

RECEIVED

OCT 27 2014

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.	Water Right/Claim No.	Water Right/Claim No.	Water Right/Claim No.	Water Right/Claim No.
	36-7704A	36-7704B	36-12875	

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

Citizens Business Bank - Dairy & Livestock Industries Group

Attention: Evelyn Garcia

12808 Central Ave., 2nd Floor

Chino, CA 91710

Phone (909) 591-7728 or (866) 578-0658

Email egarcia@cbbank.com

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

Dugan Family Farms, L.L.C.

5. Expiration Date of Notification Period

09/03/2029

6. Is this a Renewal of Request for Notification?

☐ YES☒ NO

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

Title, if applicable


 VP/Credit Officer - Dairy & Livestock Industries Group
 CITIZENS BUSINESS BANK

For Office Use Only

Received by JM Date 10-27-2014 Receipt No. 5034363 Fee \$75-

Processed by AJ _____ Date _____ WR _____ Date _____

SUPPORT DATA

IN FILE # 36-7704A



COMMERCIAL SECURITY AGREEMENT

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
~~9925, 9926~~	09-09-2014	09-03-2029	35593		604015	9206	m m
References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "*****" has been omitted due to text length limitations.							

Grantor: Dugan Family Farms, L.L.C.
114 South 400 West
Jerome, ID 83338

Lender: Citizens Business Bank
Dairy & Livestock Industries Group
12808 Central Avenue, Second Floor
Chino, CA 91710
(909) 591-7728

THIS COMMERCIAL SECURITY AGREEMENT dated September 9, 2014, is made and executed between Dugan Family Farms, L.L.C. ("Grantor") and Citizens Business Bank ("Lender").

GRANT OF SECURITY INTEREST. For valuable consideration, Grantor grants to Lender a security interest in the Collateral to secure the Indebtedness and agrees that Lender shall have the rights stated in this Agreement with respect to the Collateral, in addition to all other rights which Lender may have by law.

COLLATERAL DESCRIPTION. The word "Collateral" as used in this Agreement means the following described property, whether now owned or hereafter acquired, whether now existing or hereafter arising, and wherever located, in which Grantor is giving to Lender a security interest for the payment of the Indebtedness and performance of all other obligations under the Note and this Agreement:

All personal property including but not limited to all equipment, fixtures, and other articles of personal property (see additional Exhibits attached) now or hereafter owned by Grantor, and now or hereafter attached or affixed to the real property located at 352 North 100 East, Rupert, ID 83350 APN: RP09S24E030600, RP09S24E033200, RP09S24E033960, and RP09S24E035420 and more fully described in the Exhibit "A" attached ("Property"), Water Right Numbers 36-7704A, 36-7704B, and 36-12875 ; together with all accessions, parts, and additions to, all replacements of, and all substitutions for, any of such property; and together with all proceeds (including without limitation all insurance proceeds and refunds of premlums) from any sale or other disposition of the Property

In addition, the word "Collateral" also includes all the following, whether now owned or hereafter acquired, whether now existing or hereafter arising, and wherever located:

- (A) All accessions, attachments, accessories, tools, parts, supplies, replacements of and additions to any of the collateral described herein, whether added now or later.
- (B) All products and produce of any of the property described in this Collateral section.
- (C) All accounts, general intangibles, instruments, rents, monies, payments, and all other rights, arising out of a sale, lease, consignment or other disposition of any of the property described in this Collateral section.
- (D) All proceeds (including insurance proceeds) from the sale, destruction, loss, or other disposition of any of the property described in this Collateral section, and sums due from a third party who has damaged or destroyed the Collateral or from that party's insurer, whether due to judgment, settlement or other process.
- (E) All records and data relating to any of the property described in this Collateral section, whether in the form of a writing, photograph, microfilm, microfiche, or electronic media, together with all of Grantor's right, title, and interest in and to all computer software required to utilize, create, maintain, and process any such records or data on electronic media.

Some or all of the Collateral may be located on the following described real estate:

as shown on the exhibit named "Exhibit A" the Legal Description", attached hereto and incorporated herein by this reference

CROSS-COLLATERALIZATION. In addition to the Note, this Agreement secures all obligations, debts and liabilities, plus interest thereon, of Grantor to Lender, or any one or more of them, as well as all claims by Lender against Grantor or any one or more of them, whether now existing or hereafter arising, whether related or unrelated to the purpose of the Note, whether voluntary or otherwise, whether due or not due, direct or indirect, determined or undetermined, absolute or contingent, liquidated or unliquidated, whether Grantor may be liable individually or jointly with others, whether obligated as guarantor, surety, accommodation party or otherwise, and whether recovery upon such amounts may be or hereafter may become barred by any statute of limitations, and whether the obligation to repay such amounts may be or hereafter may become otherwise unenforceable.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all Grantor's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Grantor holds jointly with someone else and all accounts Grantor may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Grantor authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the Indebtedness against any and all such accounts.

GRANTOR'S REPRESENTATIONS AND WARRANTIES WITH RESPECT TO THE COLLATERAL. With respect to the Collateral, Grantor represents and promises to Lender that:

Perfection of Security Interest. Grantor agrees to take whatever actions are requested by Lender to perfect and continue Lender's security interest in the Collateral. Upon request of Lender, Grantor will deliver to Lender any and all of the documents evidencing or constituting the Collateral, and Grantor will note Lender's interest upon any and all chattel paper and instruments if not delivered to Lender for possession by Lender. This is a continuing Security Agreement and will continue in effect even though all or any part of the Indebtedness is paid in full and even though for a period of time Grantor may not be Indebted to Lender.

Notices to Lender. Grantor will promptly notify Lender in writing at Lender's address shown above (or such other addresses as Lender may

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designate from time to time) prior to any (1) change in Grantor's name; (2) change in Grantor's assumed business name(s); (3) change in the management or in the members or managers of the limited liability company Grantor; (4) change in the authorized signer(s); (5) change in Grantor's principal office address; (6) change in Grantor's state of organization; (7) conversion of Grantor to a new or different type of business entity; or (8) change in any other aspect of Grantor that directly or indirectly relates to any agreements between Grantor and Lender. No change in Grantor's name or state of organization will take effect until after Lender has received notice.

No Violation. The execution and delivery of this Agreement will not violate any law or agreement governing Grantor or to which Grantor is a party, and its membership agreement does not prohibit any term or condition of this Agreement.

Enforceability of Collateral. To the extent the Collateral consists of accounts, chattel paper, or general intangibles, as defined by the Uniform Commercial Code, the Collateral is enforceable in accordance with its terms, is genuine, and fully complies with all applicable laws and regulations concerning form, content and manner of preparation and execution, and all persons appearing to be obligated on the Collateral have authority and capacity to contract and are in fact obligated as they appear to be on the Collateral. There shall be no setoffs or counterclaims against any of the Collateral, and no agreement shall have been made under which any deductions or discounts may be claimed concerning the Collateral except those disclosed to Lender in writing.

Location of the Collateral. Except in the ordinary course of Grantor's business, Grantor agrees to keep the Collateral at Grantor's address shown above or at such other locations as are acceptable to Lender. Upon Lender's request, Grantor will deliver to Lender in form satisfactory to Lender a schedule of real properties and Collateral locations relating to Grantor's operations, including without limitation the following: (1) all real property Grantor owns or is purchasing; (2) all real property Grantor is renting or leasing; (3) all storage facilities Grantor owns, rents, leases, or uses; and (4) all other properties where Collateral is or may be located.

Removal of the Collateral. Except in the ordinary course of Grantor's business, Grantor shall not remove the Collateral from its existing location without Lender's prior written consent. Grantor shall, whenever requested, advise Lender of the exact location of the Collateral.

Transactions Involving Collateral. Except for inventory sold or accounts collected in the ordinary course of Grantor's business, or as otherwise provided for in this Agreement, Grantor shall not sell, offer to sell, or otherwise transfer or dispose of the Collateral. Grantor shall not pledge, mortgage, encumber or otherwise permit the Collateral to be subject to any lien, security interest, encumbrance, or charge, other than the security interest provided for in this Agreement, without the prior written consent of Lender. This includes security interests even if junior in right to the security interests granted under this Agreement. Unless waived by Lender, all proceeds from any disposition of the Collateral (for whatever reason) shall be held in trust for Lender and shall not be commingled with any other funds; provided however, this requirement shall not constitute consent by Lender to any sale or other disposition. Upon receipt, Grantor shall immediately deliver any such proceeds to Lender.

Title. Grantor represents and warrants to Lender that Grantor holds good and marketable title to the Collateral, free and clear of all liens and encumbrances except for the lien of this Agreement. No financing statement covering any of the Collateral is on file in any public office other than those which reflect the security interest created by this Agreement or to which Lender has specifically consented. Grantor shall defend Lender's rights in the Collateral against the claims and demands of all other persons.

Repairs and Maintenance. Grantor agrees to keep and maintain, and to cause others to keep and maintain, the Collateral in good order, repair and condition at all times while this Agreement remains in effect. Grantor further agrees to pay when due all claims for work done on, or services rendered or material furnished in connection with the Collateral so that no lien or encumbrance may ever attach to or be filed against the Collateral.

Inspection of Collateral. Lender and Lender's designated representatives and agents shall have the right at all reasonable times to examine and inspect the Collateral wherever located.

Taxes, Assessments and Liens. Grantor will pay when due all taxes, assessments and liens upon the Collateral, its use or operation, upon this Agreement, upon any promissory note or notes evidencing the Indebtedness, or upon any of the other Related Documents. Grantor may withhold any such payment or may elect to contest any lien if Grantor is in good faith conducting an appropriate proceeding to contest the obligation to pay and so long as Lender's interest in the Collateral is not jeopardized in Lender's sole opinion. If the Collateral is subjected to a lien which is not discharged within fifteen (15) days, Grantor shall deposit with Lender cash, a sufficient corporate surety bond or other security satisfactory to Lender in an amount adequate to provide for the discharge of the lien plus any interest, costs, reasonable attorneys' fees or other charges that could accrue as a result of foreclosure or sale of the Collateral. In any contest Grantor shall defend itself and Lender and shall satisfy any final adverse judgment before enforcement against the Collateral. Grantor shall name Lender as an additional obligee under any surety bond furnished in the contest proceedings. Grantor further agrees to furnish Lender with evidence that such taxes, assessments, and governmental and other charges have been paid in full and in a timely manner. Grantor may withhold any such payment or may elect to contest any lien if Grantor is in good faith conducting an appropriate proceeding to contest the obligation to pay and so long as Lender's interest in the Collateral is not jeopardized.

Compliance with Governmental Requirements. Grantor shall comply promptly with all laws, ordinances, rules and regulations of all governmental authorities, including without limitation all environmental laws, ordinances, rules and regulations, now or hereafter in effect, applicable to the ownership, production, disposition, or use of the Collateral, including all laws or regulations relating to the undue erosion of highly-erodible land or relating to the conversion of wetlands for the production of an agricultural product or commodity. Grantor may contest in good faith any such law, ordinance or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Lender's interest in the Collateral, in Lender's opinion, is not jeopardized.

Hazardous Substances. Grantor represents and warrants that the Collateral never has been, and never will be so long as this Agreement remains a lien on the Collateral, used in violation of any Environmental Laws or for the generation, manufacture, storage, transportation, treatment, disposal, release or threatened release of any Hazardous Substance. The representations and warranties contained herein are based on Grantor's due diligence in investigating the Collateral for Hazardous Substances. Grantor hereby (1) releases and waives any future claims against Lender for indemnity or contribution in the event Grantor becomes liable for cleanup or other costs under any Environmental Laws, and (2) agrees to indemnify, defend, and hold harmless Lender against any and all claims and losses resulting from a breach of this provision of this Agreement. This obligation to indemnify and defend shall survive the payment of the Indebtedness and the satisfaction of this Agreement.

Maintenance of Casualty Insurance. Grantor shall procure and maintain all risks insurance, including without limitation fire, theft and liability coverage together with such other insurance as Lender may require with respect to the Collateral, in form, amounts, coverages and basis reasonably acceptable to Lender and issued by a company or companies reasonably acceptable to Lender. Grantor, upon request of Lender, will deliver to Lender from time to time the policies or certificates of insurance in form satisfactory to Lender, including stipulations that coverages will not be cancelled or diminished without at least ten (10) days' prior written notice to Lender and not including any disclaimer of the insurer's liability for failure to give such a notice. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Grantor or any other person. In connection with all policies covering assets in which Lender holds or is offered a security interest, Grantor will provide Lender with such loss payable

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or other endorsements as Lender may require. If Grantor at any time fails to obtain or maintain any Insurance as required under this Agreement, Lender may (but shall not be obligated to) obtain such insurance as Lender deems appropriate, including if Lender so chooses "single interest insurance," which will cover only Lender's interest in the Collateral.

Application of Insurance Proceeds. Grantor shall promptly notify Lender of any loss or damage to the Collateral, whether or not such casualty or loss is covered by insurance. Lender may make proof of loss if Grantor fails to do so within fifteen (15) days of the casualty. All proceeds of any insurance on the Collateral, including accrued proceeds thereon, shall be held by Lender as part of the Collateral. If Lender consents to repair or replacement of the damaged or destroyed Collateral, Lender shall, upon satisfactory proof of expenditure, pay or reimburse Grantor from the proceeds for the reasonable cost of repair or restoration. If Lender does not consent to repair or replacement of the Collateral, Lender shall retain a sufficient amount of the proceeds to pay all of the Indebtedness, and shall pay the balance to Grantor. Any proceeds which have not been disbursed within six (6) months after their receipt and which Grantor has not committed to the repair or restoration of the Collateral shall be used to prepay the Indebtedness.

Insurance Reserves. Lender may require Grantor to maintain with Lender reserves for payment of insurance premiums, which reserves shall be created by monthly payments from Grantor of a sum estimated by Lender to be sufficient to produce, at least fifteen (15) days before the premium due date, amounts at least equal to the insurance premiums to be paid. If fifteen (15) days before payment is due, the reserve funds are insufficient, Grantor shall upon demand pay any deficiency to Lender. The reserve funds shall be held by Lender as a general deposit and shall constitute a non-interest-bearing account which Lender may satisfy by payment of the insurance premiums required to be paid by Grantor as they become due. Lender does not hold the reserve funds in trust for Grantor, and Lender is not the agent of Grantor for payment of the insurance premiums required to be paid by Grantor. The responsibility for the payment of premiums shall remain Grantor's sole responsibility.

Insurance Reports. Grantor, upon request of Lender, shall furnish to Lender reports on each existing policy of insurance showing such information as Lender may reasonably request including the following: (1) the name of the insurer; (2) the risks insured; (3) the amount of the policy; (4) the property insured; (5) the then current value on the basis of which insurance has been obtained and the manner of determining that value; and (6) the expiration date of the policy. In addition, Grantor shall upon request by Lender (however not more often than annually) have an independent appraiser satisfactory to Lender determine, as applicable, the cash value or replacement cost of the Collateral.

Financing Statements. Grantor authorizes Lender to file a UCC financing statement, or alternatively, a copy of this Agreement to perfect Lender's security interest. At Lender's request, Grantor additionally agrees to sign all other documents that are necessary to perfect, protect, and continue Lender's security interest in the Property. This includes making sure Lender is shown as the first and only security interest holder on the title covering the Property. Grantor will pay all filing fees, title transfer fees, and other fees and costs involved unless prohibited by law or unless Lender is required by law to pay such fees and costs. Grantor irrevocably appoints Lender to execute documents necessary to transfer title if there is a default. Lender may file a copy of this Agreement as a financing statement.

GRANTOR'S RIGHT TO POSSESSION. Until default, Grantor may have possession of the tangible personal property and beneficial use of all the Collateral and may use it in any lawful manner not inconsistent with this Agreement or the Related Documents, provided that Grantor's right to possession and beneficial use shall not apply to any Collateral where possession of the Collateral by Lender is required by law to perfect Lender's security interest in such Collateral. If Lender at any time has possession of any Collateral, whether before or after an Event of Default, Lender shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral. If Lender takes such action for that purpose as Grantor shall request or as Lender, in Lender's sole discretion, shall deem appropriate under the circumstances, but failure to honor any request by Grantor shall not of itself be deemed to be a failure to exercise reasonable care. Lender shall not be required to take any steps necessary to preserve any rights in the Collateral against prior parties, nor to protect, preserve or maintain any security interest given to secure the Indebtedness.

LENDER'S EXPENDITURES. If any action or proceeding is commenced that would materially affect Lender's interest in the Collateral or if Grantor fails to comply with any provision of this Agreement or any Related Documents, including but not limited to Grantor's failure to discharge or pay when due any amounts Grantor is required to discharge or pay under this Agreement or any Related Documents, Lender on Grantor's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on the Collateral and paying all costs for insuring, maintaining and preserving the Collateral. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Grantor. All such expenses will become a part of the Indebtedness and, at Lender's option, will (A) be payable on demand; (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Note; or (C) be treated as a balloon payment which will be due and payable at the Note's maturity. The Agreement also will secure payment of these amounts. Such right shall be in addition to all other rights and remedies to which Lender may be entitled upon Default.

DEFAULT. Each of the following shall constitute an Event of Default under this Agreement:

Payment Default. Grantor fails to make any payment when due under the Indebtedness.

Environmental Default. Failure of any party to comply with or perform when due any term, obligation, covenant or condition contained in any environmental agreement executed in connection with any Indebtedness.

Other Defaults. Grantor fails to comply with or to perform any other term, obligation, covenant or condition contained in this Agreement or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Grantor.

Default In Favor of Third Parties. Any guarantor or Grantor defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of any guarantor's or Grantor's property or ability to perform their respective obligations under this Agreement or any of the Related Documents.

False Statements. Any warranty, representation or statement made or furnished to Lender by Grantor or on Grantor's behalf under this Agreement or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Defective Collateralization. This Agreement or any of the Related Documents ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien) at any time and for any reason.

Insolvency. The dissolution of Grantor (regardless of whether election to continue is made), any member withdraws from the limited liability company, or any other termination of Grantor's existence as a going business or the death of any member, the Insolvency of Grantor, the appointment of a receiver for any part of Grantor'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 by or against Grantor.

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Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Grantor or by any governmental agency against any collateral securing the Indebtedness. This includes a garnishment of any of Grantor's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Grantor as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Grantor gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any Guarantor of any of the Indebtedness or Guarantor dies or becomes incompetent or revokes or disputes the validity of, or liability under, any Guaranty of the Indebtedness.

Adverse Change. A material adverse change occurs in Grantor's financial condition, or Lender believes the prospect of payment or performance of the Indebtedness is impaired.

Cure Provisions. If any default, other than a default in payment is curable and if Grantor has not been given a notice of a breach of the same provision of this Agreement within the preceding twelve (12) months, it may be cured if Grantor, after Lender sends written notice to Grantor demanding cure of such default: (1) cures the default within fifteen (15) days; or (2) if the cure requires more than fifteen (15) days, immediately initiates steps which Lender deems in Lender's sole discretion to be sufficient to cure the default and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

RIGHTS AND REMEDIES ON DEFAULT. If an Event of Default occurs under this Agreement, at any time thereafter, Lender shall have all the rights of a secured party under the Idaho Uniform Commercial Code. In addition and without limitation, Lender may exercise any one or more of the following rights and remedies:

Notice of Default. In the Event of Default Lender shall execute or cause the Trustee to execute a written notice of such default and of Lender's election to cause the Property to be sold to satisfy the Indebtedness, and shall cause such notice to be recorded in the office of the recorder of each county wherein the Real Property, or any part thereof, is situated.

