

Boise
Idaho Falls
Pocatello

RECEIVED

OCT 01 2002

WATER RESOURCES
WESTERN REGION

September 30, 2002
via U.S. Mail

US Bank Plaza Building
101 S Capitol Blvd 10th Fl
PO Box 829
Boise Idaho 83701 0829

208 345 2000
800 422 2889
208 385 5384 Fax
www.moffatt.com

Moffatt Thomas

MOFFATT THOMAS BARRETT ROCK & FIELDS, CHTD.

Eugene C. Thomas
John W. Barrett
R. B. Rock
Richard C. Fields
Robert E. Bakes
John S. Simko
John C. Ward
D. James Manning
Gary T. Dance
Larry C. Hunter
Morgan W. Richards
Mark A. Ellison
Randall A. Peterman
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Stephen R. Thomas
Glenna M. Christensen

Gerald T. Husch
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Angela D. Schaer
Ray J. Chacko
Benjamin H. Schwartz
Bradley J. Dixon
Keasa L. Hollister
Mark C. Peterson
Andrew J. Waldera
Shawn C. Nunley

Willis C. Moffatt,
1907-1980

IDWR Western Region
2735 Airport Way
Boise, Idaho 83705-5082

Re: Notices of Security Interest in a Water Right
MTBR&F File No. 19-413.0000

Dear Department of Water Resources:

Enclosed please find for filing with your office the following Notices of Security Interest in a Water Right, including a copy of the Security Agreement and Mortgage and Fixture Filing as well as a check in the amount of \$75 for the filing fee:

- Water Right No.: 2-7068; Adjudication Claim No.: A2-7068
- Water Right No.: 57-2202; Adjudication Claim No.: A57-2202
- Water Right No.: 57-2203 Adjudication Claim No.: A57-2203

Additionally, I have enclosed a copy of each Notice of Security Interest in a Water Right. Please date stamp and return to my attention in the enclosed, self-addressed stamped envelope for our file.

Thank you for your assistance in this matter.

Very truly yours,

Cori Barrera

Cori Barrera
Paralegal to
David S. Jensen

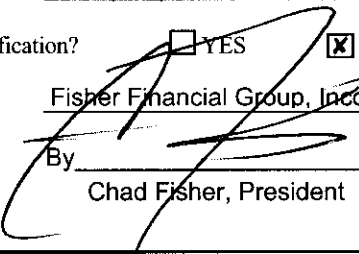
Enclosures

DH ✓

RECEIVED

OCT 01 2002

WATER RESOURCES
WESTERN REGIONSTATE OF IDAHO
DEPARTMENT OF WATER RESOURCES**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): 2-7068
Adjudication Claim No(s): A2-7068
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
Fisher Financial Group, Incorporated
3303 Basline Rd., Building 7, #118
Gilbert, AZ 85234
4. Name of Water Right Owner/Claimant(s)
Little Valley Mutual Irrigation Company
5. Expiration Date of Notification Period 03/05/2005
6. Is this a Renewal of Request for Notification? ☐ YES ☒ NO
7. Signature(s) (and title if applicable) Fisher Financial Group, Incorporated
By 
Chad Fisher, President

For Office Use Only

Received by <u>DH</u>	Date <u>10-1-02</u>	Fee <u>\$25-</u>
Received by <u>DH</u>	Date <u>10-1-02</u>	Receipt No. <u>W029752</u>
Processed by _____	AJ Date _____	WR _____ Date _____

* Refund Request sent 10/2/02.
Fee not required for this claim change.

SECURITY AGREEMENT

SECURITY AGREEMENT, dated as of September 5, 2002, between **GALEN S. SUNDBERG** and **DORIS D. SUNDBERG**, husband and wife (the "Debtor"), whose address is 4850 2nd Avenue N., Karlsruhe, North Dakota 58744, and **FISHER FINANCIAL GROUP, INCORPORATED**, an Arizona corporation doing business as NationsChoice Mortgage (the "Secured Party").

Debtor and Secured Party agree as follows:

1. Security Interest. To secure the full, prompt and complete payment and performance of each and every debt, liability and obligation of every type and description that Debtor may now or at any time owe to the Secured Party, whether now existing or hereafter arising, direct or indirect, due or to become due, absolute or contingent, primary or secondary, liquidated or unliquidated, independent, joint, several or joint and several (all such debts, liabilities and obligations being herein collectively referred to as the "Obligations"), the Debtor grants the Secured Party a security interest (the "Security Interest") in the following property (the "Collateral"):

a. All of the Debtor's Equipment now owned or hereafter acquired, that is located on, appurtenant to, used in connection with, arising from, or relating to the real property described in the attached *Exhibit A*.

