

RECEIVED

JUL 24 2017

DEPARTMENT OF
WATER RESOURCES

Form 42-248(6) 2/14

STATE 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.
	72-4163	{ * 72-16637		
	72-16735	{ * 72-16639		
	72-16742	* Id AgCredit		
	* 72-16633 }	* not listed as		
	* 72-16635 }	Security Interest holder		

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

Idaho AgCredit, FLCA

PO Box 985

Blackfoot, ID 83221

Phone _____

Email _____

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

Raymond John Keppner and Robin Kay Keppner

5. Expiration Date of Notification Period

May 1, 2037

6. Is this a Renewal of Request for Notification?

☐ YES

☒ NO

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

Katie Wallace

Title, if applicable

Katie Wallace, Branch Manager

SUPPORT DATA

IN FILE # 72-4163

For Office Use Only

Received by JPS

Date 7/20/2017

Receipt No. E043208

Fee 650 -

Processed by AJ _____

Date _____

WR gpr

Date 9-19-17

\$175 for this app.

Date: June 20, 2017

Loan: 0006527744 - 5521211101

WHEN RECORDED MAIL TO:

Idaho AgCredit, FLCA
PO Box 985
Blackfoot, ID 83221



1. **THIS MORTGAGE** is made this June 20, 2017 between Raymond John Keppner, aka Raymond J. Keppner, and Robin Kay Keppner, aka Robin K. Keppner, husband and wife, whose address is PO Box 1093 Challis, ID 83226 hereinafter called "Mortgagor", and Idaho AgCredit, FLCA ("Mortgagee"), a wholly owned subsidiary of Idaho AgCredit, ACA, a corporation, existing and operating under the Farm Credit Act of 1971, as amended, having its principal place of business at 188 W Judicial PO Box 985, Blackfoot, Idaho 83221.

2. **WITNESSETH:** That Mortgagor **IRREVOCABLY GRANTS, BARGAINS, SELLS, CONVEYS AND ASSIGNS** unto Mortgagee together with right of entry and possession the following described real property situated in the County(ies) of Custer, State of Idaho:

SEE ATTACHED SCHEDULE A FOR REAL ESTATE DESCRIPTION, TOGETHER WITH FIXTURES AND APPURTENANT SPRINKLER EQUIPMENT IF ANY.

TOGETHER WITH: All fixtures, including but not limited to the following: All pumps, motors, columns, tubes, shafts, bowls, panels and all electrical appurtenances, mainline, laterals, wheel lines, pivot/circle irrigation systems, risers, heads, couplers, end plugs, valves, valve openers, reducers, joints, tees and wyes, as well as all additions and replacements thereof, hereby declared appurtenant thereto and which are more particularly described on the attached Schedule A.

WATER RIGHTS:

Water Right 72-4163, Decreed, Surface Water from Challis Creek, Priority Date 10/10/1911 for 2.76 CFS over 66 acres, which equates to 18.82 GPM.

Water Right 72-16735, Decreed, Surface Water from Challis Creek, Priority Date 05/01/1879 for 1.17 CFS over 56 acres, which equates to 9.40 GPM.

Water Right 72-16742, Decreed, Surface Water from Challis Creek, Priority Date 05/01/1879 for 0.10 CFS over 10 acres, which equates to 4.50 GPM.

*NOTE: When combined, Water Right 72-4163, 72-16735, and 72-16742 are limited to a total combined diversion rate of 4.03 CFS and a total combined annual diversion volume of 231.0 AFA over 66 acres.

Water Right 72-16633, Decreed, Surface Water from Challis Creek, Priority Date 05/01/1879 for 0.04 CFS over 3.57 acres, which equates to 5.04 GPM.

Water Right 72-16635, Decreed, Surface Water from Challis Creek, Priority Date 07/22/1910 for 0.03 CFS over 3.57 acres, which equates to 3.78 GPM.

Water Right 72-16637, Decreed, Surface Water from Challis Creek, Priority Date 11/06/1915 for 0.13 CFS over 6.36 acres, which equates to 9.20 GPM.

Water Right 72-16639, Decreed, Surface Water from Challis Creek, Priority Date 05/01/1879 for 3.62 CFS over 175.7 acres, which equates to 9.27 GPM.

*NOTE: When combined, Water Right 72-16633, 72-16635, 72-16637, and 72-16639 are limited to a total combined diversion rate of 3.82 CFS over 185.6 acres.

*NOTE: Water Right 72-16633, 72-16635, 72-16637, and 72-16639 includes ground that is not included on the subject property. Only 3.7 acres lie in the subject place of use. See addendum for a map of water rights place of use on the subject.

Borrower further agrees that the loan(s) 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, as further explained in 7 CFR Part 1940, Subpart G, Exhibit M.

This real estate mortgage is also intended to be a fixture filing and to be indexed not only as a mortgage but also as a fixture filing.

3. **TOGETHER WITH:** all buildings, structures, equipment, fixtures (including trees, vines and shrubs) and improvements of every kind and description now or hereafter constructed or placed thereon; all standing timber and timber to be cut located thereon; all existing and future water rights, however evidenced, to the use of water for irrigation, livestock and domestic purposes, including irrigation and watering equipment and systems, ditches, laterals, conduits, and rights-of-way used to convey such water or to drain the above-described property, all of which rights are hereby made appurtenant to the property, and all pumping plants, electrical generators, wind machines, and fencing and storage tanks, now or hereafter used in connection with the property, all of which are hereby declared to be fixtures; all grazing rights, leases, permits and licenses; all oil, gas, and mineral leases, permits and rights used with the property; and all tenements, hereditaments, easements, rights-of-way and appurtenances to the property (hereafter collectively referred to as the "Property").