Accelerate Indebtedness. Lender may declare the entire Indebtedness, including any prepayment penalty which Grantor would be required to pay, immediately due and payable, without notice of any kind to Grantor.

Assemble Collateral. Lender may require Grantor to deliver to Lender all or any portion of the Collateral and any and all certificates of title and other documents relating to the Collateral. Lender may require Grantor to assemble the Collateral and make it available to Lender at a place to be designated by Lender. Lender also shall have full power to enter upon the property of Grantor to take possession of and remove the Collateral. If the Collateral contains other goods not covered by this Agreement at the time of repossession, Grantor agrees Lender may take such other goods, provided that Lender makes reasonable efforts to return them to Grantor after repossession.

Sell the Collateral. Lender shall have full power to sell, lease, transfer, or otherwise deal with the Collateral or proceeds thereof in Lender's own name or that of Grantor. Lender may sell the Collateral at public auction or private sale. Unless the Collateral threatens to decline speedily in value or is of a type customarily sold on a recognized market, Lender will give Grantor, and other persons as required by law, reasonable notice of the time and place of any public sale, or the time after which any private sale or any other disposition of the Collateral is to be made. However, no notice need be provided to any person who, after Event of Default occurs, enters into and authenticates an agreement waiving that person's right to notification of sale. The requirements of reasonable notice shall be met if such notice is given at least ten (10) days before the time of the sale or disposition. All expenses relating to the disposition of the Collateral, including without limitation the expenses of retaking, holding, insuring, preparing for sale and selling the Collateral, shall become a part of the Indebtedness secured by this Agreement and shall be payable on demand, with interest at the Note rate from date of expenditure until repaid.

Appoint Receiver. Lender shall have the right to have a receiver appointed to take possession of all or any part of the Collateral, with the power to protect and preserve the Collateral, to operate the Collateral preceding foreclosure or sale, and to collect the rents from the Collateral and apply the proceeds, over and above the cost of the receivership, against the Indebtedness. The receiver may serve without bond if permitted by law. Lender's right to the appointment of a receiver shall exist whether or not the apparent value of the Collateral exceeds the Indebtedness by a substantial amount. Employment by Lender shall not disqualify a person from serving as a receiver.

Collect Revenues, Apply Accounts. Lender, either itself or through a receiver, may collect the payments, rents, income, and revenues from the Collateral. Lender may at any time in Lender's discretion transfer any Collateral into Lender's own name or that of Lender's nominee and receive the payments, rents, income, and revenues therefrom and hold the same as security for the Indebtedness or apply it to payment of the Indebtedness in such order of preference as Lender may determine. Insofar as the Collateral consists of accounts, general intangibles, insurance policies, instruments, chattel paper, choses in action, or similar property, Lender may demand, collect, receipt for, settle, compromise, adjust, sue for, foreclose, or realize on the Collateral as Lender may determine, whether or not Indebtedness or Collateral is then due. For these purposes, Lender may, on behalf of and in the name of Grantor, receive, open and dispose of mail addressed to Grantor; change any address to which mail and payments are to be sent; and endorse notes, checks, drafts, money orders, documents of title, instruments and items pertaining to payment, shipment, or storage of any Collateral. To facilitate collection, Lender may notify account debtors and obligors on any Collateral to make payments directly to Lender.

Obtain Deficiency. If Lender chooses to sell any or all of the Collateral, Lender may obtain a judgment against Grantor for any deficiency remaining on the Indebtedness due to Lender after application of all amounts received from the exercise of the rights provided in this Agreement. Grantor shall be liable for a deficiency even if the transaction described in this subsection is a sale of accounts or chattel paper.

Other Rights and Remedies. Lender shall have all the rights and remedies of a secured creditor under the provisions of the Uniform Commercial Code, as may be amended from time to time. In addition, Lender shall have and may exercise any or all other rights and remedies it may have available at law, in equity, or otherwise.

Election of Remedies. Except as may be prohibited by applicable law, all of Lender's rights and remedies, whether evidenced by this Agreement, the Related Documents, or by any other writing, shall be cumulative and may be exercised singularly or concurrently. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor under this Agreement, after Grantor's failure to perform, shall not affect Lender's right to declare a default and exercise its remedies.

COUNTERPARTS. This document may be executed in any number of counterparts and by different parties on separate counterparts, each of which when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same agreement.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Agreement:

Amendments. This Agreement, together with any Related Documents, constitutes the entire understanding and agreement of the parties

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as to the matters set forth in this Agreement. No alteration of or amendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Arbitration. Grantor and Lender agree that all disputes, claims and controversies between them whether individual, joint, or class in nature, arising from this Agreement or otherwise, including without limitation contract and tort disputes, shall be arbitrated pursuant to the financial services rules of J.A.M.S. or its successor in effect at the time the claim is filed, upon request of either party. No act to take or dispose of any Collateral shall constitute a waiver of this arbitration agreement or be prohibited by this arbitration agreement. This includes, without limitation, obtaining injunctive relief or a temporary restraining order; invoking a power of sale under any deed of trust or mortgage; obtaining a writ of attachment or imposition of a receiver; or exercising any rights relating to personal property, including taking or disposing of such property with or without judicial process pursuant to Article 9 of the Uniform Commercial Code. Any disputes, claims, or controversies concerning the lawfulness or reasonableness of any act, or exercise of any right, concerning any Collateral, including any claim to rescind, reform, or otherwise modify any agreement relating to the Collateral, shall also be arbitrated, provided however that no arbitrator shall have the right or the power to enjoin or restrain any act of any party. Judgment upon any award rendered by any arbitrator may be entered in any court having jurisdiction. Nothing in this Agreement shall preclude any party from seeking equitable relief from a court of competent jurisdiction. The statute of limitations, estoppel, waiver, laches, and similar doctrines which would otherwise be applicable in an action brought by a party shall be applicable in any arbitration proceeding, and the commencement of an arbitration proceeding shall be deemed the commencement of an action for these purposes. The Federal Arbitration Act shall apply to the construction, interpretation, and enforcement of this arbitration provision.

Attorneys' Fees; Expenses. Grantor agrees to pay upon demand all of Lender's costs and expenses, including Lender's reasonable attorneys' fees and Lender's legal expenses, incurred in connection with the enforcement of this Agreement. Lender may hire or pay someone else to help enforce this Agreement, and Grantor shall pay the costs and expenses of such enforcement. Costs and expenses include Lender's reasonable attorneys' fees and legal expenses whether or not there is a lawsuit, including reasonable attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Grantor also shall pay all court costs and such additional fees as may be directed by the court.

Caption Headings. Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of this Agreement.

Governing Law. With respect to procedural matters related to the perfection and enforcement of Lender's rights against the Collateral, this Agreement will be governed by federal law applicable to Lender and to the extent not preempted by federal law, the laws of the State of Idaho. In all other respects, this Agreement will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of California without regard to its conflicts of law provisions. However, if there ever is a question about whether any provision of this Agreement is valid or enforceable, the provision that is questioned will be governed by whichever state or federal law would find the provision to be valid and enforceable. The loan transaction that is evidenced by the Note and this Agreement has been applied for, considered, approved and made, and all necessary loan documents have been accepted by Lender in the State of California.

Choice of Venue. If there is a lawsuit, Grantor agrees upon Lender's request to submit to the jurisdiction of the courts of San Bernardino County, State of California.

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Agreement unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Agreement shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by Lender, nor any course of dealing between Lender and Grantor, shall constitute a waiver of any of Lender's rights or of any of Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Agreement, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

Notices. Any notice required to be given under this Agreement shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Agreement. Any party may change its address for notices under this Agreement by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Grantor agrees to keep Lender informed at all times of Grantor's current address. Unless otherwise provided or required by law, if there is more than one Grantor, any notice given by Lender to any Grantor is deemed to be notice given to all Grantors.

Power of Attorney. Grantor hereby appoints Lender as Grantor's irrevocable attorney-in-fact for the purpose of executing any documents necessary to perfect, amend, or to continue the security interest granted in this Agreement or to demand termination of filings of other secured parties. Lender may at any time, and without further authorization from Grantor, file a carbon, photographic or other reproduction of any financing statement or of this Agreement for use as a financing statement. Grantor will reimburse Lender for all expenses for the perfection and the continuation of the perfection of Lender's security interest in the Collateral.

Severability. If a court of competent jurisdiction finds any provision of this Agreement to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Agreement. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Agreement shall not affect the legality, validity or enforceability of any other provision of this Agreement.

Successors and Assigns. Subject to any limitations stated in this Agreement on transfer of Grantor's interest, this Agreement shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Collateral becomes vested in a person other than Grantor, Lender, without notice to Grantor, may deal with Grantor's successors with reference to this Agreement and the indebtedness by way of forbearance or extension without releasing Grantor from the obligations of this Agreement or liability under the indebtedness.

Survival of Representations and Warranties. All representations, warranties, and agreements made by Grantor in this Agreement shall survive the execution and delivery of this Agreement, shall be continuing in nature, and shall remain in full force and effect until such time as Grantor's indebtedness shall be paid in full.

Time Is of the Essence. Time is of the essence in the performance of this Agreement.

Waive Jury. To the extent permitted by applicable law, all parties to this Agreement hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by any party against any other party.

**COMMERCIAL SECURITY AGREEMENT
(Continued)**

Loan No: 35593

Page 6

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Agreement. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Agreement shall have the meanings attributed to such terms in the Uniform Commercial Code:

Agreement. The word "Agreement" means this Commercial Security Agreement, as this Commercial Security Agreement may be amended or modified from time to time, together with all exhibits and schedules attached to this Commercial Security Agreement from time to time.

Borrower. The word "Borrower" means Dugan Family Farms, L.L.C. and includes all co-signers and co-makers signing the Note and all their successors and assigns.

Collateral. The word "Collateral" means all of Grantor's right, title and interest in and to all the Collateral as described in the Collateral Description section of this Agreement.

Default. The word "Default" means the Default set forth in this Agreement in the section titled "Default".

Environmental Laws. The words "Environmental Laws" mean any and all state, federal and local statutes, regulations and ordinances relating to the protection of human health or the environment, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., or other applicable state or federal laws, rules, or regulations adopted pursuant thereto.

Event of Default. The words "Event of Default" mean any of the events of default set forth in this Agreement in the default section of this Agreement.

Grantor. The word "Grantor" means Dugan Family Farms, L.L.C..

Guarantor. The word "Guarantor" means any guarantor, surety, or accommodation party of any or all of the Indebtedness.

Guaranty. The word "Guaranty" means the guaranty from Guarantor to Lender, including without limitation a guaranty of all or part of the Note.

Hazardous Substances. The words "Hazardous Substances" mean materials that, because of their quantity, concentration or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposed of, generated, manufactured, transported or otherwise handled. The words "Hazardous Substances" are used in their very broadest sense and include without limitation any and all hazardous or toxic substances, materials or waste as defined by or listed under the Environmental Laws. The term "Hazardous Substances" also includes, without limitation, petroleum and petroleum by-products or any fraction thereof and asbestos.

Indebtedness. The word "Indebtedness" means the indebtedness evidenced by the Note or Related Documents, including all principal and interest together with all other indebtedness and costs and expenses for which Grantor is responsible under this Agreement or under any of the Related Documents. Specifically, without limitation, Indebtedness includes all amounts that may be indirectly secured by the Cross-Collateralization provision of this Agreement.

Lender. The word "Lender" means Citizens Business Bank, its successors and assigns.

Note. The word "Note" means the Note dated September 9, 2014 and executed by Dugan Family Farms, L.L.C. in the principal amount of ~~approximately~~, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the note or credit agreement.

Property. The word "Property" means all of Grantor's right, title and interest in and to all the Property as described in the "Collateral Description" section of this Agreement.

Real Property. The words "Real Property" mean the real property, interests and rights, as further described in this Agreement.

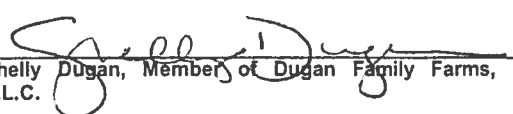
Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Indebtedness.

GRANTOR HAS READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS COMMERCIAL SECURITY AGREEMENT AND AGREES TO ITS TERMS. THIS AGREEMENT IS DATED SEPTEMBER 9, 2014.

GRANTOR:

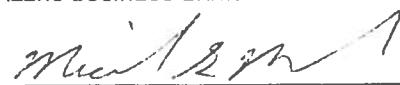
DUGAN FAMILY FARMS, L.L.C.

By: 
Chris Dugan, Managing Member of Dugan Family Farms, L.L.C.

By: 
Shelly Dugan, Member of Dugan Family Farms, L.L.C.

LENDER:

CITIZENS BUSINESS BANK

x 
Authorized Officer
Michael G. Maciel, Vice President/Relationship Manager

LEGAL DESCRIPTION - EXHIBIT "A"

Order Number: 51346 MC

PARCEL NO. 1:

TOWNSHIP 9 SOUTH, RANGE 24 EAST OF THE BOISE MERIDIAN,
MINIDOKA COUNTY, IDAHO

Section 3: That part of the NW¼SW¼ and W½NE¼SW¼, more particularly described as follows:

Beginning at the Northwest corner of said NW¼SW¼, which Point shall be known as the True Point of Beginning;
Thence South 89°56'28" East (Rec. South 89°50' East) along the North boundary line of said NW¼SW¼ and W½NE¼SW¼ for 1990.53 feet, more or less, to the East line of the W½NE¼SW¼;
Thence South 0°09'29" West (Rec. South 0°32' West) along said East line of the W½NE¼SW¼ for 550.45 feet;
Thence North 89°50' West for 1986.83 feet, more or less, to a point on the West section line of said Section 3;
Thence North 0°11' East along said West section line for 550.45 feet to the True Point of Beginning.

PARCEL NO. 2:

TOWNSHIP 9 SOUTH, RANGE 24 EAST OF THE BOISE MERIDIAN,
MINIDOKA COUNTY, IDAHO

Section 3: Part of the W½NE¼SW¼ of said Section 3, more particularly described as follows:

Beginning at the West quarter section corner of said Section 3, said point marked by a 5/8 inch rebar;
thence South 0°11' West (Basis of Bearing) along section line for 550.45 feet to a P.K. Nail;
thence South 89°50' East for 1334.44 feet to a ½ inch rebar which shall be the Point of Beginning;
Thence South 89°50' East for 644.99 feet to the East line of the W½NE¼SW¼ marked by a ½ inch rebar;
Thence South 0°09'29" West along said East line of the W½NE¼SW¼ for 67.54 feet to a ½ inch rebar;
Thence North 89°50' West for 644.99 feet to a ½ inch rebar;
Thence North 0°09'28" East for 67.54 feet to the Point of Beginning.

PARCEL NO. 3:

TOWNSHIP 9 SOUTH, RANGE 24 EAST OF THE BOISE MERIDIAN,
MINIDOKA COUNTY, IDAHO

Section 3: Lots 2, 3 and 4, **SAVE AND EXCEPT** the following described tracts:

Tract No. 1:

Beginning at the Northwest corner of said Section 3, which point shall be known as the True Point of Beginning;
Thence East along the North section line of said Section 3 for 962.40 feet;
Thence South for 226.20 feet;
Thence West for 962.40 feet to a point on the West section line of said Section 3;
Thence North along said West section line for 226.20 feet to the True Point of Beginning.

Tract No. 2:

Beginning at the Southwest corner of said Lot 4; thence North 0°11' East along the West section line of said Section 3 for 11.75 feet to a point, which point shall be known as the True Point of Beginning;
Thence North 0°11' East along said West section line for 208.72 feet;
Thence North 89°39' East for 208.72 feet;
Thence South 0°11' West for 208.72 feet;
Thence South 89°39' West for 208.72 feet to the True Point of Beginning.

LEGAL DESCRIPTION - EXHIBIT "A"

Order Number: 51346 MC

PARCEL NO. 4:

TOWNSHIP 9 SOUTH, RANGE 24 EAST OF THE BOISE MERIDIAN,
MINIDOKA COUNTY, IDAHO

Section 3: That part of the S½NW¼, more particularly described as follows:

Beginning at the Southeast corner of said S½NW¼, which point shall be known as the True Point of Beginning;
Thence South 89°50'42" West along the South boundary line of said S½NW¼ for 1620.00 feet, more or less;
Thence North 1°36'42" East for 1316.87 feet;
Thence North 89°50'42" East for 1620.00 feet, more or less, to the Northeast corner of the SE¼NW¼ of said Section 3;
Thence South 1°36'42" West for 1316.87 feet to the True Point of Beginning.

EXCEPTING THEREFROM, the following described tract:

Beginning at the West quarter Section corner of said Section 3, said corner marked by a ¾ inch rebar;
thence South 89°56'28" East along the quarter section line for 979.23 feet to a point which shall be known as the Point of Beginning;
Thence North 1°56'19" East for 0.55 feet to a ½ inch rebar;
Thence North 1°56'19" East (N 1°36'42" E rec.) for 1318.43 feet (1316.87' rec.) to a ½ inch rebar on the 1/16th section line;
Thence South 0°11'00" West for 1318.28 feet to a ½ inch rebar on the quarter section line;
Thence South 89°56'28" West (S 89°50'42" W rec.) along the quarter section line for 40.40 feet to the Point of Beginning.

PARCEL NO. 5:

A 20 foot wide access road right-of-way along the North side of the following described tract, granted by Warranty Deed from Solar Farms, a partnership consisting of Daniel D. Walton, Kenneth A. Barras and Grant H. Walton, and Daniel C. Walton and Mary H. Walton, husband and wife, Grantor, to Kevin P. Sanders and Maria A. Sanders, husband and wife, Grantee, dated April 5, 1991 and recorded April 10, 1991, as Instrument No. 396474, records of Minidoka County, Idaho, more particularly described as follows:

Beginning at the West quarter Section corner of Section 3, Township 9 South, Range 24 East, Boise Meridian, Minidoka County, said corner marked by a ¾ inch rebar; thence South 89°56'28" East along the quarter section line for 979.23 feet to a point which shall be known as the Point of Beginning;
Thence North 1°56'19" East for 0.55 feet to a ½ inch rebar;
Thence North 1°56'19" East (N 1°36'42" E rec.) for 1318.43 feet (1316.87' rec.) to a ½ inch rebar on the 1/16th section line;
Thence South 0°11'00" West for 1318.28 feet to a ½ inch rebar on the quarter section line;
Thence South 89°56'28" West (S 89°50'42" W rec.) along the quarter section line for 40.40 feet to the Point of Beginning.

PARCEL NO. 6:

A permanent easement and right of way for ingress and egress between Donald R. Bennett and Leta Bennett, husband and wife, Grantor, and John E. Hayden and Betty A. Hayden, Grantee, Dated December 19, 1985 recorded December 19, 1985 as Instrument No. 359647, records of Minidoka County, Idaho.