b. All of the Debtor's securities, shares, units, options, warrants, interests, participations, or other equivalents (regardless of how designated) of or in Little Valley Mutual Irrigation Company (the "Issuer") now owned or hereafter acquired, and the certificates or instruments representing such interests (the "Equity

2. Representations, Warranties, Covenants and Agreements. The Debtor represents, warrants, covenants and agrees as follows:

a. The exact legal name of each Debtor is Galen S. _____ Sundberg and Doris D. _____ Sundberg. The Debtor has not used any trade name, assumed name or other name except the Debtor's name stated above. The Debtor shall give the Secured Party prior written notice of any change in its name or if the Debtor uses any other name.

b. The address of the Debtor's principal residence is shown at the beginning of this Agreement. The Debtor shall give the Secured Party prior written notice of any change in such address. The Debtor has authority to execute and perform this Agreement.

c. The Debtor authorizes the Secured Party to file all financing statements and amendments to financing statements describing the Collateral in any offices as Secured Party, in its sole discretion, may determine. The Debtor further authorizes the Secured

Party to file a financing statement describing any agricultural liens or other statutory liens held by Secured Party in any offices as Secured Party, in its sole discretion, may determine.

d. The Debtor is the owner of the Collateral, will be the owner of the Collateral hereafter acquired, or has sufficient rights in the Collateral to transfer an interest, free of all security interests, liens and encumbrances other than the Security Interest and any other security of the Secured Party. The Debtor shall not permit any security interest, lien or encumbrance, other than the Security Interest and any other security interest of the Secured Party, to attach to any Collateral without the prior written consent of the Secured Party. The Debtor shall defend the Collateral against the claims and demands of all persons other than the Secured Party, and shall promptly pay all taxes, assessments and other government charges upon or against the Debtor, any Collateral and the Security Interest. No financing statement covering any Collateral is on file in any public office. If any Collateral is or will become a fixture, the Debtor, at the request of the Secured Party, shall furnish the Secured Party with a statement or statements executed by all persons who have or claim an interest in the real estate, in form acceptable to the Secured Party, which statement or statements shall provide that such persons consent to the Security Interest.

e. The Debtor shall not sell or otherwise dispose of any Collateral or any interest therein without the prior written consent of the Secured Party.

f. The Debtor shall: (1) keep all tangible Collateral in good condition and repair, normal depreciation excepted; (2) from time to time replace any worn, broken or defective parts thereof; (3) promptly notify the Secured Party of any loss of or material damage to any Collateral or of any adverse change in the prospect of payment of any account, instrument, chattel paper, other right to payment or general intangible constituting Collateral; (4) not permit any Collateral to be used or kept for any unlawful purpose or in violation of any federal, state or local law; (5) keep all tangible Collateral insured in such amounts, against such risks and in such companies as shall be acceptable to the Secured Party, with loss payable clauses in favor of the Secured Party to the extent of its interest in form acceptable to the Secured Party (including without limitation a provision for at least ten (10) days' prior written notice to the Secured Party of any cancellation or modification of such insurance), and deliver policies or certificates of such insurance to the Secured Party; (6) keep accurate and complete records pertaining to the Collateral and the Debtor's financial condition, business and property, and submit to the Secured Party such periodic reports concerning the Collateral and the Debtor's financial condition, business and property as the Secured Party may from time to time request; (7) at all reasonable times permit the Secured Party and its representatives to examine and inspect any Collateral, and to examine, inspect and copy the Debtor's records pertaining to the Collateral and the Debtor's financial condition, business and property; (8) at the Secured Party's request, promptly execute, endorse and deliver such financing statements and other instruments, documents, chattel paper and writings and take such other actions deemed by the Secured Party to be necessary or desirable to establish, protect, perfect or enforce the Security Interest and the rights of the Secured Party under this Agreement and applicable law, and pay all costs of filing financing statements and other writings in all public offices where filing is deemed by the Secured Party to be necessary or desirable.

g. The Debtor shall comply with the provisions of all federal or state government programs, agreements and contracts to which it is a party, and shall not engage in activities that contribute to excessive erosion of highly erodible land or the conversion of wetlands to produce an agricultural commodity.

h. All certificates or instruments representing or evidencing the Equity Interests shall be promptly delivered by Debtor to Secured Party or Secured Party's designee pursuant hereto at a location designated by Secured Party and shall be held by or on behalf of Secured Party pursuant hereto, and shall be in suitable form for transfer by delivery, or shall be accompanied by duly executed indorsement certificate(s) in the form attached hereto as **Exhibit B** or other instrument of transfer or assignment in blank, in form and substance satisfactory to Secured Party.

