

RECEIVED

MAY 04 2015

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

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

1. *Permit*

Water Right/Claim No.	Water Right/Claim No.	Water Right/Claim No.	Water Right/Claim No.
36-8252 D			
36-10531			
36-7513			
36-8787			
36-10567			

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

Metropolitan Life Insurance Company

10801 Mastin Boulevard, Suite 930

Overland Park, KS 66210

Attn: Kevin Harshberger or Jake Espenmiller

Phone 913-661-2249

Email kharshberger@metlife.com/jespenmiller@metlife.com

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

Kenneth A. Brandsma and Debra K. Brandsma

5. Expiration Date of Notification Period

February 25, 2030

6. Is this a Renewal of Request for Notification?

☐ YES☒ NO

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

Title, if applicable


DIRECTOR
For Office Use OnlyReceived by DMDate 5-4-2015Receipt No. 5034745Fee \$125-

Processed by AJ

Date

WR

Date

SUPPORT DATA**IN FILE #** 36-7513

THIS INSTRUMENT PREPARED BY:

Devin P. McComb

Stoel Rives LLP

600 University Street

Suite 3600

Seattle, WA 98101-4109

(206) 386-7633

RECORDING REQUESTED BY

AND WHEN RECORDED MAIL TO:

Metropolitan Life Insurance Company

205 E River Park Circle, Suite 330

Fresno, CA 93720

Attn: Loan Manager, Western Region

Instrument # 251370

GOODING COUNTY, GOODING, IDAHO

04-28-2016 13:09:08 No. of Pages: 29

Recorded for: TITLEONE - JEROME

DENISE GILL Fee: \$94.00

Ex-Officio Recorder Deputy: MJS

Electronically Recorded by Simplifile

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

14243817

Space above this line for Recorder's Use

Brandsma

Loan No: 197459

**MORTGAGE, ASSIGNMENT OF RENTS, SECURITY AGREEMENT,
AND FIXTURE FILING**

THIS MORTGAGE ALSO CONSTITUTES A FINANCING STATEMENT FILED AS A FIXTURE FILING UNDER THE
UCC

SEE ARTICLE 9 FOR ADDRESS OF GRANTOR AND MORTGAGEE

This mortgage is dated as of April 24, 2015, and is by KENNETH ALLEN BRANDSMA (a/k/a Kenneth A. Brandsma, a/k/a Ken Brandsma) and DEBRA K. BRANDSMA (a/k/a Deb Brandsma), husband and wife (K. Brandsma and D. Brandsma are herein individually and collectively, "**Grantor**"), to and in favor of METROPOLITAN LIFE INSURANCE COMPANY, a New York corporation ("**Mortgagee**").

Mortgagee has agreed to make a loan in the original principal sum of ~~\$9,999,999.00~~ to Grantor under the terms and conditions of the Loan Agreement between Grantor and Mortgagee dated as of the date of this mortgage (the "**Loan Agreement**"). Each capitalized term used in this mortgage that is defined in the Loan Agreement and not defined in this mortgage will have the meaning specified in the Loan Agreement. This mortgage will be interpreted in accordance with the Drafting Conventions.

ARTICLE 1 – GRANT

To secure repayment of the indebtedness evidenced by the Note (defined herein) and payment and performance of all other Secured Obligations (defined herein), Grantor irrevocably and unconditionally mortgages, warrants, grants, bargains, sells, and conveys to Mortgagee, with right of entry and possession, all of Grantor's estate, right, title and interest which Grantor now has or may later acquire in the following, wherever located, and whether constituting real estate or personal property (individually and collectively, the "**Property**"):

THIS INSTRUMENT PREPARED BY:

Devin P. McComb
Stoel Rives LLP
600 University Street
Suite 3600
Seattle, WA 98101-4109
(206) 386-7633

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:
Metropolitan Life Insurance Company
205 E River Park Circle, Suite 330
Fresno, CA 93720
Attn: Loan Manager, Western Region

14243817

Space above this line for Recorder's Use

Brandsma
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Mortgagee has agreed to make a loan in the original principal sum of ~~\$200,000.00~~ to Grantor under the terms and conditions of the Loan Agreement between Grantor and Mortgagee dated as of the date of this mortgage (the "**Loan Agreement**"). Each capitalized term used in this mortgage that is defined in the Loan Agreement and not defined in this mortgage will have the meaning specified in the Loan Agreement. This mortgage will be interpreted in accordance with the Drafting Conventions.

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- (1) the real estate and any interest in the real estate located in Gooding County, Idaho, and described in EXHIBIT A (the "Land");
- (2) buildings, structures, improvements, and fixtures now or hereafter erected on, affixed or attached to the Land, including all farm products storage and handling units and equipment, and fences, gates and loading chutes, dairy parlors or confinement facilities (the "Improvements");
- (3) to the extent not included within the definition of "Improvements," (A) wells, irrigation and drainage pumps, motors, pipes, windmills, frost protection equipment, center pivot irrigators, sprinklers, control panels, drip line and emitters, filters, water measurement meters and control structures and other watering and irrigation equipment, including that equipment described on EXHIBIT B; and (B) all other equipment now or hereafter affixed or installed in any manner on the Land or the Improvements or used in connection with the operation of the Property (other than rolling stock and implements customarily towed, including without limitation facilities and other machinery used in the dairy farming operation of Grantor, expressly including any and all additions, substitutions or replacements of all such equipment now owned or hereinafter acquired, including but not limited to: buildings, scales, fixtures and improvements, animal handling facilities, all milking machinery, milking barns and equipment, milk storage tanks and equipment, cooling equipment, milk processing equipment, pipelines, milkers, stalls, pulsation control equipment, detachers, vacuum systems, milk transfer pumps, water system and water pumps, water tanks, floating lagoon pumps, lagoon aerators, water heaters, halogen lot lights, gates, pens and stanchions (the "Equipment");
- (4) easements, rights-of-way, and other rights and entitlements appurtenant to the Land or used in connection with the Land or as a means of access thereto (the "Easements");
- (5) other tenements, hereditaments and appurtenances to the Land;
- (6) rights to the use and enjoyment of water, whether surface or subsurface, whether riparian, appropriative, prescriptive or otherwise, and whether or not appurtenant, now or hereafter relating or available to the Land or Improvements or used in connection therewith: (A) water allocations, water banking rights or interests, carryover rights, supplemental water, storage and exchange rights drainage rights, distribution rights, storage rights, delivery rights, and other water-related rights or entitlements, whether available through any public or private irrigation projects, companies, districts, agencies or otherwise, together with all shares of stock evidencing any such rights or entitlements, and all voting rights and other rights and privileges that now or hereafter may exist with respect to such stock or with respect to participation, membership, or other involvement in any such projects, companies, districts, or agencies; (B) water and water inventory in storage; (C) rights under well, pump and filter sharing agreements; and (D) all easements, permits, licenses, leases, contracts, grants, reservations and any other rights and entitlements, however created, to drill, install and maintain wells, pumps and pipeline systems, or to use, appropriate, pump, extract, receive, transport, store or transfer water, including the rights described on EXHIBIT C ("Water Rights");
- (7) shares, and rights under such shares, of any private water company, mutual water company, or other non-governmental entity pursuant to which Grantor or the Property may receive water, including the shares described on EXHIBIT D (individually and collectively, the "Water Stock")

and any other certificated and uncertificated securities, securities entitlements, securities accounts and commodities accounts;

- (8) all milk, cream and other dairy products (the "**Dairy Products**"), and all receivables thereof (the "**Receivables**");
- (9) coal, oil, gas, and other hydrocarbon substances, geothermal resources, minerals, mineral interests, royalties, overriding royalties, production payments, net profit interests and other interests and estates in, under or produced from the Land and other coal, oil, gas, geothermal, and mineral interests with which any of the foregoing interests or estates are pooled or unitized and other "as-extracted collateral" (the "**Mineral Rights**");
- (10) timber now or hereafter standing on or cut from the Land;
- (11) leases, subleases, licenses, occupancy agreements, concessions and other agreements, granting a possessory interest in and to, or the right to extract, mine, reside in, sell, or use the Property, (individually and collectively, the "**Leases**");
- (12) working drawings, instructional manuals, and rights in processes directly related to the operation of the Property;
- (13) contracts involving and warranties covering the Property;
- (14) permits and licenses relating or pertaining to the use or enjoyment of the Property, including, without limitation, any rights pursuant to that certain Gooding County CAFO Permit No. G07-186 issued January 29, 2013 and licenses, plans or intangible property now or hereafter related to or affecting the Real Property, including without limitation all rights to collection and payment and all security interests and enforcement rights granted therein;
- (15) proceeds of and any unearned premiums on any insurance policies covering the Property, including the right to receive and apply the proceeds of any insurance, judgments, or settlements made in lieu thereof, for damage to the Property (the "**Insurance Claims**");
- (16) all awards made for the taking by condemnation or the power of eminent domain, or by any proceeding or purchase in lieu thereof, of the whole or any part of the Land or Improvements (the "**Condemnation Awards**");
- (17) the right, in the name and on behalf of Grantor, upon notice to Grantor, to appear in and defend any action or proceeding brought with respect to the Property and to commence any action or proceeding to protect the interest of Mortgagee in the Property;
- (18) accessions, attachments and other additions to, substitutes or replacements for, all proceeds and products of, the Property; and
- (19) books, records and files relating to the Property, including computer readable memory and data and any computer software or hardware reasonably necessary to access and process such memory and data.