LEGAL DESCRIPTION - EXHIBIT "A"

Order Number: 51346 MC

PARCEL NO. 7:

TOWNSHIP 9 SOUTH, RANGE 24 EAST OF THE BOISE MERIDIAN,
MINIDOKA COUNTY, IDAHO

Section 3: That part of the SW $\frac{1}{4}$ NW $\frac{1}{4}$, more particularly described as follows:

Beginning at the Southwest corner of said SW $\frac{1}{4}$ NW $\frac{1}{4}$, which point shall be known as the True Point of Beginning;

Thence East along the South boundary line of said SW $\frac{1}{4}$ NW $\frac{1}{4}$ for 200.00 feet;

Thence North for 200.00 feet;

Thence West for 200.00 feet to a point on the West section line of said Section 3;

Thence South along said West section line for 200.00 feet to the True Point of Beginning.

EXHIBIT “ C ”

Size and Shape

The subject consist of 194.278 total acres. The subject has approximately 160 irrigated acres, 20 acres of improvement site and 14.278 acres of pasture, roads and irrigation ditches. There are 3 pivots that cover 28 acres each, one pivot that covers 21 acres and 55 acres irrigated by hand mover irrigation sprinklers.

Irrigation Systems - There are 4 x 3 tower center pivot irrigation systems located on the subject property. The pivots are 3 x 2008 model Valleys and 1 x 2009 model Valley. The pivots are in good condition. Additionally, there are 55 acres irrigated by hand move irrigation pipe. This pipe is considered personal property and not included in the appraisal.

Instrument # 528780
MINIDOKA COUNTY, RUPERT, IDAHO
09-17-2014 04:01:38 PM No. of Pages: 14
Recorded for: TITLEONE - BURLEY
PATTY TEMPLE Fee: \$49.00
Ex-Officio Recorder Deputy Diana Wheeler
Electronically Recorded by Simplifile

RECORDATION REQUESTED BY:

WHEN RECORDED MAIL TO:

Citizens Business Bank
P.O. Box 4118
Ontario, CA 91761

#51346mc

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE ONLY

MORTGAGE

THIS MORTGAGE dated September 9, 2014, is made and executed between Dugan Family Farms, L.L.C., who acquired title as Dugan Family Farms, LLC, an Idaho limited liability company, whose address is 114 South 400 West, Jerome, ID 83338 (referred to below as "Grantor") and Citizens Business Bank, whose address is 12808 Central Avenue, Second Floor, Chino, CA 91710 (referred to below as "Lender").

GRANT OF MORTGAGE. For valuable consideration, Grantor mortgages, grants, bargains, sells and conveys to Lender all of Grantor's right, title, and interest in and to the following described real property, together with all existing or subsequently erected or affixed buildings, improvements and fixtures; all easements, rights of way, and appurtenances; all water, water rights, watercourses and ditch rights (including stock in utilities with ditch or irrigation rights); and all other rights, royalties, and profits relating to the real property, including without limitation all minerals, oil, gas, geothermal and similar matters, (the "Real Property") located in Minidoka County, State of Idaho:

See Exhibit "A" the Legal Description, which is attached to this Mortgage and made a part of this Mortgage as if fully set forth herein.

The Real Property or its address is commonly known as 352 North 100 East, Rupert, ID 83350. The Real Property tax identification number is RP09S24E030600; RP09S24E033200; RP09S24E033960; and RP09S24E035420.

Grantor presently assigns to Lender all of Grantor's right, title, and interest in and to all present and future leases of the Property and all Rents from the Property. In addition, Grantor grants to Lender a Uniform Commercial Code security interest in the Personal Property and Rents.

THIS MORTGAGE, INCLUDING THE ASSIGNMENT OF RENTS AND THE SECURITY INTEREST IN THE RENTS AND PERSONAL PROPERTY, IS GIVEN TO SECURE (A) PAYMENT OF THE INDEBTEDNESS AND (B) PERFORMANCE OF ANY AND ALL OBLIGATIONS UNDER THE NOTE, THE RELATED DOCUMENTS, AND THIS MORTGAGE. THIS MORTGAGE IS GIVEN AND ACCEPTED ON THE FOLLOWING TERMS:

PAYMENT AND PERFORMANCE. Except as otherwise provided in this Mortgage, Grantor shall pay to Lender all amounts secured by this Mortgage as they become due and shall strictly perform all of Grantor's obligations under this Mortgage.

POSSESSION AND MAINTENANCE OF THE PROPERTY. Grantor agrees that Grantor's possession and use of the Property shall be governed by the following provisions:

Possession and Use. Until the occurrence of an Event of Default, Grantor may (1) remain in possession and control of the Property; (2) use, operate or manage the Property; and (3) collect the Rents from the Property. The following provisions relate to the use of the Property or to other limitations on the Property.

Duty to Maintain. Grantor shall maintain the Property in tenantable condition and promptly perform all repairs, replacements, and maintenance necessary to preserve its value.

Compliance With Environmental Laws. Grantor represents and warrants to Lender that: (1) During the period of Grantor's ownership of the Property, there has been no use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance by any person on, under, about or from the Property; (2) Grantor has no knowledge of, or reason to believe that there has been, except as previously disclosed to and acknowledged by Lender in writing, (a) any breach or violation of any Environmental Laws, (b) any use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance on, under, about or from the Property by any prior owners or occupants of the Property, or (c) any actual or threatened litigation or claims of any kind by any person relating to such matters; and (3) Except as previously disclosed to and acknowledged by Lender in writing, (a) neither Grantor nor any tenant, contractor, agent or other authorized user of the Property shall use, generate, manufacture, store, treat, dispose of or release any Hazardous Substance on, under, about or from the Property; and (b) any such activity shall be conducted in compliance with all applicable federal, state, and local laws, regulations and ordinances, including without limitation all Environmental Laws. Grantor authorizes Lender and its agents to enter upon the Property to make such inspections and tests, at Grantor's expense, as Lender may deem appropriate to determine compliance of the Property with this section of the Mortgage. Any inspections or tests made by Lender shall be for Lender's purposes only and shall not be construed to create any responsibility or liability on the part of Lender to Grantor or to any other person. The representations and warranties contained herein are based on Grantor's due diligence in investigating the Property for Hazardous Substances. Grantor hereby (1) releases and waives any future claims against Lender for indemnity or contribution in the event Grantor becomes liable for cleanup or other costs under any such laws; and (2) agrees to indemnify, defend, and hold harmless Lender against any and all claims, losses, liabilities, damages, penalties, and expenses which Lender may directly or indirectly sustain or suffer resulting from a breach of this section of the Mortgage or as a consequence of any use, generation, manufacture, storage, disposal, release or threatened release occurring prior to Grantor's ownership or interest in the Property, whether or not the same was or should have been known to Grantor. The provisions of this section of the Mortgage, including the obligation to indemnify and defend, shall survive the payment of the indebtedness and the satisfaction and reconveyance of the lien of this Mortgage and shall not be affected by Lender's

acquisition of any interest in the Property, whether by foreclosure or otherwise.

Nuisance, Waste. Grantor shall not cause, conduct or permit any nuisance nor commit, permit, or suffer any stripping of or waste on or to the Property or any portion of the Property. Without limiting the generality of the foregoing, Grantor will not remove, or grant to any other party the right to remove, any timber, minerals (including oil and gas), coal, clay, scoria, soil, gravel or rock products without Lender's prior written consent.

Removal of Improvements. Grantor shall not demolish or remove any Improvements from the Real Property without Lender's prior written consent. As a condition to the removal of any Improvements, Lender may require Grantor to make arrangements satisfactory to Lender to replace such Improvements with Improvements of at least equal value.

Lender's Right to Enter. Lender and Lender's agents and representatives may enter upon the Real Property at all reasonable times to attend to Lender's interests and to inspect the Real Property for purposes of Grantor's compliance with the terms and conditions of this Mortgage.

Compliance with Governmental Requirements. Grantor shall promptly comply with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities applicable to the use or occupancy of the Property, including without limitation, the Americans With Disabilities Act. Grantor may contest in good faith any such law, ordinance, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Grantor has notified Lender in writing prior to doing so and so long as, in Lender's sole opinion, Lender's interests in the Property are not jeopardized. Lender may require Grantor to post adequate security or a surety bond, reasonably satisfactory to Lender, to protect Lender's interest.

Duty to Protect. Grantor agrees neither to abandon or leave unattended the Property. Grantor shall do all other acts, in addition to those acts set forth above in this section, which from the character and use of the Property are reasonably necessary to protect and preserve the Property.

DUE ON SALE - CONSENT BY LENDER. Lender may, at Lender's option, declare immediately due and payable all sums secured by this Mortgage upon the sale or transfer, without Lender's prior written consent, of all or any part of the Real Property, or any interest in the Real Property. A "sale or transfer" means the conveyance of Real Property or any right, title or interest in the Real Property; whether legal, beneficial or equitable; whether voluntary or involuntary; whether by outright sale, deed, installment sale contract, land contract, contract for deed, leasehold interest with a term greater than three (3) years, lease-option contract, or by sale, assignment, or transfer of any beneficial interest in or to any land trust holding title to the Real Property, or by any other method of conveyance of an interest in the Real Property. If any Grantor is a corporation, partnership or limited liability company, transfer also includes any change in ownership of more than twenty-five percent (25%) of the voting stock, partnership interests or limited liability company interests, as the case may be, of such Grantor. However, this option shall not be exercised by Lender if such exercise is prohibited by federal law or by Idaho law.

TAXES AND LIENS. The following provisions relating to the taxes and liens on the Property are part of this Mortgage:

Payment. Grantor shall pay when due (and in all events prior to delinquency) all taxes, payroll taxes, special taxes, assessments, water charges and sewer service charges levied against or on account of the Property, and shall pay when due all claims for work done on or for services rendered or material furnished to the Property. Grantor shall maintain the Property free of any liens having priority over or equal to the interest of Lender under this Mortgage, except for those liens specifically agreed to in writing by Lender, and except for the lien of taxes and assessments not due as further specified in the Right to Contest paragraph.

Right to Contest. Grantor may withhold payment of any tax, assessment, or claim in connection with a good faith dispute over the obligation to pay, so long as Lender's interest in the Property is not jeopardized. If a lien arises or is filed as a result of nonpayment, Grantor shall within fifteen (15) days after the lien arises or, if a lien is filed, within fifteen (15) days after Grantor has notice of the filing, secure the discharge of the lien, or if requested by Lender, deposit with Lender cash or a sufficient corporate surety bond or other security satisfactory to Lender in an amount sufficient to discharge the lien plus any costs and reasonable attorneys' fees, or other charges that could accrue as a result of a foreclosure or sale under the lien. In any contest, Grantor shall defend itself and Lender and shall satisfy any adverse judgment before enforcement against the Property. Grantor shall name Lender as an additional obligee under any surety bond furnished in the contest proceedings.

Evidence of Payment. Grantor shall upon demand furnish to Lender satisfactory evidence of payment of the taxes or assessments and shall authorize the appropriate governmental official to deliver to Lender at any time a written statement of the taxes and assessments against the Property.

Notice of Construction. Grantor shall notify Lender at least fifteen (15) days before any work is commenced, any services are furnished, or any materials are supplied to the Property, if any mechanic's lien, materialmen's lien, or other lien could be asserted on account of the work, services, or materials. Grantor will upon request of Lender furnish to Lender advance assurances satisfactory to Lender that Grantor can and will pay the cost of such improvements.

PROPERTY DAMAGE INSURANCE. The following provisions relating to insuring the Property are a part of this Mortgage:

Maintenance of Insurance. Grantor shall procure and maintain policies of fire insurance with standard extended coverage endorsements on a replacement basis for the full insurable value covering all Improvements on the Real Property in an amount sufficient to avoid application of any coinsurance clause, and with a standard mortgagee clause in favor of Lender. Grantor shall also procure and maintain comprehensive general liability insurance in such coverage amounts as Lender may request with Lender being named as additional insureds in such liability insurance policies. Additionally, Grantor shall maintain such other insurance, including but not limited to hazard, business interruption and boiler insurance as Lender may require. Policies shall be written by such insurance companies and in such form as may be reasonably acceptable to Lender. Grantor shall deliver to Lender certificates of coverage from each insurer containing a stipulation that coverage will not be cancelled or diminished without a minimum of ten (10) days' prior written notice to Lender and not containing any disclaimer of the insurer's liability for failure to give such notice. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Grantor or any other person. Should the Real Property be located in an area designated by the Administrator of the Federal Emergency Management Agency as a special flood hazard area, Grantor agrees to obtain and maintain Federal Flood Insurance, if available, within 45 days after notice is given by Lender that the Property is located in a special flood hazard area, for the full unpaid principal balance of the loan and any prior liens on the property securing the loan, up to the maximum policy limits set under the National Flood Insurance Program, or as otherwise required by Lender, and to maintain such insurance for the term of the loan.

Application of Proceeds. Grantor shall promptly notify Lender of any loss or damage to the Property. Lender may make proof of loss if Grantor fails to do so within fifteen (15) days of the casualty. Whether or not Lender's security is impaired, Lender may, at Lender's

election, receive and retain the proceeds of any insurance and apply the proceeds to the reduction of the Indebtedness, payment of any lien affecting the Property, or the restoration and repair of the Property. If Lender elects to apply the proceeds to restoration and repair, Grantor shall repair or replace the damaged or destroyed Improvements in a manner satisfactory to Lender. Lender shall, upon satisfactory proof of such expenditure, pay or reimburse Grantor from the proceeds for the reasonable cost of repair or restoration if Grantor is not in default under this Mortgage. Any proceeds which have not been disbursed within 180 days after their receipt and which Lender has not committed to the repair or restoration of the Property shall be used first to pay any amount owing to Lender under this Mortgage, then to pay accrued interest, and the remainder, if any, shall be applied to the principal balance of the Indebtedness. If Lender holds any proceeds after payment in full of the Indebtedness, such proceeds shall be paid to Grantor as Grantor's interests may appear.

Grantor's Report on Insurance. Upon request of Lender, however not more than once a year, Grantor shall furnish to Lender a report on each existing policy of insurance showing: (1) the name of the insurer; (2) the risks insured; (3) the amount of the policy; (4) the property insured, the then current replacement value of such property, and the manner of determining that value; and (5) the expiration date of the policy. Grantor shall, upon request of Lender, have an independent appraiser satisfactory to Lender determine the cash value replacement cost of the Property.

LENDER'S EXPENDITURES. If any action or proceeding is commenced that would materially affect Lender's interest in the Property or if Grantor fails to comply with any provision of this Mortgage or any Related Documents, including but not limited to Grantor's failure to discharge or pay when due any amounts Grantor is required to discharge or pay under this Mortgage or any Related Documents, Lender on Grantor's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on the Property and paying all costs for insuring, maintaining and preserving the Property. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Grantor. All such expenses will become a part of the Indebtedness and, at Lender's option, will (A) be payable on demand; (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Note; or (C) be treated as a balloon payment which will be due and payable at the Note's maturity. The Mortgage also will secure payment of these amounts. Such right shall be in addition to all other rights and remedies to which Lender may be entitled upon Default.

WARRANTY; DEFENSE OF TITLE. The following provisions relating to ownership of the Property are a part of this Mortgage:

Title. Grantor warrants that: (a) Grantor holds good and marketable title of record to the Property in fee simple, free and clear of all liens and encumbrances other than those set forth in the Real Property description or in any title insurance policy, title report, or final title opinion issued in favor of, and accepted by, Lender in connection with this Mortgage, and (b) Grantor has the full right, power, and authority to execute and deliver this Mortgage to Lender.

Defense of Title. Subject to the exception in the paragraph above, Grantor warrants and will forever defend the title to the Property against the lawful claims of all persons. In the event any action or proceeding is commenced that questions Grantor's title or the interest of Lender under this Mortgage, Grantor shall defend the action at Grantor's expense. Grantor may be the nominal party in such proceeding, but Lender shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of Lender's own choice, and Grantor will deliver, or cause to be delivered, to Lender such instruments as Lender may request from time to time to permit such participation.

Compliance With Laws. Grantor warrants that the Property and Grantor's use of the Property complies with all existing applicable laws, ordinances, and regulations of governmental authorities.

Survival of Representations and Warranties. All representations, warranties, and agreements made by Grantor in this Mortgage shall survive the execution and delivery of this Mortgage, shall be continuing in nature, and shall remain in full force and effect until such time as Grantor's Indebtedness shall be paid in full.

CONDEMNATION. The following provisions relating to condemnation proceedings are a part of this Mortgage:

Proceedings. If any proceeding in condemnation is filed, Grantor shall promptly notify Lender in writing, and Grantor shall promptly take such steps as may be necessary to defend the action and obtain the award. Grantor may be the nominal party in such proceeding, but Lender shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of its own choice, and Grantor will deliver or cause to be delivered to Lender such instruments and documentation as may be requested by Lender from time to time to permit such participation.

Application of Net Proceeds. If all or any part of the Property is condemned by eminent domain proceedings or by any proceeding or purchase in lieu of condemnation, Lender may at its election require that all or any portion of the net proceeds of the award be applied to the Indebtedness or the repair or restoration of the Property. The net proceeds of the award shall mean the award after payment of all reasonable costs, expenses, and attorneys' fees incurred by Lender in connection with the condemnation.

IMPOSITION OF TAXES, FEES AND CHARGES BY GOVERNMENTAL AUTHORITIES. The following provisions relating to governmental taxes, fees and charges are a part of this Mortgage:

Current Taxes, Fees and Charges. Upon request by Lender, Grantor shall execute such documents in addition to this Mortgage and take whatever other action is requested by Lender to perfect and continue Lender's lien on the Real Property. Grantor shall reimburse Lender for all taxes, as described below, together with all expenses incurred in recording, perfecting or continuing this Mortgage, including without limitation all taxes, fees, documentary stamps, and other charges for recording or registering this Mortgage.

Taxes. The following shall constitute taxes to which this section applies: (1) a specific tax upon this type of Mortgage or upon all or any part of the Indebtedness secured by this Mortgage; (2) a specific tax on Grantor which Grantor is authorized or required to deduct from payments on the Indebtedness secured by this type of Mortgage; (3) a tax on this type of Mortgage chargeable against the Lender or the holder of the Note; and (4) a specific tax on all or any portion of the Indebtedness or on payments of principal and interest made by Grantor.

Subsequent Taxes. If any tax to which this section applies is enacted subsequent to the date of this Mortgage, this event shall have the same effect as an Event of Default, and Lender may exercise any or all of its available remedies for an Event of Default as provided below unless Grantor either (1) pays the tax before it becomes delinquent, or (2) contests the tax as provided above in the Taxes and Liens section and deposits with Lender cash or a sufficient corporate surety bond or other security satisfactory to Lender.

SECURITY AGREEMENT; FINANCING STATEMENTS. The following provisions relating to this Mortgage as a security agreement are a part of this Mortgage:

Security Agreement. This instrument shall constitute a Security Agreement to the extent any of the Property constitutes fixtures, and Lender shall have all of the rights of a secured party under the Uniform Commercial Code as amended from time to time.

Security Interest. Upon request by Lender, Grantor shall take whatever action is requested by Lender to perfect and continue Lender's security interest in the Rents and Personal Property. In addition to recording this Mortgage in the real property records, Lender may, at any time and without further authorization from Grantor, file executed counterparts, copies or reproductions of this Mortgage as a financing statement. Grantor shall reimburse Lender for all expenses incurred in perfecting or continuing this security interest. Upon default, Grantor shall not remove, sever or detach the Personal Property from the Property. Upon default, Grantor shall assemble any Personal Property not affixed to the Property in a manner and at a place reasonably convenient to Grantor and Lender and make it available to Lender within three (3) days after receipt of written demand from Lender to the extent permitted by applicable law.

