

RECEIVED

JUL 18 2017

Department of Water Resources
Eastern 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.
25-10437 OK	22-58 disallowed	22-133F OK	22-486A OK
22-505B OK	22-506B OK	22-533A renumbered	
		22-13551	

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

CGB Agri Financial Services, Inc.2209 River RoadLouisville, KY 40206Phone 877-548-2622Email jackie.sams@cgb.com

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

Kerry S. Lundquist & Susan B. Lundquist

5. Expiration Date of Notification Period

APRIL 1, 2047

6. Is this a Renewal of Request for Notification?

☐ YES☒ NO

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

Title, if applicable

\$25 - refund

For Office Use Only

Received by JB

Date

7/18/2017

Receipt No.

E043201

Fee

\$175.-

Processed by AJ

Date

WR

JB

Date

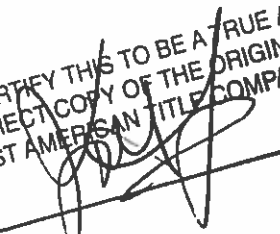
7/25/2017

SUPPORT DATA

IN FILE # 22-133F

Return To: Jackie Miles, CGB AGRI
FINANCIAL SERVICES, INC., 2209
RIVER ROAD, LOUISVILLE, KY 40206

Prepared By: Alan N. Singleton, CGB
AGRI FINANCIAL SERVICES, INC.,
2209 RIVER ROAD, LOUISVILLE, KY
40206

WE CERTIFY THIS TO BE A TRUE AND
CORRECT COPY OF THE ORIGINAL.
FIRST AMERICAN TITLE COMPANY
BY 

Space Above This Line For Recording Data

MORTGAGE

DATE AND PARTIES. The date of this Mortgage (Security Instrument) is July 7, 2017. The parties and their addresses are:

MORTGAGOR:

KERRY S. LUNDQUIST
4408 E 550 North
Rigby, ID 83442

SUSAN B. LUNDQUIST
4408 E 550 North
Rigby, ID 83442

LENDER:

CGB AGRI FINANCIAL SERVICES, INC.
Organized and existing under the laws of Kentucky
2209 RIVER RD.
LOUISVILLE, KY 40206

Jefferson County:

Parcels 1-4; Kerry S. Lundquist and Susan B. Lundquist, husband and wife

Parcel 6: Kerry S. Lundquist, presumptively subject to the community interest of his spouse on December 4, 1979, date of acquiring title

Teton County:

Kerry Lundquist and Susan Lundquist, whose names also appear of record as Kerry S. Lundquist and Susan B. Lundquist, husband and wife

1. CONVEYANCE. For good and valuable consideration, the receipt and sufficiency of which is acknowledged, and to secure the Secured Debts and Mortgagor's performance under this Security Instrument, Mortgagor does hereby grant, bargain, convey and mortgage to Lender, the following described property:

K & G Ranch LLC
Idaho Mortgage
KY/4XXmilesj00225400007854027062917Y

Wolters Kluwer Financial Services ©1996, 2017 Bankers
Systems™

Initials  **KSL**
Page 1

See Exhibit "A" attached hereto and incorporated herein by reference

All water and water rights now owned or hereafter acquired by Debtor and howsoever evidenced, whether such water and water rights are riparian, appropriative or otherwise and whether or not appurtenant to the real estate described on Exhibit A, attached hereto and made a part hereof, such as water right applications, certificates or permits, and all shares of stock in any irrigation company or district, including without limitation water rights number(s) 25-10437, 22-58, 22-133F, 22-486A, 22-505B, 22-506B, and 22-533, and 68.765 shares of stock in LaBelle Canal Co. and all rights thereto, all ditch and ditch rights, licenses, permits, certificates and contracts evidencing such water or ditch rights, and all wells, reservoirs, dams, embankments or fixtures relating thereto, along with all replacements, substitutions, accessions thereto and proceeds derived therefrom.

All irrigation equipment of every kind and nature, including but not limited to center irrigation pivots, pumps, pvc pipe, sprinklers and motors, now owned or hereafter acquired by Debtor and now or hereafter located and situated on the real estate described on Exhibit A attached hereto and made a part hereof, along with all replacements, substitutions, accessions thereto and proceeds derived therefrom.

The property is located in Teton and Jefferson County at , Rigby, Idaho .

Together with all rights, easements, appurtenances, royalties, mineral rights, oil and gas rights, all water and riparian rights, wells, ditches and water stock, crops, timber, all diversion payments or third party payments made to crop producers and all existing and future improvements, structures, fixtures, and replacements that may now, or at any time in the future, be part of the real estate described (all referred to as Property). This Security Instrument will remain in effect until the Secured Debts and all underlying agreements have been terminated in writing by Lender.

2. SECURED DEBTS. The term "Secured Debts" includes and this Security Instrument will secure each of the following:

A. Specific Debts. The following debts and all extensions, renewals, refinancings, modifications and replacements. A promissory note or other agreement, No. 016210, dated July 7, 2017, from K & G Ranch LLC, Kerry S. Lundquist and Susan B. Lundquist (Borrower) to Lender, with a loan amount of \$1,220,000.00 and maturing on April 1, 2047.