ARTICLE 2 - ASSIGNMENT OF RENTS

2.01 **Assignment.** Grantor irrevocably and unconditionally assigns Mortgagee all rents and other benefits derived from the Leases, and all other issues, profits, royalties, bonuses, income and other proceeds of the Property, whether now due, past due or to become due, including all prepaid rents, security deposits and other supporting obligations (collectively, the "Rents").

2.02 **Grant of License.** Notwithstanding the provisions of Section 2.01, Mortgagee confers upon Grantor a revocable license to collect and retain the Rents as they become due and payable, so long as there is no Event of Default (the "License"). If an Event of Default has occurred, Mortgagee may terminate the License without notice to or demand upon Grantor.

2.03 **Collection and Application of Rents.** Subject to the License granted to Grantor under Section 2.02, Mortgagee has the right, power and authority to collect any and all Rents. Mortgagee, by its acceptance of this mortgage does not assume any duty or obligation under the Leases.

2.04 **Notice.** All lessees under any and all Leases are hereby irrevocably authorized and notified by Grantor to rely upon and to comply with (and are fully protected in so doing) any notice or demand by Mortgagee for the payment to Mortgagee of Rents, or for the performance of any of lessees' undertakings under the Leases, and lessees shall have no right or duty to inquire as to whether any Event of Default has actually occurred or is then existing hereunder. Subject to the License, Mortgagee may notify any person that the leases have been assigned to Mortgagee and that all Rents are to be paid directly to Mortgagee, whether or not Mortgagee has commenced or completed foreclosure of or taken possession of the Property.

2.05 **Proceeds.** Mortgagee may apply all amounts received by it pursuant to this assignment to pay any of the following in such amounts and in such order as Mortgagee deems appropriate: (a) any and all Secured Obligations; (b) all expenses of leasing, operating, maintaining and managing the Property, including without limitation, the salaries, fees, commissions and wages of a managing agent and such other employees, agents or independent contractors as Mortgagee deems necessary or desirable; (c) all taxes, charges, claims, assessments, any other liens, and premiums for all insurance Mortgagee deems necessary or desirable; (d) the cost of all alterations, renovations, repairs or replacements, and all expenses incident to taking and retaining possession of the Property.

2.06 **Mineral Rights.** Without limitation of the foregoing, Grantor irrevocably and unconditionally assigns and transfers to Mortgagee, all bonuses, delay rentals, royalties, production payments, and other sums payable or benefits accruing to Grantor under any and all oil, gas, coal, or other minerals leases now existing or hereafter entered into with respect to the Land. So long as there is no Event of Default, all such sums may continue to be paid to Grantor. Upon an Event of Default, Mortgagee may demand and receive all such sums to apply to pay Secured Obligations, expenses of leasing, operating, maintaining and managing the Property, taxes, charges, claims, assessments, any other liens, and premiums for insurance, in such amounts and in such order as Mortgagee deems appropriate. Grantor has not and will not grant any consent required of the owner of the Property for mining or other surface disturbance on the Property by the terms of any patent, deed, statute, law or otherwise, without the prior written consent of Mortgagee. This paragraph shall not obligate or require Mortgagee to subordinate its interests under this mortgage to any oil, gas, coal, or other mineral lease or agreement.

2.07 **Wind Development Agreements.** Without limitation of the foregoing, Grantor irrevocably and unconditionally assigns and transfers to Mortgagee, all bonuses, option payments, royalties, production payments, rents, payments, and other sums payable or benefits accruing to Grantor under any and all wind development agreements, easements, and leases now existing or hereafter entered into with respect to the Land. So long as there is no Event of Default, all such sums may continue to be paid to Grantor. Upon an Event of Default, Mortgagee may demand and receive all such sums to apply to pay Secured Obligations, expenses of leasing, operating, maintaining and managing the Property, taxes, charges, claims, assessments, any other liens, and premiums for insurance, in such amounts and in such order as Mortgagee deems appropriate. Grantor has not and will not grant any consent required of the owner of the Property for wind development on the Property by the terms of any deed, statute, law or otherwise, without the prior written consent of Mortgagee. This paragraph shall not obligate or require Mortgagee to subordinate its interests under this mortgage to any wind development agreement, easement or lease.

ARTICLE 3 – SECURITY AGREEMENT

3.01 **Grant of Security Interest.** Grantor grants Mortgagee a security interest in and pledges and assigns to Mortgagee all of Grantor's right, title and interest in all Property to the extent and which may be characterized as personal property (the "Personalty"), including without limitation the Improvements, Equipment, Water Rights, Water Stock, Dairy Products and Receivables and this instrument shall constitute a security agreement with respect to the foregoing. Grantor authorizes Mortgagee to file and UCC Financing statements required by Mortgagee, from time to time, to perfect Mortgagee's security interest in the Property.

3.02 **Addresses of Debtor and Secured Party.** The address of Grantor adjacent to its signature below is the mailing address of Grantor as debtor under the UCC. The address for Mortgagee specified in Article 9 is the address for Mortgagee as secured party under the UCC.

3.03 **Fixture Filing.** This mortgage constitutes a financing statement filed as a fixture filing under the UCC, covering any Property which now is or later may become a fixture attached to the Land or any Improvement. For this purpose, the "debtor" is Grantor, the "Secured Party" is Mortgagee and the collateral is the Property.

3.04 **Assignment of Milk Proceeds.** As additional collateral and to further secure the Secured Obligations and other obligations of Grantor, Grantor does hereby absolutely, presently and irrevocably assign the proceeds of the sale of Grantor's Dairy Products, in an amount and with priority sufficient to cover the monthly payments due on the Note as adjusted under the provisions thereof and under the Loan Agreement, which assignment shall commence as of the date of this mortgage. The provisions of this Section 3.04 shall apply to any replacement milk contracts. Grantor shall deliver and maintain in effect assignments of Dairy Products proceeds in form and substance acceptable to Mortgagee and accepted by the purchaser of such Dairy Products. Such assignments shall not be terminated or altered absent Mortgagee's prior written consent.

ARTICLE 4 – SECURED OBLIGATIONS

4.01 **Secured Obligations.** Subject to Section 4.05, Grantor makes the mortgage, grant, conveyance, transfer and assignment in Article 1, makes the irrevocable and absolute assignment in

Article 2, and grants the security interest under Article 3 to secure payment and performance of the following obligations (the "**Secured Obligations**") in any order of priority that Mortgagee may choose:

- (1) all Obligations (defined in the Loan Agreement), including: (A) those evidenced by the Promissory Note dated as of the date of this mortgage, from Grantor to Mortgagee in the original principal amount of ~~\$6,150,000.00~~ (the "**Note**") and (B) all other indebtedness, liabilities and obligations of Grantor to Mortgagee arising pursuant to any of the Loan Documents, whether now existing or hereafter arising, whether direct, indirect, related, unrelated, fixed, contingent, liquidated, unliquidated, joint, several, or joint and several;
- (2) all obligations of Grantor under this mortgage;
- (3) all interest and any disbursements made for the payment of taxes, levies, or insurance on the Property, and the repair, maintenance or improvements of the Property pursuant to the Loan Documents, and all other protective advances, with interest on those disbursements;
- (4) all future advances and other obligations that Grantor or any successor in ownership of all or part of the Property may agree to pay and/or perform (whether as principal, surety or guarantor) for the benefit of Mortgagee, when a writing evidences the parties' agreement that the advance or obligation be secured by this mortgage;
- (5) all modifications, amendments, extensions, and renewals, however evidenced, of any of the Secured Obligations; and
- (6) any of the foregoing that arises after the filing of a petition by or against Grantor under an Insolvency Proceeding.

4.02 Future Secured Obligations. The Secured Obligations include future advances made by Mortgagee for any purpose, and all other future Secured Obligations. Those future advances and other future Secured Obligations, together with interest thereon, are secured by this mortgage to the same extent as if made or incurred on the date of the execution of this mortgage, and have priority as to third persons with or without actual notice from the time this mortgage is filed for record as provided by law. The total amount of indebtedness secured by this mortgage may decrease or increase from time to time, but the total unpaid balance so secured at any one time shall not exceed the maximum principal amount of ~~\$6,150,000.00~~ (the "**Maximum Amount Secured**"), plus interest and any disbursements made for the payment of taxes, levies or insurance on the Property, with interest on those disbursements, plus any increase in the principal balance as the result of negative amortization or deferred interest, or any other protective or other advances made by Mortgagee for the purposes of protecting its security hereunder. Grantor shall not file of record or serve Mortgagee with any notice limiting the maximum amount secured by this mortgage to an amount less than the Maximum Amount Secured, as specified in this mortgage, or if no such amount is specified, to any amount (a "**Maximum Amount Notice**"). Nothing in this Section 4.02 will constitute a commitment to make additional or future advances in any amount.

