

DEV

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

12
x 25
\$ 300
All
we's

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): Decree 35-2261; Decree 35-8186; License 35-8899; Decree 35-7848; Decree 35-8165; Decree 35-8187; Decree 35-7180; Decree 35-7884; Decree 35-2892; Decree 35-2854; Decree 35-7119; Decree 35-8163

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

AXA Equitable Life Insurance Company
c/o Rabo Agrifinance, Inc.
10100 Trinity Parkway, Suite 400
Stockton, California 95219

Department of Water Resources
Eastern Region

AUG 07 2009

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

Gehring Farms, Ferd Gehring & Son, Inc., Gehring Investments, L.L.C. and JAG Farms, L.L.C.

5. Expiration Date of Notification Period July 1, 2024

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

SUPPORT DATA

IN FILE # 35-2261

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

Neil R. Hamilton

Neil R. Hamilton, Regional Vice President

For Office Use Only

Received by _____
 Received by *DMK*
 Processed by _____ AJ

Date *8/7/09*
 Date _____
 Date _____

Fee *\$300*
 Receipt No. *ED35259*
 WR _____ Date _____



State of Idaho

DEPARTMENT OF WATER RESOURCES

900 N Skyline Dr., Ste A, Idaho Falls, Idaho 83402-1718

Phone: (208) 525-7161 FAX: (208) 525-7177 www.idwr.idaho.gov

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AUG 12 2009

August 7, 2009

AXA EQUITABLE LIFE INSURANCE COMPANY
C/O RABO AGRIFINANCE INC
10100 TRINITY PARKWAY SUITE 400
STOCKTON CA 95219

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AUG 17 2009

Department of Water Resources
Eastern Region

C.L. "BUTCH" OTTER
Governor

GARY SPACKMAN
Interim Director

RE: Security Interest in a Water Right 35-2261, 35-8186, 35-8899, 35-7848, 35-8165,
35-8187, 35-7180, 35-7884, 35-2892B, 35-2854, 35-7179 & 35-8163

Dear AXA EQUITABLE LIFE INSURANCE COMPANY:

The Department of Water Resources acknowledges receipt of your Security Interest in the above listed Water Rights.

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

XXX **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

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

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

Sincerely,

Bobby Kern
Office Specialist II

Enclosure(s)

RECORDED AT REQUEST OF:

RETURN RECORDED DOCUMENT TO
RABO AGRIFINANCE, INC.
10100 TRINITY PARKWAY, SUITE 400
STOCKTON, CALIFORNIA 95219

This is to certify that this
is a true and correct copy of
the original document, certified
as instrument of _____
FIRST AMERICAN TITLE COMPANY

Loan F-116351

IDAHO MORTGAGE, SECURITY AGREEMENT AND FIXTURE FILING

THIS INSTRUMENT IS INTENDED AS A MORTGAGE AND AS A
FIXTURE FILING UNDER THE IDAHO UNIFORM COMMERCIAL CODE.
THIS INSTRUMENT IS TO BE FILED AND INDEXED AS
BOTH A MORTGAGE AND AS A FIXTURE FILING

THIS MORTGAGE, SECURITY AGREEMENT AND FIXTURE FILING ("Mortgage"), dated as of the 23RD day of JUNE, 2009 is made between GEHRING FARMS, FERD GEHRING AND SON, INC., an Idaho corporation, GEHRING INVESTMENTS, L.L.C., an Idaho limited liability company, and JAG FARMS, L.L.C., an Idaho limited liability company whose chief executive office or principal residence is 3648 GEHRING ROAD, AMERICAN FALLS, IDAHO 83211, hereinafter called "Mortgagor," and AXA EQUITABLE LIFE INSURANCE COMPANY, a NEW YORK corporation, whose address is 1290 AVENUE OF THE AMERICA, NEW YORK, NEW YORK 10104, hereinafter called "Mortgagee."

WHEREAS, the Mortgagor is justly indebted to the Mortgagee in the sum of FIVE MILLION EIGHT HUNDRED FIFTY THOUSAND AND NO/100 DOLLARS (\$5,850,000.00) with interest, all as set forth in Mortgagor's certain Promissory Note ("Note") of even date herewith maturing JULY 1, 2024.

NOW, THEREFORE, THIS MORTGAGE WITNESSETH, that, to secure the payment of the principal of and interest on the Note and the performance of the covenants therein and herein contained, and in consideration of the premises, the Mortgagor by these presents does grant, bargain, sell, convey, transfer, assign, mortgage, pledge, warrant and confirm unto the Mortgagee all the property (the "Property") hereinafter described, to wit:

- I. The following described real property ("Real Estate") located in POWER County, Idaho, to wit:

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

- II. Any and all fruit or nut bearing bushes, trees or vines presently or hereafter located on the above described real property. Mortgagor and Mortgagee hereby agree, acknowledge and confirm that such fruit or nut bearing bushes, trees or vines are part of the Real Estate and will remain a part of the Real Estate

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AUG 17 2009

Department of Water Resources
Eastern Region

Initials JAG dme *[Signature]*

throughout the term of the loan made by Mortgagee to Mortgagor that is secured by this Mortgage.

- III. Certificates numbered N/A representing N/A shares of the capital stock of N/A and the water rights represented thereby (If no entries, this granting clause is inapplicable).
- IV. All water rights represented by Decree Nos. 35-2261 for 7.18 CFS; Decree 35-8186 for 1.48 CFS; License 35-8899 for 1.26 CFS; Decree 35-7848 for 4.57 CFS; Decree 35-8165 for 1.6 CFS; Decree 35-8187 for 1.08 CFS; Decree 35-7180 for 4.9 CFS; Decree 35-7884 for 5.59; Decree 35-2892B for 2.03 CFS; Decree 35-2854 for 3.77 CFS; Decree 35-7179 for 4.52 CFS; Decree 35-8163 for 3.02 CFS
- V. All water rights represented by Claim No. N/A filed in the Snake River Basin Adjudication proceeding now pending in the District Court of the Fifth Judicial District of the State of Idaho, in and for the County of Twin Falls under Case No. N/A (If no entries, this granting clause is inapplicable).