B. Sums Advanced. All sums advanced and expenses incurred by Lender under the terms of this Security Instrument when the evidence of indebtedness specifically states that it is secured by this Security Instrument.

3. PAYMENTS. Mortgagor agrees that all payments under the Secured Debts will be paid when due and in accordance with the terms of the Secured Debts and this Security Instrument.

4. NON-OBLIGATED MORTGAGOR. Any Mortgagor, who is not also identified as a Borrower in the Secured Debts section of this Security Instrument and who signs this Security Instrument, is defined as a cosigner for purposes of the Equal Credit Protection Act and the Federal Reserve Board's Regulation B, 12 C.F.R. 202.7(d)(4), and is referred to herein as a Non-Obligated Mortgagor. By signing this Security Instrument, the Non-Obligated Mortgagor does mortgage and assign their rights and interests in the Property to secure payment of the Secured Debts, to create a valid lien, to pass clear title, to waive inchoate rights and to assign earnings or rights to payment under any lease or rent of the Property. However, the Non-Obligated Mortgagor is not personally liable for the Secured Debts.

5. WARRANTY OF TITLE. Mortgagor warrants that Mortgagor is or will be lawfully seized of the estate conveyed by this Security Instrument and has the right to grant, bargain, convey, sell and mortgage the Property. Mortgagor also warrants that the Property is unencumbered, except for encumbrances of record.

6. PRIOR SECURITY INTERESTS. With regard to any other mortgage, deed of trust, security agreement or other lien document that created a prior security interest or encumbrance on the Property, Mortgagor agrees:

- A. To make all payments when due and to perform or comply with all covenants.
- B. To promptly deliver to Lender any notices that Mortgagor receives from the holder.
- C. Not to allow any modification or extension of, nor to request any future advances under any note or agreement secured by the lien document without Lender's prior written consent.

7. CLAIMS AGAINST TITLE. Mortgagor will pay all taxes, assessments, liens, encumbrances, lease payments, ground rents, utilities, and other charges relating to the Property when due. Lender may require Mortgagor to provide to Lender copies of all notices that such amounts are due and the receipts evidencing Mortgagor's payment. Mortgagor will defend title to the Property against any claims that would impair the lien of this Security Instrument. Mortgagor agrees to assign to Lender, as requested by Lender, any rights, claims or defenses Mortgagor may have against parties who supply labor or materials to maintain or improve the Property.

8. DUE ON SALE OR ENCUMBRANCE. Lender may, at its option, declare the entire balance of the Secured Debt to be immediately due and payable upon the creation of, or contract for the creation of, any lien, encumbrance, transfer or sale of all or any part of the Property. This right is subject to the restrictions imposed by federal law (12 C.F.R. 591), as applicable.

9. WARRANTIES AND REPRESENTATIONS. Mortgagor has the right and authority to enter into this Security Instrument. The execution and delivery of this Security Instrument will not violate any agreement governing Mortgagor or to which Mortgagor is a party.

10. PROPERTY CONDITION, ALTERATIONS AND INSPECTION. Mortgagor will keep the Property in good condition and make all repairs that are reasonably necessary. Mortgagor will not commit or allow any waste, impairment, or deterioration of the Property. Mortgagor will keep the Property free of noxious weeds and grasses. Mortgagor agrees that the nature of the occupancy and use will not substantially change without Lender's prior written consent. Mortgagor will not permit any change in any license, restrictive covenant or easement without Lender's prior written consent. Mortgagor will notify Lender of all demands, proceedings, claims, and actions against Mortgagor, and of any loss or damage to the Property.

No portion of the Property will be removed, demolished or materially altered without Lender's prior written consent except that Mortgagor has the right to remove items of personal property comprising a part of the Property that become worn or obsolete, provided that such personal property is replaced with other personal property at least equal in value to the replaced personal property, free from any title retention device, security agreement or other encumbrance. Such replacement of personal property will be deemed subject to the security interest created by this Security Instrument. Mortgagor will not partition or subdivide the Property without Lender's prior written consent.

Lender or Lender's agents may, at Lender's option, enter the Property at any reasonable time for the purpose of inspecting the Property. Lender will give Mortgagor notice at the time of or before an inspection specifying a reasonable purpose for the inspection. Any inspection of the Property will be entirely for Lender's benefit and Mortgagor will in no way rely on Lender's inspection.

11. AUTHORITY TO PERFORM. If Mortgagor fails to perform any duty or any of the covenants contained in this Security Instrument, Lender may, without notice, perform or cause them to be performed. Mortgagor appoints Lender as attorney in fact to sign Mortgagor's name or pay any amount necessary for performance. Lender's right to perform for Mortgagor will not create an obligation to perform, and Lender's failure to perform will not preclude Lender from exercising any of Lender's other rights under the law or this Security Instrument. If any construction on the Property is discontinued or not carried on in a reasonable manner, Lender may take all steps necessary to protect Lender's security interest in the Property, including completion of the construction.

12. ASSIGNMENT OF LEASES AND RENTS. Mortgagor absolutely, unconditionally, irrevocably and immediately assigns, grants, bargains, conveys and mortgages to Lender all the right, title and interest in the following (Property).

