



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 • Website: www.idwr.idaho.gov

C.L. "BUTCH" OTTER
Governor

GARY SPACKMAN
Director

January 3, 2017

JEPPESEN BROTHERS RANCH
1075 N 9TH E
REXBURG ID 83440

RESPONSE DEADLINE
2/1/2017

RE: Water Supply Bank Rental Fees for 2017 Rental Agreements

Dear Renter,

The following are your 2017 water rentals from the Water Supply Bank:

Rental	Start	End	Water Right	Rental Volume (AF)	Total Rental Fee	Owner Fee (90%)	Admin Fee (10%)	Rental Fee Due Date
1	2016	2020	22-7680A	151.8	\$90.61	\$0.00	\$90.61	1/1/2017
1	2016	2020	22-7680B	53.3	\$24.99	\$0.00	\$24.99	1/1/2017
1	2016	2020	22-7687	14.7	\$258.06	\$0.00	\$258.06	1/1/2017
Total				219.8	\$373.66	\$0.00	\$373.66	1/1/2017

Our records indicate that payment has not yet been received for the above water right rentals.

If you have not already done so, please remit payment of **\$373.66** prior to the due dates above and enclose a copy of this letter with your payment.

If you have questions about your rental, you can contact me at 208-287-4918.

Regards,

Remington Buyer
Water Supply Bank Coordinator

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
WATER SUPPLY BANK RENTAL AGREEMENT

The undersigned renter agrees to use the water rented under this agreement in accordance with the Water Supply Bank rules and in compliance with the limitations and conditions of use described in this agreement:

Roy Jeppesen Roy Jeppesen Partner 10-26-16
Signature of Renter Printed Name and Title* Date

*Please provide title of signatory if signing on behalf of a company or organization or with power of attorney

Having determined that this agreement satisfied the provisions of Idaho Code § 42-1763 and IDAPA 37.02.03.030 (Water Supply Bank Rule 30), for the rental and use of water under the terms and condition herein provided, and none other, I hereby execute this Rental Agreement on behalf of the Idaho Water Resource Board.

By *Brian Patton* Date 10/31/2016
BRIAN PATTON, Acting Administrator
Idaho Water Resource Board

Rental Approved by IDWR *[Signature]* Date 10-31-2016

STATE OF IDAHO
DEPARTMENT OF WATER RESOURCES
WATER SUPPLY BANK RENTAL AGREEMENT
WATER USE DETAILS

LOCATION OF POINT OF DIVERSION

GROUND WATER

NENE

Sec. 18, Twp 05N, Rge 41E, MADISON County

BENEFICIAL USE

IRRIGATION

SEASON OF USE

04/01 TO 10/31

RENTER'S PLACE OF USE:

IRRIGATION

Twp	Rge	Sec	NE				NW				SW				SE				Totals
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
05N	41E	8													24			5.8	29.8
05N	41E	9										17	3.9	0.3					21.2
05N	41E	16					24												24.0

Total Acres: 75.0

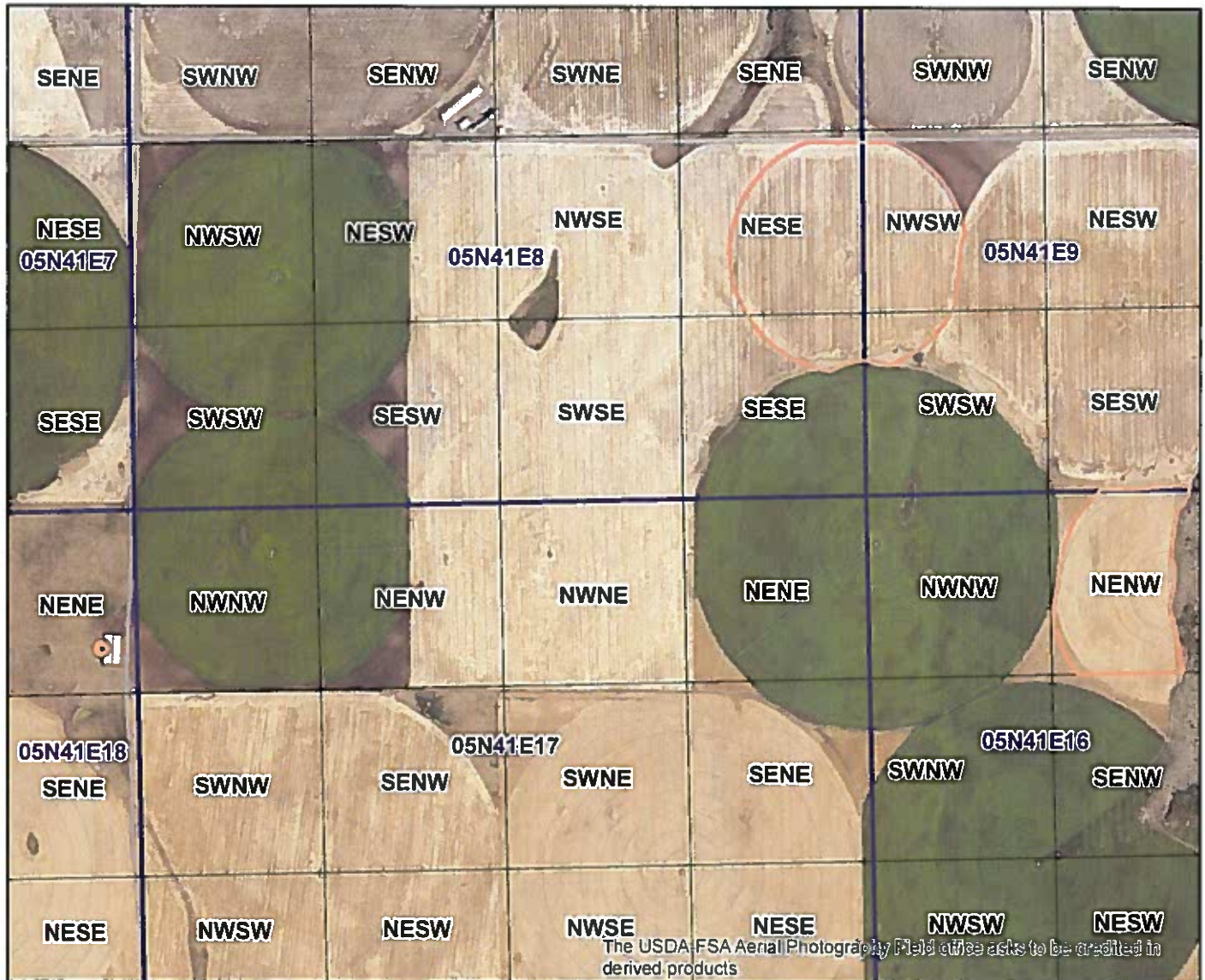
CONDITIONS APPLICABLE TO ALL RENTED WATER RIGHTS

1. The use of water under this agreement shall be subject to the provisions of Idaho Code § 42-1766.
2. Rental of the specified right from the bank does not, in itself, confirm the validity of the right or any elements of the water right, or improve the status of the right including the notion of resumption of use. It does not preclude the opportunity for review of the validity of this water right in any other department application process.
3. Use of water under this agreement does not constitute a dedication of the water to renter's place of use, and upon expiration of this agreement, the points of diversion and place of use of the water shall revert to those authorized under the water right and/or again be available to rent from the bank.
4. This rental does not grant any right-of-way or easement to use the diversion works or conveyance works of another party.
5. Use of water under this agreement shall not prejudice any action of the Department in its consideration of an application for transfer or permit filed by the applicant for this same use.
6. Renter agrees to comply with all applicable state and federal laws while using water under this agreement.
7. Renter agrees to hold the Board, the Director and the state of Idaho harmless from all liability on account of negligent acts of the renter while using water.
8. Renter acknowledges and agrees that the Director may terminate diversion of water if the Director determines there is not a sufficient water supply for the priority of the right or portion thereof being rented.
9. Failure of the renter to comply with the conditions of this agreement is cause for the Director to rescind approval of the rental agreement.
10. This rental agreement does not authorize the construction of a well.
11. This right when combined with all other rights shall provide no more than 0.02 cfs per acre nor more than 3.5 afa per acre at the field headgate for irrigation of the lands above.
12. The water rights referenced above are accepted into the bank and rented in accordance with a private agreement formulated between the lessors and the renter. Administrative fees will be paid based on the current rental rate.
13. The following rights are diverted through the point of diversion described above: 22-7521B, 22-7680A, 22-7680B, 22-7687 and 22-7695B.

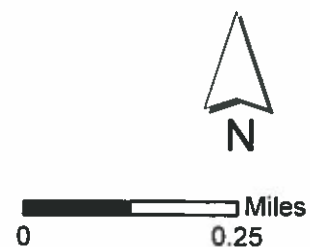
Idaho Water Resource Board Water Supply Bank Rental Agreement

Effective until December 31, 2016

This map depicts the **rental place of use** pursuant to the rental agreement and is attached to the agreement solely for illustrative purposes.



- Authorized Rental Point of Diversion
- Authorized Rental Place of Use
- Townships
- PLS Sections
- Quarter Quarters



STATE OF IDAHO
WATER RESOURCE BOARD

RECEIVED

APPLICATION TO RENT WATER
FROM THE BOARD'S WATER SUPPLY BANK

MAY 06 2016

DEPARTMENT OF
WATER RESOURCESApplicant Name: Jeppesen Brothers Ranch

Is this application being submitted with a lease application as a lease/rental package?

Yes ☒ No ☐

If yes, specify companion water rights in Section 4

This application must be completed according to the minimum requirement checklist below. This checklist is part of the rental application and must be included with the rental application. Applications that do not meet the minimum requirements will not be placed in the processing queue and may be returned until all minimum requirements have been met.

Rental applications should be submitted well in advance of the desired start date for the use of rental water. Rental applications may be processed as early as November 1 of the year prior to the intended use of rental water. Any rental application received on or before November 1 for use in the next year will be assigned a received date of November 1. Rental applications submitted more than one year in advance of the proposed start date for the use of rental water will not be accepted and will be returned to applicants. Rental applications may be returned to applicants if the desired start date for the use of rental water cannot be accommodated by the Water Supply Bank. Rental requests will not be accepted once the rental season of use period has concluded.

One rental application per beneficial use of water. For multiple beneficial uses of water, separate rental requests should be submitted for each unique beneficial use of water. One rental application can be submitted if you propose to rent water from multiple sources.

For additional instructions on completing a rental application, visit the Bank's website at http://idwr.idaho.gov/water_supply_bank.

