

RECEIVED

SEP 14 2006

08/18/2006

Department of Water Resources
Adjudication Bureau

NOTICE OF ERROR
REPLY

Please type or print clearly, fill out this form completely and mail.

Return this reply form to IDWR by the deadline date printed below if you want IDWR to change your recommendation or you want to let IDWR know that you agree with its recommendation.

YOUR DEADLINE FOR RETURNING A NOTICE OF ERROR REPLY IS: September 22, 2006

Water right number: 79-14108

PEGGY J MAREK
HC 01 BOX 83A
WHITE BIRD ID 83554
Telephone Number: (208)839-2413

1. Describe the portion of the proposed recommendation with which you disagree (e.g. priority date, period of use, source):

2. Describe the changes you wish to make in the proposed recommendation:

3. Give a brief explanation as to why you disagree with these portions:

☒ I AGREE with this proposed recommendation: no changes need to be made.

DATE: 9-12-06 SIGNATURE: Peggy J. Marek
Please print your name: PEGGY J. MAREK

IDWR Regional Office, 322 E Front St
PO Box 83720, Boise, ID 83720-0098, (208) 287-4800

03/11/2005

IDAHO DEPARTMENT OF WATER RESOURCES
PRELIMINARY RECOMMENDATION OF WATER RIGHTS ACQUIRED UNDER STATE LAW

RIGHT NUMBER: 79-14108
NAME AND ADDRESS: PEGGY J MAREK
HC 01 BOX 83A
WHITE BIRD ID 83554
SOURCE: GROUND WATER TRIBUTARY:
QUANTITY: 0.080 CFS
The quantity of water under this right shall not exceed 13,000 gallons per day.
PRIORITY DATE: 09/01/1979
POINT OF DIVERSION:
T27N R01E S25 SWSW Lot 1 Within IDAHO County
PURPOSE AND PERIOD OF USE:

<u>PURPOSE OF USE</u>	<u>PERIOD OF USE</u>	<u>QUANTITY</u>
DOMESTIC	01/01 12/31	0.040 CFS
STOCKWATER	01/01 12/31	0.060 CFS

PLACE OF USE: DOMESTIC Within IDAHO County
T27N R01E S25 Lot 1 SWSW
STOCKWATER Within IDAHO County
T27N R01E S25 Lot 1 SWSW

OTHER PROVISIONS NECESSARY FOR DEFINITION OR ADMINISTRATION OF THIS WATER RIGHT:

This partial decree is subject to such general provisions necessary for the definition of the rights or for the efficient administration of the water rights as may be ultimately determined by the Court at a point in time no later than the entry of a final unified decree. Section 42-1412(6), Idaho Code.

The quantity of water decreed for this water right is not a determination of historical beneficial use.

EXPLANATORY MATERIAL: Beneficial Use

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

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

CIVIL CASE NUMBER: 39576

Ident. Number 79-14108
Date Received: 10/7/2004
Receipt No: C075419
Received By:

NOTICE OF CLAIM TO A WATER RIGHT
ACQUIRED UNDER STATE LAW

1. Name of Claimant(s)

PEGGY J MAREK Phone: (208)839-2413

HC 01 BOX 83A
WHITE BIRD ID USA 83554

2. Date of Priority: 09/01/1979

3. Source: GROUND WATER Trib. to:

4. Point of Diversion:

Township	Range	Section	1/4 of 1/4 of 1/4 Lot	County	Type
27N	01E	25	SW SW	IDAHO	

5. Description of diverting works:

WELL

6. Water is used for the following purposes:

Purpose	From	To	C.F.S.	(or) A.F.A
STOCKWATER	01/01	12/31	0.06	
DOMESTIC	01/01	12/31	0.04	

7. Total Quantity Appropriated is:
0.08 C.F.S.

8. Total consumptive use:

9. Non-irrigation uses:
Number of other uses: 250 HEAD
Number of homes: 1

10. Place of use:

Township	Range	Section	1/4	of 1/4	Lot	Use	Acres
27N	01E	25	SW	SW		DOMESTIC	
			SW	SW		STOCKWATER	

11. Place of use in counties: IDAHO

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

13. Other Water Rights Used:

14. Remarks:

15. Basis of Claim: Beneficial Use

\$ 25⁰⁰
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IN THE DISTRICT COURT OF THE FIFTH JUDICIAL DISTRICT OF THE
 STATE OF IDAHO, IN AND FOR THE COUNTY OF TWIN FALLS

OCT 07 2004

DEPARTMENT OF
WATER RESOURCES

CIVIL CASE NUMBER: 39576

Identification No. 79-14108Date Received 10-7-04Receipt Number C075419

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

NOTICE OF CLAIM TO A WATER RIGHT

ACQUIRED UNDER STATE LAW

For Domestic and/or Stockwater Purposes

Where Daily Use is less than 13,000 gallons per day.

Filing Fee \$25

Please type or print clearly

1. Name of Claimant (s) Peggy J. Marek Phone (208) 839-2413Mailing Address HCD1 83 A White Bird ID Zip 835542. Date of Priority (Only one per claim) 9-1-1979 Month/Day/Year3. Source of water supply (Check one) (☒ Groundwater or Other () (a) _____

Name or kind of source

which is tributary to (b) _____

4. Location of point of diversion is: Township 27N Range 1ESection 25, _____ 1/4 of SW 1/4 of SW 1/4, Govt. Lot 1, BM.,County of Idaho

Additional points of diversion if any: _____

5. Description of existing diversion works (Ditches, Wells, Pumps, Pipelines, Headgate Etc.), including the dates of any changes or enlargements in use, the dimensions of the diversion works as constructed and as enlarged and the depth of each well. well

6. Water is claimed for the following: (limited to Domestic and/or Stockwater only. See Instructions.)

For Domestic purposes from _____ Month/Day _____ to _____ Month/Day _____ amount _____ (cfs)

For Stockwater purposes from _____ Month/Day _____ to _____ Month/Day _____ amount _____ (cfs)
 (Both dates are inclusive)

7. Total quantity claimed .08 (cfs)8. Total consumptive use claimed is de minimus

9. Non-irrigation uses. Describe fully. (Domestic: give number of households served if single ownership; Stockwater: Type and Number of livestock) Domestic, (home); Stockwater, 250 head

SCANNED

DEC 06 2004

10. Place of use is: Township: 27N Range 1E
Section 25, SW 1/4 of SW 1/4, Govt. Lot 1, B.M.,
for (Circle One) Domestic Stock Domestic and Stock
Additional places of use, if any _____

11. In which county (ies) are lands listed above as place of use located? Idaho

12. Do you own the property listed above as place of use? Yes ☒ No ☐
If your answer is No, describe in Remarks below the authority you have to claim this water right.
13. Describe any other water rights used at the same place and for the same purposes as described above.
() None or _____

14. Remarks: _____

15. Basis of Claim (Circle One) Beneficial Use Posted Notice License Permit Decree
Court _____ Decree Date _____ Plaintiff vs Defendant _____
If applicable provide IDWR Water Right Number _____

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

Number of Attachments _____

For Individuals: I do solemnly swear or affirm that the statements contained in the foregoing document are true and correct.