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, water rights, and drainage rights appertaining thereto; (3) Mortgagor's interest as lessor in all leases (including, but not limited to, oil, gas and mineral 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, said Real Estate which are real property, and all substitutions, replacements, additions and accessions thereof or thereto; (5) all rents, issues, profits, royalties, bonuses, income and other benefits derived from or produced by said Real Estate (subject, however, to the assignment of rents and profits to Mortgagee herein); 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 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 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, irrigation 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 Mortgagee.

TO HAVE AND TO HOLD the same unto the Mortgagee, its successors and assigns, forever.

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 places and in the manner specified in the Note, and all other sums that may become due and owing to the 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 and shall be released by the Mortgagee at the expense of the Mortgagor, 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 and 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, the Mortgagor's interest therein, or upon the Mortgage or the Note; provided however, in the event of the passage of any law changing the laws for the taxation of mortgages or debts secured by mortgage so as to affect this Mortgage, the entire

indebtedness secured hereby shall, at the option of the Mortgagee, become due and payable; (c) to keep the Property and improvements thereon 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 Mortgagee; and (d) to maintain and deliver to the Mortgagee policies of insurance against such hazards on the buildings now or hereafter located on the Property as the Mortgagee may require from time to time, in such companies and amounts and with such loss payable clauses as shall be satisfactory to the Mortgagee; in the event of loss the Mortgagee is expressly authorized to settle or compromise claims under said policies and the proceeds shall be paid to the 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 Mortgagee to collect the Note or foreclose or protect the lien of the Mortgage; (g) in the event the Mortgagor shall fail to comply with the provisions of (a) through (f) above, the Mortgagee may take such action as is necessary to remedy such failure and all sums paid by the 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 Mortgagee; (h) 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 Mortgagee and applied in full or in part at the option of the Mortgagee in reduction of the indebtedness hereby secured; (i) the Mortgagee shall have the right to inspect the Property at such reasonable times as the Mortgagee may desire to determine the Mortgagor's compliance with the covenants contained in this Mortgage; (j) the Mortgagee may release from the lien hereof any part of the above described Property without requiring any consideration therefor, and (k) Mortgagor is lawfully seized of the Real Estate in fee simple, the same is free from encumbrances except as may otherwise be specifically noted herein or waived in writing by the Mortgagee, Mortgagor will execute or procure any further necessary assurances of title and does hereby warrant generally the title to the Real Estate and will forever defend the same against the claims and demands of all persons whomsoever, and his separate estate, whether vested, contingent or in expectancy, is hereby conveyed and he 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 (g) above shall be at the rate set forth in the Note for times when an event of default has occurred or the highest lawful rate permitted by contract under applicable law, whichever is lesser.

SECOND. 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 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 federal Bankruptcy Code as now or hereafter in effect, or any successor thereto, or shall be adjudicated bankrupt or insolvent, or if any receiver, liquidator or trustee shall be appointed for such then owner or any of his property, then in such event, the entire indebtedness hereby secured shall, at the option of the Mortgagee and without notice to the Mortgagor, be due and collectible at once by judicial

foreclosure proceedings or as otherwise provided by law, or, when available under applicable statutes or rules of practice, by advertisement and sale, and in such an event this provision shall be deemed as authorizing and constituting a power of sale as mentioned in said statutes or rules; that in addition to the rights and remedies herein, the 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 Mortgagee under the laws of the state wherein the Property is situate, such as the right to collect the rents, issues and profits, or to have a receiver appointed to collect the same.

THIRD. The following schedules are annexed hereto and made a part hereof (if no entry, this section is inapplicable). Exhibit "A" – Legal Description and Exhibit "B" – Personal Property.

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 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 day(s) EXCEPT a lien junior and inferior to this Mortgage may be placed on all or a part of said property in favor of N/A in a principal amount not to exceed ZERO DOLLARS (\$0) to be placed of record not 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 Mortgagee and hold Mortgagee harmless against any loss, damage, or liability suffered by the 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 the Mortgagee, (i) copies of any documents received from the United States Environmental Protection Agency or any state, county or municipal environmental or health agency concerning the Mortgagor's operations upon the Real Estate; and (ii) copies of

any documents submitted by the Mortgagor to the United States Environmental Protection Agency or any state, county or municipal environmental or health agency concerning its 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 covenants and agrees to keep perfected and in good status any State of Idaho water permits or water company stock pertaining to water from all irrigation sources which is used in connection with the irrigation of the Real Estate. Mortgagor covenants and agrees to keep in good status any other existing or future water rights, licenses and/or permits which are used in connection with the irrigation of the Real Estate. Mortgagor agrees to complete appropriation and all other requirements necessary to obtain the issuance of a license for water permits issued to Mortgagor, in order that such water may legally be used and continue to be used for the irrigation of the Real Estate. Upon Mortgagor's failure to comply with the covenants and agreements set forth in this paragraph, Mortgagee, without prejudice to any other rights given herein, may at its option, either in its own name or in the name of Mortgagor, take any and all action necessary to protect and maintain the permits, licenses, water and water rights referred to herein. Mortgagor does hereby irrevocably constitute and appoint Mortgagee as Mortgagor's true and lawful agent and attorney with full power and authority, in the name of Mortgagor or otherwise, to take any and all action necessary to preserve and protect the permits, licenses, water and water rights referred to herein. Mortgagor covenants and agrees to promptly provide copies of all documents relating to such permitting and licensing process to Mortgagee.

EIGHTH. With respect to Property which may now or hereafter be characterized by law as personal property, this Mortgage shall constitute a Security Agreement between Mortgagor and Mortgagee, and, cumulative of all other rights of Mortgagee Hereunder, Mortgagee shall have all rights conferred upon secured parties by 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. This Mortgage shall be effective as a Financing Statement filed as a fixture filing from the date of its filing for record in the Real Estate Records of the county in which the Real Estate is located. Until the lien of this Mortgage is released or satisfied of record, Mortgagor authorizes Mortgagee to file one or more financing statements and continuation statements describing the Collateral, hereby ratifies any such financing statement or continuation statement previously filed by Mortgagee, and agrees, if requested by Mortgagee so to do, to execute one or more Financing Statements covering such Collateral, in the manner and form required by law and to the satisfaction of Mortgagee. On demand, Mortgagor will promptly pay all costs and expenses of filing Financing Statements, continuation statements, partial releases and termination statements deemed necessary or appropriate by Mortgagee to establish and maintain the validity and priority of the security interest of Mortgagee or any modification thereof, and all costs and expenses of any searches reasonably required by Mortgagee. Mortgagee may exercise any or all of the remedies of a secured party available to it under the UCC with respect to such Collateral, and it is expressly agreed that if upon default Mortgagee should proceed to dispose of the Collateral in accordance

