

DEV

STATE 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  
(Parcels I-V)

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): 29.6831% interest in rights listed in Exhibit B to attached  
Adjudication Claim No(s): Mortgage, Financing Statement and Security Agreement  
(representing Normco, LLC's, interest).
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.**

RECEIVED

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

OCT 13 2009

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

Department of Water Resources  
Eastern Region

First Utah Bank, Attn: Nathan A. Anderson

11025 South State Street

Sandy, UT 84070

4. Name of Water Right Owner/Claimant(s) Normco, LLC (owner of 29.6831% interest)

5. Expiration Date of Notification Period \_\_\_\_\_

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

7. Signature(s) of Security Interest holder(s) Nathan A. Anderson  
(and title if applicable) Nathan A. Anderson, Senior Vice President,  
Construction Loan Manager, First Utah Bank

For Office Use Only

Received by BMK Date 10/13/09 Fee 1000.00  
Receipted by BMK Date 10/13/09 Receipt No. 6035401  
Processed by \_\_\_\_\_ AJ Date \_\_\_\_\_ WR \_\_\_\_\_ Date \_\_\_\_\_

WHEN RECORDED, RETURN TO:

Nathan A. Anderson  
VP & Construction Loan Manager  
First Utah Bank  
11025 South State Street  
Sandy, UT 84070

AT 5104

281047  
State of Idaho ) SS No. \_\_\_\_\_  
County of Lemhi )  
This instrument was filed for record at the request  
of Alliance Title  
at 1:48 o'clock p.m. 10-6 2009  
and duly filmed and indexed in the records of Lemhi  
County  
Terri J. Morton  
Ex-Officio Recorder  
By [Signature] Deputy  
Fee 72.00  
Return to AT

### MORTGAGE, FINANCING STATEMENT AND SECURITY AGREEMENT

THIS MORTGAGE, FINANCING STATEMENT AND SECURITY AGREEMENT ("Mortgage") is made on August 31, 2009 by and among Normco, LLC, a Utah limited liability company ("Borrower"), with an address of 10424 South 2700 West, Suite 200, South Jordan, Utah, 84095-9603, and First Utah Bank ("Lender"), with an address of 11025 South State Street, Sandy, Utah, 84070, Attention Nathan A. Anderson.

FOR GOOD AND VALUABLE CONSIDERATION, including the indebtedness herein recited and the mortgage herein created, the receipt of which is hereby acknowledged, Borrower hereby irrevocably warrants, grants, bargains, sells, transfers, conveys, mortgages, assigns, and grants a security interest to Lender for the benefit and security of Lender, subject to the terms and conditions of this Mortgage, Borrower's 29.6831% undivided interest in all of the following-described estate, property and interest, now or hereafter acquired, together with all cash and noncash proceeds thereof, all of which may be referred to in this Mortgage as the "Borrower's Interest", which interest is held pursuant to that certain Agreement Among Tenants-In-Common (the "TIC Agreement"):

#### Real Property, Rents and Derivative Interests

The real property located in the Counties of Lemhi and Custer, State of Idaho, described in Exhibit A attached hereto and by this reference incorporated herein ("Property"), consisting of approximately 5,643 acres; all rents, issues, profits, royalties, income and other benefits derived from the Property (collectively, "rents"); all estate, right, title and interest of Borrower in and to all leases or subleases covering the Property or any portion thereof now or hereafter existing or entered into; all interests, estate or other claims, both in law and in equity, which Borrower now has or may hereafter acquire in the Property; all easements, rights-of-way, ditches and ditch rights, and any other rights used in connection therewith or as a means of access thereto, and all tenements, hereditaments and appurtenances thereof and thereto; all permitted, licensed, claimed or decreed water rights appurtenant to the Property including, without limitation, those water rights listed on Exhibit B attached hereto and by this reference incorporated herein; all right, title and interest of Borrower, now owned or hereafter acquired, in and to any land lying within the right-of-way of any street, open or proposed, adjoining the Property and any and all sidewalks, alleys and strips and gores of land adjacent to or used in connection with the Property;

# 241611  
Custer County Req. of  
Alliance Title & Escrow  
Time 3:38 P M Date 10-6, 2009  
Barbara C. Tierney, Clerk  
[Signature] Deputy \$72.00

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#### Improvements

Any and all buildings and improvements now or hereafter erected on the Property, including, but not limited to, the fixtures, attachments, appliances, equipment, machinery, ditches, headgates, wells, pumps, meters, and other articles attached to such buildings and improvements ("Improvements");

#### Personal Property

All right, title and interest of Borrower in and to all tangible personal property now owned or hereafter acquired by Borrower and now or at any time hereafter located on or at the Property and used in connection therewith, including, but not limited to: all building materials stored on the Property, water right applications and permits seeking approval of water rights to be made appurtenant to or used upon the Property, goods, machinery, tools, equipment (including fire sprinklers and alarm systems, air conditioning, heating and refrigerating equipment, equipment for electronic monitoring, entertainment, recreation, window or structural cleaning, maintenance, exclusion of vermin or insects, removal of dust, refuse or garbage, for diversion and distribution of water rights, and all other equipment of every kind) ("Personal Property");

#### Intangibles

All of Borrower's interest in all existing and future accounts, contract rights, general intangibles, files, books of account, agreements, applications, permits, licenses and certificates necessary or desirable in connection with the acquisition, ownership, leasing, construction, operation, servicing or management of the Borrower's Interest, whether now existing or entered into or obtained after the date hereof; and

#### Claims and Awards

All the estate, interest, right, title, other claim or demand, including claims or demands with respect to the proceeds of insurance and any and all awards made for the taking by eminent domain, or by any proceeding or purchase in lieu thereof, of the whole or any part of the Borrower's Interest, and Borrower hereby authorizes, directs and empowers Lender, at its option, on Borrower's behalf, to adjust, compromise, claim, collect and receive such proceeds and to give proper receipts and acquittances therefor.

TO HAVE AND TO HOLD the Borrower's Interest hereby granted or mortgaged, unto Lender, and its successors and assigns.

PROVIDED, HOWEVER, that these presents are upon the condition that, if the obligations secured hereby shall be paid when due, and if the Borrower shall keep, perform and observe the obligations, covenants, agreements and provisions in this Mortgage, then this Mortgage and the estate and rights hereby granted shall cease, terminate and be void, but otherwise shall be and remain in full force and effect.