Signature of Claimant (s) X Peggy J. Marek Date X 9-22-04
_____ Date _____

For Organizations: I do solemnly swear or affirm that I am _____

of _____ Title _____, that I have signed the foregoing
Organization
document in the space below as _____ of _____
Title Organization
and that the statements contained in the foregoing document are true and correct.

Signature of Authorized Agent _____ Date _____

Title and Organization _____

State of Idaho/or _____)

County of Nye) SS. **NOTARIZATION REQUIRED FOR EACH CLAIM**

Subscribed and sworn (or affirmed) before me this 22nd day of September 2004

Notary Public Gregory J. Taylor

Residing at Lewiston ID

My Commission Expires 4-28-2010

Last Name Marek Ident No. 79-14108

Copies: White-State, Yellow-Claims

SCANNED
DEC 8 6 2004

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DEC 28 2007
IDWR/North

RECEIVED
DEC 24 2007
WATER RESOURCES
WESTERN REGION

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

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): Ag 79-14108, Ag 79-4014, Ag 79-7015
Adjudication Claim No(s): _____
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
Grant - Baker Service Corp
2420 Main St
Baker City, OR 97814
4. Name of Water Right Owner/Claimant(s) Peggy J. Marek
5. Expiration Date of Notification Period n/a
6. Is this a Renewal of Request for Notification? ☐ YES ☒ NO
7. Signature(s) of Security Interest holder(s) Kim Hite
(and title if applicable) Office Manager

For Office Use Only

Received by <u>DB</u>	Date <u>12-24-07</u>	Fee <u>\$25 - Each</u>
Received by <u>DB</u>	Date <u>12-26-07</u>	Receipt No. <u>W036056</u>
Processed by _____	AJ Date _____	WR _____ Date _____

458776

MALHEUR FEDERAL CREDIT UNION

Mortgagor(s):
Margaret J. "Peg" Marek, Personal Representative
of the Estate of Jack John Marek, deceased
Peggy J. Marek aka Margaret J. Marek, Individually
Charles Edward Snipes
143 Cattle Drive Road
White Bird, ID 83554

Mortgagee(s):
Malheur Federal Credit Union
c/o Pacific Intermountain Mortgage Co.
2420 Main St.
Baker City, OR 97814

REAL ESTATE MORTGAGE

THIS MORTGAGE is made and entered into by Margaret J. "Peg" Marek, Personal Representative of the Estate of Jack John Marek, deceased, Peggy J. Marek aka Margaret J. Marek, and Charles Edward Snipes, at White Bird, Idaho, herein called mortgagor, and Malheur Federal Credit Union, C/O Pacific Intermountain Mortgage Company, 2420 Main Street, Baker City, Oregon 97814, herein called mortgagee.

Mortgagors in consideration of FOUR HUNDRED FIFTY THOUSAND DOLLARS (\$450,000.00) paid to mortgagor does hereby grant, bargain, sell and convey unto Malheur Federal Credit Union, mortgagee and mortgagee's successors and assigns, that real property situated in Idaho County, State of Idaho, described on Exhibit "A", and the irrigation equipment and water rights described in Exhibit "A-1", attached hereto and by this reference made a part hereof, together with all and singular the tenements, hereditaments and appurtenances thereunto belonging or in any way appertaining and which may hereafter thereto belong or appertain, and the rents, issues and profits therefrom, and any and all fixtures upon the premises at the time of the execution of the mortgage or at any time during the term of this mortgage.

TO HAVE AND TO HOLD the premises with the appurtenances unto mortgagee and mortgagee's personal representative, successors and assigns forever.

This mortgage is intended to secure the payment of a promissory note dated October 22, 2007, in the principal amount of \$450,000.00 with the due date of the final installment being April 1, 2032.

The mortgagor warrants that the proceeds of the loan represented by the Note and this mortgage are (line out whichever is not applicable):

- (a) ~~primarily for mortgagor's personal, family or household purposes, or~~
- (b) for an organization or (even if mortgagor is a natural person) for business or commercial purposes.

This mortgage is further conditional upon the faithful observance by the mortgagor of the following Articles of covenants hereby expressly entered into by the mortgagor, to-wit:

ARTICLE I

MORTGAGOR FURTHER AGREES THAT THE LOAN SECURED BY THIS INSTRUMENT WILL BE IN DEFAULT SHOULD ANY LOAN PROCEEDS BE USED FOR A PURPOSE THAT WILL CONTRIBUTE TO EXCESSIVE EROSION OF HIGHLY ERODIBLE LAND OR TO THE CONVERSION OF WETLAND TO PRODUCE OR TO MAKE POSSIBLE THE PRODUCTION OF AN AGRICULTURAL COMMODITY, SUBJECT TO 7 CFR PART 1940, SUBPART G, EXHIBIT M.

ARTICLE II

HAZARDOUS SUBSTANCES: Notwithstanding any provision in the Mortgages or any other Loan Document, the provisions of this Article shall not be secured by the Mortgages and shall survive termination of this Mortgage, repayment of the Loan, and foreclosure of the Mortgages or similar proceedings.