4. **MORTGAGOR ABSOLUTELY AND UNCONDITIONALLY ASSIGNS**, transfers, conveys and sets over to Mortgagee all the rents, royalties, issues, profits, revenue, income and other benefits of the property arising from the use or enjoyment of all or any portion thereof or from any lease, mineral lease, or agreement pertaining thereto (collectively the "Rents"); SUBJECT, HOWEVER, to the right, power and authority given to and conferred upon Mortgagor by Paragraph 7.c hereof.

5. **FOR THE PURPOSE OF SECURING:**

a) payment of the indebtedness or obligations evidenced by the following promissory note(s) and/or guaranties executed by Mortgagor and/or others to the Mortgagee at the times, in the manner and with interest as therein set forth (notes may contain variable or adjustable rate provisions):

<u>Date of Note</u>	<u>Maturity Date</u>	<u>Amount of Note</u>
June 20, 2017	May 1, 2037	\$147,000.00

b) the payment of such additional loans or advances, including advances under a revolving line of credit, with interest thereon, as hereafter may be made to Mortgage, or Mortgage's successors or assigns, and/or to parties whose obligation Mortgage is guaranteeing, evidenced by a promissory note or otherwise by any guarantees executed by Mortgage in favor of Mortgage; PROVIDED HOWEVER, THAT, such additional loans, advances, guaranty obligations shall be secured by this Mortgage only if the promissory note, guaranty, or other document evidencing such loans or advances shall recite that it is to be secured by this Mortgage; c) the payment of any substitute notes, renewals, reamortizations, and extensions of all indebtedness secured by this Mortgage; d) the performance of every obligation and agreement of Mortgage or whether contained or incorporated by reference in this Mortgage, or contained in any loan document or guaranty executed by Mortgage in favor of Mortgage, with respect to any loan, advance, or guaranty secured by this Mortgage; and e) the payment of all sums expended or advanced by Mortgage under or pursuant to the terms of this Mortgage, together with interest thereon as herein provided. The continuing validity and priority of this Mortgage as security for future loans, advances or guaranties shall not be impaired by the fact that at certain times hereafter there may exist no outstanding indebtedness from Mortgage to Mortgage or no commitment to make loans or advances.

6. TO PROTECT THE SECURITY OF THIS MORTGAGE, MORTGAGOR AGREES:

a) To use loan proceeds solely for the purposes set forth in the loan application(s) or agreements; to comply with the Farm Credit Act of 1971, as amended, and/or the regulations of the Farm Credit Administration, now existing or as hereafter amended.

b) To keep the Property in good condition, working order and repair; care for the Property in accordance with standards of good husbandry and to keep all trees, vines and crops on said land properly cultivated, irrigated, fertilized, sprayed, and fumigated; not to remove, destroy or suffer the removal or destruction of any building, fence, canal, well or other improvements or fixtures thereon; not to remove, replace or alter any horticultural or viticultural tree, vine or shrub planted thereon without the prior written consent of Mortgage, except in the ordinary course of business; to complete or restore promptly and in good and workmanlike manner any building which may be constructed, damaged or destroyed thereon; to comply with all laws, covenants and restrictions affecting the Property; not to commit or permit waste thereof; not to commit, suffer or permit any act upon the Property in violation of law; to do all other acts which from the character or use of the Property may be reasonably necessary, the specific enumerations herein not excluding the general; to observe and perform all obligations of Mortgage under any lease of the Property.

c) To provide, maintain and deliver to Mortgage fire and all other types of insurance of the type and in amounts as Mortgage may require, with loss payable clauses solely in favor of Mortgage. In the event of loss, the insurance proceeds, or any part thereof, may be applied by Mortgage, at its option, to the reduction of the indebtedness hereby secured or to the restoration or repair of the property damaged. In the event that the Mortgage or shall fail to provide satisfactory hazard insurance, Mortgage may procure, on Mortgage's behalf, insurance in favor of Mortgage alone. If insurance cannot be secured by Mortgage to provide the required coverage, such inability shall constitute an event of default hereunder.

d) To appear in and litigate any action or proceeding purporting to affect the security hereof, the title to the Property, or the rights or powers of Mortgage; Mortgage may appear in and litigate any such action or proceedings, including any bankruptcy, partition or condemnation proceeding, affecting the Property, or Mortgage's interest therein, in which event Mortgage agrees to pay all costs and expenses thereof, including attorney's fees and costs of securing evidence of title.

e) To pay on or before the due date all taxes and assessments affecting the Property, including all assessments upon water company stock and all rents, assessments and charges for water, appurtenant to or used in connection with the Property; to pay, when due, all encumbrances, charges, and liens, on the Property or any part thereof, which at any time appear to be prior or superior hereto.