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THIS MORTGAGE SHALL SECURE THE FOLLOWING INDEBTEDNESS AND OBLIGATIONS, INCLUDING ALL REPLACEMENTS, RENEWALS, AMENDMENTS, EXTENSIONS, SUBSTITUTIONS AND MODIFICATIONS:

(1) Payment of all indebtedness and performance of all obligations and covenants of Borrower under or pursuant to the following:

(a) Promissory Note dated of even date herewith, executed by Borrower in favor of Lender in the aggregate principal amount of \$1,282,331 ("Note");

(b) This Mortgage; and

(c) All other Loan Documents (as defined herein).

(2) Payment of all future advances, all sums advanced by Lender to protect the Borrower's Interest or otherwise pursuant to the terms of the Loan Documents from the date of Lender's advance to the date of Borrower's payment.

The indebtedness and the obligations secured by this Mortgage which are described in (1) and (2) above are referred to herein as the "Secured Obligations."

This Mortgage, the Note, and any other writing given to evidence or further secure the payment and performance of any of the several Secured Obligations, are hereafter referred to as the "Loan Documents." The Loan Documents shall also include (A) that certain Agreement Concerning Wheatland Estates Loan Impairment, Deficiency Loans, Etc. and Further Agreement Concerning Saratoga Springs Summerhill, executed by Borrower in favor of Lender (the "Loan Agreement"); (B) that certain Mortgage, Financing Statement and Security Agreement, executed by Old Corrals & Sagebrush, LLLP ("Old Corrals"), as agent for the a general partnership (the "Partnership") pursuant to that certain Partnership Agreement (the "Partnership Agreement"), in favor of Lender; (C) that certain Security Agreement executed by Old Corrals, as agent for the Partnership pursuant to the Partnership Agreement, in favor of Lender, pledging an interest in certain personal property including that certain water right permit; (D) that certain Security Agreement executed by Borrower in favor of Lender, pledging Borrower's interest in the Partnership; and (E) any Collateral Assignment of Leases executed by Old Corrals, as agent for the Partnership pursuant to the Partnership Agreement, in favor of Lender, pledging an interest in certain grazing leases.

Notwithstanding any other language, the Loan Agreement shall govern the terms of the loan transaction between Lender and Borrower, and to the extent there is a conflict between the Loan Agreement and any other Loan Document, the terms of the Loan Agreement shall control.

## ARTICLE I

### REPRESENTATIONS, WARRANTIES, COVENANTS AND AGREEMENTS OF BORROWER

Borrower hereby represents, warrants, covenants and agrees:

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Section 1.1 Payment of Secured Obligations. Borrower hereby grants this Mortgage to secure the payment and performance when due of the Secured Obligations.

Section 1.2 Title of Borrower. Borrower has and shall maintain, subject to Permitted Encumbrances (hereinafter defined), in its own right, good, marketable and indefeasible title in fee simple to the Borrower's Interest, which is free from encumbrance; and Borrower has full right to make this Mortgage. Notwithstanding any ownership records of any of the Borrower's Interest, Borrower owns an undivided 29.6831% interest in all of the Borrower's Interest. Borrower and the other owners of undivided interests in the Borrower's Interest have entered into an agreement setting forth the ownership of the Borrower's Interest, which shall be owned by such owners either as tenants-in-common or as a partnership (an "Ownership Agreement"). Such Ownership Agreement shall affirm Borrower's right to enter into this Mortgage and any other Loan Document, and shall not have any impact on Lender's security interest in the Borrower's Interest created by this Mortgage and all other Loan Documents, and shall not impair Lender's ability to exercise its rights under this Mortgage and all other Loan Documents.

Section 1.3 Capital Improvements. Borrower shall not make any expenditures for Improvements on the Property which, individually or in the aggregate, would materially and adversely affect the value, utility or current use of the Borrower's Interest.

Section 1.4 Maintenance, Repair, Alterations. Borrower shall: (i) keep the Borrower's Interest in good condition and repair, subject to reasonable and ordinary wear and tear; (ii) not remove, demolish or substantially alter any of the Improvements; (iii) complete promptly and in good and workmanlike manner any improvement construction or restoration on the Property and pay when due all claims for labor performed and materials furnished therefor; (iv) comply with all laws, ordinances, regulations, covenants, conditions and restrictions now or hereafter affecting the Borrower's Interest or any part thereof; (v) keep and maintain grounds, sidewalks, roads, parking and landscaped areas in good and neat order and repair; (vi) use appurtenant water rights to the fullest extent allowed under permits, licenses, claims or decrees, lease unused portions of such rights to the state's water supply bank, or take such other actions necessary to prevent abandonment, forfeiture, or other impairment of the water rights because of non-use; and (vii) not commit, suffer or permit any act to be done in or upon the Borrower's Interest in violation of any law, ordinance or regulation.

Section 1.5 Required Insurance. Borrower shall provide, maintain and keep at all times in force the following policies of insurance:

(a) Insurance against loss or damage to the Improvements and, if required by Lender, the Personal Property, by the risks covered by insurance of the type now known as "fire and extended coverage";

(b) Comprehensive general liability insurance against claims for "personal injury," including, without limitation, bodily injury, death or property damage occurring on, in or about the Borrower's Interest; and

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(c) Such other insurance as may be from time to time be required by Lender, against such hazards and risks as is commonly obtained by prudent owners of property similar in use to the Borrower's Interest and located in the same area in which the Property is located.

Section 1.6 Delivery of Insurance Policies, Payment of Premiums. All policies of insurance shall be issued by companies, in amounts, with deductibles, for periods, with endorsements and with other terms, all as required by the provisions of the Loan Documents and as otherwise satisfactory to Lender. All such policies shall name Lender as an insured and shall contain a standard Lender's endorsement and loss payable clause in favor of and acceptable to Lender. All companies issuing insurance must be authorized and qualified to issue insurance in the state in which the insured property is located. Borrower shall furnish Lender with an original or certified copy of all policies of required insurance.

Thirty days prior to the expiration of each such policy, Borrower shall furnish Lender with satisfactory evidence of the reissuance of a policy continuing insurance in force as required by this Mortgage. In all cases, Borrower shall immediately give notice to Lender of any notice received by Borrower of any expiration, cancellation or modification of, or material reduction of coverage under, any such policy.

In the event Borrower fails to provide, maintain, keep in force or deliver and furnish to Lender the policies of insurance required by this Mortgage or to make the deposits required hereunder, Lender may procure such insurance or single-interest insurance for such risks covering Lender's interest, and Borrower will pay all premiums thereon promptly upon demand by Lender. Until such payment is made by Borrower, the amount of all such premiums, together with interest thereon, shall be secured by this Mortgage.

Section 1.7 Insurance Proceeds. After the occurrence of any casualty to the Borrower's Interest or any part thereof, Borrower shall give prompt written notice thereof to Lender and promptly submit a claim to the insurer for payment of insurance proceeds. Borrower shall provide Lender with a copy of such claim.

