

RECEIVED

NOV 05 2014

WATER RESOURCES
WESTERN REGION

De

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

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

1.	Water Right/Claim No.	Water Right/Claim No.	Water Right/Claim No.	Water Right/Claim No.
	UC 63-12364			
	PD 63-9179B			
	D 63-32654			

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

Ben and Toni Choutchourrou

6570 Schmidt Lane

Star, Idaho 83669

Phone 208-869-6549

Email

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

F & H Properties, LLC, Vis-Sir Dairy, LLC & Fred & Helen Visser

5. Expiration Date of Notification Period

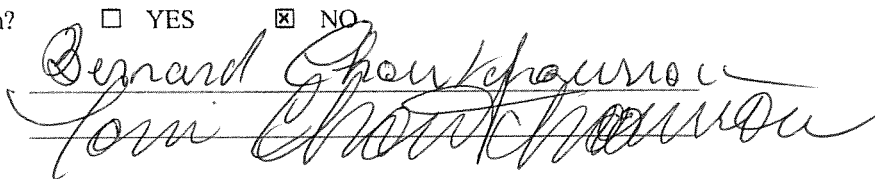
October 31, 2029

6. Is this a Renewal of Request for Notification?

☐ YES☒ NO

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

Title, if applicable


For Office Use OnlyReceived by J. Strange Date 11-5-2014 Receipt No. W042631 Fee \$75.00Processed by AJ X Date _____ WR _____ Date _____

Instrument # 392932

PAYETTE COUNTY

2014-11-03 11:48:25 PM No. of Pages: 11

Recorded for: PIONEER TITLE COMPANY OF GEM C

BETTY J DRESSEN Fee: \$40.00

Ex-Officio Recorder Deputy Kathryn Johns

Index To: MORTGAGE

Electronically Recorded by Simplifile

RECEIVED**NOV 06 2014****WATER RESOURCES
WESTERN REGION***RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:*Pioneer Title Company
610 S. Kimball Avenue
Caldwell, ID 83605ELECTRONICALLY RECORDED - DO NOT
REMOVE THE COUNTY STAMPED FIRST
PAGE AS IT IS NOW INCORPORATED AS
PART OF THE ORIGINAL DOCUMENT.559960

(Space Above For Recorder's Use)

MORTGAGE, SECURITY AGREEMENT AND FIXTURE FILING

THIS MORTGAGE, SECURITY AGREEMENT AND FIXTURE FILING (the "Mortgage") is entered into by F & H Properties, LLC, a Washington limited liability company, Vis-Sir Dairy, LLC a Washington limited liability company, and Fred and Helen Visser, husband and wife whose address is 6020 SE 10th Avenue, Caldwell, Idaho 83605 as mortgagor (hereinafter collectively "Borrower"), and Bernard and Toni Choutchourrou, their successors and assigns, whose address is 6570 Schmidt Ln., Star, Idaho 83669, as mortgagee (collectively "Lender"), on this 30th day of October, 2014.

RECITALS

A. Borrower is indebted to Lender in the original principal sum of Two Million Two Hundred Forty-Two Thousand Dollars (\$2,242,000.00) with interest thereon, which indebtedness is evidenced by a Promissory Note of even date from Borrower to Lender (the Promissory Note together with all substitutions, consolidations, modifications, replacements, restatements, increases, renewals, and extensions thereof, in whole or in part, shall collectively be referred to as the "Note").

B. Lender, as a condition precedent to the extension of credit and the making of the loan evidenced by the Note, has required that Borrower provide Lender with security for the repayment of the indebtedness evidenced by the Note.