A. Existing or future leases, subleases, licenses, guaranties and any other written or verbal agreements for the use and occupancy of the Property, including but not limited to any extensions, renewals, modifications or replacements (Leases).

B. Rents, issues and profits, including but not limited to security deposits, minimum rents, percentage rents, additional rents, common area maintenance charges, parking charges, real estate taxes, other applicable taxes, insurance premium contributions, liquidated damages following default, cancellation premiums, "loss of rents" insurance, guest receipts, revenues, royalties, proceeds, bonuses, accounts, contract rights, general intangibles, and all rights and claims which Mortgagor may have that in any way pertain to or are on account of the use or occupancy of the whole or any part of the Property (Rents).

In the event any item listed as Leases or Rents is determined to be personal property, this Assignment will also be regarded as a security agreement. Mortgagor will promptly provide Lender with copies of the Leases and will certify these Leases are true and correct copies. The existing Leases will be provided on execution of the Assignment, and all future Leases and any other information with respect to these Leases will be provided immediately after they are executed. Lender grants Mortgagor a revocable license to collect, receive, enjoy and use the Rents so long as Mortgagor is not in default. Mortgagor's default automatically and immediately revokes this license. Mortgagor will not collect in advance any Rents due in future lease periods, unless Mortgagor first obtains Lender's written consent. Amounts collected will be applied at Lender's discretion to the Secured Debts, the costs of managing, protecting and preserving the Property, and other necessary expenses. Upon default, Mortgagor will receive any Rents in trust for Lender and Mortgagor will not commingle the Rents with any other funds. When Lender so directs, Mortgagor will endorse and deliver any payments of Rents from the Property to Lender. Mortgagor agrees that Lender will not be considered to be a mortgagee-in-possession by executing this Security Instrument or by collecting or receiving payments on the Secured Debts, but only may become a mortgagee-in-possession after Mortgagor's license to collect, receive, enjoy and use the Rents is revoked by Lender or automatically revoked on Mortgagor's default, and Lender takes actual possession of the Property. Consequently, until Lender takes actual possession of the Property, Lender is not obligated to perform or discharge any obligation of Mortgagor under the Leases, appear in or defend any action or proceeding relating to the Rents, the Leases or the Property, or be liable in any way for any injury or damage to any person or property sustained in or about the Property. Mortgagor agrees that this Security Instrument is immediately effective between Mortgagor and Lender and effective as to third parties on the recording of this Assignment. As long as this Assignment is in effect, Mortgagor warrants and represents that no default exists under the Leases, and the parties subject to the Leases have not violated any applicable law on leases, licenses and landlords and tenants. Mortgagor, at its sole cost and expense, will keep, observe and perform, and require all other parties to the Leases to comply with

the Leases and any applicable law. If Mortgagor or any party to the Lease defaults or fails to observe any applicable law, Mortgagor will promptly notify Lender. If Mortgagor neglects or refuses to enforce compliance with the terms of the Leases, then Lender may, at Lender's option, enforce compliance. Mortgagor will not sublet, modify, extend, cancel, or otherwise alter the Leases, or accept the surrender of the Property covered by the Leases (unless the Leases so require) without Lender's consent. Mortgagor will not assign, compromise, subordinate or encumber the Leases and Rents without Lender's prior written consent. Lender does not assume or become liable for the Property's maintenance, depreciation, or other losses or damages when Lender acts to manage, protect or preserve the Property, except for losses and damages due to Lender's gross negligence or intentional torts. Otherwise, Mortgagor will indemnify Lender and hold Lender harmless for all liability, loss or damage that Lender may incur when Lender opts to exercise any of its remedies against any party obligated under the Leases.

13. DEFAULT. Mortgagor will be in default if any of the following events (known separately and collectively as an Event of Default) occur:

A. Payments. Mortgagor or Borrower fail to make a payment in full when due.

B. Insolvency or Bankruptcy. The death, dissolution or insolvency of, appointment of a receiver by or on behalf of, application of any debtor relief law, the assignment for the benefit of creditors by or on behalf of, the voluntary or involuntary termination of existence by, or the commencement of any proceeding under any present or future federal or state insolvency, bankruptcy, reorganization, composition or debtor relief law by or against Mortgagor, Borrower, or any co-signer, endorser, surety or guarantor of this Security Instrument or any other obligations Borrower has with Lender.

C. Death or Incompetency. Mortgagor dies or is declared legally incompetent.

D. Failure to Perform. Mortgagor fails to perform any condition or to keep any promise or covenant of this Security Instrument.

E. Other Documents. A default occurs under the terms of any other document relating to the Secured Debts.

F. Other Agreements. Mortgagor is in default on any other debt or agreement Mortgagor has with Lender.

G. Misrepresentation. Mortgagor makes any verbal or written statement or provides any financial information that is untrue, inaccurate, or conceals a material fact at the time it is made or provided.

H. Judgment. Mortgagor fails to satisfy or appeal any judgment against Mortgagor.

I. Forfeiture. The Property is used in a manner or for a purpose that threatens confiscation by a legal authority.

J. Name Change. Mortgagor changes Mortgagor's name or assumes an additional name without notifying Lender before making such a change.