f) In case of any suit to foreclose this Mortgage or to collect any charge arising out of the debt hereby secured, or of any suit which the Mortgage may deem necessary to prosecute or defend to effect or protect the lien herein, including any proceeding in bankruptcy, or if Mortgage retains an attorney to advise Mortgage in connection with this Mortgage or any other agreement related to the indebtedness secured by this Mortgage, Mortgage agrees to pay a reasonable sum as attorney's fees and all costs and legal expenses in connection with said suit, and further agrees to pay the reasonable costs of searching the records and abstracting or insuring the title, and such sums, costs and expenses shall be secured hereby and shall be included in any decree of foreclosure. The fees and costs described herein and elsewhere in this Mortgage shall be in addition to those set forth in the loan agreement or any other written agreement between Mortgage and Mortgage.

g) Should Mortgage fail to make any payment or to do any act as provided for in this Mortgage, then Mortgage, but without obligation to do so and without notice to or demand upon Mortgage and without releasing Mortgage from any obligation hereof, may: make or do the same in such manner and to such extent as either may deem necessary to protect the Property, Mortgage being authorized to enter upon the Property for such purposes: commence, appear in and litigate any action or proceeding purporting to affect the security hereof or the rights or powers of Mortgage, including any bankruptcy proceeding affecting the Property; pay, purchase, contest, or compromise any encumbrance, charge or lien which in the judgment of either appears to be prior or superior hereto; and in exercising any such powers, incur any liability, expend whatever amounts in its absolute discretion it may deem necessary therefore, including attorneys, accountants, appraisal, and environmental fees, and costs of securing evidence of title, and all amounts so expended shall be obligations of Mortgage or secured by this Mortgage. Nothing contained herein shall prohibit Mortgage from entering the Property, at a reasonable time and upon reasonable notice to Mortgage, without incurring or assuming any obligations or liabilities whatsoever, for the sole purpose of inspecting the Property.

h) To pay immediately and without demand all sums expended by Mortgage pursuant to the provisions hereof, with interest from date of expenditure at the same rate as is provided for in the note or notes secured by this Mortgage. In the event that such sums are not immediately paid, they shall be added, along with the appropriate amount of capital stock or participation certificates, to the principal balance of the indebtedness secured hereby and shall accrue interest as herein set forth. All such sums shall be secured hereby.

i) Environmental Representations, Warranties and Covenants.

1) Except as disclosed in writing to Mortgage, or except as otherwise provided in any loan agreement between Mortgage and Mortgage which specifically refers to the Property, to the best knowledge of Mortgage after due inquiry, Mortgage hereby further represents, warrants and covenants as follows:

(a) No pollutants, contaminants (including oil or other petroleum products), toxic or hazardous substances, or solid or hazardous wastes, as such terms are defined under any federal, state or local Environmental Law, regulation or ordinance (hereinafter "Contaminants") have been, are being or will be generated, manufactured, produced, stored, disposed of, discharged, released, threatened to be released, or otherwise allowed to migrate or escape on, under or from the Property in such quantities or concentrations as would violate any federal, state or local Environmental Law, regulation or ordinance or as would require Mortgage to report such condition to any governmental authority or to undertake removal or remedial action to clean up such contaminants.

Date: June 20, 2017

Loan: 0006527744 - 5521211101

(b) No Contaminants are located on, in or under any property located adjacent to the Property in such quantities or concentrations as would constitute a violation of any Environmental Law or as would require the owner of the adjacent property to report such condition to any governmental authority or to undertake removal or remedial action to clean up such Contaminants;

(c) Neither the Property, nor any portion thereof, nor any adjacent property or portion thereof, has been or is proposed to be listed under the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Section 9601, et seq.), or any analogous state law. Mortgagor shall immediately notify Mortgagee if Mortgagor acquires any information concerning the listing or proposed listing of the Property or any adjacent property and shall provide Mortgagee with any documents in Mortgagor's possession relative thereto;

(d) No hazardous wastes, as defined under the Federal Resource Conservation and Recovery Act (42 U.S.C. Section 6901, et seq.), or any analogous state law ("Hazardous Wastes"), have been, are being or will be stored or treated in surface impoundments or other structures or facilities located on the property that are partially or entirely below the ground surface;

(e) No litigation, investigation, administrative order, consent order, agreements, or other action, proceeding or settlement (hereinafter "Action") has previously been brought, is now pending, or to the best knowledge of Mortgagor threatened against or anticipated by Mortgagor, with respect to Mortgagor's use or management of Hazardous Materials or Hazardous Wastes or the environmental condition of the Property, including any underlying groundwater. Upon learning thereof, Mortgagor shall immediately notify Mortgagee of any such Action or threatened Action and provide Mortgagee with copies of all documentation relative thereto; and

(f) Except as disclosed in writing to Mortgagee, no underground tanks, wells (except domestic water wells), septic tanks, ponds, pits or any other storage tanks ("Tanks") (whether currently in use or abandoned) are or were located on or under the Property and no Tanks are or were serving the Property described herein. With respect to any Tanks disclosed in writing to Mortgagee, Mortgagor shall comply with all federal, state and local laws, regulations and ordinances and any requirements of city or county fire departments, applicable to the maintenance and use of such Tanks, including, without limitation, Title 40 of the Code of Federal Regulations Part 112.