(a) All proceeds of insurance paid or payable under any insurance policy ("Insurance Proceeds") with respect to the Borrower's Interest shall be paid to Lender, and each insurer is hereby authorized and directed to make payment for any such loss directly to Lender instead of payment to Borrower. At the election of the co-tenant owners of the property of which the Borrower's Interest is a part, any Insurance Proceeds may be applied toward altering, restoring or rebuilding the Borrower's Interest or such portion thereof that may have been altered, damaged or destroyed. In the event all Insurance Proceeds are not so applied, or there are excess proceeds following such application, such proceeds shall be applied against the Secured Obligations. Such damage or destruction shall not affect the lien of this Mortgage or the obligations of Borrower hereunder, and Lender is authorized to compromise and settle all loss claims on said policies if not adjusted promptly by Borrower.

(b) Notwithstanding the application of Insurance Proceeds to the payment of a portion of the Secured Obligations, any unpaid portion of the Secured Obligations shall remain in full force and effect, and Borrower shall not be excused in the payment thereof.

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(c) The application or release by Lender of any Insurance Proceeds shall not cure or waive any Event of Default (hereinafter defined) or notice of default under this Mortgage or invalidate any act done pursuant to such notice. If the co-tenants elect not to so apply the Insurance Proceeds to the restoration, rebuilding or repair of the Borrower's Interest pursuant to Section 1.7(a) hereof, Borrower shall not be required to restore, rebuild or repair the portion of the Borrower's Interest damaged or destroyed which is covered by such Insurance Proceeds, and the failure to do so shall not constitute an Event of Default under this Mortgage.

Section 1.8 Indemnification: Subrogation: Waiver of Offset.

(a) Borrower shall indemnify and hold Lender harmless from all liability arising in connection with any litigation concerning this Mortgage or the Borrower's Interest, including all attorneys' fees and expenses incurred by Lender in any such litigation.

(b) Borrower waives any and all right to claim or recover against Lender, its officers, employees, agents and representatives, for loss of or damage to Borrower, the Borrower's Interest, Borrower's property or the property of others under Borrower's control from any cause insured against or required to be insured against by the provisions of this Mortgage.

(c) All sums payable by Borrower hereunder shall be paid without notice, demand, counterclaim, setoff, deduction or defense and without abatement, suspension, deferment, diminution or reduction, and the Secured Obligations of Borrower hereunder shall in no way be released, discharged or otherwise affected by reason of: (i) any damage to or destruction of or any condemnation or similar taking of the Borrower's Interest or any part thereof; (ii) any restriction or prevention of or interference with any use of the Borrower's Interest or any part thereof; (iii) any title defect or encumbrance or any eviction from the Property or the Improvements or any part thereof by title paramount or otherwise; (iv) any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation or other like proceeding relating to Borrower, or any action taken with respect to this Mortgage by any trustee or receiver of Borrower, or by any court, in any such proceeding; or (v) any other occurrence whatsoever, whether similar or dissimilar to the foregoing; whether or not Borrower shall have notice or knowledge of any of the foregoing. To the extent permitted by law, Borrower waives all rights now or hereafter conferred by statute or otherwise to any abatement, suspension, deferment, diminution or reduction of any Secured Obligation.

Section 1.9 Taxes and Impositions.

(a) Borrower agrees to pay, prior to delinquency, all real property taxes and assessments, general and special, and all other fees, taxes and assessments of any kind or nature whatsoever, which are assessed or imposed upon the Borrower's Interest, or become due and payable, and which create a lien upon any part of the Borrower's Interest, or any part thereof, or which are imposed upon Lender's interest in Borrower's Interest (all of which taxes, assessments and other governmental and nongovernmental charges of like nature are hereinafter referred to as "Impositions").

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(b) If at any time after the date hereof, there shall be assessed or imposed (i) a tax or assessment on the Borrower's Interest in lieu of or in addition to the Impositions payable by Borrower pursuant to subparagraph (a) hereof, or (ii) a license fee, tax or assessment imposed on Lender and measured by or based in whole or in part upon the amounts of the outstanding Secured Obligations, then all such taxes, assessments or fees shall be deemed to be included within the term "Impositions" as defined in subparagraph (a) hereof, and Borrower shall pay and discharge the same as herein provided with respect to the payment of Impositions. In addition to the other remedies of Lender under Article V of this Mortgage, at the option of Lender, all Secured Obligations, together with all accrued interest thereon, shall become due and payable 180 days after Borrower receives written notice thereof in the event that Borrower shall not be permitted to pay such fees, taxes or assessments on behalf of Lender.

(c) Borrower covenants to furnish Lender within 30 days after the date upon which any such Imposition is due and payable by Borrower, official receipts of the appropriate taxing authority, or other proof satisfactory to Lender, evidencing the payment thereof.

(d) Borrower covenants and agrees to use its best efforts to prevent the joint assessment of the real and personal property, or any other procedure whereby the lien of the real property taxes and the lien of the personal property taxes shall be assessed, levied or charged to the Borrower's Interest as a single lien.

Section 1.10 Intentionally Deleted.

Section 1.11 Utilities. Borrower shall pay or shall cause to be paid when due all utility charges which are incurred for the benefit or otherwise affect the Borrower's Interest for gas, electricity, water, telephone telecable or sewer services and all other assessments or charges of a similar nature, whether public or private, affecting the Borrower's Interest or any portion thereof, whether or not such taxes, assessments or charges are liens thereon.

Section 1.12 Actions Affecting Borrower's Interest. Borrower shall or shall cause its agent to appear in and contest any action or proceeding, whether administrative or judicial, purporting to affect the title of Borrower in the Borrower's Interest, security hereof or the rights or powers of Lender; and Borrower shall pay all costs and expenses, including cost of evidence of title and attorneys' fees incurred by Lender, in any such action or proceeding in which Lender may appear.