REAL ESTATE MORTGAGE - Page 1

Instrument # 458776

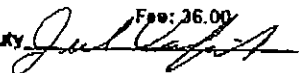
IDAHO COUNTY, IDAHO,
2007-12-19 08:50:21 No. of Pages: 12

Recorded for: ID CO TITLE

ROSE E. GEHRING

Ex-Officio Recorder Deputy

Fee: 36.00



MALHEUR FEDERAL CREDIT UNION

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ARTICLE II

HAZARDOUS SUBSTANCES: Notwithstanding any provision in the Mortgages or any other Loan Document, the provisions of this Article shall not be secured by the Mortgages and shall survive termination of this Mortgage, repayment of the Loan, and foreclosure of the Mortgages or similar proceedings.

(1) Definition of Hazardous Substance: For purposes of this Agreement, a "Hazardous Substance" is defined to mean any substance, material or waste, including asbestos and petroleum (including crude oil or any fraction thereof), which is or becomes designated, classified or regulated as "toxic", "hazardous", a "pollutant" or similar designation under any federal, state or local law, regulation or ordinance.

(2) Indemnity regarding Hazardous Substances: Mortgagor agrees to indemnify, defend with counsel acceptable to Lender, and hold Lender, its parent and affiliated companies, and their respective officers, directors, employees and agents, harmless from and against all actual or threatened liabilities, claims, actions, damages (including foreseeable fees) and losses directly or indirectly arising out of or resulting from the presence of any Hazardous Substance in or around any part of the Properties or in the soil or groundwater under the Properties, including (a) any expenses incurred in connection with any reasonably necessary investigation of site conditions or any clean-up, remedial, removal or restoration work, and (b) any resulting damages or injuries to the person or property of any third parties or to any natural resources. In addition, Mortgagor shall similarly indemnify, defend and hold harmless any persons purchasing the Properties through a foreclosure sale or following a foreclosure sale, and any persons purchasing the Loan or any portion of or interest in it.

(3) Representation and Warranty: Before signing this Agreement, Mortgagor researched and inquired into the previous, current and contemplated uses and ownership of the Properties. Based on that due diligence, Mortgagor represents and warrants that, to the best of his knowledge, no Hazardous Substance has been or will be disposed of, released onto or otherwise exists in, on, or under the Properties, except as Mortgagor has disclosed to Lender in writing.

(4) Compliance with Law; Notices: Mortgagor has complied, and shall comply and cause all occupants of the Properties to comply, with all laws, regulations and ordinances governing or applicable to Hazardous Substances as well as the recommendations of any qualified environmental engineer or other expert. Mortgagor shall promptly notify Lender if he/she/they know(s) or suspects there may be any Hazardous Substance in or around the Properties, or in the soil or groundwater under the Properties, or if any action or investigation by any governmental agency or third party pertaining to Hazardous Substances is pending or threatened.

(5) Site Visits: Mortgagor shall allow Lender access to the Properties at any reasonable time for the purposes of performing an appraisal, inspecting the Properties, taking soil or groundwater samples, and conducting tests, among other things, to investigate for the presence of Hazardous Substances, as defined in Article V. Such appraisals, inspections and audits shall be at the Lender's expense except if Lender performs such appraisals, inspections or audits after the occurrence of an Event of a Default as in hereinafter defined. Lender is under no duty to visit or observe the Properties. Any site visit, observation or examination by Lender shall be solely for the purpose of protecting Lender's security and preserving Lender's rights under the Loan Documents. Lender owes no duty of care to protect Mortgagor or any other party against, or to inform Mortgagor or any other party of, any adverse condition affecting the Properties, including any defects in the design or construction of any improvements on the Properties or the presence of any Hazardous Substances on the Properties.

ARTICLE III

(1) Mortgagor is lawfully seized of the premises and now has a valid and unencumbered fee simple title thereto, except easements and rights of way of record and mortgagor will warrant and defend said title against the claims and demands of all persons.

(2) Mortgagor will pay the promissory note(s) and all installments of interest thereon promptly as the same become due, according to the tenor of the note(s). The final due date for payment of principal and interest of the promissory note is April 1, 2032.

(3) So long as this mortgage remains in force, mortgagor will pay all taxes, assessments, and other charges of every nature levied or assessed upon or against the premises when due and payable, according to law, and before the same becomes delinquent, and will also pay all taxes levied or assessed on this mortgage or the debt thereby secured, and will promptly pay and satisfy any mechanics' liens or other

encumbrances that, by operation of law or otherwise, become a lien upon the mortgaged premises superior to the lien of this mortgage.

(4) Mortgagor will keep the improvements (including but not limited to the dwelling, other outbuildings, fences, attached irrigation equipment) erected on the premises in good order and repair and will not commit or suffer any waste of the premises. At the request of the mortgagee, the mortgagor shall join with the mortgagee in executing one or more financing statements pursuant to the Uniform Commercial Code, in form satisfactory to the mortgagee and will pay for filing the same in the proper public office(s), as well as the cost of any lien search made by filing officers or searching agencies as may be deemed desirable by the mortgagee. Mortgagor will not make any changes in or alterations to the improvements on the mortgaged premises which will materially decrease the value of the same.

(5) This mortgage covers all water rights and ditch rights and mortgagor agrees that mortgagor will put to beneficial use all waters and maintain said water rights and not allow any water rights to be abandoned.

(6) Mortgagor agrees that mortgagee or its agents, successors or assigns and their agents may at all reasonable times inspect the property to ascertain whether the covenants and agreements contained herein are being performed. Said inspections will be on at least an annual basis.

(7) So long as this mortgage shall remain in force, mortgagor will keep the buildings now erected, or any which may hereafter be erected on the premises, insured against loss or damage by fire, with extended coverage, to the extent of the contributory value on the primary dwelling and the remaining outbuildings in some company or companies acceptable to the mortgagee and for the benefit of both parties hereto as their interests may appear, and will deliver all the policies and renewals thereof to the mortgagee.

(8) **WARNING:** Unless mortgagor provides mortgagee with evidence of insurance coverage as required by the contract or loan agreement between them, mortgagee may purchase insurance at mortgagor's expense to protect mortgagee's interest. This insurance may, but need not, also protect mortgagor's interest. If the collateral becomes damaged, the coverage purchased by mortgagee may not pay any claim made by or against mortgagor. Mortgagor may later cancel the coverage by providing evidence that mortgagor has obtained property coverage elsewhere. Mortgagor is responsible for the cost of any insurance coverage purchased by mortgagee, which cost may be added to mortgagor's contract or loan balance. If it is so added, the interest rate on the underlying contract or loan will apply to it. The effective date of coverage may be the date mortgagor's prior coverage lapsed or the date mortgagor failed to provide proof of coverage. The coverage mortgagee purchases may be considerably more expensive than insurance mortgagor might otherwise obtain alone and may not satisfy any need for property damage coverage or any mandatory liability insurance requirements imposed by applicable law.

