

RECEIVED

SEP 13 2018

DEPT. OF WATER RESOURCES
SOUTHERN REGIONSTATE OF IDAHO
DEPARTMENT OF WATER RESOURCES**Notice of Security Interest in a Water Right**
and a request to be notified of a change in ownership or any proposed
or final action to amend, transfer, or otherwise modify the water right(s)

Attach pages with additional information. Incomplete forms will be returned.

1. Water Right/Claim No.	Water Right/Claim No.	Water Right/Claim No.	Water Right/Claim No.
37-10244			

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

USDA Farm Service Agency

310 W. Nez Perce Ave

Jerome, ID 83338

Phone 208-324-4325 ext 2

Email jessica.d.davis@id.usda.gov

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

Highland Dairy, LLC

5. Expiration Date of Notification Period

9/7/2058

6. Is this a Renewal of Request for Notification?

☐ YES☒ NO

7. Signature(s) of Security Interest Holder(s)

Title, if applicable

Jessica Davis, USDA Farm Service Agency
Farm Loan Officer**For Office Use Only**Received by DM Date 9-13-2018 Receipt No. 5036953 Fee \$75-

Processed by AJ _____ Date _____ WR _____ Date _____

ELECTRONICALLY RECORDED
STAMPED FIRST PAGE NOW
INCORPORATED AS PART OF
THE ORIGINAL DOCUMENT.

LINCOLN COUNTY
Recorded for:
TITLEONE - BURLEY
03:41:24 PM 09-07-2018
0000200312
No. Pages 9 Fee: \$45.00
BRENDA FARNWORTH
County Clerk
Deputy: CS
Electronically Recorded by Simplifile

"This mortgage is junior and subordinate to only that mortgage executed by Highland Dairy, LLC, and delivered to Idaho AgCredit FLCA, dated September 5, 2018, and recorded as Instrument No. 200311."

THIS MORTGAGE IS TO BE FILED AND INDEXED NOT ONLY AS A MORTGAGE, BUT ALSO AS A FIXTURE FILING

FSA-2029 ID
(05-04-18)

Position 5

Form Approved - OMB No. 0560-0237

(See Page 7 for Privacy Act and Paperwork Reduction Act Statements)

UNITED STATES DEPARTMENT OF AGRICULTURE
Farm Service Agency

MORTGAGE FOR IDAHO

THIS MORTGAGE ("instrument") is made on SEPTEMBER 7, 20 18. The mortgagor is HIGHLAND DAIRY, LLC, AN IDAHO LIMITED LIABILITY COMPANY
("Borrower") whose mailing address is 827 E 270 S
DIETRICH, ID 83324. This instrument is given to the United States of America, acting
through the Farm Service Agency, United States Department of Agriculture ("Government") located at
310 W. NEZ PERCE AVE., JEROME, ID 83338

This instrument secures the following promissory notes, assumption agreements, and/or shared appreciation agreements (collectively called "note"), which have been executed or assumed by the Borrower unless otherwise noted, are payable to the Government, and authorize acceleration of the entire debt upon any default:

Date of Instrument
09/07/2018

Principal Amount

Annual Rate
of Interest
2.500%

Due Date of Final
Installment
09/07/2058

(The interest rate for any limited resource farm ownership or limited resource operating loans secured by this instrument may be increased as provided in Government regulations and the note.)

By execution of this instrument, Borrower acknowledges receipt of all of the proceeds of the loan or loans evidenced by the above note.

This instrument secures to the Government: (1) payment of the note and all extensions, renewals, and modifications thereof; (2) recapture of any amount due under any Shared Appreciation Agreement entered into pursuant to 7 U.S.C. § 2001; (3) payment of all advances and expenditures, with interest, made by the Government; and (4) the obligations and covenants of Borrower set forth in this instrument, the note, and any other loan agreements.