4.03 Maturity Date. The scheduled maturity date of the Note is February 25, 2030.

4.04 Notice of Terms of Secured Obligation Documents. All persons who have or acquire an interest in the Property will be deemed to have received notice of, and will be bound by, the terms of

the Loan Agreement, the other Loan Documents, and each other agreement or instrument made or entered into in connection with each of the Secured Obligations (the Loan Agreement, the Loan Documents and those other agreements or instruments, the "Secured Obligation Documents"). These terms include any provisions in the Secured Obligation Documents which may permit or provide that the rate of interest on one or more of the Secured Obligations may vary from time to time. The obligations secured hereby may provide for the interest rate, payment terms, or balance due to be indexed, adjusted, renewed or renegotiated. Without limitation, the Loan Agreement expressly provides that Lender may at its option change or adjust the interest rate as referenced therein.

4.05 Unsecured Obligations. This mortgage does not secure any indebtedness, liability or obligation that is expressly stated to be unsecured.

ARTICLE 5 – WARRANTY OF TITLE

5.01 Warranty of Title. Grantor represents and warrants that, other than the exceptions to title expressly listed on a schedule of exceptions to coverage in the final commitment for title insurance or pro forma policy of title insurance accepted by Mortgagee prior to the Closing (the "Permitted Exceptions"), Grantor lawfully possesses and holds fee simple title to all of the Land and Improvements; that Grantor has the right, power and authority to mortgage, grant, convey and assign the Property; and that the Property is unencumbered. Grantor especially agrees and declares that the separate estate of each of them, whether vested, contingent or in expectancy, is hereby conveyed and shall be bound for the payment and performance of the Secured Obligations.

5.02 Defense and Notice of Claims and Actions. At Grantor's sole expense, Grantor shall protect, preserve and defend the Property and title to and right of possession of the Property, and the security of this mortgage and the rights and powers of Mortgagee created under it, against all adverse claims. Grantor must give Mortgagee prompt notice in writing if any claim is asserted which does or could affect any of these matters, or if any action or proceeding is commenced which alleges or relates to any such claim.

5.03 Liens, Charges and Encumbrances. Grantor shall immediately discharge any lien, charge or encumbrance on the Property other than Permitted Exceptions, to which Mortgagee has not consented in writing. Grantor must pay when due all claims for labor performed and material furnished to the Property and all other obligations secured by or reducible to a lien, charge or encumbrance which now does or later may encumber or appear to encumber all or part of the Property or any interest in it, whether the lien, charge or encumbrance is or would be senior or subordinate to this mortgage.

ARTICLE 6 - REPRESENTATIONS

6.01 Representations. Grantor represents to Mortgagee that:

- (1) the Property does not represent the proceeds of unlawful activity under any state, federal or foreign law;
- (2) the Property includes all property and rights which may be reasonably necessary or desirable to enable Grantor to use, enjoy and operate the Land, the Improvements, the Water Rights and the Equipment for the present uses thereof;
- (3) the Property is taxed and billed separately from real property not subject to this mortgage;

- (4) none of the Land or Improvements is subject to any Lien, offset or claim except any easements, restrictions, and Liens for taxes and assessments on the Land and Improvements, if any, which are not yet due and payable, which are expressly listed on a schedule of exceptions to coverage in the final commitment for title insurance or pro forma policy of title insurance received by Mortgagee prior to the Closing;
- (5) Grantor owns the Personalty free and clear of any security interests, reservations of title or conditional sales contracts, and there is no presently valid financing statement affecting the Personalty on file in any public office except as disclosed in writing to Mortgagee prior to the Closing;
- (6) Grantor has title to, or (in the case of leased property) valid leasehold interests in, all of their properties and assets, real and personal, including the properties and assets and leasehold interests reflected in the Financial Information (other than any properties or assets disposed of in the ordinary course of business) ;
- (7) the legal name of Grantor is as appears in this mortgage;
- (8) Grantor has not used any trade name, assumed name or other name except Grantor's name stated in this mortgage;
- (9) each Grantor who is a natural Person resides at the address adjacent to his or her signature below;
- (10) if Grantor is anything other than a natural Person, it has complied with all Applicable Laws concerning its organization, existence and the transaction of its business, and is in existence and good standing in its state of organization and each state in which it conducts its business;
- (11) the execution, delivery and performance by Grantor of this mortgage is within the powers and authority of Grantor and has been duly authorized;
- (12) to Grantor's knowledge, this mortgage does not conflict with any Applicable Law;
- (13) this mortgage is a legal, valid and binding agreement of Grantor, enforceable against Grantor in accordance with its terms, and any instrument or agreement required hereunder, when executed and delivered, will be similarly legal, valid, binding and enforceable;
- (14) there is no lawsuit, tax claim or other dispute pending or to Grantor's knowledge threatened against Grantor or the Property that, if determined adverse to Grantor, is reasonably likely to have a Material Adverse Effect;
- (15) Grantor is not the subject of any Judgment;
- (16) this mortgage does not conflict with, nor is Grantor in default on any loan agreement, indenture, purchase agreement, guaranty, capital lease, or other investment, agreement, or arrangement presently in effect providing for or relating to extensions of credit in respect of which Grantor is in any manner directly or contingently obligated;
- (17) Grantor has filed all tax returns (federal, state, and local) required to be filed and has paid all taxes, assessments, and governmental charges and levies thereon, including interest and penalties;

- (18) before signing this mortgage, Grantor researched, to the satisfaction of Grantor, and inquired into the previous uses and ownership of the Real Estate, and based on that due diligence, to the best of Grantor's knowledge, no Hazardous Substance has been disposed of or released or otherwise exists in, on, under or onto the Real Estate, except as Grantor has disclosed to Mortgagee in the Environmental Information;
- (19) Grantor has complied with all current and future laws, regulations and ordinances or other requirements of any governmental authority relating to or imposing liability or standards of conduct concerning protection of health or the environment or hazardous substances ("**Environmental Laws**");
- (20) Grantor has not received any notices of violations of any Applicable Laws (including Environmental Laws); and Grantor is in compliance with all Applicable Laws;
- (21) there are no claims, actions, proceedings or investigations pending or threatened against Grantor or affecting the Property with respect to any violations of Applicable Laws, including, without limitation, any Environmental Law;
- (22) Grantor's place of business, or its chief executive office, if it has more than one place of business, is located at the address opposite its signature below;
- (23) unless otherwise disclosed to Mortgagee, Grantor is not a "foreign person" within the meaning of Section 1445 of the Internal Revenue Code of 1986;
- (24) there is no Event of Default or event which, with notice or lapse of time would be an Event of Default;
- (25) the Water Rights afford the continuing, enforceable right to receive irrigation water on the Property from such sources, in such quantities and at such times and locations as has historically been available to the Property without interruption or substantially increased cost and in any event, based on current projections, sufficient to provide adequate water and/or drainage to continue the current and proposed agricultural operations on the Property;
- (26) all irrigation wells and related facilities used to deliver irrigation water to any portion of the Property are physically located within the boundaries of such Property or the subject of valid, enforceable easements appurtenant to the Property and encumbered hereby. If the use of any irrigation facilities or water serving the Property requires consent or the use of other property, Grantor has obtained all requisite easements or other legally enforceable and assignable rights to use such facilities and/or water to service the Property; and
- (27) none of the Land is subject to The Reclamation Act of 1902, the Omnibus Adjustment Act of 1926, the Reclamation Reform Act of 1982 and any act or law supplementary thereto and all rules and regulations promulgated thereunder.

ARTICLE 7— COVENANTS

7.01 **Performance of Secured Obligations.** Grantor shall promptly pay and perform each Secured Obligation in accordance with its terms.

7.02 **Maintenance and Preservation of Property.** Grantor shall:

- (1) immediately discharge any lien on the Property which Mortgagee has not consented to in writing, and shall also pay when due each obligation secured by or reducible to a lien, charge or encumbrance which now or hereafter encumbers or appears to encumber all or part of the Property, whether the lien, charge or encumbrance is or would be senior or subordinate to this mortgage;
- (2) not alter, remove or demolish any portion of the Improvements, except as permitted or required by the Loan Agreement;
- (3) not permit any tangible Personalty (except for Equipment being repaired or restored) to be kept at any location other than on the Land;
- (4) if any Personalty is at any time in the possession of a bailee, Grantor shall promptly notify Mortgagee thereof and, at Mortgagee's request, shall promptly obtain an acknowledgement from the bailee, in form and substance reasonably satisfactory to Mortgagee, that the bailee holds the Personalty for the benefit of Mortgagee and such bailee's agreement to comply with any instructions received from Mortgagee;
- (5) maintain (or cause to be maintained) all policies of insurance required under the Loan Agreement and pay (or cause payment of) all premiums for that insurance on or prior to the date when due;
- (6) promptly and completely repair and/or restore any portion of the Property which becomes damaged or destroyed, in a good and workmanlike manner in accordance with sound building practices, whether or not Grantor has received the proceeds of any Insurance Claim;
- (7) not commit or allow any waste of the Property, nor do or suffer to be done any act whereby the value of any part of the Property may be lessened;
- (8) not initiate or allow any change in any zoning or other land use classification which affects the Property or any part of it, except as permitted or required by the Loan Agreement;
- (9) maintain any forest, agricultural or similar tax classification of the Land, and not allow any act or omission which would disqualify the Land for beneficial tax assessment;
- (10) complete appropriation and adjudication and all other requirements, if any, necessary to obtain the issuance of any license or water permit issued to Grantor, and take all other steps required or advisable for purposes of perfecting and maintaining in good status all other Water Rights;
- (11) not bring or keep any article on the Property or cause or allow any condition to exist on it, if that could invalidate or would be prohibited by any insurance coverage required to be maintained by Grantor on the Property or any part of it under this mortgage; and
- (12) perform all other acts which from the character or use of the Property may be reasonably necessary to maintain and preserve its value and utility.