NOW THEREFORE, if the mortgagor shall pay the promissory note(s) and shall fully satisfy and comply with the covenants hereinbefore set forth, then this conveyance shall be void, but otherwise it shall remain in full force and virtue as a mortgage to secure the payment of the promissory note(s) in accordance with the terms thereof and the performance of the covenants and agreements herein contained. Any failure to make any of the payments provided for in the note(s) or this mortgage when the same shall become due or payable, or to perform any agreement herein contained; shall give to the mortgagee the option to declare the whole amount due on the note(s), or unpaid thereon or on this mortgage, at once due and payable, and this mortgage by reason thereof may be foreclosed at any time thereafter. If the mortgagor shall fail to pay any taxes or other charges or any lien or insurance premium as herein provided to be done, the mortgagee shall have the option to pay the same. Any payment so made shall be added to and become a part of the debt secured by this mortgage, and draw interest at the same rate as the note(s) without waiver, however, of any right arising from breach of any of the covenants herein. Time is of the essence with respect to all sums due hereunder, and the promissory note(s).

In case a suit or action is brought to foreclose this mortgage, the court may, upon motion of the holder of the mortgage, without respect to the condition of the property, appoint a receiver to collect the rents and profits arising out of the premises and direct the receiver to apply such rents and profits to the payment and satisfaction of the amount due under this mortgage, first deducting all proper charges and expenses of the receivership, including a reasonable charge for attorney fees.

In the event any suit or action to foreclose this mortgage is commenced, the losing party therein agrees to pay the attorney fees, costs and disbursements of the prevailing party, including statutory costs and disbursements and costs of title report(s) and /or title search. If any appeal is taken from any judgment or decree entered pursuant to such suit or action, the losing party on appeal therein promises to pay the attorney fees, costs and disbursements, including all statutory costs and disbursements, of the prevailing party. To the extent permitted by law, all such sums shall be and are secured by the lien of this mortgage and shall be included in the judgment or decree of foreclosure.

Each and all of the covenants and agreements herein contained shall apply to, inure to the benefit of, and bind the personal representatives, successor and/or assigns of the mortgagor and of the mortgagee respectively.

In construing this mortgage and related note(s), it is understood that the mortgagor or mortgagee may be more than one person. If the context so requires, the singular shall be taken to mean and include the plural. Generally, all grammatical changes shall be made, assumed and implied to make the provisions hereof apply equally to corporations and to individuals.

All covenants and provisions of this mortgage shall bind the successors and assigns of mortgagor and shall inure to the benefit of successors and assigns of mortgagee, provided however mortgagor understands that a sale or other transfer of the mortgaged premises or any part thereof, without prior written consent of mortgagee, shall constitute a default of this mortgage.

IN WITNESS WHEREOF, the mortgagor has executed this instrument. If the mortgagor is a corporation, it has caused it's name to be signed and it's seal, if any, affixed by an officer or other person duly authorized to do so by order of it's board of directors.

Margaret J. "Peg" Marek, Personal Representative
of the Estate of Jack John Marek, deceased

Peggy J. Marek, aka Margaret J. Marek,
Individually

Charles Edward Snipes

STATE OF IDAHO
County of

On this _____ day of October, 2007, before me, a Notary Public in and for the said state, personally appeared Margaret J. "Peg" Marek, Personal Representative of the Estate of Jack John Marek, deceased, known or identified to me to be the person(s) whose name(s) are subscribed to the within Instrument and acknowledged to me that they executed same.

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

Notary Public for Idaho
My commission expires: _____

STATE OF IDAHO
County of

On this _____ day of October, 2007, before me, a Notary Public in and for the said state, personally appeared Peggy J. Marek, aka Margaret J. Marek, Individually, known or identified to me to be the person(s) whose name(s) are subscribed to the within Instrument and acknowledged to me that they executed same.

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

Notary Public for Idaho
My commission expires: _____

STATE OF IDAHO
County of

On this _____ day of October, 2007, before me, a Notary Public in and for the said state, personally appeared Charles Edward Snipes, known or identified to me to be the person(s) whose name(s) are subscribed to the within Instrument and acknowledged to me that they executed same.

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

Notary Public for Idaho
My commission expires: _____

EXHIBIT "A"

Township 27 North, Range 1 East, Boise Meridian, Idaho County, Idaho
Section 23: Government Lot 7 of the Slate Creek Placer Claim No. 1
and Government Lot 12 of the Slate Creek Placer Claim
No. 2, excepting therefrom all those portions of said
Government Lots 7 and 12 which lie Northwest of Old
Highway No. 95, also excepting lands conveyed to the
State of Idaho in Book 110 of Deeds page 193, and in
Book 49 of Deeds page 410.

Section 24: W $\frac{1}{2}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$

LESS: A parcel of land described as commencing at the section
corner common to Sections 23, 24, 25 and 26, said
Township and Range;
thence N 89°49'59" E, 663.062 feet along the section
line common to Sections 24 and 25 to a pin at the
Southeast corner of the W $\frac{1}{2}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$;
thence N 00°36'30" W, 91.409 feet along the East line
of the W $\frac{1}{2}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$ to a point where a fence line crosses
said East line, which point is the Initial Point of
Beginning;
thence N 54°12'42" W, 309.392 feet along said fence
line to an angle point;
thence N 41°06'07" E, 356.137 feet along said fence
line to an angle point;
thence N 13°09'04" W, 15.247 feet along said fence line
to an angle point;
thence N 00°09'24" W, 228.102 feet along said fence
line to an angle point;
thence N 24°08'32" E, 32.460 feet to a point where the
fence line crosses said East line;
thence S 00°36'30" E, 721.903 feet along said East line
back to the Initial Point of Beginning.
Sometimes known as Assessor's Tax No. 111.