In consideration of any loan made by the Government pursuant to the Consolidated Farm and Rural Development Act, 7 U.S.C. § 1921 *et. seq.* as evidenced by the note, Borrower irrevocably mortgages, grants and conveys to the Government the following described property situated in the State of Idaho, County or Counties of LINCOLN

See attached Exhibit A for legal description.

together with all rights (including the rights to mining products, gravel, oil, gas, coal or other minerals), interests, easements, fixtures, hereditaments, appurtenances, and improvements now or later attached thereto, the rents, issues and profits thereof, revenues and

Initial IAW date 9/7/18

income therefrom, all water, water rights, and water stock pertaining thereto, and all payments at any time owing to Borrower by virtue of any sale, lease, transfer, or condemnation of any part thereof or interest therein (collectively called "the property"). This instrument constitutes a security agreement and financing statement under the Uniform Commercial Code and creates a security interest in all items which may be deemed to be personal property, including but not limited to proceeds and accessions that are now or hereafter included in, affixed, or attached to "the property."

Borrower COVENANTS that Borrower is lawfully seised of the estate hereby conveyed and has the right to mortgage, grant and convey the property and that the property is unencumbered, except for encumbrances of record. Borrower warrants and will defend the title to the property against all claims and demands, subject to any encumbrances of record.

This instrument combines uniform covenants for national use and non-uniform covenants with limited variations by jurisdiction to constitute a uniform mortgage covering real property.

UNIFORM COVENANTS. Borrower COVENANTS AND AGREES as follows:

1. **Payment.** Borrower shall pay promptly when due any indebtedness to the Government secured by this instrument.
2. **Fees.** Borrower shall pay to the Government such fees and other charges that may now or later be required by Government regulations.
3. **Application of payments.** Unless applicable law or Government's regulations provide otherwise, all payments received by the Government shall be applied in the following order of priority: (a) to advances made under this instrument; (b) to accrued interest due under the note; (c) to principal due under the note; (d) to late charges and other fees and charges.
4. **Taxes, liens, etc.** Borrower shall pay when due all taxes, liens, judgments, encumbrances, and assessments lawfully attaching to or assessed against the property and promptly deliver to the Government without demand receipts evidencing such payments.
5. **Assignment.** Borrower grants and assigns as additional security all the rights, title and interest in: (a) the proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or taking by eminent domain or otherwise of any part of the property, or for conveyance in lieu of condemnation; (b) all bonuses, rentals, royalties, damages, delay rentals and income that may be due or become due and payable to the Borrower or Borrower's assigns under any existing or future oil, gas, mining or mineral lease covering any portion of the property; and (c) all rents, issues, profits, income and receipts from the property and from all existing or future leases, subleases, licenses, guaranties and any other agreements for the use and occupancy of any portion of the property, including any extensions, renewals, modifications or substitutions of such agreements. Borrower warrants the validity and enforceability of this assignment.

Borrower authorizes and directs payment of such money to the Government until the debt secured by this instrument is paid in full. Such money may, at the option of the Government, be applied on the debt whether due or not. The Government shall not be obligated to collect such money, but shall be responsible only for amounts received by the Government. In the event any item so assigned is determined to be personal property, this instrument will also be regarded as a security agreement.

Borrower will promptly provide the Government with copies of all existing and future leases. Borrower warrants that as of the date of executing this instrument no default exists under existing leases. Borrower agrees to maintain, and to require the tenants to comply with, the leases and any applicable law. Borrower will obtain the Government's written authorization before Borrower consents to sublet, modify, cancel, or otherwise alter the leases, or to assign, compromise, or encumber the leases or any future rents. Borrower will hold the Government harmless and indemnify the Government for any and all liability, loss or damage that the Government may incur as a consequence of this assignment.

6. **Insurance.** Borrower shall keep the property insured as required by and under insurance policies approved by the Government and, at its request, deliver such policies to the Government. If property is located in a designated flood hazard area, Borrower also shall keep property insured as required by 42 U.S.C. § 4001 et. seq. and Government regulations. All insurance policies and renewals shall include a standard mortgagee clause.