MINIMUM REQUIREMENT CHECKLIST

Check All Items as Either Attached (Yes) or Not Applicable (N/A)

	Yes	N/A	Yes
	☒		Completed <i>Application to Rent Water from the Board's Water Supply Bank</i>
	☒		Confirmation that this form has been printed single sided, per requirement of the Water Supply Bank
Attachment			
2	☒		A map showing the proposed point(s) of diversion, place(s) of use, and water diversion and distribution systems proposed to be used with your rental request
3A	☒	☐	Detailed information on a proposed use of rental water
3F	☒	☐	Authorization from the owner/operator of the rental point(s) of diversion
3H	☒	☐	Water modeling to account for the impacts of the rental request
3J	☒	☐	Documents justifying a rate of flow greater than 0.02 cfs/acre
3K	☐	☒	Authorization from the owner/operator of the property at the proposed rental place(s) of use
4B	☒	☐	Explanation of how the rental water will sufficiently accomplish your rental purposes
4C	☒	☐	Explanation of consumptive use amounts for water rights experiencing a change in nature of use

Department Use Only – Proposed Water Right(s)

22-7680A

22-7687

22-7680B

STATE OF IDAHO
WATER RESOURCE BOARD

Application to Rent Water (Continued)

1. CONTACT INFORMATION

A. Applicant Jeppesen Brothers Ranch c/o LeRoy Jeppesen

Mailing Address 1075 N 9th E Rexburg ID 83440
Street City State Zip Code
Email Address _____ Phone Number 208-351-7017

B. Is this application being completed by an authorized representative on behalf of the applicant? Yes ☒ No ☐
If yes, representatives (includes company employees if the applicant is a corporation, as well as legal counsel or consultants) should provide their information below if they desire to be included on correspondence with the rental applicant.

Representative Kristin Moore Professional Title Sen. Water Rights Analyst
Organization Rocky Mountain Environmental Assoc. Inc. Relationship to Applicant Consultant
Mailing Address 482 Constitution Way Ste 303, Idaho Falls, ID 83402
Email Address kristin.rmea@gmail.com Phone Number 208-524-2353

2. MAP

Create a map of the proposed point(s) of diversion, place(s) of use and water diversion, delivery and distribution systems. Make sure the rental place of use is outlined and annotated with legal land descriptions (Township, Range, Section and Quarter-Quarters) or with GPS coordinates. For irrigation purposes, mark the number of acres you desire to irrigate. Attach the map to this application and label it **Attachment 2**.

3. DESCRIPTION OF PROPOSED USE FOR RENTAL WATER

A. Describe why you desire to rent water and provide a detailed description of your proposed use. If the proposed use is not for irrigation, describe in detail how you determined the amount of rental water required. If the space below is insufficient, attach additional sheets as required and label them **Attachment 3A**:

Applicant would like to temporarily transfer unnecessary corners from existing water rights to leased lands for pivot irrigation. Since the lands are not owned by applicant, a permanent transfer is not desirable.

B. Enter the desired and/or minimum rates of flow, volume, or irrigable acres requested for your rental purposes:

Desired Rate (Cubic Feet/Second)	Desired Volume (Acre-Foot)	Minimum Rate* (Cubic Feet/Second)	Minimum Volume* (Acre-Foot)	Desired Acres (if applicable)
1.2 CFS	220 AF	1.2 CFS	220 AF	75 AC

* Sometimes water rights provide an exceptionally low rate per acre and/or low volume per acre. This section is meant to establish an acceptable range of water sufficient for your proposed water use. Please see question 4B and complete if necessary.

C. This section must be completed in full. Enter the proposed start date and latest possible start date for using rental water as well as the number of years you would like to rent water. The latest possible start is the latest possible date by which you would be willing to pay for a rental and be able to benefit from utilizing rental water.

Desired Start Date (month/day/year)	Latest Possible Start Date (month/day/year)	*Mark Desired Rental Duration (Calendar Years)					**Applicant's preference if rental application cannot be processed prior to the latest possible start?	
5/1/2016	6/15/2016	☐ 1	☐ 2	☐ 3	☐ 4	☒ 5	☒ Process application as soon as possible	☐ Return application to applicant

* The number of years permissible for a rental is subject to the lease contract duration for the water right(s) being rented.

** Per Idaho Code 42-201, it is unlawful to divert or use water without a valid water right. Water Supply Bank rental applicants are not authorized to utilize rental water prior to the execution of an approved rental agreement. Rental requests may be returned to applicants if no water is available from the Bank to fulfill a rental request.

STATE OF IDAHO
WATER RESOURCE BOARD

Application to Rent Water (Continued)

- D. Describe your water distribution system and how rental water will be delivered from the point(s) of diversion (POD) to the proposed place of use (POU):

Proposed POD is the existing POD for the rented water rights. A mainline is already in place to deliver water to pivot irrigation systems.

- E. Describe the physical type (pump, headgate, etc.) and location of the POD from which rental water is proposed to be diverted:

POD Description	Water Source	Other Water Rights Diverted from this POD
T5N R41E SEC 18 NENE	GROUND WATER	22-7521B, 22-7680B, 22-7680A, 22-7687,
		22-7695B
This is the existing POD for the proposed rental water rights also. The POD will not change.		

If the POD(s) above are located where water is turned into a canal, lateral or ditch, or if they are located on your property but are serviced by water that is delivered via a canal, lateral or ditch, your rental request must include documented authorization from all relevant canal companies, irrigation districts and/or water delivery entities, confirming that they consent to your diversion of water from their system.

- F. Has documented consent from all relevant water delivery entities been obtained? Yes ☐ N/A ☒
If yes, include documented consent as Attachment 3F.

- G. Do any POD(s) identified in Question 3E divert from a water source that may require water modeling? Yes ☐ No ☒
Refer to the Water Modeling Requirements Information Sheet to determine if a rental POD may require water modeling.

- H. Has water modeling been provided with your rental request? Yes ☐ N/A ☒
If yes, label modeling Attachment 3 H.
Rental applications that require modeling will be returned if modeling is not provided.

- I. Specify the desired beneficial use of water and the requested season of use or number of acres required:

- ☒ Irrigation 75 (number of acres) Duration: Subject to IDWR standard seasons of use
- ☐ Commercial from: _____ (mm/dd) to: _____ (mm/dd)
- ☐ Stockwater from: _____ (mm/dd) to: _____ (mm/dd)
- ☐ Industrial from: _____ (mm/dd) to: _____ (mm/dd)
- ☐ Other: _____ from: _____ (mm/dd) to: _____ (mm/dd)

- J. For irrigation uses, do you propose to divert water at a rate greater than 0.02 cfs/acre? N/A ☐ Yes ☐ No ☒
If yes, justify the rate of flow and attach any supporting documents as Attachment 3J. Justification may include information on soil composition, conveyance losses, crop type, irrigation systems, public access areas, etc. A rate of 0.03 cfs/acre is permissible for irrigation of 5 acres or less.

- K. Do you own the land at the proposed rental place of use (POU)? Yes ☐ No ☒
If no, attach documentation from the POU owner/operator confirming your authorization to use the POU and label it Attachment 3K.

- L. List all other water rights and sources of water at the rental place of use for the same purpose, including privately owned water rights and water received from a municipal supplier, an irrigation district, a canal company or any other water delivery entity. Explain why additional water is required:
No other water rights at the proposed rental POU.

STATE OF IDAHO
WATER RESOURCE BOARD

Application to Rent Water (Continued)

4. RENTAL REQUESTS FOR SPECIFIC WATER RIGHTS

A. Are you requesting to rent specific water rights?

Yes ☒ No ☐

If yes, specify below the elements of the water rights you are requesting to rent. If no, continue to Question 4B.

Important Information: Diversion rates and volumes sought for rent must be proportionate to the per acre diversion rates and per acre volume limits of the water right under lease contract to the Water Supply Bank. Prior to completing this section, applicants should review all water right lease contracts and any active rental agreements to determine which elements of a water right are available to satisfy a rental request. Lease and rental documents are searchable via [IDWR's website](#).

Water rights identified below must either already be leased to the Bank or a lease proposal should accompany this rental request. Rental requests for water rights not yet leased to the Bank will be returned if companion lease applications are not provided with the rental request. For leased rights featuring combined limits, rentals must be consistent with combined diversion rate, volume or acre limits. Combined limits should be listed on a row below water right numbers.

Water Right Elements Leased to Water Supply Bank					Leased totals, minus water right elements involved in active rental agreements, equals water right elements available for rent	Water Supply Bank Rental Request		
Water Right Number (leave blank if sub-total of combined limits)	Nature of Use	Diversion Rate (CFS)	Volume (AF)	Acres (AC)		Diversion Rate (CFS)	Volume (AF)	Acres (AC)
22-7680A	Irrigation	0.73	151.8	51.8		0.73	151.8	51.8
22-7680B	Irrigation	0.36	53.3	18.2		0.36	53.3	18.2
22-7687	Irrigation	0.10	14.7	5		0.10	14.7	5
Applicants must ensure the requested rate per acre and volume per acre do not exceed the rate per acre and volume per acre limits of water rights leased to the Water Supply Bank					TOTAL	1.2	220	75
						CFS	AF	AC

*Attach multiple copies of this page if space above is insufficient to list all water rights requested to be rented on this application.

B. If water right conditions, combined limits, or the sum of all water right elements being requested provide an unconventional duty of water (e.g., an unusually low rate per acre or volume per acre for irrigation use), explain how your proposed rental will sufficiently accomplish your intended purposes. Attach a separate page if space is insufficient and label it **Attachment 4B**:

The requested water rights are limited in volume to 2.93 afa/acre. However, this is still sufficient for pivot irrigation.

C. Does your rental request propose to change the nature of use for any water right(s) being rented?

Yes ☐ No ☒

If yes, explain how the water right(s) will be converted to new uses. Include the historic, consumptive use amounts for the water right being rented if you have it, as well as the new consumptive use amount for your proposed beneficial use. If space below is insufficient, attach a separate page and label it **Attachment 4C**:

STATE OF IDAHO
WATER RESOURCE BOARD

Application to Rent Water (Continued)

5. ADDITIONAL INFORMATION

- A. Is this the first time that rental water is being requested for this purpose at the rental place of use? Yes ☒ No ☐

If no, list previous rental requests/agreements and explain why you have not secured a permanent water right for your needs:

- B. Have you or do you intend to submit an application for permit or transfer proposing a similar use as this rental? Yes ☐ No ☒

If yes, describe:

Yes ☐ No ☒

- C. Was this rental application submitted in response to a Notice of Violation (NOV) or a pending NOV? Yes ☐ No ☒

If yes, describe the date and location of the NOV.