K. Property Transfer. Mortgagor transfers all or a substantial part of Mortgagor's money or property. This condition of default, as it relates to the transfer of the Property, is subject to the restrictions contained in the DUE ON SALE section.

L. Property Value. Lender determines in good faith that the value of the Property has declined or is impaired.

M. Erosion. Any loan proceeds are used for a purpose that will contribute to excessive erosion of highly erodible land or to the conversion of wetlands to produce or make possible the production of an agricultural commodity, as further explained by federal law.

N. Insecurity. Lender determines in good faith that a material adverse change has occurred in Borrower's financial condition from the conditions set forth in Borrower's most recent financial

statement before the date of this Security Instrument or that the prospect for payment or performance of the Secured Debts is impaired for any reason.

14. REMEDIES. On or after the occurrence of an Event of Default, Lender may use any and all remedies Lender has under state or federal law or in any document relating to the Secured Debts. Any amounts advanced on Mortgagor's behalf will be immediately due and may be added to the balance owing under the Secured Debts. Lender may make a claim for any and all insurance benefits or refunds that may be available on Mortgagor's default.

Subject to any right to cure, required time schedules or any other notice rights Mortgagor may have under federal and state law, Lender may make all or any part of the amount owing by the terms of the Secured Debts immediately due and foreclose this Security Instrument in a manner provided by law upon the occurrence of an Event of Default or anytime thereafter.

All remedies are distinct, cumulative and not exclusive, and Lender is entitled to all remedies provided at law or equity, whether or not expressly set forth. The acceptance by Lender of any sum in payment or partial payment on the Secured Debts after the balance is due or is accelerated or after foreclosure proceedings are filed will not constitute a waiver of Lender's right to require full and complete cure of any existing default. By not exercising any remedy, Lender does not waive Lender's right to later consider the event a default if it continues or happens again.

15. REDEMPTION. The period of redemption after sale on foreclosure will be one year if the real property sold consisted of a tract of land of more than twenty (20) acres, and within six (6) months after the sale if the real property sold consisted of a tract of land of twenty (20) acres or less. Any agreement to extend the redemption period must be in writing.

16. COLLECTION EXPENSES AND ATTORNEYS' FEES. On or after the occurrence of an Event of Default, to the extent permitted by law, Mortgagor agrees to pay all expenses of collection, enforcement or protection of Lender's rights and remedies under this Security Instrument or any other document relating to the Secured Debts. Mortgagor agrees to pay expenses for Lender to inspect and preserve the Property and for any recordation costs of releasing the Property from this Security Instrument. Expenses include, but are not limited to, attorneys' fees, court costs and other legal expenses. These expenses are due and payable immediately. If not paid immediately, these expenses will bear interest from the date of payment until paid in full at the highest interest rate in effect as provided for in the terms of the Secured Debts. In addition, to the extent permitted by the United States Bankruptcy Code, Mortgagor agrees to pay the reasonable attorneys' fees incurred by Lender to protect Lender's rights and interests in connection with any bankruptcy proceedings initiated by or against Mortgagor.

17. ENVIRONMENTAL LAWS AND HAZARDOUS SUBSTANCES. As used in this section, (1) Environmental Law means, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA, 42 U.S.C. 9601 et seq.), all other federal, state and local laws, regulations, ordinances, court orders, attorney general opinions or interpretive letters concerning the public health, safety, welfare, environment or a hazardous substance; and (2) Hazardous Substance means any toxic, radioactive or hazardous material, waste, pollutant or contaminant which has characteristics which render the substance dangerous or potentially dangerous to the public health, safety, welfare or environment. The term includes, without limitation, any substances defined as "hazardous material," "toxic substance," "hazardous waste," "hazardous substance," or "regulated substance" under any Environmental Law.

Mortgagor represents, warrants and agrees that:

A. Except as previously disclosed and acknowledged in writing to Lender, no Hazardous Substance has been, is, or will be located, transported, manufactured, treated, refined, or handled by any person on, under or about the Property, except in the ordinary course of business and in strict compliance with all applicable Environmental Law.