Addresses. The mailing addresses of Grantor (debtor) and Lender (secured party) from which information concerning the security interest granted by this Mortgage may be obtained (each as required by the Uniform Commercial Code) are as stated on the first page of this Mortgage.

FURTHER ASSURANCES; ATTORNEY-IN-FACT. The following provisions relating to further assurances and attorney-in-fact are a part of this Mortgage:

Further Assurances. At any time, and from time to time, upon request of Lender, Grantor will make, execute and deliver, or will cause to be made, executed or delivered, to Lender or to Lender's designee, and when requested by Lender, cause to be filed, recorded, refiled, or rerecorded, as the case may be, at such times and in such offices and places as Lender may deem appropriate, any and all such mortgages, deeds of trust, security deeds, security agreements, financing statements, continuation statements, instruments of further assurance, certificates, and other documents as may, in the sole opinion of Lender, be necessary or desirable in order to effectuate, complete, perfect, continue, or preserve (1) Grantor's obligations under the Note, this Mortgage, and the Related Documents, and (2) the liens and security interests created by this Mortgage as first and prior liens on the Property, whether now owned or hereafter acquired by Grantor. Unless prohibited by law or Lender agrees to the contrary in writing, Grantor shall reimburse Lender for all costs and expenses incurred in connection with the matters referred to in this paragraph.

Attorney-in-Fact. If Grantor fails to do any of the things referred to in the preceding paragraph, Lender may do so for and in the name of Grantor and at Grantor's expense. For such purposes, Grantor hereby irrevocably appoints Lender as Grantor's attorney-in-fact for the purpose of making, executing, delivering, filing, recording, and doing all other things as may be necessary or desirable, in Lender's sole opinion, to accomplish the matters referred to in the preceding paragraph.

FULL PERFORMANCE. If Grantor pays all the Indebtedness when due, and otherwise performs all the obligations imposed upon Grantor under this Mortgage, Lender shall execute and deliver to Grantor a suitable satisfaction of this Mortgage and suitable statements of termination of any financing statement on file evidencing Lender's security interest in the Rents and the Personal Property. Grantor will pay, if permitted by applicable law, any reasonable termination fee as determined by Lender from time to time.

EVENTS OF DEFAULT. Each of the following, at Lender's option, shall constitute an Event of Default under this Mortgage:

Payment Default. Grantor fails to make any payment when due under the Indebtedness.

Default on Other Payments. Failure of Grantor within the time required by this Mortgage to make any payment for taxes or insurance, or any other payment necessary to prevent filing of or to effect discharge of any lien.

Environmental Default. Failure of any party to comply with or perform when due any term, obligation, covenant or condition contained in any environmental agreement executed in connection with the Property.

Other Defaults. Grantor fails to comply with or to perform any other term, obligation, covenant or condition contained in this Mortgage or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Grantor.

Default in Favor of Third Parties. Should Grantor default under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Grantor's property or Grantor's ability to repay the Indebtedness or Grantor's ability to perform Grantor's obligations under this Mortgage or any of the Related Documents.

False Statements. Any warranty, representation or statement made or furnished to Lender by Grantor or on Grantor's behalf under this Mortgage or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Defective Collateralization. This Mortgage or any of the Related Documents ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien) at any time and for any reason.

Death or Insolvency. The dissolution of Grantor's (regardless of whether election to continue is made), any member withdraws from the limited liability company, or any other termination of Grantor's existence as a going business or the death of any member, the insolvency of Grantor, the appointment of a receiver for any part of Grantor'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 by or against Grantor.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Grantor or by any governmental agency against any property securing the Indebtedness. This includes a garnishment of any of Grantor's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Grantor as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Grantor gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Breach of Other Agreement. Any breach by Grantor under the terms of any other agreement between Grantor and Lender that is not remedied within any grace period provided therein, including without limitation any agreement concerning any indebtedness or other obligation of Grantor to Lender, whether existing now or later.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any Guarantor of any of the Indebtedness or any Guarantor dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any Guaranty of the Indebtedness.

Adverse Change. A material adverse change occurs in Grantor's financial condition, or Lender believes the prospect of payment or performance of the Indebtedness is impaired.

Right to Cure. If any default, other than a default in payment is curable and if Grantor has not been given a notice of a breach of the same provision of this Mortgage within the preceding twelve (12) months, it may be cured if Grantor, after Lender sends written notice to Grantor demanding cure of such default: (1) cures the default within fifteen (15) days; or (2) if the cure requires more than fifteen (15) days, immediately initiates steps which Lender deems in Lender's sole discretion to be sufficient to cure the default and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

RIGHTS AND REMEDIES ON DEFAULT. Upon the occurrence of an Event of Default and at any time thereafter, Lender, at Lender's option, may exercise any one or more of the following rights and remedies, in addition to any other rights or remedies provided by law:

Accelerate Indebtedness. Lender shall have the right at its option without notice to Grantor to declare the entire Indebtedness immediately due and payable, including any prepayment fee that Grantor would be required to pay.

UCC Remedies. With respect to all or any part of the Personal Property, Lender shall have all the rights and remedies of a secured party under the Uniform Commercial Code.

Collect Rents. Lender shall have the right, without notice to Grantor, to take possession of the Property and collect the Rents, including amounts past due and unpaid, and apply the net proceeds, over and above Lender's costs, against the Indebtedness. In furtherance of this right, Lender may require any tenant or other user of the Property to make payments of rent or use fees directly to Lender. If the Rents are collected by Lender, then Grantor irrevocably designates Lender as Grantor's attorney-in-fact to endorse instruments received in payment thereof in the name of Grantor and to negotiate the same and collect the proceeds. Payments by tenants or other users to Lender in response to Lender's demand shall satisfy the obligations for which the payments are made, whether or not any proper grounds for the demand existed. Lender may exercise its rights under this subparagraph either in person, by agent, or through a receiver.

Appoint Receiver. Lender shall have the right to have a receiver appointed to take possession of all or any part of the Property, with the power to protect and preserve the Property, to operate the Property preceding foreclosure or sale, and to collect the Rents from the Property and apply the proceeds, over and above the cost of the receivership, against the Indebtedness. The receiver may serve without bond if permitted by law. Lender's right to the appointment of a receiver shall exist whether or not the apparent value of the Property exceeds the Indebtedness by a substantial amount. Employment by Lender shall not disqualify a person from serving as a receiver.

Judicial Foreclosure. Lender may obtain a judicial decree foreclosing Grantor's interest in all or any part of the Property.

Nonjudicial Sale. If permitted by applicable law, Lender may foreclose Grantor's interest in all or in any part of the Personal Property or the Real Property by non-judicial sale.

Deficiency Judgment. If permitted by applicable law, Lender may obtain a judgment for any deficiency remaining in the Indebtedness due to Lender after application of all amounts received from the exercise of the rights provided in this section.

Tenancy at Sufferance. If Grantor remains in possession of the Property after the Property is sold as provided above or Lender otherwise becomes entitled to possession of the Property upon default of Grantor, Grantor shall become a tenant at sufferance of Lender or the purchaser of the Property and shall, at Lender's option, either (1) pay a reasonable rental for the use of the Property, or (2) vacate the Property immediately upon the demand of Lender.

Other Remedies. Lender shall have all other rights and remedies provided in this Mortgage or the Note or available at law or in equity.

Sale of the Property. To the extent permitted by applicable law, Grantor hereby waives any and all right to have the Property marshalled. In exercising its rights and remedies, Lender shall be free to sell all or any part of the Property together or separately, in one sale or by separate sales. Lender shall be entitled to bid at any public sale on all or any portion of the Property.

Notice of Sale. Lender shall give Grantor reasonable notice of the time and place of any public sale of the Personal Property or of the time after which any private sale or other intended disposition of the Personal Property is to be made. Reasonable notice shall mean notice given at least ten (10) days before the time of the sale or disposition. Any sale of the Personal Property may be made in conjunction with any sale of the Real Property.

Election of Remedies. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor under this Mortgage, after Grantor's failure to perform, shall not affect Lender's right to declare a default and exercise its remedies. Nothing under this Mortgage or otherwise shall be construed so as to limit or restrict the rights and remedies available to Lender following an Event of Default, or in any way to limit or restrict the rights and ability of Lender to proceed directly against Grantor and/or against any other co-maker, guarantor, surety or endorser and/or to proceed against any other collateral directly or indirectly securing the Indebtedness.

Attorneys' Fees; Expenses. If Lender institutes any suit or action to enforce any of the terms of this Mortgage, Lender shall be entitled to recover such sum as the court may adjudge reasonable as attorneys' fees at trial and upon any appeal. Whether or not any court action is involved, and to the extent not prohibited by law, all reasonable expenses Lender incurs that in Lender's opinion are necessary at any time for the protection of its interest or the enforcement of its rights shall become a part of the Indebtedness payable on demand and shall bear interest at the Note rate from the date of the expenditure until repaid. Expenses covered by this paragraph include, without limitation, however subject to any limits under applicable law, Lender's reasonable attorneys' fees and Lender's legal expenses whether or not there is a lawsuit, including reasonable attorneys' fees and expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services, the cost of searching records, obtaining title reports (including foreclosure reports), surveyors' reports, and appraisal fees and title insurance, to the extent permitted by applicable law. Grantor also will pay any court costs, in addition to all other sums provided by law.

NOTICES. Any notice required to be given under this Mortgage, including without limitation any notice of default and any notice of sale shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Mortgage. All copies of notices of foreclosure from the holder of any lien which has priority over this Mortgage shall be sent to Lender's address, as shown near the beginning of this Mortgage. Any party may change its address for notices under this Mortgage by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Grantor agrees to keep Lender informed at all times of Grantor's current address. Unless otherwise provided or required by law, if there is more than one Grantor, any notice given by Lender to any Grantor is

**MORTGAGE
(Continued)**

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deemed to be notice given to all Grantors.

COUNTERPARTS. This document may be executed in any number of counterparts and by different parties on separate counterparts, each of which when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same agreement.

WATER RIDER TO MORTGAGE. An Exhibit "B", titled "Water Rider to Mortgage", is attached to this Mortgage and by this reference is made a part of this Mortgage just as if all the provisions, terms and conditions of the Exhibit "B" has been fully set forth in this Mortgage.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Mortgage:

Amendments. This Mortgage, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Mortgage. No alteration of or amendment to this Mortgage shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Annual Reports. If the Property is used for purposes other than Grantor's residence, Grantor shall furnish to Lender, upon request, a certified statement of net operating income received from the Property during Grantor's previous fiscal year in such form and detail as Lender shall require. "Net operating income" shall mean all cash receipts from the Property less all cash expenditures made in connection with the operation of the Property.

Caption Headings. Caption headings in this Mortgage are for convenience purposes only and are not to be used to interpret or define the provisions of this Mortgage.

Governing Law. With respect to procedural matters related to the perfection and enforcement of Lender's rights against the Property, this Mortgage will be governed by federal law applicable to Lender and to the extent not preempted by federal law, the laws of the State of Idaho. In all other respects, this Mortgage will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of California without regard to its conflicts of law provisions. However, if there ever is a question about whether any provision of this Mortgage is valid or enforceable, the provision that is questioned will be governed by whichever state or federal law would find the provision to be valid and enforceable. The loan transaction that is evidenced by the Note and this Mortgage has been applied for, considered, approved and made, and all necessary loan documents have been accepted by Lender in the State of California.

Choice of Venue. If there is a lawsuit, Grantor agrees upon Lender's request to submit to the jurisdiction of the courts of San Bernardino County, State of California.

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Mortgage unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Mortgage shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Mortgage. No prior waiver by Lender, nor any course of dealing between Lender and Grantor, shall constitute a waiver of any of Lender's rights or of any of Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Mortgage, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

Severability. If a court of competent jurisdiction finds any provision of this Mortgage to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Mortgage. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Mortgage shall not affect the legality, validity or enforceability of any other provision of this Mortgage.

Merger. There shall be no merger of the interest or estate created by this Mortgage with any other interest or estate in the Property at any time held by or for the benefit of Lender in any capacity, without the written consent of Lender.

Successors and Assigns. Subject to any limitations stated in this Mortgage on transfer of Grantor's interest, this Mortgage shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Property becomes vested in a person other than Grantor, Lender, without notice to Grantor, may deal with Grantor's successors with reference to this Mortgage and the Indebtedness by way of forbearance or extension without releasing Grantor from the obligations of this Mortgage or liability under the Indebtedness.

Time is of the Essence. Time is of the essence in the performance of this Mortgage.

Waive Jury. To the extent permitted by applicable law, all parties to this Mortgage hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by any party against any other party.

Waiver of Homestead Exemption. Grantor hereby releases and waives all rights and benefits of the homestead exemption laws of the State of Idaho as to all Indebtedness secured by this Mortgage.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Mortgage. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Mortgage shall have the meanings attributed to such terms in the Uniform Commercial Code:

Borrower. The word "Borrower" means Dugan Family Farms, L.L.C. and includes all co-signers and co-makers signing the Note and all their successors and assigns.

Default. The word "Default" means the Default set forth in this Mortgage in the section titled "Default".

Environmental Laws. The words "Environmental Laws" mean any and all state, federal and local statutes, regulations and ordinances relating to the protection of human health or the environment, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., or other applicable state or federal laws, rules, or regulations adopted pursuant thereto.

Event of Default. The words "Event of Default" mean any of the events of default set forth in this Mortgage in the events of default

section of this Mortgage.

Grantor. The word "Grantor" means Dugan Family Farms, L.L.C..

Guarantor. The word "Guarantor" means any guarantor, surety, or accommodation party of any or all of the Indebtedness.

Guaranty. The word "Guaranty" means the guaranty from Guarantor to Lender, including without limitation a guaranty of all or part of the Note.

Hazardous Substances. The words "Hazardous Substances" mean materials that, because of their quantity, concentration or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposed of, generated, manufactured, transported or otherwise handled. The words "Hazardous Substances" are used in their very broadest sense and include without limitation any and all hazardous or toxic substances, materials or waste as defined by or listed under the Environmental Laws. The term "Hazardous Substances" also includes, without limitation, petroleum and petroleum by-products or any fraction thereof and asbestos.

Improvements. The word "Improvements" means all existing and future improvements, buildings, structures, mobile homes affixed on the Real Property, facilities, additions, replacements and other construction on the Real Property.

Indebtedness. The word "Indebtedness" means all principal, interest, and other amounts, costs and expenses payable under the Note or Related Documents, together with all renewals of, extensions of, modifications of, consolidations of and substitutions for the Note or Related Documents and any amounts expended or advanced by Lender to discharge Grantor's obligations or expenses incurred by Lender to enforce Grantor's obligations under this Mortgage, together with interest on such amounts as provided in this Mortgage.

Lender. The word "Lender" means Citizens Business Bank, its successors and assigns.

Mortgage. The word "Mortgage" means this Mortgage between Grantor and Lender.

Note. The word "Note" means the promissory note dated September 9, 2014, in the original principal amount of ~~\$500,000.00~~ from Grantor to Lender, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the promissory note or agreement.

Personal Property. The words "Personal Property" mean all equipment, fixtures, and other articles of personal property now or hereafter owned by Grantor, and now or hereafter attached or affixed to the Real Property; together with all accessions, parts, and additions to, all replacements of, and all substitutions for, any of such property; and together with all proceeds (including without limitation all insurance proceeds and refunds of premiums) from any sale or other disposition of the Property.

Property. The word "Property" means collectively the Real Property and the Personal Property.

Real Property. The words "Real Property" mean the real property, interests and rights, as further described in this Mortgage.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Indebtedness; except that the words do not mean any guaranty or environmental agreement, whether now or hereafter existing, executed in connection with the Indebtedness.

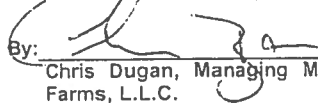
Rents. The word "Rents" means all present and future rents, revenues, income, issues, royalties, profits, and other benefits derived from the Property.

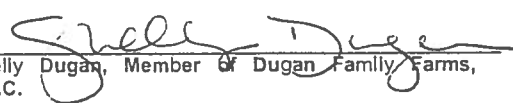
GRANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS MORTGAGE, AND GRANTOR AGREES TO ITS TERMS.

THIS MORTGAGE IS GIVEN UNDER SEAL AND IT IS INTENDED THAT THIS MORTGAGE IS AND SHALL CONSTITUTE AND HAVE THE EFFECT OF A SEALED INSTRUMENT ACCORDING TO LAW.

GRANTOR:

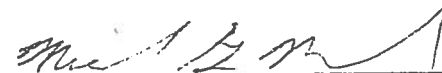
DUGAN FAMILY FARMS, L.L.C.

By: 
Chris Dugan, Managing Member of Dugan Family Farms, L.L.C.

By: 
Shelly Dugan, Member of Dugan Family Farms, L.L.C.

LENDER:

CITIZENS BUSINESS BANK

X  (Seal)
Authorized Officer
Michael G. Maciel, Vice President/Relationship Manager

MORTGAGE
(Continued)

Loan No: 35593

Page 8

LIMITED LIABILITY COMPANY ACKNOWLEDGMENT

STATE OF IDAHO

)

) SS

COUNTY OF Jerome

)

On this 15th day of September, in the year 20 14, before me the undersigned, a notary public in and for the State of Idaho, personally appeared Chris Dugan, Managing Member of Dugan Family Farms, L.L.C. and Shelly Dugan, Member of Dugan Family Farms, L.L.C., known or identified to me (or proved to me on the oath of _____), to be members or designated agents in the limited liability company of Dugan Family Farms, L.L.C., and the members or designated agents who subscribed said limited liability company name to the foregoing instrument, and acknowledged to me that they executed the same in said limited liability company name.

Laury Lamb
Notary Public for Idaho

My commission expires 4/2/2016

Residing at Jerome, ID

LAURY LAMB
NOTARY PUBLIC
STATE OF IDAHO

LENDER ACKNOWLEDGMENT

STATE OF Idaho

)

) SS

COUNTY OF Jerome

)

On this 15th day of September, in the year 20 14, before me the undersigned, a notary public in and for the State of Idaho, personally appeared Michael G. Maciel known or identified to me (or proved to me on the oath of _____), to be _____ authorized agent for Citizens Business Bank that executed the within and foregoing instrument and acknowledged said instrument to be the free and voluntary act and deed of Citizens Business Bank, duly authorized by the Citizens Business Bank through its board of directors or otherwise, for the uses and purposes therein mentioned, and on oath stated that he or she is authorized to execute said instrument and in fact executed this said instrument on behalf of Citizens Business Bank.

Laury Lamb
Notary Public for Idaho

My commission expires 4/2/2016

Residing at Jerome, ID

LAURY LAMB
NOTARY PUBLIC
STATE OF IDAHO

EXHIBIT "B"

WATER RIDER TO MORTGAGE (Security Agreement and Assignment of Rights)

This Water Rider to Mortgage ("Rider") is made this 9th day of September, 2014 and is incorporated into and shall be deemed to amend and supplement the Mortgage of same date, given by the undersigned ("Grantor") to secure Grantor's Promissory Note(s) ("Notes") to CITIZENS BUSINESS BANK ("Beneficiary"), 12808 Central Avenue, Second Floor, Chino, CA 91710.