Section 1.13 Actions by Lender To Preserve Borrower's Interest. Should Borrower fail to make any payment or to do any act as and in the manner provided in this Mortgage, Lender, in its sole discretion, without obligation to do so and without notice to or demand upon Borrower and without releasing Borrower from any Secured Obligation, may make or do the same in such manner and to such extent as Lender may deem necessary to protect the security hereof. Consistent with the provisions of the TIC Agreement, in connection therewith (without limiting its general powers), Lender shall have and is hereby given the right, but not the obligation: (i) to enter upon and take possession of the Borrower's Interest; (ii) to direct Borrower to terminate any management agent and to employ such management agent as Lender may determine; (iii) to make additions, alterations, repairs and improvements to the Borrower's Interest which Lender may consider necessary or proper to keep the Borrower's Interest in good condition and repair;

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(iv) to appear and participate in any action or proceeding, whether administrative or judicial, affecting or which may affect the security hereof or the rights or powers of Lender; (v) to pay, purchase, contest or compromise any encumbrance, claim, charge, lien or debt which in the judgment of Lender may affect or appears to affect the security of this Mortgage or be prior or superior hereto; and (vi) in exercising such powers, to pay necessary expenses, including employment of counsel or other necessary or desirable consultants. All costs and expenses incurred by Lender in connection with the exercise by Lender of the foregoing rights, including without limitation costs of evidence of title, court costs, appraisals, surveys and reasonable attorneys' fees, shall be secured hereby; and upon demand by Lender, all such costs and expenses shall be repayable by Borrower to Lender.

Section 1.14 Survival of Warranties. Borrower shall fully and faithfully satisfy and perform the Secured Obligations. All representations, warranties and covenants of Borrower contained in any Loan Document or writing delivered in connection with the loan evidenced by the Loan Documents shall remain continuing obligations, warranties and representations of Borrower during any time when any portion of the Secured Obligations remain outstanding.

Section 1.15 Eminent Domain. Should the Borrower's Interest, or any part thereof or interest therein, be taken or damaged by reason of any public improvement or condemnation proceeding, or in any other manner ("Condemnation"), or should Borrower receive any notice or other information regarding any such proceeding, Borrower shall give prompt written notice thereof to Lender. Lender may participate in any such Condemnation proceedings, and Borrower shall from time to time deliver to Lender all instruments requested by Lender to permit such participation. Borrower shall or shall cause its agent to, at its expense, diligently prosecute any such proceedings and shall consult with Lender and its attorneys and experts, and cooperate with them in the carrying on a defense of any such proceedings. At the election of the co-tenant owners of the property of which the Borrower's Interest is a part, all proceeds of Condemnation awards or proceeds of sale in lieu of Condemnation with respect to the Borrower's Interest and all judgments, decrees and awards for injury or damage to the Borrower's Interest or any part thereof or interest therein may be applied toward altering, restoring or rebuilding the Borrower's Interest or such portion thereof that may have been altered, damaged or destroyed. In the event all of the Condemnation proceeds are not applied to the restoration or repair of the Borrower's Interest, or there are excess proceeds following such application, the proceeds shall be applied against the Secured Obligations.

Borrower hereby assigns and transfers to Lender, and agrees to execute such further assignments of, all such proceeds, judgments, decrees and awards relating to Borrower's Interest as Lender may request. Lender is hereby authorized, in the name of Borrower, to execute and deliver valid acquittances for, and to appeal from, any such judgment, decree or award. Lender shall not be, in any event or circumstance, liable or responsible for failure to collect or exercise diligence in the collection of any proceeds, judgments, decrees or awards.

Section 1.16 Additional Security. Lender holds additional security including water rights, grazing leases, and personal property as collateral for the Secured Obligations, and it may enforce the sale thereof or otherwise realize upon the same, at its option, either before, concurrently with or after any sale is made hereunder.

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Section 1.17 Successors and Assigns. This Mortgage and all warranties and covenants of Borrower contained in the Loan Documents apply to, inure to the benefit of and bind all parties hereto, their heirs, successors and assigns.

Section 1.18 Inspections. Lender or its representatives are authorized to enter at any reasonable time upon or in any part of the Borrower's Interest for the purpose of inspecting the same and all books, records and documents relating thereto, and for the purpose of performing any of the acts it is authorized to perform under the terms of any of the Loan Documents.

Section 1.19 Liens. Borrower shall or shall cause its agent to promptly pay, discharge and obtain the release of, at Borrower's cost and expense, all liens, encumbrances and charges upon the Borrower's Interest, or any part thereof or interest therein, except those matters described on Exhibit C attached hereto and by this reference incorporated herein ("Permitted Encumbrances").

So long as any Secured Obligation shall remain unpaid, Borrower shall execute, acknowledge, where appropriate, and deliver from time to time promptly at the request of Lender all such instruments and documents as in the opinion of Lender are necessary or desirable to preserve the priority of the lien created by this Mortgage.

Section 1.20 No Event of Default Under Loan Documents. Borrower agrees to notify Lender immediately in writing of any Event of Default. Borrower shall also notify Lender in writing of any event or condition which with the lapse of time or the giving of notice would constitute an Event of Default.

Section 1.21 Transfer of Interests in Borrower or Borrower's Interest.

(a) Borrower shall not, by operation of law or otherwise, sell, convey, alienate, transfer, mortgage, encumber or assign (collectively "Transfer") ownership or control of all or any part of the Borrower's Interest or any interest therein (including rents, issues or profits arising from the Property), without the prior written consent of Lender, in its sole discretion, except as otherwise provided herein; provided, however, that such consent of Lender shall not be required for any such Transfer by devise or descent, or for the grant of a leasehold interest of five years or less upon market terms in the Borrower's Interest. If Borrower or any of its co-tenants desires to sell the property of which the Borrower's Interest is a part, Lender's consent shall not be required if the Secured Obligations are repaid in full by the proceeds of such sale. If for any reason the Secured Obligations would not be repaid in full, Borrower shall request that Lender consent to a Transfer, and Lender shall approve such Transfer if the following conditions are met: (1) the proceeds of the Transfer are applied against the Secured Obligations, (2) Lender determines in its sole discretion that there is sufficient collateral to secure the remainder of the Secured Obligations following such Transfer, and (3) Lender determines in its sole discretion that its position and security are not prejudiced by such Transfer.

(b) It shall constitute an Event of Default under this Mortgage if, at any time while the Secured Obligations remain outstanding, the members of Borrower, as they exist on the date of this Mortgage, Transfer any membership interest in Borrower to any person or entity that is not a member of Borrower as of the date hereof without the consent of Lender, in its sole

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discretion; provided however, that such consent shall not be required for any such Transfer by devise or descent.

## ARTICLE II

### LENDER'S POWERS

At any time, or from time to time, without liability therefor, Lender without affecting the personal liability, if any, of any person for payment of the Secured Obligations or the effect of this Mortgage upon the remainder of the Borrower's Interest, may without notice (i) release any part of the Borrower's Interest, (ii) consent in writing to the making of any map or plat thereof, (iii) join in granting any easement thereon, (iv) join in any extension agreement or any agreement subordinating the lien or charge hereof, (v) release any person so liable, (vi) extend the maturity or alter any of the terms of any Secured Obligations, (vii) grant other indulgences, (viii) take or release any other or additional security for any obligation herein mentioned, (ix) make compositions or other arrangements with debtors in relation thereto, or (x) advance additional funds to protect the security hereof and pay or discharge the Secured Obligations of Borrower hereunder, and all amounts so advanced shall be secured hereby and shall be due and payable upon demand by Lender.