i. Upon the occurrence and during the continuance of an Event of Default, Secured Party shall have the right, at any time in its discretion and without notice to Debtor, to transfer to or to register on the books of the Issuer (or of any other Person maintaining records with respect to the Equity Interests) in the name of Secured Party or any of its nominees any or all of the Equity Interests. In addition, Secured Party shall have the right at any time to exchange certificates or instruments representing or evidencing Equity Interests for certificates or instruments of smaller or larger denominations.

j. If, at any time and from time to time, any Equity Interests (including any certificate or instrument representing or evidencing any Equity Interests) is in the possession of a Person other than Secured Party or Debtor (a "Holder"), then Debtor shall immediately, at Secured Party's option, either cause such Equity Interests to be delivered into Secured Party's possession, or cause such Holder to enter into a control agreement, in form and substance satisfactory to Secured Party, and take all other steps deemed necessary by Secured Party to perfect the security interest of Secured Party in such Equity Interests, all pursuant to Sections 28-9-106 and 28-9-313 of the Idaho Code or other applicable law governing the perfection of Secured Party's security interest in the Equity Interests in the possession of such Holder.

k. If at any time, and from time to time, any Equity Interests consists of an uncertificated security or a security in book entry form, then Debtor shall immediately cause such Equity Interests to be registered or entered, as the case may be, in the name of Secured Party, or otherwise cause Secured Party's security interest thereon to be perfected in accordance with applicable law.

3. **Limited Power of Attorney.** If the Debtor at any time fails to perform or observe any agreement herein, the Secured Party, in the name and on behalf of the Debtor or, at its option, in its own name, may perform or observe such agreement and take any action that the Secured Party may deem necessary or desirable to cure or correct such failure. The Debtor irrevocably authorizes Secured Party and grants the Secured Party a limited power of attorney in the name and on behalf of the Debtor or, at its option, in its own name, to collect, receive, receipt for, create, prepare, complete, execute, endorse, deliver, and file any and all financing statements,

insurance applications, remittances, instruments, documents, chattel paper, and other writings, to grant an extension to, compromise, settle, waive, notify, amend, adjust, change, and release any obligation of any account debtor, obligor, insurer, or other person pertaining to any Collateral, and take any other action deemed by the Secured Party to be necessary or desirable to establish, perfect, protect, or enforce the Security Interest. All of the Secured Party's advances, charges, costs, and expenses, including without limitation reasonable attorneys' fees, in connection with the Obligations and in the protection and exercise of any rights or remedies hereunder, together with interest thereon at the highest rate then applicable to any of the Obligations, shall be secured hereunder and shall be paid by the Debtor to the Secured Party on demand.

4. Events of Default. The occurrence of any of the following events shall constitute an "Event of Default": (a) any default in the payment or performance of any of the Obligations; or (b) any default under the terms of this Agreement or any other note, obligation, agreement, mortgage, or other writing heretofore, herewith or hereafter given to or acquired by the Secured Party to which the Debtor or any maker, endorser, guarantor, or surety of any of the obligations or any other person providing security for any of the Obligations or for any guaranty of any of the Obligations is a party; or (c) the insolvency, death, dissolution, liquidation, merger, or consolidation of the Debtor or any such maker, endorser, guarantor, surety, or other person; or (d) any appointment of a receiver, trustee, or similar officer of any property of the Debtor or any such maker, endorser, guarantor, surety, or other person; or (e) any assignment for the benefit of creditors of the Debtor or any such maker, endorser, guarantor, surety, or other person; or (f) any commencement of any proceeding under any bankruptcy, insolvency, dissolution, liquidation, or similar law by or against the Debtor or any such maker, endorser, guarantor, surety, or other person; or (g) the sale, lease or other disposition (whether in one transaction or in a series of transactions) to one or more persons other than in the ordinary course of business of all or a substantial part of the assets of the Debtor or any such maker, endorser, guarantor, surety, or other person; or (h) the entry of any judgment against the Debtor or any such maker, endorser, guarantor, surety, or any other person who is not discharged in a manner acceptable to the Secured Party within thirty (30) days after such entry; or (i) the issuance of levy of any writ, warrant, attachment, garnishment, execution, or other process against any property of the Debtor or any such maker, endorser, guarantor, surety, or any other person; or (j) the attachment of any tax lien to any property of the Debtor or any such maker, endorser, guarantor, surety, or other person; or (k) any statement, representation, or warranty made by Debtor or any such maker, endorser, guarantor, surety, or other person (or any representative of the Debtor or any such maker, endorser, guarantor, surety, or other person) to the Secured Party at any time shall be incorrect or misleading in any material respect when made.