with the provisions of the UCC ten (10) days' notice by Mortgagee to Mortgagor shall be deemed to be reasonable notice under any provision of the UCC requiring such notice; provided, however, that Mortgagee may at its option dispose of the Collateral in accordance with Mortgagee's rights and remedies in respect of the Real Estate pursuant to the provisions of this Mortgage in lieu of proceeding under the UCC. Mortgagor hereby warrants, represents and covenants that (a) the Collateral will be kept on or at the Real Estate described herein and Mortgagor will not remove the Collateral from the Real Estate without the prior written consent of Mortgagee, except such portions or items of Collateral which are consumed or worn out in ordinary usage, all of which shall be promptly replaced by Mortgagor; (b) Mortgagor's chief executive officer 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. It is understood and agreed that a material factor in inducing the Mortgagee to make this loan to the Mortgagor is the unique status of the agricultural industry and the expertise and financial strength of the Mortgagor. In the event the Mortgagor ceases to own the mortgaged property, the security for this loan is thereby deemed to be impaired. Consequently, in the event that all or any portion of the Real Estate is sold, contracted for sale, leased with the option to purchase, conveyed, alienated, transferred, or if the Mortgagor is a corporation, or a partnership, or a limited liability company more than forty-nine percent (49%) of either the corporation stock, partnership interests or member interests is sold, contracted for sale, conveyed, alienated, transferred, or otherwise disposed of, whether voluntary or involuntary, by operation of law or otherwise to persons other than owners at the date of this Mortgage and their heirs prior to the time the indebtedness secured hereby shall have been paid, then, at the option of the Mortgagee, the entire said indebtedness shall become due and payable and the Mortgagee may exercise any of its rights and remedies provided for in the Mortgage.

TENTH. Mortgagor, its successors and assigns and each of them, represent and warrant that either:

(a) The Property does not contain and will not be cultivated to grow any variety of perennial crops, or plants, vines, trees, nuts and/or fruit that produce crops in more than one crop year (hereinafter "Permanent Plantings") that is or may be subject to intellectual property rights under U.S. or foreign patent, copyright or trademark laws, the Plant Variety Protection Act or similar laws or subject to license from the holder of any such intellectual property rights (all of the foregoing being hereinafter referred to as "IP Rights"); or

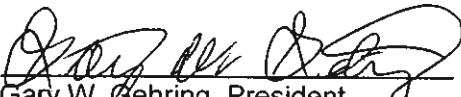
(b) To the extent the Property does contain or in the future is cultivated to grow any variety of Permanent Plantings that is or may be subject to IP Rights, Mortgagor represents and warrants that Mortgagor is or shall be the owner of such IP Rights free and clear of any claim, right, title, interest or lien of any other person, Mortgagor has or shall notify Mortgagee in writing of the existence of such IP Rights and Mortgagor does hereby, has or shall grant Mortgagee a security interest in and a lien upon all of Mortgagor's right, title and interest in, to and under, whether now owned or hereafter created in IP Rights, all cash and non-cash proceeds and

products of the IP Rights and all causes of action, past, present and future for infringement, misappropriation or dilution of any of the IP Rights or unfair competition regarding the same.

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

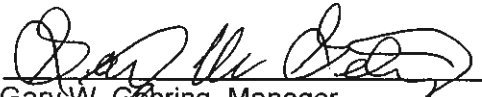
In presence of:

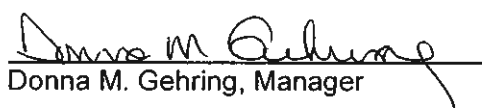
Gehring Farms, Ferd Gehring and Son, Inc., an Idaho corporation

By: 
Gary W. Gehring, President

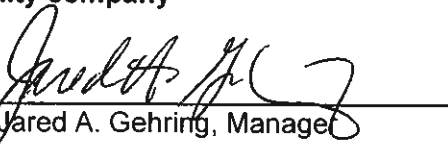
By: 
Donna M. Gehring, Secretary

Gehring Investments, L.L.C., an Idaho limited liability company

By: 
Gary W. Gehring, Manager

By: 
Donna M. Gehring, Manager

JAG Farms, L.L.C., an Idaho limited liability company

By: 
Jared A. Gehring, Manager

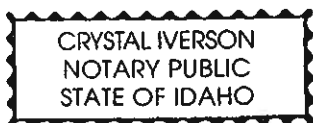
(IDAHO CORPORATE ACKNOWLEDGMENT)

STATE OF IDAHO)
COUNTY OF Bannock) SS:

On this 14th day of July, 2009, personally appeared Gary W. Gehring, known or identified to me to be the President of Gehring Farms, Ferd Gehring and Son, Inc., the corporation that executed the foregoing instrument and acknowledged to me that such corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

(SEAL)



Crystal Iverson
Notary Public for Idaho
Residing at Pocatello, ID
My commission expires 4/23/10

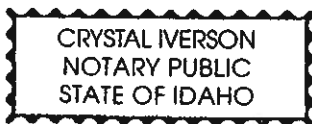
(IDAHO CORPORATE ACKNOWLEDGMENT)

STATE OF IDAHO)
COUNTY OF Bannock) SS:

On this 14th day of July, 2009, personally appeared Donna M. Gehring known or identified to me to be the Secretary of Gehring Farms, Ferd Gehring and Son, Inc., the corporation that executed the foregoing instrument and acknowledged to me that such corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

(SEAL)



Crystal Iverson
Notary Public for Idaho
Residing at Pocatello, ID
My commission expires 4/23/10

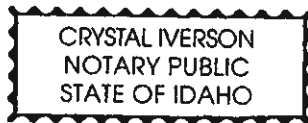
Initials JAG omg [Signature]

STATE OF IDAHO)
COUNTY OF Bannock) SS:

On this 14th day of July 2009, personally appeared Gary W. Gehring known or identified to me to be the Manager of Gehring Investments, L.L.C., the limited liability company that executed the foregoing instrument and acknowledged to me that such company executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

(SEAL)



