

STATE OF IDAHO  
DEPARTMENT OF WATER RESOURCES

# Notice of Security Interest in a Water Right

And Request for Notification of a Change in Ownership or Any Proposed  
Or Final Action to Amend, Transfer, or Otherwise Modify a Water Right

DEV ✓

Please print or type. Attach pages with additional information. Instructions are on the back of this page.  
Incomplete forms will be returned.

1. Water Right No(s).: 31-7140 and 31-7374

Adjudication Claim No(s).: \_\_\_\_\_

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

SUPPORT DATA

RABO AGRIFINANCE, INC.

IN FILE # 31-7140

ONE CITYPLACE DR., SUITE 200

ST. LOUIS, MO 63141

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

SCOTT C. NEVILLE AND STAN D. NEVILLE

5. Expiration Date of Notification Period JULY 1, 2025

6. Is this a Renewal of Request for Notification? ☐ YES ☒ NO

7. Signature(s) of Security Interest holder(s)  
(and title if applicable)

Shirley L. Dobbs  
Shirley L. Dobbs, Vice-President

For Office Use Only

Received by JB  
Receipted by JB  
Processed by \_\_\_\_\_ AJ

Date 3-9-10  
Date \_\_\_\_\_  
Date \_\_\_\_\_

Fee \$175.-  
Receipt No. E035633  
WR \_\_\_\_\_ Date \_\_\_\_\_

\$50.- for this Security Interest

**RECEIVED**

**MAR 08 2010**

Department of Water Resources:  
Eastern Region



## State of Idaho

# DEPARTMENT OF WATER RESOURCES

Eastern Region, 900 North Skyline Drive, Suite A • Idaho Falls, Idaho 83402-1718

Phone: (208) 525-7161 • Fax: (208) 525-7177 • Web Site: [www.idwr.idaho.gov](http://www.idwr.idaho.gov)

March 8, 2010

C. L. "BUTCH" OTTER  
Governor

GARY SPACKMAN  
Interim Director

Rabo Agrifinance Inc  
1 Cityplace Dr Ste 200  
St Louis MO 63141

RECEIVED

MAR 23 2010

Department of Water Resources  
Eastern Region

RE: Security Interest Water Right No. 31-7140 & 31-7374

Dear Sir/Madam:

The Department of Water Resources acknowledges receipt of your Notice of Security Interest.

Our review of your notice indicates that additional information is required before we can process the change. The information required is indicated below:

**XXXX Evidence of Security Interest:** copy of Deed of Trust, Mortgage, Contract of Sale or other legal document indicating your interest in the property and water rights in question. There was no legal documentation submitted with your request indicating your interest in the above listed water right. Please provide a 'recorded' copy of one of the items listed above at your earliest convenience.

Because the Department cannot process the ownership change without proper documentation/fees, we will hold any action on your notice pending receipt of the necessary information/fees. If we do not receive the necessary information/fees within 30 days we will return your notice and all attachments and your notice will not be processed.

Please note that Section 42-248, Idaho Code, requires you or the owner of this water right to maintain current ownership and address records on file with the department. Forms to file a change of ownership of a water right and/or a change in the address of the water right owner are available from any department office, or at the department's website at: [www.idwr.idaho.gov](http://www.idwr.idaho.gov).

Please feel free to contact the Department if you have any questions.

Sincerely,

  
Jonie Barg  
Technical Records Specialist

Enclosure(s)

P-133408

PREPARED BY:  
JOHN P. MANNING V.  
RABO AGRIFINANCE, INC.  
P.O. BOX 411995  
ST. LOUIS MO 63141  
314-687-4000

RECEIVED

MAR 23 2010

RETURN RECORDED DOCUMENT TO  
RABO AGRIFINANCE, INC.  
ONE CITYPLACE DR., SUITE 200  
ST. LOUIS, MO 63141

Department of Water Resources  
Eastern Region

Loan 10010700

**SOUTH DAKOTA MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT**

\*AKA

**THIS MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT** ("Mortgage"), dated as of the 28<sup>th</sup> day of January, 2010 is made between CLAY J. SCHAAACK A/K/A CLAY SCHAAACK AND HOLLY L. SCHAAACK AND HOLLY SCHAAACK, HUSBAND AND WIFE whose principal residence is 23650 SAGE CREEK RD, WALL, SD 57790, and all other persons executing this Mortgage, hereinafter called "Mortgagor," and RABO AGRIFINANCE, INC., a corporation organized and existing under the laws of Delaware ("RAF"), whose address is P.O. Box 411995, St. Louis, Missouri 63141; RABOBANK, N.A. ("RNA"), whose address is P.O. Box 1845, El Centro, California 92244; and COÖPERATIEVE CENTRALE RAIFFEISEN-BOERENLEENBANK B.A., "Rabobank Nederland" ("RN"), whose address is 245 Park Avenue, New York, New York 10167 (RAF, RNA, and RN, unless otherwise indicated, together with their successors and assigns, are hereinafter, individually or collectively, referred to as "Mortgagee") and RAF as collateral agent (the "Collateral Agent") for the Mortgagee.

**WITNESSETH** that the Mortgagor by these presents does grant, bargain, sell, convey, transfer, assign, mortgage, pledge, warrant and confirm unto the Collateral Agent for the benefit of Mortgagee all the property (the "Real Estate") hereinafter described, to wit:

- I. The following described real property located in PENNINGTON COUNTY, SOUTH DAKOTA, to wit:

**See attached Exhibit "A", which is incorporated herein by reference.**

- II. The Mortgagor's interest as lessor in all leases (including, but not limited to, oil, gas and mineral leases) now or hereafter affecting the above described real property or any part thereof reserving, however, unto the Mortgagor the right, prior to any default hereunder, to collect and retain the income accruing under said leases.

Initials

CS HS

TOGETHER WITH (1) all easements, rights-of-way and rights appurtenant to said Real Estate or used in connection therewith or as a means of access thereto; (2) all tenements, hereditaments and appurtenances thereto, including all water and water rights appertaining thereto; (3) Mortgagor's interest as lessor in all leases affecting said Real Estate; (4) all buildings, structures, improvements, fixtures, attachments, appliances, equipment, machinery and other articles now or hereafter erected on, affixed or attached to, or located in or on said Real Estate which are real property, and all substitutions, replacements, additions and accessions thereof or thereto; (5) all the rents, issues and profits which, whether before or after foreclosure or during the full period of redemption, shall accrue and be owing for the use or occupation of the property and of the buildings, fixtures and improvements thereon, or any part thereof. For this purpose, the Mortgagor irrevocably appoints Collateral Agent or Mortgagee as its true and lawful attorney-in-fact, coupled with an interest, in its name, to receive, collect and receipt for all sums due and owing for the use and occupations as the same may accrue. All rents, issues and other profits collected by the Collateral Agent or Mortgagee shall first be applied to the cost of collection and other expenses, including reasonable attorney's fees and other costs and actual disbursements, and then to the secured obligations, with the remainder, if any, paid to the Mortgagor. The Collateral Agent or Mortgagee is authorized but not obligated to pay and discharge the secured obligations including accelerated indebtedness, if any, in such order as the Collateral Agent or Mortgagee may determine, whether due or not, or any part thereof. So long as there shall exist no default under the Mortgage, the Mortgagor shall have the right to collect and receive all such rents, issues and profits as they accrue. The Collateral Agent or Mortgagee shall be liable to account only for those rents, issues and profits actually received; and (6) all right, title, estate, interest, and other claim or demand, including, without limitation, all claims or demands to the proceeds of all insurance now or hereafter in effect with respect to said Real Estate, which Mortgagor now has or may hereafter acquire in said Real Estate, and all awards made for the taking by condemnation or the power of eminent domain, or by any proceeding or purchase in lieu thereof, of the whole or any part of said Real Estate.

AND ALSO, Mortgagor, as debtor, irrevocably grants and assigns to Collateral Agent for the benefit of Mortgagee, as secured party, a security interest in all of the following collateral which is personal property now or hereafter owned by Mortgagor or in which Mortgagor now or hereafter has any rights and which is now or hereafter located on or at, or affixed or attached to, or produced from, or used in connection with said Real Estate, including but not limited to: All personal property described in Exhibit "B" attached hereto and made a part hereof and articles of personal or mixed property of every kind and nature whatsoever, including, without limitation, all (a) goods, including without limitation, equipment and machinery (excluding, however, automobiles, trucks, tractors, trailers, wheeled vehicles, planting and tillage equipment), watering and irrigation apparatus, pumps, motors, generators, pipes, center pivot irrigators and sprinklers, windmills, fences, fixtures, fittings, appliances, farm products, crops growing or to be grown, timber standing or to be cut, minerals or the like (including oil and gas), raw materials, inventory and work in process; (b) all water stock and water rights and, to the extent listed on the attached Exhibit "B", all investment property, including without limitation, certificated and uncertificated securities, securities entitlements, securities accounts and commodities accounts, including all stock, bonds and commodities contracts; (c) all permits and licenses used in the operation of the Real Estate and, to the extent listed on the attached Exhibit "B", general intangibles, including without limitation payment intangibles and software; (d) accounts,

including without limitation all of Mortgagor's right to any payment arising out of the sale, lease or license of all kinds of tangible and intangible personal property, contract rights, general intangibles, instruments, documents, chattel paper, accounts receivable, deposits, fees, charges and other payments, income and cash receipts that are otherwise described in this paragraph; (e) personal property of the same general kind or class as otherwise described in this paragraph which Mortgagor may now own or hereafter acquire, wherever located, used or usable in the operation of or relating to the Real Estate; and all products and proceeds from the sale or other disposal thereof, including, without limitation, all payments under any insurance policies, substitutions and replacements, additions, accessions of or to said collateral and any indemnity, warranty or guaranty relating to any of the foregoing (all of the foregoing property shall be hereinafter collectively referred to as the "Collateral"; the Real Estate and the Collateral shall hereinafter be collectively referred to as the "Property"). PROVIDED HOWEVER, that nothing in this Mortgage shall prevent Mortgagor from obtaining secured crop financing which may include the perfection of a lien by the crop lender on the crops growing or to be grown for a period not to exceed the beginning of the next crop year. If Mortgagor exercises its right to place a single crop lien on the crops grown or to be grown on the Real Estate hereunder, such crop lien shall automatically be a superior lien to the lien on such crop created hereby without the need for any consent or subordination from Collateral Agent or Mortgagee.

**TO HAVE AND TO HOLD THE SAME** unto the Collateral Agent for the benefit of Mortgagee, their successors and assigns, along with any and all agreements with respect to any swap, forward, future or derivative transaction or option or similar agreement involving, or settled by reference to, one or more rates, currencies, commodities, equity or debt instruments or securities, or economic, financial or pricing indices or measures of economic, financial or pricing risk or value or any similar transaction or any combination of these transactions, forever as security for the payment to the Mortgagee, at its principal office or at such other place as the holder hereof may from time to time designate in writing, of the principal sum of ONE MILLION AND 00/100 DOLLARS (\$1,000,000.00), with interest thereon at the initial rate of Six and Seventy-Five Hundredths per centum (6.75%) per annum according to the terms of a certain adjustable interest rate promissory note (which, together with any notes and/or guaranties described below, are collectively referred to as the "Note") in said principal amount bearing even date herewith and executed by:

CLAY J. SCHAACK A/K/A CLAY SCHAACK  
HOLLY L. SCHAACK A/K/A HOLLY SCHAACK

and providing for the payment thereof, with interest and other appurtenant charges as follows:

On FEBRUARY 1, 2011, Maker shall pay principal in the amount of \$15,449.41 plus all interest then accrued on the outstanding balance, and commencing on FEBRUARY 1, 2012 shall pay \$83,886.91 ANNUALLY ON FEBRUARY 1 until FEBRUARY 1, 2025 (the "Maturity Date"), when the entire unpaid balance of the principal and interest shall become due and payable, each such installment to be applied first in payment of the interest then due and the balance on account of principal, all in lawful money of the United States of America. The unpaid principal balance of this Note shall bear interest from the date of the loan disbursement initially at the rate of Six and Seventy-Five

Hundredths percent (6.75%) per annum. Interest on the principal amount hereof from the day of disbursement to the first day of the regular installment period immediately following, is payable concurrently with and in addition to said first regular installment, but this provision applies only where the period from the day of disbursement to the first installment due date exceeds the regular installment period.

and finally maturing FEBRUARY 1, 2025, subject to acceleration of maturity on default in the payment of any installment of principal or interest as specified in said Note or as in any credit agreement or similar document between Mortgagor and any Mortgagee (the "Credit Agreement") along with (1) payment of the entire indebtedness and other obligations evidenced by the following promissory note(s), and/or guaranty(s) executed by Mortgagor to the applicable Mortgagee or order and all modifications, amendments, replacements, substitutions, extensions and renewals thereof.