1. Grants of Security.

1.1 Property Granted. In consideration of and in order to secure the repayment, observance, performance and discharge by Borrower of the Secured Obligations (as defined in Section 1.4 below), Borrower grants, bargains, sells, releases, conveys, assigns, transfers, pledges, warrants, and confirms to Trustee, in trust, with power of sale, for the benefit and security of Lender, as beneficiary hereunder, subject to the terms and conditions of this Mortgage, all estate, right, title and interest that Borrower now has or may later acquire in and to the following described properties, rights and interests and all replacements of, substitutions for, and additions thereto (all of which are collectively referred to hereinafter as the "Property"):

1.1.1 Real Property. The real property in Payette County, Idaho, described in Schedule 1.1.1 attached hereto and made a part hereof (the "Real Property").

1.1.2 Improvements. All buildings, structures and other improvements of any kind, now or hereafter erected, constructed, placed or located upon the Real Property (the "Improvements").

1.1.3 Appurtenances. All tenements, hereditaments, rights-of-way, easements, privileges and other appurtenances now or hereafter belonging or in any way appertaining to

the Real Property; and any minerals, royalties, gas rights, water, water rights, water stock and crops now or hereafter located on or appurtenant to the Real Property (the "Appurtenances").

1.1.4 Leases and Rents. All leases and other agreements affecting the use, enjoyment or occupancy of all or any part of the Real Property or the Improvements ("Rents").

1.1.5 Condemnation Awards. Any and all awards, payments or settlements, including interest thereon, and the right to receive the same, as a result of the exercise of the right of eminent domain, condemnation and/or any taking of the Property.

1.1.6 Fixtures and Personal Property. All fixtures (including, but not limited to all milking equipment) and other property now or hereafter affixed to the Real Property or the Improvements, or appurtenant thereto, and used in connection with the present or future operation and occupancy of the Real Property and the Improvements (collectively the "Fixtures" and/or "Personal Property").

1.1.7 Insurance Proceeds. All proceeds of and any insurance policies covering the Property, including, without limitation, the right to receive and apply the proceeds of any insurance judgments, or settlements made in lieu thereof, for damage to the Property.

1.2 Assignment of Leases and Rents. Borrower assigns to Lender all of Borrower's right, title and interest in and to all current and future Rents; it being intended by Borrower that this assignment constitutes a present, absolute assignment and not an assignment for additional security only. Nevertheless, subject to the terms of this Mortgage, Lender grants to Borrower a revocable license to collect and receive the Rents.

1.3 Security Agreement. This Mortgage is both a real property mortgage and a "security agreement" within the meaning of the Idaho Uniform Commercial Code. By executing and delivering this Mortgage, Borrower grants Lender, as security for the Secured Obligations (defined below), a security interest in the Improvements, Fixtures and Personal Property, and Appurtenances. This Mortgage shall operate as and constitute a financing statement filed as a fixture filing, covering any of the property that now is or later becomes fixtures attached to the Real Property or the Improvements.

1.4 Secured Obligations. This Mortgage is given for the purpose of securing all of the following (the "Secured Obligations"):

1.4.1 The payment of the indebtedness evidenced by the Note, including interest, late charges, and all other sums, as provided in the Note, this Mortgage or the other Loan Documents, including without limitation sums advanced pursuant to this Mortgage to protect and preserve the Property and security interest created hereby.

1.4.2 The performance of each obligation of Borrower and Guarantor(s) in the Loan Documents this Mortgage and the Note.

2. Borrower Covenants. Borrower covenants and agrees as follows:

2.1 Payment of Principal and Interest. Borrower shall pay the Note, together with all interest thereon, in accordance with the terms of the Note, promptly at the times, at the place and in the manner that said principal and interest shall become due, and to promptly and punctually pay all other sums required to be paid by Borrower pursuant to the terms of the Note, this Mortgage, and all other documents and instruments executed as further evidence of, as additional security for, or executed in

connection with, the indebtedness evidenced by the Note and secured by this Mortgage (collectively the "Loan Documents").

2.2 Performance of Other Obligations. Borrower shall perform, comply with, and abide by each and every one of the covenants, agreements and conditions contained and set forth in the Note, this Mortgage, and the other Loan Documents and shall comply with all laws, ordinances, rules, regulations and orders of any governmental authorities having jurisdiction over the Property.