## ARTICLE III

### SECURITY AGREEMENT

Section 3.1 Creation of Security Interest. With respect to any portion of the Borrower's Interest which constitutes Personal Property, fixtures or other property governed by the Uniform Commercial Code of the state in which the Property is located ("UCC"), this Mortgage shall constitute a security agreement between Borrower as the debtor and Lender as the secured party, and Borrower hereby grants to Lender a security interest in such portion of the Borrower's Interest. Cumulative of all other rights of Lender hereunder, Lender shall have all of the rights conferred upon secured parties by the UCC. Borrower will execute and deliver to Lender all financing and continuation statements and other information that are from time to time required or appropriate to establish and maintain the validity and priority of the security interest of Lender, or any modification thereof, and pay all costs and expenses of any searches required by Lender. Lender may exercise any or all of the remedies of a secured party available to it under the UCC with respect to such property; provided, however, that Lender may at its option dispose of such property in accordance with Lender's rights and remedies with respect to the real property pursuant to the provisions of this Mortgage, in lieu of proceeding under the UCC.

Borrower shall give advance notice in writing to Lender of any proposed change in Borrower's name, identity, address, or business form or structure and will execute and deliver to Lender, prior to our concurrently with the occurrence of any such change, all additional financing statements that Lender may require to establish and maintain the validity and priority of Lender's security interest with respect to any of the Borrower's Interest described or referred to herein.

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Section 3.2 Financing Statement. Some of the items of the Borrower's Interest described herein are goods that are or are to become fixtures related to the Property, and it is intended that as to those goods, this Mortgage shall be effective as a financing statement filed as a fixture filing from the date of its filing for record in the real estate records of the county in which the Borrower's Interest is situated. Information concerning the security interest created by this instrument may be obtained from Lender, as secured party, and from Borrower, as debtor, at the addresses stated in Section 5.3 of this Mortgage. Borrower has an interest in the Property. Lender is not the seller of, or a purchase money lender with respect to, the Borrower's Interest.

Section 3.3 Warranties, Representations and Covenants of Borrower. Borrower hereby warrants, represents and covenants, with respect to the Personal Property that all covenants and obligations of Borrower contained herein relating to the Borrower's Interest shall be deemed to apply to the Personal Property whether or not expressly referred to herein.

#### ARTICLE IV

#### EVENTS OF DEFAULT AND REMEDIES UPON DEFAULT

Section 4.1 Events of Default. Any one or more of the following events shall be deemed an "Event of Default" hereunder:

(a) failure by Borrower to make timely payment of (i) any payment of principal of or interest on the Note or (ii) any other sum secured hereby or due hereunder or under any other Loan Document;

(b) failure by Borrower to punctually perform or observe any covenant or agreement contained in this Mortgage (other than the monetary obligations described in paragraph (a) above) and such failure shall not have been cured within 30 days after written notice from Lender of such failure;

(c) the occurrence of a default or an event of default under any Loan Document (other than this Mortgage)

(d) Borrower shall file a voluntary petition in bankruptcy or shall be adjudicated a bankrupt or insolvent, or shall file any petition or answer seeking or acquiescing in any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief for itself under any present or future federal, state or other statute, law or regulation relating to bankruptcy, insolvency or other relief for debtors; or shall seek or consent to or acquiesce in the appointment of any trustee, receiver or liquidator of Borrower or of all or any part of the Borrower's Interest, or of any or all of the royalties, revenues, rents, issues or profits thereof, or shall make any general assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due;

(e) a court of competent jurisdiction shall enter an order, judgment or decree approving a petition filed against Borrower or any guarantor seeking any reorganization, dissolution or similar relief under any present or future federal state or other statute, law or regulation relating to bankruptcy, insolvency or other relief for debtors, and such order, judgment

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or decree shall remain unvacated and unstayed for an aggregate of 60 days from the first date of entry thereof; or any trustee, receiver or liquidator of Borrower or of all or any part of the Borrower's Interest, or of any or all of the royalties, revenues, rents, issues or profits thereof, shall be appointed without the consent or acquiescence of Borrower and such appointment shall remain unvacated and unstayed for an aggregate of 60 days;

(f) a writ of execution or attachment or any similar process shall be issued or levied against all or any part of or interest in the Borrower's Interest, or any judgment involving monetary damages shall be entered against Borrower which shall become a lien on the Borrower's Interest or any portion thereof or interest therein and such execution, attachment or similar process or judgment is not released, bonded, satisfied, vacated or stayed within 60 days after its entry or levy;

(g) any suit or proceeding shall be filed against Borrower on any of the Loan Documents which, if adversely determined, could substantially impair the ability of Borrower to perform any of their obligations contained in the Loan Documents, as determined by Lender in its sole and absolute discretion;

(h) if, during the term of the Note secured by this Mortgage, Borrower shall without the prior written approval of Lender, sell, convey, alienate, transfer, mortgage, encumber or assign the Borrower's Interest or any part thereof or any interest therein (including rents, issues or profits from the Property), or shall be divested of its title or any interest therein, in any manner, whether voluntarily or involuntarily, or if there is any merger, consolidation or dissolution affecting Borrower, or if there is a transfer of a membership interest in Borrower, unless such transaction is specifically authorized by Section 1.21 hereof;

(i) at any time any representation, warranty or statement made by Borrower in any Loan Document or certificate delivered by Borrower shall be or become incorrect or misleading in any material respect, or any material misrepresentation shall at any time be made to Lender by Borrower.