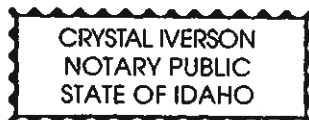
Crystal Iverson
Notary Public for Idaho
Residing at Pocatello, ID
My commission expires 4/23/10

STATE OF IDAHO)
COUNTY OF Bannock) SS:

On this 14th day of July 2009, personally appeared Donna M. Gehring known or identified to me to be Manager of Gehring Investments, L.L.C., the limited liability company that executed the foregoing instrument and acknowledged to me that such company executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

(SEAL)



Crystal Iverson
Notary Public for Idaho
Residing at Pocatello, ID
My commission expires 4/23/10

STATE OF IDAHO)

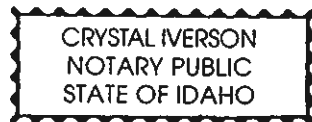
COUNTY OF Bannock)

SS:

On this 14th day of July, 2009, personally appeared Jared A. Gehring known or identified to me to be the Manger of JAG Farms, L.L.C., the limited liability company that executed the foregoing instrument and acknowledged to me that such company executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

(SEAL)



Crystal Iverson
Notary Public for Idaho
Residing at Donatello, ID
My commission expires 7/23/10

W1013Q RVSD 12-18-03
L:\MTG_DOT\THIRD PARTY\ID_MTG.DOC
J:\LOANS\116351 - GEHRING INVESTMENTS\ID_MTG.DOC

Initials JAG DMG JAG

EXHIBIT "A"

Legal Description

POWER COUNTY

PARCEL 1:

TOWNSHIP 7 SOUTH, RANGE 30 E.B.M., POWER COUNTY, IDAHO.

SECTION 7: NW¼

PARCEL 2:

TOWNSHIP 7 SOUTH, RANGE 29 E.B.M., POWER COUNTY, IDAHO.

SECTION 1: LOTS 3 & 4; SW¼; S½NW¼

SECTION 3: LOT 1; SE¼NE¼; E½SE¼

SECTION 10: E½

SECTION 11: N½NE¼; SE¼NE¼; NE¼NW¼; NW¼NW¼

SECTION 12: N½

EXCEPT:

A TRACT OF LAND IN THE N½ OF SECTION 12, TOWNSHIP 7 SOUTH, RANGE 29 E.B.M., POWER COUNTY, IDAHO, DESCRIBED AS FOLLOWS:

COMMENCING AT THE NW CORNER OF SAID SECTION 12; THENCE EAST ALONG THE NORTH LINE OF SAID SECTION 1900 FEET TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING EAST 1584.56 FEET; THENCE SOUTH 1331.52 FEET; THENCE WEST 1584.56 FEET; THENCE NORTH 1331.52 FEET TO THE POINT OF BEGINNING.

PARCEL 3:

TOWNSHIP 7 SOUTH, RANGE 29 E.B.M., POWER COUNTY, IDAHO.

SECTION 1: LOTS 1 & 2; S½NE¼; SE¼

EXCEPT:

A TRACT OF LAND IN THE SW $\frac{1}{4}$ SE $\frac{1}{4}$ OF SECTION 1, TOWNSHIP 7 SOUTH, RANGE 29 E.B.M., POWER COUNTY, IDAHO, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE SOUTH LINE OF SAID SECTION 1 FROM WHICH THE S $\frac{1}{4}$ CORNER OF SAID SECTION BEARS S. 89°40'00" W. 122.03 FEET; THENCE N. 0°20'00" W. 195.00 FEET; THENCE N. 89°40'00" E. 570.00 FEET; THENCE S. 0°20'00" E. 195.00 FEET TO THE SOUTH LINE OF SAID SECTION 1; THENCE S. 89°40'00" W. 570.00 FEET TO THE POINT OF BEGINNING.

SUBJECT TO AN EASEMENT FOR ROAD AND UTILITY PURPOSES DESCRIBED AS THE WEST 45.57 FEET OF THE SOUTH 30 FEET OF THE ABOVE DESCRIBED TRACT OF LAND.

ALSO EXCEPT:

BEGINNING AT A POINT 200 FEET SOUTH OF THE NE CORNER OF THE NE $\frac{1}{4}$ OF SECTION 1, TOWNSHIP 7 SOUTH, RANGE 29 E.B.M., POWER COUNTY, IDAHO; THENCE WEST 208 FEET; THENCE SOUTH 208 FEET; THENCE EAST 208 FEET; THENCE NORTH 208 FEET TO THE POINT OF BEGINNING.

ALSO EXCEPT:

A TRACT OF LAND IN THE SW $\frac{1}{4}$ SE $\frac{1}{4}$ OF SECTION 1, TOWNSHIP 7 SOUTH, RANGE 29 E.B.M., POWER COUNTY, IDAHO, DESCRIBED AS FOLLOWS:

COMMENCING AT THE S $\frac{1}{4}$ CORNER OF SAID SECTION 1; WHICH IS MONUMENTED WITH A 5/8" IRON PIN AND 2" ALUMINUM CAP LS 843, BURIED 1.8' BELOW THE ROAD SURFACE; THENCE N. 89°40' E. ALONG THE SOUTH LINE OF SAID SECTION 1, A DISTANCE OF 122.03 FEET; THENCE N. 0°20' W. LEAVING SAID SOUTH LINE, 288.0 FEET TO THE POINT OF BEGINNING; THENCE N. 0°20' W. 97.00 FEET; THENCE N. 89°40' E. 570.00 FEET; THENCE S. 0°20' E. 97.00 FEET; THENCE S. 89°40' W. 570.00 FEET TO THE TRUE POINT OF BEGINNING.

ALSO EXCEPTING THEREFROM:

A TRACT OF LAND IN THE SW $\frac{1}{4}$ SE $\frac{1}{4}$ OF SECTION 1, TOWNSHIP 7 SOUTH, RANGE 29 E.B.M., POWER COUNTY, IDAHO, DESCRIBED AS FOLLOWS:

COMMENCING AT THE S $\frac{1}{4}$ CORNER OF SAID SECTION 1, WHICH IS MONUMENTED WITH A 5/8" IRON PIN AND 2" ALUMINUM CAP LS 843, BURIED 1.8' BELOW THE ROAD SURFACE; THENCE N. 89°40' E. ALONG THE SOUTH LINE OF SAID SECTION 1 A DISTANCE OF 122.03 FEET, WHICH IS THE TRUE POINT OF BEGINNING; THENCE N. 0°20' W. 288.0 FEET, MORE OR LESS; THENCE N. 89°40' E. 570.00 FEET; THENCE S. 0°20' E. 288.0 FEET, MORE OR LESS; THENCE S. 89°40' W. 570.0 FEET TO THE TRUE POINT OF BEGINNING.