2.3 Preservation and Maintenance of Property. Borrower shall keep all Improvements now existing or hereafter erected on the Real Property in good order and repair and shall not do or permit any waste, impairment or deterioration thereof or thereon, nor alter, remove, or demolish any of the Improvements or any Fixtures or Personal Property attached or appertaining thereto, without the prior written consent of Lender. Provided, however, Lender acknowledges that Borrower intends to replace and/or alter the milking parlor, which alteration is approved. Borrower shall not do or permit any act whereby the Property shall become less valuable, be used for purposes contrary to applicable law, or be used in any manner that will increase the premium for or result in a termination or cancellation of the insurance policies hereinafter required to be kept and maintained on the Property. Borrower shall effect such repairs as Lender may reasonably require, and from time to time make all needful and proper replacements so that the Improvements, Appurtenances, Fixtures and Personal Property will, at all times, be in good condition, fit and proper for the respective purposes for which they were originally erected or installed.

2.4 Hazardous Waste. Borrower at all times shall keep the Property and ground water of the Property free of Hazardous Materials (as defined below) and not allow any underground storage tanks to be placed on the Real Property. Borrower shall give Lender prompt written notice of any claim by any person, entity, or governmental agency that a significant release or disposal of Hazardous Materials has occurred in, on, or under the Property in excess of legal limits. For purposes of this Agreement, the term "Hazardous Materials" means any matter that has been determined by any regulation, law, order or rule, or any proposed regulation, law, order or rule, promulgated by any governmental agency of appropriate jurisdiction, to constitute a toxic and/or hazardous waste or toxic and/or hazardous substance or petroleum product under any federal, state or local statute, law, rule, regulation, ordinance or enactment of any governmental authority. Borrower shall indemnify Lender and hold Lender harmless from and against any and all losses, liabilities, damages, injuries, costs, expenses and claims of any and every kind whatsoever arising out of a breach of this Section 2.4. Liability under this Section 2.4 shall survive repayment of the Note and satisfaction of this Mortgage.

2.5 Use of Property. The Property shall be used only for the operation of a dairy and uses incidental thereto, including residential purposes, and for no other use without the prior written consent of Lender.

2.6 Payment of Taxes, Assessments and Other Charges. Borrower shall pay all taxes, assessments, and other charges that are or may be hereafter levied or assessed upon or against the Property before the same become delinquent, and before any interest or penalty shall attach thereto.

2.7 Payment of Liens, Charges and Encumbrances. Borrower shall immediately pay and discharge from time to time when the same shall become due all lawful claims and demands of mechanics, materialmen, laborers and others that, if unpaid, might result in, or permit the creation of, a lien, charge or encumbrance upon the Property or any part thereof.

2.8 Insurance, Casualty, General Liability and Restoration. Borrower shall keep the Improvements, Appurtenances, Personal Property and Fixtures located on the Real Property insured

against hazards, file and peril in the full replacement value thereof. Upon the happening of any casualty to the Property or any part thereof, Borrower shall give prompt written notice thereof to Lender.

Borrower shall further maintain insurance against general liability with respect to damages or injuries arising from use or occupation of the Property and against such risks or hazards as Lender from time to time reasonably may designate, in form and amounts (of no less than \$5,000,000.00) satisfactory to Lender.

In the event of such loss or damage, all proceeds of insurance shall be payable to Lender, and Borrower hereby assigns said proceeds to Lender, and authorizes and directs any affected insurance company to make payment of such proceeds directly to Lender to be utilized as provided for herein.

Except to the extent that insurance proceeds are received by Lender and applied to the Secured Obligations, nothing herein contained shall be deemed to excuse Borrower from repairing or maintaining the Property as provided in this Mortgage or restoring all damage or destruction to the Property, regardless of whether or not there are insurance proceeds available or whether any such proceeds are sufficient in amount, and the application or release by Lender of any insurance proceeds shall not cure or waive any default or notice of default under this Mortgage or invalidate any act done pursuant to such notice.