Section 24: A parcel of land located in the E $\frac{1}{2}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$, more
particularly described from a survey as follows:

Commencing at the section corner common to Sections 23,
24, 25 and 26, said Township and Range;
thence N 89°49'59" E, 663.062 feet along the section
line common to Sections 24 and 25 to a pin at the
Southwest corner of the E $\frac{1}{2}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$;
thence N 00°36'30" W, 813.312 feet along the West line
of the E $\frac{1}{2}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$ to a point where a fence line crosses
said East line, which point is the Initial Point of
Beginning;

thence N 00°36'30" W, 514.547 feet along said East line to a pin as the Northwest corner of the E½SW¼SW¼;
thence N 89°53'14" E, 251.425 feet along the North line of the E½SW¼SW¼ to a point where a fence line crosses said North line;
thence S 38°21'03" W, 56.246 feet along said fence line to an angle point;
thence S 24°08'32" W, 516.039 feet along said fence line back to the Initial Point of Beginning.
Sometimes known as Assessor's Tax No. 109.

ALSO: A parcel of land located in the E½SW¼SW¼ which is more particularly described from a survey as follows:

Commencing at the section corner common to Sections 23, 24, 25 and 26, said Township and Range;
thence N 89°49'59" E, 663.062 feet along the section line common to Sections 24 and 25 to a pin at the Southwest corner of the E½SW¼SW¼, which is the Initial Point of Beginning;
thence N 00°36'30" W, 91.409 feet along the 1/64 section line of said Section 24 to a point where a fence line crosses said 1/64 section line;
thence S 54°12'42" E, 155.677 feet along said fence line to a point on the section line common to Sections 24 and 25;
thence S 89°49'59" W, 125.312 feet along said section line back to the Initial Point of Beginning.
Sometimes known as Assessor's Tax No. 110.

Section 24: Government Lot 4 of the Slate Creek Placer Claim No. 1, excepting therefrom that part which lies Northwest of Old Highway No. 95, also excepting lands conveyed to the State of Idaho in Book 49 of Deeds page 410.

LESS: A parcel of land located in Government Lot 4, more particularly described as follows:

Commencing at the section corner common to Sections 23, 24, 25 and 26, said Township and Range;
thence N 89°49'59" E, 1326.125 feet along the section line to a pin at the West 1/16 corner common to Sections 24 and 25;
thence N 00°33'54" W, 1327.220 feet along the 1/16 section line to a brass cap at the Southeast corner of Government Lot 4, which point is the Initial Point of Beginning;

thence S 89°53'14" W, 412.651 feet along the South line of Government Lot 4 to where a fence crosses said line; thence N 38°21'03" E, 516.929 feet along said fence line to an angle point; thence N 47°12'29" W, 17.913 feet along said fence line to an angle point; thence N 27°40'15" E, 39.602 feet along said fence line to an angle point; thence N 04°22'57" W, 183.525 feet along said fence line to an angle point; thence N 05°27'44" W, 23.878 feet along said fence line to an angle point; thence N 02°10'49" E, 46.495 feet along said fence line to an angle point; thence S 73°12'42" E, 98.728 feet to the East line of Government Lot 4 to a point 20 feet South of the centerline of the road that intersects the East line of Government Lot 4; thence S 00°33'54" E, 676.555 feet along the East line of Government Lot 4 back to the Initial Point of Beginning.

ALSO LESS:

A parcel of land located in Government Lot 4 of the Slate Creek Placer Claim No. 1, more particularly described as follows:

Commencing at the Northeast corner of Government Lot 4, a brass cap monument in place;
 thence S 56°08'43" W, 467.70 feet;
 thence S 22°25'49" E, 25.38 feet to a point on the southeasterly right of way line of Old Highway No. 95 (now a county road) the True Point of Beginning;
 thence along the southeasterly right of way line of Old Highway No. 95 (now a county road) S 77°17'29" W, 49.16 feet to the beginning of a curve concave to the Southeast;
 the curve having a delta of 09°20'06", a radius of 1112.92 feet, a chord bearing of S 72°37'26" W, a chord length of 181.12 feet;
 thence S 67°57'29" W, 147.00 feet to the beginning of a curve concave to the Southeast;
 the curve having a delta of 08°53'47", a radius of 1240.24 feet, a chord bearing of S 63°30'35" W, a chord length of 192.38 feet;

thence S 59°03'29" W, 107.60 feet to the beginning of a curve concave to the Southeast;
the curve having a delta of 08°46'05", a radius of 1399.39 feet, a chord bearing of S 54°40'15" W, a chord length of 213.92 feet;
thence leaving the southeasterly right of way line of Old Highway No. 95 (now a county road) S 71°16'03" E, 1079.54 feet to a monument on an existing fence line;
thence along the existing fence line N 38°21'03" E, 118.63 feet;
thence N 47°12'29" W, 17.91 feet;
thence N 27°40'15" E, 39.60 feet;
thence N 04°22'57" W, 183.52 feet;
thence N 05°27'44" W, 23.88 feet;
thence N 02°10'49" E, 46.50 feet;
thence N 50°05'39" W, 135.24 feet;
thence N 41°49'37" W, 148.41 feet;
thence N 41°14'48" W, 85.37 feet;
thence N 22°25'49" W, 82.84 feet to the True Point of Beginning.
Sometimes known as Assessor's Tax No. 126.

Section 24: S½NE¼, SE¼, except part of the SW¼NE¼ described as beginning at the Northwest corner of said SW¼NE¼;
thence South 720 feet to the top of the divide between McKinzie Creek and Slippy Creek;
thence northeasterly along said divide, 1555 feet;
thence West 1320 feet to the Point of Beginning.