(2) the payment of such additional loans or advances and such other debts, obligations and liabilities of every kind and character, of Mortgagor or the maker of the Note, evidenced by a promissory note, guaranty or otherwise, whether one or more, now existing or arising in the future, in favor of the applicable Mortgagee, whether direct or indirect, absolute or contingent, or originally payable to the applicable Mortgagee or any other person; PROVIDED HOWEVER, THAT, such other additional loans, advances, debts, obligations and liabilities shall be secured by this Mortgage only if the promissory note, guaranty, or other document evidencing such shall recite that it is to be secured by this Mortgage; and provided, however, if the Property includes Mortgagor's principal dwelling or is otherwise a one to four family dwelling, the Property will not secure any future loan, advance, debt, obligation or liability taken or incurred principally for personal, family or household purposes; (3) the payment of any substitute notes, renewals, reamortizations, conversion agreements and extensions of all indebtedness secured by this Mortgage; (4) payment and performance of each agreement of Mortgagor in this Mortgage; (5) payment of all sums expended or advanced by Collateral Agent or Mortgagee to protect the security of this Mortgage, said real property or said collateral, with interest thereon at the rate per annum after default or maturity set forth in said Note or any Credit Agreement; and (6) all obligations as defined in or provided for in any Credit Agreement.

**PROVIDED, ALWAYS,** that if the Mortgagor, his heirs, representatives, successors or assigns, shall pay unto the Mortgagee, its successors or assigns, the said sum of money mentioned in the Note and the interest thereon at the times and place in the manner specified in the Note or Credit Agreement, and all other sums that may become due and owing to the Collateral Agent or Mortgagee pursuant to any of the terms, covenants and conditions hereof, and perform all the conditions and covenants contained in this Mortgage, then these presents and the estate hereby granted shall cease, determine and be void, otherwise to remain in full force and effect.

**AND SUBJECT** to the covenants and conditions hereinafter set forth.

**FIRST.** The Mortgagor hereby covenants and agrees, to the extent permitted by law, as follows: (a) to pay promptly when due the principal and interest and other sums of money provided for in the Note, Credit Agreement and in this Mortgage or either; (b) to pay all taxes, assessments and other charges (including ditch, canal, reservoir, or other water charges, taxes or assessments) imposed by law upon the Property (c) to keep the Property and improvements on the Real Estate in good condition and repair and not to commit or suffer waste thereof, and except as authorized in any schedule annexed hereto and forming a part hereof, neither to remove nor permit the removal of any timber, buildings, oil, gas, minerals, stone, rock, clay, fertilizer, gravel or top soil without the prior written consent of the Collateral Agent or Mortgagee; (d) to maintain and deliver to the Collateral Agent or Mortgagee policies of insurance against such hazards on the buildings now or hereafter located on the Real Estate as the Collateral Agent or Mortgagee may require from time to time, in such companies and amounts and with such loss payable clauses as shall be satisfactory to the Collateral Agent or Mortgagee; in the event of loss the Collateral Agent or Mortgagee is expressly authorized to settle or compromise claims under said policies and the proceeds shall be paid to the Collateral Agent and/or Mortgagee who may apply same or any part thereof on the indebtedness secured hereby or towards the reconstruction or repair of said buildings or release same to the Mortgagor; (e) to pay any lien, claim or charge against the Real Estate which might take precedence over the lien hereof; (f) to pay on demand all legal expenses, title searches, or attorney fees reasonably incurred or paid by the Collateral Agent or Mortgagee to collect the Note or foreclose or protect the lien of the Mortgage; (g) to do any and all acts all in a timely and proper manner, requested by Collateral Agent or Mortgagee to protect and preserve the security interests granted hereunder, pursuant to the Uniform Commercial Code ("UCC") as in effect from time to time in the state where the Collateral is located except to the extent the UCC provides for the application of the law of the state of location of the Mortgagor in which event the UCC as in effect from time to time, in such state shall apply, in a form satisfactory to Collateral Agent or Mortgagee, and the payment of the cost of filing such statements in all public offices requested by Collateral Agent or Mortgagee; and to do any and all acts as shall hereafter be reasonably requested by Collateral Agent or Mortgagee to effectuate the intent hereof and to render all of the Property available for the security and satisfaction of the indebtedness secured hereby and to enable Collateral Agent or Mortgagee to sell and/or convey the Property pursuant to the terms hereof; (h) in the event Mortgagor shall fail to comply with the provisions of (a) through (g) above, the Collateral Agent or Mortgagee may take such action as is necessary to remedy such failure and all sums paid by the Collateral Agent or Mortgagee pursuant hereto with interest at the rate hereinafter provided shall constitute a lien upon the Property, shall be secured by this Mortgage, and shall be immediately due and repayable to the Collateral Agent or Mortgagee; (i) not to sell the Real Estate or any portions thereof, or, if the Mortgagor is a corporation not more than 0.00% of its corporate stock shall be sold, traded or disposed of to persons other than the present owners prior to the time the indebtedness secured hereby shall have been reduced (exclusive of prepayments not permitted by the note) to \$0.00; (j) if the Real Estate or any portion thereof shall be taken or damaged under the power of eminent domain, the award for any property so taken or damaged (including severance damages to the remaining premises) shall be paid to the Collateral Agent or Mortgagee and applied in full or in part at the option of the Collateral Agent or Mortgagee in reduction of the indebtedness hereby secured; (k) the Collateral Agent or Mortgagee shall have the right to inspect the Property at such reasonable times as the Collateral Agent or Mortgagee may desire to determine the Mortgagor's compliance

with the covenants contained in the Mortgage; (l) the Collateral Agent or Mortgagee may release from the lien hereof any part of the above described Property without requiring any consideration therefor, and (m) Mortgagor is lawfully seized of said Real Estate in fee simple, the same is free from liens, security interests, encumbrances and any adverse claims of any kind whatsoever except as may otherwise be specifically noted herein or waived in writing by the Collateral Agent or Mortgagee, Mortgagor will execute or procure any further necessary assurances of title and does hereby warrant generally the title to said Real Estate and will forever defend the same against the claims and demands of all persons whomsoever, and Mortgagor's separate estate, whether vested, contingent or in expectancy, is hereby conveyed and Mortgagor does hereby expressly waive, release and relinquish all rights and benefits of any homestead, dower, curtesy, appraisement, exemption and stay laws of this state. It is agreed that the interest provided for in subsection (h) above shall be 5% per annum above the contract/adjustable or the highest lawful rate permitted by contract under applicable law, whichever is less.

**SECOND.** Mortgagor agrees that all of said Collateral which is erected on, affixed or attached to, or located in or on said Real Estate shall be deemed to be real property and a part of said Real Estate. No fixtures or equipment (including watering and irrigation apparatus) shall be removed from said Real Estate without the prior written consent of Collateral Agent or Mortgagee, except that Mortgagor shall have the right, without such consent, to remove and dispose of free from the security interest hereof such fixtures and equipment as may from time to time become worn out or obsolete, provided that Mortgagor shall, simultaneously with or prior to such removal, replace such removed fixtures or equipment with replacement fixtures or equipment having a value, quality and utility at least equal to the removed fixtures or equipment. All agreements of Mortgagor herein, and all rights of Collateral Agent or Mortgagee herein, relating to said Real Estate shall apply to said Collateral whether or not expressly referred to herein. This Mortgage is a financing statement and covers goods included in said Collateral which are or are to become fixtures and is to be recorded in the real estate records. Mortgagor is the record owner of said Real Estate.

**THIRD.** If the Mortgagor shall default in the payment of the Note or in the performance of any of the covenants or agreements herein or in the Note, Credit Agreement or in any agreement collateral hereto contained, or if the then owner of the Property shall make an assignment for the benefit of creditors or shall file a petition for relief under the Bankruptcy Code of 1978, as amended, or under any similar statute, or shall be adjudicated bankrupt or insolvent, or if any receiver, liquidator or trustee shall be appointed for such then owner of any of his property, then in such event, the entire indebtedness hereby secured shall, at the option of the Collateral Agent or Mortgagee, be due and collectible at once by judicial foreclosure proceedings, or by advertisement as provided by statute or the rules of practice relating thereto and in such event this provision shall be deemed as authorizing and constituting a power of sale as mentioned in said statutes or rules and any amendatory thereof. The Collateral Agent or Mortgagee shall be entitled, upon action for foreclosure or at any time prior to the expiration of any period of redemption following judicial sale, in the case of abandonment or for cause shown, to have a Receiver appointed by the Court. The Receiver shall have the power to enter upon, take possession of and manage the property, and to conduct the business thereof or lease the same to others and maintain, restore, insure and keep insured buildings, structures, improvements and fixtures, and to collect the rents, issues and profits of the property including

those past due. All rents, issues and other profits collected by the Receiver shall be first applied to the payment of the cost of management of the property and other expenses, including but not limited to, Receiver's fees, premiums or Receiver's bonds, reasonable attorney's fees and other costs and actual disbursements, and then to the secured obligations in the order determined by the Collateral Agent or Mortgagee. The Receiver shall be liable to account only for those rents, issues and profits actually received. In addition to the rights and remedies herein, the Collateral Agent or Mortgagee is hereby authorized and empowered at its option to exercise forthwith and from time to time any further rights and remedies available to the Collateral Agent or Mortgagee under the laws of the state wherein the Property is situate. Collateral Agent or Mortgagee may pursue every legal and equitable remedy available at law and including, without limiting the generality of the foregoing, the remedies of a grantee under the UCC (regardless of whether the UCC has been enacted in the jurisdiction where rights or remedies are asserted), the right to take possession of the Collateral and enter the Real Estate on which the Collateral or any part thereof may be situated and remove the same therefrom, the right to resell the Collateral at any place Collateral Agent or Mortgagee elects and deliver a bill of sale therefor, the right to require Mortgagor to make the Collateral available to Collateral Agent or Mortgagee at a place designated by Collateral Agent or Mortgagee and reasonably convenient to both parties, and without removal, the right to render the Collateral unusable and to dispose of the Collateral; provided that unless the Collateral is perishable or threatens to decline speedily in value, Collateral Agent or Mortgagee shall send Mortgagor at least ten (10) days prior written notice of the time and place of any public sale of the Collateral or of the time after which any private sale or any other intended disposition is to be made, by United States mail, postage prepaid, to the address set forth above, and Collateral Agent or Mortgagee may bid and purchase Collateral at public or private sale.

**FOURTH.** Mortgagor acknowledges that his/her current financial position is an important factor in Mortgagee's decision to advance the funds represented by the aforementioned Note. Mortgagor therefore has agreed, in order to provide assurance to Collateral Agent and Mortgagee with regard to Mortgagor's financial position, that it shall be an event of default for Mortgagor to allow any lien or encumbrance, other than this Mortgage and the lien for taxes which are not yet due and payable, to be placed on all or any part of the Real Estate and allowed to remain a lien for 30 days EXCEPT a lien junior and inferior to this Mortgage may be placed on all or a part of said Real Estate in favor of N/A in a principal amount not to exceed ZERO DOLLARS (\$0) to be placed of record no later than N/A.

**FIFTH.** The covenants herein contained shall bind, and the benefits and advantages thereof shall inure to the respective heirs, executors, administrators, successors, and assigns of the parties hereto. In this Mortgage unless the context otherwise requires words in the singular number include the plural and in the plural include the singular, and words in the masculine gender include the feminine and the neuter. Whenever the term "Mortgagor" shall include more than one person or entity, their liability hereunder shall be joint and several.

**SIXTH.** Mortgagor shall not suffer any waste of the Property and will not permit or conduct either the generation, treatment, storage or disposal of hazardous waste, as defined in the Resource Conservation and Recovery Act, or the disposal on the Real Estate of petroleum or any hazardous substance, as defined in the Comprehensive Environmental Response,

Compensation, and Liability Act, and will perform all remedial actions reasonably necessary as the result of the presence of any such hazardous wastes, petroleum or hazardous substances on, at or near the Real Estate. Mortgagor shall be personally liable for and agrees to indemnify, defend with counsel satisfactory to Collateral Agent and Mortgagee and hold Collateral Agent and Mortgagee harmless against any loss, damage, or liability suffered by Collateral Agent and Mortgagee, including but not limited to attorney's fees, due to the presence of any such hazardous waste, petroleum or hazardous substance at, on or near the Real Estate, and Mortgagor shall be liable for compliance (and for costs associated therewith) with any directive or order by any governmental entity relating to the presence of any such hazardous waste, petroleum or hazardous substance on, at, or near the Real Estate. Mortgagor will deliver promptly to Collateral Agent or Mortgagee (i) copies of any documents received from the United States Environmental Protection Agency and/or any state, county or municipal environmental or health agency concerning Mortgagor's operations upon the Real Estate; and (ii) copies of any documents submitted by Mortgagor to the United States Environmental Protection Agency and/or any state, county or municipal environmental or health agency concerning operations on the Real Estate. Mortgagor agrees that, notwithstanding any provision to the contrary in this Mortgage, this indemnification and hold harmless shall survive the release or reconveyance of this Mortgage, whether pursuant to payment in full of the Note, or judicial or non-judicial foreclosure under this Mortgage, or otherwise.