PARCEL 4:

TOWNSHIP 7 SOUTH, RANGE 30 E.B.M., POWER COUNTY, IDAHO.

SECTION 6: LOT 4; SW $\frac{1}{4}$ NW $\frac{1}{4}$; W $\frac{1}{2}$ SW $\frac{1}{4}$

Exhibit "B"

Personal Property

Water Rights:

All water rights represented by Decree Nos. Decree 35-2261 for 7.18 CFS; Decree 35-8186 for 1.48 CFS; License 35-8899 for 1.26 CFS; Decree 35-7848 for 4.57 CFS; Decree 35-8165 for 1.6 CFS; Decree 35-8187 for 1.08 CFS; Decree 35-7180 for 4.9 CFS; Decree 35-7884 for 5.59; Decree 35-2892B for 2.03 CFS; Decree 35-2854 for 3.77 CFS; Decree 35-7179 for 4.52 CFS; Decree 35-8163 for 3.02 CFS

Instrument # 196640

POWER COUNTY, IDAHO

07-27-2009 10:37:46 am No. of Pages: 11

Recorded for: FIRST AMERICAN TITLE - POCA TELLO OI

CHRISTINE STEINLICHT Fee: \$33.00

Ex-Officio Recorder Deputy: Linda Annen

Electronically Recorded by Simplifile

RECORDED AT REQUEST OF:

RECEIVED

SEP 23 2009

Department of Water Resources
Eastern Region

FA28273

RETURN RECORDED DOCUMENT TO
RABO AGRIFINANCE, INC.
10100 TRINITY PARKWAY, SUITE 400
STOCKTON, CALIFORNIA 95219

Loan F-116351

IDAHO MORTGAGE, SECURITY AGREEMENT AND FIXTURE FILING

THIS INSTRUMENT IS INTENDED AS A MORTGAGE AND AS A
FIXTURE FILING UNDER THE IDAHO UNIFORM COMMERCIAL CODE.
THIS INSTRUMENT IS TO BE FILED AND INDEXED AS
BOTH A MORTGAGE AND AS A FIXTURE FILING

THIS MORTGAGE, SECURITY AGREEMENT AND FIXTURE FILING ("Mortgage"), dated as of the 23RD day of JUNE, 2009 is made between GEHRING FARMS, FERD GEHRING AND SON, INC., an Idaho corporation, GEHRING INVESTMENTS, L.L.C., an Idaho limited liability company, and JAG FARMS, L.L.C., an Idaho limited liability company whose chief executive office or principal residence is 3648 GEHRING ROAD, AMERICAN FALLS, IDAHO 83211, hereinafter called "Mortgagor," and AXA EQUITABLE LIFE INSURANCE COMPANY, a NEW YORK corporation, whose address is 1290 AVENUE OF THE AMERICA, NEW YORK, NEW YORK 10104, hereinafter called "Mortgagee."

WHEREAS, the Mortgagor is justly indebted to the Mortgagee in the sum of FIVE MILLION EIGHT HUNDRED FIFTY THOUSAND AND NO/100 DOLLARS (\$5,850,000.00) with interest, all as set forth in Mortgagor's certain Promissory Note ("Note") of even date herewith maturing JULY 1, 2024.

NOW, THEREFORE, THIS MORTGAGE WITNESSETH, that, to secure the payment of the principal of and interest on the Note and the performance of the covenants therein and herein contained, and in consideration of the premises, the Mortgagor by these presents does grant, bargain, sell, convey, transfer, assign, mortgage, pledge, warrant and confirm unto the Mortgagee all the property (the "Property") hereinafter described, to wit:

- I. The following described real property ("Real Estate") located in POWER County, Idaho, to wit:

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

- II. Any and all fruit or nut bearing bushes, trees or vines presently or hereafter located on the above described real property. Mortgagor and Mortgagee hereby agree, acknowledge and confirm that such fruit or nut bearing bushes, trees or vines are part of the Real Estate and will remain a part of the Real Estate

Initials JAG DME *[Signature]*

RECORDED AT REQUEST OF:

FA288273

RETURN RECORDED DOCUMENT TO
RABO AGRIFINANCE, INC.
10100 TRINITY PARKWAY, SUITE 400
STOCKTON, CALIFORNIA 95219

Recorded Electronically	
ID	19161040
County	POWER
Date	7/27/09
Time	10:37am
Simplifile.com 800.460.5657	

Loan F-116351

IDAHO MORTGAGE, SECURITY AGREEMENT AND FIXTURE FILING

THIS INSTRUMENT IS INTENDED AS A MORTGAGE AND AS A
FIXTURE FILING UNDER THE IDAHO UNIFORM COMMERCIAL CODE.
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Initials JAG omg 

throughout the term of the loan made by Mortgagee to Mortgagor that is secured by this Mortgage.

- III. Certificates numbered N/A representing N/A shares of the capital stock of N/A and the water rights represented thereby (If no entries, this granting clause is inapplicable).
- IV. All water rights represented by Decree Nos. 35-2261 for 7.18 CFS; Decree 35-8186 for 1.48 CFS; License 35-8899 for 1.26 CFS; Decree 35-7848 for 4.57 CFS; Decree 35-8165 for 1.6 CFS; Decree 35-8187 for 1.08 CFS; Decree 35-7180 for 4.9 CFS; Decree 35-7884 for 5.59; Decree 35-2892B for 2.03 CFS; Decree 35-2854 for 3.77 CFS; Decree 35-7179 for 4.52 CFS; Decree 35-8163 for 3.02 CFS
- V. All water rights represented by Claim No. N/A filed in the Snake River Basin Adjudication proceeding now pending in the District Court of the Fifth Judicial District of the State of Idaho, in and for the County of Twin Falls under Case No. N/A (If no entries, this granting clause is inapplicable).