7.03 Water Rights. Grantor shall maintain the Water Rights during the term of the Loan at a level and of a nature sufficient to provide the continuing, enforceable right to receive irrigation water on the Property from such sources, in such quantities and at such times and locations as has historically been available to the Property without interruption or substantially increased cost and in any event

sufficient to provide adequate water and/or drainage to continue the current and proposed agricultural operations on the Property. All existing Water Rights benefiting or available to the Property shall be maintained in full force and effect for the benefit of the Property by Grantor and applied to beneficial use so as to maintain the validity and priority of such rights. Grantor shall fully comply with, and not permit a default to occur under any water licenses, permits or delivery contracts used to provide water to the Property, and shall timely exercise all renewal or extension rights in such contracts. Grantor shall not modify, amend or terminate any Water Rights without Mortgagee's prior written consent. Grantor shall comply with the rules, regulations and ordinances of any water district, water agency or groundwater management agency in which the Property or any portion thereof is located and pay all related fees and assessments prior to delinquency. All irrigation wells and related facilities used to deliver irrigation water to any portion of the Property shall remain physically located within the boundaries of such Property or the subject of valid, enforceable easements appurtenant to the Property and encumbered hereby. If the use of any irrigation facilities or water serving the Property requires consent or the use of other property, Grantor shall maintain in effect all requisite easements or other legally enforceable and assignable rights to use such facilities and/or water to service the Property. Grantor shall notify Mortgagee if the irrigation water supply to any portion of the Property is interrupted or subject to interruption for any reason other than temporarily for routine maintenance or repairs in a manner that does not impair the operation of the Property.

7.04 Operations on Property. Grantor shall keep the Property in good condition and repair; operate the Property, whether improved pastures, orchards, grazing, timber, or crop lands, in a good and husband-like manner in accordance with accepted principles of sound agricultural and forestry practices in the area in which the Land is located; take all reasonable precautions to control wind and water erosion; fertilize improved pastures, if any, where necessary to maintain a good stand of desirable grasses; protect orchards and timber, if any, by reasonable precautions against loss or damage by fire including the maintenance of appropriate fire breaks; and neither to remove nor permit the removal of any oil, gas, mineral, stone, rock, clay, or gravel owned by Grantor, or any timber, buildings, top soil, or fertilizer, without the prior written consent of Mortgagee.

7.05 Compliance with Applicable Law Grantor shall not commit or allow any act upon or use of the Property which would violate any Applicable Law, whether now existing or later to be enacted and whether foreseen or unforeseen, or any public or private covenant, condition, restriction or equitable servitude affecting the Property.

7.06 Taxes and Assessments. Grantor shall pay: (a) prior to delinquency all taxes, levies, charges and assessments imposed by Applicable Law or any public or quasi-public authority or utility company which are (or if not paid, may become) a lien on all or part of the Property or any interest in it, or which may cause any decrease in the value of the Property or any part of it (individually and collectively "**Impositions**"); (b) any and all intangible taxes and documentary stamp taxes determined at any time to be due on or as a result of the Secured Obligations, this mortgage or any other Loan Documents, together with any and all interest and penalties thereon; and (c) taxes, levies, charges and assessments on Mortgagee's or Secured Parties' interest therein or upon this mortgage or the Secured Obligations (individually and collectively, "**Mortgage Taxes**"); except that if the amount of Mortgage Taxes exceeds the Maximum Rate, Grantor will not be required to pay any such excess. If after the date of this mortgage, the State of Idaho passes any law deducting from the value of Land for the purpose of

taxation any lien thereon, or changing in any way the laws for the taxation of mortgages or debts secured by a mortgage for state or local purposes, or the manner of the collection of any such taxes, so as to affect this mortgage, then within 180 days after notice by Mortgagee to Grantor, Grantor shall pay all Secured Obligations. Notwithstanding the foregoing provisions of this Section 7.06, Grantor may, at its expense, contest the validity or application of any Imposition by appropriate legal proceedings promptly initiated and conducted in good faith and with due diligence, provided that: (a) Mortgagee is satisfied that neither the Property nor any part thereof or interest therein will be in danger of being sold, forfeited, or lost as a result of such contest; and (b) Grantor shall have posted a bond or furnished such other security required from time to time by Mortgagee.

7.07 Damages and Insurance and Condemnation Proceeds. Mortgagee may, at its option: (a) in its own name appear in or prosecute any action or proceeding to enforce any cause of action based on warranty, or for damage, injury or loss to all or part of the Property, and it may make any compromise or settlement of the action or proceeding; (b) participate in any action or proceeding relating to any Condemnation Award; and (c) join Grantor in adjusting any Insurance Claim. All insurance proceeds, Condemnation Awards, and proceeds of any other claim based on warranty, or for damage, injury or loss to the Property which Grantor may receive or be entitled to must be paid to Mortgagee. In each instance, Mortgagee may apply those proceeds first toward reimbursement of all of Mortgagee's costs and expenses of recovering the proceeds or Condemnation Award, including Legal Fees. The balance shall, at Mortgagee's option, be applied to pay or Prepay some or all of the Secured Obligations in such order and proportions as it may choose. GRANTOR HEREBY SPECIFICALLY, UNCONDITIONALLY AND IRREVOCABLY WAIVES ALL RIGHTS OF A PROPERTY OWNER WITH RESPECT TO ALLOCATION OF CONDEMNATION PROCEEDS BETWEEN A PROPERTY OWNER AND A LIENHOLDER.

7.08 Site Visits, Observation and Testing. Mortgagee and its agents and representatives may enter and visit the Property at any reasonable time for the purposes of observing it, performing appraisals, taking and removing soil or groundwater samples, and conducting tests on any part of it, as provided in the Loan Agreement, and otherwise to determine Grantor's compliance with this mortgage.

7.09 Prohibited Transfers.

(a) Grantor agrees that a material factor in Mortgagee's decision to enter into the Secured Obligation Documents is the expertise, financial status and other characteristics of Grantor. Grantor shall not make or permit any Prohibited Transfer. Upon any Prohibited Transfer Mortgagee may declare all Secured Obligations to be due and payable immediately. "Prohibited Transfer" means: (1) any sale, contract to sell, conveyance, encumbrance, pledge, mortgage, or lease of the Property not expressly permitted under this instrument or the other Secured Obligation Documents, or other transfer of all or any material part of the Property or any interest in it, including any transfer of Mineral Rights, Water Rights, or Water Stock, whether voluntary, involuntary, by operation of law or otherwise; (2) if Grantor is a corporation, any transfer or transfers of shares of more than ten percent (or such other portion, if any, permitted under the Loan Agreement) of the voting power or the direct or indirect beneficial ownership of Grantor, on a cumulative basis; (3) if Grantor is a partnership, withdrawal or removal of any general partner, dissolution of the partnership under Applicable Law, or any transfer or transfers of more than ten percent (or such other portion, if any, permitted under the Loan Agreement) the partnership interests, on a cumulative basis; (4) if Grantor is a limited liability company, withdrawal or removal of any manager or managing member, termination of the limited liability company or any

transfer or transfers of more than ten percent (or such other portion, if any, permitted under the Loan Agreement) of the voting power or the ownership of the economic interest in the Grantor, on a cumulative basis; or (5) if Grantor is a trust, withdrawal or removal of any trustee or revocation of the trust.

(b) If there is a Prohibited Transfer, Mortgagee may, at Mortgagee's option, without limitation to any other rights or remedies available to Mortgagee upon an Event of Default, deem that the principal balance of the Loan and, to the extent permitted by Applicable Law, all other Obligations, will bear interest at the Contract Rate plus 2.00% per annum (the "**Prohibited Transfer Rate**"), retroactive to the date of the Prohibited Transfer (without regard to the date that Prohibited Transfer is discovered by Mortgagee) through the Maturity Date, and Grantor shall pay to Mortgagee, upon demand, the difference between the amount of interest calculated at the Contract Rate in effect at the time of the Prohibited Transfer and the amount of interest calculated at the Prohibited Transfer Rate from the date of the Prohibited Transfer to the date payment is received by Mortgagee (that amount, the "**Prohibited Transfer Rate Adjustment Amount**"). Mortgagee's rights under this Section 7.07(b) are an option available to Mortgagee, and unless elected by Mortgagee, a Prohibited Transfer will constitute an Event of Default and all Obligations will bear interest at the Default Rate.

