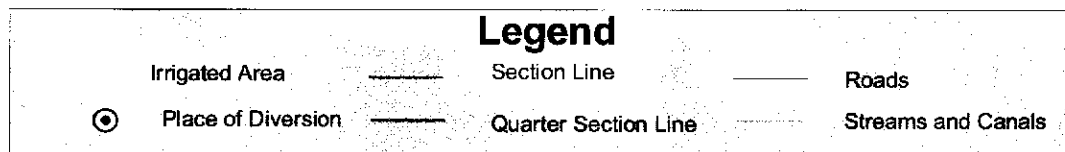
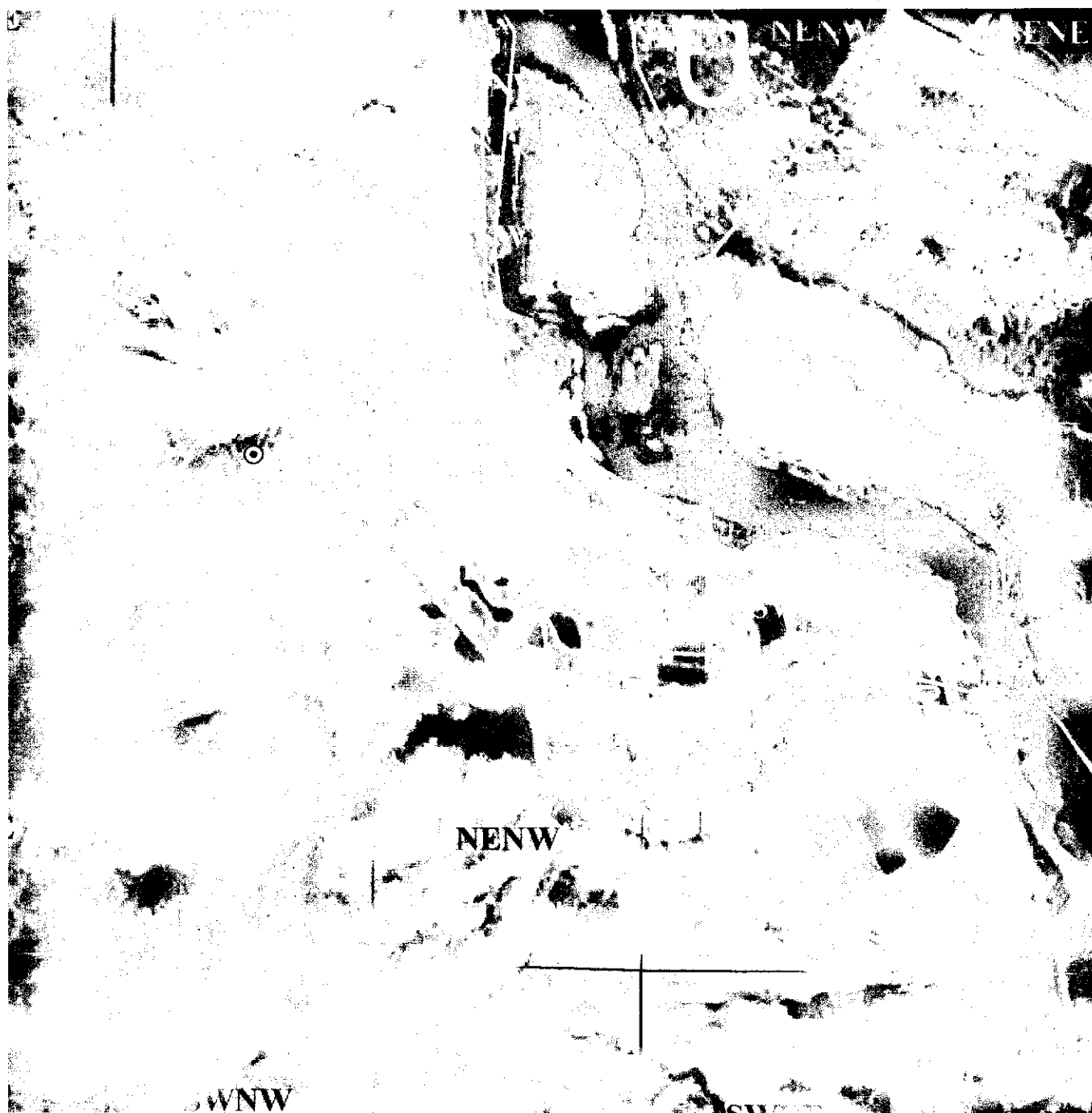


500 0 500 1000 Feet

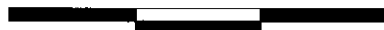
 SPATIAL
DYNAMICS

Water Right Claim Number 47-12311
Townships , 8S14E, 9S14E

03/02/2001



500 0 500 1000 Feet



**SPATIAL
DYNAMICS**

AJ5809NP
No. A47-12311

IDAHO DEPARTMENT OF WATER RESOURCES
ADJUDICATION CLAIM PROFILE REPORT

DATE: 01/30/01
PAGE: 248

OWNER CODE	NAME & ADDRESS	PRIORITY DATE	WATER USE	USE PERIOD FROM TO	DIVERSION RATE	DIVERSION VOLUME
C	LEO E RAY	12/31/1930	IRRIGATION	03-15 11-15	0.300 CFS	
C	JUDITH K RAY 4647 D RIVER RD BUHL ID 83316 (208) 543-6407				0.300 CFS	
				TOTAL DIVERSION: CONSUMPTIVE USE:		45.00 AFA

Water Source: UNNAMED COULEE

Tributary to: SNAKE RIVER

Stage: BENEFICIAL USE

Point(s) of Diversion:

T09S R14E S04

NESWSW

TWIN FALLS County

Place of use Legal Description for: IRRIGATION

				NE				NW				SW				SE						
T	R	S	:	Lt	Ac	Lt	Ac	Lt	Ac	Lt	Ac	Lt	Ac	Lt	Ac	Lt	Ac	Lt	Ac	:	SUM	
09S	14E	4	:													03	10			:		
																			02		:	15.0
																			TOTAL ACRES		:	15.0

POU County: TWIN FALLS

Non-Irrigation Uses: NONE

Other Rights: A47-02151 COVERS ADDITIONAL 5 ACRES FROM SAME DIVERSION

Other Water Rights with Same Point(s) of Diversion with Stage (Includes All Sources):
A47-02151 A47-07187

Other Water Rights Listing Overlapping Place(s) of Use:
A47-02151

Remarks: GEN ADDRESS CHANGE MADE 2-7-95 BY TLB.

Dates: Exam Made Date:

Verified Date:

Objection Filed Date:

Misc: Water District Number:

Field Inspection Flag:
Presumption Flag:

Audit: 12/15/88 MERRITT 02/07/95 TBACKLUN 03/30/95 POST-STD