Yes ☐ No ☒

- D. Additional Information

DECLARATION

I hereby assert that the information contained in this application is true to the best of my knowledge. I understand that any willful misrepresentations made in this application may result in rejection of the application or cancellation of an approval. I understand that if this rental application is approved, it will be subject to the provisions of Section 42-1766, Idaho Code and all applicable state and federal laws. I understand that the submission of a rental application provides no guarantee for approval of a rental agreement. I also understand that, per Idaho Code 42-201, it is unlawful to divert or use water without a valid water right and that I am not authorized to utilize water as proposed in this application prior to the execution of an approved rental agreement.


Signature of Applicant

LeRoy Jeppesen
Printed Name of Applicant

4-28-16
Date

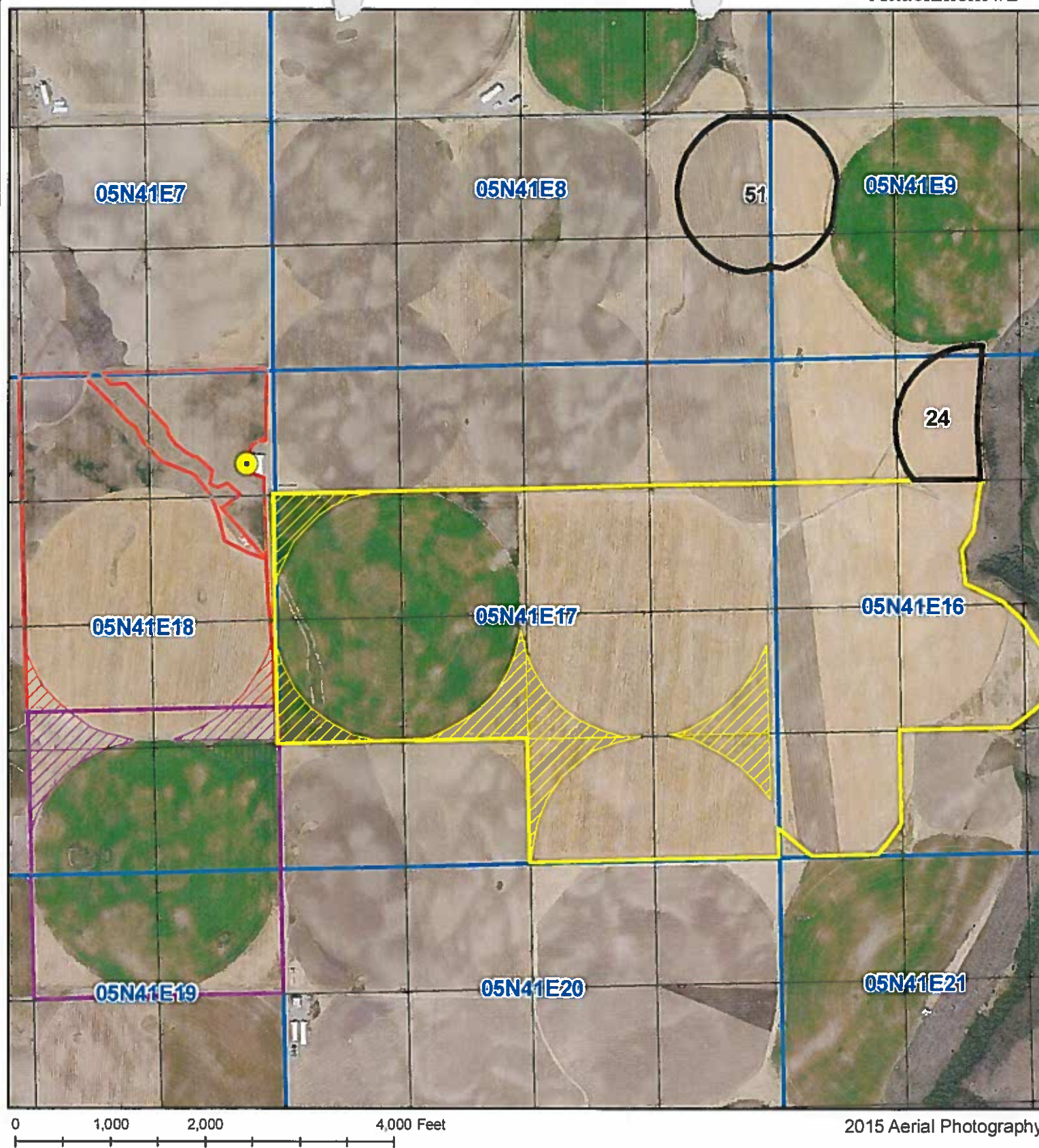
Signature of Representative

Printed Name of Representative

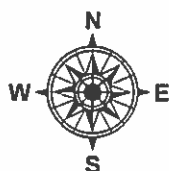
Date

Mail to:

Idaho Department of Water Resources
P.O. Box 83720
Boise, ID 83720-0098



- | | |
|---|---|
|  Existing POD |  WRPOU 22-7687 |
|  Proposed Rental POU |  Dry Corners for WSB Lease |
|  WRPOU 22-7680A |  Twp & Rng |
|  Dry Corners for WSB Lease |  Section |
|  WRPOU 22-7680B |  QQ |
|  Dry Corners for WSB Lease | |
- 



Application for Water Supply Bank
Moody Creek Ranch LLC

RMEA #16-0055

by: KM

April 28, 2016



FARM LEASE

between

Corporation of the Presiding Bishop of The Church of Jesus Christ of Latter-day Saints

as Landlord

AND

Brett Jeppesen & LeRoy Jeppesen

as Tenant

Date: **October 09, 2015**
Lease No.: **1251-01**
Property No.: **509-0768**
Location: **Madison, Idaho**
Farm Name: **ID Rexburg Bench**

Essential Provisions**FARM LEASE**

This **FARM LEASE** (the "Lease") is made and entered into as of **October 09, 2015** by and between **Corporation of the Presiding Bishop of The Church of Jesus Christ of Latter-day Saints**, ("Landlord"), and **Brett Jeppesen & LeRoy Jeppesen, Individuals** ("Tenant"), collectively referred to as the "Parties" and individually as "Party." The Parties hereby agree as follows:

1. BASE LEASE TERMS.

(a)	Premises	Irrigated Tillable Acres: 347.00 Dryland Tillable Acres: 0.00 Pasture Acres: 0.00 Government Program Acre(s): 0.00 Total Leased Acres: 347.00 County(ies): MADISON State(s): Idaho									
(b)	Term	# of year(s): 2 Commencement Date: 01/01/2016 Possession Date: 01/01/2016 or the date in which Landlord signs the lease, whichever occurs last. Expiration Date: 12/31/2017									
(c)	Rent	2016 Cash Rent of [REDACTED] per Irrigated Tillable Acre: 2017 Cash Rent of [REDACTED] per Irrigated Tillable Acre <u>PAYMENT SCHEDULE</u> <table border="1" data-bbox="576 1458 1433 1581"> <thead> <tr> <th>Date</th><th>Amount</th><th>Comments</th></tr> </thead> <tbody> <tr> <td>04/01/2016</td><td>[REDACTED]</td><td></td></tr> <tr> <td>04/01/2017</td><td>[REDACTED]</td><td></td></tr> </tbody> </table>	Date	Amount	Comments	04/01/2016	[REDACTED]		04/01/2017	[REDACTED]	
Date	Amount	Comments									
04/01/2016	[REDACTED]										
04/01/2017	[REDACTED]										

(d)	Tenant's Share of Expenditures	Tenant Pays the First Portion of Each Annual Cost	
		Expenditure: Lime Grain Storage Other Farm Buildings Irrigation Equipment Other Equipment:	Maintenance or Repairs: N/A (see Special Provisions 3) 100% per year 100% per year 100% per year (see Special Provisions 1) 100% per year
(e)	Landlord's Notice Address	79 South Main Street, Suite 1000 Salt Lake City, UT 84111-1929 Telephone (801) 715-9100 Rent should be paid to Corporation of the Presiding Bishop of The Church of Jesus Christ of Latter-day Saints	
(f)	Tenant's Notice Address	1075 North 900 East REXBURG, ID 83440 Attn: Brett Jeppesen & LeRoy Jeppesen Tel: (208) 356-5155 Fax:	
(g)	Insurance	Class of Insurance	Required Amount
		Commercial General Liability	\$ 2,000,000.00
		Commercial Automotive Liability	\$ 1,000,000.00
		Worker's Compensation	State Law Requirements
		Employers Liability:	
		Bodily Injury by Accident (each accident)	\$ 500,000.00
		Bodily Injury by Disease (Policy limit)	\$ 500,000.00
(h)	Other	See Special Provisions, Section 2 "Water"	

2. **PREMISES.** Landlord leases to Tenant and Tenant leases from Landlord (i) the land composed of the approximate acreage located in the county(s) and state(s) (the "State(s)") set forth in the Base Lease Terms, more particularly described in Exhibit A attached hereto (the "Premises Land"), together with any improvements thereon, excluding the improvements set forth in the schedule attached hereto as Exhibit B (collectively, the "Premises"); (ii) together with any property affixed or used in connection with the operation and use of the Premises Land; and (iii) items used in connection with the operation of the Premises that are not affixed to the Premises Land and/or that may be classified as personal property, including but not limited to those items specified in the schedule attached hereto as Exhibit C (the "Personal Property"). The Parties acknowledge and agree that the use of any house or residence located on the Premises Land is integral to the use of the Premises for farming and agricultural purposes.

3. **TERM.** The term of this Lease ("**Term**") shall be for the period set forth in the Base Lease Terms. The term "**First Lease Year**" shall mean the period commencing on the Commencement Date and ending on the first occurrence of the month and day of the Expiration Date. Thereafter, the term "**Lease Year**" shall mean a twelve month period commencing on the day following the end of the preceding lease year and ending on each subsequent occurrence of the month and day of the Expiration Date during the Term. The terms "**Commencement Date**" and "**Expiration Date**", shall mean the dates set forth in the Base Lease Terms.

4. **RENT.** Tenant shall pay Landlord fixed annual rent ("**Cash Rent**") in the amounts and on or before the dates set forth in the Base Lease Terms. All amounts which Tenant is required to pay or discharge pursuant to this Lease in addition to the Cash Rent, including, but not limited to, the cost of utilities, insurance, maintenance and repairs, and all other sums owed by Tenant to Landlord or to any third parties by Tenant or Landlord on behalf of Tenant, together with every fine, penalty, interest and cost which may be added for non-payment or late payment, shall constitute "**Additional Rent.**" Cash Rent, and Additional Rent shall collectively be referred to herein as "**Rent.**" All payments of Rent due to Landlord shall be paid at the address set forth in the Base Lease Terms, and shall reference Landlord's Property Reference. Acceptance of any Rent by Landlord shall not be deemed a waiver of any default by Tenant of any term or condition of this Lease nor of any right or remedy available to Landlord under this Lease, at law or in equity.