2) Nothing herein shall be deemed to prohibit Mortgagor from (a) using, handling or storing hazardous materials or substances, as defined under any federal, state or local law, regulation or ordinance ("Hazardous Materials") or (b) storing or treating non-hazardous wastes, so long as such activities are carried out in a good and husbandlike manner in the ordinary course of business, and in compliance with all applicable environmental laws, regulations, permits, orders or other requirements.

3) In the event that Mortgagor is in breach of any of its representations, warranties or covenants as set forth above, Mortgagor, at its sole expense, shall take all action required, including environmental cleanup of the Property, to comply with the representations, warranties and covenants herein or applicable legal requirements and, in any event, shall take all action deemed necessary by appropriate governmental authorities. Mortgagee shall have the right, but not the obligation, to advise appropriate governmental authorities of any environmental condition on or affecting the Property that constitutes or may constitute a breach of Mortgagor's obligations hereunder.

4) Mortgagor and its successors and assigns shall indemnify, defend, protect, and hold harmless Mortgagee, its directors, officers, employees, agents, shareholders, successors and assigns and their officers, employees or agents, from and against any and all claims, suits, damages, liens, losses, liabilities, interest, judgments, response and cleanup costs, demands, actions, causes of action, injuries, administrative proceedings and orders, consent agreements and orders, penalties, costs and expenses (including any fees and expenses incurred in enforcing this indemnity, any out-of-pocket litigation costs and the reasonable fees and expenses of counsel) of any kind whatsoever ("Claims") paid, incurred or suffered by, or asserted against Mortgagee, including but not limited to Claims arising out of loss of life, injury to persons, trespass or damage to or contamination of property or natural resources, or injury to business, in connection with or arising out of the activities of Mortgagor on the Property, Mortgagor's predecessors in interest, third parties who have been invited, permitted or trespassed on the Property, or parties in a contractual relationship with Mortgagor, or any of them, or which directly or indirectly arise out of or result from or in any way connected with the Property, whether or not caused by Mortgagor or within the control of Mortgagor, including without limitation: (a) the presence, use, generation, treatment, storage, disposal, release, threatened release, or discharge of any Hazardous Material or Contaminant at or from the Property and/or the cleanup of Hazardous Materials or Contaminants within, on or under the Property; (b) Mortgagor's breach of any of the representations, warranties and covenants contained herein; and (c) Mortgagor's violation or alleged violation of any applicable Environmental Law, regulation or ordinance.

5) Mortgagor's representations, warranties, covenants and indemnities contained herein shall survive the occurrence of any event whatsoever, including without limitation the payoff of any promissory note(s) secured hereby, the release or foreclosure of this Mortgage, the acceptance by Mortgagee of a deed in lieu of foreclosure, or any transfer or abandonment of the Property.

6) The term "Environmental Law" shall mean any federal, state or local law, statute, ordinance, or regulation, now in effect or hereinafter enacted, pertaining to health, industrial hygiene, or the environmental conditions on, under or about the Property, including but not limited to enactments requiring the removal or containment of asbestos-containing materials in private buildings.

7) Mortgagor shall permit, or cause any tenant of Mortgagor to permit, Mortgagee or its agents, or independent contractors to enter and inspect the Property at any reasonable time for purposes of determining, as Mortgagee deems necessary or desirable: (a) the existence, location and nature of any Hazardous Materials or Hazardous Wastes on, under or about the Property, (b) the existence, location, nature, magnitude and spread of any Hazardous Materials or Hazardous Waste that has been spilled, disposed of, discharged or released on, under or about the Property, or (c) whether or not Mortgagor and any tenant of Mortgagor is in compliance with applicable Environmental Law. If Mortgagor or its tenants fail to comply fully with the terms of this subdivision 7), Mortgagee may obtain affirmative injunctive relief to compel such compliance.

j) Grazing Rights. If any portion of the Property described in this Mortgage is used by Mortgagor as the basis for obtaining grazing permits or other grazing rights issued by any governmental agency, including without limitations the Forest Service, U.S. Department of Agriculture or the Bureau of Land Management, U.S. Department of Interior, Mortgagor covenants and agrees as follows:

1) Said grazing permits or other rights are in good standing and have not been modified, reduced or limited in any other respect, except as fully disclosed in writing to Mortgagee;

2) Mortgagor will perform all obligations imposed as a requirement of exercise of said grazing permits or other rights and will

comply with all laws, rules and regulations applicable thereto:

3) Mortgagor will take such timely action as may be required to cause the renewal or reissuance of said grazing permits or other rights from time to time as they expire during the term thereof. Mortgagor agrees and acknowledges that the failure to renew or cause the reissuance of any said permits for any reason, whether the result of an act or omission of Mortgagor or for reasons beyond Mortgagor's control, is an event of default hereunder and Mortgagor shall have the right to exercise the rights hereinafter set forth in this Mortgage; and

4) Mortgagor agrees to pay all fees, charges, rents or other payments accruing under said permits or any renewals thereof prior to delinquency. In the event Mortgagor fails to pay any such payment, the amount unpaid shall become a part of the indebtedness secured by this Mortgage and shall be immediately due and payable.