7. **Advances by Government.** The Government may at any time pay any other amounts required by this instrument to be paid by Borrower and not paid by Borrower when due, as well as any cost for the preservation, protection, or enforcement of this lien, as advances for the account of Borrower. Advances shall include, but not be limited to, advances for payments of real property taxes, special assessments, prior liens, hazard insurance premiums, and costs of repair, maintenance, and improvements. All such advances shall bear interest at the same rate as the note which has the highest interest rate. All such advances, with interest, shall be immediately due and payable by Borrower to the Government without demand. No such advance by the Government shall relieve Borrower from breach of Borrower's covenant to pay. Any payment made by Borrower may be applied on the note or any secured debt to the Government, in any order the Government determines.

8. **Protection of lien.** Borrower shall pay or reimburse the Government for expenses reasonably necessary or incidental to the protection of the lien and its priority and the enforcement or compliance with this instrument and the note. Such expenses include, but are not limited to: costs of evidence of title to, and survey of, the property, costs of recording this and other instruments, attorneys' fees, trustees' fees, court costs, and expenses of advertising, selling, and conveying the property.

Initial LU Date 9/7/18

9. **Authorized purposes.** Borrower shall use the loan evidenced by the note solely for purposes authorized by the Government.

10. **Repair and operation of property.** Borrower shall: (a) maintain improvements in good repair; (b) make repairs required by the Government; (c) comply with all farm conservation practices and farm management plans required by the Government; and (d) operate the property in a good and husbandlike manner. Borrower shall not (e) abandon the property; (f) cause or permit waste, lessening or impairment of the property; or (g) cut, remove, or lease any timber, gravel, oil, gas, coal, or other minerals without the written consent of the Government, except as necessary for ordinary domestic purposes.

11. **Legal compliance.** Borrower shall comply with all laws, ordinances, and regulations affecting the property.

12. **Transfer or encumbrance of property.** Except as provided by Government regulations, the Borrower shall not lease, assign, sell, transfer, or encumber, voluntarily or otherwise, any of the property without the written consent of the Government. The Government may grant consents, partial releases, subordinations, and satisfactions in accordance with Government regulations.

13. **Inspection.** At all reasonable times the Government may inspect the property to ascertain whether the covenants and agreements contained in this instrument are being performed.

14. **Hazardous substances.** Borrower shall not cause or permit the presence, use, disposal, storage, or release of any hazardous substances on or in the property. The preceding sentence shall not apply to the presence, use, or storage on the property of small quantities of hazardous substances that are generally recognized to be appropriate to normal use and maintenance of the property. Borrower covenants that Borrower has made full disclosure of any such known, existing hazardous conditions affecting the property. Borrower shall not do, nor allow anyone else to do, anything affecting the property that is in violation of any Federal, state, or local environmental law or regulation. Borrower shall promptly give the Government written notice of any investigation, claim, demand, lawsuit or other action by any governmental or regulatory agency or private party involving the property and any hazardous substance or environmental law or regulation of which Borrower has actual knowledge. If Borrower learns, or is notified by any governmental or regulatory authority, that any removal or other remediation of any hazardous substance affecting the property is necessary, Borrower shall promptly take all necessary remedial actions in accordance with applicable environmental law and regulations. As used in this paragraph, "hazardous substances" are those substances defined as toxic or hazardous substances by environmental law and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials. As used in this paragraph, "environmental law" means Federal laws and regulations and laws and regulations of the jurisdiction where the property is located that relate to health, safety or environmental protection.

15. **Adjustment; release; waiver; forbearance.** In accordance with Government regulations, the Government may (a) adjust the interest rate, payment, terms or balance due on the loan, (b) increase the mortgage by an amount equal to deferred interest on the outstanding principal balance, (c) extend or defer the maturity of, and renew and reschedule the payments on the note, (d) release any party who is liable under the note from liability to the Government, (e) release portions of the property and subordinate its lien, and (f) waive any other of its rights under this instrument. Any and all of this can and will be done without affecting the lien or the priority of this instrument or Borrower's liability to the Government for payment of the note secured by this instrument unless the Government provides otherwise in writing. HOWEVER, any forbearance by the Government - whether once or often - in exercising any right or remedy under this instrument, or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of any such right or remedy.