A. Definition of Water Assets

The "Property" described in the attached Mortgage includes all right, title, and interest at any time of Grantor (or any of its bailees, agents, or instrumentalities) in all water and water rights that are appurtenant to, leased, stored, contracted for and/or used in connection with the Property, whether now existing or hereafter arising or acquired, whether direct or indirect, whether owned legally, of record, equitably or beneficially, whether constituting real or personal property (or subject to any other characterizations), whether created or authorized under existing or future laws or regulations, and however arising in, including without limitation, the following (which shall collectively be called the "Water Assets"):

1. All water, water rights and entitlements, other rights to water and other rights to receive water or water rights of every kind or nature whatsoever, including (i) the groundwater on, under, pumped from or otherwise available to the Property, whether as the result of groundwater rights, contractual rights or otherwise, (ii) Grantor's right to remove and extract any such groundwater including any permits, rights or licenses granted by any governmental authority or agency, (iii) any rights to which the Property is entitled with respect to surface water, whether such right is appropriate, riparian, prescriptive, decreed or otherwise and whether or not pursuant to permit or other governmental authorization, or the right to store any such water, and (iv) any water, water right, water allocation, distribution right, delivery right, storage right, or other water-related entitlement appurtenant or otherwise applicable to the Property by virtue of the Property being situated within the boundaries of any district, agency, or other governmental entity or within the boundaries of any private water company, mutual water company, or other non-governmental entity;

2. All stock, equity interest, membership or other participatory rights (including the right to vote such interests and the right make elections with respect water service and water allocations) (collectively, "Participatory Interests"), in any legal entity (including any joint powers authority, association, trust or joint venture) which (i) provides water service or exercises water rights on behalf of its shareholders or members, (ii) stores, deposits or otherwise creates water credits in a water bank or other arrangement for allocating water, (iii) transports or delivers water, or otherwise manages any Water Asset that can be used in connection with the Property;

3. All licenses, permits, approvals, contracts, decrees, rights and interest (i) to acquire or appropriate any water or other Water Assets, (ii) to store or take delivery of water from any water bank; (iii) to exercise other credits evidencing any right to water or other Water Assets, (iv) to store, carry, transport or deliver water or other Water Assets, (v) to sell, lease, exchange, or otherwise transfer any water or other Water Asset, or (vi) to change the point for diversion of water, the location of any water or Water Assets;

4. All rights, claims, causes of action, judgments, awards, and other judicial, arbitral or administrative relief in any way relating to any water or Water Asset;

5. All rights and interest in any extraction, storage, distribution and/or treatment facilities for any water or any other Water Asset, whether on or off the Property or located on other property of Grantor, including without limitation (i) all storage tanks, and other equipment used or usable in connection with

such storage; (ii) all pumps, wells, pipelines and treatment facilities; as well as (iii) the right to deliver water to private or public treatment facilities;

6. All rights to (i) transport, carry, allocate or otherwise deliver water or other Water Assets by any means wherever located; and (ii) all rights and related permits to discharge water into private or public ditches, canals, channels or waterways;

7. All leases, contracts, agreements or other written instruments related to the ownership and use of any of the foregoing Water Assets ("Water Contracts"), including any written guaranties, warranties, marketing, management or service contracts, will-serve agreements, utility contracts, indemnity agreements, water purchase agreements, storage agreements and other water related contracts; and

8. All rents, issues, profits, proceeds and other accounts, instruments, chattel paper, general intangibles, deposit accounts, and other rights to payment arising from or on account of any use, non-use, sale, lease, transfer or other disposition of any Water Asset and/or Water Contract.

B. Security Agreement

To the extent that any Water Asset constitutes personal property, this Mortgage shall also be deemed to be a security agreement creating a security interest in all of such personal property and granting to Beneficiary all of the rights and remedies of a secured party under the Uniform Commercial Code and other applicable state law.

C. Assignment of Water Contracts and Participatory Interests

1. Except as set forth in sub-section 5 below, Grantor hereby unconditionally assigns, sells, conveys, and sets over to Beneficiary, all of the Grantor's right, title, and interest in, together with all present and future rights, benefits, and claims arising from the Water Contracts and the Participatory Interests. All remedies available to Grantor under the Water Contracts and Participatory Interests are assigned to Beneficiary. THIS ASSIGNMENT, AMONG OTHER SECURITY, SECURES THE TIMELY PERFORMANCE OF GRANTOR'S OBLIGATIONS TO BENEFICIARY, WHETHER NOW EXISTING OR LATER ARISING, UNDER THE NOTES AND THE MORTGAGE.

2. As long as no event of default has occurred and is continuing under the Mortgage, Grantor shall have the right to exercise all of its rights (other than its rights to amend, modify, cancel, terminate or in any way alter the terms of or waive or release any claims, except as permitted hereunder) under the Water Contracts and the Participatory Interests.

3. In the event Grantor elects to pursue some or all of its rights and remedies in connection with an event of default under the Mortgage, Beneficiary shall be under no duty to assume Grantor's rights and duties under the Water Contracts and Participatory Interests. Grantor agrees that Beneficiary does not and shall not assume any of Grantor's obligations or duties concerning the Water Contracts and Participatory Interests until and unless Beneficiary shall expressly acknowledge in a separate writing its agreement to assume any such obligations or duties in connection with Beneficiary exercising its rights under the Mortgage.

4. Upon the occurrence and during the continuation of an event of default under the Mortgage, Grantor shall immediately upon written request from Beneficiary deliver to Beneficiary originals of all Water Contracts and Participatory Interests in Grantor's possession. During the continuance of an event of default under the Mortgage, Beneficiary may, at its option and upon written notice to the third parties to the Water Contracts or entities subject to the Participatory Interests, exercise any or all of its rights granted under this Rider. Upon giving notice to such third parties, and performing Grantor's rights and duties under the Water Contracts and Participatory Interests arising after said notice to the extent that any remain unperformed, Beneficiary may elect to exercise and receive performance of all rights of Grantor

under the Water Contracts and Participatory Interests, including, without limitation, the right to receive and collect all moneys and other performances receivable by, or payable to, Grantor under the Water Contracts and Participatory Interests, the right to give and receive copies of all notices and other instruments or communications, and the right to cure or take action with respect to a default under the Water Contracts and Participatory Interests. Grantor hereby irrevocably constitutes and appoints Beneficiary as its attorney in fact to demand, receive and enforce Grantor's rights with respect to the Water Contracts and Participatory Interests, to give appropriate receipts, releases and satisfactions for and on behalf of Grantor, and to do any and all acts in the name of Grantor or in the name of Beneficiary with the same force and effect as Grantor could do if this assignment had not been made. The exercise of any of the foregoing rights or remedies by Beneficiary under this assignment shall not cure or waive, modify or affect any notice of an event of default under the Mortgage, or invalidate any act done pursuant to any such notice. Beneficiary may exercise its rights under this Rider as often as an event of default may occur and so long as any an event of default may continue. If Grantor fails to make any payment or to perform any act required by Grantor under the terms of the Water Contracts and Participatory Interests, then Beneficiary may, without notice to or demand on Grantor, and without releasing Grantor from any obligation of this assignment, make the payment or perform the act in any manner and to any extent as the Beneficiary reasonably deems necessary to protect the security of this assignment.

5. In the event that any Water Contract and/or Participatory Interest is not transferable or assignable by its terms, then (i) at the request of Beneficiary, Grantor shall take any action requested by Grantor in connection with such Water Contract and/or Participatory Interest that is consistent with the rights of Beneficiary under this Section C; or (ii) Beneficiary may directly take such action as Grantor's attorney in fact.

D. Absolute Assignment of All Revenue From Water Assets

Grantor hereby absolutely and unconditionally assigns to Beneficiary all proceeds, rents, issues and profits from any use (apart from watering plants on the Property or other ordinary use on the Property), nonuse, sale, lease, transfer or disposition of any kind of any water or any other Water Asset subject to a lien in favor of Beneficiary becoming a mortgagee in possession and Beneficiary shall have the right, before or after occurrence of any default or event of default, to notify any account debtor to pay all amounts owing with respect to those proceeds, rent, issues and profits directly to Beneficiary. Except as otherwise agreed in writing by Beneficiary, Beneficiary may apply such collection (and any rents, issues, profits and proceeds) to any indebtedness owned to Beneficiary in any order, priority or manner desired by Beneficiary.

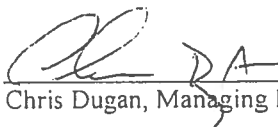
E. Due on Sale

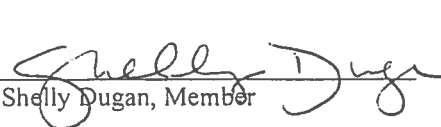
The provision of the Mortgage entitled "DUE ON SALE-CONSENT BY LENDER" set forth on page 2 is amended by adding to the definition of "sale or transfer", the following:

"A 'sale' or 'transfer' also means any transfer, assignment, sale, agreement to sell, conveyance, exchange, gift, encumbrance, pledge, hypothecation, alienation, grant of option to purchase, or other disposition of, directly, indirectly or in trust, voluntarily or involuntarily, by operation of law or otherwise, or the entry into a binding agreement to do any of the foregoing with respect to all or any part of any existing or hereafter created or acquired Water Assets."

GRANTOR:

DUGAN FAMILY FARMS, L.L.C.

By: 
Chris Dugan, Managing Member

By: 
Shelly Dugan, Member

LEGAL DESCRIPTION - EXHIBIT "A"

Order Number: 51346 MC

PARCEL NO. 1:

TOWNSHIP 9 SOUTH, RANGE 24 EAST OF THE BOISE MERIDIAN,
MINIDOKA COUNTY, IDAHO

Section 3: That part of the NW $\frac{1}{4}$ SW $\frac{1}{4}$ and W $\frac{1}{2}$ NE $\frac{1}{4}$ SW $\frac{1}{4}$, more particularly described as follows:

Beginning at the Northwest corner of said NW $\frac{1}{4}$ SW $\frac{1}{4}$, which Point shall be known as the True Point of Beginning;
Thence South 89°56'28" East (Rec. South 89°50' East) along the North boundary line of said NW $\frac{1}{4}$ SW $\frac{1}{4}$ and W $\frac{1}{2}$ NE $\frac{1}{4}$ SW $\frac{1}{4}$ for 1990.53 feet, more or less, to the East line of the W $\frac{1}{2}$ NE $\frac{1}{4}$ SW $\frac{1}{4}$;
Thence South 0°09'29" West (Rec. South 0°32' West) along said East line of the W $\frac{1}{2}$ NE $\frac{1}{4}$ SW $\frac{1}{4}$ for 550.45 feet;
Thence North 89°50' West for 1986.83 feet, more or less, to a point on the West section line of said Section 3;
Thence North 0°11' East along said West section line for 550.45 feet to the True Point of Beginning.

PARCEL NO. 2:

TOWNSHIP 9 SOUTH, RANGE 24 EAST OF THE BOISE MERIDIAN,
MINIDOKA COUNTY, IDAHO

Section 3: Part of the W $\frac{1}{2}$ NE $\frac{1}{4}$ SW $\frac{1}{4}$ of said Section 3, more particularly described as follows:

Beginning at the West quarter section corner of said Section 3, said point marked by a $\frac{5}{8}$ inch rebar;
thence South 0°11' West (Basis of Bearing) along section line for 550.45 feet to a P.K. Nail;
thence South 89°50' East for 1334.44 feet to a $\frac{1}{2}$ inch rebar which shall be the Point of Beginning;
Thence South 89°50' East for 644.99 feet to the East line of the W $\frac{1}{2}$ NE $\frac{1}{4}$ SW $\frac{1}{4}$ marked by a $\frac{1}{2}$ inch rebar;
Thence South 0°09'29" West along said East line of the W $\frac{1}{2}$ NE $\frac{1}{4}$ SW $\frac{1}{4}$ for 67.54 feet to a $\frac{1}{2}$ inch rebar;
Thence North 89°50' West for 644.99 feet to a $\frac{1}{2}$ inch rebar;
Thence North 0°09'28" East for 67.54 feet to the Point of Beginning.

PARCEL NO. 3:

TOWNSHIP 9 SOUTH, RANGE 24 EAST OF THE BOISE MERIDIAN,
MINIDOKA COUNTY, IDAHO

Section 3: Lots 2, 3 and 4, ~~SAVE AND EXCEPT~~ the following described tracts:

Tract No. 1:

Beginning at the Northwest corner of said Section 3, which point shall be known as the True Point of Beginning;
Thence East along the North section line of said Section 3 for 962.40 feet;
Thence South for 226.20 feet;
Thence West for 962.40 feet to a point on the West section line of said Section 3;
Thence North along said West section line for 226.20 feet to the True Point of Beginning,

Tract No. 2:

Beginning at the Southwest corner of said Lot 4; thence North 0°11' East along the West section line of said Section 3 for 11.75 feet to a point, which point shall be known as the True Point of Beginning;
Thence North 0°11' East along said West section line for 208.72 feet;
Thence North 89°39' East for 208.72 feet;
Thence South 0°11' West for 208.72 feet;
Thence South 89°39' West for 208.72 feet to the True Point of Beginning.

LEGAL DESCRIPTION - EXHIBIT "A"

Order Number: 51346 MC

PARCEL NO. 4:

TOWNSHIP 9 SOUTH, RANGE 24 EAST OF THE BOISE MERIDIAN,
MINIDOKA COUNTY, IDAHO

Section 3: That part of the S½NW¼, more particularly described as follows:

Beginning at the Southeast corner of said S½NW¼, which point shall be known as the True Point of Beginning;
Thence South 89°50'42" West along the South boundary line of said S½NW¼ for 1620.00 feet, more or less;
Thence North 1°36'42" East for 1316.87 feet;
Thence North 89°50'42" East for 1620.00 feet, more or less, to the Northeast corner of the SE¼NW¼ of said Section 3;
Thence South 1°36'42" West for 1316.87 feet to the True Point of Beginning.

EXCEPTING THEREFROM, the following described tract:

Beginning at the West quarter Section corner of said Section 3, said corner marked by a ¾ inch rebar;
thence South 89°56'28" East along the quarter section line for 979.23 feet to a point which shall be known as the Point of Beginning;
Thence North 1°56'19" East for 0.55 feet to a ½ inch rebar;
Thence North 1°56'19" East (N 1°36'42" E rec.) for 1318.43 feet (1316.87' rec.) to a ½ inch rebar on the 1/16th section line;
Thence South 0°11'00" West for 1318.28 feet to a ½ inch rebar on the quarter section line;
Thence South 89°56'28" West (S 89°50'42" W rec.) along the quarter section line for 40.40 feet to the Point of Beginning.

PARCEL NO. 5:

A 20 foot wide access road right-of-way along the North side of the following described tract, granted by Warranty Deed from Solar Farms, a partnership consisting of Daniel D. Walton, Kenneth A. Barras and Grant H. Walton, and Daniel C. Walton and Mary H. Walton, husband and wife, Grantor, to Kevin P. Sanders and Maria A. Sanders, husband and wife, Grantee, dated April 5, 1991 and recorded April 10, 1991, as Instrument No. 396474, records of Minidoka County, Idaho, more particularly described as follows:

Beginning at the West quarter Section corner of Section 3, Township 9 South, Range 24 East, Boise Meridian, Minidoka County, said corner marked by a ¾ inch rebar; thence South 89°56'28" East along the quarter section line for 979.23 feet to a point which shall be known as the Point of Beginning;
Thence North 1°56'19" East for 0.55 feet to a ½ inch rebar;
Thence North 1°56'19" East (N 1°36'42" E rec.) for 1318.43 feet (1316.87' rec.) to a ½ inch rebar on the 1/16th section line;
Thence South 0°11'00" West for 1318.28 feet to a ½ inch rebar on the quarter section line;
Thence South 89°56'28" West (S 89°50'42" W rec.) along the quarter section line for 40.40 feet to the Point of Beginning.

PARCEL NO. 6:

A permanent easement and right of way for ingress and egress between Donald R. Bennett and Leta Bennett, husband and wife, Grantor, and John E. Hayden and Betty A. Hayden, Grantee, Dated December 19, 1985 recorded December 19, 1985 as Instrument No. 359647, records of Minidoka County, Idaho.

LEGAL DESCRIPTION - EXHIBIT "A"

Order Number: 51346 MC

PARCEL NO. 7:

TOWNSHIP 9 SOUTH, RANGE 24 EAST OF THE BOISE MERIDIAN,
MINIDOKA COUNTY, IDAHO

Section 3: That part of the SW $\frac{1}{4}$ NW $\frac{1}{4}$, more particularly described as follows:

Beginning at the Southwest corner of said SW $\frac{1}{4}$ NW $\frac{1}{4}$, which point shall be known as the True Point of Beginning;

Thence East along the South boundary line of said SW $\frac{1}{4}$ NW $\frac{1}{4}$ for 200.00 feet;

Thence North for 200.00 feet;

Thence West for 200.00 feet to a point on the West section line of said Section 3;

Thence South along said West section line for 200.00 feet to the True Point of Beginning.

Instrument # 528781

MINIDOKA COUNTY, RUPERT, IDAHO
09-17-2014 04:01:38 PM No. of Pages: 8
Recorded for: TITLEONE - BURLEY
PATTY TEMPLE Fee: \$31.00
Ex-Officio Recorder Deputy Diana Wheeler
Electronically Recorded by Simplifile

RECORDATION REQUESTED BY:

WHEN RECORDED MAIL TO:
Citizens Business Bank
P.O. Box 4118
Ontario, CA 91761

#51346 mc

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE ONLY



ASSIGNMENT OF RENTS

THIS ASSIGNMENT OF RENTS dated September 9, 2014, is made and executed between Dugan Family Farms, L.L.C., who acquired title as Dugan Family Farms, LLC, an Idaho limited liability company, whose address is 114 South 400 West, Jerome, ID 83338 (referred to below as "Grantor") and Citizens Business Bank, whose address is 12808 Central Avenue, Second Floor, Chino, CA 91710 (referred to below as "Lender").

ASSIGNMENT. For valuable consideration, Grantor hereby assigns, grants a continuing security interest in, and conveys to Lender all of Grantor's right, title, and interest in and to the Rents from the following described Property located in Minidoka County, State of Idaho:

See Exhibit "A" the Legal Description, which is attached to this Assignment and made a part of this Assignment as if fully set forth herein.

The Property or its address is commonly known as 352 North 100 East, Rupert, ID 83350. The Property tax identification number is RP09S24E030600; RP09S24E033200; RP09S24E033960; and RP09S24E035420.

THIS ASSIGNMENT IS GIVEN TO SECURE (1) PAYMENT OF THE INDEBTEDNESS AND (2) PERFORMANCE OF ANY AND ALL OBLIGATIONS OF GRANTOR UNDER THE NOTE, THIS ASSIGNMENT, AND THE RELATED DOCUMENTS. THIS ASSIGNMENT IS GIVEN AND ACCEPTED ON THE FOLLOWING TERMS:

PAYMENT AND PERFORMANCE. Except as otherwise provided in this Assignment or any Related Documents, Grantor shall pay to Lender all amounts secured by this Assignment as they become due, and shall strictly perform all of Grantor's obligations under this Assignment. Unless and until Lender exercises its right to collect the Rents as provided below and so long as there is no default under this Assignment, Grantor may remain in possession and control of and operate and manage the Property and collect the Rents, provided that the granting of the right to collect the Rents shall not constitute Lender's consent to the use of cash collateral in a bankruptcy proceeding.