**SEVENTH.** Mortgagor, its successors and assigns and each of them, represent and warrant that the Property involved in this transaction does not represent the proceeds of some form of unlawful activity under any state, federal or foreign law.

**EIGHTH.** This Mortgage constitutes a security agreement within the meaning of the UCC with respect to any part of the Property which may now or hereafter be characterized by law as personal property, and in the event of any default under this Mortgage which continues beyond the applicable notice and cure period, if any, the Collateral Agent or Mortgagee shall have all the rights and remedies of a secured party under the UCC, as well as all other rights and remedies available hereunder or under this Mortgage at law or in equity. Mortgagor authorizes Collateral Agent or Mortgagee to file one or more financing statements and continuation statements, at Mortgagor's expense, describing the Collateral and hereby ratifies any such financing statement or continuation statement previously filed by Collateral Agent or Mortgagee. Mortgagor will, from time to time, within ten (10) days after request by the Collateral Agent or Mortgagee, execute, acknowledge and deliver any document that the Collateral Agent or Mortgagee might request in order to perfect, protect, preserve, continue, extend or maintain the security interest created by and the priority of this Mortgage and will, on demand, pay any expenses incurred by the Collateral Agent or Mortgagee in the preparation, execution and filing of any such documents. Mortgagor represents and warrants that: (a) all Collateral is located in the state in which the Real Estate is located; (b) Mortgagor's chief executive office or principal residence is Mortgagor's address set forth in the first paragraph of this Mortgage; (c) Mortgagor's state of organization, if applicable, is as set forth in the first paragraph of this Mortgage; and (d) Mortgagor's exact legal name is as set forth in the first paragraph of this Mortgage.

**NINTH.** This Mortgage shall be governed by and construed and interpreted in accordance with the internal laws of the state in which the Real Estate is located, except and only to the extent the UCC provides otherwise.

**TENTH.** Mortgagee agrees to release the lien of its mortgage on the real estate described on the attachment hereto and captioned "DESCRIPTION OF ACREAGE DEFINED WITHIN THE OPTION AGREEMENT BETWEEN CLAY & HOLLY SCHAACK AND WYOMING DAKOTA RAILROAD PROPERTIES, INC. (as more fully described on Exhibit "C" attached hereto and made a part hereof) from the lien of this Mortgage (and Security Agreement) upon paydown, if needed, to maintain this loan's Loan To Value, in addition to all regularly scheduled payments, on the following conditions:

- a. The Mortgagee must receive a written request on forms provided by Mortgagee and signed by Mortgagor together with a reasonable service charge determined by Mortgagee for the release.
- b. The Promissory Note must be current as to all required payments and there must be no event of default in effect or any event which with the passage of time or the giving of notice or both would become an event of default.
- c. There shall have been no adverse material changes in the financial condition of the Mortgagor or any guarantor.
- d. The use and value of the remaining security shall be satisfactory to Mortgagee, in its sole discretion. Factors that Mortgagee shall consider shall include, without limitation, the presence or absence of adequate water rights and rights to transport water for agricultural purposes and/or the presence or absence of adequate legal and actual access from public roads to and from the remaining security.
- e. The remaining security and the parcel being released shall be in compliance with local zoning, land use, map act and other regulations.
- f. Mortgagor agrees to pay all fees, including but not limited to a servicing fee of \$ 500.00 payable to holder, legal expenses and other out-of-pocket costs of Mortgagee incidental to the partial release, including principal prepayment charges set forth in the Promissory Note associated with any principal reduction.
- g. Mortgagee, in its sole discretion, may require a proportionate principal reduction for the parcels being released.

IN WITNESS WHEREOF, each of the undersigned has signed, sealed and delivered this Mortgage as of the day, month and year first above written.

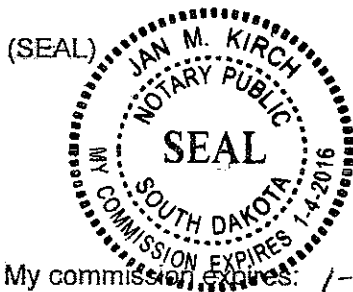
Clay Schaack  
CLAY J. SCHAACK A/K/A CLAY SCHAACK  
Holly Schaack  
HOLLY L. SCHAACK A/K/A HOLLY  
SCHAACK

Mortgagor's Tax Identification Number:

STATE OF SOUTH DAKOTA )  
COUNTY OF Pennington ) SS.

On this 28th day of Jan, 2010, before me, JAN M KIRCH, the undersigned officer, personally appeared CLAY J. SCHAACK A/K/A CLAY SCHAACK AND HOLLY L. SCHAACK A/K/A HOLLY SCHAACK, known to me or satisfactorily proven to be the persons whose names are subscribed to the within instrument and acknowledged that they executed the same for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.



Jan M Kirch  
Notary Public  
JAN M KIRCH  
Print or Type Name



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01/28/2010 03:40p 62.00  
Pennington County, South Dakota  
Donna M. Mayer Mortgage

Exhibit "A"

Legal Description

SEE ATTACHED LEGAL DESCRIPTION

EXHIBIT A

TOWNSHIP 1 SOUTH, RANGE 15 EAST BHM, PENNINGTON COUNTY, SOUTH DAKOTA

SECTION 3: LOTS 1, 2, 3 & 4; S1/2; S1/2 N1/2

SECTION 4: LOTS 1, 2, 3 & 4; S1/2 N1/2; S1/2

SECTION 7: LOTS 3 & 4; E1/2 SW1/4; SE1/4

SECTION 8: E1/2; SW1/4

SECTION 9: ALL

SECTION 10: W1/2

SECTION 17: ALL

SECTION 20: E1/2

SECTION 21: W1/2 SW1/4; W1/2 E1/2 SW1/4, NW1/4

NOTE: 23650 SAGE CREEK ROAD  
WALL SD 57790

CS HS



Book: 196

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Donna M. Mayer Mortgage

Exhibit "B"

Personal Property

STATE GRAZING LEASE – SEE ATTACHED RIDER INDICATED AS EXHIBIT B-1  
FOREST PERMIT MORTGAGE RIDER – SEE ATTACHED RIDER INDICATED AS  
EXHIBIT B-2

EXHIBIT "B-1"

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Donna M. Mayer Mortgage

Loan No. F-10010700

### STATE GRAZING LEASE MORTGAGE RIDER

For and in consideration of the sum expressed in this mortgage and the mutual covenants and conditions herein contained, the mortgagor does by these presents grant, bargain, sell and convey to said mortgagee the grazing leases executed by the State of SOUTH DAKOTA as lessor, and the lands described therein, said leases being described as follows:

LEASE NUMBER 20090015

The mortgagor does hereby further covenant and agree:

1. To be the lawful owner and holder of said leases; to have good right to sell and convey the same; that said leases are free from all liens or encumbrances and have not been pledged or assigned as security for any indebtedness other than that secured by this mortgage; and to warrant and defend the title thereto against the lawful claims or demands of all persons whomsoever.
2. To pay all rents due or to become due under said leases or any renewals thereof in the manner provided therein, or by the laws of the state in which said lands are situate or the rules and regulations of properly constituted authorities.
3. To perform and observe all the covenants, conditions, and stipulations contained in said leases or the renewals thereof; to comply with the laws of the state in which said lands are situate and the rules and regulations of the properly constituted authorities applicable to said leases or renewals thereof.
4. To renew said leases from time to time as they may expire during the terms of this mortgage.
5. To execute to the mortgagee, at such times as the mortgagee may require, assignments of said leases or any renewals thereof in such forms as may be satisfactory to the mortgagee.
6. That said leases and any renewals thereof shall run with and attach to the land first hereinbefore described and owned in fee by the mortgagor, and upon any conveyance or transfer of said fee-owned land, the mortgagor, his heirs, executors, administrators, trustees, and assigns, shall assign to the grantee in such conveyance or transfer the mortgagor's or his successors' equity in said leases or the renewals thereof, subject to the lien of this mortgage and to the rights of the mortgagee as assignee or otherwise, as herein provided.

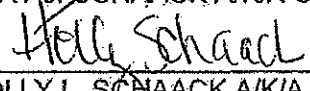
Initials: CS HB

7. To reimburse the mortgagee for all costs and expenses incurred by it in any suit to foreclose any assignment of said leases and any renewals thereof, or in any suit in which the mortgagee may be obliged to defend or protect its rights or lien acquired hereunder or by any assignment, including all court costs, a reasonable attorney fee, and other expenses, and such sums shall be secured hereby and included in any decree of foreclosure.
8. That in the event the mortgagor fails to pay when due any rent or rents payable under said leases or the renewals thereof the mortgagee may make such payment, and the amounts paid therefor shall become a part of the indebtedness secured by the lien of this mortgage and bear interest from the date of payment at the same rate as specified in the note secured hereby on the principal thereof after default and maturity.
9. That in the event the mortgagor, with consent of the mortgagee, substitutes any leases for the leases herein described, or the renewals thereof, such substituted leases and renewals thereof shall be subject to the provisions of this mortgage to the same extent as if said substituted leases or the renewals were described herein.
10. That in the event the mortgagor fails to keep and perform all and singular the covenants, conditions, and agreements contained in this mortgage, including this rider, or fails to comply with the terms of said leases or renewals thereof, or fails to comply with the laws of the state in which said lands are situate and the rules and regulations of the properly constituted authorities applicable to leases and the renewal thereof, then the whole of the indebtedness secured hereby, at the option of the mortgagee, shall become immediately due and payable and bear interest from such date at the same rate as specified in the note secured hereby on the principal thereof after default and maturity, and the mortgagee, at its option, may proceed to foreclose either the mortgage or the assignments, or both.
11. That in the event the mortgagor shall purchase any portion of said lands he will upon request include said lands within this mortgage or assign to the mortgagee the contract for purchase in case said lands are purchased under contract. On refusal of the mortgagor to include said lands within this mortgage or to assign said contract on demand of the mortgagee, this mortgage shall become due and payable at once without notice at the option of the mortgagee.
12. To pay any fees assessed by the state for renewals, extensions, or re-assignments of state lease assignments or collateral interest riders so long as the loan remains unpaid and to pay for the release of assignments or collateral

interest riders when the loan is paid in full.

13. That this rider shall be a part of the mortgage to which it is attached, to the same extent as if it were set out therein.

  
CLAY J. SCHAACK A/K/A CLAY SCHAACK

  
HOLLY L. SCHAACK A/K/A HOLLY  
SCHAACK

U6850Q RVSD 11-4-96  
L:MTG\_DOTMTG\_RIDRISTGRZRD  
N:LEGALGEN\MTG\_DOTMTG\_RIDRISTGRZRD

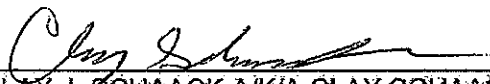
Exhibit B-2

FOREST PERMIT MORTGAGE RIDER

The Mortgagor does further covenant and agree with the Mortgagee:

1. To be lawfully entitled to certain grazing privileges in the United States National Forest and/or United States National Grassland described in the Escrow Waiver referred to herein, said privileges to be evidenced by United States Department of Agriculture grazing permit or permits described in the Escrow Waiver or Waivers of Term Grazing Permit Privileges (Form FS-2200-13) executed in connection with this mortgage, and filed with the Forest Supervisor of said National Forest or Grassland. All of the terms, conditions and provisions of said Waiver are hereby made a part of this instrument to the same effect as if fully set forth herein.
2. To execute any waiver of grazing privileges, as defined by the regulations of the Department of Agriculture, and any other documents or forms which the mortgagee may require in order to protect its interest in said grazing privileges.
3. To pay all fees and charges due or to become due under the terms of the above described permit or any renewals thereof in the manner provided in said permit or renewals, or by the laws of the United States, or by the rules and regulations of the United States Department of Agriculture.
4. To so manage and operate the property included in this mortgage and any other property upon which said grazing privileges are based, and to so conduct and maintain his livestock operations that said permit or any renewal thereof will not be subject to cancellation or modification because of reduced livestock carrying capacity of the mortgagor's property, or for any other reason.
5. To make application for renewal of said grazing permit and to do any and all other things that may be necessary to prevent any impairment of the grazing rights under said permit, or any renewals thereof, throughout the term of this mortgage.
6. That in the event the mortgagor fails to pay when due any fees or sums payable by the terms of said grazing permit, or any renewal thereof, or under the laws of the United States or regulations of the United States Department of Agriculture; or in the event the aforesaid grazing privileges become subject to cancellation or modification because of the failure of the mortgagor to maintain sufficient livestock, or the necessary improvements, or for any other reason, the mortgagee, at its option, may pay such fees or sums, or provide the necessary livestock or improvements, or whatever may be necessary to maintain said grazing privilege in a status satisfactory to the mortgagee, and the amounts paid or incurred in connection therewith shall become a part of the indebtedness secured by the lien of this mortgage and bear interest from the date of payment at the same rate as specified in the note secured hereby on the principal thereof after default and maturity.