16. **Graduation.** If the Government determines that Borrower may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, upon the Government's request, apply for and accept such a loan in sufficient amount to pay the note secured by this instrument and to pay for stock necessary to be purchased in a cooperative lending agency in connection with such loan.

17. **Forfeiture.** Borrower shall be in default if any forfeiture action or proceeding, whether civil or criminal, is begun that in the Government's good faith judgment could result in forfeiture of the property or otherwise materially impair the lien created by this instrument or the Government's security interest. Borrower may cure such default by causing the action or proceeding to be dismissed with a ruling that precludes forfeiture of the Borrower's interest in the property or other material impairment of the lien created by this security instrument or the Government's security interest.

18. **False statement.** Borrower also shall be in default if Borrower, during the loan application process, gave materially false or inaccurate information or statements to the Government (or failed to provide the Government with any material information) in connection with the loan evidenced by the note.

19. **Cross collateralization.** Default under this instrument shall constitute default under any other security instrument held by the Government and executed or assumed by Borrower. Default under any other such security instrument shall constitute default under this instrument.

20. **Highly erodible land; wetlands.** Any loan secured by this instrument will be in default if Borrower uses any loan proceeds for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce an agricultural commodity as provided in 7 C.F.R. part 1940, subpart G, or any successor Government regulation.

21. **Non-discrimination.** If any part of the loan for which this instrument is given shall be used to finance the purchase, construction or repair of property to be used as an owner-occupied dwelling (herein called "the dwelling") and if Borrower intends to sell or rent the dwelling and has obtained the Government's consent to do so (a) neither Borrower nor anyone authorized to act for Borrower will, after receipt of a bona fide offer, refuse to negotiate for the sale or rental of the dwelling or will otherwise make unavailable or deny the dwelling to anyone because of race, color, religion, sex, national origin, disability, familial status or age, and

Initial IV Date 9/7/15

(b) Borrower recognizes as illegal and hereby disclaims, and will not comply with or attempt to enforce any restrictive covenants on the dwelling relating to race, color, religion, sex, national origin, disability, familial status or age.

22. **Notices.** Notices given under this instrument shall be sent by certified mail unless otherwise required by law. Such notices shall be addressed, unless and until some other address is designated in a notice, in the case of the Government to the State Executive Director of the Farm Service Agency at the mailing address shown above, and in the case of Borrower at the address shown in the Government's Finance Office records (which normally will be the same as the mailing address shown above).

23. **Governing law; severability.** This instrument shall be governed by Federal law. If any provision of this instrument or the note or its application to any person or circumstances is held invalid, such invalidity shall not affect other provisions or applications of this instrument or the note which can be given effect without the invalid provision or application. The provisions of this instrument are severable. This instrument shall be subject to the present regulations of the Government, and to its future regulations not inconsistent with the express provisions hereof. All powers and agencies granted in this instrument are coupled with an interest and are irrevocable by death or otherwise; and the rights and remedies provided in this instrument are cumulative to remedies provided by law.

24. **Successors and assigns; joint and several covenants.** The covenants and agreements of this instrument shall bind and benefit the successors and assigns of Government and Borrower. Borrower's covenants and agreements shall be joint and several. Any Borrower who co-signs this instrument but does not execute the note: (a) is co-signing this instrument only to mortgage, grant and convey that Borrower's interest in the property under this instrument; (b) is not personally obligated to pay the sums secured by this instrument; and (c) agrees that the Government and any other Borrower may agree to extend, modify, forbear or make any accommodations with regard to the terms of this instrument or the note without that Borrower's consent.

25. **No merger.** If this instrument is on a leasehold, Borrower shall comply with all the provisions of the lease. If Borrower acquires fee title to the property, the leasehold and the fee title shall not merge unless the Government agrees to the merger in writing. If the property is conveyed to the Government, title shall not merge (unless the Government elects otherwise) and the lien provided under this instrument shall not be affected by such conveyance.

26. **Time is of the essence.** Time is of the essence in the Borrower's performance of all duties and obligations under this instrument.