LESS: A parcel of land located in the NW¼SE¼ and the S½NE¼ of said Section 24, more particularly described as follows:

Beginning at the center ¼ corner of Section 24 a brass cap monument in place, the True Point of Beginning;
thence S 00°28'40" E, 722.67 feet along the center subdivision line of said Section 24 to the center of Slippy Creek;
thence N 71°28'21" E, 274.42 feet up Slippy Creek;
thence leaving Slippy Creek S 51°19'23" E, 30.00 feet to a monument in the center of a road;
thence S 51°19'23" E, 90.81 feet to a monument in a fence;
thence along the fence line N 49°37'31" E, 768.76 feet to a monument;

thence N 39°43'36" E, 274.88 feet to a monument;
 thence N 58°20'14" E, 631.78 feet to a monument;
 thence N 42°03'30" E, 398.63 feet to a monument;
 thence N 74°12'41" E, 757.91 feet to a monument;
 thence leaving the fence line N 00°18'10" W, 493.82
 feet along the East line of Section 24 to the North
 1/16 corner of Section 24;
 thence S 89°59'45" W, 1332.21 feet along the center
 subdivision line of the NE¼ of Section 24 to the
 Northeast 1/16 corner;
 thence S 61°30'00" W, 1509.08 feet along the divide
 between McKinzie Creek and Slippery Creek to the center
 subdivision line of Section 24;
 thence along the center subdivision line of Section 24
 S 00°28'40" E, 605.95 feet to the True Point of
 Beginning.
 Sometimes known as Assessor's Tax No. 127.

Section 25: ALL, except that portion of Government Lot 1 lying
 South of a line extending due East from the
 intersection of the northerly right of way of the North
 and South Highway with the West line of said Government
 Lot 1 to the East line of said Government Lot 1.

Section 26: Government Lot 1 of the Slate Creek Placer Claim No. 2,
 Government Lots 4 and 6 being the Large Placer Claim,
 and the SE¼NE¼, except lands conveyed to the State of
 Idaho in Book 110 of Deeds page 193, and in Book 49 of
 Deeds pages 406 and 407.

AND: That portion of Government Lot 5 of said Section 26
 lying North of the North and South Highway (Old Highway
 No. 95) right of way as described in Right of Way Deed,
 recorded as Instrument No. 68452 in Book 49 of Deeds
 pages 406 and 407 and North of U.S. Highway No. 95
 Project F-4113 (37) right of way as described in Second
 Judgment and Decree of Condemnation, recorded as
 Instrument No. 233808 in Book 110 of Deeds pages 193
 through 197.

Township 27 North, Range 2 East, Boise Meridian, Idaho County, Idaho
Section 19: Government Lot 2

LESS: A parcel of land located in said Government Lot 2, more particularly described as follows:

Beginning at the North 1/16 corner of said Section 19 being common with Section 24, Township 27 North, Range 1 East, Boise Meridian, the True Point of Beginning; thence East 514.41 feet along the line between Government Lots 1 and 2 of Section 19 to a monument on the South bank of Slippery Creek; thence S 46°01'29" W, 711.19 feet to a monument on the West line of Section 19; thence N 00°18'10" W, 493.82 feet along the West line of Section 19 to the True Point of Beginning. Sometimes known as Assessor's Tax No. 15.

Section 19: Government Lots 3 and 4, S½NE¼NW¼, SE¼NW¼, NE¼SW¼, SE¼SW¼, NW¼SE¼, SW¼SE¼

Section 30: Government Lots 1, 2 and 3, NE¼NW¼, SE¼NW¼, NE¼SW¼

EXHIBIT "A-1"

IRRIGATION EQUIPMENT
AND WATER RIGHTS

Marek

All fixtures (including trade fixtures), supplies, equipment and inventory used for the production of water on the Real Property or for the irrigation or drainage thereof, whether now owned or hereafter acquired, and whether now existing or hereafter arising, and all proceeds (including insurance proceeds) from the sale or other disposition of any of such Property. Said fixtures, supplies, equipment and inventory include, but are not limited to, the following:

1 - 50 HP Peerless Cornell pump SN unknown
74 - 40' 5" mainline
68 - 40' 3" hand line

Water rights filed with the Idaho Department of Water Resources:

Numbers: 79-14108, 79-4014, 79-7015

20072671

MALHEUR FEDERAL CREDIT UNION

Mortgagor(s):
Peggy J. Marek
143 Cattle Drive Road
White Bird, ID 83554

Mortgagee(s):
Malheur Federal Credit Union
c/o Pacific Intermountain Mortgage Co.
2420 Main St.
Baker City, OR 97814

REAL ESTATE MORTGAGE

THIS MORTGAGE is made and entered into by Peggy J. Marek at White Bird, Idaho, herein called mortgagor, and Malheur Federal Credit Union, C/O Pacific Intermountain Mortgage Company, 2420 Main Street, Baker City, Oregon 97814, herein called mortgagee.

Mortgagors in consideration of FOUR HUNDRED FIFTY THOUSAND DOLLARS (\$450,000.00) paid to mortgagor does hereby grant, bargain, sell and convey unto Malheur Federal Credit Union, mortgagee and mortgagee's successors and assigns, that real property situated in Harney County, State of Oregon, described on Exhibit "A", attached hereto and by this reference made a part hereof, together with all and singular the tenements, hereditaments and appurtenances thereunto belonging or in any way appertaining and which may hereafter thereto belong or appertain, and the rents, issues and profits therefrom, and any and all fixtures upon the premises at the time of the execution of the mortgage or at any time during the term of this mortgage.

TO HAVE AND TO HOLD the premises with the appurtenances unto mortgagee and mortgagee's personal representative, successors and assigns forever.

This mortgage is intended to secure the payment of a promissory note dated October 22, 2007, in the principal amount of \$450,000.00 with the due date of the final installment being April 1, 2032.

The mortgagor warrants that the proceeds of the loan represented by the Note and this mortgage are (line out whichever is not applicable):

- (a) ~~primarily for mortgagor's personal, family or household purposes, or~~
- (b) for an organization or (even if mortgagor is a natural person) for business or commercial purposes.

This mortgage is further conditional upon the faithful observance by the mortgagor of the following Articles of covenants hereby expressly entered into by the mortgagor, to-wit:

ARTICLE I

MORTGAGOR FURTHER AGREES THAT THE LOAN SECURED BY THIS INSTRUMENT WILL BE IN DEFAULT SHOULD ANY LOAN PROCEEDS BE USED FOR A PURPOSE THAT WILL CONTRIBUTE TO EXCESSIVE EROSION OF HIGHLY ERODIBLE LAND OR TO THE CONVERSION OF WETLAND TO PRODUCE OR TO MAKE POSSIBLE THE PRODUCTION OF AN AGRICULTURAL COMMODITY, SUBJECT TO 7 CFR PART 1940, SUBPART G, EXHIBIT M.