7. That in the event the mortgagor fails to perform all and singular the covenants, conditions, and agreements contained in this mortgage, including this rider, or upon receipt by the mortgagee of notice from the Forest Supervisor of the said National Forest or Grassland, or otherwise, of the mortgagor's failure to comply with the terms of said grazing permit or renewals thereof, the laws of the United States or the regulations of the United States Department of Agriculture applicable thereto, then the mortgagee may exercise any or all rights provided for by the terms of the mortgage to which this rider is attached in case of any default on the part of the mortgagor.
8. That this rider shall be a part of the mortgage to which it is attached, to the same extent as if it were set out in full therein.

  
CLAY J. SCHAACK A/K/A CLAY SCHAACK  
  
HOLLY L. SCHAACK A/K/A HOLLY  
SCHAACK

U6165Q RVSD 10-16-08  
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04/30/2009 10:40a 15.00  
Pennington County, South Dakota  
Donna M. Mayer Misc Real Est

This Instrument Prepared By:  
Rush Creek Resources  
27619 Brook Drive  
Hot Springs, SD 57747  
(605) 745-6381

## MEMORANDUM OF OPTION AGREEMENT

December 4, 2008

This Memorandum evidences the existence of that certain Option Agreement dated November 18, 2008 (the "Option Agreement"), by and between Clay Schaack and Holly Schaack, husband and wife ("Seller"), and Wyoming Dakota Railroad Properties, Inc., and its affiliates and/or assignees ("Buyer"), concerning certain real property in Pennington County, South Dakota, as more particularly described in Exhibit A attached hereto (the "Property"), pursuant to which Seller has granted to Buyer the exclusive right to purchase the Property for a period of twenty-four (24) months from the date of the Option Agreement, upon the terms and conditions set forth in the Option Agreement.

SELLER:

BUYER:

Clay Schaack  
Clay Schaack

WYOMING DAKOTA RAILROAD  
PROPERTIES, INC.

By: R. Henke

Holly Schaack  
Holly Schaack

Randy H. Henke

Its: V.P. PRB

Date: 11 / 25, 2008

Date: 12-4, 2008

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04/30/2008 10:40a 16.00  
Pennington County, South Dakota  
Donna M. Mayer Misc Real Est

STATE OF SOUTH DAKOTA )  
COUNTY OF Minnehaha ) SS

On this, the 4th day of December, 2008, before me, the undersigned officer, personally appeared Randy H. Henke, who acknowledged himself to be the V.P. PRB of WYOMING DAKOTA RAILROAD PROPERTIES, INC., a Delaware corporation, and that he, as such officer, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself as Randy H. Henke.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

My Commission Expires:

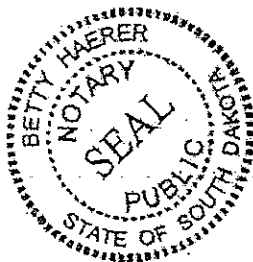
My Commission Expires  
Sept. 5, 2012

Ann M. Osburn  
Notary Public  
140 N. Phillips Ave.  
Sioux Falls, SD 57108  
Address

STATE OF SOUTH DAKOTA )  
COUNTY OF Pennington ) ss. Acknowledgment

On this 25 day of November, 2008, before me personally appeared Clay Schaack and Holly Schaack, known to me to be the same persons described in and who executed the above and foregoing instrument and acknowledged to me that they executed the same.

My Commission Expires: 11-15-14



Betty Haerer  
Notary Public Betty Haerer  
PO Box 133  
Wall SD 57190  
Address

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04/30/2008 10:40a 15.00  
Pennington County, South Dakota  
Donna M. Mayer Misc Real Est

EXHIBIT A

to:

MEMORANDUM OF OPTION AGREEMENT

Between

SELLER

and

WYOMING DAKOTA RAILROAD PROPERTIES, INC.  
and its affiliates and/or assignees

Property Description

Township 1 South, Range 15 East of the Black Hills Meridian:

Section 3: A Linear Tract of Land in the S1/2 AND all that part of the SE/4  
lying South of said Linear Tract of Land;

Section 4: A Linear Tract of Land in Government Lots 3 and 4, S1/2N1/2,  
S1/2;

Section 9: A Linear Tract of Land in the NE1/4NE1/4;

Section 10: A Linear Tract of Land in the N1/2NW1/4;

Pennington County, South Dakota

[As shown on the attached map]





## State of Idaho

# DEPARTMENT OF WATER RESOURCES

Eastern Region, 900 North Skyline Drive, Suite A • Idaho Falls, Idaho 83402-1718

Phone: (208) 525-7161 • Fax: (208) 525-7177 • Web Site: [www.idwr.idaho.gov](http://www.idwr.idaho.gov)

March 24, 2010

C. L. "BUTCH" OTTER  
Governor

GARY SPACKMAN  
Interim Director

Rabo Agrifinance Inc  
1 Cityplace Dr Ste 200  
St Louis MO 63141

RE: Security Interest Water Right No. 31-7140 & 31-7374

Dear Sir/Madam:

The Department of Water Resources acknowledges receipt of your Notice of Security Interest.

Our review of your notice indicates that additional information is required before we can process the change. The information required is indicated below:

- **Evidence of Security Interest:** copy of Deed of Trust, Mortgage, Contract of Sale or other legal document indicating your interest in the property and water rights in question

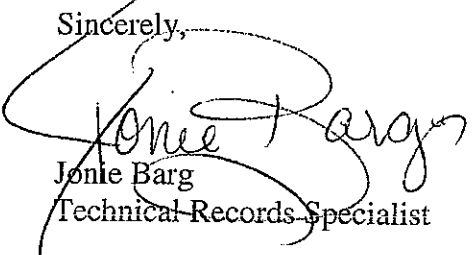
During our review of the documentation you submitted on March 23, 2010 the department found that the place of use of the water right and owner of the water does not reflect the same aspects of the Mortgage received. According to the mortgage our department received on March 23, 2010 the mortgagor is Clay and Holly Schaack. The property is located within a different Township, Range and Section. The water right is in the name of Neville as is your application our department received on March 8, 2010. At your earliest convenience please submit a copy of the recorded deed of trust or mortgage in order for our department to complete your request.

Because the Department cannot process the ownership change without proper documentation/fees, we will hold any action on your notice pending receipt of the necessary information/fees. If we do not receive the necessary information/fees within 30 days we will return your notice and all attachments and your notice will not be processed.

Please note that Section 42-248, Idaho Code, requires you or the owner of this water right to maintain current ownership and address records on file with the department. Forms to file a change of ownership of a water right and/or a change in the address of the water right owner are available from any department office, or at the department's website at: [www.idwr.idaho.gov](http://www.idwr.idaho.gov).

Please feel free to contact the Department if you have any questions.

Sincerely,



Jonle Barg

Technical Records Specialist

Enclosure(s)

FIRST AMERICAN TITLE

324380

Instrument No. 526916  
17 DAY FEB 2010  
At 01 O'Clock 53 M  
ABBIE MACE  
FREMONT CO RECORDER  
Fee \$48.00  
JFlores Deputy  
Recorded at Request of  
FIRST AMERICAN TITLE - RI

RECORDING REQUESTED BY  
AND WHEN RECORDED MAIL TO:

RABO AGRIFINANCE, INC.  
One CityPlace Drive, Suite 200  
St. Louis, MO 63141  
Attn: Closing Department

RECEIVED  
APR 12 2010  
Department of Water Resources  
Eastern Region

Space above this line for Recorder's Use

Neville\_1.8mIn RELOC\_2010

Real Estate Line of Credit: 10031000tc

THIS MORTGAGE IS BEING EXECUTED IN DUPLICATE TO ALLOW FOR THE SIMULTANEOUS RECORDING IN  
JEFFERSON AND FREMONT COUNTIES, IDAHO.

MORTGAGE, ASSIGNMENT OF RENTS AND SECURITY AGREEMENT

(Jefferson and Fremont Counties, Idaho)

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

This mortgage is dated as of February 16, 2010. It is by SCOTT C. NEVILLE ("Scott Neville") and PAMELA J. NEVILLE ("Pam Neville"), husband and wife; and STAN D. NEVILLE ("Stan Neville") and BARBARA NEVILLE ("Barbara Neville"), husband and wife; (Scott Neville and Pam Neville; Stan Neville and Barbara Neville; are herein individually and collectively, "Grantor"), to and in favor of RABO AGRIFINANCE, INC., a Delaware corporation, as agent for itself and the other Secured Parties (defined herein) under the Collateral Agency Agreement ("Mortgagee").

RABO AGRIFINANCE, INC., a Delaware corporation, as Lender ("Lender") has agreed to make up to \$1,800,000.00 in loans to Grantor under the terms and conditions of the Credit Agreement between Grantor and Lender dated as of the date of this mortgage (that Credit Agreement, together with all extensions, renewals, modifications, substitutions and amendments thereof, the "Credit Agreement"). Each capitalized term used in this mortgage that is defined in the Credit Agreement and not defined in this mortgage will have the meaning specified in the Credit Agreement. This mortgage will be interpreted in accordance with the Drafting Conventions.

TO SECURE repayment of the indebtedness evidenced by the Note (defined herein) and payment and performance of all other Secured Obligations (defined herein), Grantor irrevocably and unconditionally grants, bargains, sells, and conveys to Mortgagee, all of Grantor's estate, right, title and interest in the following, wherever located, whether now owned or hereafter acquired or arising, and, except as indicated, whether constituting real estate or personal property (collectively, the "Property"): (a) the real estate and any interest in the real estate located in Jefferson and Fremont Counties, Idaho, and described in EXHIBIT A (the "Land"); (b) all buildings, structures, improvements, fixtures, attachments, appliances, equipment, machinery and other articles now or hereafter erected on, affixed or attached to, or located in or on the Land, including all watering and irrigation apparatus, pumps, motors, generators, pipes, center pivot irrigators and sprinklers, windmills, and fences (the "Improvements"); (c) all easements, rights-of-way and rights appurtenant to the Land or used in connection the Land or as a means of access thereto ("Easements"); (d) the ground water on, under, pumped from or otherwise available to the Property or any drainage, retention, ditch, canal, reservoir, or other water rights, whether as a result of overlying groundwater rights, contractual rights, or otherwise and whether riparian, appropriative, or otherwise; the right to remove or extract any such ground water including any permits, rights or licenses granted by any Governmental Authority and any rights granted or created by any easement, covenant, agreement or contract with any Person; and any rights to which the Property or Grantor is entitled with respect to surface water, whether such rights are appropriative, riparian, prescriptive or otherwise and whether or not pursuant to historical use, contractual agreement, permit or other governmental authorization; any water right, water allocation for water not yet delivered, distribution right, delivery right, any prescriptive, contractual, easement or other rights necessary or convenient to convey any water to the Property, water storage right, or other water-related entitlement appurtenant to or otherwise applicable

Neville\_1.8mIn RELOC\_2010  
Deed of Trust, Assignment of Rents and Security Agreement

FIRST AMERICAN TITLE  
324380

|                             |                   |
|-----------------------------|-------------------|
| Recorded Electronically     |                   |
| In                          | 526916            |
| County                      | Fremont           |
| Date                        | 2-17-10 Time 1:53 |
| Simplifile.com 800.460.5657 |                   |

RECORDING REQUESTED BY  
AND WHEN RECORDED MAIL TO:

RABO AGRIFINANCE, INC.  
One CityPlace Drive, Suite 200  
St. Louis, MO 63141  
Attn: Closing Department

Space above this line for Recorder's Use

Neville\_1.8mIn RELOC\_2010

Real Estate Line of Credit: 10031000tc

THIS MORTGAGE IS BEING EXECUTED IN DUPLICATE TO ALLOW FOR THE SIMULTANEOUS RECORDING IN  
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RABO AGRIFINANCE, INC., a Delaware corporation, as Lender ("Lender") has agreed to make up to \$1,800,000.00 in loans to Grantor under the terms and conditions of the Credit Agreement between Grantor and Lender dated as of the date of this mortgage (that Credit Agreement, together with all extensions, renewals, modifications, substitutions and amendments thereof, the "Credit Agreement"). Each capitalized term used in this mortgage that is defined in the Credit Agreement and not defined in this mortgage will have the meaning specified in the Credit Agreement. This mortgage will be interpreted in accordance with the Drafting Conventions.