In the event of any damage to or destruction of the Property, Lender shall cause the insurance proceeds to be applied in the following order: i) to restoration of the Property, in consultation with Borrower; ii) to the Secured Obligations; and iii) to Borrower provided all Secured Obligations are satisfied.

All insurance policies required shall be written with companies satisfactory to Lender, shall contain non-contributory standard mortgage clauses, shall name Lender as an additional insured, shall be maintained through the term of this Mortgage without cost to Lender, and shall contain such provisions as Lender deems necessary or desirable to protect its interest including, without limitation, a provision for thirty (30) days prior written notice to Lender of cancellation of or any change in the risk or coverages insured.

2.9 Condemnation. Any award of damages, settlement, or compensation in connection with any eminent domain action for public use of or an injury to the Property, or any part thereof, is hereby assigned by Borrower to Lender, and all money received by Lender may be applied to the indebtedness secured by this Mortgage, or released in the same manner and with the same effect as herein provided for the disposition of proceeds of insurance. Neither the application nor the release of any such sums shall cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice, nor shall anything in the section affect the liability of Borrower for payment of the entire balance of the Secured Obligations.

2.10 Compliance with Laws. Borrower shall observe, abide by, and comply with all statutes, ordinances, laws, orders, requirements or decrees relating to the Property enacted, promulgated or issued by any federal, state, county or local governmental authority or any agency or subdivision thereof having jurisdiction over Borrower or the Property.

2.11 Maintenance of Permits. Borrower shall obtain, keep, and constantly maintain in full force and effect during the entire term of this Mortgage all certificates, licenses and permits necessary to keep the Property lawfully operating as a dairy. Except as specifically provided for in this Mortgage, Borrower shall not assign, transfer or in any manner change such certificates, licenses or permits without first receiving the written consent of Lender.

2.12 Examination of Borrower's Records.

Upon request, Borrower shall provide Lender with annual, consolidated financial statements which have been prepared in accordance with the books and records of Borrower, and which present fairly the financial positions of the Borrower at the dates indicated and the results of Borrowers operations for the period then ended in conformity with generally accepted accounting principles.

3. Further Assurances.

3.1 Inspection by Lender. Lender, and/or its agents, shall have the right, at all reasonable times, to enter upon and inspect the Property to insure compliance with the covenants, agreements, and conditions set forth in this Mortgage.

3.2 Execution of Additional Documents. Borrower shall, at the cost of Borrower, execute, acknowledge and deliver all and every such further acts, deeds, conveyances, mortgages, assignments, notices of assignments, transfers, assurances and other instruments, including security agreements and financing statements, as Lender shall from time to time require for the purpose of better assuring, conveying, assigning, transferring and confirming unto Lender the Property and rights hereby encumbered, created, conveyed, assigned or intended now or hereafter so to be encumbered, created, conveyed or assigned or that Borrower may now be or may hereafter become bound to encumber, create, convey, or assign to Lender, or for the purpose of carrying out the intention or facilitating the performance of the terms of this Mortgage, or for filing, registering, or recording this Mortgage, and to pay all filing, registration, or recording fees and all taxes, costs and other expenses, including Reasonable Attorneys' Fees, incident to the preparation, execution, acknowledgment, delivery, and recordation of any of the same.

3.3 Further Encumbrance Prohibited – Due on Sale. Borrower shall not, without the prior written consent of Lender, sell, convey, mortgage, grant, bargain, encumber, pledge, assign, or otherwise transfer the Property or any part thereof or permit the Property or any part thereof to be sold, conveyed, mortgaged, granted, bargained, encumbered, pledged, assigned, or otherwise transferred. Provided however, Borrower may transfer the Property to Vis-Sir Dairy, LLC, F & H Properties, LLC, Fred and/or Helen Visser, individually, or an entity in which any of the foregoing own a majority interest. If Borrower violates the terms of this section, then in that event, Lender may, at Lender's option, declare all Secured Obligations to be immediately due and payable.