5 Remedies. Upon the occurrence of any Event of Default and at any time thereafter, the Secured Party may exercise any one or more of the following rights and remedies: (a) declare all Obligations to be immediately due and payable, and the same shall thereupon be immediately due and payable, without presentment or other notice or demand, all of which are hereby waived by the Debtor; (b) require the Debtor to assemble all or any part of the Collateral and make it available to the Secured Party at a place to be designated by the Secured Party that is reasonably convenient to both parties; (c) exercise and enforce any and all rights and remedies available upon default under this Agreement, the Uniform Commercial Code, and any other

applicable agreements and laws. If notice to the Debtor of any intended disposition of Collateral or other action is required, such notice shall be deemed reasonably and properly given if mailed by regular or certified mail, postage prepaid, to the Debtor at the address stated at the beginning of this Agreement or at the most recent address shown in the Secured Party's records, at least ten (10) days prior to the action described in such notice. The Debtor consents to the personal jurisdiction of the state and federal courts located in the State of Idaho in connection with any controversy related to this Agreement, the Collateral, the Security Interest, or any of the Obligations, waives any argument that venue in such forums is not convenient, and agrees that any litigation initiated by the Debtor against the Secured Party in connection with this Agreement, the Collateral, the Security Interest, or any of the Obligations shall be venued the courts of Owyhee County, Idaho.

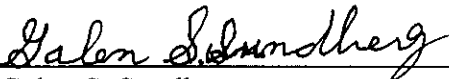
6. Miscellaneous. All terms in this Agreement that are defined in the Uniform Commercial Code, as enacted in the state of Idaho and as amended from time to time (the "UCC"), shall have the meanings set forth in the UCC and such meanings shall automatically change at the time that any amendment to the UCC that changes such meanings shall become effective. A carbon, photographic, or other reproduction of this Agreement is sufficient as a financing statement. This Agreement cannot be waived, modified, amended, abridged, supplemented, terminated, or discharged, and the Security Interest cannot be released or terminated, except by a writing duly executed by the Secured Party. A waiver shall be effective only in the specific instance and for the specific purpose given. No delay or failure to act shall preclude the exercise or enforcement of any of the Secured Party's rights or remedies. All rights and remedies of the Secured Party shall be cumulative and may be exercised singularly, concurrently, or successively at the Secured Party's option, and the exercise or enforcement of any one such right or remedy shall not be a condition to or bar the exercise or enforcement of any other. This Agreement shall be binding upon and inure to the benefit of the heirs, legatees, executors, administrators, successors and assigns of Secured Party and shall bind all persons and parties who become bound as a debtor to this Security Agreement. If any provision or application of this Agreement is held unlawful or unenforceable in any respect, such illegality or unenforceability shall not affect other provisions or applications that can be given effect, and this Agreement shall be construed as if the unlawful or unenforceable provision or application had never been contained herein or prescribed hereby. All representations and warranties contained in this Agreement shall survive the execution, delivery, and performance of this Agreement and the creation, payment, and performance of the Obligations. This Agreement shall be governed by and construed in accordance with the laws of the State of Idaho.

7. Waiver of Jury Trial. DEBTOR WAIVES ITS RIGHT TO A JURY TRIAL WITH RESPECT TO ANY ACTION OR CLAIM ARISING OUT OF ANY DISPUTE IN CONNECTION WITH THIS AGREEMENT, ANY RIGHTS, REMEDIES, OBLIGATIONS, OR DUTIES HEREUNDER, OR THE PERFORMANCE OR ENFORCEMENT HEREOF OR THEREOF. Except as prohibited by law, Debtor waives any right that it may have to claim or recover in any litigation referred to in the preceding sentence any special, exemplary, punitive or consequential damages or any damages other than, or in addition to, actual damages. Debtor (i) certifies that neither Secured Party nor any representative, agent or attorney of Secured Party has represented, expressly or otherwise, that Secured Party would not, in the event of litigation, seek to enforce the foregoing waivers or other waivers contained in this Agreement, and (ii) acknowledges

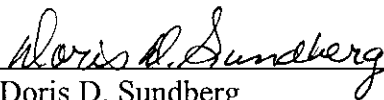
that, in entering into this Agricultural Security Agreement, Secured Party is relying upon, among other things, the waivers and certifications contained in this Section 8.

THE DEBTOR REPRESENTS, CERTIFIES, WARRANTS, AND AGREES THAT THE DEBTOR HAS READ THIS ENTIRE AGREEMENT AND UNDERSTANDS ALL OF ITS PROVISIONS.

IN WITNESS WHEREOF, intending to be legally bound, the Debtor has caused this Agreement to be duly executed as of the date first above written.