7. IT IS MUTUALLY AGREED THAT:

a) Any award of damages in connection with any taking or condemnation or injury to the Property by reason of public use, or for damages resulting from private trespass or injury to the Property, is absolutely and unconditionally assigned and shall be paid to Mortgagor, under the terms and conditions of this Mortgage pertaining to Rents. Upon receipt of such money Mortgagor may apply the same on the indebtedness secured hereby. Mortgagor agrees to execute such further documents as may be required to effect the assignments herein made as Mortgagor may require.

b) At any time, without affecting the liability of any person for the payment of the indebtedness secured hereby, and without grant any easement or create any restriction thereof, 3) subordinate this Mortgage; 4) extend or modify the term of the loan or loans secured hereby; and 5) release without warranty, all or any part of the Property.

c) Prior to any default by Mortgagor in the payment, observance, performance and discharge of any condition, obligation, covenant, or agreement of Mortgagor contained herein, Mortgagor may, for collection and distribution purposes only, collect and receive the Rents as they come due and payable; the Rents are to be applied by Mortgagor to the payment of the principal and all other sums due or payable on any promissory note or guaranty secured by this Mortgage and to the payment of all other sums payable under this Mortgage and, thereafter, so long as the aforesaid has occurred, the balance shall be distributed to the account of Mortgagor. Upon any such default, Mortgagor may at any time without notice, either in person, by agent, or by a receiver to be appointed by a court, and without regard to the adequacy of any security for the indebtedness hereby secured, enter upon and take possession of the Property or any part thereof, in his own name, sue for or otherwise collect such rents, issues and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorney's fees, upon any indebtedness secured hereby, and in such order as Mortgagor may determine; also perform such acts of repair, cultivation, irrigation or protection, as may be necessary or proper to conserve the value of the Property; also lease the same or any part thereof for such rental, term, and upon such conditions as its judgment may dictate; also prepare for harvest, remove, and sell any crops that may be growing upon the Property, and apply the proceeds thereof upon the indebtedness secured hereby.

d) The entering upon and taking possession of the Property, the collection of such rents, issues, and profits, or the proceeds of fire and other insurance policies, or compensation or awards for any taking of or damage to the Property, and the application or release thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice.

e) Upon default by Mortgagor in payment of any indebtedness secured hereby or in performance of any agreement hereunder, all sums secured hereby shall immediately become due and payable at the option of the Mortgagor and in accordance with applicable state law. In the event of default, Mortgagor may employ counsel to enforce payment of the obligations secured hereby, may foreclose and, if applicable, sell the Property by advertisement and sale, and in accordance with other applicable state law, and may exercise such other rights and remedies granted by law and equity, which rights and remedies shall be cumulative and not exclusive. Mortgagor may resort to and realize upon the security hereunder and any other real or personal property security now or hereafter held by Mortgagor for the obligations secured hereby in such order and manner as Mortgagor may, in its sole discretion, determine. Resort to any or all such security may be taken concurrently or successively and in one or several consolidated or independent judicial actions or lawful nonjudicial proceedings, or both. If the obligation secured by this Mortgage is also secured by personal property, fixtures or crops, Mortgagor may enforce its security interest in the personal property, fixtures and crops and its lien under this Mortgage in any manner and in any order or sequence permitted by applicable law. All remedies are cumulative and none are exclusive; no election by Mortgagor to pursue one remedy or item of collateral shall be deemed to be a release or waiver of any other item of collateral or a release or modification of the liability of Mortgagor or any guarantor to pay and perform in full all obligations to Mortgagor. The procedures governing the enforcement by Mortgagor of its foreclosed and provisional remedies against Mortgagor shall be governed by the laws of the state in which the Property is located. Nothing contained herein shall be construed to provide that the substantive law of the state in which the Property is located shall apply to Mortgagor's rights and Mortgagor's obligations hereunder or under the promissory note(s) or guaranties described herein, which are and shall continue to be governed by the substantive law of the state in which the promissory note(s) or guaranties were executed.

f) The failure on the part of the Mortgagor to promptly enforce any right hereunder shall not operate as a waiver of such right and the waiver by Mortgagor of any default shall not constitute a waiver of any other subsequent defaults. Subsequent acceptance of any payment by the holder hereof shall not be deemed a waiver of any default by Mortgagor, or of Mortgagor's rights hereunder as the result of any sale, agreement to sell, conveyance, or alienation, regardless of holder's knowledge of such default, sale, agreement to sell, conveyance, or alienation at the time of acceptance of such payment.

g) This Mortgage applies to, inures to the benefit of, and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns. The term Mortgagor shall mean the holder and owner of any note secured hereby, or, if the note has been pledged, the pledgee thereof. In this Mortgage, whenever the context so requires, the masculine gender includes several.

h) In the event the herein-described Property, or any part thereof, or any interest therein, is sold, agreed to be sold, conveyed, alienated or transferred, including any water transfer as defined below, by Mortgagor, or by operation of law or otherwise, except by inheritance, without Mortgagor's prior written consent, all obligations secured hereby, irrespective of the maturity dates, at the option of the holder hereof, and without demand or notice, shall immediately become due and payable. Failure to exercise such option shall not constitute a waiver of the right to exercise this option in the event of subsequent sale, agreement to sell, conveyance or alienation.