General Provisions

1. **ALTERATIONS.** Tenant shall not make any additions, alterations or improvements, or erect any structures, buildings, fences, or other improvements, permanent or temporary (collectively, "Alterations") to the Premises without obtaining the prior written consent of Landlord, which may be granted or withheld in Landlord's sole discretion. All work with respect to any Alterations shall be done in a good and workmanlike manner, and the work shall be expeditiously completed in compliance with all Laws applicable thereto. On or before the expiration or earlier termination of the Lease, Tenant, at its sole cost and expense, shall remove all Alterations from the Premises, unless otherwise directed by Landlord. If Landlord directs that any Alterations remain on the Premises, such Alterations shall be deemed part of the Premises and shall become the property of Landlord.

2. **INTEREST AND LATE CHARGES.** If any payment of Rent is not received by Landlord within seven (7) calendar days from the date when due, Tenant shall pay Landlord a late charge equal to five percent (5%) of such amount. Acceptance of any late charge shall not constitute a waiver of Tenant's default with respect to such nonpayment by Tenant nor prevent Landlord from exercising any other rights or remedies available to Landlord under this Lease, at law or in equity. In addition to any late charge, if any payment of Rent is not received by Landlord within ten (10) days from the date when due, such unpaid amounts shall bear interest at the rate of eighteen percent (18%) per annum from the due date until paid, but in no event shall interest be more than the highest rate allowed under the laws of the State. Any check from Tenant which is dishonored shall be subject to a one hundred dollar (\$100.00) service charge.

3. **TAXES.** Landlord shall pay all real estate taxes due and owing on the Premises and the Personal Property of the Landlord. Tenant shall pay all taxes and assessments due on its personal property used or kept on the Premises, and Tenant shall pay any taxes imposed by the governmental authority on rental payments or on the leasehold separate from ad valorem taxes of the real estate. Tenant may not take any action which in any way may create, terminate, modify, or impair the status of the Premises, or any part thereof, as land devoted to agricultural use or similar usage that would qualify or entitle the Premises to a more favorable or lower tax assessment, valuation or rate, or to a tax deferment, rebate or refund. Tenant hereby indemnifies Landlord from any adverse tax consequences due to any act or omission by Tenant or Tenant's Agents.

4. **UTILITIES.** Tenant shall pay before delinquency all charges and assessments for utility services provided to the Premises, including, without limitation, electricity, gas, culinary water, telephone, and television/cable/satellite service. If any utility service to the Premises is not separately metered to the Premises, the cost of such utility service will be equitably allocated to the Premises. If Landlord pays the cost of any utility service to the Premises, Tenant shall reimburse Landlord such amount within thirty (30) days after the date of a notice or invoice from Landlord demanding the same. Landlord shall not be liable in damages or otherwise for any failure or interruption of any utility service being provided to the Premises and Tenant waives any and all claims Tenant may otherwise have against Landlord as a result of such failure or interruption. No

such failure or interruption shall be deemed an eviction of Tenant, nor entitle Tenant to terminate this Lease, discontinue or abate the payment of any Rent or any other amount due hereunder.

5. **EARLY TERMINATION.**

5.1 **Early Termination.** Landlord shall have the right to terminate this Lease as to all or any portion of the Premises on the last day of each Lease Year upon giving Tenant written notice of the termination on or before the date which is sixty (60) days prior to the last day of the Lease Year, upon which this Lease shall terminate (the "**Early Termination Date**"). In the event Landlord exercises this termination right, it is understood that Tenant may retain possession of the Premises and use good faith and diligent efforts to harvest the current growing crops before the Termination Date; however Tenant shall not plant any additional crops on the Premises after Tenant's receipt of the notice. Tenant shall be obligated to pay Rent and the costs of utilities through the Termination Date. Within thirty (30) days after the Termination Date, Tenant shall provide Landlord with the following (collectively, "**Supporting Documentation**"): (i) invoices or statements showing the costs of utility service and water to the Premises after the Termination Date previously paid by Tenant; (ii) if Tenant fails to harvest the crops on the Premises despite its good faith and diligent efforts, a statement and supporting invoices, of the out-of-pocket costs incurred by Tenant to cultivate and plant the crops and Tenant's associated overhead expenses; and (iii) any other documentation requested by Landlord supporting any amount claimed to be due to Tenant. Within thirty days after receipt of the Supporting Documentation, the release of any financing liens, and the surrender of the Premises in the condition required by this Lease, Landlord shall pay to Tenant the following (collectively, "**Reimbursable Costs**"): (a) any costs for utilities and water provided to the Premises after the Termination Date previously paid by Tenant; (b) the costs incurred by Tenant to cultivate and plant the Crops on the Premises ("**Direct Costs**"). Landlord may deduct and offset the amount of Rent, if any from the amount of Reimbursable Costs. If the amount of Rent exceeds the amount of Reimbursable Costs, Tenant shall pay the difference between the amount of Rent and the Reimbursable Costs to Landlord within thirty (30) days after demand from Landlord. To the extent Landlord deems it necessary, Landlord may repay crop financing directly to the creditor and deduct the cost thereof from any Reimbursable Costs due to Tenant. Except for the payment of these amounts from Landlord, Tenant waives any rights, claims or damages against Landlord for the early termination of this Lease, including, without limitation, anticipated profits or special or consequential damages.

5.2 **Right to Purchase Crop.** Landlord may, at its option, purchase from Tenant the crop growing or to be grown on the Premises by giving notification of intent to purchase at least four months prior to the commencement of harvest for a specific commodity. The quantity of that commodity available to be purchased by Landlord shall be limited to that portion remaining uncommitted for sale at the time notification of interest to purchase is given. Tenant shall notify Landlord of offers to buy said crop that Tenant is willing to accept and Landlord shall accept or reject said offer or offers within 24 hours of notice. In case the offer is rejected by Landlord, Landlord may notify Tenant of its intent not to acquire all or any part of the crop or the parties may negotiate a price to purchase the crop which is acceptable to both parties. Details regarding the point of delivery, commodity, minimum standard, quantity required and agreed upon price shall be outlined in writing by Landlord 30 days prior to commencement of harvest.

6. **GOVERNMENT CONSERVATION PROGRAMS.** Tenant covenants and agrees to cooperate: (i) in the operation of all government conservation and other programs pursuant to all

applicable laws, rules, and regulations; (ii) in the formulation and implementation of a plan (the "Plan"); and (iii) entering into a contract (the "Contract") relating to the conversion of the applicable erodible crop or farmland into a less intensive use, as contemplated under said programs, laws, etc. Tenant shall comply with the Plan until the expiration of the Contract or earlier expiration or termination of this Lease. If Tenant does not comply with the terms and conditions of the Plan or Contract, or transfers its interest in the Plan or Contract prior to the expiration of the Lease in violation hereof, Tenant agrees to indemnify, defend and hold Landlord harmless for any costs, losses, damages, and penalties imposed by any governmental agency relating to or resulting from said action(s) and/or failure(s) to act.

7. USE, NUISANCE AND RESTRICTIONS.

7.1 Use of Premises. During the Term of this Lease, Tenant shall continuously use and maintain the Premises in a good and husbandlike manner in accordance with the best practices of the farming industry where the Premises are located, subject to the terms and conditions of this Lease, as set forth in the Base Lease Terms.

7.2 Restricted Uses. Tenant shall not commit, suffer nor allow any of the following to be done or conditions to exist on the Premises, without the prior written consent of Landlord, which may be granted or withheld in Landlord's sole discretion: (i) any waste, loss, or damage to the Premises or the Personal Property; (ii) cut or damage any beneficial tree, vine, or shrub without Landlord's written consent or damage any ditch, canal or waterway; (iii) any public or private nuisance; (iv) any business, trade or activity which, in Landlord's sole opinion, is noxious, unreasonably noisy or offensive; (v) any action that defaces, damages or harms the Premises, (vi) the installation, maintenance, or use of an underground storage tank; (vii) placement of any non-operative automobile or motor vehicle or any debris, refuse or trash on the Premises; (viii) plow any existing pasture or meadow land; (ix) planting, growing, cultivating, harvesting or selling: (a) tobacco or any form thereof, (b) grapes to be used in the production of wine or other liquor or alcoholic beverage, (c) barley hops or other products to be used in production of beer or other liquor or alcoholic beverage, (d) products used in tea, and (e) marijuana and/or substance that is considered a controlled substance; and (f) any conduct or condition which, in Landlord's sole opinion, is illegal, obscene, or morally offensive but not otherwise expressly mentioned above.

7.3 Management and Operation. Tenant, at its sole cost and expense, shall do the following: (i) use good faith and diligent efforts to keep the Premises free and clear of weeds and noxious vegetation; (ii) make all reasonable efforts to protect the Premises from infestations of insects, pests, contagious and infectious diseases and use standard disease control treatments; (iii) make all reasonable efforts and use prudent prevention techniques to preserve the top soil on the Premises from erosion or depletion; (iv) take proper care of merchantable timber, and prevent injury to, all beneficial trees, timber, vines, and shrubs; (v) abate dust upon the property as required or encouraged by any governmental authority having jurisdiction of the Premises; (vi) apply reasonable amounts of fertilizers and other soil nutrients as dictated by good farming practices and to follow any management practices regarding the application of nitrogen fertilizers recommended or required by governmental authority; and (vii) keep the farmstead neat and orderly and free from debris and refuse. Within thirty (30) days after each Lease Year, Tenant shall provide Landlord with report of the previous years' crops acreage, yield, and any other information requested by

Landlord. Tenant shall further provide Landlord with copies of soil tests taken at least once during the term of the Lease.

8. **COMPLIANCE WITH LAWS.** Tenant shall comply with any and all Laws. "Laws" means all laws, statutes, codes, acts, ordinances, orders, judgments, decrees, injunctions, rules, regulations, permits, licenses, authorizations, directions and requirements of and agreements with all governments, departments, commissions, boards, courts, authorities, agencies, officials and officers, including, without limitation, the Occupational Safety and Health Act, the Fair Labor Standards Act, the Federal Migrant and Seasonal Agricultural Worker Protection Act, the Americans' with Disabilities Act, any wage and hour laws (and any analogous acts of the State), any and all rules and regulations of the United States Department of Agriculture and of the Department of Agriculture of the State, and/or any Environmental Laws, which now or at any time hereafter may be applicable to the Premises or any part thereof. Tenant shall promptly submit to Landlord copies of all documents, including reports, submissions, notices, orders, directives, findings and correspondence made by Tenant to any person or governmental authority, or given by any governmental authority or person to Tenant pursuant to any Laws.