4. Default. The occurrence of any one or more of the following events shall constitute an "Event of Default":

4.1 Failure to make any payment after ten (10) days prior written notice of (i) interest or principal when due, (ii) any other amount of the Secured Obligations when due, or (iii) the entire amount of the Secured Obligations on or before the Maturity Date.

4.2 Borrower fails to perform any of Borrower's non-monetary obligations under this Mortgage or the Loan Documents for a period of thirty (30) days after written notice from Lender describing said default.

4.3 If Borrower or any Guarantor shall make an assignment for the benefit of creditor.

4.4 The dissolution or termination of Borrower's existence as a going business, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's Property, any

assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws applicable to Borrower.

4.5 Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any Property securing the amounts due under the Note or this Mortgage.

4.6 Any of the preceding events occurs with respect to any Guarantor of the Note or this Mortgage.

4.7 Any change in ownership of twenty-five percent (25%) or more of the Membership Interest of any Borrower, without written consent of Lender, which will not be unreasonably withheld

4.8 A material adverse change occurs in any Borrower's financial condition, or Lender believes the prospect of payment or performance of the Note is impaired.

5. Rights and Remedies.

5.1 Remedies. Upon the occurrence of any Event of Default, Lender may take such action, without notice or demand, as it deems advisable to protect and enforce its rights against Borrower and in and to the Property, including, but not limited to the following actions, each of which may, to the extent permitted by applicable law, be pursued concurrently or otherwise, at such time and in such order as Lender may determine, in its sole discretion, without impairing or otherwise affecting the other rights and remedies of Lender:

5.1.1 Declare the entire unpaid Secured Obligations to be immediately due and payable.

5.1.2 Institute proceedings, judicial or otherwise, for the complete foreclosure of this Mortgage under any applicable provision of law in which case the Property or any interest therein may be sold for cash or upon credit in one or more parcels or in several interests or portions and in any order or manner.

5.1.3 Institute an action, suit or proceeding in equity for the specific performance of any covenant, condition or agreement contained herein, in the Note or in the other Loan Documents.

5.1.4 Exercise any and all rights and remedies granted to a secured party upon default under the Uniform Commercial Code, including, without limiting the generality of the foregoing: (i) the right to take possession of the Personal Property or Improvements or any part thereof, and to take such other measures as Lender may deem necessary for the care, protection and preservation of the Personal Property or Improvements, and (ii) request Borrower at its expense to assemble the Personal Property and make it available to Lender at a convenient place acceptable to Lender. Any notice of sale, disposition or other intended action by Lender with respect to the Personal Property sent to Borrower in accordance with the provisions hereof at least five (5) days prior to such action, shall constitute commercially reasonable notice to Borrower.

5.1.5 Pursue such other remedies as Lender may have under applicable law.

5.2 Application of Proceeds. The purchase money, proceeds and avails of any disposition of the Property, or any part thereof, or any other sums collected by Lender pursuant to the Note, this Mortgage or the other Loan Documents, may be applied by Lender to the payment of the Secured

Obligations in such priority and proportions as Lender in its discretion shall deem proper, subject to any applicable law.

5.3 Right to Cure Defaults. Upon the occurrence of any Event of Default, Lender may, but without any obligation to do so and without notice to or demand on Borrower and without releasing Borrower from any obligation hereunder, cure the same in such manner and to such extent as Lender may deem necessary to protect the security hereof. Lender is authorized to enter upon the Property for such purposes, or appear in, defend, or bring any action or proceeding to protect its interest in the Property or to foreclose this Mortgage or collect the Secured Obligations, and the cost and expense thereof (including reasonable attorneys' fees to the extent permitted by law), with interest as provided in this Section, shall constitute a portion of the Secured Obligations and shall be due and payable to Lender upon demand. All such costs and expenses incurred by Lender in remedying such Event of Default or in appearing in, defending, or bringing any such action or proceeding shall bear interest at the default rate specified in the Note (the "Default Rate"), for the period after notice from Lender that such cost or expense was incurred to the date of payment to Lender. All such costs and expenses incurred by Lender together with interest thereon calculated at the Default Rate shall be deemed to constitute a portion of the Secured Obligations and be secured by this Mortgage and the other Loan Documents and shall be immediately due and payable upon demand by Lender therefor.