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, water rights, and drainage rights appertaining thereto; (3) Mortgagor's interest as lessor in all leases (including, but not limited to, oil, gas and mineral 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, said Real Estate which are real property, and all substitutions, replacements, additions and accessions thereof or thereto; (5) all rents, issues, profits, royalties, bonuses, income and other benefits derived from or produced by said Real Estate (subject, however, to the assignment of rents and profits to Mortgagee herein); 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 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 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, irrigation 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 Mortgagee.

TO HAVE AND TO HOLD the same unto the Mortgagee, its successors and assigns, forever.

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 places and in the manner specified in the Note, and all other sums that may become due and owing to the 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 and shall be released by the Mortgagee at the expense of the Mortgagor, 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 and 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, the Mortgagor's interest therein, or upon the Mortgage or the Note; provided however, in the event of the passage of any law changing the laws for the taxation of mortgages or debts secured by mortgage so as to affect this Mortgage, the entire

indebtedness secured hereby shall, at the option of the Mortgagee, become due and payable; (c) to keep the Property and improvements thereon 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 Mortgagee; and (d) to maintain and deliver to the Mortgagee policies of insurance against such hazards on the buildings now or hereafter located on the Property as the Mortgagee may require from time to time, in such companies and amounts and with such loss payable clauses as shall be satisfactory to the Mortgagee; in the event of loss the Mortgagee is expressly authorized to settle or compromise claims under said policies and the proceeds shall be paid to the 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 Mortgagee to collect the Note or foreclose or protect the lien of the Mortgage; (g) in the event the Mortgagor shall fail to comply with the provisions of (a) through (f) above, the Mortgagee may take such action as is necessary to remedy such failure and all sums paid by the 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 Mortgagee; (h) 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 Mortgagee and applied in full or in part at the option of the Mortgagee in reduction of the indebtedness hereby secured; (i) the Mortgagee shall have the right to inspect the Property at such reasonable times as the Mortgagee may desire to determine the Mortgagor's compliance with the covenants contained in this Mortgage; (j) the Mortgagee may release from the lien hereof any part of the above described Property without requiring any consideration therefor, and (k) Mortgagor is lawfully seized of the Real Estate in fee simple, the same is free from encumbrances except as may otherwise be specifically noted herein or waived in writing by the Mortgagee, Mortgagor will execute or procure any further necessary assurances of title and does hereby warrant generally the title to the Real Estate and will forever defend the same against the claims and demands of all persons whomsoever, and his separate estate, whether vested, contingent or in expectancy, is hereby conveyed and he 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 (g) above shall be at the rate set forth in the Note for times when an event of default has occurred or the highest lawful rate permitted by contract under applicable law, whichever is lesser.

SECOND. 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 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 federal Bankruptcy Code as now or hereafter in effect, or any successor thereto, or shall be adjudicated bankrupt or insolvent, or if any receiver, liquidator or trustee shall be appointed for such then owner or any of his property, then in such event, the entire indebtedness hereby secured shall, at the option of the Mortgagee and without notice to the Mortgagor, be due and collectible at once by judicial

foreclosure proceedings or as otherwise provided by law, or, when available under applicable statutes or rules of practice, by advertisement and sale, and in such an event this provision shall be deemed as authorizing and constituting a power of sale as mentioned in said statutes or rules; that in addition to the rights and remedies herein, the 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 Mortgagee under the laws of the state wherein the Property is situate, such as the right to collect the rents, issues and profits, or to have a receiver appointed to collect the same.

THIRD. The following schedules are annexed hereto and made a part hereof (if no entry, this section is inapplicable). Exhibit "A" -- Legal Description and Exhibit "B" -- Personal Property.

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 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 day(s) EXCEPT a lien junior and inferior to this Mortgage may be placed on all or a part of said property in favor of N/A in a principal amount not to exceed ZERO DOLLARS (\$0) to be placed of record not 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 Mortgagee and hold Mortgagee harmless against any loss, damage, or liability suffered by the 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 the Mortgagee, (i) copies of any documents received from the United States Environmental Protection Agency or any state, county or municipal environmental or health agency concerning the Mortgagor's operations upon the Real Estate; and (ii) copies of

any documents submitted by the Mortgagor to the United States Environmental Protection Agency or any state, county or municipal environmental or health agency concerning its 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 covenants and agrees to keep perfected and in good status any State of Idaho water permits or water company stock pertaining to water from all irrigation sources which is used in connection with the irrigation of the Real Estate. Mortgagor covenants and agrees to keep in good status any other existing or future water rights, licenses and/or permits which are used in connection with the irrigation of the Real Estate. Mortgagor agrees to complete appropriation and all other requirements necessary to obtain the issuance of a license for water permits issued to Mortgagor, in order that such water may legally be used and continue to be used for the irrigation of the Real Estate. Upon Mortgagor's failure to comply with the covenants and agreements set forth in this paragraph, Mortgagee, without prejudice to any other rights given herein, may at its option, either in its own name or in the name of Mortgagor, take any and all action necessary to protect and maintain the permits, licenses, water and water rights referred to herein. Mortgagor does hereby irrevocably constitute and appoint Mortgagee as Mortgagor's true and lawful agent and attorney with full power and authority, in the name of Mortgagor or otherwise, to take any and all action necessary to preserve and protect the permits, licenses, water and water rights referred to herein. Mortgagor covenants and agrees to promptly provide copies of all documents relating to such permitting and licensing process to Mortgagee.

EIGHTH. With respect to Property which may now or hereafter be characterized by law as personal property, this Mortgage shall constitute a Security Agreement between Mortgagor and Mortgagee, and, cumulative of all other rights of Mortgagee Hereunder, Mortgagee shall have all rights conferred upon secured parties by 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. This Mortgage shall be effective as a Financing Statement filed as a fixture filing from the date of its filing for record in the Real Estate Records of the county in which the Real Estate is located. Until the lien of this Mortgage is released or satisfied of record, Mortgagor authorizes Mortgagee to file one or more financing statements and continuation statements describing the Collateral, hereby ratifies any such financing statement or continuation statement previously filed by Mortgagee, and agrees, if requested by Mortgagee so to do, to execute one or more Financing Statements covering such Collateral, in the manner and form required by law and to the satisfaction of Mortgagee. On demand, Mortgagor will promptly pay all costs and expenses of filing Financing Statements, continuation statements, partial releases and termination statements deemed necessary or appropriate by Mortgagee to establish and maintain the validity and priority of the security interest of Mortgagee or any modification thereof, and all costs and expenses of any searches reasonably required by Mortgagee. Mortgagee may exercise any or all of the remedies of a secured party available to it under the UCC with respect to such Collateral, and it is expressly agreed that if upon default Mortgagee should proceed to dispose of the Collateral in accordance