A water transfer is any transfer, assignment, sale, exchange, gift, encumbrance, pledge, hypothecation, alienation, grant of option to purchase, or other disposition of, directly, indirectly or in trust, voluntarily or involuntarily, by operation of law or otherwise, or the entry into a binding agreement to do any of the foregoing with respect to all or any part of 1) the groundwater on, under, pumped from or otherwise available to the Property, 2) Mortgagor's right to remove and extract any

Date: June 20, 2017

Loan: 0006527744 - 5521211101

such groundwater including any permits, rights or licenses granted by any governmental authority or agency and any rights granted or created by any easement, covenant, agreement or contract with any person or entity, 3) any rights to which the Property is entitled with respect to surface water, whether such right is appropriative, riparian, prescriptive or otherwise and whether or not pursuant to permit or other governmental authorization, or the right to store any such water, 4) any water, water right, water allocation, distribution right, delivery right, water storage right, water allocation, or other water-related entitlement appurtenant or otherwise applicable to the Property by virtue of the Property's being situated within the boundaries of any district, agency, or other governmental entity or within the boundaries of any private water company, mutual water company, or other non-governmental entity, or 5) any shares (or any rights under such shares) of any private water company, mutual water company, or other non-governmental entity pursuant to which Mortgagor or the Property may receive any rights.

i) In the event any one or more of the provisions contained in this Mortgage or in any promissory note(s) hereby secured shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Mortgage or said promissory note(s), but this Mortgage and said promissory note(s) shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein or therein.

j) This document and any attachments may be executed in counterparts, each of which shall be deemed an original, but which shall constitute one and the same instrument. This document may be signed and delivered by facimile or electronic transmission, either of which shall be effective as an original.

k) Mortgagor acknowledges receipt of a completed copy of this document and its attachments.

WAIVER OF RIGHT TO TRIAL BY JURY. TO THE EXTENT PERMITTED BY LAW, THE BORROWER AND THE LENDER HEREBY JOINTLY AND SEVERALLY WAIVE ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING RELATING TO ANY OF THE LOAN DOCUMENTS, THE OBLIGATIONS THEREUNDER, ANY COLLATERAL SECURING THE OBLIGATION OR ANY TRANSACTION ARISING THEREFROM OR CONNECTED THERETO. BORROWER AND THE LENDER EACH REPRESENT TO THE OTHER THAT THIS WAIVER IS KNOWINGLY, WILLINGLY AND VOLUNTARILY GIVEN.

Raymond John Keppner
Raymond John Keppner

Robin Kay Keppner
Robin Kay Keppner

ACKNOWLEDGMENT.

State of Idaho, County of Bingham, ss.

On this 23rd day of June, 2017, before me, the undersigned, a Notary Public in and for the State of Idaho, personally appeared Raymond John Keppner and Robin Kay Keppner, husband and wife, known to me to be the persons whose names are subscribed to the within instrument, and acknowledged to me that they executed the same.

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

Andrew R. Line
Notary Public for the State of Idaho

Residing at Blaine, ID

My Commission Expires: 7-1-19



REAL ESTATE DESCRIPTION TOGETHER WITH FIXTURES AND APPURTENANT SPRINKLER EQUIPMENT IF ANY FOR MORTGAGE DATED JUNE 20, 2017

Raymond J. Keppner

Loan: 0006527744 - 5521211101

REAL ESTATE DESCRIPTION:

PARCEL "A"

A parcel of land located in the NW¼ of Section 16, T. 14 N., R. 19 E., Boise Meridian, Custer County, Idaho, more particularly described as follows;

Commencing at the NW Corner of said Section 16 from which the NE Corner of said section bears S 89°29'05" E a distance of 5295.24 ft., the Basis of Bearing of this description, run thence S 00°11'04" W along the westerly boundary of said section a distance of 20.00 ft. to the POINT OF BEGINNING;

Thence S 89°29'05" E a distance of 930.19 ft. to a point on the westerly right-of-way of Challis Creek Road;

Thence S 07°58'14" E along said right-of-way a distance of 1318.40 ft. to a point on the centerline of Green Lane;

Thence the following courses along said centerline;

N 89°53'50" W 1056.56 ft.; S 71°53'56" W 63.85 ft. to a point on the westerly boundary of said Section 16;

Thence N 00°11'04" E along said boundary a distance of 1331.99 ft. to the POINT OF BEGINNING.

PARCEL "B"

A parcel of land located in the NW¼ of Section 16, T. 14 N., R. 19 E., Boise Meridian, Custer County, Idaho, more particularly described as follows;

Commencing at the NW Corner of said Section from which the NE Corner of said section bears S 89°29'05" E a distance of 5295.24 ft., the Basis of Bearing of this description, run thence S 00°11'04" W along the westerly boundary of said Section 16 a distance of 1351.99 ft. to a point on the centerline of Green Lane and the POINT OF BEGINNING;

Thence the following courses along said centerline;

N 71°53'56" E 63.85 ft.; S 89°53'50" E 1056.56 ft. to a point on the westerly right-of-way of Challis Creek Road;

Thence the following courses along said right-of-way;

S 07°58'14" E 5.02 ft.; S 09°57'30" E 447.37 ft.; 876.74 ft. along a non-tangent curve to the right having a delta of 06°54'40", a radius of 7268.42 ft. and a chord bearing of S 06°49'56" E for 876.21 ft.;

Thence N 89°30'58" W a distance of 503.72 ft.;

Thence N 89°34'42" W a distance of 800.01 ft. to the W 1/4 Corner of Section 16;

Thence N 00°11'04" E along the westerly boundary of said Section 16 a distance of 1287.54 ft. to the POINT OF BEGINNING.