5.4 Other Rights. The failure of Lender to insist upon strict performance of any term hereof shall not be deemed to be a waiver of any term of this Mortgage. Borrower shall not be relieved of Borrower's obligations hereunder by reason of (i) the failure of Lender to comply with any request of Borrower to take any action to foreclose this Mortgage or otherwise enforce any of the provisions hereof or of the Note or the other Loan Documents, (ii) the release, regardless of consideration, of the whole or any part of the Property, or of any person liable for the Secured Obligations or any portion thereof, or (iii) any agreement or stipulation by Lender extending the time of payment or otherwise modifying or supplementing the terms of the Note, this Mortgage or the other Loan Documents. Lender may resort for the payment of the Secured Obligations to any other security held by Lender in such order and manner as Lender, in its discretion, may elect. Lender may take action to recover the Secured Obligations, or any portion thereof, or to enforce any covenant hereof without prejudice to the right of Lender thereafter to foreclose this Mortgage. The rights of Lender under this Mortgage shall be separate, distinct and cumulative and none shall be given effect to the exclusion of the others. No act of Lender shall be construed as an election to proceed under any one provision herein to the exclusion of any other provision. Lender shall not be limited exclusively to the rights and remedies herein stated but shall be entitled to every right and remedy now or hereafter afforded at law or in equity.

5.5 Lender's Powers. Lender may release or reconvey any portion of the Property for such consideration as Lender may require without, as to the remainder of the Property, in any way impairing or affecting the lien or priority of this Mortgage, or improving the position of any subordinate lienholder with respect thereto, except to the extent that the obligations hereunder shall have been reduced by the actual monetary consideration, if any, received by Lender for such release or reconveyance, and may accept by assignment, pledge or otherwise any other property in place thereof as Lender may require without being accountable for so doing to any other lienholder. This Mortgage shall continue as a lien and security interest in the remaining portion of the Property. Without affecting the liability of any other person liable for the payment and/or performance of the Obligations and without in any way impairing or affecting the lien or priority of this Mortgage, Lender may, from time to time and without notice (i) release any person so liable; (ii) extend the maturity or alter any of the terms of any Secured Obligation; (iii) grant other indulgences; or (iv) make compositions or other arrangements with debtors in relation thereto.

6. **Indemnification.** If Lender shall become a party either as plaintiff or as defendant, in any action, suit, appeal or legal proceeding (including, without limitation, foreclosure, condemnation, bankruptcy, administrative proceedings or any proceeding wherein proof of claim is by law required to be filed), hearing, motion or application before any court or administrative body in relation to the Property or the lien and security interest granted or created hereby or herein, or for the recovery or protection of said indebtedness or the Property, or for the foreclosure of this Mortgage, Borrower shall save and hold Lender harmless from and against any and all costs and expenses incurred by Lender on account thereof, including, but not limited to, Reasonable Attorneys' Fees, title searches and abstract and survey charges, at all trial and appellate levels, and Borrower shall repay, on demand, all such costs and expenses, together with interest thereon until paid at the then applicable rate of interest of the Note; all of which sums, if unpaid, shall be added to and become a part of the indebtedness secured hereby.

7. **Notice.** Any notice required hereunder shall be given in writing to the parties at the following addresses:

LENDER
6570 Schmidt Ln.
Star, Idaho 83669

BORROWER
6020 SE 10th Avenue
Caldwell, Idaho 83607

With Copy to:

Julie Klein Fischer
Morrow & Fischer, PLLC
332 Broadmore, Ste. 102
Nampa, Idaho 83687

Bryan P. Myre
Lyon, Weigand & Gustafson
222 N. 3rd St.
Yakima, Washington 98907

Notice shall be provided either by personal service, or certified mail return receipt requested, and shall be deemed given within three days of the date of mailing.