7.10 Compensation and Reimbursement of Costs and Expenses. Grantor shall pay (1) fees in the maximum amounts legally permitted, or reasonable fees as may be charged by Mortgagee when the law provides no maximum limit, for any services that Mortgagee may render in connection with this mortgage, including Mortgagee's providing a statement of the Secured Obligations; (2) all of Mortgagee's costs and expenses which may be incurred in rendering any such services; and (3) all costs, expenses and other advances which may be incurred or made by Mortgagee in any efforts to enforce any terms of this mortgage or protect the Property, including any rights or remedies afforded to Mortgagee under Section 8.02, whether any lawsuit is filed or not, including any bankruptcy or other voluntary or involuntary proceeding, in or out of court, for the adjustment of debtor-creditor relationships, or in defending any action or proceeding arising under or relating to this mortgage, including Legal Fees, costs of any Foreclosure Sale (defined in Section 8.02) and any cost of evidence of title. If Mortgagee chooses to dispose of Property through more than one Foreclosure Sale, Grantor must pay all costs, expenses or other advances that may be incurred or made by Mortgagee in each of those Foreclosure Sales.

7.11 Indemnification. GRANTOR SHALL INDEMNIFY MORTGAGEE AGAINST AND SHALL HOLD MORTGAGEE HARMLESS FROM ALL LOSSES, DAMAGES, LIABILITIES, CLAIMS, CAUSES OF ACTION, JUDGMENTS, COURT COSTS, LEGAL FEES, COST OF EVIDENCE OF TITLE, COST OF EVIDENCE OF VALUE, AND OTHER COSTS AND EXPENSES WHICH MORTGAGEE MAY SUFFER OR INCUR: (A) IN PERFORMING ANY ACT REQUIRED OR PERMITTED BY THIS MORTGAGE OR ANY OF THE OTHER SECURED OBLIGATION DOCUMENTS OR BY LAW; (B) BECAUSE OF ANY FAILURE OF GRANTOR TO PAY OR PERFORM ANY OF THE SECURED OBLIGATIONS; OR (C) BECAUSE OF ANY ALLEGED OBLIGATION OF OR UNDERTAKING BY MORTGAGEE TO PERFORM OR DISCHARGE ANY OF THE REPRESENTATIONS, WARRANTIES, CONDITIONS, COVENANTS OR OTHER OBLIGATIONS IN ANY DOCUMENT RELATING TO THE PROPERTY (OTHER THAN SUCH WARRANTIES, CONDITIONS, COVENANTS OR OTHER OBLIGATIONS IN THE SECURED OBLIGATION DOCUMENTS). THIS AGREEMENT BY GRANTOR TO INDEMNIFY MORTGAGEE SURVIVES THE RELEASE

AND CANCELLATION OF ANY OR ALL OF THE SECURED OBLIGATIONS AND THE FULL OR PARTIAL RELEASE OF THIS MORTGAGE.

7.12 Payments Due Under This Mortgage. Grantor must pay all obligations to pay money arising under this mortgage immediately upon demand by Mortgagee. Each such obligation shall bear interest from the date the obligation arises at the Default Rate.

7.13 Milk Assignment. Grantor covenants and agrees that it will make no further or future assignments of the proceeds of the agreements under which any Grantor or any company comprised of Grantor sells Dairy Products produced at the Real Property, or other otherwise alter the operations or assets located on the Property or otherwise alter the first priority position of the assignment of the Dairy Products proceeds to Mortgagee in a manner which would alter or eliminate Mortgagee's right, under Section 3.04 above and this mortgage, to receive from Grantor's proceeds of the sale of Dairy Products sums sufficient to satisfy the monthly payments due under the Note. A breach of this covenant shall constitute an event of default hereunder at the option of the Mortgagee.

ARTICLE 8 – EVENTS OF DEFAULT AND REMEDIES

8.01 Events of Default. The following each shall be an event of default under this mortgage (an "Event of Default"):

- (1) an Event of Default as defined in the Loan Agreement;
- (2) a Prohibited Transfer;
- (3) the filing of a Maximum Amount Notice;
- (4) if Grantor is in default beyond applicable notice and grace periods under any other mortgage, deed of trust, deed to secure debt or other security agreement covering any part of the Property, whether it be superior or junior in lien to this mortgage;
- (5) for more than ten days after notice from Mortgagee, Grantor is in default under any term, covenant or condition of this mortgage not previously described in this Section 8.01, which can be cured by the payment of a sum of money; or
- (6) for 30 days after notice from Mortgagee, Grantor is in default under any term, covenant or condition of this mortgage not previously described in this Section 8.01; provided that if: (A) it is reasonably certain that the default cannot be cured by Grantor within that 30 day period; and (B) Grantor has commenced curing that default within that 30 day period and thereafter diligently and expeditiously proceeds to cure that default, then that 30 day period shall be extended for so long as reasonably required by Grantor in the exercise of due diligence to cure that default, up to a maximum of 90 days after the notice to Grantor of the Event of Default.

8.02 Remedies. At any time after an Event of Default, Mortgagee may invoke any and all of the rights and remedies described below. All of such rights and remedies are cumulative, and the exercise of any one or more of them does not constitute an election of remedies:

(a) **Acceleration.** Mortgagee may declare any or all of the Secured Obligations to be due and payable immediately.

(b) Receiver. Mortgagee may, to the extent permitted by Applicable Law, make an ex parte application to any court of competent jurisdiction, and obtain appointment of, a receiver, trustee, liquidator or conservator of the Property, without notice, without giving bond, and without regard for the adequacy of the security for the Secured Obligations and without regard for the solvency of Grantor, any Guarantor, or of any Person liable for the payment of the Secured Obligations. GRANTOR HEREBY WAIVES NOTICE OF THE APPLICATION FOR, AND CONSENTS TO THE APPOINTMENT OF A RECEIVER, TRUSTEE, LIQUIDATOR OR CONSERVATOR OF THE PROPERTY IN ACCORDANCE WITH THE PROVISIONS OF THIS SECTION; AND AGREES TO NOT OPPOSE SUCH APPOINTMENT.

(c) Entry. To the greatest extent permitted by Applicable Law, Mortgagee, in person, by agent or by court- appointed receiver, may enter, take possession of, manage and operate all or any part of the Property, and may also do any and all other things in connection with those actions that Mortgagee may consider necessary and appropriate to protect the security of this mortgage. Such other things may include: taking and possessing all of Grantor's or the then owner's books and records; entering into, enforcing, modifying, or canceling leases on such terms and conditions as Mortgagee may consider proper; obtaining and evicting tenants; fixing or modifying rents; collecting and receiving any payment of money owing to Grantor; completing any unfinished construction; and/or contracting for and making repairs and alterations. If Mortgagee so requests, Grantor will assemble all of the Property that has been removed from the Land and make all of it available to Mortgagee at the site of the Land. GRANTOR HEREBY IRREVOCABLY CONSTITUTES AND APPOINTS MORTGAGEE AS GRANTOR'S ATTORNEY-IN-FACT TO PERFORM SUCH ACTS AND EXECUTE SUCH DOCUMENTS AS MORTGAGEE CONSIDERS APPROPRIATE IN CONNECTION WITH TAKING THESE MEASURES, INCLUDING ENDORSEMENT OF GRANTOR'S NAME ON ANY INSTRUMENTS. Regardless of any provision of this mortgage or the other Secured Obligation Documents, Mortgagee shall not be considered to have accepted any property other than cash or immediately available funds in satisfaction of any obligation of Grantor to Mortgagee, unless Mortgagee has given express written notice of its election of that remedy in accordance with the UCC.

(d) Cure; Protection of Security. Mortgagee may cure any breach or default of Grantor, and if it chooses to do so in connection with any such cure, Mortgagee may also enter the Property and/or do any and all other things which it considers necessary or appropriate to protect the security of this mortgage. Such other things may include: (1) appearing in and/or defending any action or proceeding which purports to affect the security of, or the rights or powers of Mortgagee under, this mortgage; (2) paying, purchasing, contesting or compromising any encumbrance, charge, lien or claim of lien which in Mortgagee's judgment is or may be senior in priority to this mortgage, such judgment of Mortgagee to be conclusive as among the parties to this mortgage; (3) obtaining insurance and/or paying any premiums or charges for insurance required to be carried under the Loan Agreement; (4) otherwise caring for and protecting any and all of the Property; and/or (5) employing counsel, accountants, contractors and other appropriate persons to assist Mortgagee. Mortgagee may take any of the actions permitted under this Section 8.02 either with or without giving notice to any person. Notwithstanding the foregoing, in no event will Mortgagee have any obligation to take any of the actions set forth in this subparagraph (d).