FIXTURE AND/OR SPRINKLER EQUIPMENT DESCRIPTION:

IRRIGATION EQUIPMENT:

Five 1/4-mile long wheel lines

One 1/4-mile long hand line

Approximately 2,400 linear feet of 8" above-ground aluminum mainline on the subject.

Mainline from Challis Creek to the subject runs through adjoining property. There are a recorded easements in place (Document # 134849, 153953, 154088, 154960, and 209551).

Pump station with a 7.5 horsepower 1725 RPM Baldor Reliance motor (Serial Number #F1702103806) with a Berkley centrifugal style pump (Serial Number #RU17080). This is a new pump station installed in 2017.

Pump station with a 5.0 horsepower 3500 RPM Baldor Reliance motor (Serial Number #F1509030054) with a Berkley centrifugal style pump (Serial Number #M187).

Raymond John Keppner
Raymond John Keppner

Robin Kay Keppner
Robin Kay Keppner



State of Idaho

DEPARTMENT OF WATER RESOURCES

322 East Front Street • P.O. Box 83720 • Boise, Idaho 83720-0098

Phone: (208) 287-4800 • Fax: (208) 287-6700 • Web Site: www.idwr.idaho.gov

GARY SPACKMAN
Director

C.L. "BUTCH" OTTER
Governor

September 19, 2017

IDAHO AGCREDIT FLCA
ATTN: KATIE WALLACE
PO BOX 985
BLACKFOOT ID 83221

RE: Notice of Security Interest for Water Right/Permit No(s): 72-4163, 72-16735 & 72-16742

Dear Party Holding Security Interest:

The Department of Water Resources 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 your records.

Updating the ownership record for a water right does not reconfirm the validity of the right. When processing an ownership change notice, the department does not review the history of water use to determine if the right has been forfeited 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 Sections 42-222 and 42-223, Idaho Code.

Idaho AgCredit was not added to 4 water rights that were listed on the Notice of Security Interest in a Water Right application. Also, the ownership of 4 water rights submitted by you for the Keppner's was not updated. A refund of \$500 has been requested and will be sent to you from the State Controller's Office. You were copied on an acknowledgement letter to the Keppner's that a refund had been requested for \$400. That request was never processed, so it will be included in the refund for the security interest.

Please note that as of July 1, 1996, water right owners are required to report any change of water right ownership and any change of mailing address of the owner of a water right to the department. Notice of the change must be provided to the department within 120 days of the change. Change reporting forms are available from any office of the department or online www.idwr.idaho.gov.

Please feel free to contact this office if you have any questions regarding this matter.

Sincerely,

Jean Hersley
Technical Records Specialist II

Enclosure

c: Raymond John Keppner
Robin Kay Keppner

MEMORANDUM

TO: Sascha Marston
FROM: Jean Hersley 
DATE: September 19, 2017
RE: **Refund: Security Interest & Ownership change**

Please refund \$500. Applicant was not added to 4 water rights. Ownership split for 4 rights was not completed.

NAME: IDAHO AGCREDIT FLCA
PO BOX 985
BLACKFOOT ID 83221

RECEIPT #: E043208

Thank you.

Jean

Hersley, Jean

From: Wallace, Katie <katie.wallace@idahoagcredit.com>
Sent: Tuesday, September 19, 2017 11:56 AM
To: Hersley, Jean
Subject: RE: map of keppner property

Jean,

Please remove water rights 72-16633, 72-16635, 72-16637 and 72-16639 from the Notice of Security Interest application for Idaho AgCredit, FLCA.

Thank you so much for all your help.



Idaho AgCredit
Blackfoot Branch Manager
PO Box 985
Blackfoot, ID 83221
Office: 208-785-1510
Cell: 208-709-3311
katie.wallace@idahoagcredit.com

From: Hersley, Jean [mailto:Jean.Hersley@idwr.idaho.gov]
Sent: Tuesday, September 19, 2017 11:54 AM
To: Wallace, Katie
Subject: RE: map of keppner property

The refund you received was for the ownership change of 4 rights. You paid \$100 per right for the rights to be split. I haven't asked for a refund to be processed for the security interest as of today. I wasn't sure how to handle that with the rights being listed on the deed of trust.

Please reply to this and state if you want water rights 72-16633, 72-16635, 72-16637 and 72-16639 removed from the Notice of Security Interest application. I will then request a refund of \$100 for the rights I don't list Idaho AgCredit as the Security Interest Holder.

Jean Hersley
Idaho Dept Water Resources
Technical Records Specialist II
208-287-4942

From: Wallace, Katie [mailto:katie.wallace@idahoagcredit.com]
Sent: Tuesday, September 19, 2017 11:37 AM
To: Hersley, Jean <Jean.Hersley@idwr.idaho.gov>
Subject: RE: map of keppner property

Jean,

In regards to the Keppner property noted below in your email. We received a letter today stating we would receive a refund of \$400. Our check was for \$650. If we are transferring the ownership on 3 rights @ \$75 and adding security interest on 3 rights @ \$75 that would be \$150, so wouldn't our refund be \$500?

Thanks,
Katie

From: Hersley, Jean [<mailto:Jean.Hersley@idwr.idaho.gov>]
Sent: Thursday, September 14, 2017 11:21 AM
To: Wallace, Katie
Subject: RE: map of keppner property

I can refund the money for the water rights that were not updated for the ownership changes.