9. **CONDITION OF THE PREMISES.** Tenant represents to Landlord that Tenant has inspected the Premises prior to the execution and delivery of this Lease and has found the same to be satisfactory for all purposes hereunder and **TENANT ACCEPTS THEM IN THEIR "AS IS", "WHERE IS" CONDITION AND "WITH ALL FAULTS". TENANT HEREBY WAIVES ALL WARRANTIES, EXPRESS OR IMPLIED, REGARDING THE CONDITION, USE, QUALITY, FITNESS OR ADEQUACY OF THE PREMISES AND THE SUITABILITY OR QUALITY OF THE SOIL, INCLUDING, BUT NOT LIMITED TO ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.**

10. **HAZARDOUS MATERIALS/POISONS.**

10.1 **Tenant Covenant.** Except for the Permitted Materials and the limited quantity of gasoline and/or diesel fuel permitted to be stored on the Premises subject to the terms and conditions of General Provisions 10.3, Tenant covenants that Tenant and anyone acting by, through, or under Tenant, will not, through its acts or omissions, cause or permit any Hazardous Materials to be placed, held, located, released or disposed of on, under or at the Premises as permitted herein. The term "**Hazardous Materials**" shall mean any substance or material which is defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "extremely hazardous waste," "acutely hazardous wastes," "restricted hazardous waste," "toxic substances," or "known to cause cancer or reproductive toxicity" (or words of similar import), petroleum products (including crude oil or any fraction thereof) or any other chemical, substance or material which is prohibited, limited or regulated under any federal, state or local law, ordinance, regulation, order, permit, license, decree, common law or treaty now or hereafter in force regulating, relating to or imposing liability or standards concerning materials or substances known or suspected to be toxic or hazardous to health and safety, the environment or natural resources ("**Environmental Law**"). "**Release**" means any actual or threatened spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, presence, dumping, migrating on or from the Premises or adjacent property, or disposing of Hazardous Materials into the environment.

10.2 Use of Permitted Materials. Tenant may store in a safe, secure and legally allowed location and manner upon the Premises and use only those herbicides, pesticides, fertilizers or other foreign chemicals or substances that are approved by the United States Department of Agriculture and by the Department of Agriculture of the State in the minimal quantities required by Tenant's operations ("**Permitted Materials**"). Any and all such materials and substances shall be applied in strict compliance with instructions contained on the label or furnished by the manufacturer thereof. Tenant shall keep appropriate records regarding the application of the Permitted Materials and provide copies of such records to Landlord upon Landlord's request. No experimental poisons or pesticides or sewage sludge or other byproduct of sewage shall be applied to the Premises or the Crops. No soil-applied sterilant or semi-sterilant, with the exception of fumigants used in growing crops, shall be applied to any portion of the Premises without the prior written consent of Landlord. Tenant shall not apply any organic material, for example manure, on the Premises without the prior written consent of Landlord, which consent must be obtained prior to each application of organic material and which consent may be withheld in the sole discretion of Landlord. In the event that Landlord gives such consent, Tenant shall keep appropriate records regarding the application of any such organic material, and make those available to Landlord at its request. Landlord may require additional soil testing before any organic material application(s) in Landlord's sole discretion.

10.3 Release of Hazardous Material/Poisons. In the event a Release of Hazardous Materials or Poisons (excluding the permitted quantity of Permitted Materials) or violation of any Environmental Laws, **Tenant shall immediately notify Landlord of any such discovery.** If the Hazardous Materials/Poisons have been Released by Tenant or Tenant's Agents (whether such Release is discovered by Tenant or Landlord during the Term of this Lease or following the termination of the Lease), Tenant shall, at its sole cost and expense, comply with all Environmental Law to remedy the situation, including, without limitation, promptly conducting a site assessment, taking immediate action required for containment of the Release, and preparing and implementing a plan for the clean-up of the Release. Tenant shall properly dispose of any Hazardous Materials and Permitted Materials permitted to be used and stored on the Premises by licensed haulers to licensed facilities in accordance with Environmental Law. Tenant shall sign all documentation and waste manifests required to facilitate such transportation and disposal, and Tenant shall at all times be deemed the transporter/generator of any such Hazardous Materials, contaminated soil, groundwater or rinse water. Tenant shall provide copies of waste manifests, bills of lading or other related documentation upon request by Landlord. Tenant shall promptly provide Landlord with notice of any discovery of any Hazardous Materials located on the Premises, or any notices or correspondence related to the presence of Hazardous Materials or any claim made or threatened, concerning Hazardous Materials associated with the Premises or Tenant's operations thereon. Tenant's representations, warranties, indemnifications and obligations under this General Provisions Section 10 shall survive the expiration or termination of this Lease.

10.4 Use of Gasoline and/or Diesel Fuel. Tenant shall not store gasoline and/or diesel fuel upon the Premises without prior written consent of Landlord, which consent is hereby granted with respect to currently existing irrigation fuel supply tanks on the farm. Gasoline and/or diesel fuel shall only be stored in above-ground leak-proof containers within a proper containment structure in accordance with all relevant Laws and regulations with the exception of the above mentioned irrigation motor supply tanks. The transfer of any gasoline or diesel fuel to vehicles or

machinery must be done in accordance with all relevant Laws and regulations, and Tenant shall take prudent measures to prevent gasoline or diesel fuel from contacting any soil.

11. **FIXTURES AND EQUIPMENT.** Tenant shall have the right to place any fixtures, equipment, furnishings, and other removable personal property (collectively, "Tenant's Property") on the Premises, provided that such installation shall not involve structural alteration to the Premises.

12. **LIENS.** Tenant shall not do any act or make any contract so as to encumber or affect in any manner the title or rights of Landlord in the Premises. Tenant shall keep the Premises free from any liens arising out of any work performed, materials furnished, or obligations incurred by or for Tenant. Tenant hereby indemnifies, holds harmless and agrees to defend Landlord from and against any and all liability, loss, damage, costs, attorneys' fees and all other expenses on account of claims of lien of laborers or materialmen or others for work performed or materials or supplies furnished to or for Tenant or persons claiming under Tenant. If Tenant shall be in default in paying any charge for which a bond or other lien claim has been filed and shall not have given Landlord security to protect the Premises and Landlord, then Landlord may, but shall not be obligated to, pay the claim. The total amount of the claim together with any costs and attorneys' fees incurred by Landlord in connection therewith, shall be immediately due and owing from Tenant to Landlord, as Additional Rent.

13. **SURRENDER.** Tenant shall, upon the expiration of the Term or earlier termination of this Lease, peacefully surrender the Premises to Landlord in substantially the same condition as it was received by Tenant, ordinary wear and tear and cultivation of the Crops excepted, and deliver to Landlord all keys associated with the Premises. Tenant acknowledges the fixed nature of the Term, and agrees that any Crops or Personal Property remaining on the Premises after the expiration of the term or the earlier termination of the Lease shall, at the election of Landlord, become the property of Landlord and shall be deemed abandoned in accordance with the Laws of the State. Tenant hereby waives any and all rights in the Crops and the right to compensation for any work or soil preparation performed by Tenant (except for Reimbursable Costs allowable upon early termination pursuant to General Provisions Section 5.1), including any rights arising under any Laws and the doctrine of emblements. Landlord shall have the right to remove, store, sell and dispose of such Crops and Personal Property and retain any proceeds derived therefrom pursuant to any and all applicable Laws.

14. **INDEMNIFICATION.**

14.1 **Indemnification.** Tenant hereby releases, indemnifies, holds harmless and agrees to defend Landlord and any entity controlling, controlled by or under common control with Landlord ("Landlord's Affiliates") and the officers, directors, shareholders, employees, representatives, servants, agents, successors and assigns of Landlord and Landlord's Affiliates (collectively, "Landlord's Parties") for, from and against any and all claims, causes of action, damages (including, without limitation, all foreseeable and unforeseeable consequential damages, injunction and other relief), fines, judgments, penalties, costs, liabilities, losses or expenses (including, without limitation, engineers' and consultants' costs, attorneys' fees and reasonable investigative and discovery costs) arising prior to, during or after the term of this Lease on account

of or in connection with, or directly or indirectly related to: (i) the acts or omissions of Tenant, its agents, servants, employees, contractors, guests and invitees ("**Tenant's Agents**"); (ii) Tenant's use and occupancy of the Premises, or any work or activity allowed or suffered by Tenant to be done in, on or about the Premises; (iii) the violation of any Laws by Tenant or Tenant's Agents; (iv) the presence, use, generation, storage, or Release of Hazardous Materials (including the Permitted Materials) in, on, under, or above the Premises or adjoining property during Tenant's occupancy or use of the Premises; and (v) any breach of the representations, warranties and obligations of Tenant contained in this Lease. Without limiting the foregoing, this indemnification shall include any and all costs incurred due to any investigations of the Premises and adjoining property or any cleanup, removal, repair, remediation, detoxification or restoration of the Premises related to the Release of Hazardous Materials, and the preparation of any closure or other plans required or permitted by any governmental authority. Tenant's obligations with respect to indemnification hereunder shall remain effective, notwithstanding the expiration or earlier termination of this Lease, as to claims arising or accruing prior to the expiration or earlier termination of this Lease. Tenant does not indemnify Landlord against any injury, loss of life, or damage which is caused by the sole negligence or willful misconduct of Landlord, its agents, servants or employees.

14.2 Release. Tenant hereby assumes all risk of damage or injury to any person or property in, on or about the Premises from any cause whatsoever, and hereby releases, remises, acquits and discharges Landlord, Landlord's Affiliates and Landlord's Parties from any such damage or injury on behalf of Tenant, and Tenant's Agents. Tenant waives and releases all claims against Landlord, Landlord's Affiliates and Landlord's Parties for which Landlord has disclaimed liability or responsibility pursuant to the provisions of this Lease. In addition Landlord, Landlord's Affiliates, and Landlord's Parties shall not be liable for any loss, injury, death, or damage (including any consequential damage) to persons, property, or Tenant's business resulting from any theft, act of God, public enemy, injunction, riot, strike, insurrection, war, court order, requisition, order of governmental body or authority, fire, explosion, collapse of a structure, falling object, steam, water, rain, snow, ice, breakage, leakage, obstruction, or other defects in, on or about the Premises excepting any injury, loss of life, or damage which is caused by the gross negligence or willful misconduct of Landlord, its agents, servants or employees.