TO SECURE repayment of the indebtedness evidenced by the Note (defined herein) and payment and performance of all other Secured Obligations (defined herein), Grantor irrevocably and unconditionally grants, bargains, sells, and conveys to Mortgagee, all of Grantor's estate, right, title and interest in the following, wherever located, whether now owned or hereafter acquired or arising, and, except as indicated, whether constituting real estate or personal property (collectively, the "Property"): (a) the real estate and any interest in the real estate located in Jefferson and Fremont Counties, Idaho, and described in EXHIBIT A (the "Land"); (b) all buildings, structures, improvements, fixtures, attachments, appliances, equipment, machinery and other articles now or hereafter erected on, affixed or attached to, or located in or on the Land, including all watering and irrigation apparatus, pumps, motors, generators, pipes, center pivot irrigators and sprinklers, windmills, and fences (the "Improvements"); (c) all easements, rights-of-way and rights appurtenant to the Land or used in connection the Land or as a means of access thereto ("Easements"); (d) the ground water on, under, pumped from or otherwise available to the Property or any drainage, retention, ditch, canal, reservoir, or other water rights, whether as a result of overlying groundwater rights, contractual rights, or otherwise and whether riparian, appropriative, or otherwise; the right to remove or extract any such ground water including any permits, rights or licenses granted by any Governmental Authority and any rights granted or created by any easement, covenant, agreement or contract with any Person; and any rights to which the Property or Grantor is entitled with respect to surface water, whether such rights are appropriative, riparian, prescriptive or otherwise and whether or not pursuant to historical use, contractual agreement, permit or other governmental authorization; any water right, water allocation for water not yet delivered, distribution right, delivery right, any prescriptive, contractual, easement or other rights necessary or convenient to convey any water to the Property, water storage right, or other water-related entitlement appurtenant to or otherwise applicable

Neville\_1.8mIn RELOC\_2010  
Deed of Trust, Assignment of Rents and Security Agreement

SNW 4377.  
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to the Property by virtue of the Property being situated within the boundaries of any governmental water district irrigation district or other local agency or within the boundaries of any private water company, mutual water company, or other non-governmental entity (collectively, "Water Rights"); (e) all other tenements, hereditaments and appurtenances to the Land; (f) minerals, oil, gas, and other hydrocarbon substances, minerals, mineral interests, royalties, overriding royalties, production payments, net profit interests and other interests and other interests and estates in, under and on the Land and other oil, gas and mineral interests with which any of the foregoing interests or estates are pooled or unitized (the "Mineral Rights"); (g) timber now or hereafter standing or cut; (h) leases, subleases, licenses, occupancy agreements, concessions and other agreements, granting a possessory interest in and to, or the right to extract, mine, reside in, sell, or use the Property (collectively, the "Leases"); (i) all utility contracts, maintenance agreements, management agreements, service contracts and other agreements directly related to the operation and maintenance of the Property; (j) all bushes, groves, trees, plants, vines or other plantings, upon or under the Land ("Plantings"); (k) any shares, or any rights under such shares, of any private water company, mutual water company, or other non-governmental entity pursuant to which Grantor or the Property may receive water (collectively, the "Water Stock") and any other certificated and un-certificated securities, securities entitlements, securities accounts and commodities accounts, including all stock, bonds and commodities contracts, or other investment property described in EXHIBIT B attached; (l) working drawings, instructional manuals, and rights in processes directly related to the operation of the Property, and all other general intangibles described in EXHIBIT B; (m) other tangible personal property of every kind and description, whether stored on the Land or elsewhere, including all goods, materials, supplies, tools, books, records, chattels, furniture, machinery and equipment (except motor vehicles, trailers, and planting, tillage and harvesting equipment rolling stock) or which is in all cases (i) directly related to the operation of the Property or acquired in connection with any construction or maintenance of the Land or the Improvements, (ii) affixed or installed, or to be affixed or installed, in any manner on the Land or the Improvements, or (iii) described in EXHIBIT B attached; (n) all permits and licenses relating or pertaining to the use or enjoyment of the Property; (o) proceeds of and any unearned premiums on any insurance policies covering the Property, including the right to receive and apply the proceeds of any insurance, judgments, or settlements made in lieu thereof, for damage to the Property (the "Insurance Claims"); (p) all awards made for the taking by condemnation or the power of eminent domain, or by any proceeding or purchase in lieu thereof, of the whole or any part of the Real Estate (the "Condemnation Awards"); (q) money or other personal property of Grantor in addition to the foregoing deposited with or otherwise in Mortgagee's or Secured Parties possession; (r) all other real or personal property described in EXHIBIT B; (s) the right, in the name and on behalf of Grantor, upon notice to Grantor, to appear in and defend any action or proceeding brought with respect to the Property and to commence any action or proceeding to protect the interest of Mortgagee or Secured Parties in the Property; and (t) substitutions, replacements, additions, accessions and proceeds for or to any of the foregoing, and all books, records and files relating to any of the foregoing, including, without limitation, computer readable memory and data and any computer software or hardware reasonably necessary to access and process such memory and data.

1. **Secured Obligations.** Grantor makes the grant, conveyance, transfer and assignment above, makes the irrevocable and absolute assignment in Section 4, and grants the security interest under Section 5, to secure payment and performance of the following obligations (the "Secured Obligations") in any order of priority that Mortgagee may choose: (a) all Obligations (defined in the Credit Agreement), including the Real Estate Line of Credit Note dated as of the date of this mortgage, from Grantor to Lender in the original principal amount of \$1,800,000.00 (the "Note"); (b) all obligations of Grantor under this mortgage; (c) all obligations to Lender and/or Rabobank International (Lender and Rabobank International are herein individually and collectively, "Secured Parties"), whether now existing or hereafter incurred or created, whether voluntary or involuntary, whether obligatory or non-obligatory; whether due or not due, whether absolute or contingent, or whether incurred directly or acquired by assignment or otherwise, under the terms and conditions of any other written instrument or agreement executed by Grantor and which specifically recites that those obligations are secured by this mortgage; and (d) any of the foregoing that arises after the filing of a petition by or against Grantor under an Insolvency Proceeding. All persons who have or acquire an interest in the Property will be deemed to have received notice of, and will be bound by, the terms of the Credit Agreement, the other Loan Documents, and each other agreement or instrument made or entered into in connection with each of the Secured Obligations (the "Secured Obligation Documents"). These terms include any provisions in the Secured Obligation Documents which permit borrowing, repayment and re-borrowing, or which provide that the rate of interest on one or more of the Secured Obligations may vary from time to time. This mortgage does not secure any obligation which is unsecured pursuant to the express terms of the Credit Agreement or any other document, agreement or instrument.

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2. **Future Advances.** This mortgage secures future advances as may be made by Mortgagee or Secured Parties, at their option, and for any purpose. All such future advances shall be secured to the same extent as if made on the date of the execution of this mortgage, and shall take priority as to third persons without actual notice from the time this mortgage is filed for record as provided by law. The total amount of indebtedness secured by this mortgage may decrease or increase from time to time, but the total unpaid balance so secured at any one time shall not exceed the maximum principal amount of \$1,800,000.00 (the "Maximum Amount Secured"), plus Interest and any disbursements made for the payment of taxes, levies or insurance on the Property, with interest on those disbursements, plus any increase in the principal balance as the result of negative amortization or deferred interest. Grantor shall not file for record any notice limiting the maximum amount secured by this mortgage to an amount less than the Maximum Amount Secured (a "Maximum Amount Notice"). A Maximum Amount Notice will be an Event of Default (defined herein).

3. **Note Maturity Date.** The Note matures on July 1, 2025.

4. **Assignment.** Grantor irrevocably and unconditionally assigns Mortgagee all rents, issues, profits, royalties, bonuses, income and other benefits derived from or produced by the Real Estate, including all prepaid rents, security deposits and other supporting obligations (the "Rents"). Mortgagee may collect Rents with or without taking possession of the Property. Mortgagee confers upon Grantor a license to collect and retain the Rents as they become due and payable, so long as no Event of Default (the "License"). If an Event of Default has occurred, Mortgagee may terminate the License without notice to or demand upon Grantor.

5. **Grant of Security Interest.** This mortgage is a security agreement under the Uniform Commercial Code in effect in the State of Idaho (the "UCC"); and Grantor grants Mortgagee a security interest in and pledges and assigns to Mortgagee all of Grantor's right, title and interest in the Property, to the extent characterized as personal property (the "Personalty").

6. **Warranty of Title.** Grantor represents and warrants that Grantor lawfully possesses and holds fee simple title to all of the Land and the Improvements; that Grantor has the right, power and authority to grant, convey and assign the Property; and that the Property is unencumbered. Grantor covenants that Grantor will warrant and defend generally the title to the Property against all claims and demands. Grantor especially agrees and declares that the separate estate of each of them, whether vested, contingent or in expectancy, is hereby conveyed and shall be bound for the payment and performance of the Secured Obligations.

7. **Additional Representations.** Grantor represents to Mortgagee and Secured Parties that: (a) the Property does not represent the proceeds of unlawful activity under any state, federal or foreign law; (b) the Property includes all property and rights which may be reasonably necessary or desirable to enable Grantor to use, enjoy and operate the Land and the Improvements for the present uses thereof; (c) none of the Land or Improvements is subject to any Lien, offset or claim; (d) Grantor owns the Personalty free and clear of any security interests, reservations of title or conditional sales contracts, and there is no presently financing statement affecting the Personalty on file in any public office; (e) Grantor has title to, or (in the case of leased property) valid leasehold interests in, all of their properties and assets, real and personal, including the properties and assets and leasehold interests reflected in the Financial Information (other than any properties or assets disposed of in the ordinary course of business); (f) the legal name of Grantor is as appears in the first paragraph of this agreement; (g) Grantor has not used any trade name, assumed name or other name except Grantor's name stated in the first paragraph of this agreement; (h) Grantor, each resides at the address adjacent to his or her signature below; (i) If Grantor is anything other than a natural Person, it has complied with all applicable laws concerning its organization, existence and the transaction of its business, and is in existence and good standing in its state of organization and each state in which it conducts its business; (j) the execution, delivery and performance by Grantor of this mortgage is within the powers and authority of Grantor and has been duly authorized; (k) to Grantor's knowledge, this mortgage does not conflict with any Applicable Law; (l) this mortgage is a legal, valid and binding agreement of Grantor, enforceable against Grantor in accordance with its terms, and any instrument or agreement required hereunder, when executed and delivered, will be similarly legal, valid, binding and enforceable; (m) there has been no Material Adverse Effect as to Grantor since the effective date the Financial Information was provided to Mortgagee or Secured Parties; (n) there is no lawsuit, tax claim or other dispute pending or to Grantor's knowledge threatened against Grantor or the Property that, if determined adverse to Grantor, is reasonably likely to have a Material Adverse Effect; (o) Grantor is not the subject of any Judgment; (p) this mortgage does not conflict with, nor is Grantor in default on any credit agreement, indenture,

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purchase agreement, guaranty, capital lease, or other investment, agreement, or arrangement presently in effect providing for or relating to extensions of credit in respect of which Grantor is in any manner directly or contingently obligated; (q) Grantor has filed all tax returns (federal, state, and local) required to be filed and has paid all taxes, assessments, and governmental charges and levies thereon, including interest and penalties; (r) before signing this mortgage, Grantor researched, to the satisfaction of Grantor, and inquired into the previous uses and ownership of the Real Estate, and based on that due diligence, to the best of Grantor's knowledge, no Hazardous Substance has been disposed of or released or otherwise exists in, on, under or onto the Real Estate, except as Grantor has disclosed to Mortgagee or Secured Parties in the Environmental Information; (s) Grantor has complied with all current and future laws, regulations and ordinances or other requirements of any governmental authority relating to or imposing liability or standards of conduct concerning protection of health or the environment or hazardous substances ("Environmental Laws"); (t) Grantor has not received any notices of violations of any Applicable Laws (including Environmental Laws); and Grantor is in compliance with all Applicable Laws; (u) there are no claims, actions, proceedings or investigations pending or threatened against Grantor or affecting the Property with respect to any violations of Applicable Laws; (v) Grantor's place of business, or its chief executive office, if it has more than one place of business, is located at the address specified below; and (w) unless otherwise disclosed to Mortgagee or Secured Parties, Grantor is not a "foreign person" within the meaning of Section 1445 of the Internal Revenue Code of 1986; and there is no Event of Default or event which, with notice or lapse of time would be an Event of Default.