8. **Governing Law.** This Mortgage is to be governed by and construed in accordance with Idaho law.

9. **Miscellaneous.** The provisions hereof shall be binding upon Borrower and the heirs, personal representatives, successors and assigns of Borrower, and shall inure to the benefit of Lender, its successors and assigns. Where more than one Borrower is named herein, the obligations and liabilities of said Borrower shall be joint and several. Wherever used in this Mortgage, unless the context clearly indicates a contrary intent or unless otherwise specifically provided herein, the word "Borrower" shall mean Borrower and/or any subsequent owner or owners of the Property, the word "Lender" shall mean Lender or any subsequent holder or holders of this Mortgage, the word "Note" shall mean Note(s) secured by this Mortgage, and the word "person" shall mean an individual, trustee, trust, corporation, partnership or unincorporated association.

If any term of this Mortgage or any application thereof shall be invalid or unenforceable, the remainder of this Mortgage and any other application of the term shall not be affected thereby. This Mortgage cannot be changed, altered, amended or modified except by an agreement in writing and in recordable form, executed by both Borrower and Lender.

10. **Attorney's Fees for Enforcement.** Borrower shall pay to Lender on demand any and all expenses, including legal expenses and attorney's fees, incurred or paid by Lender in protecting its interest in the Property or in collecting any amount payable hereunder or in enforcing its rights hereunder with respect to the Property, whether or not any legal proceeding is commenced hereunder or thereunder and whether or not any default or Event of Default shall have occurred and is continuing, together with interest thereon at the Default Rate from the date paid or incurred by Lender until such expenses are paid by Borrower.

IN WITNESS WHEREOF, Borrower has executed this Mortgage as of the day and year first written above.

BORROWER

F & H Properties, LLC

By: Fred J. Visser
Fred Visser, Manager

Vis-Sir Dairy, LLC

By: Fred J. Visser
Fred Visser, Manager

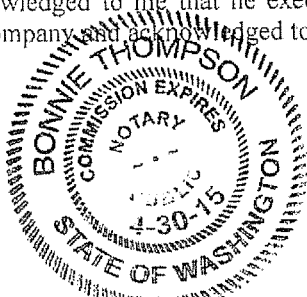
Fred J. Visser
Fred Visser, Individually

Helen Visser
Helen Visser, Individually

STATE OF WASHINGTON)
)
 County of Benton) :ss

On this 30 day of October, 2014 before me, Bonnie Thompson, a Notary Public, personally appeared Fred Visser, known or identified to me to be the Manager of F & H Properties, LLC and the person whose name is subscribed to the within instrument as Manager for F & H Properties, LLC and acknowledged to me that he executed the foregoing instrument for and on behalf of said limited liability company and acknowledged to me that he executed the same.

(SEAL)

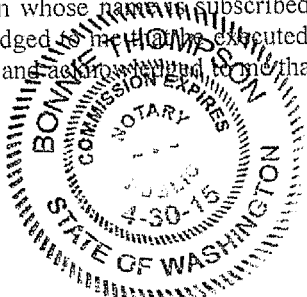


Bonnie Thompson
 Notary Public for Washington
 Commission Expires: 4-30-2015

STATE OF WASHINGTON)
)
 County of Benton) :ss

On this 30 day of October, 2014 before me, Bonnie Thompson, a Notary Public, personally appeared Fred Visser, known or identified to me to be the Manager of Vis-Sir Dairy, LLC and the person whose name is subscribed to the within instrument as Manager for Vis-Sir Dairy, LLC and acknowledged to me that he executed the foregoing instrument for and on behalf of said limited liability company and acknowledged to me that he executed the same.