15. INSURANCE.

15.1 Commercial General Liability Insurance. Tenant shall obtain and thereafter maintain, at its sole cost and expense, a policy of commercial general liability insurance insuring Tenant's interests against claims for personal injury, bodily injury, death and property damage occurring on, in or about the Premises and the ways immediately adjoining the Premises, with a "Combined Single Limit" (covering personal injury liability, bodily injury liability and property damage liability) of not less than the amount set forth in the Base Lease Terms for total claims for any one occurrence.

15.2 Commercial Automobile Liability Insurance. Prior to taking possession of the Premises, Tenant shall obtain and thereafter maintain, at its sole cost and expense, a Commercial Automobile Liability with a "Combined Single Limit" (covering personal injury liability, bodily injury liability, and property damage liability) of not less than the amount set forth in the Base Lease Terms for total claims for any one occurrence.

15.3 Workers' Compensation and Employer's Liability Insurance. If Tenant is subject to Workers' Compensation and Employer's Liability under local State law, Tenant agrees to maintain and keep in force during the Term hereof: (a) Workers' Compensation Insurance and (b) Employer's Liability Insurance of not less than the amount set forth in the Base Lease Terms. Tenant agrees to indemnify and hold Landlord harmless from all liability and costs including attorney's and court costs relating to any workers' compensation claim.

15.4 Waiver of Certain Rights. With respect to any loss or damage that may occur to the Premises, the Personal Property, the property of Tenant, arising from any peril customarily insured under an all risk insurance policy, regardless of the cause or origin including Workers' Compensation matters, excluding willful acts but including negligence of Landlord, Landlord's Affiliates and Landlord's Parties, Tenant hereby releases Landlord's Parties from all claims with respect to such loss; and Tenant agrees that its insurance company shall have no right of subrogation against Landlord's Parties on account of any such loss, and Tenant shall procure from its respective insurers under all such policies a waiver of all rights of subrogation against Landlord's Parties which the insurers might otherwise have under such policies.

15.5 Policy Requirements. Landlord shall be endorsed as an additional insured on the policy of Commercial General Liability Insurance required to be maintained by Tenant herein. The insurance policies and certificates required by this General Provisions Section shall require the insurance company to furnish the other Party thirty (30) days' prior written notice of any cancellation or lapse, or the effective date of any reduction in the amounts or scope of coverage. If Tenant fails to procure and maintain such coverage as is required hereunder, Landlord may, but shall not be required to, procure and maintain such insurance coverage at the expense of Tenant. The insurance which Tenant is required to carry hereunder shall be with companies satisfactory to Landlord. Prior to taking possession of the Premises, Tenant shall deliver to Landlord copies of policies of all required insurance or, at Landlord's sole election, certificates of insurance evidencing the existence and amounts of such insurance with loss payable clauses satisfactory to Landlord. Tenant shall, on an annual basis, concurrently with renewal of its insurance policies, provide to Landlord copies of the renewed or replacement policies and/or original renewed certificates of insurance. All policies to be maintained by Tenant shall be primary policies and not contributing with or as excess coverage for any insurance carried by Landlord.

16. DAMAGE OR DESTRUCTION. If any portion of the Premises (including any Personal Property) is damaged or destroyed by fire or other casualty or any other cause, Rent shall abate to the extent Tenant cannot use the Premises for the permitted use set forth in this Lease. Such abatement shall be Tenant's sole remedy.

17. CONDEMNATION. If any portion of the Premises is taken under the power of eminent domain, this Lease shall automatically terminate as to that portion of the Premises so taken. Landlord shall be entitled to the entire award or compensation relating to the value of the Premises or diminishment in value thereof. Subject to Landlord's security interest in the crops, Tenant shall be entitled to that portion of the amount awarded which relates to the Tenant's share of the crop which may be condemned. The Cash Rent shall abate to the degree any cultivated portion of the Premises is taken effective as of the date Tenant no longer may use the taken portion of the Premises.

18. **ASSIGNMENT AND SUBLETTING.** Tenant shall not voluntarily or involuntarily assign, transfer, mortgage, pledge, or encumber this Lease or any interest therein, and shall not sublet or grant any right by license, or otherwise in the Premises or any part thereof, or assign, sublet or enter into any agreement for crop sharing, without the prior written consent of Landlord which may be granted or withheld in Landlord's sole discretion. Any consent to an assignment of the Lease or to a sublease of the Premises shall pertain solely to the assignment or sublease requested, and shall not pertain to any subsequent or further assignment of the Lease or the sublease of the Premises.

19. **DEFAULT BY TENANT.**

19.1 **Tenant's Default.** The occurrence of any one or more of the following events shall constitute a default and breach of this Lease by Tenant: (a) Failing to pay any Rent or any other charges when due and such failure continues for ten (10) days after written notice thereof from Landlord to Tenant; (b) Failing to abide by the use restrictions set forth in General Provisions Section 7; (c) Failing to promptly and fully perform any other covenant, condition or agreement contained in this Lease should such failure continue for thirty (30) days after written notice thereof from Landlord to Tenant; provided, however, if the failure to perform is such that it cannot reasonably be cured within thirty (30) days, no default shall occur if Tenant commences to cure within said thirty (30) day period and diligently prosecutes such curing to completion; (d) Permitting Tenant's assets to be placed in the hands of a receiver or trustee for a period in excess of thirty (30) days; making an assignment for the benefit of creditors; instituting any proceedings under any bankruptcy act wherein Tenant seeks to be adjudicated a bankrupt, to be discharged of its debts, or to effect a plan of liquidation, extension or reorganization; failing to have dismissed within sixty (60) days any involuntary proceeding filed against Tenant under any bankruptcy act; becoming insolvent; or failing to have dismissed within thirty (30) days any proceedings seeking to execute or levy against or attach fifty percent (50%) or more of Tenant's assets; (e) Causing or permitting to be caused a violation of any Laws, including Environmental Laws. Any notice provided above shall be in lieu of and not in addition to any notice required by any Laws, except as otherwise not permitted by the Laws of the State.

19.2 **Remedies.** In the event of Tenant's default hereunder, Landlord may: (i) perform such obligations on behalf of Tenant, whereupon Tenant shall reimburse Landlord for the costs incurred as Additional Rent within ten (10) days after demand; (ii) terminate this Lease by written notice to Tenant; (iii) proceed under the Laws of the State to re-enter and take possession of the Premises, expelling Tenant therefrom and relet the Premises without terminating the Lease, with Tenant to be liable for costs and expenses of reletting as well as any difference in Rent through the remainder of the Term; and/or (iv) pursue any and all remedies available at law or in equity, including injunctive relief. Should Landlord elect to terminate this Lease, Landlord may recover any and all damages permitted by law.

20. **WAIVER OF NOTICE.** Notwithstanding any other provision contained in this Lease relating to notice: (i) if the Tenant is required to comply with any governmental regulation or order within a period less than that to which Tenant would otherwise be entitled to notice hereunder, Tenant shall not be entitled to notice from Landlord beyond the period within which such compliance may be required by such regulation or order; or (ii) if the Premises require

emergency repairs which Tenant would otherwise be obligated to make under this Lease, but which Tenant is then unable or unwilling to make, Landlord may, without notice, elect to make such repairs for the account and at the expense of Tenant. Any amount so paid shall be immediately due and owing from Tenant to Landlord as Additional Rent.

21. **COSTS AND ATTORNEYS' FEES.** In the event either Party brings or commences a legal proceeding to enforce any of the terms of this Lease, the prevailing Party in such action shall have the right to recover reasonable attorneys' fees and all other associated costs from the other Party, to be fixed by the court in the same action. The term "legal proceedings" shall include appeals from a lower court judgment and bankruptcy proceedings. The "prevailing Party" means the Party who substantially obtains the relief sought.

22. **NOTICES.** ALL NOTICES, REQUESTS, DEMANDS, AND OTHER COMMUNICATIONS HEREUNDER SHALL BE IN WRITING AND SHALL BE GIVEN BY (I) ESTABLISHED EXPRESS DELIVERY SERVICE WHICH MAINTAINS DELIVERY RECORDS, (II) HAND DELIVERY, OR (III) CERTIFIED OR REGISTERED MAIL, POSTAGE PREPAID, RETURN RECEIPT REQUESTED, TO THE PARTIES AT THE ADDRESSES SET FORTH IN THE BASE LEASE TERMS, OR AT SUCH OTHER ADDRESS AS THE PARTIES MAY DESIGNATE BY WRITTEN NOTICE IN THE ABOVE MANNER. Communications may also be given by fax, provided the communication is concurrently given by one of the above methods. Notices are effective upon receipt, or upon attempted delivery if delivery is refused or if delivery is impossible because of failure to provide a reasonable means for accomplishing delivery.

23. **RIGHT OF ENTRY.** In addition to its rights otherwise provided in this Lease, Landlord reserves and shall at any and all reasonable times have the right to enter the Premises to inspect the same, perform tests and studies, remediate Hazardous Material, to submit the Premises to prospective purchasers or Tenants, and to post notices of non-responsibility, all without abatement of Rent. Tenant hereby waives any claim for damages for any injury or inconvenience to or interference with Tenant's business, any loss of occupancy or quiet enjoyment of the Premises, and any other loss occasioned by Landlord's entry as provided in this General Provisions Section. Tenant shall permit Landlord to place upon the Premises signs advertising the Premises for sale.

24. **NO RECOURSE.** Notwithstanding anything herein to the contrary, Tenant agrees that any claim against Landlord shall be limited to the real property and improvements located within or on the Premises. Tenant hereby waives its rights to make any claim or demand against any other property or assets of Landlord unrelated to the Premises.

25. **RESERVATION OF RIGHTS.** Landlord reserves the right to use any and all roads, highways, ditches, canals, railways, pipelines, utility facilities, irrigation facilities, water retention basins and storm/sewer facilities that may be located on the Premises. Landlord further reserves and retains exclusive hunting, fishing and trapping rights and privileges on the Premises. Landlord also reserves and retains the right to any timber, top soil, soil and agricultural bi-products on the Premises. Landlord also reserves and retains all minerals, coal, carbons, hydrocarbons, oil, gas, chemical elements and compounds, whether in solid, liquid or gaseous form, and all steam and other forms of thermal energy on, in or under the Premises Land (collectively, "**Mineral Rights**"), and the Parties acknowledge and agree that the Mineral Rights are not included as part of the

Premises. Tenant acknowledges and agrees that this Lease is subject to the reservation of the Mineral Rights, and that Landlord and/or other owners or lessees of the Mineral Rights have the right to enter upon the Premises Land to prospect for, drill for, produce, mine, extract, remove, inject and store such oil, gas and other minerals in, on, from and through the Premises. Landlord shall not be liable for, but agrees to cooperate and assist Tenant in obtaining reimbursement for, any damage to the Crops, improvements and personal property that may be caused by any entity holding Mineral Rights associated with the Premises.