ARTICLE II

HAZARDOUS SUBSTANCES: Notwithstanding any provision in the Mortgages or any other Loan Document, the provisions of this Article shall not be secured by the Mortgages and shall survive termination of this Mortgage, repayment of the Loan, and foreclosure of the Mortgages or similar proceedings.

(1) Definition of Hazardous Substance: For purposes of this Agreement, a "Hazardous Substance" is defined to mean any substance, material or waste, including asbestos and petroleum (including crude oil or any fraction thereof), which is or becomes designated, classified or regulated as "toxic", "hazardous", a

"pollutant" or similar designation under any federal, state or local law, regulation or ordinance.

(2) **Indemnity regarding Hazardous Substances:** Mortgagor agrees to indemnify, defend with counsel acceptable to Lender, and hold Lender, its parent and affiliated companies, and their respective officers, directors, employees and agents, harmless from and against all actual or threatened liabilities, claims, actions, damages (including foreseeable fees) and losses directly or indirectly arising out of or resulting from the presence of any Hazardous Substance in or around any part of the Properties or in the soil or groundwater under the Properties, including (a) any expenses incurred in connection with any reasonably necessary investigation of site conditions or any clean-up, remedial, removal or restoration work, and (b) any resulting damages or injuries to the person or property of any third parties or to any natural resources. In addition, Mortgagor shall similarly indemnify, defend and hold harmless any persons purchasing the Properties through a foreclosure sale or following a foreclosure sale, and any persons purchasing the Loan or any portion of or interest in it.

(3) **Representation and Warranty:** Before signing this Agreement, Mortgagor researched and inquired into the previous, current and contemplated uses and ownership of the Properties. Based on that due diligence, Mortgagor represents and warrants that, to the best of his knowledge, no Hazardous Substance has been or will be disposed of, released onto or otherwise exists in, on, or under the Properties, except as Mortgagor has disclosed to Lender in writing.

(4) **Compliance with Law; Notices:** Mortgagor has complied, and shall comply and cause all occupants of the Properties to comply, with all laws, regulations and ordinances governing or applicable to Hazardous Substances as well as the recommendations of any qualified environmental engineer or other expert. Mortgagor shall promptly notify Lender if he/she/they know(s) or suspects there may be any Hazardous Substance in or around the Properties, or in the soil or groundwater under the Properties, or if any action or investigation by any governmental agency or third party pertaining to Hazardous Substances is pending or threatened.

(5) **Site Visits:** Mortgagor shall allow Lender access to the Properties at any reasonable time for the purposes of performing an appraisal, inspecting the Properties, taking soil or groundwater samples, and conducting tests, among other things, to investigate for the presence of Hazardous Substances, as defined in Article V. Such appraisals, inspections and audits shall be at the Lender's expense except if Lender performs such appraisals, inspections or audits after the occurrence of an Event of a Default as in hereinafter defined. Lender is under no duty to visit or observe the Properties. Any site visit, observation or examination by Lender shall be solely for the purpose of protecting Lender's security and preserving Lender's rights under the Loan Documents. Lender owes no duty of care to protect Mortgagor or any other party against, or to inform Mortgagor or any other party of, any adverse condition affecting the Properties, including any defects in the design or construction of any improvements on the Properties or the presence of any Hazardous Substances on the Properties.

ARTICLE III

(1) Mortgagor is lawfully seized of the premises and now has a valid and unencumbered fee simple title thereto, except easements and rights of way of record and mortgagor will warrant and defend said title against the claims and demands of all persons.

(2) Mortgagor will pay the promissory note(s) and all installments of interest thereon promptly as the same become due, according to the tenor of the note(s). The final due date for payment of principal and interest of the promissory note is April 1, 2032.

(3) So long as this mortgage remains in force, mortgagor will pay all taxes, assessments, and other charges of every nature levied or assessed upon or against the premises when due and payable, according to law, and before the same becomes delinquent, and will also pay all taxes levied or assessed on this mortgage or the debt thereby secured, and will promptly pay and satisfy any mechanics' liens or other encumbrances that, by operation of law or otherwise, become a lien upon the mortgaged premises superior to the lien of this mortgage.

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(4) Mortgagor will keep the improvements (including but not limited to the dwelling, other outbuildings, fences, attached irrigation equipment) erected on the premises in good order and repair and will not commit or suffer any waste of the premises. At the request of the mortgagee, the mortgagor shall join with the mortgagee in executing one or more financing statements pursuant to the Uniform Commercial Code, in form satisfactory to the mortgagee and will pay for filing the same in the proper public office(s), as well as the cost of any lien search made by filing officers or searching agencies as may be deemed desirable by the mortgagee. Mortgagor will not make any changes in or alterations to the improvements on the mortgaged premises which will materially decrease the value of the same.

(5) This mortgage covers all water rights and ditch rights and mortgagor agrees that mortgagor will put to beneficial use all waters and maintain said water rights and not allow any water rights to be abandoned.

(6) Mortgagor agrees that mortgagee or it's agents, successors or assigns and their agents may at all reasonable times inspect the property to ascertain whether the covenants and agreements contained herein are being performed. Said inspections will be on at least an annual basis.

(7) So long as this mortgage shall remain in force, mortgagor will keep the buildings now erected, or any which may hereafter be erected on the premises, insured against loss or damage by fire, with extended coverage, to the extent of the contributory value on the primary dwelling and the remaining outbuildings in some company or companies acceptable to the mortgagee and for the benefit of both parties hereto as their interests may appear, and will deliver all the policies and renewals thereof to the mortgagee.

(8) WARNING: Unless mortgagor provides mortgagee with evidence of insurance coverage as required by the contract or loan agreement between them, mortgagee may purchase insurance at mortgagor's expense to protect mortgagee's interest. This insurance may, but need not, also protect mortgagor's interest. If the collateral becomes damaged, the coverage purchased by mortgagee may not pay any claim made by or against mortgagor. Mortgagor may later cancel the coverage by providing evidence that mortgagor has obtained property coverage elsewhere. Mortgagor is responsible for the cost of any insurance coverage purchased by mortgagee, which cost may be added to mortgagor's contract or loan balance. If it is so added, the interest rate on the underlying contract or loan will apply to it. The effective date of coverage may be the date mortgagor's prior coverage lapsed or the date mortgagor failed to provide proof of coverage. The coverage mortgagee purchases may be considerably more expensive than insurance mortgagor might otherwise obtain alone and may not satisfy any need for property damage coverage or any mandatory liability insurance requirements imposed by applicable law.