Galen S. Sundberg



Doris D. Sundberg

EXHIBIT A

Description of the Real Property

IN TOWNSHIP 6 SOUTH, RANGE 4 EAST, BOISE MERIDIAN, OWYHEE COUNTY, IDAHO

Section 22: Northeast Quarter

EXCEPTING a parcel of land in the Southeast Quarter of the Northeast Quarter, more particularly described as follows:

BEGINNING at a point which is the Southeast corner of Southeast Quarter of the Northeast Quarter; thence

North 208.71 feet; thence

West 208.71 feet; thence

South 208.71 feet; thence

East 208.71 feet to the POINT OF BEGINNING.

ALSO EXCEPTING THEREFROM:

A parcel of land in the Southwest Quarter of the Northeast Quarter more particularly described as follows:

BEGINNING at a point which is the Southwest corner of the Southwest Quarter of the Northeast Quarter; thence

North 290.00 feet; thence

East 600.00 feet; thence

South 290.00 feet; thence

West 600.00 feet to the POINT OF BEGINNING

IN TOWNSHIP 6 SOUTH, RANGE 4 EAST, BOISE MERIDIAN, OWYHEE COUNTY, IDAHO

Section 22: Southwest Quarter

Section 27: North Half of the Northwest Quarter

EXHIBIT B

Indorsement Certificate

FOR VALUE RECEIVED, the undersigned sells, assigns, and transfers unto _____, _____ shares of the stock or other securities of Little Valley Mutual Irrigation Company (the "Issuer") standing in the undersigned's name on the books of the Issuer represented by _____, and irrevocably constitutes and appoints _____ as the undersigned's attorney-in-fact to transfer the said stock or other securities on the books of the Issuer with full power of substitution in the premises.

Date: September 5, 2002

Galen S. Sundberg
Galen S. Sundberg

Doris D. Sundberg
Doris D. Sundberg

104801

Instrument # 241049

MURPHY, OWYHEE, IDAHO

2002-09-25

04:39:18 No. of Pages: 18

Recorded for : PIONEER TITLE

CYNTHIA A. EATON

Fee: 54.00

Ex-Officio Recorder Deputy

Index to: MORTGAGE

Callahan

WHEN RECORDED RETURN TO:

David S. Jensen

Moffatt, Thomas, Barrett, Rock & Fields, Chtd.

101 S. Capitol Blvd., 10th floor

P.O. Box 829

Boise, ID 83701

MORTGAGE AND FIXTURE FILING

THIS MORTGAGE AND FIXTURE FILING is made effective as of September 5, 2002, by **GALEN S. SUNDBERG and DORIS D. SUNDBERG**, husband and wife, whose address is 4850 2nd Avenue N., Karlsruhe, North Dakota, 58744 ("Grantor"), and **FISHER FINANCIAL GROUP, INCORPORATED**, an Arizona corporation doing business as NationsChoice Mortgage, whose address is 3303 E. Baseline Road, Gilbert, Arizona 85324 ("Lender").

1. CONVEYANCE AND GRANT. For valuable consideration, Grantor mortgages, grants, bargains, sells and conveys to Lender all of Grantor's right, title, and interest in and to the real property located in Owyhee County, Idaho more particularly described in the attached **Exhibit A**, 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 (the "Real Property").

Grantor also presently assigns to Lender all of Grantor's right, title, and interest in and to all present and future leases of the Property (defined below) and all Rents (defined below) from the Property. In addition, Grantor grants Lender a security interest in the Rents and the Personal Property (defined below).

This Mortgage, including the assignment of rents and the security interest in the Rents and Personal Property, is given to secure (1) payment of the Indebtedness and (2) performance of each agreement and obligation of Grantor under the Note, the Related Documents, and this Mortgage (as such terms are defined below).

2. 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 Galen S. Sundberg and Doris D. Sundberg, husband and wife.

Guarantor. The word "Guarantor" means and includes without limitation any and all 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, all obligations under any related agreement, 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. The word "Indebtedness" also means each and every debt, liability, and obligation of every type and description that Grantor may now or at any time owe to the Lender, whether now existing or hereafter arising, direct or indirect, due or to become due, absolute or contingent, primary or secondary, liquidated or unliquidated, independent, joint, several, or joint and several.

Lender. The word "Lender" means Fisher Financial Group, Incorporated, its successors and assigns.

Mortgage. The word "Mortgage" mean this Mortgage, and includes without limitation all assignment and security interest provisions relating to the Personal Property and Rents.

Note. The word "Note" means the Note dated September 5, 2002, in the stated principal amount of \$225,000 from Grantor to Lender, together with all renewals, extensions, modifications, refinancings, and substitutions for the Note.

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 "Conveyance and Grant" 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.

3. 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 the Note, this Mortgage, and the Related Documents.

4. POSSESSION AND MAINTENANCE OF THE PROPERTY.

4.1 Possession and Use. Until the occurrence of an Event of Default, Grantor may (a) remain in possession and control of the Property, (b) use, operate or manage the Property, and (c) collect any Rents from the Property.