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

9. Maintenance and Preservation of Property. Grantor shall: (a) immediately discharge any lien on the Property which Mortgagee has not consented to in writing, and shall also pay when due each obligation secured by or reducible to a lien, charge or encumbrance which now or hereafter encumbers or appears to encumber all or part of the Property, whether the lien, charge or encumbrance is or would be senior or subordinate to this mortgage; (b) not alter, remove or demolish any portion of the Improvements, except as permitted or required by the Credit Agreement; (c) maintain (or cause to be maintained) all policies of insurance required under the Credit Agreement and pay (or cause payment of) all premiums for that insurance on or prior to the date when due; (d) promptly and completely repair and/or restore any portion of the Property which becomes damaged or destroyed, in a good and workmanlike manner in accordance with sound building practices, whether or not Grantor has received the proceeds of any Insurance Claim; (e) not commit or allow any waste of the Property, nor do or suffer to be done any act whereby the value of any part of the Property may be lessened; (f) not initiate or allow any change in any zoning or other land use classification which affects the Property or any part of it, except as permitted or required by the Credit Agreement; (g) if the Land is agricultural, keep the Property in good condition and repair; operate the Property, whether improved pastures, orchards, grazing, timber, or crop lands, in a good and husbandmanlike manner in accordance with accepted principles of sound agricultural and forestry practices; take all reasonable precautions to control wind and water erosion; fertilize improved pastures, if any, where necessary to maintain a good stand of desirable grasses; protect orchards and timber, if any, by reasonable precautions against loss or damage by fire including the maintenance of appropriate fire breaks; and neither to remove nor permit the removal of any timber, buildings, oil, gas, mineral, stone, rock, clay, fertilizer, gravel or top soil without the prior written consent of Mortgagee; (h) complete appropriation and all other requirements, if any, necessary to obtain the issuance of any license or water permit issued to Grantor, and take all other steps required or advisable for purposes of perfecting and maintaining in good status all other Water Rights; (i) not bring or keep any article on the Property or cause or allow any condition to exist on it, if that could invalidate or would be prohibited by any insurance coverage required to be maintained by Grantor on the Property or any part of it under this mortgage; and (j) perform all other acts which from the character or use of the Property may be reasonably necessary to maintain and preserve its value and utility.

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

11. Taxes and Assessments. Grantor shall pay (a) prior to delinquency, all taxes, levies, charges and assessments, including all ditch, canal, reservoir or other water charges, and assessments on appurtenant Water Stock, imposed by Applicable Law or any public or quasi-public authority or utility company which are (or if not paid, may become) a lien on all or part of the Property or any interest in it, or which may cause any decrease in the value of the Property or any part of it (individually and collectively "Impositions"); (b) any and all intangible taxes and documentary stamp taxes determined at any time

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to be due on or as a result of the Secured Obligations, this mortgage or any other Loan Documents, together with any and all interest and penalties thereon; and (c) taxes, levies, charges and assessments on Mortgagee's or Secured Parties' interest therein or upon this mortgage or the Secured Obligations (collectively, "Mortgage Taxes"); except that if the amount of Mortgage Taxes exceeds the Maximum Rate, Grantor will not be required to pay any such excess. If after the date of this mortgage, the State of Idaho passes any law deducting from the value of Land for the purpose of taxation any lien thereon, or changing in any way the laws for the taxation of mortgages or debts secured by mortgage for state or local purposes, or the manner of the collection of any such taxes, so as to affect this mortgage, then within 180 days after notice by Mortgagee to Grantor, Grantor shall pay all Secured Obligations. Notwithstanding the foregoing provisions of this section, Grantor may, at its expense, contest the validity or application of any Imposition by appropriate legal proceedings promptly initiated and conducted in good faith and with due diligence, provided that Mortgagee is satisfied that neither the Property nor any part thereof or interest therein will be at risk of being sold, forfeited, or lost as a result of such contest, and Grantor has posted a bond equal to 115% of the contested amount or furnished such other security required from time to time by Mortgagee for purposes of payment of the contested amount.

12. Damages and Insurance and Condemnation Proceeds. Mortgagee may, at its option, (a) in its own name appear in or prosecute any action or proceeding to enforce any cause of action based on warranty, or for damage, injury or loss to all or part of the Property, and it may make any compromise or settlement of the action or proceeding; (b) participate in any action or proceeding relating to any Condemnation Award; and (c) join Grantor in adjusting any Insurance Claim. All insurance proceeds, Condemnation Awards, and proceeds of any other claim based on warranty, or for damage, injury or loss to the Property which Grantor may receive or be entitled to must be paid to Mortgagee. In each instance, Mortgagee may apply those proceeds first toward reimbursement of all of Mortgagee's costs and expenses of recovering the proceeds or Condemnation Award, including Legal Fees. The balance shall, at Mortgagee's option, be applied to pay or Prepay some or all of the Secured Obligations in such order and proportions as it may choose.

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

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

15. Prohibited Transfers. Grantor agrees that a material factor in Lender's decision to enter into the Credit Agreement is the expertise, financial status and other characteristics of Grantor. Grantor shall not make or permit any Prohibited Transfer. Upon any Prohibited Transfer Beneficiary may declare all Secured Obligations to be due and payable immediately. "Prohibited Transfer" means: (a) any sale, contract to sell, conveyance, encumbrance, pledge, mortgage, lease of the Property to or for the benefit of a Person not the original Grantor under this instrument, and not expressly permitted under this instrument or the other Secured Obligation Documents, or other transfer of all or any material part of the Property or any interest in it, including any transfer of Mineral Rights, Water Rights, or Water Stock, whether voluntary, involuntary, by operation of law or otherwise; (b) if Grantor is a corporation, any transfer or transfers of shares of the voting power or the direct or indirect beneficial ownership of Grantor; (c) if Grantor is a partnership, withdrawal or removal of any general partner, dissolution of the partnership under Applicable Law, or any transfer or transfers of the partnership interests; (d) if Grantor is a limited liability company, withdrawal or removal of any managing member, termination of the limited liability company or any transfer or transfers of the voting power or the ownership of the economic interest in the Grantor; or (e) if Grantor is a trust, withdrawal or removal of any trustee or revocation of the trust.

16. Compensation and Reimbursement of Costs and Expenses. Grantor shall pay (a) fees in the maximum amounts legally permitted, or reasonable fees as may be charged by Mortgagee when the law provides no maximum limit, for any services that Mortgagee may render in connection with this mortgage, including Mortgagee's providing a statement; (b) all of Mortgagee's costs and expenses which may be incurred in rendering any such services; and (c) all costs, expenses and other

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advances which may be incurred or made by Mortgagee in any efforts to enforce any terms of this mortgage or protect the Property, including any rights or remedies afforded to Mortgagee under Section 18, whether any lawsuit is filed or not, including any bankruptcy or other voluntary or involuntary proceeding, in or out of court, for the adjustment of debtor-creditor relationships, or in defending any action or proceeding arising under or relating to this mortgage, including attorneys' fees and other legal costs, costs of any Foreclosure Sale (defined herein) and any cost of evidence of title. If Mortgagee chooses to dispose of Property through more than one Foreclosure Sale, Grantor must pay all costs, expenses or other advances that may be incurred or made by Mortgagee in each of those Foreclosure Sales. GRANTOR SHALL INDEMNIFY MORTGAGEE AND SECURED PARTIES AGAINST AND SHALL HOLD THEM HARMLESS FROM ALL LOSSES, DAMAGES, LIABILITIES, CLAIMS, CAUSES OF ACTION, JUDGMENTS, COURT COSTS, ATTORNEYS' FEES AND OTHER LEGAL EXPENSES, COST OF EVIDENCE OF TITLE, COST OF EVIDENCE OF VALUE, AND OTHER COSTS AND EXPENSES WHICH EITHER MAY SUFFER OR INCUR: (A) IN PERFORMING ANY ACT REQUIRED OR PERMITTED BY THIS MORTGAGE OR ANY OF THE OTHER SECURED OBLIGATION DOCUMENTS OR BY LAW; (B) BECAUSE OF ANY FAILURE OF GRANTOR TO PAY OR PERFORM ANY OF THE SECURED OBLIGATIONS; OR (C) BECAUSE OF ANY ALLEGED OBLIGATION OF OR UNDERTAKING BY MORTGAGEE OR SECURED PARTIES TO PERFORM OR DISCHARGE ANY OF THE REPRESENTATIONS, WARRANTIES, CONDITIONS, COVENANTS OR OTHER OBLIGATIONS IN ANY DOCUMENT RELATING TO THE PROPERTY (OTHER THAN SUCH WARRANTIES, CONDITIONS, COVENANTS OR OTHER OBLIGATIONS IN THE SECURED OBLIGATION DOCUMENTS). THIS AGREEMENT BY GRANTOR TO INDEMNIFY MORTGAGEE AND SECURED PARTIES SURVIVES THE RELEASE AND CANCELLATION OF ANY OR ALL OF THE SECURED OBLIGATIONS AND THE FULL OR PARTIAL RELEASE AND/OR RECONVEYANCE OF THIS MORTGAGE.

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

18. Events of Default. The following each shall be an event of default under this mortgage (an "Event of Default"): (a) an Event of Default under the Credit Agreement; (b) a Prohibited Transfer; (c) the Financial Information or any representation in this mortgage is materially substantially incorrect or materially misleading; (d) the filing of any notice limiting the maximum amount secured by this mortgage to a sum less than the maximum amount secured as specified herein, or if no such amount is specified, to any amount; (e) for more than ten days after notice from Mortgagee, Grantor is in default under any term, covenant or condition of this mortgage not previously described in this Section 19, which can be cured by the payment of a sum of money; or (f) for 30 days after notice from Mortgagee or Secured Parties, Grantor is in default under any term, covenant or condition of this mortgage not previously described in this Section 19; provided that if (i) it is reasonably certain that the default can be cured by Grantor within that 30 day period and (ii) Grantor has commenced curing that default within that 30 day period and thereafter diligently and expeditiously proceeds to cure that default, then that 30 day period shall be extended for so long as reasonably required by Grantor in the exercise of due diligence to cure that default, up to a maximum of 90 days after the notice to Grantor of the Event of Default.

19. Remedies. At any time after an Event of Default Mortgagee may: (a) declare any or all of the Secured Obligations to be due and payable immediately; (b) cure any breach or default of Grantor; (c) apply to any court of competent jurisdiction for, and obtain appointment of, a receiver for the Property; (d) in person, by agent or by court-appointed receiver, enter, take possession of, manage and operate all or any part of the Property; (e) exercise any or all of the remedies granted to a secured party under the UCC; (f) bring an action in any court of competent jurisdiction to foreclose this mortgage or to obtain specific enforcement of any of the covenants or agreements of this mortgage; (g) do any and all other things in connection with those actions that Mortgagee may consider necessary and appropriate to protect the security of this mortgage; and GRANTOR HEREBY IRREVOCABLY CONSTITUTES AND APPOINTS MORTGAGEE AS GRANTOR'S ATTORNEY-IN-FACT TO PERFORM SUCH ACTS AND EXECUTE SUCH DOCUMENTS AS MORTGAGEE CONSIDERS APPROPRIATE IN CONNECTION WITH TAKING THESE MEASURES, INCLUDING ENDORSEMENT OF GRANTOR'S NAME ON ANY INSTRUMENTS. Mortgagee shall not be considered to have accepted any property other than cash or immediately available funds in satisfaction of any obligation of Grantor to Mortgagee, unless Mortgagee has given express written notice of its election of that remedy.

20. Sales of Property. Mortgagee may elect to treat as Personality any Property which is intangible or which can be severed from the Land or Improvements without causing structural damage. Mortgagee may dispose of any Personality

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separately from the sale of real property, in any manner permitted by the UCC or any other Applicable Law. Any proceeds of any such disposition shall not cure any Event of Default or reinstate any Secured Obligation. Mortgagee may choose to dispose of some or all of the Property which consists solely of real property in any manner then permitted by Applicable Law. In its discretion, Mortgagee may also or alternatively choose to dispose of some or all of the Property, in any combination consisting of both real and personal property, together in one sale to be held in accordance with the law and procedures applicable to real property, as permitted by the UCC. Grantor agrees that such a sale of Personalty together with real property constitutes a commercially reasonable sale of the personal property. If the Land is located in more than one county, then to the extent permitted by Applicable Law, a judicial or non-judicial foreclosure sale of the Property may be maintained in any one or more of those counties. If the Property consists of more than one lot, parcel or item of property, Mortgagee may: (i) Designate the order in which the lots, parcels and/or items shall be sold or disposed of or offered for sale or disposition; and (ii) elect to dispose of the lots, parcels and/or items through a single consolidated sale or disposition to be held or made in connection with judicial proceedings, or by virtue of a judgment and decree of foreclosure and sale; or through two or more such sales or dispositions; or in any other manner (including a Non-Judicial Foreclosure Sale) Mortgagee may deem to be in its best interests (any such sale or disposition, a "Foreclosure Sale;" any two or more, "Foreclosure Sales"). If it chooses to have more than one Foreclosure Sale, Mortgagee at its option may cause the Foreclosure Sales to be held simultaneously or successively, on the same day, or on such different days and at such different times and in such order as it may deem to be in its best interests. No Foreclosure Sale will terminate or affect the liens of this mortgage on any part of the Property which has not been sold, until all of the Secured Obligations have been paid in full. At any Foreclosure Sale, any person, including Grantor, Mortgagee or Secured Parties, may bid for and acquire the Property or any part of it to the extent permitted by then applicable law. Instead of paying cash for that property, Mortgagee or Secured Parties may settle for the purchase price by crediting the sales price of the property against the Secured Obligations. Any such credit, and all other proceeds of any Foreclosure Sale shall be applied to the Secured Obligations in any order Mortgagee may choose.