NON-UNIFORM COVENANTS. Borrower further COVENANTS AND AGREES as follows:

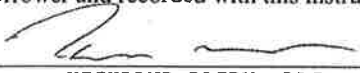
27. **Default; death; incompetency; bankruptcy.** Should default occur in the performance or discharge of any obligation in this instrument or secured by this instrument, or should the Borrower die or be declared incompetent, or should the Borrower be discharged in bankruptcy or declared an insolvent or make an assignment for the benefit of creditors, the Government, at its option, with or without notice, may: (a) declare the entire amount unpaid under the note and any debt to the Government hereby secured immediately due and payable, (b) for the account of Borrower incur and pay reasonable expenses for repair or maintenance of, and take possession of, operate or rent the property, (c) upon application by it and production of this instrument, without other evidence and without notice of hearing of said application, have a receiver appointed for the property, with the usual powers of receivers in like cases, (d) foreclose this instrument and sell the property as prescribed by law, and (e) enforce any and all other rights and remedies provided herein or by present or future law.

28. **Assignment of lease and rents.** Borrower agrees that the assignment of leases and rents in this instrument is immediately effective on the recording of this instrument. Upon default, the Borrower will receive any rents in trust for the Government, and Borrower will not commingle the rents with any other funds. Any amounts collected shall be applied at the Government's discretion first to costs of managing, protecting and preserving the property, and to any other necessary related expenses. Any remaining amounts shall be applied to reduce the debt evidenced by the note. Borrower agrees that the Government may demand that Borrower and Borrower's tenants pay all rents due or to become due directly to the Government if the Borrower defaults and the Government notifies Borrower of the default. Upon such notice, Borrower will endorse and deliver to the Government any payments of rents. If the Borrower becomes subject to a bankruptcy, then Borrower agrees that the Government is entitled to receive relief from the automatic stay in bankruptcy for the purpose of enforcing this assignment.

29. **Application of foreclosure proceeds.** The proceeds of foreclosure sale shall be applied in the following order to the payment of: (a) costs and expenses incident to enforcing or complying with this instrument, (b) any prior liens required by law or a competent court to be so paid, (c) the debt evidenced by the note and all other debt to the Government secured by this instrument, (d) inferior liens of record required by law or a competent court to be so paid, (e) at the Government's option, any other debt of Borrower to the Government, and (f) any balance to Borrower. If the Government is the successful bidder at foreclosure or other sale of all or any part of the property, the Government may pay its share of the purpose price by crediting such amount on any debts of Borrower owing to the Government in the order prescribed above.

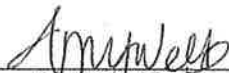
Initial EW date 9/7/18

By signing below, Borrower accepts and agrees to the terms and covenants contained in this instrument and in any rider executed by Borrower and recorded with this instrument.



HIGHLAND DAIRY, LLC
BY IAN CALVIN WEBB

(SEAL)



HIGHLAND DAIRY, LLC
BY AMY KAE WEBB

(SEAL)

ACKNOWLEDGMENTS

STATE OF IDAHO }
COUNTY OF _____ } ss. (Individual)

On this _____ day of _____, before me personally appeared _____, to be known to me to be the same person(s) whose name is subscribed to the foregoing instrument, and acknowledged that (he or she) signed and delivered the instrument as (his or her) free and voluntary act, for the uses and purposes set forth.

My commission expires:

NOTARY PUBLIC

Notes: Page 6 of 7, and page 7 of 7 apply to entities and will not be recorded for individuals.
Page 7 of 7 contains the privacy act paperwork reduction act and USDA nondiscrimination statements and will not be recorded.

Initial IWM date 7/7/18

STATE OF IDAHO

COUNTY OF _____

}

ss. (Corporation)

The foregoing instrument was acknowledged before me this _____ day of _____, by _____, President and _____ Secretary of _____, a _____ corporation, on behalf of the corporation.