Section 4.2 Acceleration Upon Default; Additional Remedies. Upon the occurrence of an Event of Default, Lender may:

(i) Declare all Secured Obligations to be due and payable, and the same shall thereupon become due and payable without any presentment, demand, protest or notice of any kind except as otherwise provided herein, and Borrower hereby waives notice of intent to accelerate the Secured Obligations;

(ii) Either in person or by agent, and without regard to the adequacy of its security, and consistent with the TIC Agreement, enter upon and take possession of the Borrower's Interest or any part thereof and do any acts which it deems necessary or desirable to preserve the value, marketability or rentability of the Borrower's Interest, or part thereof or interest therein, increase the income therefrom or protect the security hereof and, with or without taking possession of the Borrower's Interest, take any action described in Article II or III hereof, sue for or otherwise collect the rents, issues and profits thereof, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection including

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reasonable attorneys' fees, upon any Secured Obligations, all in such order as Lender may determine. The entering upon and taking possession of the Borrower's Interest, the taking of any action described in Article II or III hereof, the collection of such rents, issues and profits and the application thereof as aforesaid, shall not cure or waive any default or notice of default or invalidate any act done in response to such default or pursuant to such notice of default and, notwithstanding the continuance in possession of the Borrower's Interest or the collection, receipt and application of rents, issues or profits, Lender shall be entitled to exercise every right provided for in any of the Loan Documents or by law upon occurrence of any Event of Default, including the right to exercise the power of sale herein conferred;

(iii) Commence an action to foreclose this Mortgage, appoint a receiver, specifically enforce any of the covenants hereof, or sell the Borrower's Interest pursuant to the power of sale herein conferred;

(iv) Exercise any or all of the remedies available to a secured party under the UCC; and

(v) Apply any sums or amounts received pursuant hereto to Section 1.6, or as rents or income of the Borrower's Interest or otherwise, upon any Secured Obligation in such manner and order as Lender may elect. The receipt, use or application of any such sums by Lender hereunder shall not be construed to affect the maturity of any Secured Obligation or any of the rights or powers of Lender under the terms of the Loan Documents or any of the obligations of Borrower or any guarantor under the Loan Documents.

**Section 4.3 Acceleration; Remedies.** Lender shall give notice to Borrower prior to acceleration following Borrower's breach of any covenant or agreement in this Mortgage (but not prior to acceleration under Section 4.1(a) unless applicable law provides otherwise). The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, not less than 30 days from the date the notice is given to Borrower, by which the default must be cured; and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the sums secured by this Mortgage, foreclosure by judicial proceeding and sale of the Property. The notice shall further inform Borrower of the right to reinstate after acceleration and right to assert in the foreclosure proceeding the non-existence of a default or any other defense of Borrower to acceleration and foreclosure. If the default is not cured on or before the date specified in the notice, Lender, at its option, may require immediate payment in full of all sums secured by this Mortgage without further demand and may foreclose this Mortgage by judicial proceeding. Lender shall be entitled to collect all expenses incurred in pursuing the remedies provided in this Section 4.3, including, but not limited to, reasonable attorneys' fees and costs of title evidence.

**Section 4.4 Appointment of Receiver.** If an Event of Default shall have occurred, Lender, as a matter of right and without notice to Borrower or anyone claiming under Borrower, and without regard to the then value of the Borrower's Interest or the interest of Borrower therein, shall have the right to apply to any court having jurisdiction to appoint a receiver or receivers of the Borrower's Interest and Borrower hereby irrevocably consents to such appointment and waives notice of any application therefor. Any such receiver or receivers shall have all the usual powers and duties of receivers in like or similar cases and all the powers and

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duties of Lender in case of entry as provided in Section 4.2(ii) and shall continue as such and exercise all such powers until the date of confirmation of sale of the Borrower's Interest unless such receivership is sooner terminated.

Section 4.5 Remedies Not Exclusive. Lender shall be entitled to enforce payment and performance of any Secured Obligations hereby and to exercise all rights and powers under this Mortgage or under any Loan Documents or other agreement or any laws now or hereafter in force, notwithstanding some or all of the Secured Obligations may now or hereafter be otherwise secured, whether by mortgage, deed of trust, pledge, lien, assignment or otherwise. To the extent allowed under the laws of the state where the Property is located, every power or remedy given by any of the Loan Documents to Lender, or to which Lender may be otherwise entitled, may be exercised without prejudice to any other power or remedy, concurrently, independently, in any order and in any manner from time to time and as often as may be deemed expedient by Lender. No remedy or power is intended to be exclusive of any other power or remedy and Lender may pursue inconsistent remedies.

Section 4.6 Marshalling. Notwithstanding the existence of any other security interest in the Borrower's Interest held by Lender or by any other party, Lender shall have the right to determine the order in which any of the Borrower's Interest or any part thereof shall be subjected to the remedies provided herein. Lender shall have the right to determine the order in which any or all portions of the Secured Obligations are satisfied from the proceeds realized upon the exercise of the remedies provided herein. Borrower and any party who now or hereafter acquires a security interest in any of the Borrower's Interest and who has actual or constructive notice hereof hereby waives, to the extent permitted by law, any and all right to require the marshalling of assets in connection with the exercise of any of the remedies permitted by applicable law or provided herein.

The acceptance by Lender of any sum after the same is due shall not constitute a waiver of the right either to require prompt payment, when due, of all other sums hereby secured or to declare a default as herein provided. The acceptance by Lender of any sum in an amount less than the sum then due shall be deemed an acceptance on account only and upon condition that it shall not constitute a waiver of the obligation of Borrower to pay the entire sum then due, and failure of Borrower to pay such entire sum then due shall be and continue to be an Event of Default notwithstanding such acceptance of such amount on account, as aforesaid. Consent by Lender to any action or inaction of Borrower which is subject to consent or approval of Lender hereunder shall not be deemed a waiver of the right to require such consent or approval to future or successive actions or inactions. Nothing contained in this Mortgage shall be construed to constitute Lender as a "mortgagee in possession" in the absence of its taking actual possession of the Borrower's Interest pursuant to the powers granted herein.

## ARTICLE V

### MISCELLANEOUS

Section 5.1 Governing Law. This Mortgage shall be governed by the laws of the state in which the Property is located. In the event that any provision or clause of this Mortgage conflicts with applicable laws, such conflicts shall not affect other provisions of this Mortgage

which can be given effect without the conflicting provision, and to this end the provisions of this Mortgage are declared to be severable. This instrument cannot be waived, changed, discharged or terminated orally, but only by an instrument in writing signed by the party against whom enforcement of any waiver, change, discharge or termination is sought.

Section 5.2 Waiver of Rights. To the extent permitted by law, Borrower waives the benefit of all laws now existing or that hereafter may be enacted (i) providing for any appraisement before sale of any portion of the Borrower's Interest, (ii) providing for a jury trial on any issues pertaining to the Loan Documents or any liability of the Borrower or (iii) in any way extending the time for the enforcement of the collection of the Secured Obligations or creating or extending a period of redemption from any sale made in collecting the Secured Obligations. To the full extent Borrower may do so, Borrower agrees that Borrower will not at any time insist upon, plea, claim or take the benefit or advantage of any law now or hereafter in force providing for any appraisement, valuation, stay, extension, redemption or homestead exemption, and Borrower, for Borrower, Borrower's representatives, heirs, successors and assigns, and for any and all persons ever claiming any interest in the Borrower's Interest, to the extent permitted by law, hereby waives and releases all rights of redemption, valuation, appraisement, stay of execution, homestead exemption, notice of election to mature or declare due the whole of the Secured Obligations and marshalling in the event of foreclosure of the liens hereby created.