(e) Uniform Commercial Code Remedies. Mortgagee may exercise any or all of the remedies granted to a secured party under the UCC. To the extent that Applicable Law imposes the

duty on Mortgagee to exercise remedies in a commercially reasonable manner, Grantor acknowledges and agrees that it is not commercially unreasonable for Mortgagee to: (1) fail to incur expenses reasonably deemed significant by Mortgagee to prepare the Personalty for disposition or to fail to complete raw material or work in process into finished goods or other finished products for disposition; (2) fail to exercise collection remedies against account debtors or other persons obligated on the Personalty (directly or through the use of collection specialists), or to fail to remove liens, encumbrances or adverse claims against the Personalty; (3) advertise dispositions of the Personalty through publications or media of general circulation, whether or not the Personalty is of a specialized nature; (4) contact Persons for expressions of interest in acquiring all or any portion of the Personalty; (5) hire professional auctioneers to assist in the disposition of the Personalty, whether or not the Personalty is of a specialized nature; (6) dispose of the Personalty by utilizing Internet sites that provide for or are reasonably capable of the auction of assets of the types included in the Personalty; (7) dispose of the Personalty in wholesale rather than retail markets; (8) disclaim disposition warranties; (9) purchase insurance or credit enhancements to insure Mortgagee against risks of loss, collection or disposition of the Personalty or to provide to Mortgagee a guaranteed return from the collection or disposition of the Personalty; or (10) sell any Personalty jointly with any of the Property or to sell any Personalty in a sale separate from a sale of any of the Property. Grantor acknowledges that the purpose of this Section 8.02(e) is to provide a non-exhaustive indication of what actions or omissions by Mortgagee would fulfill Mortgagee's duties under the UCC in Mortgagee's exercise of remedies against the Personalty, and that other actions or omissions by Mortgagee shall not be deemed to fail to fulfill such duties solely on account of not being expressly included or indicated in this Section 8.02(i).

(f) Judicial Action. Mortgagee may bring an action in any court of competent jurisdiction to foreclose this mortgage in the manner provided under Applicable Law for the foreclosure of mortgages on real property or to obtain specific enforcement of any of the covenants or agreements of this mortgage.

(g) Sales of Personal Property. Mortgagee may elect to treat as Personalty any Property which is intangible or which can be severed from the Land or Improvements without causing structural damage. If it chooses to do so, Mortgagee may dispose of any Personalty separately from the sale of real property, in any manner permitted by Article 9 of the UCC, including any public or private sale, or in any manner permitted by any other Applicable Law. Any proceeds of any such disposition shall not cure any Event of Default or reinstate any Secured Obligation.

(h) Single or Multiple Foreclosure Sales. If the Property consists of more than one lot, parcel or item of property, in connection with any sale of the Property described in or permitted under this Section 8.02, Mortgagee may: (1) designate the order in which the lots, parcels and/or items shall be sold or disposed of or offered for sale or disposition; and (2) elect to dispose of the lots, parcels and/or items through a single consolidated sale or disposition to be held or made in connection with judicial proceedings, or by virtue of a judgment and decree of foreclosure and sale; or through two or more such sales or dispositions; or in any other manner Mortgagee may deem to be in its best interests (any such sale or disposition, a "Foreclosure Sale"). If it chooses to have more than one Foreclosure Sale, Mortgagee at its option may cause the Foreclosure Sales to be held simultaneously or successively, on the same day, or on such different days and at such different times and in such order as it may deem to be in

its best interests. No Foreclosure Sale will terminate or affect the liens of this mortgage on any part of the Property which has not been sold, until all of the Secured Obligations have been paid in full.

(i) Additional Rights. In addition to the rights and powers given to Mortgagee under this mortgage, Mortgagee shall have all such other rights both in law and equity for collection of the indebtedness secured hereby as it would have but for this mortgage.

8.03 Credit Bids. At any Foreclosure Sale, any person, including Grantor or Mortgagee, may bid for and acquire the Property or any part of it to the extent permitted by then Applicable Law. Instead of paying cash for that property, Mortgagee may settle for the purchase price by crediting the sales price of the property against the following obligations:

- (1) first, the portion of the Secured Obligations attributable to the expenses of sale, costs of any action and any other sums for which Grantor is obligated to reimburse Mortgagee; and
- (2) second, all other Secured Obligations in any order and proportions as Mortgagee may choose.

8.04 Application of Foreclosure Sale Proceeds, Rents and Other Sums. Mortgagee shall apply the proceeds of any Foreclosure Sale to pay (or reimburse Mortgagee for payment of) the Secured Obligations in any order and proportions as Mortgagee may choose, with the surplus, if any, to be paid over to Grantor.

8.05 No Liability for Funds Not Received. Mortgagee has no liability for any funds which it does not actually receive.

8.06 Waivers.

(a) Grantor waives: (1) any right to require Mortgagee to proceed against Grantor, proceed against or exhaust any security held from Grantor, or pursue any other remedy in Mortgagee's power to pursue; (2) any defense based on any legal disability of Grantor, any discharge or limitation of the liability of Grantor to Mortgagee, whether consensual or arising by operation of law or any bankruptcy, reorganization, receivership, insolvency, or debtor-relief proceeding, or from any other cause, or any claim that Grantor's obligations exceed or are more burdensome than those of Grantor; (3) all presentments, demands for performance, notices of nonperformance, protests, notices of protest, notices of dishonor, notices of acceptance of this mortgage and of the existence, creation, or incurring of new or additional indebtedness of Grantor, and demands and notices of every kind; (4) any defense based on or arising out of any defense that Grantor may have to the payment or performance of the Secured Obligations or any part of it; and (5) until the Secured Obligations have been paid and performed in full, all rights of subrogation, reimbursement, indemnification and contribution (contractual, statutory or otherwise), including any claim or right of subrogation under the Bankruptcy Code (Title 11 of the U.S. Code) or any successor statute, all rights to enforce any remedy that Mortgagee may have against Grantor, and all rights to participate in any security now or later to be held by Mortgagee for the Secured Obligations.

(b) Grantor waives all rights and defenses that Grantor may have because the Secured Obligations may be secured by real property other than the Property hereby encumbered. This means, among other things: (1) Mortgagee may collect from Grantor (including enforcing this mortgage against Grantor) without first foreclosing on any real or personal property collateral securing the

Secured Obligations; and (2) if Mortgagee forecloses on any real property collateral securing the Secured Obligations: (A) the amount of the Secured Obligations may be reduced only by the price for which that collateral is sold at the Foreclosure Sale, even if the collateral is worth more than the sale price, and (B) Mortgagee may collect from Grantor (including enforcing this mortgage against Grantor) even if Mortgagee, by foreclosing on the real property collateral, has destroyed any right Mortgagee may have to collect from Grantor. This is an unconditional and irrevocable waiver of any rights and defenses Grantor may have because the Secured Obligations may be secured by real property other than the Property.

(c) Grantor waives any right or defense it may have at law or equity, to a fair market value hearing or action to determine a deficiency judgment after a foreclosure of any real property other than the Property hereby encumbered.

(d) No provision or waiver in this mortgage shall be construed as limiting the generality of any other provision or waiver contained in this mortgage.

8.07 Information. Grantor is solely responsible for keeping informed of Grantor's financial condition and business operations and all other circumstances affecting Grantor's ability to pay and perform its obligations to Mortgagee, and agrees that Mortgagee will have no duty to disclose to Grantor any information which Mortgagee may receive about Grantor's financial condition, business operations, or any other circumstances bearing on its ability to perform.

8.08 No Mortgagee in Possession. Neither the enforcement of any of the remedies under this Article, the assignment of the Rents and Leases under Article 2, the security interests under Article 3, nor any other remedies afforded to Mortgagee under the Loan Documents, at law or in equity shall cause Mortgagee to be deemed or construed to be a mortgagee in possession of the Property, to obligate Mortgagee to lease the Property or attempt to do so, or to take any action, incur any expense, or perform or discharge any obligation, duty or liability whatsoever under any of the Leases or otherwise.

ARTICLE 9 – NOTICES

All notices, approvals, consents, and other communications, under this mortgage ("Notices") must be in writing and mailed or delivered to the address specified herein. All Notices will be deemed to be given or made upon the earlier to occur of: (1) actual receipt by the intended recipient; or (2) (A) if delivered by hand or by courier, upon delivery; or (B) if delivered by mail, four Business Days after deposit in the U.S. mail, properly addressed, postage prepaid; except that notices and other communications to Lender will not be effective until actually received by Lender. All telephonic Notices to and other telephonic communications with Lender may be recorded by Lender, and each Party consents to such recording. Notices must be mailed or delivered, if to Grantor, to the address adjacent Grantor's signature below; if to Mortgagee, to Metropolitan Life Insurance Company, Agricultural Investments, 10801 Mastin Blvd., Ste 930, Overland Park, KS 66210, Attn: SSU Director, with a carbon copy to Metropolitan Life Insurance Company, Agricultural Investments, 10801 Mastin Blvd, Ste. 120, Overland Park, KS 66210, Attn: Director, CRO, with an additional carbon copy to Metropolitan Life Insurance Company, Agricultural Investments, 10801 Mastin Blvd, Ste. 930, Overland Park, KS 66210, Attn: Law Department.

ARTICLE 10 – RELEASE

When all Secured Obligations have been paid in full, Mortgagee shall execute and deliver to Grantor, a release of the Property from the Lien of this mortgage.

ARTICLE 11 – MISCELLANEOUS

11.01 Additional Provisions. The Secured Obligation Documents state all of the terms and conditions of the parties' agreement regarding the matters mentioned in or incidental to this mortgage. The Secured Obligation Documents also grant further rights to Mortgagee and contain further agreements and affirmative and negative covenants by Grantor which apply to this mortgage and to the Property.

11.02 Entire Agreement. This mortgage and the other Secured Obligation Documents collectively: (a) represent the sum of the understandings and agreements between Mortgagee and Grantor concerning this credit; (b) replace any prior oral or written agreements between Mortgagee and Grantor concerning this credit; and (c) are intended by Mortgagee and Grantor as the final, complete and exclusive statement of the terms agreed to by them.