26. MISCELLANEOUS PROVISIONS.

26.1 Remedies Not Exclusive; No Waiver. The various rights and remedies herein contained shall not be considered as exclusive of any other right or remedy of such Party but shall be construed as cumulative and shall be in addition to every other remedy now or hereafter existing at law, in equity or by statute. No delay or omission to exercise any right or remedy by either Party shall impair any such right, power or remedy or be construed as a waiver of any default or non-performance. Landlord shall not be deemed to have waived any term, covenant or condition unless Landlord gives Tenant written notice of such waiver. The waiver by Landlord of a breach of any term, covenant, or condition contained in this Lease shall not be treated as a continuing waiver of such term covenant, or condition, or as a waiver of any future breach of the same.

26.2 Waiver of Jury Trial. The Parties expressly waive trial by jury in any action, proceeding or counterclaim brought by either of them against the other, on any matter whatsoever arising out of or in any way connected with this Lease or their relationship arising hereunder.

26.3 Dispute Resolution. In the event Tenant believes that Landlord has failed to perform its obligations under this Lease or that Tenant is entitled to any claim against Landlord, Tenant shall provide written notice to Landlord describing the claim and providing Landlord with documentation, to the extent available, supporting the claim. Landlord shall have thirty (30) days to evaluate and respond to Tenant's claim. If the Parties cannot amicably resolve the Tenant's claim, Tenant shall have the right to pursue any remedies available at law or in equity. Tenant waives the right to proceed with immediate formal legal proceedings unless the above procedure is followed.

26.4 Severability. If any term or provision of the Lease or the application thereof to any person or circumstance shall, to any extent, be invalid and unenforceable, the remainder of this Lease, or the application of such term or provision or persons or circumstances other than those to which it is invalid and unenforceable, shall not be affected thereby, and such term or provision of this Lease shall be valid and shall be enforced to the extent permitted by law.

26.5 Headings. The headings of the several articles contained herein are for convenience only and do not define, limit or construe the contents of such articles.

26.6 Singular Includes Plural. When required by context, the singular shall include the plural and the neuter gender shall include a person, corporation, firm or association.

26.7 Integration; Amendment in Writing. This Lease is and shall be considered to be the only agreement or understanding between the Parties with respect to the subject matter hereof.

All negotiations and oral agreements acceptable to both Parties have been incorporated herein. It may not be amended or modified by any act or conduct of the Parties or by oral agreement, unless reduced to writing and executed by the Parties.

26.8 Successors and Assigns. Subject to General Provisions Section 17, all of the rights and obligations of the Parties under this Lease shall be binding upon and inure to the benefit of the respective heirs, executors, and permitted successors and assigns of Landlord and Tenant.

26.9 Effect of Conveyance. If during the Term of this Lease Landlord sells or conveys its interest in the Premises or this Lease, then from and after the effective date of such sale, Landlord shall be released and entirely discharged from any and all further obligations and responsibilities under this Lease. Landlord shall provide Tenant with written notice of the sale of its interest in the Premises; provided, failure to provide such notice shall not defeat the release and discharge contained in this General Provisions Section.

26.10 Remedies; Choice of Law. This Lease shall be governed by the laws of the State.

26.11 Authority. If Tenant is a corporation, limited liability company, partnership or other separate legal entity, each individual executing this Lease on behalf of Tenant hereby warrants and represents that he is duly authorized to execute this Lease on behalf of said corporation, limited liability company, partnership or other separate legal entity and upon execution of this Lease hereby personally guarantees and agrees to be personally liable for the responsibilities, duties and liability of Tenant.

26.12 Time of Essence. Time is of the essence in the performance of each and every term, covenant and condition of this Lease.

26.13 Covenants and Conditions. Each and every provision of this Lease to be performed by Tenant shall be deemed both a covenant and condition. The Parties agree that each provision set forth herein, pursuant to which Tenant is required to pay Rent shall be and is a covenant of Tenant independent of any other term, condition or covenant contained in this Lease. Tenant shall not be entitled to offset the claimed amount of damages against any Rent or other payments due hereunder, it being expressly agreed that such covenant to pay such amount shall be independent of any obligation of Landlord hereunder. All payments to be made by Tenant hereunder shall, unless otherwise expressly provided, be paid to Landlord without notice or demand and without adjustment, deduction or setoff, in lawful money of the United States.

26.14 Recording. Neither this Lease nor a memorandum thereof shall be recorded by Tenant. Landlord, in its sole discretion, shall have the right to record a memorandum of this Lease.

26.15 Relationship. Nothing herein shall be deemed or construed by the Parties or by any third party as creating the relationship of principal and agent, employer and employee, master and servant, owner and contractor, share cropper, partnership or of joint venture between the Parties, it being understood and agreed that no provision herein, nor any acts of the Parties, shall be deemed to create any relationship between the Parties other than the relationship of Landlord and Tenant.

26.16 Knowledge, Review and Interpretation. The Parties, and each of them, acknowledge, declare, and agree, that: (i) they have consulted legal counsel about this Lease, including the meaning and effect of waiving any legal rights, or have had the opportunity to do so and have voluntarily chosen not to do so; (ii) they have had adequate time and opportunity to review the terms of this Lease and have carefully read it; (iii) they are sophisticated parties that have negotiated this Lease at arm's length, and accordingly, expressly waive any rule of law or any legal decision that would require interpretation of any ambiguities in this Lease against the Party that has drafted it; and (iv) they intend to be legally bound to the provisions of this Lease, which shall be interpreted in a reasonable manner to effect the purposes of this Lease and intent of the Parties as outlined herein.

26.17 Counterparts. This Lease may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute but one and the same instrument.

Special Provisions

1. **MAINTENANCE AND REPAIRS.** Tenant shall, at its sole cost and expense, keep, maintain, repair and replace (except for "Landlord's Replacements" – see Special Provisions Section 3) the Premises, the Personal Property, and every part thereof, in good and operating condition and in accordance with manufacturer guidelines and recommendations up to the applicable limit stated in the base terms of the Lease. Tenant shall be liable for all loss, damage or injury to the Premises, the Personal Property, and any other property located on the Premises resulting from Tenant's acts or omissions, including Tenant's negligence in making, or failure to make, any repairs or replacements required to be made by Tenant. Tenant expressly waives the right to make repairs at the expense of Landlord provided for in any Laws now in effect or hereafter enacted.

2. **WATER.** The water rights ("Water Rights") and wells, ditches, pipes and other water infrastructure and facilities (the "Water Facilities"), that are presently used in connection with the irrigation of the Premises have been acquired and developed under and pursuant to the terms of certain prior leases between (i) Landlord, and (ii) either Tenant, or Tenant's predecessors in interest or related persons or entities, including in particular the "Jeppesen Brothers" and "Jeppesen Brothers Ranch," commencing October 1, 1993 (the "Prior Leases"). (For purposes of this paragraph, "Tenant" shall mean and include, and the undersigned Tenant shall be deemed to represent, the "Jeppeson Brothers," the "Jeppesen Brothers Ranch," and "LeRoy Jeppesen and Brett Jeppesen.") The ownership of the Water Rights and Water Facilities, as between Landlord and Tenant, is governed by the terms of the Prior Leases. However, Landlord and Tenant currently dispute the interpretation of such Prior Leases, and the ownership of the Water Rights and Water Facilities. Landlord and Tenant shall, during the term of this Lease, endeavor in good faith to resolve such dispute. As an inducement to the other party to enter into this Lease, both Landlord and Tenant represent, acknowledge and agree that, by entering into this Lease, neither Landlord nor Tenant waive any claims, rights or defenses either may have relating to ownership of the Water Rights and Water Facilities, and that any such claims, right and defenses are neither enhanced or diminished as a result of entering into this Lease.

2.1 **Use and Availability.** As an incidental part of this Lease, Tenant shall have the right to use the water servicing the Premises for Tenant's use of the Premises. Landlord reserves the absolute right to direct Tenant to utilize as Tenant's primary water source the wells on the Premises, if any, or any other source of water to the Premises as directed by Landlord, as long as sufficient water is available for Tenant's use of the Premises. If Landlord elects to exercise this right, it shall do so by written notice to Tenant. Landlord does not warrant the sufficiency, suitability or quality of water supplied to the Premises, and Landlord shall not be liable in damages or otherwise for the failure or shortage in the supply of water to the Premises for any cause whatsoever.

2.2 **Tenant's Duties and Responsibilities.** Tenant shall make reasonably diligent efforts to minimize any waste of water or any loss of water by seepage or evaporation and shall comply with all laws, regulations and rules respecting the usage of water on the Premises. Tenant shall not change the point of diversion of any water on the Premises without prior written approval from Landlord, which may be granted or withheld in Landlord's sole discretion. Tenant shall put the water servicing the Premises to beneficial use to prevent forfeiture and shall not abandon,

convey, lease, license, assign, export, appropriate, or in any other way, sell or transfer any water off the Premises or to another person or entity. Tenant shall maintain logs showing the production and use of water by any wells on the Premises and the distribution of the water to the Premises for irrigation. Landlord shall have the right upon reasonable notice to Tenant to inspect the records maintained related to the water use on the Premises.

2.3 Water Charges and Assessments. Landlord shall pay all assessments, taxes, tolls, fees, and service charges associated with the water servicing the Premises.

2.4 Operating Costs. Tenant shall pay any and all costs of operating all irrigation equipment including the costs of electricity and repair and maintenance deductible (see Special Provisions Section 3 below).

3. CAPITAL IMPROVEMENTS/REPLACEMENTS. Notwithstanding General Provisions Section 9, should any structure, improvement or Personal Property on the Premises be damaged to such an extent that it cannot be repaired and therefore, must be replaced (provided that the item was properly maintained by Tenant), such replacement will be deemed a capital improvement. **ANY CAPITAL IMPROVEMENTS TO THE PREMISES AND/OR THE PERSONAL PROPERTY CANNOT BE MADE WITHOUT OBTAINING THE PRIOR WRITTEN APPROVAL OF LANDLORD.** The foregoing to the contrary notwithstanding, should the damage be caused in whole, or in part, by Tenant's negligence, or from improper operation or maintenance by Tenant, the total cost of replacement will be borne by Tenant. In the event that Tenant shall fail to make any Tenant's Replacement as required under this Lease, Landlord may but shall not be obligated to make said Tenant's Replacement, the cost of which shall be charged to Tenant as Additional Rent.