Section 5.3 Notices. Whenever Lender or Borrower shall desire to give or serve any notice, demand, request or other communication with respect to this Mortgage, each such notice, demand, request or other communication shall be in writing and shall be deemed to have been given if sent by hand delivery, overnight courier or certified mail, postage prepaid, addressed to the following addresses:

If to Borrower: Normco, LLC  
10424 South 2700 West, Suite 200  
South Jordan, Utah, 84095-9603  
Attention: Jordan H. Bangerter  
Telephone: (801) 446-2866  
Facsimile: (801) 446-2834

If to Lender: First Utah Bank  
11025 South State Street  
Sandy, Utah, 84070  
Attention Nathan A. Anderson  
Telephone: (801) 307-2313  
Facsimile: (801) 572-9368

Any party may at any time change its address for such notices by delivering to the other parties hereto, as aforesaid, a notice of such change.

Section 5.4 Captions. The captions or headings at the beginning of each Section hereof are for the convenience of the parties and are not a part of this Mortgage.

Section 5.5 Invalidity of Certain Provisions: Conflicting Provisions. To the extent any conflict exists between the terms of the Loan Documents and the terms of the Note, the terms of the other Loan Documents will govern.

Section 5.6 Subrogation. To the extent that proceeds of the Note or advances under this Mortgage are used to pay any outstanding lien, charge or prior encumbrance against the Borrower's Interest, such proceeds or advances have been or will be advanced by Lender at Borrower's request, and Lender shall be subrogated to any and all rights and liens held by any owner or holder of such outstanding liens, charges and prior encumbrances, irrespective of whether said liens, charges or encumbrances are released of record.

Section 5.7 Change in Ownership. If the ownership of the Borrower's Interest or any part thereof or interest therein becomes vested in a person other than Borrower, Lender may, without notice to Borrower, deal with such successor or successors in interest with reference to this Mortgage and the Secured Obligations in the same manner as with Borrower without in any way vitiating or discharging Borrower's liability hereunder or upon the Secured Obligations. No sale of the Borrower's Interest, and no forbearance on the part of Lender, and no extension of the time for the payment of the Secured Obligations, given by Lender, shall operate to release, discharge, modify, change or affect the original liability, if any, of Borrower or the liability of any guarantors or sureties of Borrower, either in whole or in part.

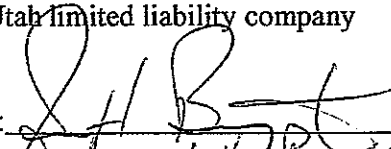
Section 5.8 Assignment of Lender's Interest. Borrower hereby specifically grants unto Lender the right and privilege, at Lender's option, to transfer and assign to any third person all or any part of Lender's rights hereunder. Upon any such transfer, Borrower at Lender's request, shall provide an estoppel certificate to such third person in form and content satisfactory to Lender, in its reasonable discretion.

Section 5.9 Time Is of the Essence. Time is of the essence under this Mortgage and the other Loan Documents.

IN WITNESS WHEREOF, Borrower has caused this Mortgage to be duly executed on the day and year set forth in the acknowledgement attached hereto and effective on the date first written above.

BORROWER:

NORMCO, LLC,  
a Utah limited liability company

By: 

Name: JORDAN H. BANGERTER

Title: MANAGER

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STATE OF Utah )  
COUNTY OF Salt Lake ) ss.

The foregoing instrument was acknowledged before me this 31 day of August, 2009, by Jordan H. Bangerter, the Manager of NORMCO, LLC, a Utah limited liability company.

Sally Merryweather  
NOTARY PUBLIC  
Residing at: South Jordan

My Commission Expires:

June 3, 2013



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**EXHIBIT A  
TO  
MORTGAGE, FINANCING STATEMENT  
AND SECURITY AGREEMENT**

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**Legal Description**

Lemhi and Custer County, Idaho

**[See attached]**

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ALL THE FOLLOWING DESCRIBED REAL PROPERTY SITUATED IN LEMHI COUNTY AND CUSTER COUNTY, STATE OF IDAHO, TO-WIT:

**PARCEL I**

SOUTHWEST QUARTER NORTHWEST QUARTER, NORTHWEST QUARTER SOUTHWEST QUARTER, SOUTHEAST QUARTER SOUTHWEST QUARTER, SOUTHWEST QUARTER SOUTHEAST QUARTER AND THAT PORTION OF THE SOUTHWEST QUARTER SOUTHWEST QUARTER OF SECTION 16 LYING NORTH AND EAST OF THE PAHSIMEROI RIVER, THAT PORTION OF SECTION 17 LYING NORTH AND EAST OF THE PAHSIMEROI RIVER, THAT PORTION OF THE NORTHWEST QUARTER NORTHWEST QUARTER, NORTHEAST QUARTER NORTHWEST QUARTER AND THE NORTHWEST QUARTER NORTHEAST QUARTER OF SECTION 21 LYING NORTH AND EAST OF THE PAHSIMEROI RIVER, T. 14 N., R. 22 E., BOISE MERIDAN, LEMHI COUNTY, IDAHO.

**PARCEL II**

THE EAST HALF OF SECTION 13, THE EAST HALF NORTHWEST QUARTER, EAST HALF SOUTHWEST QUARTER AND THE EAST HALF SOUTHWEST QUARTER SOUTHWEST QUARTER AND THE EAST HALF OF SECTION 24, THE NORTHEAST QUARTER NORTHWEST QUARTER AND THE NORTHWEST QUARTER NORTHEAST QUARTER AND THE EAST HALF NORTHWEST QUARTER NORTHWEST QUARTER OF SECTION 25, T. 14 N., R. 21 E., BOISE MERIDIAN, CUSTER COUNTY, IDAHO. THAT PORTION OF THE SOUTHWEST QUARTER SOUTHWEST QUARTER LYING SOUTH AND WEST OF THE PASHIMEROI RIVER IN SECTION 16, THAT PORTION OF SECTION 17 LYING SOUTH AND WEST OF THE PAHSIMEROI RIVER, SECTION 18 LESS THE NORTHWEST QUARTER NORTHEAST QUARTER, GOVERNMENT LOTS 1, 2, AND 3, THE EAST HALF NORTHWEST QUARTER AND THE WEST HALF NORTHEAST QUARTER OF SECTION 19, THE NORTHEAST QUARTER NORTHWEST QUARTER, NORTHWEST QUARTER NORTHEAST QUARTER AND THE EAST HALF NORTHEAST QUARTER OF SECTION 20, THAT PORTION OF THE NORTHWEST QUARTER NORTHWEST QUARTER, NORTHEAST QUARTER NORTHWEST QUARTER AND THE NORTHWEST QUARTER NORTHEAST QUARTER LYING SOUTH AND WEST OF THE PAHSIMEROI RIVER, SOUTH HALF NORTHWEST QUARTER, NORTH HALF SOUTHWEST QUARTER AND THE NORTHWEST QUARTER SOUTHEAST QUARTER OF SECTION 21, T. 14 N., R. 22 E., BOISE MERIDIAN, CUSTER COUNTY, IDAHO.