11.03 Other Acts. Grantor shall cooperate with Mortgagee for the purposes of, and perform all acts which may be necessary or advisable to perfect any Lien provided for in this mortgage or to carry out the intent of this mortgage. Promptly (but in no event more than ten days) after request by Mortgagee, Grantor will execute, acknowledge and deliver any document which Mortgagee deems necessary or advisable for these purposes, and will, on demand, pay any expenses incurred by Mortgagee in the preparation, execution and filing of any such documents.

11.04 No Waiver or Cure. Each waiver by Mortgagee must be in writing, and no waiver is to be construed as a continuing waiver. No waiver is to be implied from any delay or failure by Mortgagee to take action on account of any default of Grantor. Consent by Mortgagee to any act or omission by Grantor must not be construed as a consent to any other or subsequent act or omission or to waive the requirement for Mortgagee's consent to be obtained in any future or other instance. The exercise by

Mortgagee of any right or remedy under this mortgage or the other Secured Obligation Documents or under Applicable Law, shall not: cure or waive a breach, Event of Default or notice of default under this mortgage or invalidate any act performed pursuant to any such default or notice; or nullify the effect of any notice of default or sale (unless all Secured Obligations then due have been paid and performed and all other defaults under the Secured Obligation Documents, have been cured); or impair the security of this mortgage; or prejudice Mortgagee or any receiver appointed in accordance with this mortgage, in the exercise of any right or remedy afforded any of them under this mortgage; or be construed as an affirmation by Mortgagee of any tenancy, lease or option, or a subordination of the lien of this mortgage.

11.05 **Merger.** No merger shall occur as a result of Mortgagee's acquiring any other estate in or any other lien on the Property.

11.06 **Waiver of Dower, Homestead, and Distributive Share.** Grantor relinquishes all right of dower, if any, and waives all right of homestead exemption and distributive share in and to the Property. Grantor waives any right of exemption as to the Property.

11.07 **Waiver of Marshalling.** Grantor waives all rights, legal and equitable, it may now or hereafter have to require marshalling of assets or to require upon foreclosure sales of assets in a particular order. Each successor and assign of Grantor, including any holder of a lien subordinate to this mortgage, by acceptance of its interest or lien agrees that it shall be bound by the above waiver, as if it had given the waiver itself.

11.08 **Waiver of Certain Other Laws.** To the full extent Grantor may do so, Grantor agrees that Grantor will not at any time insist upon, plead, claim or take the benefit or advantage of any law now or hereafter in force providing for appraisal, valuation, stay, extension, equity or redemption, any statutory or common law right of redemption, and all other exemptions, and Grantor, for Grantor, and its representatives, successors and assigns, and for any and all persons ever claiming any interest in the Property, to the extent permitted by law, hereby waives and releases all rights of redemption (including, without limitation, any common law or statutory right of redemption), and all other exceptions, as well as valuation, appraisal, stay of execution, or notice of election to mature or declare due the whole of the Secured Obligations in the event of foreclosure of the lien created by this mortgage. WITHOUT LIMITATION, IF THE UNDERSIGNED GRANTOR, OR ANY OF THEM, IS A CORPORATION, GRANTOR HEREBY RELEASES AND WAIVES ANY AND ALL RIGHTS OF REDEMPTION FROM SALE UNDER ANY JUDGMENT OF FORECLOSURE AND EACH OF THE ITEMS WAIVED AND RELEASED ABOVE, ON BEHALF OF GRANTOR, AND EACH AND EVERY PERSON ACQUIRING ANY INTEREST IN OR TITLE TO THE PROPERTY, SUBSEQUENT TO THE DATE OF THIS MORTGAGE, AND ON BEHALF OF ALL OF THE PERSONS TO THE EXTENT PERMITTED BY APPLICABLE LAW OF THE STATE OF IDAHO.

11.09 **Joint and Several Obligations.** If Grantor consists of more than one Person, each Grantor (a) acknowledges and undertakes, together with the other Grantors, joint and several liability for the indebtedness, liabilities and obligations of Grantor under this mortgage; (b) acknowledges that this mortgage is the independent and several obligation of each Grantor and may be enforced against each Grantor separately, whether or not enforcement of any right or remedy hereunder has been sought against any other Grantor; and (c) agrees that its liability hereunder and under any other Secured Obligation Document shall be absolute, unconditional, continuing and irrevocable. GRANTOR

EXPRESSLY WAIVES ANY REQUIREMENT THAT MORTGAGEE EXHAUST ANY RIGHT, POWER OR REMEDY AND PROCEED AGAINST THE OTHER GRANTOR UNDER THIS MORTGAGE, OR ANY OTHER SECURED OBLIGATION DOCUMENTS, OR AGAINST ANY OTHER PERSON UNDER ANY GUARANTY OF, OR SECURITY FOR, ANY OF THE SECURED OBLIGATIONS.

11.10 Authority to Bind Grantor. If Grantor is comprised of multiple Persons, any Person comprising Grantor is hereby authorized to bind all parties comprising Grantor. Mortgagee may, at any time and without notice, waive any prior requirement that requests, authorizations, or other actions be taken only by a Designated Person.

11.11 Binding Effect; Successors and Assigns. The Secured Obligation Documents shall inure to the benefit of and shall be binding upon the parties and their respective successors and assigns; provided, that Grantor shall not assign its rights or obligations hereunder without Mortgagee's consent. However, this section does not waive the provisions of Section 7.09; and Grantor shall not assign its rights or obligations hereunder without Mortgagee's consent. Mortgagee may transfer all or any portion of its rights under the Secured Obligation Documents to any other Person. Mortgagee may disclose to any actual or proposed transferee any information that Grantor has delivered to Mortgagee in connection with the negotiation of this mortgage or pursuant to the Secured Obligation Documents; and Grantor shall cooperate fully with Mortgagee in providing that information to any actual or proposed transferee.

11.12 Rights and Remedies Cumulative. All rights and remedies under this mortgage and the Secured Obligation Documents are cumulative, and the exercise of any one or more of them does not constitute an election of remedies.

11.13 Severability. Any provision of any Secured Obligation Document which is prohibited or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of that Secured Obligation Document or affecting the validity or enforceability of that provision in any other jurisdiction; except that if such provision relates to the payment of any monetary sum, then Mortgagee may, at its option, declare all Secured Obligations immediately due and payable.

11.14 Amendments in Writing. This mortgage may not be amended, changed, modified, altered or terminated without the prior written consent of Mortgagee.

11.15 Governing Law. This mortgage shall be governed exclusively by the laws of the State of Idaho without regard or reference to its conflict of laws principles.

11.16 Counterpart Execution. This mortgage may be executed in counterparts, each of which will be an original and all of which together are deemed one and the same instrument.

11.17 Necessary Action. Mortgagee is authorized to execute any other documents or take any other actions necessary to effectuate this mortgage and the consummation of the transactions contemplated herein.

11.18 Time of the Essence. Time is of the essence of this mortgage.

11.19 No Construction Against Drafter. Each Party has participated in negotiating and drafting this mortgage, so if an ambiguity or a question of intent or interpretation arises, this mortgage

is to be construed as if the parties had drafted it jointly, as opposed to being construed against a Party because it was responsible for drafting one or more provisions of this mortgage.

11.20 Effect of Modification. The interest rate, payment terms and/or balance due on the loan may be, inter alia, indexed, adjusted, renewed or renegotiated and the lien of this mortgage herein granted shall not be affected as provided in Idaho Code Section 45-116.

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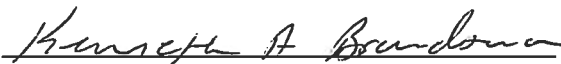
[SIGNATURE PAGE TO MORTGAGE]

GRANTOR BY EXECUTION AND DELIVERY OF THIS MORTGAGE TO MORTGAGEE, AND MORTGAGEE, BY ACCEPTANCE HEREOF, TO THE EXTENT PERMITTED BY APPLICABLE LAW (A) COVENANT AND AGREE NOT TO ELECT A TRIAL BY JURY IN ANY ACTION OR PROCEEDING FOR THE RESOLUTION OF ANY CONTROVERSY OR CLAIM THAT ARISES OUT OF OR RELATES TO: (I) THIS MORTGAGE; OR (II) ANY LOAN DOCUMENT, WHETHER ARISING IN CONTRACT, TORT OR BY STATUTE (INDIVIDUALLY AND COLLECTIVELY, A "CONTROVERSY OR CLAIM"); AND (B) WAIVE ANY RIGHT TO A TRIAL BY JURY IN ANY CONTROVERSY OR CLAIM TO THE EXTENT SUCH RIGHT EXISTS NOW OR IN THE FUTURE. THE PROVISIONS OF THIS SECTION ARE GIVEN KNOWINGLY AND VOLUNTARILY; AND ARE A MATERIAL INDUCEMENT FOR MORTGAGEE ENTERING INTO THE LOAN AGREEMENT AND OTHER LOAN DOCUMENTS.

Grantor is executing this mortgage effective as of the day and year first written above.