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

4.3 Hazardous Substances. Grantor represents and warrants to Lender that: (1) During the period of Grantor's leasehold interest in the Property, there has been no use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance by any person on, under, about or from the Property; (2) Grantor has no knowledge of, or reason to believe that there has been, (a) any breach or violation of any Environmental Laws, (b) any use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance on, under, about or from the Property by any prior owners or occupants of the Property, or (c) any actual or threatened litigation or claims of any kind by any person relating to such matters; and (3) 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 Substance on, under, about or from the Property; and any such activity shall be conducted in compliance with all applicable federal, state, and local laws, regulations and ordinances, including without limitation all Environmental Laws. 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 Substances. Grantor hereby (1) 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 (2) 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 occurring prior to Grantor's ownership or interest in the Property, whether or not the same was or should have been known to Grantor. 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.

4.3.1 Without otherwise limiting Grantor's covenants as provided herein, Grantor shall not without Lender's prior written consent, remove or permit the removal of sand, gravel or topsoil, or engage in borrow pit operations, or use or permit the use of the Property as a land fill or dump, or store, burn or bury or permit the storage, burning or burying of any material or product which may result in contamination of the Property or the groundwater or which may require the issuance of a permit by the Environmental Protection Agency or any state or local government agency governing the issuance of hazardous or toxic waste permits, or request or permit a change in zoning or land use classification, or cut or remove or suffer the cutting or removal of any trees or timber from the Property.

4.3.2 At its sole cost and expense, Grantor shall comply with and shall cause all occupants of the Property to comply with all Environmental Laws with respect to the disposal of industrial refuse or waste, and/or the discharge, processing, manufacture, generation, treatment, removal, transportation, storage and handling of Hazardous Substances, and pay immediately when due the cost of removal of any such wastes or substances from, and keep the Property free of any lien imposed pursuant to such laws, rules, regulations and orders.

4.3.3 Grantor shall not install or permit to be installed in or on the Property, friable asbestos or any substance containing asbestos and deemed hazardous by federal, state or local laws, rules, regulations or orders respecting such material. Grantor shall further not install or permit the installation of any machinery, equipment or fixtures containing polychlorinated biphenyls (PCBs) on or in the Property. With respect to any such material or materials currently present in or on the Property, Grantor shall promptly comply with all applicable Environmental Laws regarding the safe removal thereof, at Grantor's expense.

4.3.4 Grantor shall indemnify Lender and hold Lender harmless from and against all loss, cost, damage and expense (including, without limitation, attorneys' fees and costs incurred in the investigation, defense and settlement of claims) that Lender may incur as a result of or in connection with the assertion against Lender of any claim relating to the presence or removal of any Hazardous Substance, or compliance with any Environmental Law. No notice from any governmental body has ever been served upon Grantor or, to Grantor's knowledge after due inquiry, upon any prior owner of the Property, claiming a violation of or under any Environmental Law or concerning the environmental state, condition or quality of the Property, or the use thereof, or requiring or calling attention to the need for any work, repairs, construction, removal, cleanup, alterations, demolition, renovation or installation on, or in connection with, the Property in order to comply with any Environmental Law; and upon receipt of any such notice, Grantor shall take any and all steps, and shall perform any and all actions necessary or appropriate to comply with the

same, at Grantor's expense. In the event Grantor fails to do so, Lender may declare this Mortgage to be in default.

4.4 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), coal, clay, scoria, soil, gravel or rock products without Lender's prior written consent.

4.5 Removal of Improvements. Grantor shall not demolish or remove any Improvements from the Real Property without Lender's prior written consent. 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.

4.6 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.

4.7 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.

4.8 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, that from the character and use of the Property are reasonably necessary to protect and preserve the Property. The Grantor shall comply with the provisions of all federal or state government programs, agreements and contracts to which it is a party, and shall not engage in activities that contribute to excessive erosion of highly erodible land or the conversion of wetlands to produce an agricultural commodity.

5. 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 Lender's prior written consent, of all or any part of the Real Property, or any interest in the Real Property. Lender shall not exercise this option if such exercise is prohibited by federal law or by Idaho law. A "sale or transfer" means the conveyance of Real Property or any right, title or interest in the Real Property; 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 an interest in the Real Property.

6. TAXES AND LIENS.

6.1 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 those liens specifically agreed to in writing by Lender, and except for the lien of taxes and assessments not due as further specified in the Right to Contest paragraph below.

6.2 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.

6.3 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.