- B. Except as previously disclosed and acknowledged in writing to Lender, Mortgagor has not and will not cause, contribute to, or permit the release of any Hazardous Substance on the Property.
- C. Mortgagor will immediately notify Lender if (1) a release or threatened release of Hazardous Substance occurs on, under or about the Property or migrates or threatens to migrate from nearby property; or (2) there is a violation of any Environmental Law concerning the Property. In such an event, Mortgagor will take all necessary remedial action in accordance with Environmental Law.
- D. Except as previously disclosed and acknowledged in writing to Lender, Mortgagor has no knowledge of or reason to believe there is any pending or threatened investigation, claim, or proceeding of any kind relating to (1) any Hazardous Substance located on, under or about the Property; or (2) any violation by Mortgagor or any tenant of any Environmental Law. Mortgagor will immediately notify Lender in writing as soon as Mortgagor has reason to believe there is any such pending or threatened investigation, claim, or proceeding. In such an event, Lender has the right, but not the obligation, to participate in any such proceeding including the right to receive copies of any documents relating to such proceedings.
- E. Except as previously disclosed and acknowledged in writing to Lender, Mortgagor and every tenant have been, are and will remain in full compliance with any applicable Environmental Law.
- F. Except as previously disclosed and acknowledged in writing to Lender, there are no underground storage tanks, private dumps or open wells located on or under the Property and no such tank, dump or well will be added unless Lender first consents in writing.
- G. Mortgagor will regularly inspect the Property, monitor the activities and operations on the Property, and confirm that all permits, licenses or approvals required by any applicable Environmental Law are obtained and complied with.
- H. Mortgagor will permit, or cause any tenant to permit, Lender or Lender's agent to enter and inspect the Property and review all records at any reasonable time to determine (1) the existence, location and nature of any Hazardous Substance on, under or about the Property; (2) the existence, location, nature, and magnitude of any Hazardous Substance that has been released on, under or about the Property; or (3) whether or not Mortgagor and any tenant are in compliance with applicable Environmental Law.
- I. Upon Lender's request and at any time, Mortgagor agrees, at Mortgagor's expense, to engage a qualified environmental engineer to prepare an environmental audit of the Property and to submit the results of such audit to Lender. The choice of the environmental engineer who will perform such audit is subject to Lender's approval.
- J. Lender has the right, but not the obligation, to perform any of Mortgagor's obligations under this section at Mortgagor's expense.
- K. As a consequence of any breach of any representation, warranty or promise made in this section, (1) Mortgagor will indemnify and hold Lender and Lender's successors or assigns harmless from and against all losses, claims, demands, liabilities, damages, cleanup, response and remediation costs, penalties and expenses, including without limitation all costs of litigation and attorneys' fees, which Lender and Lender's successors or assigns may sustain; and (2) at Lender's discretion, Lender may release this Security Instrument and in return Mortgagor will provide Lender with collateral of at least equal value to the Property without prejudice to any of Lender's rights under this Security Instrument.
- L. Notwithstanding any of the language contained in this Security Instrument to the contrary, the terms of this section will survive any foreclosure or satisfaction of this Security Instrument regardless of any passage of title to Lender or any disposition by Lender of any or all of the Property. Any claims and defenses to the contrary are hereby waived.

18. CONDEMNATION. Mortgagor will give Lender prompt notice of any pending or threatened action by private or public entities to purchase or take any or all of the Property through condemnation, eminent domain, or any other means. Mortgagor authorizes Lender to intervene in Mortgagor's name in any of the above described actions or claims. Mortgagor assigns to Lender the proceeds of any award or claim for damages connected with a condemnation or other taking of all or any part of the Property. Such proceeds will be considered payments and will be applied as provided in this Security Instrument. This assignment of proceeds is subject to the terms of any prior mortgage, deed of trust, security agreement or other lien document.

19. INSURANCE. Mortgagor agrees to keep the Property insured against the risks reasonably associated with the Property. Mortgagor will maintain this insurance in the amounts Lender requires. This insurance will last until the Property is released from this Security Instrument. What Lender requires pursuant to the preceding two sentences can change during the term of the Secured Debts. Mortgagor may choose the insurance company, subject to Lender's approval, which will not be unreasonably withheld.

All insurance policies and renewals shall include a standard "mortgage clause" (or "lender loss payable clause") endorsement that names Lender as "mortgagee" and "loss payee". If required by Lender, all insurance policies and renewals will also include an "additional insured" endorsement that names Lender as an "additional insured". If required by Lender, Mortgagor agrees to maintain comprehensive general liability insurance and rental loss or business interruption insurance in amounts and under policies acceptable to Lender. The comprehensive general liability insurance must name Lender as an additional insured. The rental loss or business interruption insurance must be in an amount equal to at least coverage of one year's debt service, and required escrow account deposits (if agreed to separately in writing).

Mortgagor will give Lender and the insurance company immediate notice of any loss. All insurance proceeds will be applied to restoration or repair of the Property or to the Secured Debts, at Lender's option. If Lender acquires the Property in damaged condition, Mortgagor's rights to any insurance policies and proceeds will pass to Lender to the extent of the Secured Debts.

Mortgagor will immediately notify Lender of cancellation or termination of insurance. If Mortgagor fails to keep the Property insured, Lender may obtain insurance to protect Lender's interest in the Property and Mortgagor will pay for the insurance on Lender's demand. Lender may demand that Mortgagor pay for the insurance all at once, or Lender may add the insurance premiums to the balance of the Secured Debts and charge interest on it at the rate that applies to the Secured Debts. This insurance may include coverages not originally required of Mortgagor, may be written by a company other than one Mortgagor would choose, and may be written at a higher rate than Mortgagor could obtain if Mortgagor purchased the insurance. Mortgagor acknowledges and agrees that Lender or one of Lender's affiliates may receive commissions on the purchase of this insurance.

20. ESCROW FOR TAXES AND INSURANCE. Mortgagor will not be required to pay to Lender funds for taxes and insurance in escrow.

21. WAIVERS. Except to the extent prohibited by law, Mortgagor waives all appraisal and homestead exemption rights relating to the Property.

22. FIXTURE FILING. Mortgagor gives to Lender a security interest in all goods that Mortgagor owns now or in the future and that are or will become fixtures related to the Property.

23. APPLICABLE LAW. This Security Instrument is governed by the laws of Kentucky, the United States of America, and to the extent required, by the laws of the jurisdiction where the Property is located, except to the extent such state laws are preempted by federal law.