My commission expires:

NOTARY PUBLIC

STATE OF IDAHO

COUNTY OF _____

}

ss. (Partnership)

The foregoing instrument was acknowledged before me this _____ day of _____, by _____, Partners, on behalf of the _____, a _____ partnership.

My commission expires:

NOTARY PUBLIC

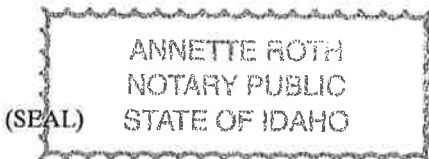
Initial TD Date 9/7/18

STATE OF IDAHO

COUNTY OF Cassia

} ss. (Limited Liability Company)

On this 7th day of September, in the year of 20 18, personally appeared before me,
IAN CALVIN WEBB AND AMY KAE WEBB, known or identified to me to be the manager or a member of the limited
liability company that executed the instrument or the person who executed the instrument on behalf of said limited liability company
and acknowledged to me that such limited liability company executed the same.



Annette Roth
NOTARY PUBLIC

Residing at

Rupert, ID

My commission expires:

8-4-2023

NOTE: The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a - as amended). The authority for requesting the information identified on this form is 7 CFR Part 764, 7 CFR Part 765, 7 CFR Part 766, the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.), and the Agricultural Act of 2014 (Pub. L. 113-79). The information will be used to establish the borrower's agreement to the terms and conditions for obtaining the requested FSA Farm Loan Programs benefits. The information collected on this form may be disclosed to other Federal, State, Local government agencies, Tribal agencies, and nongovernmental entities that have been authorized access to the information by statute or regulation and/or as described in applicable Routine Uses identified in the System of Records Notice for USDA/FSA-14, Applicant/Borrower. Providing the requested information is voluntary. However, failure to furnish the requested information may result in a denial of the requested FSA Farm Loan Programs benefits.

The provisions of criminal and civil fraud, privacy, and other statutes may be applicable to the information provided.

According to the Paperwork Reduction to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0560-0237. The time required to complete this information collection is estimated to average 30 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. **RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.**

In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotape, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.

To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at http://www.ascr.usda.gov/complaint_filing_cust.html and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by: (1) mail: U.S. Department of Agriculture Office of the Assistant Secretary for Civil Rights 1400 Independence Avenue, SW Washington, D.C. 20250-9410; (2) fax: (202) 690-7442; or (3) email: program.intake@usda.gov. USDA is an equal opportunity provider, employer, and lender.

Initial IWA date 9/7/18

Exhibit A

PARCEL NO. 1:

TOWNSHIP 6 SOUTH, RANGE 19 EAST OF THE BOISE MERIDIAN,
LINCOLN COUNTY, IDAHO

Section 19: Part of the N½S½NE¼, being more particularly described as follows:

Commencing at a ½-inch rebar with an orange cap marking the Southeast corner of the Northeast ¼ of said Section 19; Thence along the East line of the Northeast ¼ of said Section 19, North 00°14'14" East, a distance of 660.13 feet to the Southeast corner of the N½S½NE¼ of said Section 19, being marked by a magnetic nail, from which a ½-inch rebar with a cap stamped "LS-889" bears North 89°57'00" West at a distance of 24.9 feet; Thence along the South line of N½S½NE¼ of said Section 19, North 89°39'05" West, a distance of 373.72 feet to the POINT OF BEGINNING of this land description and from which a ½-inch rebar with a cap stamped "LS-9858" bears North 02°49'20" West at a distance of 24.30 feet;

Thence continuing along the South line of the N½S½NE¼ of said Section 19, North 89°39'05" West a distance of 2261.89 feet to the Southwest corner of the N½S½NE¼ of said Section 19, from which a ½-inch rebar with a cap stamped "LS-889" bears South 65°06'00" East at a distance of 0.2 feet;

Thence along the West line of the N½S½NE¼ of said Section 19, North 00°11'07" East, a distance of 659.27 feet to the Northwest corner of the N½S½NE¼ of said Section 19, marked by a ½-inch rebar with a cap stamped "LS-9858";

Thence along the North line of the N½S½NE¼ of said Section 19, South 89°40'13" East, a distance of 2227.21 feet to a ½-inch rebar with a cap stamped "LS-9858", being North 89°40'13" West, a distance of 409.00 feet from the Northeast corner of the N½S½NE¼ of said Section 19;

Thence South 02°49'20" East, a distance of 661.01 feet to the POINT OF BEGINNING of this land description.

