

April 15, 2004

Att: Steve Clelland

I'm sorry I didn't get you this papers right away. There was a death in the family and I had to go out of town.

I am circling the bottom of the FHA Security Agreement that shows what was included with the property purchase.

the 1905 # is 37-00748 = 80"

1907 # is 37-01178 = 40"

and the property which was purchased by James Rep Crow as:

1909# 37-01197 = 200"

Thank You,

Lawrence C Limball

Position 1

B

Form FHA 440-15
(Rev. 10-12-72)UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATIONSECURITY AGREEMENT
(INSURED LOANS TO INDIVIDUALS)

I. THIS SECURITY AGREEMENT is made between the United States of America acting through the Farmers Home Administration (herein called Secured Party) and LAWRENCE C. ZIMBALL, a single man.

and _____ (herein called Debtor), whose mailing address is

Carey, ID 83320

II. WHEREAS, Debtor is justly indebted to Secured Party as evidenced by a certain promissory note, herein called the note, dated May 31, 1978, for the principal sum of TWO THOUSAND AND NO/100 & THIRTY-FIVE THOUSAND FIVE 2,000.00 35,500.00 HUNDRED AND NO/100 dollars (\$ _____),

with interest at the rate of FIVE percent (5 %) per annum, executed by Debtor and payable to the order of Secured Party; and

The note evidences a loan to Debtor in the principal amount specified therein, and Secured Party, at any time, may assign the note and insure the payment thereof pursuant to the Consolidated Farm and Rural Development Act, or Title V of Housing Act of 1949; and

When payment of the note is insured by Secured Party, Secured Party may retain the right to a specified portion of the payments on the note; and

A condition of the insurance of payment of the note will be that the holder will forego his rights and remedies against Debtor and any others in connection with the loan evidenced thereby, as well as any benefit of this instrument, and will accept the benefits of such insurance in lieu thereof, and upon Secured Party's request will assign the note to Secured Party; and

It is the purpose and intent of this instrument that, among other things, at all times when the note is held by Secured Party, or in the event Secured Party should assign this instrument without insurance of the note, this instrument shall secure payment of the note; but when the note is held by an insured holder, this instrument shall not secure payment of the note or attach to the debt evidenced thereby, but as to the note and such debt shall constitute an indemnity security agreement to secure Secured Party against loss under its insurance contract by reason of any default by Debtor; and

NOW, THEREFORE, in consideration of said loan and (a) at all times when the note is held by Secured Party, or in the event Secured Party should assign this instrument without insurance of the payment of the note, to secure prompt payment of the note and any renewals and extensions thereof and any agreements contained therein, including any provision for the payment of an insurance or other charge, (b) at all times when the note is held by an insured holder, to secure performance of Debtor's agreement herein to indemnify and save harmless Secured Party against loss under its insurance contract by reason of any default by Debtor, and (c) in any event and at all times to secure the prompt payment of all advances and expenditures made by Secured Party, with interest, as hereinafter described, and the performance of every covenant and agreement of Debtor contained herein or in any supplementary agreement:

DEBTOR HEREBY GRANTS to Secured Party a security interest in his interest in the following collateral, including the proceeds thereof:

650 feet of 8x50 pipe with valves; 650 feet of 6"x50" pipe with valves;
8x6 reducer; 6" end plug with ring lock; 132 5/32 nozzles on 40x50 spacing;
4 used hand lines; 1 Berkley pump model B-4 - H8-12 PTO; 500 feet of 5"
Main line and 2140 of 4" main line; 300 shares of Fish Creek reservoir water
Decree 1905-80", 1907-40", 1909-200"