I'm not sure how to handle the Security Interest notice since all the water rights are listed on the Real Estate Mortgage papers you provided. I can list Idaho AgCredit as the Security Interest holder on the water rights appurtenant to the Keppner property (72-4163, 72-16735 & 72-16742) and refund the additional funds paid for the other rights if that is how you would like me to handle it. Let me know how you would like to move forward on the Security Interest. Thank you.

*Jean Hersley
Idaho Dept Water Resources
Technical Records Specialist II
208-287-4942*

From: Wallace, Katie [<mailto:katie.wallace@idahoagcredit.com>]
Sent: Wednesday, September 13, 2017 3:11 PM
To: Hersley, Jean <Jean.Hersley@idwr.idaho.gov>
Subject: RE: map of keppner property

Hi Jean,

Thank you for helping me understand this, I agree with your conclusion that the three rights are the only rights to be transferred. How would you like me to correct the transfer of ownership? And I am assuming you have a Notice of Secured Interest for all of the rights as well with a check?

Just let me know what would be the easiest and I will get it taken care of for you.

Thanks,

 **Idaho
AgCredit**
Helping your grow
Katie Wallace

Idaho AgCredit
Blackfoot Branch Manager
PO Box 985
Blackfoot, ID 83221

Office: 208-785-1510
Cell: 208-709-3311
katie.wallace@idahoagcredit.com

From: Hersley, Jean [<mailto:Jean.Hersley@idwr.idaho.gov>]
Sent: Tuesday, September 12, 2017 8:49 AM
To: Wallace, Katie
Subject: RE: map of keppner property

If you look at the shape for water rights 72-16633, 72-16635, 72-16637 and 72-16639, the 3.7 acres located in T14N, R19E, Section 16 NWNW is for property owned by Peter Martens. The Keppner's own 30 acres in T14N, R19E, Section 16 NWNW but the 3.7 acres is not appurtenant to land owned by the Keppner's.

*Jean Hersley
Idaho Dept Water Resources
Technical Records Specialist II
208-287-4942*

From: Wallace, Katie [<mailto:katie.wallace@idahoagcredit.com>]
Sent: Monday, September 11, 2017 4:45 PM
To: Hersley, Jean <Jean.Hersley@idwr.idaho.gov>
Subject: RE: map of keppner property

Hi Jean,

I have been looking in to this issue on the Keppner property to try to figure it out. The reason we listed water rights 72-16633, 72-16635, 72-16637 and 72-16639 is because they were listed in our appraisal that stating "only 3.7 acres lie in the subject place of use." So looking in to that further when I look at the place of use on all four water rights it shows 14N, 19E Section 16 NWNW for 3.7 acres, which is what is on our mortgage. What am I missing? Did you receive all of the mortgage or maybe you are missing a page? Sorry to confuse the issue even more, I just need to completely understand why the 3.7 acres would not be included.

Thank you for your help and walking me through this, I appreciate it very much.

 **Idaho
AgCredit**
Helping you grow
Katie Wallace

Idaho AgCredit
Blackfoot Branch Manager
PO Box 985
Blackfoot, ID 83221
Office: 208-785-1510
Cell: 208-709-3311
katie.wallace@idahoagcredit.com

From: Hersley, Jean [<mailto:Jean.Hersley@idwr.idaho.gov>]

Sent: Monday, September 11, 2017 2:08 PM

To: Wallace, Katie

Subject: map of keppner property

Katie,

Here is the map of the Keppner property in pink and the questionable water rights(72-16633, 72-16635, 72-16637 and 72-16639) in blue. The deeds provided convey land appurtenant to water rights 72-4163, 72-13735 and 72-16742. Please let me know if you have any additional questions. Thank you.

Jean Hersley

Idaho Dept Water Resources

Technical Records Specialist II

208-287-4942

CONFIDENTIALITY NOTICE: This email (including any attachments) may contain confidential information which is solely for the use of the intended recipients. Any review, copying, printing, disclosure, distribution or any other use by anyone else is strictly prohibited. If you have received this email in error, please immediately notify the sender by reply email and then permanently delete this email and any attachments. Thank you on behalf of Idaho AgCredit.

CONFIDENTIALITY NOTICE: This email (including any attachments) may contain confidential information which is solely for the use of the intended recipients. Any review, copying, printing, disclosure, distribution or any other use by anyone else is strictly prohibited. If you have received this email in error, please immediately notify the sender by reply email and then permanently delete this email and any attachments. Thank you on behalf of Idaho AgCredit.

CONFIDENTIALITY NOTICE: This email (including any attachments) may contain confidential information which is solely for the use of the intended recipients. Any review, copying, printing, disclosure, distribution or any other use by anyone else is strictly prohibited. If you have received this email in error, please immediately notify the sender by reply email and then permanently delete this email and any attachments. Thank you on behalf of Idaho AgCredit.

CONFIDENTIALITY NOTICE: This email (including any attachments) may contain confidential information which is solely for the use of the intended recipients. Any review, copying, printing, disclosure, distribution or any other use by anyone else is strictly prohibited. If you have received this email in error, please immediately notify the sender by reply email and then permanently delete this email and any attachments. Thank you on behalf of Idaho AgCredit.