PARCEL NO. 2:

TOWNSHIP 6 SOUTH, RANGE 19 EAST OF THE BOISE MERIDIAN,
LINCOLN COUNTY, IDAHO

Section 19: Part of the S½S½NE¼, and more particularly described as follows:

Commencing at the East One Quarter (E¼) corner of said Section 19, from which the Northeast corner of said Section 19 bears North 00°02'31" East, 2640.55 feet, Thence North 89°49'50" West along the South boundary of the NE¼ of said Section 19 for a distance of 1140.76 feet to the True Point of Beginning.

Thence continuing North 89°49'50" West along the South boundary of the NE¼ of said Section 19 for a distance of 1494.20 feet to the Southwest corner of the NE¼ of said Section 19;

Thence North 00°00'38" West along the West boundary of the NE¼ of said Section 19 for a distance of 659.24 feet to the Northwest corner of the S½S½NE¼ of said Section 19;

Thence South 89°51'00" East along the North boundary of the S½S½NE¼ of said Section 19 for a distance of 1075.02 feet;

Thence South 00°00'38" East parallel with the West boundary of the NE¼ of said Section 19 for a distance of 237.89 feet;

Thence South 79°41'52" East for a distance of 420.00 feet;

Thence South 00°59'35" East for a distance of 347.90 feet to the True Point of Beginning.

PARCEL NO. 3:

TOWNSHIP 6 SOUTH, RANGE 19 EAST,
BOISE MERIDIAN, LINCOLN COUNTY, IDAHO

Section 19: A parcel of land located in the NE¼, more particularly described as follows:

Commencing at the East One Quarter (E¼) corner of said Section 19, from which the Northeast corner of said Section 19 bears North 00°02'31" East-2640.55 feet; Thence North 89°49'50" West along the South boundary of the NE¼ of said

Initial

EW date 9/7/18

Section 19 for a distance of 1140.76 feet; Thence North 00°59'35" West for a distance of 347.90 feet to THE TRUE POINT OF BEGINNING;

Thence North 79°41'52" West for a distance of 420.00 feet;

Thence North 00°00'38" West parallel with the West boundary of the NE¼ of said Section 19 for a distance of 237.89 feet to a point on the North boundary of the S½S½NE¼ of said Section 19;

Thence South 89°51'00" East along the North boundary of the S½S½NE¼ (S½S¼NE¼ rec.) of said Section 19 for a distance of 407.86 feet;

Thence South 00°59'35" East for a distance of 311.98 feet to THE TRUE POINT OF BEGINNING.

PARCEL NO. 4:

TOWNSHIP 6 SOUTH, RANGE 19 EAST OF THE BOISE MERIDIAN,
LINCOLN COUNTY, IDAHO

Section 19: Part of the NE¼NE¼, more particularly described as follows:

Beginning at the North ¼ Corner of Section 19, said corner marked by a ½ inch rebar; Thence South 89°52'44" East along the north line of Section 19 for a distance of 1318.72 feet to a 5/8 inch rebar at the Northwest Corner of the NE¼NE¼;

Thence South 89°52'44" East along said section line for a distance of 368.91 feet to the Point of Beginning;

Thence South 89°52'44" East along said section line for a distance of 949.80 feet to a ½ inch rebar at the Northeast Corner of Section 19;

Thence South 00°03'49" West along the east line of Section 19 for a distance of 1320.23 feet to a 5/8 inch rebar at the Southeast Corner of the NE¼NE¼;

Thence North 89°50'22" West along the south line of the NE¼NE¼ for a distance of 1318.10 feet to a 5/8 inch rebar at the Southwest Corner of the NE¼NE¼;

Thence North 00°02'12" East along the west line of the NE¼NE¼ for a distance of 1094.42 feet to a ½ inch rebar;

Thence South 89°52'44" East for a distance of 368.92 feet to a ½ inch rebar;

Thence North 00°02'12" East for a distance of 199.90 feet to a ½ inch rebar;

Thence North 00°02'12" East for a distance of 25.00 feet to the Point of Beginning.