24. **JOINT AND INDIVIDUAL LIABILITY AND SUCCESSORS.** Each Mortgagor's obligations under this Security Instrument are independent of the obligations of any other Mortgagor. Lender may sue each Mortgagor individually or together with any other Mortgagor. Lender may release any part of the Property and Mortgagor will still be obligated under this Security Instrument for the remaining Property. Mortgagor agrees that Lender and any party to this Security Instrument may extend, modify or make any change in the terms of this Security Instrument or any evidence of debt without Mortgagor's consent. Such a change will not release Mortgagor from the terms of this Security Instrument. The duties and benefits of this Security Instrument will bind and benefit the successors and assigns of Lender and Mortgagor.

25. **AMENDMENT, INTEGRATION AND SEVERABILITY.** This Security Instrument may not be amended or modified by oral agreement. No amendment or modification of this Security Instrument is effective unless made in writing and executed by Mortgagor and Lender. This Security Instrument and any other documents relating to the Secured Debts are the complete and final expression of the agreement. If any provision of this Security Instrument is unenforceable, then the unenforceable provision will be severed and the remaining provisions will still be enforceable.

26. **INTERPRETATION.** Whenever used, the singular includes the plural and the plural includes the singular. The section headings are for convenience only and are not to be used to interpret or define the terms of this Security Instrument.

27. **NOTICE, ADDITIONAL DOCUMENTS AND RECORDING FEES.** Unless otherwise required by law, any notice will be given by delivering it or mailing it by first class mail to the appropriate party's address listed in the DATE AND PARTIES section, or to any other address designated in writing. Notice to one Mortgagor will be deemed to be notice to all Mortgagors. Mortgagor will inform Lender in writing of any change in Mortgagor's name, address or other application information. Mortgagor will provide Lender any other, correct and complete information Lender requests to effectively mortgage or convey the Property. Mortgagor agrees to pay all expenses, charges and taxes in connection with the preparation and recording of this Security Instrument. Mortgagor agrees to sign, deliver, and file any additional documents or certifications that Lender may consider necessary to perfect, continue, and preserve Mortgagor's obligations under this Security Instrument and to confirm Lender's lien status on any Property, and Mortgagor agrees to pay all expenses, charges and taxes in connection with the preparation and recording thereof. Time is of the essence.

SIGNATURES. By signing under seal, Mortgagor agrees to the terms and covenants contained in this Security Instrument. Mortgagor also acknowledges receipt of a copy of this Security Instrument.

MORTGAGOR:

Kerry S. Lundquist (Seal)
Kerry S. Lundquist

Individually

Susan B. Lundquist (Seal)
Susan B. Lundquist

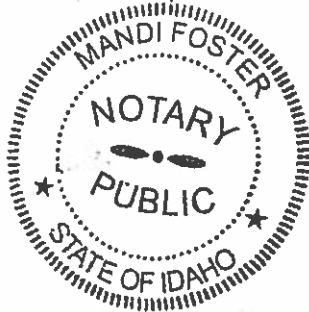
Individually

ACKNOWLEDGMENT.

(Individual)

County of Jefferson, State of Idaho ss.
On this 7th day of July, 2017, before me
Mandi Foster a Notary Public, personally appeared Kerry S. Lundquist,
and Susan B. Lundquist, known or identified to me (or proved to me on the oath of
_____), to be the person(s) whose name(s) is/are subscribed to
the within instrument, and acknowledged to me that he/she/they executed the same.

My commission expires:



Mandi Foster
(Notary Public)

KSC

Date: June 30, 2017

File No.: 631491-RI (mf)

EXHIBIT 'A'

LEGAL DESCRIPTION:

JEFFERSON COUNTY PROPERTY:

Parcel 1:

Township 4 North, Range 39 E.B.M., Jefferson County, Idaho

Section 10: Beginning at a point that is West along the Section line 966 feet 9 inches, more or less, and S. 0°06'20" W. 430.05 feet from the Northeast corner of Section 10;

running thence S. 0°06'20" W. 3109.8 feet to the North edge of a stream;

thence Southeasterly along the North side of said stream 1100 feet, more or less, to a point that is East 966 feet 9 inches, more or less, and S. 0°02'40" E. 3554.06 feet from the point of beginning;

thence N. 0°02'40" W. 3554.06 feet;

thence West 966 feet 9 inches, more or less, to the point of beginning.

Parcel 2:

A portion of the NW¼NW¼ of Section 11, Township 4 North, Range 39 East of the Boise Meridian, Jefferson County, Idaho, described as: Beginning at the Northwest corner of said Section 11, thence East 245-25/32 yards; thence South 256 yards; thence West 245-25/32 yards; thence North 256 yards to the point of beginning.

EXCEPTING THEREFROM: Beginning at the Northwest corner of said Section 11, thence N. 89°58'04" E. 180.00 feet; thence S. 00°12'26" W. 243.00 feet; thence S. 89°58'04" W. 180.00 feet to the West line of Section 11; thence N. 00°12'26" E. 243.00 feet to the point of beginning.

ALSO EXCEPTING THEREFROM: Beginning at a point that is East 180 feet from the Northwest corner of said Section 11, and running thence East 190 feet; thence South 253 feet; thence West 190 feet; thence North 253 feet to the point of beginning.