GRANTOR'S REPRESENTATIONS AND WARRANTIES. Grantor warrants that:

Ownership. Grantor is entitled to receive the Rents free and clear of all rights, loans, liens, encumbrances, and claims except as disclosed to and accepted by Lender in writing.

Right to Assign. Grantor has the full right, power and authority to enter into this Assignment and to assign and convey the Rents to Lender.

No Prior Assignment. Grantor has not previously assigned or conveyed the Rents to any other person by any instrument now in force.

No Further Transfer. Grantor will not sell, assign, encumber, or otherwise dispose of any of Grantor's rights in the Rents except as provided in this Assignment.

LENDER'S RIGHT TO RECEIVE AND COLLECT RENTS. Lender shall have the right at any time, and even though no default shall have occurred under this Assignment, to collect and receive the Rents. For this purpose, Lender is hereby given and granted the following rights, powers and authority:

Notice to Tenants. Lender may send notices to any and all tenants of the Property advising them of this Assignment and directing all Rents to be paid directly to Lender or Lender's agent.

Enter the Property. Lender may enter upon and take possession of the Property; demand, collect and receive from the tenants or from any other persons liable therefor, all of the Rents; institute and carry on all legal proceedings necessary for the protection of the Property, including such proceedings as may be necessary to recover possession of the Property; collect the Rents and remove any tenant or tenants or other persons from the Property.

Maintain the Property. Lender may enter upon the Property to maintain the Property and keep the same in repair; to pay the costs thereof

RECORDATION REQUESTED BY:

Certified to be a true and
correct copy of the original.
TitleOne Corporation, by:

[Signature]

WHEN RECORDED MAIL TO:

Citizens Business Bank
P.O. Box 4118
Ontario, CA 91761

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE ONLY



ASSIGNMENT OF RENTS

THIS ASSIGNMENT OF RENTS dated September 9, 2014, is made and executed between Dugan Family Farms, L.L.C., who acquired title as Dugan Family Farms, LLC, an Idaho limited liability company, whose address is 114 South 400 West, Jerome, ID 83338 (referred to below as "Grantor") and Citizens Business Bank, whose address is 12808 Central Avenue, Second Floor, Chino, CA 91710 (referred to below as "Lender").

ASSIGNMENT. For valuable consideration, Grantor hereby assigns, grants a continuing security interest in, and conveys to Lender all of Grantor's right, title, and interest in and to the Rents from the following described Property located in Minidoka County, State of Idaho:

See Exhibit "A" the Legal Description, which is attached to this Assignment and made a part of this Assignment as if fully set forth herein.

The Property or its address is commonly known as 352 North 100 East, Rupert, ID 83350. The Property tax identification number is RP09S24E030600; RP09S24E033200; RP09S24E033960; and RP09S24E035420.

THIS ASSIGNMENT IS GIVEN TO SECURE (1) PAYMENT OF THE INDEBTEDNESS AND (2) PERFORMANCE OF ANY AND ALL OBLIGATIONS OF GRANTOR UNDER THE NOTE, THIS ASSIGNMENT, AND THE RELATED DOCUMENTS. THIS ASSIGNMENT IS GIVEN AND ACCEPTED ON THE FOLLOWING TERMS:

PAYMENT AND PERFORMANCE. Except as otherwise provided in this Assignment or any Related Documents, Grantor shall pay to Lender all amounts secured by this Assignment as they become due, and shall strictly perform all of Grantor's obligations under this Assignment. Unless and until Lender exercises its right to collect the Rents as provided below and so long as there is no default under this Assignment, Grantor may remain in possession and control of and operate and manage the Property and collect the Rents, provided that the granting of the right to collect the Rents shall not constitute Lender's consent to the use of cash collateral in a bankruptcy proceeding.

GRANTOR'S REPRESENTATIONS AND WARRANTIES. Grantor warrants that:

Ownership. Grantor is entitled to receive the Rents free and clear of all rights, loans, liens, encumbrances, and claims except as disclosed to and accepted by Lender in writing.

Right to Assign. Grantor has the full right, power and authority to enter into this Assignment and to assign and convey the Rents to Lender.

No Prior Assignment. Grantor has not previously assigned or conveyed the Rents to any other person by any instrument now in force.

No Further Transfer. Grantor will not sell, assign, encumber, or otherwise dispose of any of Grantor's rights in the Rents except as provided in this Assignment.

LENDER'S RIGHT TO RECEIVE AND COLLECT RENTS. Lender shall have the right at any time, and even though no default shall have occurred under this Assignment, to collect and receive the Rents. For this purpose, Lender is hereby given and granted the following rights, powers and authority:

Notice to Tenants. Lender may send notices to any and all tenants of the Property advising them of this Assignment and directing all Rents to be paid directly to Lender or Lender's agent.

Enter the Property. Lender may enter upon and take possession of the Property; demand, collect and receive from the tenants or from any other persons liable therefor, all of the Rents; institute and carry on all legal proceedings necessary for the protection of the Property, including such proceedings as may be necessary to recover possession of the Property; collect the Rents and remove any tenant or tenants or other persons from the Property.

Maintain the Property. Lender may enter upon the Property to maintain the Property and keep the same in repair; to pay the costs thereof

ASSIGNMENT OF RENTS (Continued)

Loan No: 35593

Page 2

and of all services of all employees, including their equipment, and of all continuing costs and expenses of maintaining the Property in proper repair and condition, and also to pay all taxes, assessments and water utilities, and the premiums on fire and other insurance effected by Lender on the Property.

Compliance with Laws. Lender may do any and all things to execute and comply with the laws of the State of Idaho and also all other laws, rules, orders, ordinances and requirements of all other governmental agencies affecting the Property.

Lease the Property. Lender may rent or lease the whole or any part of the Property for such term or terms and on such conditions as Lender may deem appropriate.

Employ Agents. Lender may engage such agent or agents as Lender may deem appropriate, either in Lender's name or in Grantor's name, to rent and manage the Property, including the collection and application of Rents.

Other Acts. Lender may do all such other things and acts with respect to the Property as Lender may deem appropriate and may act exclusively and solely in the place and stead of Grantor and to have all of the powers of Grantor for the purposes stated above.

No Requirement to Act. Lender shall not be required to do any of the foregoing acts or things, and the fact that Lender shall have performed one or more of the foregoing acts or things shall not require Lender to do any other specific act or thing.

APPLICATION OF RENTS. All costs and expenses incurred by Lender in connection with the Property shall be for Grantor's account and Lender may pay such costs and expenses from the Rents. Lender, in its sole discretion, shall determine the application of any and all Rents received by it; however, any such Rents received by Lender which are not applied to such costs and expenses shall be applied to the Indebtedness. All expenditures made by Lender under this Assignment and not reimbursed from the Rents shall become a part of the Indebtedness secured by this Assignment, and shall be payable on demand, with interest at the Note rate from date of expenditure until paid.

FULL PERFORMANCE. If Grantor pays all of the Indebtedness when due and otherwise performs all the obligations imposed upon Grantor under this Assignment, the Note, and the Related Documents, Lender shall execute and deliver to Grantor a suitable satisfaction of this Assignment and suitable statements of termination of any financing statement on file evidencing Lender's security interest in the Rents and the Property. Any termination fee required by law shall be paid by Grantor, if permitted by applicable law.

LENDER'S EXPENDITURES. If any action or proceeding is commenced that would materially affect Lender's interest in the Property or if Grantor fails to comply with any provision of this Assignment or any Related Documents, including but not limited to Grantor's failure to discharge or pay when due any amounts Grantor is required to discharge or pay under this Assignment or any Related Documents, Lender on Grantor's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on the Rents or the Property and paying all costs for insuring, maintaining and preserving the Property. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Grantor. All such expenses will become a part of the Indebtedness and, at Lender's option, will (A) be payable on demand; (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Note; or (C) be treated as a balloon payment which will be due and payable at the Note's maturity. The Assignment also will secure payment of these amounts. Such right shall be in addition to all other rights and remedies to which Lender may be entitled upon Default.

DEFAULT. Each of the following, at Lender's option, shall constitute an Event of Default under this Assignment:

Payment Default. Grantor fails to make any payment when due under the Indebtedness.

Other Defaults. Grantor fails to comply with or to perform any other term, obligation, covenant or condition contained in this Assignment or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Grantor.

Default on Other Payments. Failure of Grantor within the time required by this Assignment to make any payment for taxes or insurance, or any other payment necessary to prevent filing of or to effect discharge of any lien.

Default in Favor of Third Parties. Any guarantor or Grantor defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of any guarantor's or Grantor's property or ability to perform their respective obligations under this Assignment or any of the Related Documents.

Environmental Default. Failure of any party to comply with or perform when due any term, obligation, covenant or condition contained in any environmental agreement executed in connection with the Property.

False Statements. Any warranty, representation or statement made or furnished to Lender by Grantor or on Grantor's behalf under this Assignment or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Defective Collateralization. This Assignment or any of the Related Documents ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien) at any time and for any reason.

Death or Insolvency. The dissolution of Grantor's (regardless of whether election to continue is made), any member withdraws from the limited liability company, or any other termination of Grantor's existence as a going business or the death of any member, the insolvency of Grantor, the appointment of a receiver for any part of Grantor'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 by or against Grantor.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Grantor or by any governmental agency against the Rents or any property securing the Indebtedness. This includes a garnishment of any of Grantor's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Grantor as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Grantor gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Property Damage or Loss. The Property is lost, stolen, substantially damaged, sold, or borrowed against.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any Guarantor of any of the Indebtedness or any

ASSIGNMENT OF RENTS (Continued)

Loan No: 35593

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Guarantor dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any Guaranty of the Indebtedness.

Adverse Change. A material adverse change occurs in Grantor's financial condition, or Lender believes the prospect of payment or performance of the Indebtedness is impaired.

Cure Provisions. If any default, other than a default in payment is curable and if Grantor has not been given a notice of a breach of the same provision of this Assignment within the preceding twelve (12) months, it may be cured if Grantor, after Lender sends written notice to Grantor demanding cure of such default: (1) cures the default within fifteen (15) days; or (2) if the cure requires more than fifteen (15) days, immediately initiates steps which Lender deems in Lender's sole discretion to be sufficient to cure the default and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

RIGHTS AND REMEDIES ON DEFAULT. Upon the occurrence of any Event of Default and at any time thereafter, Lender may exercise any one or more of the following rights and remedies, in addition to any other rights or remedies provided by law:

Accelerate Indebtedness. Lender shall have the right at its option without notice to Grantor to declare the entire Indebtedness immediately due and payable, including any prepayment fee that Grantor would be required to pay.

Collect Rents. Lender shall have the right, without notice to Grantor, to take possession of the Property and collect the Rents, including amounts past due and unpaid, and apply the net proceeds, over and above Lender's costs, against the Indebtedness. In furtherance of this right, Lender shall have all the rights provided for in the Lender's Right to Receive and Collect Rents Section, above. If the Rents are collected by Lender, then Grantor irrevocably designates Lender as Grantor's attorney-in-fact to endorse instruments received in payment thereof in the name of Grantor and to negotiate the same and collect the proceeds. Payments by tenants or other users to Lender in response to Lender's demand shall satisfy the obligations for which the payments are made, whether or not any proper grounds for the demand existed. Lender may exercise its rights under this subparagraph either in person, by agent, or through a receiver.

Appoint Receiver. Lender shall have the right to have a receiver appointed to take possession of all or any part of the Property, with the power to protect and preserve the Property, to operate the Property preceding foreclosure or sale, and to collect the Rents from the Property and apply the proceeds, over and above the cost of the receivership, against the Indebtedness. The receiver may serve without bond if permitted by law. Lender's right to the appointment of a receiver shall exist whether or not the apparent value of the Property exceeds the Indebtedness by a substantial amount. Employment by Lender shall not disqualify a person from serving as a receiver.

Other Remedies. Lender shall have all other rights and remedies provided in this Assignment or the Note or by law.

Election of Remedies. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor under this Assignment, after Grantor's failure to perform, shall not affect Lender's right to declare a default and exercise its remedies.

Attorneys' Fees; Expenses. If Lender institutes any suit or action to enforce any of the terms of this Assignment, Lender shall be entitled to recover such sum as the court may adjudge reasonable as attorneys' fees at trial and upon any appeal. Whether or not any court action is involved, and to the extent not prohibited by law, all reasonable expenses Lender incurs that in Lender's opinion are necessary at any time for the protection of its interest or the enforcement of its rights shall become a part of the Indebtedness payable on demand and shall bear interest at the Note rate from the date of the expenditure until repaid. Expenses covered by this paragraph include, without limitation, however subject to any limits under applicable law, Lender's reasonable attorneys' fees and Lender's legal expenses whether or not there is a lawsuit, including reasonable attorneys' fees and expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services, the cost of searching records, obtaining title reports (including foreclosure reports), surveyors' reports, and appraisal fees, title insurance, and fees for the Trustee, to the extent permitted by applicable law. Grantor also will pay any court costs, in addition to all other sums provided by law.

COUNTERPARTS. This document may be executed in any number of counterparts and by different parties on separate counterparts, each of which when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same agreement.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Assignment:

Amendments. This Assignment, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Assignment. No alteration of or amendment to this Assignment shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Caption Headings. Caption headings in this Assignment are for convenience purposes only and are not to be used to interpret or define the provisions of this Assignment.

Governing Law. With respect to procedural matters related to the perfection and enforcement of Lender's rights against the Property, this Assignment will be governed by federal law applicable to Lender and to the extent not preempted by federal law, the laws of the State of Idaho. In all other respects, this Assignment will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of California without regard to its conflicts of law provisions. However, if there ever is a question about whether any provision of this Assignment is valid or enforceable, the provision that is questioned will be governed by whichever state or federal law would find the provision to be valid and enforceable. The loan transaction that is evidenced by the Note and this Assignment has been applied for, considered, approved and made, and all necessary loan documents have been accepted by Lender in the State of California.

Choice of Venue. If there is a lawsuit, Grantor agrees upon Lender's request to submit to the jurisdiction of the courts of San Bernardino County, State of California.

Merger. There shall be no merger of the interest or estate created by this assignment with any other interest or estate in the Property at any time held by or for the benefit of Lender in any capacity, without the written consent of Lender.

Interpretation. (1) in all cases where there is more than one Borrower or Grantor, then all words used in this Assignment in the singular shall be deemed to have been used in the plural where the context and construction so require. (2) If more than one person signs this Assignment as "Grantor," the obligations of each Grantor are joint and several. This means that if Lender brings a lawsuit, Lender may sue any one or more of the Grantors. If Borrower and Grantor are not the same person, Lender need not sue Borrower first, and that Borrower need not be joined in any lawsuit. (3) The names given to paragraphs or sections in this Assignment are for convenience purposes only. They are not to be used to interpret or define the provisions of this Assignment.

ASSIGNMENT OF RENTS (Continued)

Loan No: 35593

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No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Assignment unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Assignment shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Assignment. No prior waiver by Lender, nor any course of dealing between Lender and Grantor, shall constitute a waiver of any of Lender's rights or of any of Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Assignment, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

Notices. Any notice required to be given under this Assignment shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Assignment. Any party may change its address for notices under this Assignment by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Grantor agrees to keep Lender informed at all times of Grantor's current address. Unless otherwise provided or required by law, if there is more than one Grantor, any notice given by Lender to any Grantor is deemed to be notice given to all Grantors.

Powers of Attorney. The various agencies and powers of attorney conveyed on Lender under this Assignment are granted for purposes of security and may not be revoked by Grantor until such time as the same are renounced by Lender.

Severability. If a court of competent jurisdiction finds any provision of this Assignment to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Assignment. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Assignment shall not affect the legality, validity or enforceability of any other provision of this Assignment.

Successors and Assigns. Subject to any limitations stated in this Assignment on transfer of Grantor's interest, this Assignment shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Property becomes vested in a person other than Grantor, Lender, without notice to Grantor, may deal with Grantor's successors with reference to this Assignment and the indebtedness by way of forbearance or extension without releasing Grantor from the obligations of this Assignment or liability under the indebtedness.

Time is of the Essence. Time is of the essence in the performance of this Assignment.

Waive Jury. To the extent permitted by applicable law, all parties to this Assignment hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by any party against any other party.

Waiver of Homestead Exemption. Grantor hereby releases and waives all rights and benefits of the homestead exemption laws of the State of Idaho as to all indebtedness secured by this Assignment.

Waiver of Right of Redemption. NOTWITHSTANDING ANY OF THE PROVISIONS TO THE CONTRARY CONTAINED IN THIS ASSIGNMENT, GRANTOR HEREBY WAIVES ANY AND ALL RIGHTS OF REDEMPTION FROM SALE UNDER ANY ORDER OR JUDGMENT OF FORECLOSURE ON GRANTOR'S BEHALF AND ON BEHALF OF EACH AND EVERY PERSON, EXCEPT JUDGMENT CREDITORS OF GRANTOR, ACQUIRING ANY INTEREST IN OR TITLE TO THE PROPERTY SUBSEQUENT TO THE DATE OF THIS ASSIGNMENT.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Assignment. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Assignment shall have the meanings attributed to such terms in the Uniform Commercial Code:

Assignment. The word "Assignment" means this ASSIGNMENT OF RENTS, as this ASSIGNMENT OF RENTS may be amended or modified from time to time, together with all exhibits and schedules attached to this ASSIGNMENT OF RENTS from time to time.

Borrower. The word "Borrower" means Dugan Family Farms, L.L.C..

Default. The word "Default" means the Default set forth in this Assignment in the section titled "Default".

Event of Default. The words "Event of Default" mean any of the events of default set forth in this Assignment in the default section of this Assignment.

Grantor. The word "Grantor" means Dugan Family Farms, L.L.C..

Guarantor. The word "Guarantor" means any guarantor, surety, or accommodation party of any or all of the indebtedness.

Guaranty. The word "Guaranty" means the guaranty from Guarantor to Lender, including without limitation a guaranty of all or part of the Note.

Indebtedness. The word "Indebtedness" means all principal, interest, and other amounts, costs and expenses payable under the Note or Related Documents, together with all renewals of, extensions of, modifications of, consolidations of and substitutions for the Note or Related Documents and any amounts expended or advanced by Lender to discharge Grantor's obligations or expenses incurred by Lender to enforce Grantor's obligations under this Assignment, together with interest on such amounts as provided in this Assignment.

Lender. The word "Lender" means Citizens Business Bank, its successors and assigns.

Note. The word "Note" means the promissory note dated September 9, 2014, in the original principal amount of ~~\$500,000~~ from Grantor to Lender, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the promissory note or agreement.

Property. The word "Property" means all of Grantor's right, title and interest in and to all the Property as described in the "Assignment" section of this Assignment.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the indebtedness; except that the words do not mean any guaranty or environmental agreement, whether now or hereafter existing, executed in connection with the indebtedness.

ASSIGNMENT OF RENTS
(Continued)

Loan No: 35593

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Rents. The word "Rents" means all of Grantor's present and future rights, title and interest in, to and under any and all present and future leases, including, without limitation, all rents, revenue, income, issues, royalties, bonuses, accounts receivable, cash or security deposits, advance rentals, profits and proceeds from the Property, and other payments and benefits derived or to be derived from such leases of every kind and nature, whether due now or later, including without limitation Grantor's right to enforce such leases and to receive and collect payment and proceeds thereunder.