All irrigation equipment attached to the property described above.

All irrigation equipment of every kind and character, including but not limited to, pumps, motors, and mainline. All hand lines, wheel lines, and pivots, together with substitutions, replacements, and any irrigation equipment acquired hereafter.

85.75 Shares of Big Wood Canal Company

One water right Idaho Department of Water Resources
Claim/Right # 37-10244

4 Tower Reinke pivot with a Grow Smart panel electronics and Zimmatic tower motors

3 Tower Zimmatic pivot

3 Tower Zimmatic pivot

3- 4 ¼ mile hand lines that are used in the corners

60 HP US electric motor

Gould short coupled turbine pump

6000 feet of 6-8" of buried mainline

7.5 hp Blador electric motor

Cornell centrifugal pump

All dairy equipment attached to the property described above.

Initial JW date 9/7/18



State of Idaho

DEPARTMENT OF WATER RESOURCES

Southern Region • 650 ADDISON AVE W STE 500 • TWIN FALLS, ID 83301-5858

Phone: (208)736-3033 • Fax: (208)736-3037 • Website: www.idwr.idaho.gov

C.L. "Butch" Otter
Governor

Gary Spackman
Director

September 13, 2018

UNITED STATES OF AMERICA ACTING THROUGH
USDA FARM SERVICE AGENCY
310 W NEZ PERCE
JEROME ID 83338-6124

IDAHO AGCREDIT FLCA
2883 HIGHWAY 39
AMERICAN FLS ID 83211-5347

RE: Notice of Security Interest for Water Right/Permit No(s): 37-10244

Dear Security Interest Holder:

The Department of Water Resources (Department) acknowledges receipt of correspondence adding security interest of the above referenced water right(s) to you. The Department has modified its records to reflect the change in security interest and has enclosed a computer-generated report for you.

Updating the ownership record for a water right does not reconfirm the validity of the right. When processing a Notice of Security Interest, the Department does not review the history of water use to determine if the right has been forfeited or deliberately abandoned through five years or more of non-use. To read more about water right forfeiture, including how to protect a water right from forfeiture, please see Idaho Code §§ 42-222 and 42-223.

If you have any questions concerning the enclosed information, please contact me at (208) 736-3033.

Sincerely,

Trish Fawcett
Technical Records Specialist

Enclosure(s)

c: HIGHLAND DAIRY LLC
TitleOne (18317879)



TitleOne
a title & escrow co.

RECEIVED

SEP 13 2018

DEPT OF WATER RESOURCES
SOUTHERN REGION

September 11, 2018

Trish Fawcett
ID Dept. of Water Resources
650 Addison Ave. West
Twin Falls, ID 83301

RE: TitleOne File No. 18317879
Highland Dairy, LLC/J7, LLC

Dear Trish:

Enclosed with this letter please find the following documents:

1. An original executed Notice of Change in Water Right Ownership from J7, LLC to Highland Dairy, LLC.
2. A copy of the recorded Warranty Deed.
3. An original executed Notice of Security Interest in a Water Right by Idaho AgCredit, FLCA.
4. A copy of the recorded Real Estate Mortgage.
5. An original executed Notice of Security Interest in a Water Right by USDA Farm Service Agency.
6. A copy of the recorded Mortgage.
7. TitleOne Corporation's check no. 16689 payable to the Idaho Department of Water Resources in the amount of \$75.00 for the water transfer fees.

Please make the necessary changes in the records to indicate the new owners. Please send a receipted copy to this office.

Should you have any questions, please do not hesitate to contact Annette or myself.

Very truly yours,
TITLEONE CORPORATION

Nancy Garrett
Administrative Assistant

AR/nrg
Enc.
FedEx