ALSO EXCEPTING THEREFROM: Beginning at a point that is East 463.34 feet from the Northwest corner of said Section 11, and running thence East 274.0 feet; thence South 768.0 feet; thence West 22.5 feet; thence North 620.0 feet; thence in a northwesterly direction 298.5 feet to the point of beginning.

ALSO EXCEPTING THEREFROM: Beginning at the Northwest corner of said Section 11, thence N. 89°58'04" E. along the North line of Section 11 for a distance of 370.00 feet to the True Point of Beginning; thence N. 89°58'04" E. along the North line of Section 11 for a distance of 93.34 feet; thence S. 59°33'24" E. for a distance of 291.82 feet; thence S. 00°01'56" E. for a distance of 109.00 feet; thence S. 89°58'04" W. for a distance of 345.91 feet; thence N. 00°12'26" E. for a distance of 257.00 feet to the True Point of Beginning.

Parcel 3:

Beginning 624 yards North of the Southwest Corner of the NW¼ of Section 11, Township 4 North, Range 39 E.B.M., Jefferson County, Idaho, and running thence East 110 rods; thence South 208 yards; thence West 110 rods; thence North 208 yards to the point of beginning.

EXCEPTING THEREFROM: Beginning at a point 624 yards North and 110 rods East of the Southwest Corner of the NW¼ of said Section 11, and running thence South 300 feet, more or less, to the North Bank of the LaBelle Canal; thence in a Northwesterly direction along the North bank of said canal 490 feet, more or less, to appoint due West of the point of beginning; thence East 325 feet, more or less, to the point of beginning.

Parcel 4:

Beginning at a point 416 yards North of the Southwest Corner of the NW¼ of Section 11, Township 4 North, Range 39 E.B.M., Jefferson County, Idaho, and running thence East 110 rods thence South 104 yards; thence West 110 rods; thence North 104 yards to the point of beginning.

EXCEPTING THEREFROM: Beginning at a point 416 yards North of the Southwest Corner of the NW¼ of said Section 11, and running thence East 47 yards; thence South 104 yards; thence West 47 yards; thence North 104 yards to the point of beginning.

Parcel 6:

Township 4 North, Range 39 E.B.M., Jefferson County, Idaho
Section 12: N½NW¼

EXCEPT: Commencing at the Southwest corner of the NW¼NW¼ of said Section 12, and running thence East 34 rods; thence in a Northwesterly direction 35-3/4 rods to a point 11 rods North of the point of beginning; thence South 11 rods to the point of beginning.

ALSO EXCEPT: Beginning at the Northwest Corner of said Section 12, and running thence S. 00°11'00" W. along the West line of Section 12 for a distance of 623.00 feet to the true point of beginning.

thence N. 89°46'12" E. for a distance of 195.50 feet;

thence S. 01°17'48" E. for a distance of 124.93 feet;

thence S. 87°09'12" W. for a distance of 199.00 feet to the West line of Section 12;

thence N. 00°11'00" E. along said West line of Section 12 for a distance of 134.00 feet to the true point of beginning.

ALSO EXCEPT: Beginning at the Northwest Corner of said Section 12, thence N. 90°00'00" E. along the North line of said Section 12 for a distance of 410.00 feet; thence S. 00°00'00" W. for a distance of 200.00 feet to the true point of beginning; thence N. 90°00'00" E. for a distance of 210.00 feet; thence S. 00°00'00" W. for a distance of 210.00 feet; thence S. 90°00'00" W. for a distance of 210.00 feet; thence N. 00°00'00" E. for a distance of 210.00 feet to the true point of beginning.

ALSO EXCEPT: Commencing at the Northwest Corner of said Section 12, thence East along the North boundary line 1300 feet to the point of beginning; thence South 208 feet; thence East 208 feet; thence North 208 feet; thence West 208 feet to the point of beginning.

ALSO EXCEPT: Commencing at the Northeast Corner of the NW¼ of said Section 12, and running thence 208 feet South, thence 208 feet West; thence 208 feet North; thence 208 feet East to the point of beginning.

ALSO EXCEPT: Beginning at a point 220 feet North of the Southeast Corner of the NE¼NW¼ of said Section 12, thence West 990 feet; thence in a Northerly direction along the existing fence line 195 feet; thence in an Easterly direction 1,000 feet, more or less, to a point 184 feet North of the point of beginning; thence South 184 feet to the point of beginning.

ALSO EXCEPT: Beginning at the Southeast Corner of the NE¼NW¼ of said Section 12, thence West 990 feet; thence North 220 feet; thence East 990 feet thence South 220 feet to the point of beginning.

TETON COUNTY PROPERTY:

Parcel 1:

Beginning 50 feet North of the Southwest corner of the SE¼SE¼ of Section 24, Township 6 North, Range 44 East of the Boise Meridian, Teton County, Idaho, running thence North 1200 feet; thence running in a Northeasterly direction to the East line 700 feet South of the Northeast Corner of the NE¼SE¼; thence South 1900 feet; thence West 1320 feet to the point of beginning.

LESS AND EXCEPTING THEREFROM the existing right-of-way of Highway 33 along the South boundary of the above described property.