GRANTOR

Address for notices:
2169 East 3200 South
Wendell, Idaho 83355


KENNETH ALLEN BRANDSMA (a/k/a Kenneth A.
Brandsma, a/k/a Ken Brandsma)

Address for notices:
2169 East 3200 South
Wendell, Idaho 83355

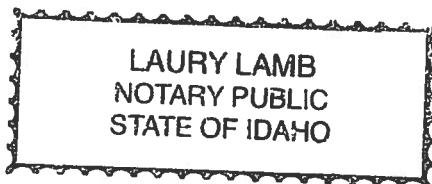

DEBRA K. BRANDSMA (a/k/a Deb Brandsma)

[ACKNOWLEDGEMENTS OF MORTGAGE ON FOLLOWING PAGE]

ACKNOWLEDGEMENTS OF MORTGAGE

STATE OF IDAHO)
)ss.
COUNTY OF Jerome)

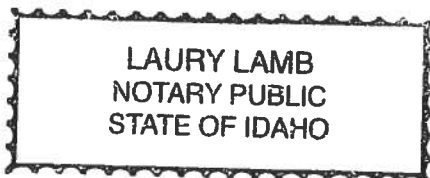
On April 24, 2015, before me, the undersigned, a Notary Public, personally appeared Kenneth Allen Brandsma, known or identified to me (or proved to me on the oath of Kenneth Allen Brandsma), to be the person whose name is subscribed to the within instrument, and acknowledged to me that he executed the same.



Laury Lamb
Notary Public for Idaho
Printed Name: Laury Lamb
Commission Expires: 4/2/2016
Residing: Jerome, ID

STATE OF IDAHO)
)ss.
COUNTY OF Jerome)

On April 24, 2015, before me, the undersigned, a Notary Public, personally appeared Debra K. Brandsma, known or identified to me (or proved to me on the oath of Debra K. Brandsma), to be the person whose name is subscribed to the within instrument, and acknowledged to me that she executed the same.



Laury Lamb
Notary Public for Idaho
Printed Name: Laury Lamb
Commission Expires: 4/2/2016
Residing: Jerome, ID

EXHIBIT A

Brandsma
Loan No: 197459

**MORTGAGE, ASSIGNMENT OF RENTS, SECURITY AGREEMENT,
AND FIXTURE FILING**

Legal Description of Real Estate

Gooding County, Idaho

PARCEL NO. 1:

TOWNSHIP 8 SOUTH, RANGE 15, EAST OF THE BOISE MERIDIAN,
GOODING COUNTY, IDAHO

Section 1: SW¼, EXCEPT Highway described as follows:

A parcel of land being on the Easterly side of the centerline of the County Road Survey of Grade Separation No. 1 as shown on the plans of Interstate 80N, Project No. I-80N-3 (22) 159 Highway Survey now on file in the office of the Department of Highways of the State of Idaho and being a portion of the SW¼SW¼ of said Section 1; Beginning at the Southwest corner of the SW¼SW¼ of said Section 1; Thence North 0°34'59" East along the West line of said SW¼SW¼, 127.0 feet, more or less, to a point that bears North 23°10'59" East, 203.00 feet from Station 1768+39.74 of said Interstate 80N, Project No. I-80N-3 (22) 159, Highway Survey, and being the real point of beginning; Thence continuing North 0°34'59" East, 1,191.64 feet to a point coincident with Station 64+19 of the County Road Survey of Grade Separation No. 1 as shown on the plans of said Interstate 80N, Highway Survey; Thence South 89°25'01" East, 113.36 feet; Thence South 2°14'00" East, 1,018.97 feet to a point in a line parallel with and 30.0 feet Easterly from the centerline and opposite Station 14+82.22 of Frontage Road No. 4 Survey as shown on the plans of said Interstate Highway Survey; Thence Southeasterly along said parallel line being a 288.31 foot radius curve left 436.77 feet to a point opposite Station 10+00 of said Frontage Road No. 4 Survey; Thence South 87°09'11" East, 100.06 feet to a point that bears North 0°58'00" East, 26.66 feet from Station 9+00 of said Frontage Road No. 4 Survey; Thence South 0°58'00" West, 25.0 feet to a point in the South line of said SW¼SW¼; Thence North 89°12'00" West along said South line 244.0 feet, more or less to a point in the Northeasterly right of way line of the Union Pacific Railroad, North Side Branch; Thence Northwesterly along said Northeasterly railroad right of way line 336.0 feet, more or less to the real point of beginning.

County Road Survey (Grade Separation No. 1) Station Reference: 52+30 to 64+19

The bearings as shown in the above land description, unless otherwise noted, are from the Idaho Plane Coordinate Systems, based on the transverse mereator projection for the Central Zone of Idaho. To convert to geodetic bearings, a correction of 0°26'44" must be subtracted from all Northeast and Southwest bearings and added to all Northwest and Southeast bearings.

Exhibit A - 1

Mortgage, Assignment of Rents, Security Agreement, and Fixture Filing
Brandsma
Loan no. 197459
78546594.1 0053564-00208

PARCEL NO. 2:

TOWNSHIP 8 SOUTH, RANGE 15, EAST OF THE BOISE MERIDIAN,
GOODING COUNTY, IDAHO

Section 14: E $\frac{1}{2}$ NE $\frac{1}{4}$, SW $\frac{1}{4}$ NE $\frac{1}{4}$, and that part of the NW $\frac{1}{4}$ NE $\frac{1}{4}$ lying South of the North Side Canal Company, Ltd. lateral.

PARCEL NO 3:

TOWNSHIP 8 SOUTH, RANGE 15 EAST OF THE BOISE MERIDIAN,
GOODING COUNTY, IDAHO

Section 14: That part of the NW $\frac{1}{4}$ NE $\frac{1}{4}$ lying North of the North Side Canal Company, Ltd. Lateral.

Excepting therefrom the East 805.00 feet thereof.

PARCEL NO 4:

TOWNSHIP 8 SOUTH, RANGE 15 EAST OF THE BOISE MERIDIAN,
GOODING COUNTY, IDAHO

Section 14: A parcel of land being described as the East 805.00 feet of all that part of the NW $\frac{1}{4}$ NE $\frac{1}{4}$, lying North of the North Side Canal Company LTD. Lateral.

Exhibit A - 2

Mortgage, Assignment of Rents, Security Agreement, and Fixture Filing
Brandsma
Loan no. 197459
78546594.1 0053564-00208

EXHIBIT B

Brandsma
Loan No: 197459

**MORTGAGE, ASSIGNMENT OF RENTS, SECURITY AGREEMENT,
AND FIXTURE FILING**

LIST OF SPECIFIC EQUIPMENT

<u>Tract / Well No.</u>	<u>Description</u>	<u>Manufacturer</u>	<u>Serial/Permit/License No(s).</u>
Tract I	Power Unit	Marthon	215TTDW17006AA-L
Tract I	Power Unit	Baldor	JPM2538T
Tract I	Pump	Paco	80P00798
Tract I	Pump	No Plate	No Plate
Tract I	Pivot	Reinke	Unavailable
Tract I	Pivot	Reinke	Unavailable
Tract I	Pivot	Zimmatic	P-72651
Tract I	Various Handlines	Unknown	N/A

WELLS

Well #	Power Unit			Pump			Gear Head	
	Manufacturer	HP Rating	Serial #	Manufacturer	Serial #	Discharge	Manufacturer	Serial #
1	GE	125HP	2305995SL	Unknown	NH6-45475-F12RKAFCM	1,251 GPM	N/A	N/A

All wells (including domestic), underground pipelines, filter stations, emitters, drip, overhead and micro-sprinkler systems and equipment, any and all well permits.

Together with all irrigation equipment, including pumps, motors, engines, pipes, sprinklers, control panels, accessories, and all other irrigation equipment, including without limitation, pivots, drip systems, main and hand lines, valve openers, end plugs, risers, stems, wiring switch panels, shafting, hoses, tubing, bowls, suction pipe, cones, reducers, above and below ground pipelines, filter stations and equipment.

Exhibit B - 1

Mortgage, Assignment of Rents, Security Agreement, and Fixture Filing
Wendell, ID, Brandsma
Loan no. 197459
78546594.1 0053564-00208

EXHIBIT C

Brandsma
Loan No: 197459

**MORTGAGE, ASSIGNMENT OF RENTS, SECURITY AGREEMENT,
AND FIXTURE FILING**

LIST OF SPECIFIC WATER RIGHTS

Idaho Dept. of Water Resources Water Right No.	Use	Owner
36-8252D	Ground Water	Debra & Kenneth Brandsma
36-10531	Ground Water	Debra & Kenneth Brandsma
36-7513	Ground Water	Debra & Kenneth Brandsma
36-8787	Ground Water	Debra & Kenneth Brandsma
36-10567	Ground Water	Debra & Kenneth Brandsma

Exhibit C - 1

Mortgage, Assignment of Rents, Security Agreement, and Fixture Filing
Wendell, ID, Brandsma
Loan no. 197459
78546594.1 0053564-00208

EXHIBIT D

Brandsma
Loan No: 197459

**MORTGAGE, ASSIGNMENT OF RENTS, SECURITY AGREEMENT,
AND FIXTURE FILING**

LIST OF SPECIFIC WATER SHARES

<u>Number of Shares</u>	<u>Certificate No.</u>
70	23609
30	24921

Exhibit D - 1