21. **Notices.** All notices, approvals, consents, and other communications, under this mortgage ("Notices") must be given in accordance with and will be subject to the terms and provisions of the Credit Agreement. Notices must be mailed or delivered, if to Grantor, to the address adjacent Grantor's signature below; if to Mortgagee or Lender, to One CityPlace Drive, Suite 200, St. Louis, MO 63141, Attention: Customer Service Representative; if to Secured Parties other than Lender, c/o Rabobank International, 245 Park Avenue, New York, NY 10167, Attention: Customer Service Representative; and in the case of any other Person, to the address designated by that Person in a notice to Grantor, Mortgagee, and Lender.

22. **Mortgagee.** Without affecting the personal liability of any Person, including Grantor and Borrower, for the payment of the Secured Obligations or the lien of this mortgage on the remainder of the Property for the unpaid amount of the Secured Obligations, Mortgagee may from time to time and without notice: (i) release any person liable for payment of any Secured Obligation; (ii) extend the time for payment, or otherwise alter the terms of payment, of any Secured Obligation; (iii) accept additional real or personal property of any kind as security for any Secured Obligation, whether evidenced by deeds of trust, mortgages, security agreements or any other instruments of security; or (iv) alter, substitute or release any property securing the Secured Obligations.

23. **Exculpation of Mortgagee.** Mortgagee shall not be directly or indirectly liable to Grantor or any other person as a consequence of any of the following: (a) the exercise of or failure to exercise any rights, remedies or powers granted to it in this mortgage; (b) Mortgagee's failure or refusal to perform or discharge any obligation or liability of Grantor under any agreement related to the Property or under this mortgage; or (c) any loss sustained by Grantor or any third party resulting from Mortgagee's failure to lease the Property, or from any other act or omission of Mortgagee in managing the Property, after an Event of Default, unless the loss is caused by the willful misconduct and bad faith of Mortgagee. GRANTOR HEREBY EXPRESSLY WAIVES AND RELEASES ALL LIABILITY OF THE TYPES DESCRIBED ABOVE, AND AGREES THAT NO SUCH LIABILITY BE ASSERTED AGAINST OR IMPOSED UPON MORTGAGEE.

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

25. **Waiver of Certain Other Laws.** To the full extent Grantor may do so, Grantor agrees that Grantor will not at any time insist upon, plead, claim or take the benefit or advantage of any law now or hereafter in force providing for appraisalment, valuation, stay, extension or redemption, and Grantor, for Grantor, and its representatives, successors and

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assigns, and for any and all persons ever claiming any interest in the Property, to the extent permitted by law, hereby waives and releases all rights of redemption, valuation, appraisal, stay of execution, notice of election to mature or declare due the whole of the Secured Obligations in the event of foreclosure of the lien created by this mortgage.

26. Release. When all of the Secured Obligations have been paid in full and Secured Parties have no further commitment to extend credit to Borrower, Mortgagee shall execute and deliver to Grantor, a release of the Property from the Lien of this mortgage.

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

28. Collateral Agency Agreement. This mortgage is subject to the terms of the collateral agency agreement between Beneficiary and Secured Parties (that agreement, as it is now, or may hereafter be amended, modified or restated, and any and all agreements entered into in substitution of that agreement, the "Collateral Agency Agreement").

29. Entire Agreement. This mortgage and the other Secured Obligation Documents required under this mortgage, collectively: (i) represent the sum of the understandings and agreements between Mortgagee, Secured Parties and Grantor concerning this credit; (ii) replace any prior oral or written agreements between Mortgagee, Secured Parties and Grantor concerning this credit; and (iii) are intended by Mortgagee, Secured Parties and Grantor as the final, complete and exclusive statement of the terms agreed to by them. In the event of any conflict between this mortgage and any other agreements required by this mortgage, this mortgage will prevail.

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

31. No Waiver or Cure. Each waiver by Mortgagee or Secured Parties must be in writing, and no waiver is to be construed as a continuing waiver. No waiver is to be implied from any delay or failure by Mortgagee or Secured Parties to take action on account of any default of Grantor. Consent by Mortgagee or Secured Parties to any act or omission by Grantor must not be construed as a consent to any other or subsequent act or omission or to waive the requirement for Mortgagee's or Secured Parties' consent to be obtained in any future or other instance. The exercise by Mortgagee or Secured Parties of any right or remedy under this mortgage or the other Secured Obligation Documents or under Applicable Law, shall not: cure or waive a breach, Event of Default or notice of default under this mortgage or invalidate any act performed pursuant to any such default or notice; or nullify the effect of any notice of default or sale (unless all Secured Obligations then due have been paid and performed and all other defaults under the Secured Obligation Documents, have been cured); or impair the security of this mortgage; or prejudice Mortgagee, Secured Parties or any receiver appointed in accordance with this mortgage, in the exercise of any right or remedy afforded any of them under this mortgage; or be construed as an affirmation by Mortgagee or Secured Parties of any tenancy, lease or option, or a subordination of the lien of this mortgage.

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

33. Joint and Several Obligations. If Grantor consists of more than one Person, each Grantor (a) acknowledges that this mortgage is the independent and several obligation of each Grantor and may be enforced against each Grantor separately, whether or not enforcement of any right or remedy hereunder has been sought against any other Grantor; and (b) agrees that its liability hereunder and under any other Secured Obligation Document shall be absolute, unconditional, continuing and irrevocable. GRANTOR EXPRESSLY WAIVES ANY REQUIREMENT THAT MORTGAGEE OR SECURED

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PARTIES EXHAUST ANY RIGHT, POWER OR REMEDY AND PROCEED AGAINST THE OTHER GRANTORS UNDER THIS MORTGAGE, OR ANY OTHER SECURED OBLIGATION DOCUMENTS, OR AGAINST ANY OTHER PERSON UNDER ANY GUARANTY OF, OR SECURITY FOR, ANY OF THE SECURED OBLIGATIONS.

34. **Binding Effect; Successors and Assigns.** The Secured Obligation Documents shall inure to the benefit of and shall be binding upon the parties and their respective successors and assigns; provided, that Grantor shall not assign its rights or obligations hereunder without Secured Parties' consent. However, this Paragraph does not waive the provisions of Section 15; and Grantor shall not assign its rights or obligations hereunder without Mortgagee's and Secured Parties' consent. Mortgagee and Secured Parties may transfer all or any portion of its rights under the Secured Obligation Documents to any other Person. Mortgagee and Secured Parties may disclose to any actual or proposed transferee any information that Grantor has delivered to Mortgagee and Secured Parties in connection with the negotiation of this mortgage or pursuant to the Secured Obligation Documents; and Grantor shall cooperate fully with Mortgagee and Secured Parties in providing that information to any actual or proposed transferee.

35. **Governing Law.** This mortgage shall be governed exclusively by the applicable laws of the State of Idaho (the "Governing Law State") without regard or reference to its conflict of laws principles. Grantor understands that the laws of the Governing Law State may differ from the laws of the State where Grantor resides or otherwise is located or where the Property is located. However, Grantor understands, agrees and acknowledges that (a) this mortgage and the transaction evidenced hereby have significant and substantial contacts with the Governing Law State, (b) it is convenient to Grantor and Lender to select the law of the Governing Law State to govern this mortgage and the transactions evidenced hereby, (c) the transactions evidenced by the Credit Agreement and this mortgage bear a reasonable connection to the laws of the Governing Law State, (d) the choice of the internal laws of the Governing Law State was made for good and valid reasons, and (e) the choice of the Governing Law State constitutes good and valuable consideration for Lender to enter into the Credit Agreement and Lender has entered into the Credit Agreement in reliance on this choice.

36. **Miscellaneous.** This mortgage may be executed in counterparts, each of which will be an original and all of which together are deemed one and the same instrument. If Grantor is comprised of multiple Persons, any Person comprising Grantor is hereby authorized to bind all parties comprising Grantor. Mortgagee or Secured Parties may, at any time and without notice, waive any prior requirement that requests, authorizations, or other actions be taken only by a Designated Person. This mortgage shall be interpreted in light of the drafting conventions specified in the Credit Agreement, which conventions are incorporated herein by this reference. Each Party has participated in negotiating and drafting this mortgage, so if an ambiguity or a question of intent or interpretation arises, this mortgage is to be construed as if the parties had drafted it jointly, as opposed to being construed against a Party because it was responsible for drafting one or more provisions of this mortgage. Mortgagee is authorized to execute any other documents or take any other actions necessary to effectuate this mortgage and the consummation of the transactions contemplated herein. This mortgage may not be amended, changed, modified, altered or terminated without the prior written consent of Mortgagee and Secured Parties. Any provision of any Secured Obligation Document which is prohibited or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of that Secured Obligation Document or affecting the validity or enforceability of that provision in any other jurisdiction; except that if such provision relates to the payment of any monetary sum, then Mortgagee or Secured Parties may, at its option, declare all Secured Obligations immediately due and payable. No merger shall occur as a result of Mortgagee's or Secured Parties' acquiring any other estate in or any other lien on the Property. All rights and remedies under this mortgage and the Secured Obligation Documents are cumulative, and the exercise of any one or more of them does not constitute an election of remedies.

37. **INDEMNIFICATION.** GRANTOR SHALL DEFEND, INDEMNIFY AND HOLD MORTGAGEE AND SECURED PARTIES AND THEIR OFFICERS, DIRECTORS, EMPLOYEES, PARTNERS, AGENTS AND ATTORNEYS (THE "INDEMNIFIED PERSONS") HARMLESS AGAINST ANY AND ALL LOSSES OF ANY KIND OR NATURE WHATSOEVER THAT MAY BE IMPOSED ON, INCURRED BY, OR ASSERTED AGAINST THE INDEMNIFIED PERSONS (A) ARISING OUT OF OR RESULTING FROM THE VIOLATION OF ANY ENVIRONMENTAL LAW; OR (B) ARISING OUT OF CLAIMS ASSERTED AGAINST THE INDEMNIFIED PERSONS AS A RESULT OF MORTGAGEE OR SECURED PARTIES BEING PARTY TO THIS MORTGAGE OR THE TRANSACTIONS CONSUMMATED PURSUANT TO THIS MORTGAGE; except that Grantor shall have no obligation to an Indemnified Person under this section with respect to Losses resulting from the gross

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[Handwritten signatures]

negligence or willful misconduct of that Indemnified Person as determined by a court of competent jurisdiction. If and to the extent that an Indemnity is unenforceable for any reason, Grantor shall to make the maximum contribution to the payment and satisfaction thereof which is permissible under Applicable Law. THE PROVISIONS OF ALL INDEMNITIES SHALL SURVIVE THE TERMINATION OF THIS MORTGAGE.

38. **Reservation of Right to Grant First Priority Security Interest in Crops.** Grantor reserves the right to obtain financing for purposes of payment of expenses incurred in the production of Grantor's crops ("Crop Financing"), secured by a first priority security interest in the Crops growing or to be grown for a period not to exceed the beginning of the next crop year. If Grantor exercises its right to place a single crop lien on the Crops grown or to be grown on the Land, such crop lien shall automatically be a superior lien to the lien on the Crops created hereby without the need for any consent or subordination from Mortgagee.

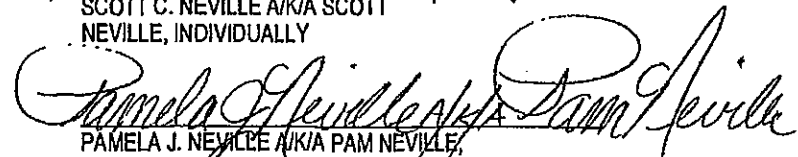
39. **WAIVER OF TRIAL BY JURY.** THE PARTIES WAIVE THE RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING BASED UPON, ARISING OUT OF OR IN ANY WAY CONNECTED TO THIS MORTGAGE.

40. **Future Advances.** Future advances, together with interest thereon, are secured by this mortgage in accordance with Idaho Code Section 45-108 as amended.

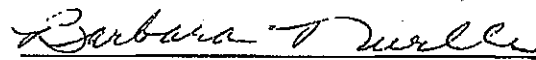
Grantor is signing this mortgage effective as of the day and year first written above.

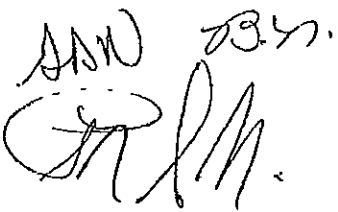
**GRANTOR**

  
SCOTT C. NEVILLE A/K/A SCOTT  
NEVILLE, INDIVIDUALLY

  
PAMELA J. NEVILLE A/K/A PAM NEVILLE,  
INDIVIDUALLY

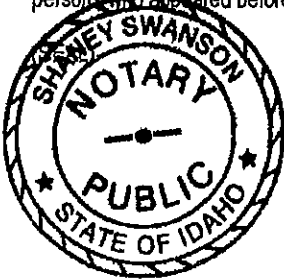
  
STAN D. NEVILLE A/K/A STAN NEVILLE,  
INDIVIDUALLY

  
BARBARA NEVILLE, INDIVIDUALLY

SAW 03.11.  