THE UNDERSIGNED ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS ASSIGNMENT, AND NOT PERSONALLY BUT AS AN AUTHORIZED SIGNER, HAS CAUSED THIS ASSIGNMENT TO BE SIGNED AND EXECUTED ON BEHALF OF GRANTOR ON SEPTEMBER 9, 2014.

GRANTOR:

DUGAN FAMILY FARMS, L.L.C.

By: [Signature]
Chris Dugan, Managing Member of Dugan Family Farms, L.L.C.

By: [Signature]
Shelly Dugan, Member of Dugan Family Farms, L.L.C.

LIMITED LIABILITY COMPANY ACKNOWLEDGMENT

STATE OF Idaho)
) SS
COUNTY OF Jerome)

On this 15th day of September, in the year 20 14, before me the undersigned, a notary public in and for the State of Idaho, personally appeared Chris Dugan, Managing Member of Dugan Family Farms, L.L.C. and Shelly Dugan, Member of Dugan Family Farms, L.L.C., known or identified to me (or proved to me on the oath of _____), to be members or designated agents in the limited liability company of Dugan Family Farms, L.L.C., and the members or designated agents who subscribed said limited liability company name to the foregoing instrument, and acknowledged to me that they executed the same in said limited liability company name.

[Signature]
Notary Public for Idaho

Residing at Jerome

My commission expires 4/2/2016

LAURY LAMB
NOTARY PUBLIC
STATE OF IDAHO

LEGAL DESCRIPTION - EXHIBIT "A"

Order Number: 51346 MC

PARCEL NO. 1:

TOWNSHIP 9 SOUTH, RANGE 24 EAST OF THE BOISE MERIDIAN,
MINIDOKA COUNTY, IDAHO

Section 3: That part of the NW $\frac{1}{4}$ SW $\frac{1}{4}$ and W $\frac{1}{2}$ NE $\frac{1}{4}$ SW $\frac{1}{4}$, more particularly described as follows:

Beginning at the Northwest corner of said NW $\frac{1}{4}$ SW $\frac{1}{4}$, which Point shall be known as the True Point of Beginning;
Thence South 89°56'28" East (Rec. South 89°50' East) along the North boundary line of said NW $\frac{1}{4}$ SW $\frac{1}{4}$ and W $\frac{1}{2}$ NE $\frac{1}{4}$ SW $\frac{1}{4}$ for 1990.53 feet, more or less, to the East line of the W $\frac{1}{2}$ NE $\frac{1}{4}$ SW $\frac{1}{4}$;
Thence South 0°09'29" West (Rec. South 0°32' West) along said East line of the W $\frac{1}{2}$ NE $\frac{1}{4}$ SW $\frac{1}{4}$ for 550.45 feet;
Thence North 89°50' West for 1986.83 feet, more or less, to a point on the West section line of said Section 3;
Thence North 0°11' East along said West section line for 550.45 feet to the True Point of Beginning.

PARCEL NO. 2:

TOWNSHIP 9 SOUTH, RANGE 24 EAST OF THE BOISE MERIDIAN,
MINIDOKA COUNTY, IDAHO

Section 3: Part of the W $\frac{1}{2}$ NE $\frac{1}{4}$ SW $\frac{1}{4}$ of said Section 3, more particularly described as follows:

Beginning at the West quarter section corner of said Section 3, said point marked by a $\frac{5}{8}$ inch rebar;
thence South 0°11' West (Basis of Bearing) along section line for 550.45 feet to a P.K. Nail;
thence South 89°50' East for 1334.44 feet to a $\frac{1}{2}$ inch rebar which shall be the Point of Beginning;
Thence South 89°50' East for 644.99 feet to the East line of the W $\frac{1}{2}$ NE $\frac{1}{4}$ SW $\frac{1}{4}$ marked by a $\frac{1}{2}$ inch rebar;
Thence South 0°09'29" West along said East line of the W $\frac{1}{2}$ NE $\frac{1}{4}$ SW $\frac{1}{4}$ for 67.54 feet to a $\frac{1}{2}$ inch rebar;
Thence North 89°50' West for 644.99 feet to a $\frac{1}{2}$ inch rebar;
Thence North 0°09'28" East for 67.54 feet to the Point of Beginning.

PARCEL NO. 3:

TOWNSHIP 9 SOUTH, RANGE 24 EAST OF THE BOISE MERIDIAN,
MINIDOKA COUNTY, IDAHO

Section 3: Lots 2, 3 and 4, **SAVE AND EXCEPT** the following described tracts:

Tract No. 1:

Beginning at the Northwest corner of said Section 3, which point shall be known as the True Point of Beginning;
Thence East along the North section line of said Section 3 for 962.40 feet;
Thence South for 226.20 feet;
Thence West for 962.40 feet to a point on the West section line of said Section 3;
Thence North along said West section line for 226.20 feet to the True Point of Beginning.

Tract No. 2:

Beginning at the Southwest corner of said Lot 4; thence North 0°11' East along the West section line of said Section 3 for 11.75 feet to a point, which point shall be known as the True Point of Beginning;
Thence North 0°11' East along said West section line for 208.72 feet;
Thence North 89°39' East for 208.72 feet;
Thence South 0°11' West for 208.72 feet;
Thence South 89°39' West for 208.72 feet to the True Point of Beginning.

-Continued-

LEGAL DESCRIPTION - EXHIBIT "A"

Order Number: 51346 MC

PARCEL NO. 4:

TOWNSHIP 9 SOUTH, RANGE 24 EAST OF THE BOISE MERIDIAN,
MINIDOKA COUNTY, IDAHO

Section 3: That part of the S½NW¼, more particularly described as follows:

Beginning at the Southeast corner of said S½NW¼, which point shall be known as the True Point of Beginning;
Thence South 89°50'42" West along the South boundary line of said S½NW¼ for 1620.00 feet, more or less;
Thence North 1°36'42" East for 1316.87 feet;
Thence North 89°50'42" East for 1620.00 feet, more or less, to the Northeast corner of the SE¼NW¼ of said Section 3;
Thence South 1°36'42" West for 1316.87 feet to the True Point of Beginning.

EXCEPTING THEREFROM, the following described tract:

Beginning at the West quarter Section corner of said Section 3, said corner marked by a ¾ inch rebar;
thence South 89°56'28" East along the quarter section line for 979.23 feet to a point which shall be known as the Point of Beginning;
Thence North 1°56'19" East for 0.55 feet to a ½ inch rebar;
Thence North 1°56'19" East (N 1°36'42" E rec.) for 1318.43 feet (1316.87' rec.) to a ½ inch rebar on the 1/16th section line;
Thence South 0°11'00" West for 1318.28 feet to a ½ inch rebar on the quarter section line;
Thence South 89°56'28" West (S 89°50'42" W rec.) along the quarter section line for 40.40 feet to the Point of Beginning.

PARCEL NO. 5:

A 20 foot wide access road right-of-way along the North side of the following described tract, granted by Warranty Deed from Solar Farms, a partnership consisting of Daniel D. Walton, Kenneth A. Barras and Grant H. Walton, and Daniel C. Walton and Mary H. Walton, husband and wife, Grantor, to Kevin P. Sanders and Maria A. Sanders, husband and wife, Grantee, dated April 5, 1991 and recorded April 10, 1991, as Instrument No. 396474, records of Minidoka County, Idaho, more particularly described as follows:

Beginning at the West quarter Section corner of Section 3, Township 9 South, Range 24 East, Boise Meridian, Minidoka County, said corner marked by a ¾ inch rebar; thence South 89°56'28" East along the quarter section line for 979.23 feet to a point which shall be known as the Point of Beginning;
Thence North 1°56'19" East for 0.55 feet to a ½ inch rebar;
Thence North 1°56'19" East (N 1°36'42" E rec.) for 1318.43 feet (1316.87' rec.) to a ½ inch rebar on the 1/16th section line;
Thence South 0°11'00" West for 1318.28 feet to a ½ inch rebar on the quarter section line;
Thence South 89°56'28" West (S 89°50'42" W rec.) along the quarter section line for 40.40 feet to the Point of Beginning.

PARCEL NO. 6:

A permanent easement and right of way for ingress and egress between Donald R. Bennett and Leta Bennett, husband and wife, Grantor, and John E. Hayden and Betty A. Hayden, Grantee, Dated December 19, 1985 recorded December 19, 1985 as Instrument No. 359647, records of Minidoka County, Idaho.

Instrument # 528782
MINIDOKA COUNTY, RUPERT, IDAHO
09-17-2014 04:01:38 PM No. of Pages: 8
Recorded for: TITLEONE - BURLEY
PATTY TEMPLE Fee: \$31.00
Ex-Officio Recorder Deputy Diana Wheeler
Electronically Recorded by Simplifile

RECORDATION REQUESTED BY:

WHEN RECORDED MAIL TO:

Citizens Business Bank
P.O. Box 4118
Ontario, CA 91761

#51346 MC
SPACE ABOVE THIS LINE IS FOR RECORDER'S USE ONLY

HAZARDOUS SUBSTANCES CERTIFICATE AND INDEMNITY AGREEMENT

THIS HAZARDOUS SUBSTANCES AGREEMENT dated September 9, 2014, is made and executed among Dugan Family Farms, L.L.C., whose address is 114 South 400 West, Jerome, ID 83338 (sometimes referred to below as "Borrower" and sometimes as "Indemnitor"); and Citizens Business Bank, Dairy & Livestock Industries Group, 12808 Central Avenue, Second Floor, Chino, CA 91710 (referred to below as "Lender"). For good and valuable consideration and to induce Lender to make a loan to Borrower, each party executing this Agreement hereby represents and agrees with Lender as follows:

PROPERTY DESCRIPTION. The word "Property" as used in this Agreement means the following Real Property located in Minidoka County, State of Idaho:

See Exhibit "A" the Legal Description, which is attached to this Agreement and made a part of this Agreement as if fully set forth herein.

The Real Property or its address is commonly known as 352 North 100 East, Rupert, ID 83350. The Real Property tax identification number is RP09S24E030600; RP09S24E033200; RP09S24E033960; and RP09S24E035420.

REPRESENTATIONS. The following representations are made to Lender, subject to disclosures made and accepted by Lender in writing:

Use of Property. After due inquiry and investigation, Indemnitor has no knowledge, or reason to believe, that there has been any use, generation, manufacture, storage, treatment, refinement, transportation, disposal, release, or threatened release of any Hazardous Substances by any person on, under, or about the Property.

Hazardous Substances. After due inquiry and investigation, Indemnitor has no knowledge, or reason to believe, that the Property, whenever and whether owned by previous Occupants, has ever contained asbestos, PCBs, lead paints or other Hazardous Substances, whether used in construction or stored on the Property.

No Notices. Indemnitor has received no summons, citation, directive, letter or other communication, written or oral, from any agency or department of any county or state or the U.S. Government concerning any intentional or unintentional action or omission on, under, or about the Property which has resulted in the releasing, spilling, leaking, pumping, pouring, emitting, emptying or dumping of Hazardous Substances into any waters, ambient air or onto any lands or where damage may have resulted to the lands, waters, fish, shellfish, wildlife, flora, air or other natural resources.

AFFIRMATIVE COVENANTS. Indemnitor covenants with Lender as follows:

Use of Property. Indemnitor will not use and does not intend to use the Property to generate, manufacture, refine, transport, treat, store, handle or dispose of any Hazardous Substances, PCBs, lead paint or asbestos.

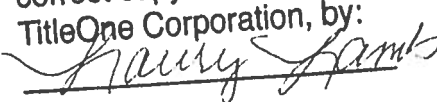
Compliance with Environmental Laws. Indemnitor shall cause the Property and the operations conducted on it to comply with any and all Environmental Laws and orders of any governmental authorities having jurisdiction under any Environmental Laws and shall obtain, keep in effect and comply with all governmental permits and authorizations required by Environmental Laws with respect to such Property or operations. Indemnitor shall furnish Lender with copies of all such permits and authorizations and any amendments or renewals of them and shall notify Lender of any expiration or revocation of such permits or authorizations.

Preventive, Investigatory and Remedial Action. Indemnitor shall exercise extreme care in handling Hazardous Substances if Indemnitor uses or encounters any. Indemnitor, at Indemnitor's expense, shall undertake any and all preventive, investigatory or remedial action (including emergency response, removal, containment and other remedial action) (a) required by any applicable Environmental Laws or orders by any governmental authority having jurisdiction under Environmental Laws, or (b) necessary to prevent or minimize property damage (including damage to Occupant's own property), personal injury or damage to the environment, or the threat of any such damage or injury, by releases of or exposure to Hazardous Substances in connection with the Property or operations of any Occupant on the Property. In the event Indemnitor fails to perform any of Indemnitor's obligations under this section of the Agreement, Lender may (but shall not be required to) perform such obligations at Indemnitor's expense. All such costs and expenses incurred by Lender under this section and otherwise under this Agreement shall be reimbursed by Indemnitor to Lender upon demand with interest at the Note default rate, or in the absence of a default rate, at the Note interest rate. Lender and Indemnitor intend that Lender shall have full recourse to Indemnitor for any sum at any time due to Lender under this Agreement. In performing any such obligations of Indemnitor, Lender shall at all times be deemed to be the agent of Indemnitor and shall not be responsible for such performance be deemed to be assuming any responsibility of Indemnitor under any Environmental Law or to any third party. Indemnitor hereby irrevocably appoints Lender as Indemnitor's attorney-in-fact with full power to perform such of Indemnitor's obligations under this section of the Agreement as Lender deems necessary and appropriate.

Notices. Indemnitor shall immediately notify Lender upon becoming aware of any of the following:

- (1) Any spill, release or disposal of a Hazardous Substance on any of the Property, or in connection with any of its operations if such

RECORDATION REQUESTED BY:

Certified to be a true and
correct copy of the original.
TitleOne Corporation, by:


WHEN RECORDED MAIL TO:

Citizens Business Bank
P.O. Box 4118
Ontario, CA 91761

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE ONLY

HAZARDOUS SUBSTANCES CERTIFICATE AND INDEMNITY AGREEMENT

THIS HAZARDOUS SUBSTANCES AGREEMENT dated September 9, 2014, is made and executed among Dugan Family Farms, L.L.C., whose address is 114 South 400 West, Jerome, ID 83338 (sometimes referred to below as "Borrower" and sometimes as "Indemnitor"); and Citizens Business Bank, Dairy & Livestock Industries Group, 12808 Central Avenue, Second Floor, Chino, CA 91710 (referred to below as "Lender"). For good and valuable consideration and to induce Lender to make a loan to Borrower, each party executing this Agreement hereby represents and agrees with Lender as follows:

PROPERTY DESCRIPTION. The word "Property" as used in this Agreement means the following Real Property located in Minidoka County, State of Idaho:

See Exhibit "A" the Legal Description, which is attached to this Agreement and made a part of this Agreement as if fully set forth herein.

The Real Property or its address is commonly known as 352 North 100 East, Rupert, ID 83350. The Real Property tax Identification number is RP09S24E030600; RP09S24E033200; RP09S24E033960; and RP09S24E035420.

REPRESENTATIONS. The following representations are made to Lender, subject to disclosures made and accepted by Lender in writing:

Use of Property. After due inquiry and investigation, Indemnitor has no knowledge, or reason to believe, that there has been any use, generation, manufacture, storage, treatment, refinement, transportation, disposal, release, or threatened release of any Hazardous Substances by any person on, under, or about the Property.

Hazardous Substances. After due inquiry and investigation, Indemnitor has no knowledge, or reason to believe, that the Property, whenever and whether owned by previous Occupants, has ever contained asbestos, PCBs, lead paints or other Hazardous Substances, whether used in construction or stored on the Property.

No Notices. Indemnitor has received no summons, citation, directive, letter or other communication, written or oral, from any agency or department of any county or state or the U.S. Government concerning any intentional or unintentional action or omission on, under, or about the Property which has resulted in the releasing, spilling, leaking, pumping, pouring, emitting, emptying or dumping of Hazardous Substances into any waters, ambient air or onto any lands or where damage may have resulted to the lands, waters, fish, shellfish, wildlife, biota, air or other natural resources.

AFFIRMATIVE COVENANTS. Indemnitor covenants with Lender as follows:

Use of Property. Indemnitor will not use and does not intend to use the Property to generate, manufacture, refine, transport, treat, store, handle or dispose of any Hazardous Substances, PCBs, lead paint or asbestos.

Compliance with Environmental Laws. Indemnitor shall cause the Property and the operations conducted on it to comply with any and all Environmental Laws and orders of any governmental authorities having jurisdiction under any Environmental Laws and shall obtain, keep in effect and comply with all governmental permits and authorizations required by Environmental Laws with respect to such Property or operations. Indemnitor shall furnish Lender with copies of all such permits and authorizations and any amendments or renewals of them and shall notify Lender of any expiration or revocation of such permits or authorizations.

Preventive, Investigatory and Remedial Action. Indemnitor shall exercise extreme care in handling Hazardous Substances. If Indemnitor uses or encounters any. Indemnitor, at Indemnitor's expense, shall undertake any and all preventive, investigatory or remedial action (including emergency response, removal, containment and other remedial action) (a) required by any applicable Environmental Laws or orders by any governmental authority having jurisdiction under Environmental Laws, or (b) necessary to prevent or minimize property damage (including damage to Occupant's own property), personal injury or damage to the environment, or the threat of any such damage or injury, by releases of or exposure to Hazardous Substances in connection with the Property or operations of any Occupant on the Property. In the event Indemnitor fails to perform any of Indemnitor's obligations under this section of the Agreement, Lender may (but shall not be required to) perform such obligations at Indemnitor's expense. All such costs and expenses incurred by Lender under this section and otherwise under this Agreement shall be reimbursed by Indemnitor to Lender upon demand with interest at the Note default rate, or in the absence of a default rate, at the Note interest rate. Lender and Indemnitor intend that Lender shall have full recourse to Indemnitor for any sum at any time due to Lender under this Agreement. In performing any such obligations of Indemnitor, Lender shall at all times be deemed to be the agent of Indemnitor and shall not by reason of such performance be deemed to be assuming any responsibility of Indemnitor under any Environmental Law or to any third party. Indemnitor hereby irrevocably appoints Lender as Indemnitor's attorney-in-fact with full power to perform such of Indemnitor's obligations under this section of the Agreement as Lender deems necessary and appropriate.

Notices. Indemnitor shall immediately notify Lender upon becoming aware of any of the following:

- (1) Any spill, release or disposal of a Hazardous Substance on any of the Property, or in connection with any of its operations if such

HAZARDOUS SUBSTANCES AGREEMENT (Continued)

Loan No: 35593

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spill, release or disposal must be reported to any governmental authority under applicable Environmental Laws.

(2) Any contamination, or imminent threat of contamination, of the Property by Hazardous Substances, or any violation of Environmental Laws in connection with the Property or the operations conducted on the Property.

(3) Any order, notice of violation, fine or penalty or other similar action by any governmental authority relating to Hazardous Substances or Environmental Laws and the Property or the operations conducted on the Property.

(4) Any judicial or administrative investigation or proceeding relating to Hazardous Substances or Environmental Laws and to the Property or the operations conducted on the Property.