7. PROPERTY DAMAGE INSURANCE.

7.1 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 insured in such liability insurance policies. Additionally, Grantor shall maintain such other insurance as Lender may reasonably 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 thirty (30) 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 be located in an area designated by the Director of the Federal Emergency Management Agency as a special flood hazard area, Grantor shall obtain and maintain Federal Flood Insurance, if available, within 45 days after notice is given by Lender that the Property is located in a special flood hazard area, for the full unpaid principal balance of the loan and any prior liens on the property securing the Indebtedness, up to the maximum policy limits set under the national Flood Insurance Program, or as otherwise required by Lender, and to maintain such insurance until the Indebtedness is paid in full.

7.2 Application of Proceeds. Grantor shall promptly notify Lender of any loss or damage to the Property if the estimated cost of repair or replacement exceeds \$10,000. 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, receive and retain the proceeds of any insurance and 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 that have not been disbursed within 180 days after their receipt and that 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 as Grantor's interests may appear.

7.3. 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 foreclosure sale of such Property.

8. 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.

9. EXPENDITURES BY LENDER. If any action or proceeding is commenced that would materially affect Lender's interests in the Property or if Grantor fails to comply with any provision of this Mortgage or any Related Document, 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 expenditures will become a part of the Indebtedness and, 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 that 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.

10. WARRANTY AND DEFENSE OF TITLE.

10.1 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.

10.2 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.

10.3 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.

11. CONDEMNATION.

11.1 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.

11.2 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.

12. IMPOSITION OF TAXES, FEES AND CHARGES BY GOVERNMENTAL AUTHORITIES.

12.1 Current Taxes, Fees and Charges. 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.

12.2 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 that 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.

12.3 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, 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.

13. SECURITY AGREEMENT; FINANCING STATEMENTS.

13.1 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.

13.2 Security Interest. Upon request by Lender, Grantor shall take whatever 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.

13.3 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.

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

14.1 Further Assurances. At any time, and from time to time, upon request of Lender, Grantor shall take such action and/or make, execute and deliver, or shall 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.

14.2 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 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.

15. 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 shall pay, if permitted by applicable law, any reasonable termination fee as determined by Lender from time to time.

16. DEFAULT.

16.1 Events of Default. Each of the following, at Lender's option, shall constitute an Event of Default under this Mortgage:

16.1.1 Payment Default. Grantor fails to make any payment when due under the Indebtedness.

16.1.2 Default on Other Payments. Grantor fails 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.

16.1.3 Compliance Default. Grantor fails to comply with or to perform any other term, obligation, covenant or condition contained in this Mortgage, the Note or in any of the Related Documents or to comply with or to perform any term, obligation, covenant, or condition in any other agreement between Lender and Grantor.

16.1.4 Default in Favor of Third Parties. Grantor defaults 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 perform Grantor's obligations under this Mortgage or any of the Related Documents.

16.1.5 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.

16.1.6 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.

16.1.7 Death/Dissolution or Insolvency. The death of Grantor, the insolvency of Grantor, the appointment of a receiver for any part of Grantor's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Grantor.

16.1.8 Foreclosure or Forfeiture. 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 property servicing the Indebtedness. This Event of Default shall not apply, however, if there is a good faith dispute by

Grantor as to the validity or reasonableness of the claim that is the basis of the foreclosure or forfeiture proceeding, as long as Grantor gives Lender written notice of such claim and furnishes reserves or a surety bond for the claim satisfactory to Lender.

16.1.9 Execution; Attachment. Any execution or attachment is levied against the Property, and such execution or attachment is not set aside, discharged or stayed within thirty (30) days after the same is levied.

16.1.10 Change in Zoning or Public Restriction. Any change in any zoning ordinance or regulation or any other public restriction is enacted, adopted or implemented, that limits or defines the uses which may be made of the Property such that the present or intended use of the Property, as specified in the Related Documents, would be in violation of such zoning ordinance or regulation or public restriction, as changed.

16.1.11 Default Under Other Lien Documents. A default occurs under any other mortgage, deed of trust or security agreement covering all or any portion of the Property.

16.1.12 Judgment. Unless adequately covered by insurance in the opinion of Lender, the entry of a final judgment for the payment of money involving more than ten thousand dollars (\$10,000.00) against Grantor and the failure by Grantor to discharge the same, or cause it to be discharged, or bonded off to Lender's satisfaction, within thirty (30) days from the date of the order, decree or process under which or pursuant to which such judgment was entered.

16.1.13 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.

16.2 Right to Cure. If an Event of Default is curable and if Grantor has not been given a notice of a breach of the same provision of this Mortgage within the preceding twelve (12) months, it may be cured (and no Event of Default will have occurred) if Grantor, after Lender sends written notice demanding cure of such failure: (a) cures the failure within twenty (20) days; or (b) if the cure requires more than twenty (20) days, immediately initiates steps sufficient to cure the failure and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

17. RIGHTS AND REMEDIES ON DEFAULT. Upon the occurrence of any Event of Default and at any time thereafter, 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:

17.1 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 that Grantor would be required to pay.