STATE OF IDAHO )  
COUNTY OF Jefferson ) SS:

Subscribed and sworn to (or affirmed) before me this 10th day of February, 2010 by SCOTT C. NEVILLE A/K/A SCOTT NEVILLE AND PAMELA J. NEVILLE A/K/A PAM NEVILLE, HUSBAND AND WIFE; STAN D. NEVILLE A/K/A STAN NEVILLE AND BARBARA NEVILLE, HUSBAND AND WIFE, proved to me on the basis of satisfactory evidence to be the persons who appeared before me.



Sherry Swanson  
Notary Public for Idaho  
Residing at 2400 Falls Rd  
My commission expires 1-3-15

SSW 2-10-10  
PAM

**EXHIBIT A**

Neville\_1.8min RELOC\_2010  
MORTGAGE, ASSIGNMENT OF RENTS AND SECURITY AGREEMENT

**See Attached Legal Description of Real Estate**  
Jefferson and Fremont Counties, Idaho

MON 23.97.  
C.R.M.

**EXHIBIT B**

Neville\_1.8min RELOC\_2010  
MORTGAGE, ASSIGNMENT OF RENTS AND SECURITY AGREEMENT

**See Attached Description of Additional Property**

associated with mortgage by Scott Neville and Pam Neville; Stan Neville and Barbara Neville; on land located in Jefferson and Fremont Counties, Idaho

Neville\_1.8min RELOC\_2010  
mortgage, Assignment of Rents, Security Agreement,  
Fixture filing and Request for Notice

SN 43.77.  
PA

**Exhibit "A"**

Real property in the County of Jefferson and Fremont, State of Idaho, described as follows:

**PARCEL 1:**

**TOWNSHIP 7 NORTH, RANGE 37 EAST OF THE BOISE MERIDIAN, JEFFERSON COUNTY, IDAHO.**

**SECTION 11: SW $\frac{1}{4}$**

**EXCEPTING THEREFROM: COUNTY ROAD RIGHT OF WAY ALONG THE WEST AND SOUTH SIDES OF SAID PROPERTY.**

**PARCEL 2:**

**TOWNSHIP 7 NORTH, RANGE 37 EAST OF THE BOISE MERIDIAN, JEFFERSON COUNTY, IDAHO.**

**SECTION 15: BEGINNING AT A POINT THAT IS N. 00°07'00" W. 1396.50 FEET ALONG THE SECTION LINE FROM THE SE CORNER OF SAID SECTION 15; THENCE N. 85°13'35" W. 2593.66 FEET; THENCE N. 04°26'29" W. 2135.98 FEET; THENCE N. 66°10'53" E. 1556.09 FEET; THENCE S. 00°03'48" E. 416.73 FEET; THENCE S. 89°55'35" E. 1322.13 FEET TO THE SECTION LINE; THENCE S. 00°03'48" E. 1317.91 FEET; THENCE S. 00°07'00" E. 1237.47 FEET TO THE POINT OF BEGINNING.**

**PARCEL 3:**

**TOWNSHIP 7 NORTH, RANGE 37 EAST OF THE BOISE MERIDIAN, JEFFERSON COUNTY, IDAHO.**

**SECTION 15: NE $\frac{1}{4}$ NE $\frac{1}{4}$**

**PARCEL 4:**

**TOWNSHIP 7 NORTH, RANGE 37 EAST OF THE BOISE MERIDIAN, JEFFERSON COUNTY, IDAHO.**

**SECTION 2: LOTS 3 AND 4; S $\frac{1}{2}$ NW $\frac{1}{4}$ ; E $\frac{1}{2}$ SW $\frac{1}{4}$ ; W $\frac{1}{2}$ SE $\frac{1}{4}$**

**EXCEPTING THEREFROM: COMMENCING AT THE NE CORNER OF LOT 3 OF SAID SECTION 2 AND RUNNING THENCE SOUTH 400 FEET; THENCE WEST 300 FEET; THENCE NORTH 400 FEET; THENCE EAST 300 FEET TO THE POINT OF BEGINNING.**

**SECTION 3: LOTS 1 AND 2; S $\frac{1}{2}$ NE $\frac{1}{4}$**

**PARCEL 5:**

**TOWNSHIP 7 NORTH, RANGE 37 EAST OF THE BOISE MERIDIAN, JEFFERSON COUNTY, IDAHO.**

**SECTION 2: W $\frac{1}{2}$ SW $\frac{1}{4}$**

**EXCEPTING THEREFROM: COMMENCING AT THE NW CORNER OF THE SW $\frac{1}{4}$  OF SECTION 2, TOWNSHIP 7 NORTH, RANGE 37 EAST OF THE BOISE MERIDIAN AND RUNNING THENCE EAST 850 FEET; THENCE SOUTH 900 FEET; THENCE WEST 850 FEET; THENCE NORTH 900 FEET TO THE POINT OF BEGINNING.**

**TOGETHER WITH A PERPETUAL ROADWAY EASEMENT FOR ACCESS TO AND FROM THOSE LANDS IN JEFFERSON COUNTY LOCATED IN TOWNSHIP 7 NORTH, RANGE 37 EAST OF THE BOISE MERIDIAN, SECTION 3 AND THOSE JEFFERSON COUNTY LANDS LOCATED IN TOWNSHIP 7 NORTH, RANGE 37 EAST OF THE BOISE MERIDIAN SECTION 2, WHICH ROAD WAY EASEMENT IS DESCRIBED AS FOLLOWS:**

**COMMENCING AT THE NORTHWEST CORNER OF THE SOUTHWEST QUARTER OF SECTION 2, TOWNSHIP 7 NORTH, RANGE 37 EAST OF THE BOISE MERIDIAN, AND RUNNING THENCE EAST 40 FEET, THENCE SOUTH 900 FEET, THENCE WEST 40 FEET, THENCE NORTH 900 FEET, TO THE POINT OF BEGINNING.**

**TOGETHER WITH A PERPETUAL ROADWAY EASEMENT FOR ACCESS TO AND FROM THOSE LANDS LOCATED IN FREMONT COUNTY DESCRIBED AS THE SE  $\frac{1}{4}$  OF SECTION 35, TOWNSHIP 8 NORTH, RANGE 37 EAST OF THE BOISE MERIDIAN, FREMONT COUNTY, IDAHO DESCRIBED AS FOLLOWS:**

**COMMENCING ON OR ABOUT A POINT LOCATED 300 FEET WEST AND 100 FEET SOUTH OF THE NE CORNER OF THE NW  $\frac{1}{4}$  OF SECTION 2, TOWNSHIP 7 NORTH, RANGE 37 EAST, BOISE MERIDIAN, JEFFERSON COUNTY, IDAHO, AND RUNNING THENCE IN A EASTERLY AND NORTHERLY DIRECTION THROUGH A PARCEL OF LAND DESCRIBED AS BEING 300 FEET SQUARE AND LOCATED IN THE SE CORNER OF THE SW  $\frac{1}{4}$  OF SECTION 35 TOWNSHIP 8**

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R.M.

NORTH, RANGE 37 EAST, BOISE MERIDIAN, FREMONT COUNTY, IDAHO AND CONTINUING THERE THROUGH A NORTHERLY AND EASTERLY DIRECTION AND TRAVERSING A PARCEL OF LAND 300 FEET BY 200 FEET LOCATED IN THE SW CORNER OF THE SE 1/4 OF SECTION 35, TOWNSHIP 8 NORTH, RANGE 37 EAST, BOISE MERIDIAN, FREMONT COUNTY, IDAHO.

PARCEL 6:

TOWNSHIP 8 NORTH, RANGE 37 EAST OF THE BOISE MERIDIAN, FREMONT COUNTY, IDAHO.

SECTION 35: SE 1/4

EXCEPTING THEREFROM: COMMENCING AT THE SW CORNER OF THE SE 1/4 OF SAID SECTION 35 AND RUNNING THENCE EAST 200 FEET; THENCE NORTH 300 FEET; THENCE WEST 200 FEET; THENCE SOUTH 300 FEET TO THE POINT OF BEGINNING.

TOGETHER WITH A PERPETUAL ROADWAY EASEMENT FOR ACCESS TO AND FROM THOSE LANDS LOCATED IN FREMONT COUNTY, IDAHO, DESCRIBED AS THE SE 1/4 OF SECTION 35, TOWNSHIP 8 NORTH, RANGE 37 EAST OF THE BOISE MERIDIAN, FREMONT COUNTY, IDAHO, DESCRIBED AS FOLLOWS:

COMMENCING ON OR ABOUT A POINT LOCATED 300 FEET WEST AND 100 FEET SOUTH OF THE NE CORNER OF THE NW 1/4 OF SECTION 2, TOWNSHIP 7 NORTH, RANGE 37 EAST OF THE BOISE MERIDIAN, JEFFERSON COUNTY, IDAHO AND RUNNING THENCE IN AN EASTERLY AND NORTHERLY DIRECTION THROUGH A PARCEL OF LAND DESCRIBED AS BEING 300 FEET SQUARE AND LOCATED IN THE SE CORNER OF THE SW 1/4 OF SECTION 35, TOWNSHIP 8 NORTH, RANGE 37 EAST OF THE BOISE MERIDIAN, FREMONT COUNTY, IDAHO, AND CONTINUING THERE THROUGH A NORTHERLY AND EASTERLY DIRECTION AND TRAVERSING A PARCEL OF LAND 300 FEET BY 200 FEET LOCATED IN THE SW CORNER OF THE SE 1/4 OF SAID SECTION 35.

PARCEL 7:

TOWNSHIP 7 NORTH, RANGE 37 EAST OF THE BOISE MERIDIAN, JEFFERSON COUNTY, IDAHO.

SECTION 2: COMMENCING AT THE NW CORNER OF THE SW 1/4 OF SAID SECTION 2; THENCE EAST 850 FEET; THENCE SOUTH 615 FEET; THENCE WEST 850 FEET; THENCE NORTH 615 FEET TO THE POINT OF BEGINNING.

TOGETHER WITH A PERPETUAL ROADWAY EASEMENT OF 40 FEET IN WIDTH FOR USE OF INGRESS AND EGRESS OF AGRICULTURAL VEHICLES, MACHINERY AND EQUIPMENT OVER AND ALONG AN EXISTING ROADWAY EXTENDING IN A NORTHERN DIRECTION ALONG THE WEST SIDE OF THE SW 1/4 OF SECTION 2, TOWNSHIP 7 NORTH, RANGE 37 EAST OF THE BOISE MERIDIAN, JEFFERSON COUNTY, IDAHO.

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Exhibit "B"

All fixtures, water rights, equipment and machinery (excluding, however, automobiles, trucks, tractors, trailers, wheeled vehicles, planting and tillage equipment), watering and irrigation apparatus, pumps, motors, generators, pipes, center pivot irrigators and sprinklers, frost protection apparatus, windmills, fences, fixtures, fittings, appliances, whether any of the foregoing is owned now or acquired later; all accessions, additions, replacements, and substitutions relating to any of the foregoing; all records of any kind relating to any of the foregoing; all proceeds relating to any of the foregoing (including insurance, general intangibles and accounts proceeds). Not limited to the items listed below.

See attached Exhibit "A"

Irrigation Assumptions:

License 31-07190 for 2.53 CFS, priority of 3/18/1976 for 132 acres from a well.  
License 31-07289 for 2.23 CFS, priority of 1/25/1978 for 126 acres from well.  
License 31-07143 for 2.8 CFS, priority of 11/04/1974 for 140 acres from a well.  
License 31-07509 for 1.63 CFS, priority of 10/27/1988 for 81.4 acres from a well.  
License 31-7363 for .76 CFS, priority of 4/13/1981 for 38 acres from a well.  
License 31-07140 for 2.3 CFS, priority of 10/25/1974 for 140 acres from a well.  
License 31-07374 for 2.4 CFS, priority of 3/01/1982 for 142 acres from a well. -

Water Rights

(2) 150 hp GE motors and Aucorn turbine pumps.  
150 hp US motor and Layne Bowler turbine pump.  
125 hp US motor and Johnston turbine pump.  
25 hp GE motor and Johnston turbine pump.  
100 hp GE motor and Johnston turbine pump.  
75 hp GE motor and Johnston turbine pump.  
(3) eight tower Valley pivots  
(1) seven tower Valley pivot  
(1) eight tower Gifford Hill pivot  
(1) four tower Valley pivot  
(1) eight tower Lockwood pivot

Irrigation Equipment

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AR MM.