**PARCEL III**

SECTION 16, THE SOUTHEAST QUARTER OF SECTION 21, SECTION 22, THE WEST HALF, SOUTHWEST QUARTER NORTHEAST QUARTER AND THE WEST HALF SOUTHEAST QUARTER OF SECTION 23 AND THE NORTHWEST QUARTER NORTHEAST QUARTER OF SECTION 28, T. 12 N., R. 24 E., BOISE MERIDIAN, CUSTER COUNTY, IDAHO.

**PARCEL IV**

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GOVERNMENT LOT 2 OF SECTION 19, T. 12 N., R. 23 E. AND GOVERNMENT LOT 2 OF SECTION 24, T. 12 N., R. 22 E., BOISE MERIDIAN, CUSTER COUNTY, IDAHO.

PARCEL V

THE WEST HALF SOUTHWEST QUARTER OF SECTION 4, THE SOUTHEAST QUARTER NORTHEAST QUARTER AND THE SOUTHEAST QUARTER OF SECTION 8, THE WEST HALF NORTHWEST QUARTER OF SECTION 9, THE NORTHEAST QUARTER NORTHEAST QUARTER AND THE WEST HALF NORTHEAST QUARTER OF SECTION 17, T. 13 N., R. 22 E., BOISE MERIDIAN, CUSTER COUNTY, IDAHO.

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**EXHIBIT B  
TO  
MORTGAGE, FINANCING STATEMENT  
AND SECURITY AGREEMENT**

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**Mortgaged Water Rights**

All of Borrower's right, title, and interest in and to all water and water rights, ditches and ditch rights, storage or reservoir rights appurtenant to, beneficially used upon, or otherwise benefitting the Property including without limitation the following water rights and permits shown in the records of the Idaho Department of Water Resources and/or claimed in the Snake River Basin Adjudication, Case No. 39576, Fifth Judicial District of the State of Idaho:

|            |                         |
|------------|-------------------------|
| 73-2B✓     | 73-7038 WR              |
| 73-7A✓     | 73-10047 ✓              |
| 73-7B✓     | 73-7124 (Permit) permit |
| 73-8B✓     |                         |
| 73-42✓     |                         |
| 73-113✓    |                         |
| 73-140✓    |                         |
| 73-157✓    |                         |
| 73-158✓    |                         |
| 73-165WR   |                         |
| 73-168WR   |                         |
| 73-173WR   |                         |
| 73-178✓    |                         |
| 73-179✓    |                         |
| 73-187A✓   |                         |
| 73-188A✓   |                         |
| 73-10046WR |                         |
| 73-10048WR |                         |
| 73-10050WR |                         |
| 73-10051WR |                         |
| 73-10052WR |                         |
| 73-10053WR |                         |
| 73-2038WR  |                         |
| 73-2091WR  |                         |
| 73-2102✓   |                         |
| 73-2114✓   | Disallowed WR           |
| 73-2115✓   | Disallowed WR           |
| 73-2122✓   | Disallowed WR           |
| 73-2137✓   | Disallowed WR           |
| 73-2141WR  |                         |
| 73-2142WR  |                         |
| 73-2145✓   |                         |
| 73-2153WR  |                         |
| 73-2155✓   |                         |
| 73-2164WR  |                         |
| 73-7000✓   |                         |
| 73-7022 WR |                         |

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**EXHIBIT C  
TO  
MORTGAGE, FINANCING STATEMENT  
AND SECURITY AGREEMENT**

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**Permitted Encumbrances**

**[See attached]**

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### EXCEPTIONS

7. Taxes, including any assessments collected therewith, for the year 2009, which are a lien not yet payable.
8. Conditions, restrictions, and access rights contained in the deed from the State of Idaho.  
Recorded: October 11, 1937 in Book 34 at Page No. 136 and Recorded November 19, 1952 in Book 44 at  
Page No. 15, Lemhi County Records, and Recorded February 14, 1966  
Instrument No.: 120825 and 120826 Custer County Records.
9. An easement for the purpose shown below and rights incidental thereto as reserved in a document.  
Purpose: Right of Way for pipeline and incidental purposes granted to the United States of America,  
Department of the Interior, Bureau of Land Management.  
Recorded: December 29, 1966.  
Book 36, Page 295 of Custer County Records.
10. Any adverse claim based on the assertion that the location of the Pahsimeroi River has moved.
11. Any rights, interests or easements in favor of the public which exist or are claimed to exist over any part of  
said land covered by water that is included within the boundaries of the Pahsimeroi River.
12. An easement for the purpose shown below and rights incidental thereto as set forth in document:  
Granted to: Salmon River Electric Cooperative.  
Purpose: Public Utilities.  
Recorded: April 27, 1995.  
Instrument No.: 208638, Custer County Records.

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13. An easement for the purpose shown below and rights incidental thereto as set forth in document:  
Granted to: Salmon River Electric Cooperative.  
Purpose: Public Utilities.  
Recorded: April 25, 1996.  
Instrument No.: 210896 Custer County Records.
14. An easement for the purpose shown below and rights incidental thereto as granted in a document.  
Purpose: Irrigation pipeline easement.  
Recorded: February 26, 1997.  
Instrument No.: 212939 Custer County Records and Recorded February 24, 1997 as Instrument No. 232644 Lemhi County Records.
15. An easement for the purpose shown below and rights incidental thereto as set forth in document:  
Granted to: Salmon River Electric Cooperative.  
Purpose: Public Utilities.  
Recorded: April 2, 1998.  
Instrument No.: 215433 Custer County Records.
16. An easement for the purpose shown below and rights incidental thereto as set forth in document:  
Granted to: Salmon River Electric Cooperative.  
Purpose: Public Utilities.  
Recorded: September 28, 1999.  
Instrument No.: 219605 Custer County Records.
17. A Financing Statement filed in the Office of the County Recorder showing:  
Debtor: Old Corrals and Sagebrush LLLP.  
Secured Party: Diversified Financial Services, Inc.  
Recorded: April 9, 2008.  
Instrument No.: 238688 of Official Records.
18. The present ownership and matters affecting the ownership of the remaining 70.3169% interest are not shown herein.