(SEAL)

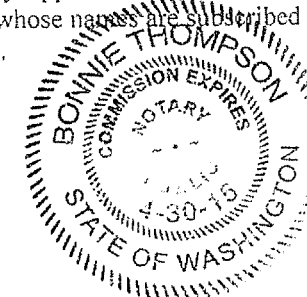


Bonnie Thompson
 Notary Public for Washington
 Commission Expires: 4-30-2015

STATE OF WASHINGTON)
)
 County of Benton) :ss

On this 30 day of October, 2014 before me, Bonnie Thompson, a Notary Public, personally appeared Fred and Helen Visser, husband and wife, known or identified to me to be the persons whose names are subscribed to the within instrument, and acknowledged to me that they executed the same.

(SEAL)



Bonnie Thompson
 Notary Public for Washington
 Commission Expires: 4-30-2015

Schedule 1.1.1

A Parcel of Land situated in Government Lots 3 and 4 in Section 19, Township 6 North, Range 3 West, Boise-Meridian, Payette

County, Idaho, more particularly described as follows:

Beginning at the Southwest corner of said Government Lot 4; thence

North 00°17'53" East along the West boundary of said Government Lots 4 and 3 a distance of 1845.60 feet; thence

South 89°40'02" East along a line parallel with the North boundary of said Government Lot 3 a distance of 694.15 feet to a point on

the centerline of "D" Line Canal; thence traversing the centerline of "D" Line Canal;

South 22°57'10" East 39.92 feet;

South 11°09'10" East 102.37 feet;

South 04°17'30" West 72.78 feet;

South 12°12'30" West 114.01 feet;

South 11°10'20" East 38.65 feet;

South 31°44'10" East 59.19 feet;

South 39°12'10" East 163.37 feet;

South 16°16'00" East 94.55 feet; thence

North 79°38'30" East 128.70 feet to a point on the centerline of Highway 30; thence

South 07°53'30" East along the centerline of said Highway 30 a distance of 1255.25 feet to the South boundary of said Government

Lot 4; thence

North 89°43'57" West along the South boundary of said Government Lot 4 a distance of 1176.87 feet to the POINT OF BEGINNING.

EXCEPTING a right of way for US Highway 30 along the east boundary, and right of way for Black Canyon Irrigation

District 'D' Line Canal as the same crosses said tract of land.

PARCEL II:

A Parcel of Land in Government Lot 3 in Section 19, Township 6 North, Range 3 West, Boise Meridian, Payette County, Idaho:

COMMENCING at the Northwest corner of said Lot 3; thence

South 00°17'53" West along the West boundary of said Lot 3 a distance of 380.00 feet to the TRUE POINT OF BEGINNING; thence

continue

South 00°17'53" West 421.78 feet; thence

South 89°40'02" East 694.15 feet to a point on the center line of the Black Canyon Irrigation District 'D' Line Canal;

thence in a Northwesterly direction along said center line to a point which is 380.00 feet South of the North side line of said Lot 3;

thence

West to the POINT OF BEGINNING.



State of Idaho

DEPARTMENT OF WATER RESOURCES

Western Region • 2735 Airport Way • Boise, Idaho 83705-5082

Phone: (208) 334-2190 • Fax: (208) 334-2348 • Website: www.idwr.idaho.gov

C.L. "BUTCH" OTTER
Governor

GARY SPACKMAN
Director

December 30, 2014

BEN & TONI CHOUTCHOURROU
6570 SCHMIDT LN
STAR ID 83669

RE: Notice of Security Interest for Water Right No's:

63-12364, 63-9179B, 63-32654

Dear Party Holding Security Interest:

The Department of Water Resources acknowledges receipt of correspondence adding security interest of the above referenced water rights to you. The Department has modified its records to reflect the change in security interest for the water rights, and has enclosed computer-generated reports for your records.

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

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

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

Sincerely,

Rachel Sommer
Administrative Assistant
Western Regional Office
208-334-2190

Enclosures