with the provisions of the UCC ten (10) days' notice by Mortgagee to Mortgagor shall be deemed to be reasonable notice under any provision of the UCC requiring such notice; provided, however, that Mortgagee may at its option dispose of the Collateral in accordance with Mortgagee's rights and remedies in respect of the Real Estate pursuant to the provisions of this Mortgage in lieu of proceeding under the UCC. Mortgagor hereby warrants, represents and covenants that (a) the Collateral will be kept on or at the Real Estate described herein and Mortgagor will not remove the Collateral from the Real Estate without the prior written consent of Mortgagee, except such portions or items of Collateral which are consumed or worn out in ordinary usage, all of which shall be promptly replaced by Mortgagor; (b) Mortgagor's chief executive officer 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. It is understood and agreed that a material factor in inducing the Mortgagee to make this loan to the Mortgagor is the unique status of the agricultural industry and the expertise and financial strength of the Mortgagor. In the event the Mortgagor ceases to own the mortgaged property, the security for this loan is thereby deemed to be impaired. Consequently, in the event that all or any portion of the Real Estate is sold, contracted for sale, leased with the option to purchase, conveyed, alienated, transferred, or if the Mortgagor is a corporation, or a partnership, or a limited liability company more than forty-nine percent (49%) of either the corporation stock, partnership interests or member interests is sold, contracted for sale, conveyed, alienated, transferred, or otherwise disposed of, whether voluntary or involuntary, by operation of law or otherwise to persons other than owners at the date of this Mortgage and their heirs prior to the time the indebtedness secured hereby shall have been paid, then, at the option of the Mortgagee, the entire said indebtedness shall become due and payable and the Mortgagee may exercise any of its rights and remedies provided for in the Mortgage.

TENTH. Mortgagor, its successors and assigns and each of them, represent and warrant that either:

(a) The Property does not contain and will not be cultivated to grow any variety of perennial crops, or plants, vines, trees, nuts and/or fruit that produce crops in more than one crop year (hereinafter "Permanent Plantings") that is or may be subject to intellectual property rights under U.S. or foreign patent, copyright or trademark laws, the Plant Variety Protection Act or similar laws or subject to license from the holder of any such intellectual property rights (all of the foregoing being hereinafter referred to as "IP Rights"); or

(b) To the extent the Property does contain or in the future is cultivated to grow any variety of Permanent Plantings that is or may be subject to IP Rights, Mortgagor represents and warrants that Mortgagor is or shall be the owner of such IP Rights free and clear of any claim, right, title, interest or lien of any other person, Mortgagor has or shall notify Mortgagee in writing of the existence of such IP Rights and Mortgagor does hereby, has or shall grant Mortgagee a security interest in and a lien upon all of Mortgagor's right, title and interest in, to and under, whether now owned or hereafter created in IP Rights, all cash and non-cash proceeds and

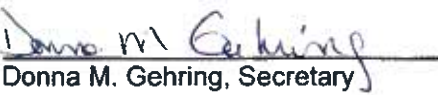
products of the IP Rights and all causes of action, past, present and future for infringement, misappropriation or dilution of any of the IP Rights or unfair competition regarding the same.

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

In presence of:

Gehring Farms, Ferd Gehring and Son, Inc., an Idaho corporation

By: 
Gary W. Gehring, President

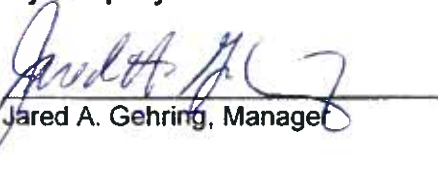
By: 
Donna M. Gehring, Secretary

Gehring Investments, L.L.C., an Idaho limited liability company

By: 
Gary W. Gehring, Manager

By: 
Donna M. Gehring, Manager

JAG Farms, L.L.C., an Idaho limited liability company

By: 
Jared A. Gehring, Manager

(IDAHO CORPORATE ACKNOWLEDGMENT)

STATE OF IDAHO)
COUNTY OF Bannock) SS:

On this 14th day of July 2009, personally appeared Gary W. Gehring, known or identified to me to be the President of Gehring Farms, Ferd Gehring and Son, Inc., the corporation that executed the foregoing instrument and acknowledged to me that such corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

(SEAL)



Crystal Iverson
Notary Public for Idaho
Residing at Paradise, ID
My commission expires 4/23/10

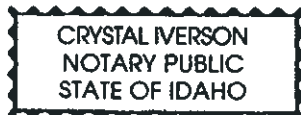
(IDAHO CORPORATE ACKNOWLEDGMENT)

STATE OF IDAHO)
COUNTY OF Bannock) SS:

On this 14th day of July 2009, personally appeared Donna M. Gehring known or identified to me to be the Secretary of Gehring Farms, Ferd Gehring and Son, Inc., the corporation that executed the foregoing instrument and acknowledged to me that such corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

(SEAL)



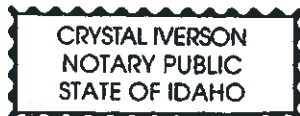
Crystal Iverson
Notary Public for Idaho
Residing at Paradise, ID
My commission expires 4/23/10

STATE OF IDAHO)
) SS:
COUNTY OF Bannock)

On this 14th day of July 2009, personally appeared Gary W. Gehring known or identified to me to be the Manager of Gehring Investments, L.L.C., the limited liability company that executed the foregoing instrument and acknowledged to me that such company executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

(SEAL)



Crystal Iverson
Notary Public for Idaho
Residing at Pocatello, ID
My commission expires 4/23/10

STATE OF IDAHO)
) SS:
COUNTY OF Bannock)

On this 14th day of July 2009, personally appeared Donna M. Gehring known or identified to me to be Manager of Gehring Investments, L.L.C., the limited liability company that executed the foregoing instrument and acknowledged to me that such company executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

(SEAL)



Crystal Iverson
Notary Public for Idaho
Residing at Pocatello, ID
My commission expires 4/23/10

STATE OF IDAHO)

COUNTY OF Bannock)

SS:

On this 14th day of July 2009, personally appeared Jared A. Gehring known or identified to me to be the Manger of JAG Farms, L.L.C., the limited liability company that executed the foregoing instrument and acknowledged to me that such company executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

(SEAL)



Crystal Iverson
Notary Public for Idaho
Residing at Donatello, ID
My commission expires 7/23/10

Initials JAG SMG Ali. J

EXHIBIT "A"

Legal Description

POWER COUNTY

PARCEL 1:

TOWNSHIP 7 SOUTH, RANGE 30 E.B.M., POWER COUNTY, IDAHO.