17.2 Foreclosure. With respect to all or any part of the Real Property, the Lender shall have the right to foreclose by judicial foreclosure in accordance with and to the full extent provided by applicable law.

17.3 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.

17.4 Collect Rents. Lender shall have the right, without notice to Grantor, to take possession of and manage 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.

17.5 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.

17.6 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.

17.7 Other Remedies. Lender shall have any other right or remedy provided in this Mortgage or the Note or by law.

17.8 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. Any sale of Personal Property may be made in conjunction with any sale of the Real Property.

17.9 Sale of the Property. To the extent permitted by applicable law, Grantor hereby waives any and all rights to have the Property marshaled. In exercising its rights and remedies, the 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.

17.10 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 provided in this Mortgage, the Note, in any Related Document, or provided by law shall not exclude pursuit of any other remedy, and an election to make expenditures or to 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 to exercise any of its remedies.

17.11 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 attorneys' fees at trial and upon any appeal. Whether or not any court action is involved, and to the extent not prohibited by law, all reasonable expenses Lender incurs 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 at the Note rate from the date of the expenditure until repaid. 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 and expenses 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, 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.

18. NOTICES TO GRANTOR AND OTHER PARTIES. Any notice under this Mortgage 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 that 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.

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

19.1 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.

19.2 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.

19.3 Governing 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.

19.5 Choice of Venue. If there is a lawsuit, Grantor agrees upon Lender's request to submit to the jurisdiction of the courts of Owyhee County, State of Idaho.

19.6 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.

19.7 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.

19.8 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.

19.9 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.

19.10 Non-Liability of Lender. The relationship between Grantor and Lender created by this Mortgage is strictly a debtor and creditor relationship and not fiduciary in nature, nor is the relationship to be construed as creating any partnership or joint venture between Lender and Grantor. Grantor is exercising Grantor's own judgement with respect to Grantor's business. All information supplied to Lender is for Lender's protection only and no other party is entitled to rely on such information. There is no duty for Lender to review, inspect, supervise or inform Grantor of any matter with respect to Grantor's business. Lender and Grantor intend that Lender may reasonably rely on all information supplied by Grantor to Lender, together with all representations and warranties given by Grantor to Lender, without investigation or confirmation by Lender and that any investigation or failure to investigate will not diminish Lender's right to so rely.

19.11 Sole Discretion of Lender. Whenever Lender's consent or approval is required under this Mortgage, the decision as to whether or not to consent or approve shall be in the sole and exclusive discretion of Lender and Lender's decision shall be final and conclusive.

19.12 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.

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

19.14 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.

19.15 Survival of Representations and Warranties. All representations, warranties, and agreements made by Grantor in this Mortgage shall survive the execution and delivery of this Mortgage, shall be continuing in nature, and shall remain in full force and effect until such time as the Indebtedness is paid in full.

EXHIBIT A

Description of the Real Property

IN TOWNSHIP 6 SOUTH, RANGE 4 EAST, BOISE MERIDIAN, OWYHEE COUNTY, IDAHO

Section 22: Northeast Quarter

EXCEPTING a parcel of land in the Southeast Quarter of the Northeast Quarter, more particularly described as follows:

BEGINNING at a point which is the Southeast corner of Southeast Quarter of the Northeast Quarter; thence

North 208.71 feet; thence

West 208.71 feet; thence

South 208.71 feet; thence

East 208.71 feet to the POINT OF BEGINNING.

ALSO EXCEPTING THEREFROM:

A parcel of land in the Southwest Quarter of the Northeast Quarter more particularly described as follows:

BEGINNING at a point which is the Southwest corner of the Southwest Quarter of the Northeast Quarter; thence

North 290.00 feet; thence

East 600.00 feet; thence

South 290.00 feet; thence

West 600.00 feet to the POINT OF BEGINNING

IN TOWNSHIP 6 SOUTH, RANGE 4 EAST, BOISE MERIDIAN, OWYHEE COUNTY, IDAHO

Section 22: Southwest Quarter

Section 27: North Half of the Northwest Quarter

6S 4E

Sundberg
NWNE

Sundberg
NENE

Sundberg
SWNE

Sundberg
SENE

Exception on deed
belongs to Ward Family
Limited Partnership

Exception on Deed
belongs to Little Valley
Mutual Irrigation

Sundberg
NWSW

Sundberg
NESW

Sundberg
SWSW

Sundberg
SESW

Sundberg
NWNW

Sundberg
NENW

22

27

23

26