3.1 Land Re-Leveling. Land re-leveling shall be mutually agreed to by Landlord and Tenant.

3.2 Drainage Tile. Tile and installation shall be mutually agreed to by Landlord and Tenant.

3.3 Lime. Lime application will be based upon soil tests and mutually agreed to by Landlord and Tenant.

4. SECURITY INTEREST.

4.1 Security Interest. **IN CONSIDERATION OF LANDLORD'S AGREEMENT TO LEASE THE PREMISES AND PERSONAL PROPERTY TO TENANT AND IN ORDER TO SECURE THE PAYMENT OF ALL RENT DUE AND TO BECOME DUE HEREUNDER, TENANT GRANTS LANDLORD A SECURITY INTEREST IN AND TO: (I) ALL CROPS GROWING OR TO BE GROWN ON THE PREMISES; (II) ALL FARM PRODUCTS DERIVED FROM SUCH CROPS; (III) THE PROCEEDS AND PRODUCTS FROM THE CROPS AND FARM PRODUCTS; (IV) ALL PROCEEDS OF INSURANCE ARISING FROM THE DAMAGE OR DESTRUCTION OF THE CROPS AND FARM PRODUCTS; (V) ALL SEEDS, FERTILIZERS, AND OTHER SUPPLIES USED IN THE GROWING PROCESS AND ALL WAREHOUSE RECEIPTS AND DOCUMENTS OF**

TITLE RELATING TO SAID CROPS; AND (VI) ALL CONTRACT RIGHTS AND UNITED STATES GOVERNMENT AND/OR STATE AGRICULTURAL FARM PROGRAM PAYMENTS, WHETHER PAYABLE IN CASH OR IN KIND, INCLUDING THE PROCEEDS AND PRODUCTS FROM SUCH RIGHTS (COLLECTIVELY, THE "COLLATERAL"). IN THIS CONNECTION, TENANT GRANTS LANDLORD ALL RIGHTS OF A SECURED CREDITOR UNDER THE UNIFORM COMMERCIAL CODE OF THE STATE ("UCC"). NOTWITHSTANDING ANYTHING IN THIS SECTION 4 TO THE CONTRARY, LANDLORD HEREBY RESERVES ITS RIGHTS UNDER ANY STATUTORY LIEN OF THE STATE.

4.2 Tenant's Obligations. Tenant hereby agrees to the following: (a) allow Landlord to examine and inspect the Collateral at all reasonable times; (b) use due care in maintaining and protecting the Collateral; (c) keep the Collateral insured against risk of loss or damage by fire, theft and other casualties (all losses shall be payable to Landlord and/or Tenant as their interests may appear); (d) prevent the Collateral or any part thereof from being wasted or destroyed (Tenant shall not use any portion of the Collateral in violation of any applicable Laws or policy of insurance thereon, and Tenant shall furnish Landlord with such reports and other information concerning the Collateral as Landlord reasonably requests from time to time); (e) execute all financing statements and related documents and provide all information and documents necessary to satisfy the requirements under the UCC and the Food Security Act, Pub. L. 99-198, Title XI ("FSA") and any amendments thereto or regulations thereunder (Tenant agrees that the carbon or photocopy of the original of any such executed writing or form shall be deemed signed by Tenant, for all purposes under the FSA and the UCC); (f) authorize Landlord (i) to file financing statements and related documents and any and all amendments and continuations thereof without Tenant's signature thereon or (ii) to sign Tenant's signature to financing statements and effective financing statements and any and all amendments and continuations thereof in order to effectuate Landlord's rights under this Special Provisions Section (Tenant grants Landlord an irrevocable power of attorney, deemed coupled with an interest, for such purpose); (g) perform, at Landlord's request, such other acts as are necessary to protect Landlord's rights under this Special Provisions Section; (h) send all notices regarding Landlord's security interest in the manner prescribed in General Provisions 22 or as required under the UCC and/or FSA., (i) if Tenant is an entity, Tenant shall provide Landlord accurate and complete copies of its most-recently filed record(s) of organization with the state in which it was organized (including, without limitation, formation documents such as articles of incorporation, articles of organization, partnership agreement, trust agreement) on or before execution of this Lease and copies of any amendment thereto within fifteen (15) days of such amendment(s), and (j) if Tenant is an individual, Tenant shall provide Landlord an accurate and complete copy of its current, unexpired driver's license and other identification information reasonably requested by Landlord and copies of any changes thereto (including, without limitation, renewals of such) within fifteen (15) days of such changes. In the event the amount, year, description, county or other location of any farm product changes by reason of an act or omission of Tenant or any third party, any amendment of an effective financing statement or notice of security interest under the FSA for such purpose shall be deemed signed by Tenant if the original, carbon, or photocopy of the original effective financing statement or notice of security interest is attached to such amendment. In addition, Tenant hereby grants to Landlord an irrevocable power of attorney, deemed coupled with an interest, for the purpose of signing any such amendment in the name of Tenant. Such power of attorney shall terminate only upon full payment and satisfaction of all secured obligations.

4.3 Approved Buyers. Tenant may sell or otherwise dispose of the Collateral to one or more of the firms or individuals listed on Exhibit D attached hereto. Tenant will not sell, suffer encumbrance upon, or otherwise dispose of the Collateral to anyone not set forth on Exhibit D, attached hereto and incorporated herein, unless Tenant notifies Landlord by telephone or facsimile and confirms in writing (on the date of the telephonic or facsimile notice) Tenant's desire to sell or otherwise dispose of the Collateral to such person at least seven (7) days prior to the sale or other disposition. Tenant hereby expressly authorizes Landlord to disclose the existence of its security interest to any buyer, commission merchant or selling agent, as such terms are used in the FSA, whether or not listed on Exhibit D, at any time. Landlord or its agents will utilize the form shown as Exhibit E hereto or other form(s) necessary to comply with the FSA as determined by Landlord in Landlord's sole discretion.

4.4 Sale of Collateral. Until written notice from Landlord or until the occurrence of an event of default, Tenant may sell farm products for cash at fair market value at or through those parties described in Exhibit D or approved as provided above. All approved or unapproved transfers or encumbrances shall be subject to Landlord's security interest, which shall survive such transfer and continue in full force and effect. Such security interest in transferred or encumbered Collateral shall be extinguished only upon the filing of a written release executed by Landlord or by Landlord's receipt and unqualified acceptance of all cash and non-cash proceeds of any authorized transfer. In the event of a sale of only a portion of the Collateral, Landlord also may condition release of this security interest in the sold Collateral upon arrangements satisfactory to Landlord for disposition of all other farm products then constituting Collateral for the secured obligations. Nothing herein, nor any action taken by Landlord pursuant hereto shall be construed in any way to constitute or imply authorization of Tenant to sell or otherwise dispose of Collateral free of the security interest.

4.5 Acknowledgment of Penalties. Tenant is hereby advised that any sale of farm products which are a part of the Collateral to a buyer or through a commission merchant or selling agent not included on Exhibit D, or approved as provided above, may result in a fine under the FSA of \$5,000 or 15% of the value or benefit received for such farm product, whichever is greater, unless the Tenant (a) has notified the Landlord in writing of the identity of the buyer, commission merchant, or selling agent at least 7 days prior to such sale; or (b) has accounted to the Landlord for the proceeds of such sale no later than 10 (ten) days after such sale.

Exhibits. The exhibits and addenda marked below are incorporated by reference in this Lease:

 X Exhibit "A" - Legal Description of Premises

 Exhibit "B" - List of Excluded Improvements

 Exhibit "C" - Personal Property

____ Exhibit "D" - List of Approved Buyers

____ Exhibit "E" - Notice to Prospective Buyers Addenda

____ Exhibit "F" - Variable Rent Calculation

"TENANT"

LeRoy Jeppesen & Brett Jeppesen,

By: *LeRoy Jeppesen* 12-16-15
LeRoy Jeppesen (date)

Tenant Witness: *Charles Ritten*

By: *Brett Jeppesen* 12-16-15
Brett Jeppesen (date)

Tenant Witness: *Charles Ritten*

"LANDLORD"

**Corporation of the Presiding Bishop of
The Church of Jesus Christ of Latter-day Saints**

Warren H. Peterson 1-11-16
Warren H. Peterson, Authorized Agent (date)

Witness: *Jimmy Beal*

LPM: PWU

CERTIFICATION OF LENDER

Signature below confirms that: (1) Lender has reviewed this Lease (#1251-01 dated October 09, 2015 between Corporation of the Presiding Bishop of The Church of Jesus Christ of Latter-day Saints and Brett Jeppesen & LeRoy Jeppesen) and is aware of its terms and provisions with respect to Landlord's security interest; (2) Lender will subordinate to Landlord's security interest to the amount of any unpaid Rent and Landlord's costs of collecting unpaid Rent; (3) Landlord has relied upon financing to be provided to Tenant by Lender in granting the Lease, and Lender acknowledges that it has committed at least one year of operating funds for the property covered by this Lease; and (4) If the Lender restricts or stops funding to the Tenant, Lender will notify Landlord of such action.

The Bank of Commerce
By Charles Richs
Bank Officer

LENDER: The Bank of Commerce

Name: Charles Richs

By: _____

Print name: Charles Richs

Address: 184 E 2nd N
Rexburg Idaho 83440

Authority or Title: Vice President.

CERTIFICATION OF TENANT FUNDING

Tenant, by signature below, certifies that: (1) Tenant is funded through his own means and (2) Tenant has sufficient reserves to pay the Rent in this Lease and to complete all crop planting, production, and harvest without lender funding and therefore does not need a lender's signature.

TENANT:

LeRoy Jeppesen

**EXHIBIT A
LEGAL DESCRIPTION OF PREMISES**

PROPERTY NAME: ID Rexburg Bench

FARM NUMBER: 1251 PROPERTY NUMBER: 509-0768

ACREAGE: Approximately 415 gross acres, 347 cultivatable acres (MORE OR LESS)

NOTE: The acreage and legal description is furnished for identification purposes only and may or may not be entirely accurate. This description generally may not be used for establishing legal ownership.

LEGAL DESCRIPTION:

All in Township 5 North, Range 41 East, Boise Meridian,

That part of the SW $\frac{1}{4}$ and the SE $\frac{1}{4}$ of Section 9 which lies south of the Woods Cross Road (3500 South) and west of Write Creek, approximately 235 acres. The N $\frac{1}{2}$ of the NW $\frac{1}{4}$ of Section 16 (approximately 80 acres), and the NE $\frac{1}{4}$ of NE $\frac{1}{4}$ of Section 17 (Approximately 40 acres).

Also the east approximately 60 acres in the SE $\frac{1}{4}$ of Section 8.