(5) Any matters relating to Hazardous Substances or Environmental Laws that would give a reasonably prudent Lender cause to be concerned that the value of Lender's security interest in the Property may be reduced or threatened or that may impair, or threaten to impair, Indemnitor's ability to perform any of its obligations under this Agreement when such performance is due.

Access to Records. Indemnitor shall deliver to Lender, at Lender's request, copies of any and all documents in Indemnitor's possession or to which it has access relating to Hazardous Substances or Environmental Laws and the Property and the operations conducted on the Property, including without limitation results of laboratory analyses, site assessments or studies, environmental audit reports and other consultants' studies and reports.

Inspections. Lender reserves the right to inspect and investigate the Property and operations on it at any time and from time to time, and Indemnitor shall cooperate fully with Lender in such inspection and investigations. If Lender at any time has reason to believe that Indemnitor or any Occupants of the Property are not complying with all applicable Environmental Laws or with the requirements of this Agreement or that a material spill, release or disposal of Hazardous Substances has occurred on or under the Property, Lender may require Indemnitor to furnish Lender at Indemnitor's expense an environmental audit or a site assessment with respect to the matters of concern to Lender. Such audit or assessment shall be performed by a qualified consultant approved by Lender. Any inspections or tests made by Lender shall be for Lender's purposes only and shall not be construed to create any responsibility or liability on the part of Lender to any Indemnitor or to any other person.

INDEMNITOR'S WAIVER AND INDEMNIFICATION. Indemnitor hereby agrees to and shall indemnify, defend, and hold harmless Lender and Lender's officers, directors, employees and agents, and Lender's successors and assigns and their officers, directors, employees and agents from and against any and all claims, demands, losses, liabilities, costs, fines, penalties and expenses (including without limitation attorneys' fees at trial and on any appeal or petition for review, consultants' fees, remedial action costs, natural resource damages and diminution in value) incurred by such person (a) arising out of or relating to any investigatory or remedial action involving the Property, the operations conducted on the Property, or any other operations of Indemnitor or any Occupant and required by Environmental Laws or by orders of any governmental authority having jurisdiction under any Environmental Laws, including without limitation any natural resource damages, or (b) arising out of or related to any noncompliance with or violation of Environmental Laws or any applicable permits or approvals, or (c) on account of injury to Lender or any person whatsoever or damage to any property arising out of, in connection with, or in any way relating to (i) the breach of any covenant, representation or warranty contained in this Agreement, (ii) the violation of any Environmental Laws, permits, authorizations or approvals, (iii) the use, treatment, storage, generation, manufacture, transport, release, spill, disposal or other handling of Hazardous Substances on the Property, or (iv) the contamination of any of the Property by, or the presence, release or threatened release of, Hazardous Substances by any means whatsoever (explicitly including without limitation any presently existing contamination of the Property, whether or not previously disclosed to Lender), or (d) pursuant to this Agreement. Indemnitor's obligations under this section shall survive the termination of this Agreement and as set forth below in the Survival section. In addition to this indemnity, Indemnitor hereby releases and waives all present and future claims against Lender for indemnity or contribution in the event Indemnitor becomes liable for cleanup or other costs under any Environmental Laws.

PAYMENT: FULL RECOURSE TO INDEMNITOR. Indemnitor intends that Lender shall have full recourse to Indemnitor for Indemnitor's obligations under this Agreement as they become due to Lender. Such liabilities, losses, claims, damages and expenses shall be reimbursable to Lender as Lender's obligations to make payments with respect thereto are incurred, without any requirement of waiting for the ultimate outcome of any litigation, claim or other proceeding, and Indemnitor shall pay such liability, losses, claims, damages and expenses to Lender as so incurred within thirty (30) days after written notice from Lender. Lender's notice shall contain a brief itemization of the amounts incurred to the date of such notice. In addition to any remedy available for failure to pay periodically such amounts, such amounts shall thereafter bear interest at the Note default rate, or in the absence of a default rate, at the Note interest rate.

SURVIVAL. The covenants contained in this Agreement shall survive (A) the repayment of the indebtedness, (B) any foreclosure, whether judicial or nonjudicial, of the Property, and (C) any delivery of a deed in lieu of foreclosure to Lender or any successor of Lender. The covenants contained in this Agreement shall be for the benefit of Lender and any successor to Lender, as holder of any security interest in the Property or the indebtedness secured thereby, or as owner of the Property following foreclosure or the delivery of a deed in lieu of foreclosure.

COUNTERPARTS. This document may be executed in any number of counterparts and by different parties on separate counterparts, each of which when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same agreement.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Agreement:

Amendments. This Agreement, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration of or amendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Attorneys' Fees; Expenses. If Lender institutes any suit or action to enforce any of the terms of this Agreement, Lender shall be entitled to recover such sum as the court may adjudge reasonable as attorneys' fees at trial and upon any appeal. Whether or not any court action is involved, and to the extent not prohibited by law, all reasonable expenses Lender incurs that in Lender's opinion are necessary at any time for the protection of its interest or the enforcement of its rights shall become a part of the indebtedness payable on demand and shall bear interest at the Note rate from the date of the expenditure until repaid. Expenses covered by this paragraph include, without limitation, however subject to any limits under applicable law, Lender's reasonable attorneys' fees and Lender's legal expenses whether or not there is a lawsuit, including reasonable attorneys' fees and expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services, the cost of searching records, obtaining title reports (including foreclosure reports), surveyors' reports, and appraisal fees and title insurance, to the extent permitted by applicable law. Indemnitor also will pay any court costs, in addition to all other sums provided by law.

HAZARDOUS SUBSTANCES AGREEMENT (Continued)

Loan No: 35593

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Caption Headings. Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of this Agreement.

Governing Law. With respect to procedural matters related to the perfection and enforcement of Lender's rights against the Property, this Agreement will be governed by federal law applicable to Lender and to the extent not preempted by federal law, the laws of the State of Idaho. In all other respects, this Agreement will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of California without regard to its conflicts of law provisions. However, if there ever is a question about whether any provision of this Agreement is valid or enforceable, the provision that is questioned will be governed by whichever state or federal law would find the provision to be valid and enforceable. The loan transaction that is evidenced by the Note and this Agreement has been applied for, considered, approved and made, and all necessary loan documents have been accepted by Lender in the State of California.

Choice of Venue. If there is a lawsuit, Indemnitor agrees upon Lender's request to submit to the jurisdiction of the courts of San Bernardino County, State of California.

Joint and Several Liability. All obligations of Indemnitor under this Agreement shall be joint and several, and all references to Indemnitor shall mean each and every Indemnitor. This means that each Indemnitor signing below is responsible for all obligations in this Agreement.

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Agreement unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Agreement shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by Lender, nor any course of dealing between Lender and Indemnitor, shall constitute a waiver of any of Lender's rights or of any of Indemnitor's obligations as to any future transactions. Whenever the consent of Lender is required under this Agreement, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender. Indemnitor hereby waives notice of acceptance of this Agreement by Lender.

Notices. Any notice required to be given under this Agreement shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Agreement. Any party may change its address for notices under this Agreement by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Indemnitor agrees to keep Lender informed at all times of Indemnitor's current address. Unless otherwise provided or required by law, if there is more than one Indemnitor, any notice given by Lender to any Indemnitor is deemed to be notice given to all Indemnitors.

Severability. If a court of competent jurisdiction finds any provision of this Agreement to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Agreement. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Agreement shall not affect the legality, validity or enforceability of any other provision of this Agreement.

Successors and Assigns. Subject to any limitations stated in this Agreement on transfer of Indemnitor's interest, this Agreement shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Property becomes vested in a person other than Indemnitor, Lender, without notice to Indemnitor, may deal with Indemnitor's successors with reference to this Agreement and the indebtedness by way of forbearance or extension without releasing Indemnitor from the obligations of this Agreement or liability under the indebtedness.

Time Is of the Essence. Time is of the essence in the performance of this Agreement.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Agreement. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Agreement shall have the meanings attributed to such terms in the Uniform Commercial Code:

Agreement. The word "Agreement" means this Hazardous Substances Agreement, as this Hazardous Substances Agreement may be amended or modified from time to time, together with all exhibits and schedules attached to this Hazardous Substances Agreement from time to time.

Environmental Laws. The words "Environmental Laws" mean any and all state, federal and local statutes, regulations and ordinances relating to the protection of human health or the environment, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., or other applicable state or federal laws, rules, or regulations adopted pursuant thereto.

Hazardous Substances. The words "Hazardous Substances" mean materials that, because of their quantity, concentration or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposed of, generated, manufactured, transported or otherwise handled. The words "Hazardous Substances" are used in their very broadest sense and include without limitation any and all hazardous or toxic substances, materials or waste as defined by or listed under the Environmental Laws. The term "Hazardous Substances" also includes, without limitation, petroleum and petroleum by-products or any fraction thereof and asbestos.

Indebtedness. The word "Indebtedness" means all principal, interest, and other amounts, costs and expenses payable under the Note or Related Documents, together with all renewals of, extensions of, modifications of, consolidations of and substitutions for the Note or Related Documents and any amounts expended or advanced by Lender to discharge Indemnitor's obligations or expenses incurred by Lender to enforce Indemnitor's obligations under this Agreement, together with interest on such amounts as provided in this Agreement.

Lender. The word "Lender" means Citizens Business Bank, its successors and assigns.

Note. The word "Note" means the Note dated September 9, 2014 and executed by Dugan Family Farms, L.L.C. in the principal amount of ~~300,000.00~~, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the note or credit agreement.

HAZARDOUS SUBSTANCES AGREEMENT
(Continued)

Loan No: 35593

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Occupant. The word "Occupant" means individually and collectively all persons or entities occupying or utilizing the Property, whether as owner, tenant, operator or other occupant.

Property. The word "Property" means all of Indemnitor's right, title and interest in and to all the Property as described in the "Property Description" section of this Agreement.

Real Property. The words "Real Property" mean the real property, interests and rights, as further described in this Agreement.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the indebtedness.

EACH PARTY TO THIS AGREEMENT ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS AGREEMENT, AND EACH AGREES TO ITS TERMS. NO FORMAL ACCEPTANCE BY LENDER IS NECESSARY TO MAKE THIS AGREEMENT EFFECTIVE. THIS AGREEMENT IS DATED SEPTEMBER 9, 2014.

BORROWER:

DUGAN FAMILY FARMS, L.L.C.

By:

Chris Dugan
Chris Dugan, Managing Member of Dugan Family Farms, L.L.C.

By:

Shelly Dugan
Shelly Dugan, Member of Dugan Family Farms, L.L.C.

LENDER:

CITIZENS BUSINESS BANK

X

Michael G. Maciel
Authorized Officer

Michael G. Maciel, Vice President/Relationship Manager

LIMITED LIABILITY COMPANY ACKNOWLEDGMENT

STATE OF Idaho

)

) SS

COUNTY OF Jerome

)

On this 15 day of September, in the year 20 14, before me the undersigned, a notary public in and for the State of Idaho, personally appeared Chris Dugan, Managing Member of Dugan Family Farms, L.L.C. and Shelly Dugan, Member of Dugan Family Farms, L.L.C., known or identified to me (or proved to me on the oath of _____), to be members or designated agents in the limited liability company of Dugan Family Farms, L.L.C., and the members or designated agents who subscribed said limited liability company name to the foregoing instrument, and acknowledged to me that they executed the same in said limited liability company name.

Laury Lamb
Notary Public for Idaho

Residing at Jerome, ID

My commission expires 4/9/2016

LAURY LAMB
NOTARY PUBLIC
STATE OF IDAHO

HAZARDOUS SUBSTANCES AGREEMENT
(Continued)

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LENDER ACKNOWLEDGMENT

STATE OF Idaho)
) SS
COUNTY OF Jerome)

On this 15th day of September, in the year 20 14, before me the
undersigned, a notary public in and for the State of Idaho, personally appeared Michael G. Maalel
known or identified to me (or proved to me on the oath of _____), to be
authorized agent for Citizens Business Bank that executed the within and foregoing instrument and acknowledged said
instrument to be the free and voluntary act and deed of Citizens Business Bank, duly authorized by the Citizens Business Bank through its board
of directors or otherwise, for the uses and purposes therein mentioned, and on oath stated that he or she is authorized to execute said
instrument and in fact executed this said instrument on behalf of Citizens Business Bank.

Laury Lamb
Notary Public for Idaho

My commission expires 4/9/2016

Residing at Jerome, ID

LAURY LAMB
NOTARY PUBLIC
STATE OF IDAHO

LEGAL DESCRIPTION - EXHIBIT "A"

Order Number: 51346 MC

PARCEL NO. 1:

TOWNSHIP 9 SOUTH, RANGE 24 EAST OF THE BOISE MERIDIAN,
MINIDOKA COUNTY, IDAHO

Section 3: That part of the NW¼SW¼ and W½NE¼SW¼, more particularly described as follows:

Beginning at the Northwest corner of said NW¼SW¼, which Point shall be known as the True Point of Beginning;
Thence South 89°56'28" East (Rec. South 89°50' East) along the North boundary line of said NW¼SW¼ and W½NE¼SW¼ for 1990.53 feet, more or less, to the East line of the W½NE¼SW¼;
Thence South 0°09'29" West (Rec. South 0°32' West) along said East line of the W½NE¼SW¼ for 550.45 feet;
Thence North 89°50' West for 1986.83 feet, more or less, to a point on the West section line of said Section 3;
Thence North 0°11' East along said West section line for 550.45 feet to the True Point of Beginning.

PARCEL NO. 2:

TOWNSHIP 9 SOUTH, RANGE 24 EAST OF THE BOISE MERIDIAN,
MINIDOKA COUNTY, IDAHO

Section 3: Part of the W½NE¼SW¼ of said Section 3, more particularly described as follows:

Beginning at the West quarter section corner of said Section 3, said point marked by a ⅝ inch rebar;
thence South 0°11' West (Basis of Bearing) along section line for 550.45 feet to a P.K. Nail;
thence South 89°50' East for 1334.44 feet to a ½ inch rebar which shall be the Point of Beginning;
Thence South 89°50' East for 644.99 feet to the East line of the W½NE¼SW¼ marked by a ½ inch rebar;
Thence South 0°09'29" West along said East line of the W½NE¼SW¼ for 67.54 feet to a ½ inch rebar;
Thence North 89°50' West for 644.99 feet to a ½ inch rebar;
Thence North 0°09'28" East for 67.54 feet to the Point of Beginning.

PARCEL NO. 3:

TOWNSHIP 9 SOUTH, RANGE 24 EAST OF THE BOISE MERIDIAN,
MINIDOKA COUNTY, IDAHO

Section 3: Lots 2, 3 and 4, ~~SAVE AND EXCEPT~~ the following described tracts:

Tract No. 1:

Beginning at the Northwest corner of said Section 3, which point shall be known as the True Point of Beginning;
Thence East along the North section line of said Section 3 for 962.40 feet;
Thence South for 226.20 feet;
Thence West for 962.40 feet to a point on the West section line of said Section 3;
Thence North along said West section line for 226.20 feet to the True Point of Beginning,

Tract No. 2:

Beginning at the Southwest corner of said Lot 4; thence North 0°11' East along the West section line of said Section 3 for 11.75 feet to a point, which point shall be known as the True Point of Beginning;
Thence North 0°11' East along said West section line for 208.72 feet;
Thence North 89°39' East for 208.72 feet;
Thence South 0°11' West for 208.72 feet;
Thence South 89°39' West for 208.72 feet to the True Point of Beginning.

LEGAL DESCRIPTION - EXHIBIT "A"

Order Number: 51346 MC

PARCEL NO. 4:

TOWNSHIP 9 SOUTH, RANGE 24 EAST OF THE BOISE MERIDIAN,
MINIDOKA COUNTY, IDAHO

Section 3: That part of the S½NW¼, more particularly described as follows:

Beginning at the Southeast corner of said S½NW¼, which point shall be known as the True Point of Beginning;
Thence South 89°50'42" West along the South boundary line of said S½NW¼ for 1620.00 feet, more or less;
Thence North 1°36'42" East for 1316.87 feet;
Thence North 89°50'42" East for 1620.00 feet, more or less, to the Northeast corner of the SE¼NW¼ of said Section 3;
Thence South 1°36'42" West for 1316.87 feet to the True Point of Beginning.

EXCEPTING THEREFROM, the following described tract:

Beginning at the West quarter Section corner of said Section 3, said corner marked by a ⅝ inch rebar; thence South 89°56'28" East along the quarter section line for 979.23 feet to a point which shall be known as the Point of Beginning;
Thence North 1°56'19" East for 0.55 feet to a ½ inch rebar;
Thence North 1°56'19" East (N 1°36'42" E rec.) for 1318.43 feet (1316.87' rec.) to a ½ inch rebar on the 1/16th section line;
Thence South 0°11'00" West for 1318.28 feet to a ½ inch rebar on the quarter section line;
Thence South 89°56'28" West (S 89°50'42" W rec.) along the quarter section line for 40.40 feet to the Point of Beginning.

PARCEL NO. 5:

A 20 foot wide access road right-of-way along the North side of the following described tract, granted by Warranty Deed from Solar Farms, a partnership consisting of Daniel D. Walton, Kenneth A. Barras and Grant H. Walton, and Daniel C. Walton and Mary H. Walton, husband and wife, Grantor, to Kevin P. Sanders and Maria A. Sanders, husband and wife, Grantee, dated April 5, 1991 and recorded April 10, 1991, as Instrument No. 396474, records of Minidoka County, Idaho, more particularly described as follows:

Beginning at the West quarter Section corner of Section 3, Township 9 South, Range 24 East, Boise Meridian, Minidoka County, said corner marked by a ⅝ inch rebar; thence South 89°56'28" East along the quarter section line for 979.23 feet to a point which shall be known as the Point of Beginning;
Thence North 1°56'19" East for 0.55 feet to a ½ inch rebar;
Thence North 1°56'19" East (N 1°36'42" E rec.) for 1318.43 feet (1316.87' rec.) to a ½ inch rebar on the 1/16th section line;
Thence South 0°11'00" West for 1318.28 feet to a ½ inch rebar on the quarter section line;
Thence South 89°56'28" West (S 89°50'42" W rec.) along the quarter section line for 40.40 feet to the Point of Beginning.

PARCEL NO. 6:

A permanent easement and right of way for ingress and egress between Donald R. Bennett and Leta Bennett, husband and wife, Grantor, and John E. Hayden and Betty A. Hayden, Grantee, Dated December 19, 1985 recorded December 19, 1985 as Instrument No. 359647, records of Minidoka County, Idaho.

LEGAL DESCRIPTION - EXHIBIT "A"

Order Number: 51346 MC

PARCEL NO. 7:

TOWNSHIP 9 SOUTH, RANGE 24 EAST OF THE BOISE MERIDIAN,
MINIDOKA COUNTY, IDAHO

Section 3: That part of the SW $\frac{1}{4}$ NW $\frac{1}{4}$, more particularly described as follows:

Beginning at the Southwest corner of said SW $\frac{1}{4}$ NW $\frac{1}{4}$, which point shall be known as the True Point of Beginning;

Thence East along the South boundary line of said SW $\frac{1}{4}$ NW $\frac{1}{4}$ for 200.00 feet;

Thence North for 200.00 feet;

Thence West for 200.00 feet to a point on the West section line of said Section 3;

Thence South along said West section line for 200.00 feet to the True Point of Beginning.