SECTION 7: NW¼

PARCEL 2:

TOWNSHIP 7 SOUTH, RANGE 29 E.B.M., POWER COUNTY, IDAHO.

SECTION 1: LOTS 3 & 4; SW¼; S½NW¼

SECTION 3: LOT 1; SE¼NE¼; E½SE¼

SECTION 10: E½

SECTION 11: N½NE¼; SE¼NE¼; NE¼NW¼; NW¼NW¼

SECTION 12: N½

EXCEPT:

A TRACT OF LAND IN THE N½ OF SECTION 12, TOWNSHIP 7 SOUTH, RANGE 29 E.B.M., POWER COUNTY, IDAHO, DESCRIBED AS FOLLOWS:

COMMENCING AT THE NW CORNER OF SAID SECTION 12; THENCE EAST ALONG THE NORTH LINE OF SAID SECTION 1900 FEET TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING EAST 1584.56 FEET; THENCE SOUTH 1331.52 FEET; THENCE WEST 1584.56 FEET; THENCE NORTH 1331.52 FEET TO THE POINT OF BEGINNING.

PARCEL 3:

TOWNSHIP 7 SOUTH, RANGE 29 E.B.M., POWER COUNTY, IDAHO.
SECTION 1: LOTS 1 & 2; S½NE¼; SE¼

EXCEPT:

A TRACT OF LAND IN THE SW¼SE¼ OF SECTION 1, TOWNSHIP 7 SOUTH, RANGE 29 E.B.M., POWER COUNTY, IDAHO, DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE SOUTH LINE OF SAID SECTION 1 FROM WHICH THE S¼ CORNER OF SAID SECTION BEARS S. 89°40'00" W. 122.03 FEET; THENCE N. 0°20'00" W. 195.00 FEET; THENCE N. 89°40'00" E. 570.00 FEET; THENCE S. 0°20'00" E. 195.00 FEET TO THE SOUTH LINE OF SAID SECTION 1; THENCE S. 89°40'00" W. 570.00 FEET TO THE POINT OF BEGINNING.

SUBJECT TO AN EASEMENT FOR ROAD AND UTILITY PURPOSES DESCRIBED AS THE WEST 45.57 FEET OF THE SOUTH 30 FEET OF THE ABOVE DESCRIBED TRACT OF LAND.

ALSO EXCEPT:

BEGINNING AT A POINT 200 FEET SOUTH OF THE NE CORNER OF THE NE¼ OF SECTION 1, TOWNSHIP 7 SOUTH, RANGE 29 E.B.M., POWER COUNTY, IDAHO; THENCE WEST 208 FEET; THENCE SOUTH 208 FEET; THENCE EAST 208 FEET; THENCE NORTH 208 FEET TO THE POINT OF BEGINNING.

ALSO EXCEPT:

A TRACT OF LAND IN THE SW¼SE¼ OF SECTION 1, TOWNSHIP 7 SOUTH, RANGE 29 E.B.M., POWER COUNTY, IDAHO, DESCRIBED AS FOLLOWS:

COMMENCING AT THE S¼ CORNER OF SAID SECTION 1; WHICH IS MONUMENTED WITH A 5/8" IRON PIN AND 2" ALUMINUM CAP LS 843, BURIED 1.8' BELOW THE ROAD SURFACE; THENCE N. 89°40' E. ALONG THE SOUTH LINE OF SAID SECTION 1, A DISTANCE OF 122.03 FEET; THENCE N. 0°20' W. LEAVING SAID SOUTH LINE, 288.0 FEET TO THE POINT OF BEGINNING; THENCE N. 0°20' W. 97.00 FEET; THENCE N. 89°40' E. 570.00 FEET; THENCE S. 0°20' E. 97.00 FEET; THENCE S. 89°40' W. 570.00 FEET TO THE TRUE POINT OF BEGINNING.

ALSO EXCEPTING THEREFROM:

A TRACT OF LAND IN THE SW¼SE¼ OF SECTION 1, TOWNSHIP 7 SOUTH, RANGE 29 E.B.M., POWER COUNTY, IDAHO, DESCRIBED AS FOLLOWS:

COMMENCING AT THE S¼ CORNER OF SAID SECTION 1, WHICH IS MONUMENTED WITH A 5/8" IRON PIN AND 2" ALUMINUM CAP LS 843, BURIED 1.8' BELOW THE ROAD SURFACE; THENCE N. 89°40' E. ALONG THE SOUTH LINE OF SAID SECTION 1 A DISTANCE OF 122.03 FEET, WHICH IS THE TRUE POINT OF BEGINNING; THENCE N. 0°20' W. 288.0 FEET, MORE OR LESS; THENCE N. 89°40' E. 570.00 FEET; THENCE S. 0°20' E. 288.0 FEET, MORE OR LESS; THENCE S. 89°40' W. 570.0 FEET TO THE TRUE POINT OF BEGINNING.

PARCEL 4:

TOWNSHIP 7 SOUTH, RANGE 30 E.B.M., POWER COUNTY, IDAHO.

SECTION 6: LOT 4; SW $\frac{1}{4}$ NW $\frac{1}{4}$; W $\frac{1}{2}$ SW $\frac{1}{4}$

Exhibit "B"

Personal Property

Water Rights:

All water rights represented by Decree Nos. Decree 35-2261 for 7.18 CFS; Decree 35-8186 for 1.48 CFS; License 35-8899 for 1.26 CFS; Decree 35-7848 for 4.57 CFS; Decree 35-8165 for 1.6 CFS; Decree 35-8187 for 1.08 CFS; Decree 35-7180 for 4.9 CFS; Decree 35-7884 for 5.59; Decree 35-2892B for 2.03 CFS; Decree 35-2854 for 3.77 CFS; Decree 35-7179 for 4.52 CFS; Decree 35-8163 for 3.02 CFS