NOW THEREFORE, if the mortgagor shall pay the promissory note(s) and shall fully satisfy and comply with the covenants hereinbefore set forth, then this conveyance shall be void, but otherwise it shall remain in full force and virtue as a mortgage to secure the payment of the promissory note(s) in accordance with the terms thereof and the performance of the covenants and agreements herein contained. Any failure to make any of the payments provided for in the note(s) or this mortgage when the same shall become due or payable, or to perform any agreement herein contained, shall give to the mortgagee the option to declare the whole amount due on the note(s), or unpaid thereon or on this mortgage, at once due and payable, and this mortgage by reason thereof may be foreclosed at any time thereafter. If the mortgagor shall fail to pay any taxes or other charges or any lien or insurance premium as herein provided to be done, the mortgagee shall have the option to pay the same. Any payment so made shall be added to and become a part of the debt secured by this mortgage, and draw interest at the same rate as the note(s) without waiver, however, of any right arising from breach of any of the covenants herein. Time is of the essence with respect to all sums due hereunder, and the promissory note(s).

In case a suit or action is brought to foreclose this mortgage, the court may, upon motion of the holder of the mortgage, without respect to the condition of the property, appoint a receiver to collect the rents and profits arising out of the premises and direct the receiver to apply such rents and profits to the payment and satisfaction of the amount due under this mortgage, first deducting all proper charges and expenses of the receivership, including a reasonable charge for attorney fees.

In the event any suit or action to foreclose this mortgage is commenced, the losing party therein agrees to pay the attorney fees, costs and disbursements of the prevailing party, including statutory costs and

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disbursements and costs of title report(s) and /or title search. If any appeal is taken from any judgment or decree entered pursuant to such suit or action, the losing party on appeal therein promises to pay the attorney fees, costs and disbursements, including all statutory costs and disbursements, of the prevailing party. To the extent permitted by law, all such sums shall be and are secured by the lien of this mortgage and shall be included in the judgment or decree of foreclosure.

Each and all of the covenants and agreements herein contained shall apply to, inure to the benefit of, and bind the personal representatives, successor and/or assigns of the mortgagor and of the mortgagee respectively.

In construing this mortgage and related note(s), it is understood that the mortgagor or mortgagee may be more than one person. If the context so requires, the singular shall be taken to mean and include the plural. Generally, all grammatical changes shall be made, assumed and implied to make the provisions hereof apply equally to corporations and to individuals.

All covenants and provisions of this mortgage shall bind the successors and assigns of mortgagor and shall inure to the benefit of successors and assigns of mortgagee, provided however mortgagor understands that a sale or other transfer of the mortgaged premises or any part thereof, without prior written consent of mortgagee, shall constitute a default of this mortgage.

IN WITNESS WHEREOF, the mortgagor has executed this instrument. If the mortgagor is a corporation, it has caused it's name to be signed and it's seal, if any, affixed by an officer or other person duly authorized to do so by order of it's board of directors.

Peggy J. Marek
Peggy J. Marek

STATE OF OREGON
County of

On this 17th day of December, 2007, before me, a Notary Public in and for the said state, personally appeared Peggy J. Marek, known or identified to me to be the person(s) whose name(s) are subscribed to the within Instrument and acknowledged to me that they executed same.

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

Corissa Lea Wright
Notary Public for Oregon
My commission expires Feb. 24, 2008



STATE OF OREGON }
County of Harney }

I certify that the instrument identified herein was
recorded on the 17th day of December
2007 at 1:35 P.M. in the
County Clerk's Records at Harney County, Oregon.

By [Signature] Deputy

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EXHIBIT "A"

Land in Harney County, Oregon, as follows:

In Twp. 25 S., R. 34 E., W.M.:

Sec. 31: That portion of Lots 1, 2, 3 and 4 lying West of Highway 78,
EXCEPTING THEREFROM the South 2170.4 feet.

Malheur Federal Credit Union

RECEIVED
DEC 28 2007
IDWR/North

PROMISSORY NOTE

Borrower(s):
Margaret J. "Peg" Marek, Personal Representative
of the Estate of Jack John Marek, deceased
Peggy J. Marek aka Margaret J. Marek, Individually
143 Cattle Drive Road
White Bird, ID 83554
Principal Amount: \$450,000.00

Lender:
Malheur Federal Credit Union
c/o Pacific Intermountain Mortgage Co.
2420 Main St.
Baker City, OR 97814

Date of Note: October 22, 2007

PROMISE TO PAY: The undersigned, jointly and severally, ("Borrowers") promise(s) to pay to Malheur Federal Credit Union ("Lender"), or order, at the above address, in lawful money of the United States of America, the principal amount of FOUR HUNDRED FIFTY THOUSAND DOLLARS (\$450,000.00), together with interest at the initial rate of 8.75% per annum on the unpaid principal balance from the date of disbursement until the guaranteed portion is sold to the Federal Agricultural Mortgage Corporation at which time the rate shall be reset to 1.5% per annum plus the five year reset cost of funds index rate ("the index rate"), said principal and interest to be paid in installments set forth below, with the final installment of principal and interest due on April 1, 2032 (Due Date).

X Variable Interest Rate: This rate will then change as stated below.

X Index Rate: The future rate will be 1.5% plus the price of funds set by the Farmer Mac, twenty five year amortization, five year reset cost of funds index net yield rate.

• • No Index Rate: The future rate will not be subject to any internal or external Index. The rate of interest will be entirely in your control.

X Frequency and Timing: The interest rate on this note will change upon sale to Farmer Mac, on January 1, 2013, and every 5 years thereafter. The change in the interest rate will take effect on the same day.

X Effect of Variable Rate of Interest: A change in the interest rate will have the following effect on the payments:

The amount of each scheduled payment will change.

ACCRUAL METHOD: Interest will be calculated on an Actual/365 day basis.

DEFAULT RATE OF INTEREST: Borrower agrees to pay interest on the unpaid balance of this note owing after default, and until paid in full, as stated below:

• • On the same fixed or variable interest rate basis in effect before maturity (as indicated above).