Parcel 2:

Township 6 North, Range 44 E.B.M., Teton County, Idaho
Section 24: SW¼SE¼; SE¼SW¼; W½SW¼

Section 23: SE $\frac{1}{4}$ and beginning at the Southeast corner of the SW $\frac{1}{4}$, thence North to the Northeast corner of the SW $\frac{1}{4}$, thence West to Northwest corner of the NE $\frac{1}{4}$ SW $\frac{1}{4}$, thence South to the inside corner of an existing County Road, thence Southeasterly along said County Road to the South Section Line, thence East along said Section Line 650 feet, more or Less, to the point of beginning.

LESS AND EXCEPTING THEREFROM the following described property:

Beginning at the Southwest corner of Section 23, Township 6 North, Range 44 East of the Boise Meridian; running thence N. 89°46'55" E. 1322.71 feet along the South line of said Section 23; thence N. 0°15'34" E. 574.91 feet to the true point of beginning, being on the West line of the E $\frac{1}{2}$ SW $\frac{1}{4}$ of said Section 23; running thence N. 0°15'34" E. 2073.42 feet along said West line of the E $\frac{1}{2}$ SW $\frac{1}{4}$ to the Northwest corner of said E $\frac{1}{2}$ SW $\frac{1}{4}$; thence N. 89°46'29" E. 793.33 feet along the North line of said E $\frac{1}{2}$ SW $\frac{1}{4}$; thence S. 6°02'30" E. 279.71 feet; thence S. 62°07'37" E. 786.66 feet; thence S. 14°57'17" E. 328.71 feet; thence S. 72°49'14" W. 28.61 feet; thence S. 19°07'41" E. 397.95 feet; thence S. 1°14'23" W. 105.07 feet; thence S. 0°21'33" W. 322.56 feet; thence S. 87°46'10" W. 366.15 feet; thence S. 0°37'15" W. 315.76 feet; thence N. 88°45'43" W. 1342.16 feet to the true point of beginning.

ALSO LESS AND EXCEPTING THEREFROM the existing right-of-way of County Road and Highway 33 along the South and West boundary of the above described property.

Parcel 3:

Beginning 500 feet North of the Southwest Corner of the SE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 23, Township 6 North, Range 44 E.B.M., Teton County, Idaho and running thence East 2,640 feet; thence North 500 feet; thence West 2,640 feet; thence South 500 feet to the point of beginning.

ALSO beginning 2,630 feet East of the Southwest Corner of the SE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 23, Township 6 North, Range 44 E.B.M., Teton County, Idaho and running thence East 10 feet; thence North 500 feet; thence West 10 feet; thence South 500 feet to the point of beginning.

ALSO beginning at the Southwest corner of the SE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 23, Township 6 North, Range 44 E.B.M., Teton County, Idaho, and running thence East 2630 feet, thence North 500 feet, thence West 2630 feet, thence South 500 feet, to the point of beginning.



State of Idaho

DEPARTMENT OF WATER RESOURCES

900 N Skyline Dr., Ste A, Idaho Falls, Idaho 83402-1718

Phone: (208) 525-7161 FAX: (208) 525-7177 www.idwr.idaho.gov

C.L. "BUTCH" OTTER
Governor

GARY SPACKMAN
Director

July 27, 2017

CGB Arifi Financial Services Inc
2209 River Rd
Louisville KY 40206

RE: Notice of Security Interest in a Water Right 25-10437, 22-133F, 22-486A, 22-505B, 22-506B
& 22-13551

Dear Water Right Holder(s):

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

Please note water right 22-58 was also listed on your application, this water right was disallowed in the Snake River Basin Adjudication, therefore is no longer a valid water right. Because the security interest was not added to this water right you are entitled to a \$25.00 refund. The refund should arrive from the state office in a couple of weeks, the refund will be mailed to First American Title Co in Rigby.

Updating the security interest record for a water right does not reconfirm the validity of the right. When processing a security interest notice, the department does not review the history of water use to determine if the right has been deliberately abandoned or 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.

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

Sincerely,

Jonie Barg
Technical Records Specialist

Enclosure

cc: First American Title Co
Kerry Lundquist
Susan Lundquist

AGRIfinancial Services

A SUBSIDIARY OF  ENTERPRISES, INC.

July 13, 2017

IDWR Eastern Region
900 N Skyline Dr., Suite A
Idaho Falls, ID 83402-1718

RECEIVED

JUL 18 2017

Department of Water Resources
Eastern Region

RE: Lundquist Water Rights

To Whom It May Concern:

We have recently closed a loan and have taken a security interest in some water rights owned by Kerry and Susan Lundquist. I have enclosed the Notice of Security Interest in a Water Right form along with a check for \$175.00 and a copy of our Mortgage.

Please provide an acknowledgement of receipt either by mail at the address below or by email to Jackie.sams@cgb.com

Let me know if you need anything else or have any questions.

Thank you



Jackie Sams
Supervisor Loan Closing Services

"committed to providing optimum financial products and quality service"

2209 River Road • Louisville, KY 40206
(502)721-9446 • Toll Free (877) 548-2622 • Fax (502) 721-9776
www.cgb-afs.com